

SCHEDULE 2

Regulations 4(1)(e) and (2), 13(6) and (8)  
and 14(5).

FINANCIAL ACTIVITY, SIMPLIFIED DUE  
DILIGENCE AND POLITICALLY EXPOSED PERSONS

**Financial activity on an occasional or very limited basis**

1. For the purposes of regulation 4(1)(e) and (2), a person is to be considered as engaging in financial activity on an occasional or very limited basis if all the following conditions are fulfilled—

- (a) the person's total annual turnover in respect of the financial activity does not exceed £64,000;
- (b) the financial activity is limited in relation to any customer to no more than one transaction exceeding 1,000 euro, whether the transaction is carried out in a single operation, or a series of operations which appear to be linked;
- (c) the financial activity does not exceed 5% of the person's total annual turnover;
- (d) the financial activity is ancillary and directly related to the person's main activity;
- (e) the financial activity is not the transmission or remittance of money (or any representation of monetary value) by any means;
- (f) the person's main activity is not that of a person falling within regulation 3(1)(a) to (f) or (h);
- (g) the financial activity is provided only to customers of the person's main activity and is not offered to the public.

**Simplified due diligence**

2. For the purposes of regulation 13(6), the conditions are—

- (a) the authority has been entrusted with public functions pursuant to the Treaty on the European Union<sup>(1)</sup>, the Treaties on the European Communities or Community secondary legislation;
- (b) the authority's identity is publicly available, transparent and certain;
- (c) the activities of the authority and its accounting practices are transparent;
- (d) either the authority is accountable to a Community institution or to the authorities of an EEA state, or otherwise appropriate check and balance procedures exist ensuring control of the authority's activity.

3. For the purposes of regulation 13(8), the conditions are—

- (a) the product has a written contractual base;
- (b) any related transaction is carried out through an account of the customer with a credit institution which is subject to the money laundering directive or with a credit institution situated in a non-EEA state which imposes requirements equivalent to those laid down in that directive;
- (c) the product or related transaction is not anonymous and its nature is such that it allows for the timely application of customer due diligence measures where there is a suspicion of money laundering or terrorist financing;
- (d) the product is within the following maximum threshold—

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(1) OJ No C 325, 24.12.2002, p. 5.

*Status: This is the original version (as it was originally made).*

- (i) in the case of insurance policies or savings products of a similar nature, the annual premium is no more than 1,000 euro or there is a single premium of no more than 2,500 euro;
- (ii) in the case of products which are related to the financing of physical assets where the legal and beneficial title of the assets is not transferred to the customer until the termination of the contractual relationship (whether the transaction is carried out in a single operation or in several operations which appear to be linked), the annual payments do not exceed 15,000 euro;
- (iii) in all other cases, the maximum threshold is 15,000 euro;
- (e) the benefits of the product or related transaction cannot be realised for the benefit of third parties, except in the case of death, disablement, survival to a predetermined advanced age, or similar events;
- (f) in the case of products or related transactions allowing for the investment of funds in financial assets or claims, including insurance or other kinds of contingent claims—
  - (i) the benefits of the product or related transaction are only realisable in the long term;
  - (ii) the product or related transaction cannot be used as collateral; and
  - (iii) during the contractual relationship, no accelerated payments are made, surrender clauses used or early termination takes place.

#### **Politically exposed persons**

- 4.—(1) For the purposes of regulation 14(5)—
- (a) individuals who are or have been entrusted with prominent public functions include the following—
    - (i) heads of state, heads of government, ministers and deputy or assistant ministers;
    - (ii) members of parliaments;
    - (iii) members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not generally subject to further appeal, other than in exceptional circumstances;
    - (iv) members of courts of auditors or of the boards of central banks;
    - (v) ambassadors, *chargés d'affaires* and high-ranking officers in the armed forces; and
    - (vi) members of the administrative, management or supervisory bodies of state-owned enterprises;
  - (b) the categories set out in paragraphs (i) to (vi) of sub-paragraph (a) do not include middle-ranking or more junior officials;
  - (c) immediate family members include the following—
    - (i) a spouse;
    - (ii) a partner;
    - (iii) children and their spouses or partners; and
    - (iv) parents;
  - (d) persons known to be close associates include the following—
    - (i) any individual who is known to have joint beneficial ownership of a legal entity or legal arrangement, or any other close business relations, with a person referred to in regulation 14(5)(a); and

(ii) any individual who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit of a person referred to in regulation 14(5)(a).

(2) In paragraph (1)(c), “partner” means a person who is considered by his national law as equivalent to a spouse.