

## JMLSG GUIDANCE

### COVER NOTE TO CONSULTATION TEXT

Over the past few months, the JMLSG Board has carried out a review of its Money Laundering Guidance for the Financial Sector, looking at:

- areas of omission
- provisions of the Guidance that are difficult to implement or effect
- provisions of the guidance that no longer reflect current practice

Member trade associations were invited to submit their comments under each aspect; in general, they were happy with the present Guidance, and only had a small number of (mostly minor) amendments to suggest. The comments received were considered by the Editorial Panel and the Board.

The Board has approved a number of amendments to the Guidance, and today publishes the revised text of each Part, showing the amendments proposed. The amendments proposed to Part I are relatively minor. For Part II, the guidance relating to Trade Finance (sector 15) has been updated, as well as incorporating the previous text on Proliferation financing from Part III. The text on Electronic money (sector 3) is still being amended to reflect the implementation of the Electronic Money Regulations, and will be published for comment in due course. Other changes to Part II, and the proposed amendments to Part III, are relatively minor matters of clarification.

The Annex to this note summarises these amendments. The Consultation text is available:

[Part I](#)

[Part II](#)

[Part III](#)

In addition, the Board has drafted an ‘overview’ piece, aimed at improving access to the detail of the Guidance for those not already familiar with the text. This is included in the Part I text, after the contents and Preface.

JMLSG welcomes comment on the proposed amendments to its Money Laundering Guidance. Comments may be in hard copy or electronic form. They should be sent to:

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Comments should be received by 17 October 2011

14 September 2011

ANNEX

**SUMMARY OF PROPOSED AMENDMENTS TO JMLSG GUIDANCE**

**PART I**

General

- Introduced references to the Terrorist Asset-Freezing etc Act 2010, and to Junior ISAs
- Amended references to sections of the FSA SYSC rules
- Refreshed certain weblinks that no longer worked

By chapter

Chapter 5

- Clarified some paragraphs relating to the identification of firms subject to the ML Regulations
- Clarified the requirements relating to verifying the identity of pension funds
- Added reference to Junior ISAs in the SDD section
- Amended the guidance in relation to appointed representatives, regarding reliance

Chapter 8

- Added reference to the appropriateness of photocopying certain identity documents (paragraph 8.7)

**PART II**

General

- Only minor amendments, mainly of clarification, apart from sectors 3 and 15
- Sector 3: *Electronic money*, is still being amended to reflect the implementation of the Electronic Money Regulations
- Sector 15: *Trade finance*, amended to improve clarity, and to incorporate the previous text on proliferation financing from Part III
- Amended cross references to Part I material

Significant changes, by sector

Sector 7 Life assurance

- Clarified some of the references to beneficiaries
- Introduced reference to 'wrapper' products

Sector 7A General insurers

- Introduced a reference to the provision of insurance cover in relation to proliferation financing

Sector 8 Non life providers of investment products

- Clarified the position where customers seek redemption or cancellation before verification of identity completed

Sector 15 Trade finance

- Clarified the introductory material, to give better context to the guidance
- Incorporated the existing text on proliferation financing from Part III in appropriate places in the trade finance text

Sector 18 Wholesale markets

- Introduced guidance in relation to delivery versus payment (DVP) transactions

Sector 20 Prime brokerage and other related services to funds

- Clarified the guidance in relation to feeder funds

## **PART III**

### General

- Introduced a minor clarification to the guidance on Wire transfers as regards one aspect of a Payee PSP's responsibilities
- Amended the text on Equivalence to reflect the current position of the EU-agreed list of equivalent jurisdictions
- Amended the material on compliance with the UK financial sanctions regime to reflect the introduction of the Terrorist Asset-Freezing etc Act 2010
- Moved the proliferation financing text into Part II, incorporated within sector 15: *Trade finance*

September 2011