

06/1 newsletter



This newsletter provides a summary of PS06/1. Please see 'Who should read this paper?' below to see if PS06/1 is relevant to you.

Financial Services Authority Reviewing our Money Laundering regime:

Feedback on Chapter 2 of CP05/10 and made text

Why are we issuing this Policy Statement?

In July 2005, we published Consultation Paper 05/10 'Reviewing the Handbook' (CP05/10)¹. In this, we consulted on proposals to change our Handbook requirements on Money Laundering, Approved Persons and Training and Competence, and our plans to review and simplify our *Conduct of Business sourcebook* (COB).

In this Policy Statement, we set out the main points arising from the responses and our conclusions to Chapter 2 of CP05/10 ('Reviewing our Money Laundering regime') together with the made Handbook text.

Who should read the full paper?

This paper will be of particular interest to firms and other bodies involved in overseeing, developing and administering anti-money laundering systems and controls.

This paper might be of interest to consumers as a more proportionate and effective approach to anti-money laundering systems and controls by firms should result in improvements in the prevention and detection of criminal activity.

What is the background to this?

This is part of our continuing plan to review the Handbook of Rules and Guidance (the Handbook) to make it as simple and accessible as possible, as well as to reduce the burden of regulation on all our stakeholders.

Our proposals in CP05/10 form part of our wider programme of better regulation. This includes our joint project with the Financial Services Practitioner Panel to better understand the costs of regulation, and a number of projects which will simplify our Handbook and reduce the burden of regulation on firms. These are detailed in our Better Regulation Action Plan published on 2 December 2005².

This Policy Statement deals only with the responses and our final policy approach to the Money Laundering regime. We plan to publish details of the feedback on our proposals relating to the Approved Persons and Training and Competence regimes, and our responses to these, shortly.

How is the paper set out?

The Policy Statement relates only to our proposals for the Money Laundering regime and is set out as follows:

- Chapter 1 sets out the background and introduction to this Policy Statement;
- Chapter 2 includes detailed feedback – and our response – to the proposals in Chapter 2 of CP05/10 ('Reviewing our Money Laundering regime');
- Annex 1 lists the non-confidential respondents to CP05/10 (including respondents who commented on the Approved Persons and Training and Competence regime); and
- Appendix 1 contains the made Handbook text for Money Laundering.

What happens next?

At the time of writing, there is still a significant amount of uncertainty surrounding the impact that the Markets in Financial Instruments Directive (MiFID) Level 2 provisions (which are not yet finalised) could have on the Approved Persons and Training and Competence regimes. We are very aware of the industry's concern that unnecessary, or untimely, changes would be made at a time when the industry is already facing major and unavoidable change as a result of MiFID implementation. So, until the MiFID Level 2 measures are finalised – and we have had the opportunity to clearly assess the scope and impact of them on these two regimes and our proposed changes to them – we do not think it is prudent to publish our response to the feedback we have received on CP05/10 and our final policy approach. We plan to do so when the MiFID Level 2 measures have been finalised.

The Policy Statement also does not include responses to Chapter 5 of CP05/10 'Reviewing our retail Conduct of Business regime'. These will be discussed in our forthcoming consultations on material for the new COB sourcebook. At that time we will also publish a summary of the useful feedback gathered at ten COB Simplification consultative road shows held during September and October 2005, particularly on the issue of moving towards high-level rules.

This Policy Statement reports on the main issues arising from our proposals for the Money Laundering regime in the Consultation Paper 05/10 *Reviewing the FSA Handbook (July 2005)* and publishes made text for the Money Laundering regime.

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How can I get the full paper?

You can download the full Policy Statement from:

www.fsa.gov.uk/pages/Library/Policy/Policy/2006/06_01.shtml

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Phone our helpline on 0845 608 2372, quoting reference PS06/1

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