

Money laundering and terrorist financing

Chapter 3

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3.1 Introduction

- 3.1.1** **G** **Who should read this chapter?** This section applies to **all firms** who are subject to the money laundering provisions in **■ SYSC 3.2.6A – J** or **■ SYSC 6.3**. It also applies to Annex I **financial institutions** and **e-money institutions** for whom we are the supervisory authority under the *Money Laundering Regulations*.
- 3.1.2** **G** This guidance does not apply to **payment institutions**, which are supervised for compliance with the *Money Laundering Regulations* by HM Revenue and Customs. But it may be of interest to them, to the extent that we may refuse to authorise them, or remove their authorisation, if they do not satisfy us that they comply with the *Money Laundering Regulations*.
- 3.1.3** **G** This guidance is less relevant for those who have more limited anti-money laundering (AML) responsibilities, such as mortgage brokers, general insurers and general insurance intermediaries. But it may still be of use, for example, to assist them in establishing and maintaining systems and controls to reduce the risk that they may be used to handle the proceeds from crime; and to meet the requirements of the Proceeds of Crime Act 2002 to which they are subject.
- 3.1.4** **G** **■ FCG 3.2.2G** (The Money Laundering Reporting Officer (MLRO)) applies only to firms who are subject to the money laundering provisions in **■ SYSC 3.2.6A – J** or **■ SYSC 6.3**, except it does not apply to **sole traders who have no employees**.
- 3.1.5** **G** **■ FCG 3.2.13G** (Customer payments) applies to banks subject to **■ SYSC 6.3**.
- 3.1.6** **G** The guidance in this chapter relates both to our interpretation of requirements of the *Money Laundering Regulations* and to the financial crime and money laundering provisions of **■ SYSC 3.2.6R – ■ 3.2.6JG**, **■ SYSC 6.1.1R** and **■ SYSC 6.3**.
- 3.1.7** **G** The Joint Money Laundering Steering Group (JMLSG) produces detailed guidance for firms in the UK financial sector on how to comply with their legal and regulatory obligations related to money laundering and terrorist financing. *FCG* is not intended to replace, compete or conflict with the JMLSG’s guidance, which should remain a key resource for firms.

- 3.1.7A** **G** The European Supervisory Authorities (ESAs) have produced guidelines that firms should consider when assessing the ML/TF risk associated with a business relationship or occasional transaction. The *Money Laundering Regulations* require firms subject to the regulations to take account of these guidelines when complying with the customer due diligence requirements in Regulations 33 and 37.

- 3.1.8** **G** When considering a firm’s systems and controls against money laundering and terrorist financing, we will consider whether the firm has followed relevant provisions of the JMLSG’s guidance, guidance issued by the *FCA* or taken account of the *ESA* guidelines.