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STATUTORY INSTRUMENTS

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**2019 No. 1511**

**The Money Laundering and Terrorist  
Financing (Amendment) Regulations 2019**

**PART 2**

**Money Laundering Regulations**

**Amendment of Part 8: information and investigation**

**8.**—(1) In the heading to Part 8, for “Information and Investigation” substitute “Information, Investigation and Directions”.

(2) In regulation 72 (provision of information and warrants: safeguards), in each of paragraphs (1), (2) and (3), for “or 70” substitute “, 70, 74A or 74B”;

(3) In regulation 73(1) (admissibility of statements), for “or 70(7)(e)” substitute “, 70(7)(e) or 74B(6)”.

(4) After regulation 74 (powers of relevant officers) insert—

**“Reporting requirements: cryptoasset businesses**

**74A.**—(1) Each cryptoasset exchange provider and custodian wallet provider (“cryptoasset business”) must provide to the FCA such information as the FCA may direct—

- (a) about compliance by the cryptoasset business with requirements imposed in or under Parts 2 to 6 of these Regulations;
- (b) which is required by the FCA for the purpose of calculating charges under regulation 102 (costs of supervision); or
- (c) which is otherwise reasonably required by the FCA in connection with the exercise by the FCA of any of its supervisory functions.

(2) The information referred to in paragraph (1) must be provided at such times and in such form, and verified in such manner, as the FCA may direct.

**Report by a skilled person: cryptoasset businesses**

**74B.**—(1) This regulation applies where the FCA reasonably considers that a report by a skilled person, concerning a matter relating to the exercise of the FCA’s functions under these Regulations, is required in connection with the exercise by the FCA of any of its functions under these Regulations in relation to a relevant person who is a cryptoasset exchange provider or custodian wallet provider.

(2) The FCA may either—

- (a) by notice in writing to the relevant person, require the relevant person to appoint a skilled person to provide the FCA with a report on the matter concerned, or

- (b) itself appoint a skilled person to do so, and recover any expenses incurred in doing so as a fee to be payable by the relevant person concerned.
- (3) When acting under paragraph (2)(a), the FCA may require—
  - (a) the report to be in such form as may be specified in the notice; and
  - (b) that the contract between the skilled person and the relevant person contain certain terms that the FCA considers appropriate.
- (4) The FCA must give notice in writing of an appointment under paragraph (2)(b) to the relevant person.
- (5) References in this regulation to a skilled person are to a person—
  - (a) appearing to the FCA to have the skills necessary to make a report on the matter concerned, and
  - (b) where the appointment is to be made by the relevant person, nominated or approved by the FCA.
- (6) It is the duty of the relevant person and any connected person to give the skilled person all such assistance as the skilled person may reasonably require.

**Directions: cryptoasset businesses**

- 74C.**—(1) The FCA may impose a direction in writing on a cryptoasset exchange provider or custodian wallet provider (“cryptoasset business”).
- (2) A direction may be imposed before, on or after registration, as the FCA considers appropriate.
  - (3) A direction may be imposed for the purpose of—
    - (a) remedying a failure to comply with a requirement under these Regulations;
    - (b) preventing a failure to comply, or continued non-compliance with a requirement under these Regulations;
    - (c) preventing the cryptoasset business from being used for money laundering or terrorist financing.
  - (4) A direction may require or prohibit the taking of specified action.
  - (5) The FCA may, on its own initiative—
    - (a) impose a new direction;
    - (b) vary a direction imposed under this regulation; or
    - (c) rescind such a direction.
  - (6) The FCA may, on the request of a cryptoasset business—
    - (a) impose a new direction;
    - (b) vary a direction imposed under this regulation; or
    - (c) rescind such a direction.
  - (7) The FCA must consult the PRA before imposing or varying a direction which relates to—
    - (a) a person who is a PRA authorised person; or
    - (b) a person who is a member of a group which includes a PRA authorised person.
  - (8) A direction may be expressed to expire at the end of such period as the FCA may specify, but the imposition of a direction that expires at the end of a specified period does not affect the FCA’s power to impose a new direction.

(9) If the FCA imposes or varies a direction under paragraph (5)(a) or (b) it must give the cryptoasset business a notice in writing.

(10) The notice referred to in paragraph (9) must—

- (a) give details of the direction;
- (b) state the FCA's reasons for imposing or varying the direction;
- (c) inform the cryptoasset business that it may make representations to the FCA within such period as may be specified in the notice (whether or not the cryptoasset business has referred the matter to the Upper Tribunal);
- (d) inform the cryptoasset business of when the direction takes effect; and
- (e) inform the cryptoasset business of its right to refer the matter to the Upper Tribunal.

(11) The FCA may extend the period allowed under the notice for making representations.

(12) If, having considered any representations made by the cryptoasset business, the FCA decides not to rescind the direction, it must give the cryptoasset business a notice in writing.

(13) If, having considered any representations made by the cryptoasset business, the FCA decides—

- (a) to vary the direction,
- (b) to rescind the direction and to impose a different direction, or
- (c) to rescind the direction and not to impose a different direction,

it must give the cryptoasset business a notice in writing.

(14) A notice under paragraph (12) must inform the cryptoasset business of its right to refer the matter to the Upper Tribunal.

(15) A notice under paragraph (13)(a) or (b) must comply with paragraph (10).

(16) If a notice informs the cryptoasset business of its right to refer a matter to the Upper Tribunal, it must give an indication of the procedure on such a reference.

(17) If the FCA imposes or varies a direction under paragraph (6)(a) or (b) it must give the cryptoasset business a notice in writing.

(18) The notice referred to in paragraph (17) must—

- (a) give details of the direction;
- (b) state the reasons for imposing or varying the direction; and
- (c) inform the cryptoasset business of when the direction takes effect.

(19) If the FCA rescinds a direction under paragraph (6)(c) it must give the cryptoasset business a notice in writing.

(20) The FCA may, if it considers it proportionate to do so, publish such information about a notice given under paragraphs (9), (13) or (17) as it considers appropriate.

(21) Where the FCA publishes such information and the FCA decides to rescind the direction to which the notice relates, the FCA must, without delay, publish that fact in the same manner as that in which the information was published under paragraph (20).

(22) Where the FCA publishes information under paragraph (20) and the person to whom the notice is given refers the matter to the Upper Tribunal, the FCA must, without delay, publish information about the status of the appeal and its outcome in the same manner as that in which the information was published under paragraph (20).”.