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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations replace the Money Laundering Regulations 1993 and 2001 with updated provisions which reflect Directive [2001/97/EC](#) of the European Parliament and of the Council amending Council Directive [91/308/EEC](#) on prevention of the use of the financial system for the purpose of money laundering. A Transposition Note setting out how the main elements of Directive [2001/97/EC](#) will be transposed into UK law is available from the Financial Systems and International Standards Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ. The Transposition Note is also on HM Treasury's website ([www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)). A regulatory impact assessment has been prepared and placed in the library of each House of Parliament. A copy is likewise available from the Treasury and can be found on the Treasury's website.

Where business relationships are formed, or one-off transactions are carried out, in the course of relevant business (defined in regulation 2), the persons carrying out such relevant business are required to maintain certain identification procedures (regulation 4), record-keeping procedures (regulation 6) and internal reporting procedures (regulation 7) and to establish other appropriate procedures for the purpose of forestalling or preventing money laundering (regulation 3(1)(b)). They are also required to train their employees in those procedures and, more generally, in the recognition of money laundering transactions and the law relating to money laundering (regulation 3(1)(c)). A person who fails to maintain the procedures or carry out the training is guilty of a criminal offence (regulation 3(2)). Casino operators must obtain satisfactory evidence of the identity of all people using their gaming facilities (regulation 8).

Regulation 9 requires the Commissioners of Customs and Excise to keep a register of money service operators and a register of high value dealers and regulations 10-11 state the registration requirements placed on such persons. Regulation 12 lists the grounds on which registration may be refused by the Commissioners, including where information which has been supplied is incomplete, false or misleading. Regulation 13 lists the circumstances in which registration may be cancelled by the Commissioners. Regulation 14 allows the Commissioners to charge fees.

Regulations 15 to 19 state the powers of the Commissioners in relation to money service operators and high value dealers, including a power to enter and inspect premises. Where there are reasonable grounds for believing that an offence under the Regulations is being, has been or is about to be committed by a money service operator or high value dealer, the Commissioners may seek a court order requiring any person in possession of certain information to allow them access to it. Regulation 19 allows the Commissioners to enter premises with a warrant, to search persons and to take away documents. Regulation 20 allows the Commissioners to impose a civil penalty in certain circumstances. Regulation 21 provides a mechanism for a formal review by the Commissioners of their decisions. Regulation 22 provides for appeals against the Commissioners' decisions to be heard by a VAT tribunal. Regulation 23 allows the Commissioners to prosecute offences under the Regulations. Regulation 24 allows fees and penalties to be recovered as a civil debt. Regulation 25 requires people who are authorised by the Financial Services Authority ("the FSA") to inform the FSA before they operate bureaux de change.

Regulation 26 requires supervisory authorities (defined in regulation 2) and various other people who obtain information indicative of money laundering to inform a constable. Regulation 28 allows the Treasury to require people who carry on relevant business to refrain from doing business with people in certain non-EEA States.

**Changes to legislation:**

There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Money Laundering Regulations 2003. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

**Changes and effects yet to be applied to :**

- Sch. 2 para. 6 revoked by [S.I. 2008/1741](#) [Sch. 2](#)