
Status: Point in time view as at 06/04/2010.

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SCHEDULES

SCHEDULE 7

TERRORIST FINANCING AND MONEY LAUNDERING

PART 2

PERSONS TO WHOM A DIRECTION MAY BE GIVEN

Persons to whom a direction may be given

- 3 (1) A direction under this Schedule may be given to—
- (a) a particular person operating in the financial sector,
 - (b) any description of persons operating in that sector, or
 - (c) all persons operating in that sector.
- (2) In this Schedule “relevant person”, in relation to a direction, means any of the persons to whom the direction is given.
- (3) A direction may make different provision in relation to different descriptions of relevant person.

Persons operating in the financial sector

- 4 (1) Any reference in this Schedule to a person operating in the financial sector is to a credit or financial institution that—
- (a) is a United Kingdom person, or
 - (b) is acting in the course of a business carried on by it in the United Kingdom.
- (2) This is subject to the exceptions in paragraph 6.

Meaning of “credit institution” and “financial institution”

- 5 (1) “Credit institution” means—
- (a) a credit institution as defined in Article 4(1)(a) of the banking consolidation directive, or
 - (b) a branch (within the meaning of Article 4(3) of that directive) located in an EEA state of—
 - (i) an institution within sub-paragraph (a), or
 - (ii) an equivalent institution whose head office is located in a non-EEA state,when it accepts deposits or other repayable funds from the public or grants credits for its own account (within the meaning of the banking consolidation directive).
- (2) “Financial institution” means—

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- (a) an undertaking, including a money service business, when it carries out one or more of the activities listed in points 2 to 12 and 14 of Annex 1 to the banking consolidation directive, other than—
 - (i) a credit institution;
 - (ii) an undertaking whose only listed activity is trading for own account in one or more of the products listed in point 7 of Annex 1 to the banking consolidation directive where the undertaking does not have a customer,
 and for this purpose “customer” means a person who is not a member of the same group as the undertaking;
- (b) an insurance company duly authorised in accordance with the life assurance consolidation directive, when it carries out activities covered by that directive;
- (c) a person whose regular occupation or business is the provision to other persons of an investment service or the performance of an investment activity on a professional basis, when providing or performing investment services or activities (within the meaning of the markets in financial instruments directive), other than a person falling within Article 2 of that directive;
- (d) a collective investment undertaking, when marketing or otherwise offering its units or shares;
- (e) an insurance intermediary as defined in Article 2(5) of Directive [2002/92/EC](#) of the European Parliament and of the Council of 9th December 2002 on insurance mediation (other than a tied insurance intermediary as mentioned in Article 2(7) of that Directive), when it acts in respect of contracts of long-term insurance within the meaning given by article 3(1) of, and Part II of Schedule 1 to, the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544);
- (f) a branch located in an EEA state of—
 - (i) a person referred to in any of paragraphs (a) to (e), or
 - (ii) a person equivalent to a person within any of those paragraphs whose head office is located in a non-EEA state,
 when carrying out any activity mentioned in that paragraph;
- (g) an insurance company (as defined by section 1165(3) of the Companies Act 2006 (c. 46));
- (h) the National Savings Bank;
- (i) the Director of Savings, when money is raised under the auspices of the Director under the National Loans Act 1968 (c. 13).

Exceptions

- 6 (1) For the purposes of this Schedule the following are not regarded as persons operating in the financial sector when carrying out any of the following activities—
 - (a) a society registered under the Industrial and Provident Societies Act 1965 (c. 12), when it—
 - (i) issues withdrawable share capital within the limit set by section 6 of that Act (maximum shareholding in society); or
 - (ii) accepts deposits from the public within the limit set by section 7(3) of that Act (carrying on of banking by societies);

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- (b) a society registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 (c. 24 (N.I.)), when it—
 - (i) issues withdrawable share capital within the limit set by section 6 of that Act (maximum shareholding in society); or
 - (ii) accepts deposits from the public within the limit set by section 7(3) of that Act (carrying on of banking by societies);
 - (c) a person within any of paragraphs 1 to 23 or 25 to 51 of the Schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001 (S.I. 2001/1201), when carrying out an activity in respect of which the person is exempt;
 - (d) a person who was an exempted person for the purposes of section 45 of the Financial Services Act 1986 (c. 60) (miscellaneous exemptions) immediately before its repeal, when exercising the functions specified in that section.
- (2) A person who falls within the definition of “credit institution” or “financial institution” solely as a result of engaging in financial activity on an occasional or very limited basis is not regarded for the purposes of this Schedule as operating in the financial sector.
- (3) For the purposes of sub-paragraph (2) a person is regarded as engaging in a financial activity on an occasional or very limited basis if—
- (a) the person's total annual turnover in respect of the financial activity does not exceed £64,000,
 - (b) the financial activity is limited in relation to any customer to no more than one transaction exceeding 1,000 euro (whether the transaction is carried out in a single operation or a series of operations which appear to be linked),
 - (c) the financial activity does not exceed 5% of the person's total annual turnover,
 - (d) the financial activity is ancillary and directly related to the person's main activity,
 - (e) the financial activity is not the transmission or remittance of money (or any representation of monetary value) by any means,
 - (f) the person's main activity is not that of a credit or financial institution, and
 - (g) the financial activity is provided only to customers of the person's main activity.

Interpretation of this Part

7 In this Part of this Schedule—

“the banking consolidation directive” means Directive [2006/48/EC](#) of the European Parliament and of the Council of 14th June 2006 relating to the taking up and pursuit of the business of credit institutions;

“the life assurance consolidation directive” means Directive [2002/83/EC](#) of the European Parliament and of the Council of 5th November 2002 concerning life assurance;

“the markets in financial instruments directive” means Directive [2004/39/EC](#) of the European Parliament and of the Council of 12th April 2004 on markets in financial instruments.

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Power to amend

- 8 (1) The Treasury may by order amend paragraphs 4 to 7.
(2) Any such order is subject to affirmative resolution procedure.

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Changes to legislation:

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