
STATUTORY INSTRUMENTS

2007 No. 2157

The Money Laundering Regulations 2007

PART 1

GENERAL

Citation, commencement etc.

1.—(1) These Regulations may be cited as the Money Laundering Regulations 2007 and come into force on 15th December 2007.

(2) These Regulations are prescribed for the purposes of sections 168(4)(b) (appointment of persons to carry out investigations in particular cases) and 402(1)(b) (power of the Authority to institute proceedings for certain other offences) of the 2000 Act.

(3) The Money Laundering Regulations 2003⁽¹⁾ are revoked.

Interpretation

2.—(1) In these Regulations—

“the 2000 Act” means the Financial Services and Markets Act 2000;

“Annex I financial institution” has the meaning given by regulation 22(1);

“auditor”, except in regulation 17(2)(c) and (d), has the meaning given by regulation 3(4) and (5);

“authorised person” means a person who is authorised for the purposes of the 2000 Act⁽²⁾;

“the Authority” means the Financial Services Authority;

“the banking consolidation directive” means Directive [2006/48/EC](#) of the European Parliament and of the Council of 14th June 2006 relating to the taking up and pursuit of the business of credit institutions⁽³⁾;

“beneficial owner” has the meaning given by regulation 6;

“business relationship” means a business, professional or commercial relationship between a relevant person and a customer, which is expected by the relevant person, at the time when contact is established, to have an element of duration;

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

“casino” has the meaning given by regulation 3(13);

“the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs;

“consumer credit financial institution” has the meaning given by regulation 22(1);

“credit institution” has the meaning given by regulation 3(2);

⁽¹⁾ [S.I. 2003/3075](#).

⁽²⁾ See section 31(2) of the 2000 Act.

⁽³⁾ OJ No L 177, 30.6.2006, p. 1.

“customer due diligence measures” has the meaning given by regulation 5;

“DETI” means the Department of Enterprise, Trade and Investment in Northern Ireland;

“the electronic money directive” means Directive [2000/46/EC](#) of the European Parliament and of the Council of 18th September 2000 on the taking up, pursuit and prudential supervision of the business of electronic money institutions⁽⁴⁾;

“estate agent” has the meaning given by regulation 3(11);

“external accountant” has the meaning given by regulation 3(7);

“financial institution” has the meaning given by regulation 3(3);

“firm” means any entity, whether or not a legal person, that is not an individual and includes a body corporate and a partnership or other unincorporated association;

“high value dealer” has the meaning given by regulation 3(12);

“the implementing measures directive” means Commission Directive [2006/70/EC](#) of 1st August 2006 laying down implementing measures for the money laundering directive⁽⁵⁾;

“independent legal professional” has the meaning given by regulation 3(9);

“insolvency practitioner”, except in regulation 17(2)(c) and (d), has the meaning given by regulation 3(6);

“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⁽⁶⁾;

“local weights and measures authority” has the meaning given by section 69 of the Weights and Measures Act 1985⁽⁷⁾ (local weights and measures authorities);

“the markets in financial instruments directive” means Directive [2004/39/EC](#) of the European Parliament and of the Council of 12th April 2004⁽⁸⁾ on markets in financial instruments;

“money laundering” means an act which falls within section 340(11) of the Proceeds of Crime Act 2002⁽⁹⁾;

“the money laundering directive” means Directive [2005/60/EC](#) of the European Parliament and of the Council of 26th October 2005⁽¹⁰⁾ on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing;

“money service business” means an undertaking which by way of business operates a currency exchange office, transmits money (or any representations of monetary value) by any means or cashes cheques which are made payable to customers;

“nominated officer” means a person who is nominated to receive disclosures under Part 7 of the Proceeds of Crime Act 2002⁽¹¹⁾ (money laundering) or Part 3 of the Terrorism Act 2000⁽¹²⁾ (terrorist property);

“non-EEA state” means a state that is not an EEA state;

“notice” means a notice in writing;

(4) OJ No L 275, 27.10.2000, p. 39.

(5) OJ No L 214, 4.8.2006, p. 29.

(6) OJ No L 345, 19.12.2002, p.1.

(7) [1985 c. 72](#). Section 69(3) was amended by the Local Government etc. (Scotland) Act [1994 \(c. 39\)](#), Schedule 13, paragraph 44.

(8) OJ No L 145, 30.4.2004, p. 1, amended by Directive [2006/31/EC](#) (OJ No L 114, 27.4.06, p. 60).

(9) [2002 c. 29](#).

(10) OJ No L 309, 25.11.2005, p. 15.

(11) [2002 c. 29](#). Part 7 was amended by the Serious Organised Crime and Police Act [2005 \(c.15\)](#) sections 102 to 106, Schedule 4, paragraphs 168, 173 and 174 and Schedule 17, Part 2, and [S.I. 2006/308](#).

(12) [2000 c. 11](#). Part 3 was amended by the Anti-Terrorism, Crime and Security Act [2001 \(c.24\)](#) Schedule 2, Part 3, paragraph 5 and the Serious Organised Crime and Police Act 2005, Schedule 4, paragraphs 125 to 129.

“occasional transaction” means a transaction (carried out other than as part of a business relationship) amounting to 15,000 euro or more, whether the transaction is carried out in a single operation or several operations which appear to be linked;

“the OFT” means the Office of Fair Trading;

“ongoing monitoring” has the meaning given by regulation 8(2);

“regulated market”—

- (a) within the EEA, has the meaning given by point 14 of Article 4(1) of the markets in financial instruments directive; and
- (b) outside the EEA, means a regulated financial market which subjects companies whose securities are admitted to trading to disclosure obligations which are contained in international standards and are equivalent to the specified disclosure obligations;

“relevant person” means a person to whom, in accordance with regulations 3 and 4, these Regulations apply;

“the specified disclosure obligations” means disclosure requirements consistent with—

- (a) Article 6(1) to (4) of Directive [2003/6/EC](#) of the European Parliament and of the Council of 28th January 2003(**13**) on insider dealing and market manipulation;
- (b) Articles 3, 5, 7, 8, 10, 14 and 16 of Directive [2003/71/EC](#) of the European Parliament and of the Council of 4th November 2003(**14**) on the prospectuses to be published when securities are offered to the public or admitted to trading;
- (c) Articles 4 to 6, 14, 16 to 19 and 30 of Directive [2004/109/EC](#) of the European Parliament and of the Council of 15th December 2004(**15**) relating to the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market; or
- (d) Community legislation made under the provisions mentioned in sub-paragraphs (a) to (c);

“supervisory authority” in relation to any relevant person means the supervisory authority specified for such a person by regulation 23;

“tax adviser” (except in regulation 11(3)) has the meaning given by regulation 3(8);

“terrorist financing” means an offence under—

- (a) section 15 (fund-raising), 16 (use and possession), 17 (funding arrangements), 18 (money laundering) or 63 (terrorist finance: jurisdiction) of the Terrorism Act 2000;
- (b) paragraph 7(2) or (3) of Schedule 3 to the Anti-Terrorism, Crime and Security Act 2001(**16**) (freezing orders);
- (c) article 7, 8 or 10 of the Terrorism (United Nations Measures) Order 2006(**17**); or
- (d) article 7, 8 or 10 of the Al-Qaida and Taliban (United Nations Measures) Order 2006(**18**);

“trust or company service provider” has the meaning given by regulation 3(10).

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

(3) Unless otherwise defined, expressions used in these Regulations and the money laundering directive have the same meaning as in the money laundering directive and expressions used in

(13) OJ No L 96, 12.4.2003, P. 20.

(14) OJ No L 345, 31.12.2003, P. 69.

(15) OJ No L 390, 31.12.2004, P. 43.

(16) [2001 c. 24](#).

(17) [S.I. 2006/2657](#).

(18) [S.I. 2006/2952](#).

these Regulations and in the implementing measures directive have the same meaning as in the implementing measures directive.

Application of the Regulations

3.—(1) Subject to regulation 4, these Regulations apply to the following persons acting in the course of business carried on by them in the United Kingdom (“relevant persons”)—

- (a) credit institutions;
- (b) financial institutions;
- (c) auditors, insolvency practitioners, external accountants and tax advisers;
- (d) independent legal professionals;
- (e) trust or company service providers;
- (f) estate agents;
- (g) high value dealers;
- (h) casinos.

(2) “Credit institution” means—

- (a) a credit institution as defined in Article 4(1)(a) of the banking consolidation directive; or
- (b) a branch (within the meaning of Article 4(3) of that directive) located in an EEA state of an institution falling within sub-paragraph (a) (or an equivalent institution whose head office is located in a non-EEA state) wherever its head office is located,

when it accepts deposits or other repayable funds from the public or grants credits for its own account (within the meaning of the banking consolidation directive).

(3) “Financial institution” means—

- (a) an undertaking, including a money service business, when it carries out one or more of the activities listed in points 2 to 12 and 14 of Annex 1 to the banking consolidation directive (the relevant text of which is set out in Schedule 1 to these Regulations), other than—
 - (i) a credit institution;
 - (ii) an undertaking whose only listed activity is trading for own account in one or more of the products listed in point 7 of Annex 1 to the banking consolidation directive where the undertaking does not have a customer,

and, for this purpose, “customer” means a third party which is not a member of the same group as the undertaking;

- (b) an insurance company duly authorised in accordance with the life assurance consolidation directive, when it carries out activities covered by that directive;
- (c) a person whose regular occupation or business is the provision to other persons of an investment service or the performance of an investment activity on a professional basis, when providing or performing investment services or activities (within the meaning of the markets in financial instruments directive⁽¹⁹⁾), other than a person falling within Article 2 of that directive;
- (d) a collective investment undertaking, when marketing or otherwise offering its units or shares;
- (e) an insurance intermediary as defined in Article 2(5) of Directive 2002/92/EC of the European Parliament and of the Council of 9th December 2002⁽²⁰⁾ on insurance

⁽¹⁹⁾ See Article 4(1) of the directive.

⁽²⁰⁾ OJ No L 9, 15.1.2003, p. 3.

mediation, with the exception of a tied insurance intermediary as mentioned in Article 2(7) of that Directive, when it acts in respect of contracts of long-term insurance within the meaning given by article 3(1) of, and Part II of Schedule 1 to, the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001**(21)**;

(f) a branch located in an EEA state of a person referred to in sub-paragraphs (a) to (e) (or an equivalent person whose head office is located in a non-EEA state), wherever its head office is located, when carrying out any activity mentioned in sub-paragraphs (a) to (e);

(g) the National Savings Bank;

(h) the Director of Savings, when money is raised under the auspices of the Director under the National Loans Act 1968**(22)**.

(4) “Auditor” means any firm or individual who is a statutory auditor within the meaning of Part 42 of the Companies Act 2006**(23)** (statutory auditors), when carrying out statutory audit work within the meaning of section 1210 of that Act.

(5) Before the entry into force of Part 42 of the Companies Act 2006 the reference in paragraph (4) to—

(a) a person who is a statutory auditor shall be treated as a reference to a person who is eligible for appointment as a company auditor under section 25 of the Companies Act 1989**(24)** (eligibility for appointment) or article 28 of the Companies (Northern Ireland) Order 1990**(25)**; and

(b) the carrying out of statutory audit work shall be treated as a reference to the provision of audit services.

(6) “Insolvency practitioner” means any person who acts as an insolvency practitioner within the meaning of section 388 of the Insolvency Act 1986**(26)** (meaning of “act as insolvency practitioner”) or article 3 of the Insolvency (Northern Ireland) Order 1989**(27)**.

(7) “External accountant” means a firm or sole practitioner who by way of business provides accountancy services to other persons, when providing such services.

(8) “Tax adviser” means a firm or sole practitioner who by way of business provides advice about the tax affairs of other persons, when providing such services.

(9) “Independent legal professional” means a firm or sole practitioner who by way of business provides legal or notarial services to other persons, when participating in financial or real property transactions concerning—

(a) the buying and selling of real property or business entities;

(b) the managing of client money, securities or other assets;

(c) the opening or management of bank, savings or securities accounts;

(d) the organisation of contributions necessary for the creation, operation or management of companies; or

(e) the creation, operation or management of trusts, companies or similar structures,

and, for this purpose, a person participates in a transaction by assisting in the planning or execution of the transaction or otherwise acting for or on behalf of a client in the transaction.

(21) S.I. 2001/544. There are amendments to this Order not relevant to these Regulations.

(22) 1968 c. 13.

(23) 2006 c. 46.

(24) 1989 c. 40.

(25) 1990 No.593 (N.I. 5).

(26) 1986 c. 45; s388 was amended by section 4 of the Insolvency Act 2000 (c.45), section 11 of the Bankruptcy (Scotland) Act 1993 (c.6), and S.I. 1994/2421, 2002/1240 and 2002/2708.

(27) 1989 No. 2405 (NI 19); article 3 was amended by the Insolvency (Northern Ireland) Order 2002 No. 3152 (N.I. 6) and S.R. 1995/225, 2002/334, 2003/550, 2004/307.

(10) “Trust or company service provider” means a firm or sole practitioner who by way of business provides any of the following services to other persons—

- (a) forming companies or other legal persons;
- (b) acting, or arranging for another person to act—
 - (i) as a director or secretary of a company;
 - (ii) as a partner of a partnership; or
 - (iii) in a similar position in relation to other legal persons;
- (c) providing a registered office, business address, correspondence or administrative address or other related services for a company, partnership or any other legal person or arrangement;
- (d) acting, or arranging for another person to act, as—
 - (i) a trustee of an express trust or similar legal arrangement; or
 - (ii) a nominee shareholder for a person other than a company whose securities are listed on a regulated market,

when providing such services.

(11) “Estate agent” means—

- (a) a firm; or
- (b) sole practitioner,

who, or whose employees, carry out estate agency work (within the meaning given by section 1 of the Estate Agents Act 1979⁽²⁸⁾ (estate agency work)), when in the course of carrying out such work.

(12) “High value dealer” means a firm or sole trader who by way of business trades in goods (including an auctioneer dealing in goods), when he receives, in respect of any transaction, a payment or payments in cash of at least 15,000 euros in total, whether the transaction is executed in a single operation or in several operations which appear to be linked.

(13) “Casino” means the holder of a casino operating licence and, for this purpose, a “casino operating licence” has the meaning given by section 65(2) of the Gambling Act 2005⁽²⁹⁾ (nature of licence).

(14) In the application of this regulation to Scotland, for “real property” in paragraph (9) substitute “heritable property”.

Exclusions

4.—(1) These Regulations do not apply to the following persons when carrying out any of the following activities—

- (a) a society registered under the Industrial and Provident Societies Act 1965⁽³⁰⁾, when it—
 - (i) issues withdrawable share capital within the limit set by section 6 of that Act (maximum shareholding in society); or
 - (ii) accepts deposits from the public within the limit set by section 7(3) of that Act (carrying on of banking by societies);

⁽²⁸⁾ 1979 c. 38. Section 1 was amended by the Law Reform (Miscellaneous Provisions) (Scotland) Act 1985 (c. 73), section 56, Schedule 1, Part I, paragraph 40, the Planning (Consequential Provisions) Act 1990 (c. 11), section 4, Schedule 2, paragraph 42, the Planning (Consequential Provisions) (Scotland) Act 1997 (c. 11), sections 4 and 6(2), Schedule 2, paragraph 28 and by S.I. 2001/1283.

⁽²⁹⁾ See also section 7 on the meaning of “casino” and Part 5 of the Act generally on operating licences

⁽³⁰⁾ 1965 c. 12.

- (b) a society registered under the Industrial and Provident Societies Act (Northern Ireland) 1969(31), when it—
 - (i) issues withdrawable share capital within the limit set by section 6 of that Act (maximum shareholding in society); or
 - (ii) accepts deposits from the public within the limit set by section 7(3) of that Act (carrying on of banking by societies);
 - (c) a person who is (or falls within a class of persons) specified in any of paragraphs 2 to 23, 25 to 38 or 40 to 49 of the Schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001(32), when carrying out any activity in respect of which he is exempt;
 - (d) a person who was an exempted person for the purposes of section 45 of the Financial Services Act 1986(33) (miscellaneous exemptions) immediately before its repeal, when exercising the functions specified in that section;
 - (e) a person whose main activity is that of a high value dealer, when he engages in financial activity on an occasional or very limited basis as set out in paragraph 1 of Schedule 2 to these Regulations; or
 - (f) a person, when he prepares a home information pack or a document or information for inclusion in a home information pack.
- (2) These Regulations do not apply to a person who falls within regulation 3 solely as a result of his engaging in financial activity on an occasional or very limited basis as set out in paragraph 1 of Schedule 2 to these Regulations.
- (3) Parts 2 to 5 of these Regulations do not apply to—
- (a) the Auditor General for Scotland;
 - (b) the Auditor General for Wales;
 - (c) the Bank of England;
 - (d) the Comptroller and Auditor General;
 - (e) the Comptroller and Auditor General for Northern Ireland;
 - (f) the Official Solicitor to the Supreme Court, when acting as trustee in his official capacity;
 - (g) the Treasury Solicitor.
- (4) In paragraph (1)(f), “home information pack” has the same meaning as in Part 5 of the Housing Act 2004(34) (home information packs).

(31) 1969 c. 24 (N.I.).

(32) S.I. 2001/1201. This Order was amended by S.I. 2001/3623, S.I. 2002/1310, S.I. 2003/47, S.I. 2003/1675, S.I. 2005/592, S.I.2005/2114, S.I.2005/3225, S.I. 2006/2383 and S.I. 2007/125. Paragraphs 1, 24 and 24A exempt respectively the Bank of England, industrial and provident societies and credit unions within the meaning of the Credit Unions (Northern Ireland) Order 1985 (S.I. 1985/1205 (N.I.12)) in respect of the activity of accepting deposits. Paragraph 39 exempts insolvency practitioners in respect of any regulated activity mentioned in Article 5(1). Paragraph 24A was inserted by S.I. 2001/3623.

(33) 1986 c. 60. This Act was repealed as from 1st December 2001 by S.I. 2001/3649, art.3(1)(c).

(34) 2004 c. 34.