
STATUTORY INSTRUMENTS

2019 No. 1511

**The Money Laundering and Terrorist
Financing (Amendment) Regulations 2019**

PART 2

Money Laundering Regulations

Amendment of Part 2: money laundering and terrorist financing

4.—(1) In regulation 8(2) (application)—

- (a) in sub-paragraph (f), after “estate agents” insert “and letting agents”;
- (b) after sub-paragraph (h) insert—
 - “(i) art market participants;
 - (j) cryptoasset exchange providers;
 - (k) custodian wallet providers.”.

(2) In regulation 11(d) (auditors and others: tax adviser), for “advice about the tax affairs of other persons” substitute “material aid, or assistance or advice, in connection with the tax affairs of other persons, whether provided directly or through a third party”.

(3) In the heading to regulation 13 (estate agents), at the end insert “and letting agents”.

(4) After regulation 13(2) insert—

“(3) In these Regulations, “letting agent” means a firm or sole practitioner who, or whose employees, carry out letting agency work, when carrying out such work.

(4) For the purposes of paragraph (3), “letting agency work” means work—

- (a) consisting of things done in response to instructions received from—
 - (i) a person (a “prospective landlord”) seeking to find another person to whom to let land, or
 - (ii) a person (a “prospective tenant”) seeking to find land to rent, and
- (b) done in a case where an agreement is concluded for the letting of land—
 - (i) for a term of a month or more, and
 - (ii) at a rent which during at least part of the term is, or is equivalent to, a monthly rent of 10,000 euros or more.

(5) For the purposes of paragraph (3) “letting agency work” does not include the things listed in paragraph (6) when done by, or by employees of, a firm or sole practitioner if neither the firm or sole practitioner, nor any of their employees, does anything else within paragraph (4).

(6) Those things are—

- (a) publishing advertisements or disseminating information;

- (b) providing a means by which a prospective landlord or a prospective tenant can, in response to an advertisement or dissemination of information, make direct contact with a prospective tenant or a prospective landlord;
 - (c) providing a means by which a prospective landlord and a prospective tenant can communicate directly with each other;
 - (d) the provision of legal or notarial services by a barrister, advocate, solicitor or other legal representative communications with whom may be the subject of a claim to professional privilege or, in Scotland, protected from disclosure in legal proceedings on grounds of confidentiality of communication.
- (7) In paragraph (4) “land” includes part of a building and part of any other structure.”.
- (5) In the heading to regulation 14 (high value dealers, casinos and auction platforms), for “casinos and auction platforms” substitute “casinos, auction platforms and art market participants”.
- (6) In regulation 14(1), at the end insert—
- “(d) “art market participant” means a firm or sole practitioner who—
 - (i) by way of business trades in, or acts as an intermediary in the sale or purchase of, works of art and the value of the transaction, or a series of linked transactions, amounts to 10,000 euros or more; or
 - (ii) is the operator of a freeport when it, or any other firm or sole practitioner, by way of business stores works of art in the freeport and the value of the works of art so stored for a person, or a series of linked persons, amounts to 10,000 euros or more;
 - (e) “freeport” means a warehouse or storage facility within an area designated by the Treasury as a special area for customs purposes pursuant to section 100A(1) of the Customs and Excise Management Act 1979 (designation of free zones)(1);
 - (f) “work of art” means anything which, in accordance with section 21(6) to (6B) of the Value Added Tax Act 1994 (value of imported goods)(2), is a work of art for the purposes of section 21(5)(a) of that Act.”.
- (7) After regulation 14 insert—

“Cryptoasset exchange providers and custodian wallet providers

14A.—(1) In these Regulations, “cryptoasset exchange provider” means a firm or sole practitioner who by way of business provides one or more of the following services, including where the firm or sole practitioner does so as creator or issuer of any of the cryptoassets involved, when providing such services—

- (a) exchanging, or arranging or making arrangements with a view to the exchange of, cryptoassets for money or money for cryptoassets,
- (b) exchanging, or arranging or making arrangements with a view to the exchange of, one cryptoasset for another, or
- (c) operating a machine which utilises automated processes to exchange cryptoassets for money or money for cryptoassets.

(2) In these Regulations, “custodian wallet provider” means a firm or sole practitioner who by way of business provides services to safeguard, or to safeguard and administer—

- (a) cryptoassets on behalf of its customers, or
- (b) private cryptographic keys on behalf of its customers in order to hold, store and transfer cryptoassets,

(1) 1979 c. 2. Section 100A was inserted by the Finance Act 1984 (c.2), section 8 and (c.43), Schedule 4.

(2) 1994 c. 23. Sections 21(6) to (6B) were inserted by section 12(2) of the Finance Act 1999 (c.16).

when providing such services.

(3) For the purposes of this regulation—

- (a) “cryptoasset” means a cryptographically secured digital representation of value or contractual rights that uses a form of distributed ledger technology and can be transferred, stored or traded electronically;
- (b) “money” means—
 - (i) money in sterling,
 - (ii) money in any other currency, or
 - (iii) money in any other medium of exchange,but does not include a cryptoasset; and
- (c) in sub-paragraphs (a), (b) and (c) of paragraph (1), “cryptoasset” includes a right to, or interest in, the cryptoasset.”.

(8) In regulation 16 (risk assessment by the Treasury and Home Office), after paragraph (6) insert—

“(6A) The report must also set out—

- (a) the institutional structure and broad procedures of the United Kingdom’s anti-money laundering and counter-terrorist financing regime, including the role of the financial intelligence unit, tax agencies and prosecutors;
- (b) the nature of measures taken and resources allocated to counter money laundering and terrorist financing.”.

(9) In regulation 19(4) (policies, controls and procedures)—

- (a) in sub-paragraph (a)(i), for “and” in sub-paragraph (aa) and for “and” after that sub-paragraph substitute “or”;
- (b) in sub-paragraph (c)—
 - (i) for “technology is”, substitute “new products, new business practices (including new delivery mechanisms) or new technology are”;
 - (ii) after “adoption of such”, insert “products, practices or”;
 - (iii) after “this new”, insert “product, practice or”.

(10) In regulation 20(1)(b) (policies, controls and procedures: group level), at the end add “, including policies on the sharing of information about customers, customer accounts and transactions;”.

(11) In regulation 24(1) (training)—

- (a) in sub-paragraph (a), after “relevant employees” insert “, and any agents it uses for the purposes of its business whose work is of a kind mentioned in paragraph (2),”;
- (b) in sub-paragraph (b), after “relevant employees” insert “and to any agents it uses for the purposes of its business whose work is of a kind mentioned in paragraph (2)”.

(12) In regulation 25 (supervisory action), after paragraph (13) insert—

“(13A) The supervisory authority may, if it considers it proportionate to do so, publish such information about a direction given under paragraph (2) as the authority considers appropriate.

(13B) Where the supervisory authority publishes such information and the supervisory authority decides to rescind the direction to which the notice relates, the supervisory authority must, without delay, publish that fact in the same manner as that in which the information was published under paragraph (13A).

(13C) Where the supervisory authority publishes information under paragraph (13A) and the person to whom the notice is given refers the matter to the Upper Tribunal, the supervisory authority must, without delay, publish information about the status of the appeal and its outcome in the same manner as that in which the information was published under paragraph (13A).”.

(13) In regulation 26 (prohibitions and approvals)—

(a) in paragraph (2)(c), after “estate agents” insert “and letting agents”;

(b) after paragraph (2)(d) insert—

“(e) art market participants.”;

(c) after paragraph (3) insert—

“(3A) A person does not breach the prohibition in paragraph (1) if—

(a) that person became a relevant firm or relevant sole practitioner on 10th January 2020 by virtue of an amendment to these Regulations by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019;

(b) that person has before 10th January 2021 applied to the supervisory authority for approval under paragraph (6); and

(c) that application has not yet been determined.”;

(d) in paragraph (7), for sub-paragraph (b) substitute—

“(b) contain, or be accompanied by—

(i) sufficient information to enable the supervisory authority, if it is a self-regulatory organisation, to determine whether the person concerned has been convicted of a relevant offence; and

(ii) such other information as the supervisory authority may reasonably require.”.