
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692) (“the MLRs”).

They implement amendments made to Directive 2015/849/EU of the European Parliament and of the Council of 20th May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (“the fourth money laundering directive”) by Directive 2018/843 of the European Parliament and of the Council of 30th May 2018.

In particular, regulations 3 and 4 amend Parts 1 and 2 of the MLRs to add new categories of “relevant person” as defined in regulation 8 of the MLRs and referred to as “obliged entities” in the fourth money laundering directive. The new businesses covered by the legislation are letting agents, art market participants (including operators of freeports), and providers of exchange or storage services for “cryptoassets” (as defined in new regulation 14A) such as virtual currencies. The definition of tax adviser is extended to those who provide material aid or assistance on tax.

Regulation 4 also amends Part 2 of the MLRs to implement new provisions in the fourth money laundering directive relating to risk assessments, policies, controls and procedures; and to make provision about training for agents under regulation 24 of the MLRs; about publishing directions under regulation 25; and about measures to be taken by supervisors to check the criminal convictions of people they approve under regulation 26.

Regulation 5 amends Part 3 of the MLRs in relation to customer due diligence measures to be taken by relevant persons.

Regulation 6 inserts a new Part 5A into the MLRs to require the Treasury or the Secretary of State to establish a mechanism to enable law enforcement authorities and the Gambling Commission to obtain information about safe-deposit boxes and about accounts held with banks, building societies and credit unions.

Regulation 7 amends Part 6 of the MLRs in relation to the duties of supervisory authorities; information sharing; and requirements for certain businesses to register with Her Majesty’s Revenue and Customs (“HMRC”) or with the Financial Conduct Authority (“FCA”).

Regulation 8 amends Part 8 of the MLRs in relation to information and investigation, in particular conferring new powers on the FCA in relation to cryptoasset service providers; regulation 9 amends Part 9 of the MLRs in relation to enforcement and Part 10 of the MLRs in relation to appeals against directions imposed by the FCA.

Regulations 10 and 13 insert a new Schedule 6A into the MLRs in relation to information-sharing between financial intelligence units including the UK’s National Crime Agency.

Regulation 11 amends Schedule 4 to the MLRs in relation to information to be collected by supervisory authorities.

Regulation 12 amends Schedule 6 to the MLRs, which sets out which provisions of the MLRs are “relevant requirements” for the purpose of enforcement action by HMRC or the FCA under Part 9.

Regulations 14 to 20 make consequential amendments to the Terrorism Act 2000 (c.11), the Proceeds of Crime Act 2002 (c.29), the Companies Act 2006 (c.46) and related secondary legislation and the Electronic Money Regulations 2011 (S.I. 2011/99).

Status: *This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

An impact assessment of the effect that this instrument will have on the costs of business, the voluntary sector and the public sector will be available from HM Treasury at 1 Horse Guards Road, London SW1A 2HQ when it is published.