
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the meaning of a business in the regulated sector and the meaning of a supervisory authority for the purposes of Part 3 of the Terrorism Act 2000 (c.11) (terrorist property) by substituting new Parts 1 and 2 of Schedule 3A to that Act. The new provisions implement in part Directive 2005/60/EC (OJ No L 309, 25.11.2005, p.15) of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (“the Directive”). A transposition note setting out how certain elements of the Directive will be transposed into UK law has been prepared jointly by the Treasury and the Home Office. The main elements of the Directive will be transposed into UK law by the Money Laundering Regulations 2007 (S.I. 2007/2157) and a separate transposition note has been prepared in relation to those Regulations. Copies of both transposition notes are available from the Financial Services Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ.

The amendments to the meaning of a business in the regulated sector provided by the new Part 1 of Schedule 3A reflect the changes to the scope of the regulated sector made by the Directive. Two major changes are the expanded definition of trust or company service provider and the exemption for financial activity on an occasional or very limited basis.

The amendments to the meaning of a supervisory authority provided by the new Part 2 of Schedule 3A reflect the requirement of the Directive for all sectors within its scope to be effectively monitored for compliance, and the provision made by the Directive for accountants, auditors, legal professionals and tax advisers to be monitored by a self-regulatory body.