

**Financial Crime Guide: A firm's guide to countering financial crime risks (FCG)**

# Chapter 1

## Introduction

## 1.1 What is the FCG?

- 1.1.1** **G** *FCG* provides practical assistance and information for firms of all sizes and across all *FCA*-supervised sectors on actions they can take to counter the risk that they might be used to further financial crime. Its contents are drawn primarily from *FCA* and *FSA* thematic reviews, with some additional material included to reflect other aspects of our financial crime remit.
- 1.1.2** **G** Effective systems and controls can help firms to detect, prevent and deter financial crime. *FCG* provides guidance on financial crime systems and controls, both generally and in relation to specific risks such as money laundering, bribery and corruption and fraud. Annexed to *FCG* is a list of common and useful terms. ■ *FCG Annex 1* is provided for reference purposes only and is not a list of 'defined terms'. Where a word or phrase is in italics, its definition will be the one used for that word or phrase in the *Glossary* to the *FCA Handbook*.
- 1.1.3** **G** *FCTR* provides summaries of, and links to, *FSA* (now the *FCA*) thematic reviews of various financial crime risks and sets out the full examples of good and poor practice that were included with the reviews' findings.
- 1.1.4** **G** We will keep *FCG* under review and will continue to update it to reflect the findings of future thematic reviews, enforcement actions and other *FCA* publications and to cover emerging risks and concerns.
- 1.1.5** **G** The material in *FCG* does not form part of the *Handbook*, but it does contain guidance on *Handbook rules* and *principles*, particularly:
- ■ *SYSC 3.2.6R* and ■ *SYSC 6.1.1R*, which require firms to establish and maintain effective systems and controls to counter the risk that they might be used to further financial crime;
  - Principles 1 (integrity), 2 (skill, care and diligence), 3 (management and control) and 11 (relations with regulators) of our Principles for Businesses, which are set out in ■ *PRIN 2.1.1R*;
  - the Statements of Principle for Approved Persons set out in ■ *APER 2.1A.3R* and the conduct rules set out in ■ *COCON 2.1* and ■ *2.2*; and
  - in relation to guidance on money laundering, the rules in ■ *SYSC 3.2.6* to ■ *SYSC 3.2.6 IR* and ■ *SYSC 6.3* (Financial crime).

Where *FCG* refers to guidance in relation to *SYSC* requirements, this may also be relevant to compliance with the corresponding Principle in our Principles for Businesses and corresponding requirements in the *Payment Services Regulations* and the *Electronic Money Regulations*.

- 1.1.6** **G** Direct references in *FCG* to requirements set out in our rules or other legal provisions include a cross reference to the relevant provision.
- 1.1.7** **G** *FCG* contains 'general guidance' as defined in section 139B of the Financial Services and Markets Act 2000 (FSMA). The guidance is not binding and we will not presume that a firm's departure from our guidance indicates that it has breached our rules.
- 1.1.8** **G** Our focus, when supervising firms, is on whether they are complying with our rules and their other legal obligations. Firms can comply with their financial crime obligations in ways other than following the good practice set out in *FCG*. But we expect firms to be aware of what we say where it applies to them and to consider applicable guidance when establishing, implementing and maintaining their anti-financial crime systems and controls. More information about *FCA* guidance and its status can be found in our Reader's Guide: an introduction to the Handbook; ■ DEPP 6.2.1G(4) and ■ EG 2.9.1G – ■ 2.9.6G.
- 1.1.9** **G** *FCG* also contains guidance on how firms can meet the requirements of the *Money Laundering Regulations* and the EU Funds Transfer Regulation. While the relevant parts of the guide that refer to the *Money Laundering Regulations* may be 'relevant guidance' under these regulations, it is not approved by HM Treasury.
- 1.1.10** **G** The Joint Money Laundering Steering Group's (JMLSG) guidance for the UK financial sector on the prevention of money laundering and combating terrorist financing is 'relevant guidance' and is approved by HM Treasury under the *Money Laundering Regulations*. As confirmed in ■ DEPP 6.2.3G, ■ EG 12.1.2G and ■ EG 19.15.5G, the *FCA* will continue to have regard to whether firms have followed the relevant provisions of JMLSG's guidance when deciding whether conduct amounts to a breach of relevant requirements.
- 1.1.11** **G** *FCG* is not a standalone document; it does not attempt to set out all applicable requirements and should be read in conjunction with existing laws, rules and guidance on financial crime. If there is a discrepancy between *FCG* and any applicable legal requirements, the provisions of the relevant requirement prevail. If firms have any doubt about a legal or other provision or their responsibilities under FSMA or other relevant legislation or requirements, they should seek appropriate professional advice.