
STATUTORY INSTRUMENTS

2007 No. 2157

The Money Laundering Regulations 2007

PART 3

RECORD-KEEPING, PROCEDURES AND TRAINING

Policies and procedures

20.—(1) A relevant person must establish and maintain appropriate and risk-sensitive policies and procedures relating to—

- (a) customer due diligence measures and ongoing monitoring;
- (b) reporting;
- (c) record-keeping;
- (d) internal control;
- (e) risk assessment and management;
- (f) the monitoring and management of compliance with, and the internal communication of, such policies and procedures,

in order to prevent activities related to money laundering and terrorist financing.

(2) The policies and procedures referred to in paragraph (1) include policies and procedures—

- (a) which provide for the identification and scrutiny of—
 - (i) complex or unusually large transactions;
 - (ii) unusual patterns of transactions which have no apparent economic or visible lawful purpose; and
 - (iii) any other activity which the relevant person regards as particularly likely by its nature to be related to money laundering or terrorist financing;
- (b) which specify the taking of additional measures, where appropriate, to prevent the use for money laundering or terrorist financing of products and transactions which might favour anonymity;
- (c) to determine whether a customer is a politically exposed person;
- (d) under which—
 - (i) an individual in the relevant person's organisation is a nominated officer under Part 7 of the Proceeds of Crime Act 2002⁽¹⁾ and Part 3 of the Terrorism Act 2000⁽²⁾;
 - (ii) anyone in the organisation to whom information or other matter comes in the course of the business as a result of which he knows or suspects or has reasonable grounds for knowing or suspecting that a person is engaged in money laundering or terrorist

(1) 2002 c. 29.

(2) 2000 c. 11.

financing is required to comply with Part 7 of the Proceeds of Crime Act 2002 or, as the case may be, Part 3 of the Terrorism Act 2000; and

- (iii) where a disclosure is made to the nominated officer, he must consider it in the light of any relevant information which is available to the relevant person and determine whether it gives rise to knowledge or suspicion or reasonable grounds for knowledge or suspicion that a person is engaged in money laundering or terrorist financing.

(3) Paragraph (2)(d) does not apply where the relevant person is an individual who neither employs nor acts in association with any other person.

(4) A credit or financial institution must establish and maintain systems which enable it to respond fully and rapidly to enquiries from financial investigators accredited under section 3 of the Proceeds of Crime Act 2002 (accreditation and training), persons acting on behalf of the Scottish Ministers in their capacity as an enforcement authority under that Act, officers of Revenue and Customs or constables as to—

- (a) whether it maintains, or has maintained during the previous five years, a business relationship with any person; and
- (b) the nature of that relationship.

(5) A credit or financial institution must communicate where relevant the policies and procedures which it establishes and maintains in accordance with this regulation to its branches and subsidiary undertakings which are located outside the United Kingdom.

(6) In this regulation—

“politically exposed person” has the same meaning as in regulation 14(4);

“subsidiary undertaking” has the same meaning as in regulation 15.