

2023 No. 1371

FINANCIAL SERVICES

**The Money Laundering and Terrorist Financing (Amendment)
Regulations 2023**

<i>Made</i>	- - - -	<i>13th December 2023</i>
<i>Laid before Parliament</i>		<i>14th December 2023</i>
<i>Coming into force</i>	- -	<i>10th January 2024</i>

The Treasury make these Regulations in exercise of the powers conferred by section 49 of, and paragraphs 3, 4 and 23 of Schedule 2 to, the Sanctions and Anti-Money Laundering Act 2018(a).

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Money Laundering and Terrorist Financing (Amendment) Regulations 2023.

(2) These Regulations come into force on 10th January 2024.

(3) These Regulations extend to England and Wales, Scotland and Northern Ireland.

Enhanced customer due diligence: politically exposed persons

2. In regulation 35 (enhanced customer due diligence: politically exposed persons) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(b)—

(a) after paragraph (3) insert—

“(3A) For the purpose of the relevant person’s assessment under paragraph (3), where a customer or potential customer is a domestic PEP, or a family member or a known close associate of a domestic PEP—

(a) the starting point for the assessment is that the customer or potential customer presents a lower level of risk than a non-domestic PEP, and

(b) if no enhanced risk factors are present, the extent of enhanced customer due diligence measures to be applied in relation to that customer or potential customer is less than the extent to be applied in the case of a non-domestic PEP.”;

(b) after paragraph (12)(c) insert—

(a) 2018 c. 13. Section 49 was amended by paragraph 9 of Schedule 3 to the Sanctions and Anti-Money Laundering Act 2018 (c. 13) and by S.I. 2019/466, 2019/573 and 2019/577 (through amendments made by S.I. 2020/1289). See also the definition of “appropriate Minister” in section 1(9) of the 2018 Act. Section 77 of the Financial Services and Markets Act 2023 (c. 29) imposes an obligation on the Treasury to exercise the power conferred by section 49 of the 2018 Act for the purpose mentioned in section 77(2).

(b) S.I. 2017/692. There are various amending instruments but none are relevant to regulation 35.

- “(d) “domestic PEP” means a politically exposed person entrusted with prominent public functions by the United Kingdom;
 - (e) “non-domestic PEP” means a politically exposed person who is not a domestic PEP;
 - (f) “enhanced risk factors”, in relation to a customer or potential customer who is a domestic PEP or a family member or a known close associate of that domestic PEP, mean risk factors other than the customer’s or potential customer’s position as a domestic PEP or as a family member or a known close associate of that domestic PEP.”;
- (c) in paragraph (14), for “(12)(a)” substitute “(12)”.

Scott Mann
Amanda Solloway

13th December 2023

Two of the Lords Commissioners of His Majesty’s Treasury

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”) to secure the result referred to in section 77(3) of the Financial Services and Markets Act 2023 (c. 29); that for the purposes of assessments under regulation 35(3) of the MLRs, where the customer is a domestic PEP (a politically exposed person), or a family member or known close associate of a domestic PEP, the starting point for the assessment is that the customer presents a lower level of risk than a non-domestic PEP. The extent of enhanced customer due diligence measures to be applied in relation to that customer should be less than for non-domestic PEPs, unless enhanced risk factors apply.

An impact assessment of the effect that this instrument will have 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.

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