

SCHEDULES

SCHEDULE 7

TERRORIST FINANCING AND MONEY LAUNDERING

PART 3

REQUIREMENTS THAT MAY BE IMPOSED BY A DIRECTION

Requirements that may be imposed by a direction

- 9 (1) A direction under this Schedule may impose requirements in relation to transactions or business relationships with—
- (a) a person carrying on business in the country;
 - (b) the government of the country;
 - (c) a person resident or incorporated in the country.
- (2) The direction may impose requirements in relation to—
- (a) a particular person within sub-paragraph (1),
 - (b) any description of persons within that sub-paragraph, or
 - (c) all persons within that sub-paragraph.
- (3) In this Schedule “designated person”, in relation to a direction, means any of the persons in relation to whom the direction is given.
- (4) The kinds of requirement that may be imposed by a direction under this Schedule are specified in—
- paragraph 10 (customer due diligence);
 - paragraph 11 (ongoing monitoring);
 - paragraph 12 (systematic reporting);
 - paragraph 13 (limiting or ceasing business).
- (5) A direction may make different provision—
- (a) in relation to different descriptions of designated person, and
 - (b) in relation to different descriptions of transaction or business relationship.
- (6) The requirements imposed by a direction must be proportionate having regard to the advice mentioned in paragraph 1(2) or, as the case may be, the risk mentioned in paragraph 1(3) or (4) to the national interests of the United Kingdom.

Customer due diligence

- 10 (1) A direction may require a relevant person to undertake enhanced customer due diligence measures—

Status: This is the original version (as it was originally enacted).

- (a) before entering into a transaction or business relationship with a designated person, and
 - (b) during a business relationship with such a person.
- (2) The direction may do either or both of the following—
- (a) impose a general obligation to undertake enhanced customer due diligence measures;
 - (b) require a relevant person to undertake specific measures identified or described in the direction.
- (3) “Customer due diligence measures” means measures to—
- (a) establish the identity of the designated person,
 - (b) obtain information about—
 - (i) the designated person and their business, and
 - (ii) the source of their funds, and
 - (c) assess the risk of the designated person being involved in relevant activities.
- (4) In sub-paragraph (3)(c) “relevant activities” means—
- (a) terrorist financing;
 - (b) money laundering; or
 - (c) the development or production of nuclear, radiological, biological or chemical weapons or the facilitation of that development or production.
- (5) A direction may not impose requirements of a kind mentioned in this paragraph on a person who is regarded as operating in the financial sector by virtue only of paragraph 5(2)(g) (certain insurance companies).

Ongoing monitoring

- 11 (1) A direction may require a relevant person to undertake enhanced ongoing monitoring of any business relationship with a designated person.
- (2) The direction may do either or both of the following—
- (a) impose a general obligation to undertake enhanced ongoing monitoring;
 - (b) require a relevant person to undertake specific measures identified or described in the direction.
- (3) “Ongoing monitoring” of a business relationship means—
- (a) keeping up to date information and documents obtained for the purposes of customer due diligence measures, and
 - (b) scrutinising transactions undertaken during the course of the relationship (and, where appropriate, the source of funds for those transactions) to ascertain whether the transactions are consistent with the relevant person’s knowledge of the designated person and their business.
- (4) A direction may not impose requirements of a kind mentioned in this paragraph on a person who is regarded as operating in the financial sector by virtue only of paragraph 5(2)(g) (certain insurance companies).

Systematic reporting

- 12 (1) A direction may require a relevant person to provide such information and documents as may be specified in the direction relating to transactions and business relationships with designated persons.
- (2) A direction imposing such a requirement must specify how the direction is to be complied with, including—
- (a) the person to whom the information and documents are to be provided, and
 - (b) the period within which, or intervals at which, information and documents are to be provided.
- (3) The power conferred by this paragraph is not exercisable in relation to information or documents in respect of which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.
- (4) The exercise of the power conferred by this paragraph and the provision of information under it is not otherwise subject to any restriction on the disclosure of information, whether imposed by statute or otherwise.

Limiting or ceasing business

- 13 A direction may require a relevant person not to enter into or continue to participate in—
- (a) a specified transaction or business relationship with a designated person,
 - (b) a specified description of transactions or business relationships with a designated person, or
 - (c) any transaction or business relationship with a designated person.