
STATUTORY INSTRUMENTS

2022 No. 860

The Money Laundering and Terrorist Financing
(Amendment) (No. 2) Regulations 2022

PART 2

Money Laundering, Terrorist Financing and Transfer
of Funds (Information on the Payer) Regulations 2017

Changes in control of registered cryptoasset businesses

12.—(1) In regulation 57 (applications for registration in a register maintained under regulation 54 or 55), at the beginning of paragraph (4) insert “Without prejudice to the application of regulation 60B.”

(2) In regulation 59 (determination of applications for registration under regulations 54 and 55)(1), after paragraph (5) insert—

“(6) Where—

- (a) the registering authority decides not to register an applicant, the authority may, if it considers it proportionate to do so, publish such information about that decision as the authority considers appropriate;
- (b) the FCA has received a notice under Part 12 of FSMA as modified by regulation 60B and Schedule 6B (changes in control of registered cryptoasset businesses) from a person who decides to acquire or increase control over a registered cryptoasset business and the FCA decides to object to the acquisition, the FCA may, if it considers it proportionate to do so, publish such information about that decision as the FCA considers appropriate.

(7) Where the supervisory authority publishes information under paragraph (6) and the person whose registration is refused, or whose acquisition is the subject of objection, 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 (6).

(8) In this regulation, “registered cryptoasset business” means a cryptoasset exchange provider or a custodian wallet provider which is included in a register maintained by the FCA under regulation 54(1A).”

(3) After regulation 60A (disclosure by cryptoasset businesses)(2) insert—

“Changes in control of registered cryptoasset businesses

60B. Schedule 6B applies to an acquisition of or increase in control over a registered cryptoasset business (within the meaning given at regulation 59(8)).”

(1) There have been amendments to regulation 59 but none are relevant.
(2) Regulation 60A was inserted by [S.I. 2019/1511](#).

(4) After Schedule 6A (The United Kingdom’s Financial Intelligence Unit) insert—

“SCHEDULE 6B

Regulation 60B

Changes in Control of Registered Cryptoasset Businesses

Modifications: Control over registered cryptoasset exchange providers and registered custodian wallet providers

1. With respect to an acquisition of or an increase in control over a cryptoasset business, Part 12 of FSMA (control over authorised persons)(3) applies with the following modifications—

- (a) references to a “UK authorised person” are to be read as references to a registered cryptoasset exchange provider or registered custodian wallet provider to which Part 12 of FSMA does not otherwise apply;
- (b) references to “appropriate regulator” and “each regulator” are to be read as references to the FCA;
- (c) section 178 (obligation to notify the appropriate regulator: acquisitions of control)(4) is to be read as if—
 - (i) subsection (2ZA) were omitted;
 - (ii) subsection (2A) were omitted;
- (d) section 181 (acquiring control)(5) is to be read as if—
 - (i) for the heading there were substituted “Acquiring or increasing control”;
 - (ii) for subsections (1) and (2) there were substituted—

“For the purposes of this Part, a person (“A”) acquires or increases control over a UK authorised person (“B”) or a parent undertaking of B (“P”) if A would become a beneficial owner of B or P within the meaning of regulations 5 or 6 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 if the acquisition were to proceed.”;
- (e) section 182 (increasing control)(6) and section 183 (reducing or ceasing to have control) are to be disregarded;
- (f) section 184 (disregarded holdings)(7) is to be read as if—
 - (i) in subsection (1), for “For the purposes of sections 181 to 183” there were substituted “For the purposes of section 181”;
 - (ii) subsections (4) to (10) were omitted;
- (g) section 185 (assessment: general)(8) is to be read as if—
 - (i) in subsection (2)(a), “and the financial soundness of the acquisition” were omitted;
 - (ii) in subsection (3)(a), for “matters” there were substituted “matter”;
- (h) section 186 (assessment criteria)(9) is to be read as if it said—

(3) 2000 c. 8.

(4) Subsection (2ZA) was added by S.I. 2018/135; subsection (2A) was added by section 26(1) and (3) of the Financial Services Act 2012 (c. 21).

(5) Section 181 was substituted by S.I. 2009/534.

(6) Section 182 was substituted by S.I. 2009/534.

(7) Section 184 was substituted by S.I. 2009/534 and amended by S.I. 2013/3115, 2015/1755 and 2019/534.

(8) Section 185 was substituted by S.I. 2009/534 and amended by section 26(1) and (2) of the Financial Services Act 2012 (c. 21).

(9) Section 186 was substituted by S.I. 2009/534 and amended by S.I. 2013/3115.

“Assessment criteria

186. The matter specified in section 185(3)(a) is whether the section 178 notice-giver is a fit and proper person within the meaning of regulation 58A(10) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (fit and proper test: cryptoasset businesses).”;

- (i) section 187 (approval with conditions)(11) is to be read as if subsection (2)(b) were omitted;
- (j) section 187A (assessment: consultation by PRA with FCA)(12) is to be disregarded;
- (k) section 187B (assessment: consultation by FCA with PRA)(13) is to be disregarded;
- (l) section 187C (variation etc of conditions)(14) is to be disregarded;
- (m) section 189 (assessment: procedure)(15) is to be read as if—
 - (i) subsections (1A), (1ZB) and (1B) were omitted;
 - (ii) in subsection (6), “Unless section 190A applies” were omitted;
- (n) section 190 (requests for further information)(16) is to be read as if subsections (1A) and (4)(b) were omitted;
- (o) section 190A (assessment and resolution)(17) is to be disregarded;
- (p) section 191A (objection by the appropriate regulator)(18) is to be read as if—
 - (i) in subsection (2)(c), for “matters in” there were substituted “matter specified in”;
 - (ii) subsection (4A) were omitted;
 - (iii) after subsection (7) there were inserted—

“(8) A person (“A”) acquires or increases control for the purposes of this section if it acquires or increases control over a UK authorised person (“B”) or a parent undertaking of B (“P”) by becoming a beneficial owner of B or P within the meaning of regulations 5 or 6 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(19).”;
- (q) section 191B (restriction notices)(20) is to be read as if—
 - (i) in subsection (2)(a), after “voting power” there were inserted “or otherwise being a beneficial owner (within the meaning of regulations 5 or 6 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017) of the UK authorised person (“B”) or a parent undertaking of B”;
 - (ii) in subsection (2)(b), “in relation to the shares or voting power,” were omitted;

(10) Regulation 58A was inserted by [S.I. 2019/1511](#).

(11) Section 187 was substituted by [S.I. 2009/534](#); subsection (2) was substituted by section 26(1) and (5) of the Financial Services Act 2012.

(12) There have been amendments to section 187A but none are relevant.

(13) There have been amendments to section 187B but none are relevant.

(14) There have been amendments to section 187C but none are relevant.

(15) Section 189 was substituted by [S.I. 2009/534](#) and amended by s.26(1) and (2) of the Financial Services Act 2012. There are other amendments but none are relevant.

(16) There have been amendments to section 190 but none are relevant.

(17) There have been amendments to section 190A but none are relevant.

(18) Section 191A was substituted by [S.I. 2009/534](#); subsection (2) was amended by section 26(1) and (2) of the Financial Services Act 2012; subsection (4A) was substituted by section 26(1) and (7) of that Act. There have been other amendments but none are relevant.

(19) [S.I. 2017/692](#).

(20) Section 191B was substituted by [S.I. 2009/534](#); subsection (2) was amended by section 26(1) and (2) of the Financial Services Act 2012; subsection (2A) was added by section 26(1) and (8) of that Act. There have been other amendments but none are relevant.

- (iii) subsection (2A) were omitted;
- (iv) after subsection (3) there were inserted—
 - “(3ZA) In a restriction notice, the appropriate regulator may direct that, in respect of a beneficial owner of a UK authorised person (“B”) or a parent undertaking of B, until further notice, no influence over the management or activities of B is to be exercisable by the beneficial owner.”;
- (v) subsection (3A) were omitted;
- (vi) in subsection (6)(b), after “held in” there were inserted “, or beneficial ownership of.”;
- (r) section 191C (orders for sale of shares)(**21**) is to be read as if subsections (2A), (7) and (8) were omitted;
- (s) section 191D (obligation to notify the appropriate regulator: dispositions of control)(**22**) is to be read as if—
 - (i) subsection (1A) were omitted;
 - (ii) after subsection (2) there were inserted—
 - “(3) For the purposes of this section, a person (“A”) reduces or ceases to have control over a UK authorised person (“B”) or a parent undertaking of B (“P”) if A would cease to be a beneficial owner of B or P within the meaning of regulations 5 or 6 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 if the disposition were to proceed.”;
- (t) section 191F (offences under this Part)(**23**) is to be read as if—
 - (i) in subsection (2), “or section 190A applies” were omitted;
 - (ii) subsection (4A) were omitted;
 - (iii) for subsections (8) and (9) there were substituted—
 - “(8) A person guilty of an offence under subsection (1) to (3) or (5) to (7) is liable—
 - (a) on summary conviction—
 - (i) in England and Wales, to a fine;
 - (ii) in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum;
 - (b) on conviction on indictment, to a fine.
 - (9) A person guilty of an offence under subsection (4) is liable—
 - (a) on summary conviction—
 - (i) in England and Wales, to a fine;
 - (ii) in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum;
 - (b) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine, or both.”;
 - (iv) after subsection (9) there were inserted—

(21) Section 191B was substituted by [S.I. 2009/534](#); subsection (2A) was added by section 26(1) and (9) of the Financial Services Act 2012; subsection (2A) was added by section 26(1) and (8) of that Act; Subsections (7) and (8) were added by [S.I. 2016/1239](#). There have been other amendments but none are relevant.

(22) Section 191D was substituted by [S.I. 2009/534](#). Subsection (1A) was added by section 26(1) and (10) of the Financial Services Act 2012. There have been other amendments but none are relevant.

(23) There have been amendments to section 191F but none are relevant.

- “(10) A person is not guilty of an offence under this section if that person took all reasonable steps and exercised all due diligence to avoid committing the offence.”;
- (u) section 191G (interpretation)(**24**) is to be read as if the definitions of “the appropriate regulator”, “qualifying credit institution” and “UK authorised person” were omitted.

Interpretation

2. In this Schedule—

“cryptoasset business” means a cryptoasset exchange provider or a custodian wallet provider;

“cryptoasset exchange provider” has the meaning given by regulation 14A(1)(**25**);

“custodian wallet provider” has the meaning given by regulation 14A(2);

“parent undertaking” has the meaning given by section 420 of the Financial Services and Markets Act 2000(**26**)

“registered cryptoasset exchange provider” means a cryptoasset exchange provider which is included in the register maintained by the FCA under regulation 54(1A) (duty to maintain registers of certain relevant persons)(**27**);

“registered custodian wallet provider” means a custodian wallet provider which is included in the register maintained by the FCA under regulation 54(1A).”.

(**24**) Section 191G was substituted by [S.I. 2009/534](#) and amended by section 26(1) and (12) of the Financial Services Act 2012 and [S.I. 2019/632](#).

(**25**) Regulation 14A was inserted by [S.I. 2019/1511](#).

(**26**) [2000 c. 8](#). Section 420(1) was amended by [S.I. 2008/948](#); sub-section (2)(b) was amended by [S.I. 2019/632](#).

(**27**) Regulation 54(1A) was inserted by [S.I. 2019/1511](#).