

---

## 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”). The provisions are mainly—

- in regulation 7, to transpose amendments made to Article 31 of [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 by [Directive 2018/843/EU](#) of the European Parliament and of the Council of 30th May 2018;
- in regulation 14, made in exercise of the powers in section 8(1) of the European Union (Withdrawal) Act 2018 in order to address failures of retained EU law to operate effectively and other deficiencies arising from the withdrawal of the United Kingdom from the European Union (and in particular the deficiencies referred to in paragraphs (a) and (g) of subsection (2)).

Regulation 3 amends regulation 28 of the MLRs to exclude customers that are publicly listed companies from the duty to take measures to understand a customer’s ownership structure and to clarify the provision confirming that identity can be verified electronically.

Regulation 4 amends regulations 30A, 37, 39 and 40 of the MLRs to refine the scope of the duty to report discrepancies in beneficial ownership registers and link it to other provisions in the MLRs.

Regulation 5 substitutes regulation 30A of the MLRs, from 10th March 2022, so that it covers express trusts as well as companies.

Regulation 6 amends regulations 33 and 34 of the MLRs to specify the duties on insurance firms in relation to beneficiaries of life insurance policies and provides that firms must apply certain measures to correspondent banking relationships only if they involve the execution of payments.

Regulation 7 amends Part 5 of the MLRs in relation to the register of trusts, providing for additional trusts to be included on the register under new regulation 45ZA and for certain information on that register to be accessible to certain persons under new regulation 45ZB. Regulation 11 inserts a new Schedule 3A to the MLRs of trusts falling outside those provisions.

Regulation 8 amends regulation 52A of the MLRs, which limits uses of confidential information, to allow information to be used by Her Majesty’s Revenue and Customs to carry out tax functions.

Regulation 9 amends regulation 56 of the MLRs to extend by 5 months, until 9th June 2021, the time for which art market participants and letting agents can operate before applying to register.

Regulation 10 amends regulation 74C of the MLRs to clarify that the Financial Conduct Authority (“FCA”) may impose a direction on a cryptoasset business either on the FCA’s own initiative or at the business’s request.

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

Regulation 13 requires the Treasury to carry out a review.

A full impact assessment of the effect of the previous provisions to transpose [Directive 2018/843/EU](#) on the costs of business, the voluntary sector and the public sector is available from HM Treasury at 1 Horse Guards Road, London SW1A 2HQ. A full impact assessment has not been produced for this instrument as no significant further impact on the private, voluntary or public sector is foreseen.