

**Note of the Money Laundering Advisory Committee meeting, 16<sup>th</sup> June 2005 at  
HM Treasury**

**Present**

HM Treasury (HMT)

Home Office (HO)

Financial Services Authority (FSA)

National Criminal Intelligence Service (NCIS)

Joint Money Laundering Steering Group (JMLSG)

Institute of Chartered Accountants in England and Wales (IACEW)

Hoodless Brennan

Foreign and Commonwealth Office (FCO)

UBS

City of London Police

Arbuthnot

HM Revenue and Customs (HMRC)

Royal Institute of Chartered Surveyors (RICS)

Serious Organised Crime Agency (SOCA)

Legal and General

Law Society

Abbey

Association of Chief Police Officers (ACPO)

1) Lucy Makinson welcomed everyone to the meeting.

### **Main Agenda Items**

#### **The new arrangements for MLAC (Paper 1).**

2) HMT outlined the new arrangements for MLAC and noted that they and the HO would jointly chair the committee.

3) In discussion, the following points were made:

- The new arrangements will help to ensure that MLAC is a high-level public/private sector discussion forum, making recommendations to inform departments' advice to Ministers, and considering strategic decisions on three key work streams currently identified.
- The detail of these work streams will be dealt with in dedicated working parties. Those identified at this point are Reporting and Feedback, ID and Guidance Notes. The working parties should be time-limited to trouble shoot technical issues.
- MLAC will meet three times a year.

**Action:** The next meeting will take place at the Home Office, and the Home Office will chair it.

### **Reports from Working groups**

#### **Reporting and Feedback Working Party (Paper 2)**

**Action: HO to arrange 1st Working Party meeting.**

4) HO introduced this paper, which explained the objectives of the Reporting and Feedback Working Party and the progress that had been made.

5) In discussion, the following points were made:

- The group were pleased with the progress that had been made on getting SARs through the system. Disseminating them electronically has meant that there is more time for analysis of reports. There was work under way on confidentiality, and on exemptions for accountants.
- The report on the SARs regime from the Jill Dando Institute is in draft form and will be published in due course. There will be a chance for MLAC members to consider the report once it has been published.
- Although representations had come in, it was too early to reach conclusions on the confidentiality issue. However, the working group will look at this and try \_\_\_\_\_ and find a solution and report back at the next MLAC meeting.

#### **ID Working Group (Paper 3)**

6) FSA outlined the three main issues remaining for their ID working group as:

- Electronic ID: the effective use of electronic identity information held by Credit Reference Agencies.
- Reliance on others – the group should look at where there is scope for a firm in one sector to rely on the basic customer identification procedures of a firm from another sector where the two firms are part of the same transaction in relation to the same consumer. The Working Party should consider the practical impact on stakeholders.
- Special interest groups – looking at how the needs of this sector are met in the revised JMLSG guidance.
- The MLAC ID Working Party should build up a picture of best practice over basic customer identification across the regulated sector. Furthermore, it should encourage firms across the "regulated sector" to adopt identification procedures which strike an appropriate balance between the needs of law enforcement, cost to firms and inconvenience to the customers; drawing where appropriate on the findings from the work of the FSA's Working Group.

7) In discussion the following points were made:

- Financial services are ahead of other sectors on the identification issue. Therefore, best practice over identification should be shared. However, as the risks across the regulated sector are different the same practice cannot necessarily be applied to all sectors.

**Action: FSA to arrange 1<sup>st</sup> Working Party meeting.**

#### **Guidance Notes Working Party (Paper 4)**

8) Comments were invited on paper 4.

9) In discussion, the following points were made:

- The process of giving the JMLSG guidance approval should be speeded up so that it is completed by the end of the year.
- HMT had previously put out a timetable for clearing the guidance, however, the group could look at changing that timetable if it so wished.

**Action: HMT to revise timetable with JMLSG for guidance publication.**

#### **Communications (Paper 5)**

10) HMT presented paper 5, which set out the proposed communications approach and the key messages of the programme.

11) In discussion, the following points were made:

- Some parts the regulated sector was well engaged on the issues of AML, unlike the wider public. For example, the public did not seem to understand the link between ID and money laundering.

- There should be a single strong message that the public can understand.
- The assistance of communications professionals would be valuable.
- There are different challenges in different sectors.

**Action: Any further comments should be sent to HMT by .**

**Action: HMT to revise the approach and purpose how the objectives would be delivered**

**Action: BBA to share with HMT data from previous work two years ago on public perceptions.**

### **International Update (Paper 6)**

12) HMT gave a summary of the FATF meeting in Singapore. The main points were:

- FATF would look for more engagement with the private sector in order to explore how implementation of the standards can be achieved in a proportionate way.
- FATF had agreed a presumption that Mutual Evaluation reports should be published by countries, which should help to enable regulated firms to judge the risk of dealing with a country. Where they are not FATF will put out a statement to indicate that a country has not published their report. The summary table at the back of each evaluation report was a useful summary of a country's system.
- Typologies will change so that projects are more specific, the private sector be more engaged in their development and in order to ensure that assessments of current money laundering and terrorist finance threats are as useful as possible to the affected sectors.

13) HMT gave an update on G7 work on money laundering and terrorist financing in the UK's Presidency. The G7 had agreed on::

- improving the process of freezing terrorist assets and that countries should publish information on assets frozen;
- improving information sharing between countries', Financial Intelligence Units and with the private sector
- developing this work beyond G7 to other international bodies involved in money laundering and terrorist finance.

### **Intelligence Update (Paper 7)**

14) NCIS presented an intelligence update. In order to improve the intelligence picture NCIS is using the National Intelligence Requirement (NIR). The NIR is intended to be read alongside the UK Threat Assessment and offers a systematic approach to improving the level of knowledge of serious organised crime, plus a means of measuring that improvement year-on-year.

### **Presentation on SOCA**

15) SOCA gave a presentation on the future role of the agency. It was noted that the aims of SOCA would be:

Harm reduction – need to stabilise the growth of harm to communities and then reduce it.

Increase criminals' perception of risk – stop criminals from thinking that they will not be caught.

Make it harder for criminals to operate through:

- creating a culture of knowledge and putting intelligence at its centre
- using high quality investigators and engage sectors more effectively
- making more interventions on e-crime
- developing international network of liaison officers
- Prevention alerts – mobilisation of client management systems and sharing threat information with the regulated sector
- Recovery and proceeds of crime – a new partnership between SOCA and the regulated sector

### **Any Other Business**

16) HMT said that they were was planning an away day to discuss some of the AML issues that we may face in the future. We hope this will take place before the next MLAC meeting.

**Action: HMT to set up the AML away day.**

### **FATF Publications**

Typologies Report 2004-05

<http://www.fatf-gafi.org/dataoecd/16/8/35003256.pdf>

Annual Report 2004-05

<http://www.fatf-gafi.org/dataoecd/41/25/34988062.pdf>

NCCT Report 2004-05

<http://www.fatf-gafi.org/dataoecd/41/26/34988035.pdf>

Mutual Evaluations

Norway (Summary)

<http://www.fatf-gafi.org/dataoecd/34/53/35002354.pdf>