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## STATUTORY INSTRUMENTS

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# 2003 No. 3075

## The Money Laundering Regulations 2003

### PART I

#### GENERAL

##### Citation, commencement etc.

- 1.—(1) These Regulations may be cited as the Money Laundering Regulations 2003.
- (2) These Regulations come into force—
  - (a) for the purposes of regulation 10 in so far as it relates to a person who acts as a high value dealer, on 1st April 2004;
  - (b) for the purposes of regulation 2(3)(h), on 31st October 2004;
  - (c) for the purposes of regulation 2(3)(i), on 14th January 2005;
  - (d) for all other purposes, on 1st March 2004.
- (3) These Regulations are prescribed for the purposes of sections 168(4)(b) and 402(1)(b) of the 2000 Act.
- (4) The following Regulations are revoked—
  - (a) the Money Laundering Regulations 1993 <sup>M1</sup>;
  - (b) the Financial Services and Markets Act 2000 (Regulations Relating to Money Laundering) Regulations 2001 <sup>M2</sup>;
  - (c) the Money Laundering Regulations 2001 <sup>M3</sup>.

##### Marginal Citations

**M1** [S.I. 1993/1933](#), amended by [S.I. 1994/1696](#), [S.I. 1998/1129](#), [S.I. 2000/2952](#), [S.I. 2001/3641](#) and 3649.

**M2** [S.I. 2001/1819](#).

**M3** [S.I. 2001/3641](#).

##### Interpretation

- 2.—(1) In these Regulations—
  - “the 2000 Act” means the Financial Services and Markets Act 2000;
  - “applicant for business” means a person seeking to form a business relationship, or carry out a one-off transaction, with another person acting in the course of relevant business carried on by that other person in the United Kingdom;
  - “applicant for registration” means an applicant for registration as a money service operator, or as a high value dealer;
  - “the appropriate judicial authority” means—

(a) in England and Wales, a magistrates' court,

(b) in Scotland, the sheriff,

(c) in Northern Ireland, a court of summary jurisdiction;

“authorised person” has the meaning given by section 31(2) of the 2000 Act;

“the Authority” means the Financial Services Authority;

[<sup>F1</sup>“the Banking Consolidation Directive” means Directive [2006/48/EC](#) of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions;]

“business relationship” means any arrangement the purpose of which is to facilitate the carrying out of transactions on a frequent, habitual or regular basis where the total amount of any payments to be made by any person to any other in the course of the arrangement is not known or capable of being ascertained at the outset;

“cash” means notes, coins or travellers' cheques in any currency;

“the Commissioners” means the Commissioners of Customs and Excise;

“constable” includes a person commissioned by the Commissioners and a person authorised for the purposes of these Regulations by the Director General of the [<sup>F2</sup>Serious Organised Crime Agency];

“EEA State” means a State which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2nd May 1992 as it has effect for the time being;

<sup>M4</sup>“estate agency work” has the meaning given by section 1 of the Estate Agents Act 1979 save for the omission of the words “(including a business in which he is employed)” in subsection (1) and includes a case where, in relation to a disposal or acquisition, the person acts as principal;

“high value dealer” means a person who carries on the activity mentioned in paragraph (2)(n);

<sup>M5</sup>“the Life Assurance Consolidation Directive” means Directive [2002/83/EC](#) of the European Parliament and of the Council of 5th November 2002 concerning life assurance ;

<sup>M6</sup>“justice” means a justice of the peace or, in relation to Scotland, a justice within the meaning of section 307 of the Criminal Procedure (Scotland) Act 1995 ;

<sup>M7M8</sup>“money laundering” means an act which falls within section 340(11) of the Proceeds of Crime Act 2002 or an offence under section 18 of the Terrorism Act 2000 ;

<sup>M9</sup>“the Money Laundering Directive” means Council Directive [91/308/EEC](#) of 10th June 1991 on prevention of the use of the financial system for the purpose of money laundering as amended by Directive [2001/97/EC](#) of the European Parliament and of the Council of 4th December 2001 ;

“money service business” means any of the activities mentioned in paragraph (2)(d) (so far as not excluded by paragraph (3)) when carried on by way of business;

“money service operator” means a person who carries on money service business other than a person who carries on relevant business falling within any of sub-paragraphs (a) to (c) of paragraph (2);

“nominated officer” has the meaning given by regulation 7;

<sup>M10</sup>“officer” (except in regulations 7, 10 and 27) has the meaning given by section 1(1) of the Customs and Excise Management Act 1979 ;

“officer in overall charge of the investigation” means the person whose name and address are endorsed on the order concerned as being the officer so in charge;

“one-off transaction” means any transaction other than one carried out in the course of an existing business relationship;

“operator” means a money service operator;

“recorded information” includes information recorded in any form and any document of any nature whatsoever;

“registered number” has the meaning given by regulation 9(2);

“relevant business” has the meaning given by paragraph (2);

“the review procedure” means the procedure under regulation 21;

“satisfactory evidence of identity” has the meaning given by paragraphs (5) and (6);

“supervisory authority” has the meaning given by paragraphs (7) and (8);

“tribunal” means a VAT and duties tribunal.

(2) For the purposes of these Regulations, “relevant business” means—

(a) the regulated activity of—

(i) accepting deposits;

(ii) effecting or carrying out contracts of long-term insurance when carried on by a person who has received official authorisation pursuant to Article 4 or 51 of the Life Assurance Consolidation Directive;

(iii) dealing in investments as principal or as agent;

(iv) arranging deals in investments;

[<sup>F3</sup>(iva) operating a multilateral trading facility;]

(v) managing investments;

(vi) safeguarding and administering investments;

(vii) sending dematerialised instructions;

(viii) establishing (and taking other steps in relation to) collective investment schemes;

(ix) advising on investments; or

(x) issuing electronic money;

(b) the activities of the National Savings Bank;

(c) any activity carried on for the purpose of raising money authorised to be raised under the National Loans Act 1968 <sup>M11</sup> under the auspices of the Director of Savings;

(d) the business of operating a bureau de change, transmitting money (or any representation of monetary value) by any means or cashing cheques which are made payable to customers;

(e) any of the activities in points 1 to 12 or 14 of Annex 1 to the Banking Consolidation Directive (which activities are, for convenience, set out in Schedule 1 to these Regulations) when carried on by way of business, ignoring an activity falling within any of sub-paragraphs (a) to (d);

(f) estate agency work;

(g) operating a casino by way of business;

(h) the activities of a person appointed to act as an insolvency practitioner within the meaning of section 388 of the Insolvency Act 1986 <sup>M12</sup> or Article 3 of the Insolvency (Northern Ireland) Order 1989 <sup>M13</sup>;

(i) the provision by way of business of advice about the tax affairs of another person by a body corporate or unincorporate or, in the case of a sole practitioner, by an individual;

- (j) the provision by way of business of accountancy services by a body corporate or unincorporate or, in the case of a sole practitioner, by an individual;
  - (k) the provision by way of business of audit services by a person who is eligible for appointment as a company auditor under section 25 of the Companies Act 1989 <sup>M14</sup> or Article 28 of the Companies (Northern Ireland) Order 1990 <sup>M15</sup>;
  - (l) the provision by way of business of legal services by a body corporate or unincorporate or, in the case of a sole practitioner, by an individual and which involves participation in a financial or real property transaction (whether by assisting in the planning or execution of any such transaction or otherwise by acting for, or on behalf of, a client in any such transaction);
  - (m) the provision by way of business of services in relation to the formation, operation or management of a company or a trust; or
  - (n) the activity of dealing in goods of any description by way of business (including dealing as an auctioneer) whenever a transaction involves accepting a total cash payment of 15,000 euro or more.
- (3) Paragraph (2) does not apply to—
- (a) the issue of withdrawable share capital within the limit set by section 6 of the Industrial and Provident Societies Act 1965 <sup>M16</sup> by a society registered under that Act;
  - (b) the acceptance of deposits from the public within the limit set by section 7(3) of that Act by such a society;
  - (c) the issue of withdrawable share capital within the limit set by section 6 of the Industrial and Provident Societies Act (Northern Ireland) 1969 <sup>M17</sup> by a society registered under that Act;
  - (d) the acceptance of deposits from the public within the limit set by section 7(3) of that Act by such a society;
  - (e) activities carried on by the Bank of England;
  - (f) any activity in respect of which an exemption order under section 38 of the 2000 Act has effect if it is carried on by a person who is for the time being specified in the order or falls within a class of persons so specified;
  - (g) any activity (other than one falling within sub-paragraph (f)) in respect of which a person was an exempted person for the purposes of section 45 of the Financial Services Act 1986 <sup>M18</sup> immediately before its repeal;
  - (h) the regulated activities of arranging deals in investments or advising on investments, in so far as the investment consists of rights under a regulated mortgage contract<sup>F4</sup>, rights under a regulated home reversion plan or rights under a regulated home purchase plan];
  - (i) the regulated activities of dealing in investments as agent, arranging deals in investments, managing investments or advising on investments, in so far as the investment consists of rights under, or any right to or interest in, a contract of insurance which is not a qualifying contract of insurance; or
  - (j) the Official Solicitor to the Supreme Court when acting as trustee in his official capacity.
- (4) The following must be read with section 22 of the 2000 Act, any relevant order under that section and Schedule 2 to that Act—
- (a) paragraphs (2)(a) and (3)(h) and (i);
  - (b) regulation 25 (authorised persons operating a bureau de change);
  - (c) references in these Regulations to a contract of long-term insurance.

(5) For the purposes of these Regulations, and subject to paragraph (6), “satisfactory evidence of identity” is evidence which is reasonably capable of establishing (and does in fact establish to the satisfaction of the person who obtains it) that the applicant for business is the person he claims to be.

(6) Where the person who obtains the evidence mentioned in paragraph (5) knows or has reasonable grounds for believing that the applicant for business is a money service operator, satisfactory evidence of identity must also include the applicant’s registered number (if any).

(7) For the purposes of these Regulations, each of the following is a supervisory authority—

- (a) the Bank of England;
- (b) the Authority;
- (c) the Council of Lloyd's;
- (d) the Office of Fair Trading;
- (e) the Occupational Pensions Regulatory Authority;
- (f) a body which is a designated professional body for the purposes of Part 20 of the 2000 Act;
- (g) the Gaming Board for Great Britain.

(8) The Secretary of State and the Treasury are each a supervisory authority in the exercise, in relation to a person carrying on relevant business, of their respective functions under the enactments relating to companies or insolvency or under the 2000 Act.

(9) In these Regulations, references to amounts in euro include references to equivalent amounts in another currency.

(10) For the purpose of the application of these Regulations to Scotland, “real property” means “heritable property”.

#### Textual Amendments

- F1** Words in reg. 2 substituted (1.1.2007) by [The Capital Requirements Regulations 2006 \(S.I. 2006/3221\)](#), [reg. 1\(1\)](#), [Sch. 6 para. 15](#)
- F2** Words in reg. 2(1) substituted (1.4.2006) by [The Serious Organised Crime and Police Act 2005 \(Consequential and Supplementary Amendments to Secondary Legislation\) Order 2006 \(S.I. 2006/594\)](#), [art. 1](#), [Sch. para. 38\(2\)](#)
- F3** Reg. 2(2)(a)(iva) inserted (1.4.2007 for specified purposes) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment No. 3\) Order 2006 \(S.I. 2006/3384\)](#), [arts. 1\(2\)](#), [39](#)
- F4** Words in reg. 2(3)(h) inserted (6.11.2006 for specified purposes) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2006 \(S.I. 2006/2383\)](#), [arts. 1\(2\)](#), [33](#)

#### Marginal Citations

- M4** 1979 c. 38. Section 1 was amended by the [Law Reform \(Miscellaneous Provisions\) \(Scotland\) Act 1985 \(c. 73\)](#), [Schedule 1](#), Pt I, [para. 40](#), the [Planning \(Consequential Provisions\) Act 1990 \(c. 11\)](#), [Schedule 2](#), [para. 42](#), the [Planning \(Consequential Provisions\) \(Scotland\) Act 1997 \(c. 11\)](#), [Schedule 2](#), [para. 28](#) and by [S.I. 2001/1283](#).
- M5** OJ L 345, 19.12.2002, p.1.
- M6** 1995 c. 46.
- M7** 2002 c. 29.
- M8** 2000 c. 11.
- M9** OJ L 166, 28.6.1991, p.77; OJ L 344, 28.12.2001, p.76.
- M10** 1979 c. 2.
- M11** 1968 c. 13.
- M12** 1986 c. 45.

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**Changes to legislation:** There are currently no known outstanding effects for the  
The Money Laundering Regulations 2003, PART I. (See end of Document for details)

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**M13** [S.I. 1989/2405 \(N.I. 19\)](#).

**M14** 1989 c. 40.

**M15** [S.I. 1990/593 \(N.I. 5\)](#).

**M16** 1965 c. 12.

**M17** 1969 c. 24 (N.I.).

**M18** 1986 c. 60. This Act was repealed as from 1st December 2001 by [S.I. 2001/3649](#), **art. 3(1)(c)**.

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There are currently no known outstanding effects for the The Money Laundering Regulations 2003, PART I.