

# **Fourth Money Laundering Directive and Fund Transfer Regulation Implementation (DEPP and EG)**

**Consultation Paper**

CP17/13\*

June 2017

## How to respond

We are asking for comments on this consultation paper (CP) by 7 July 2017.

You can send them to us using the form on our website at: [www.fca.org.uk/cp17-13-response-form](http://www.fca.org.uk/cp17-13-response-form).

Or in writing to:  
Law & Policy  
Enforcement and Market  
Oversight Division  
Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

**Telephone:**  
020 7066 7454

**Email:**  
[cp17-13@fca.org.uk](mailto:cp17-13@fca.org.uk)

### How to navigate this document onscreen



returns you to the contents list



takes you to helpful abbreviations

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# 1 Summary

## Introduction

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- 1.1** The Fourth Money Laundering Directive (4MLD) and the Fund Transfer Regulation (FTR) update the European Union's (EU) anti-money laundering (AML) framework to meet new international standards issued by the Financial Action Taskforce.
- 1.2** On 15 September 2016, the Treasury published its consultation paper (CP) on the transposition of the 4MLD and FTR. On 15 March 2017, it published a further consultation together with the draft implementing regulations, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR2017). MLR2017 is stated to come into force on 26 June 2017 and will replace the Money Laundering Regulations 2007 (MLR2007) and the Transfer of Funds (Information on the Payer) Regulations 2007 (TFR2007). The overall objective of these new regulations is to ensure the UK's AML and counter terrorist financing (CTF) regime is up to date, effective and proportionate.
- 1.3** MLR2017 require firms subject to AML obligations to ensure that measures they take in meeting customer due diligence and ongoing monitoring obligations are based on an overall assessment of the money laundering/terrorist financing risks that a firm faces, including taking account of guidelines published by the European supervisory authorities (ESA), UK supervisory authorities and the UK Government's national risk assessment.
- 1.4** This risk-based approach requires firms:
- to apply simplified due diligence in certain cases identified as lower risk, such as low value e-money products, but also allows them to apply such measures in other cases that they assess as low risk; and
  - to apply enhanced due diligence measures in higher risk cases
- 1.5** Firms will need to continue to monitor their customers' transactions and report any suspicions to the National Crime Agency as they do now. To comply with the requirements of 4MLD and in response to the Government's call for evidence on AML supervision, MLR2017 give AML supervisors greater powers to deal with non-compliance, including powers for the FCA to assess the fit and proper status of those running 'Annex I Financial Institutions'.
- 1.6** For payment service providers such as banks and payment institutions there are further requirements in the FTR on how they handle cross border wire transfers. As well as collecting information on the payer of a wire transfer, such firms will also be required to collect information on the beneficiary of a wire transfer, ensure this information travels with a wire transfer and does not contain incomplete information. Also, when they receive a wire transfer, they must verify the beneficiary information accompanying it.



- 1.7** In addition to the above, MLR2017 give us new enforcement tools to deal with AML and CTF breaches. These tools, as well as our proposed amendments to the Decision Procedure and Penalties manual (DEPP) and Enforcement Guide (EG) in light of the changes that will be introduced by MLR2017 are discussed in Chapter 2.

### **Summary of proposals**

- 1.8** We propose to apply our existing policy and procedure to the exercise of our enforcement powers under MLR2017. This will mirror the current approach under MLR2007. The proposed amendments to DEPP and EG give effect to these proposals.
- 1.9** In addition, we propose to make some consequential amendments to DEPP and EG as a result of changes introduced by MLR2017.

### **Equality and diversity considerations**

- 1.10** We have considered the equality and diversity issues that may arise from the proposals in this consultation. Overall, we do not consider that the proposals in this CP adversely affect any of the groups with protected characteristics i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.
- 1.11** We will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing the final rules. In the interim, we welcome any input to this consultation on these issues.

### **Who does this consultation affect?**

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- 1.12** These proposals will be of interest to all persons that may be subject to supervision and/or enforcement action by the FCA under the regulations. This will include (but is not limited to):
- banks and other credit institutions
  - building societies
  - wealth management firms
  - investment managers
  - auction platforms

### **Is this of interest to consumers?**

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- 1.13** The proposed changes to DEPP and EG do not directly affect consumers. However, consumers have a clear interest in accessing financial markets that are not used for a purpose connected with financial crime. The proposals in this paper are intended to support the enhancement of AML and CTF in the UK, and may therefore be of general interest to consumers.

**What do you need to do next?**

**1.14** We want to know what you think of our proposals. Please send us comments by 7 July 2017.

**How?**

**1.15** Use the online response form on our website or write to us at the address on page 3.

**What will we do?**

**1.16** We will consider your feedback and publish our rules in a policy statement which we expect to publish in July 2017.



## 2 Proposed changes to DEPP and EG

### Introduction

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- 2.1** In this chapter we set out how we propose to amend DEPP and EG in light of the proposed MLR2017.

### Amendment to EG on applying our penalty policy

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- 2.2** Under regulation 74 MLR2017, we will have the power to impose a financial penalty on, or to publicly censure, a person, including an auction platform, for a contravention of a relevant requirement applicable to them (as defined in schedule 6 MLR2017). We can also impose a financial penalty on, or publicly censure, an officer of the above who was responsible for the contravention. We consider that our current approach to determining penalties under MLR2007 will be equally appropriate for the determination of penalties under MLR2017. So we propose to make consequential changes to EG 19.15.5 only, to make it clear that our policy, when imposing or determining the level of a financial penalty under regulation 74 MLR2017, includes having regard, where relevant, to the relevant factors in DEPP 6.2.1 and DEPP 6.5 to DEPP 6.5D.
- 2.3** Under regulation 75 MLR2017, we will have new powers to cancel, suspend or restrict an authorisation or registration of an authorised person or a payment service provider. In addition, under regulation 76 MLR2017 we can temporarily or permanently prohibit an officer responsible for a contravention from holding a management role at a relevant person or a payment service provider. These are civil penalties, similar to our disciplinary powers under the Financial Services and Markets Act 2000 (FSMA). We propose to insert a new provision, EG 19.15.5A, to state that we will have regard, where relevant, to the factors in DEPP 6A:
- when cancelling, suspending or restricting an authorisation or registration under regulation 75 MLR2017, or determining the duration of any such suspension or restriction, and
  - when imposing or determining the duration of a prohibition under regulation 76 MLR2017
- 2.4** We also propose to amend EG 19.15.6 to make it clear that our settlement discount regime will apply to penalties, suspensions, restrictions and temporary prohibitions imposed under regulations 74, 75 and 76 MLR2017. No settlement discount will be available for cancellations of authorisation or registration and for permanent prohibitions.

**Q1: Do you agree with us having regard to our policy under DEPP 6.2.1, DEPP 6.5 to DEPP 6.5D, and DEPP 6A, as indicated above, when imposing a civil penalty under MLR2017?**

**Q2: Do you agree with our proposal regarding how the settlement discount scheme will apply to civil penalties imposed under MLR2017?**

### **Amendment to DEPP and EG on decision making**

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**2.5** The FCA will have new powers under MLR2017 to address failures to meet relevant standards and to manage the risk of money laundering and terrorist financing effectively. These supplement powers carried over from MLR2007. We propose that the FCA follows its current decision making process when exercising its powers under MLR2017, with decision makers in each case as follows:

- The decision to give a notice proposing or deciding to give a direction under regulation 25 will be taken by the Regulatory Decisions Committee (RDC).
- The decision to give a notice proposing to refuse an application for registration under regulation 58 MLR2017 will be taken by FCA staff under executive procedures. If the applicant makes representations in response to such a proposal, the decision to give a notice refusing an application will be made by the RDC. In all other cases, the decision will be taken under executive procedures.
- The decision to give a notice proposing to cancel a person's registration under regulation 59 will be taken by FCA staff under executive procedures. If the person makes representations in response to such a proposal, the decision to give a notice cancelling the registration will be taken by the RDC. In all other cases, the decision will be taken under executive procedures.
- The decision to give a notice proposing to or deciding to impose a civil penalty on a person, i.e. a public censure or financial penalty under regulation 74 MLR2017, suspension, restriction or cancellation under regulation 75 MLR2017, or a prohibition under regulation 76 MLR2017, will be taken by the RDC.

**2.6** We propose to amend DEPP 2 Annex 1G and EG 19.15.3 accordingly.

**Q3: Do you agree with the proposed amendments to DEPP and EG relating to decision making procedure?**



## Other amendments to DEPP and EG

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**2.7** We propose to continue our current approach when exercising powers under MLR2017. This means that, other than changes noted above, we will make consequential changes to DEPP and EG only. These include:

- amending the references to the 'Money Laundering Regulations 2007' in DEPP and EG to 'The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017' and updating section references
- amending EG 19.14.3, 19.14.5 and 19.15.2 to reflect our expanded enforcement toolkit
- amending EG 19.15.2 and DEPP 2 Annex 1G, and the deletion of EG 19.15.4 to reflect that we will be required to give a warning notice and decision notice when proposing or deciding to impose a civil penalty and that Part 26 FSMA will apply to these notices
- amending EG 19.15.5 to make it clear that we will consider guidance issued by an ESA in accordance with Articles 17, 18.4 or 48.10 of 4MLD or Article 25 of the FTR or any relevant guidance issued at any time by a supervisory authority or other body (such as the Joint Money Laundering Steering Group) when deciding whether a person has failed to comply with a requirement of MLR2017
- deleting EG 19.16 to reflect that MLR2017 replaces TFR2007

**Q4: Do you agree with the consequential changes to DEPP and EG?**



# Annex 1

## List of questions

- Q1:** Do you agree with us having regard to our policy under DEPP 6.2.1, DEPP 6.5 to DEPP 6.5D, and DEPP 6A, as indicated above, when imposing a civil penalty under MLR2017?
- Q2:** Do you agree with our proposal regarding how the settlement discount scheme will apply to civil penalties imposed under MLR2017?
- Q3:** Do you agree with the proposed amendments to DEPP and EG relating to decision making procedure?
- Q4:** Do you agree with the consequential changes to DEPP and EG?



## Annex 2

# Cost benefit analysis

1. Under section 138I of FSMA, when the FCA wishes to introduce any new rules it must publish a cost benefit analysis (CBA) along with the proposed rules. The proposals set out in this CP do not relate to rule changes or guidance on rules and do not impose additional obligations on firms. These proposals recommend applying our current policy and procedures when exercising our enforcement powers under MLR2017. The proposed approach will not be substantially different from the FCA's current approach to enforcement under MLR2007. We expect any increase in costs as a result of the proposal to be of minimal significance if compared with any reasonable counterfactual. Overall, the proposals should benefit the FCA and firms in ensuring that the UK's AML and CTF regime is up to date, effective and proportionate.

## Annex 3

# Compatibility statement

### Compatibility with the FCA's general duties

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1. Section 1B of FSMA requires the FCA to explain why it considers that the proposed rules are compatible with its strategic objective, advance one or more of its operational objectives, and promote effective competition in the interests of consumers.
2. The FCA believes the proposals set out above are compatible with its duties under section 1B of FSMA. The effective and appropriate use of enforcement powers plays an important part in pursuing the FCA's statutory objectives, as it increases compliance by making those subject to such requirements aware of conduct that may be in breach, and the potential for sanctions for such conduct.
3. The FCA has had regard to the regulatory principles set out in section 3B of FSMA. In particular, the proposals are consistent with the need to use resources in the most efficient and economic way, the principle that the regulators should exercise their functions as transparently as possible and the principle that a burden or restriction should be proportionate to the benefits.

### Expected effect on mutual societies

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4. Section 138K of FSMA requires us to state whether, in our opinion, our proposed rules have a significantly different impact on authorised mutual societies, compared to other authorised bodies. The rules we have proposed will apply equally, according to the powers exercised and to whom they are addressed, regardless of whether it is a mutual society or another authorised body.

### Equality and diversity

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5. We are required under the Equality Act 2010 to 'have due regard' to the need to eliminate discrimination and to promote equality of opportunity in carrying out our policies, services and functions. As part of this, we conduct an equality impact assessment (EIA) to ensure that the equality and diversity implications of any new policy proposals are considered.
6. Our EIA suggests that our proposals do not result in direct discrimination for any of the groups with protected characteristics (i.e. age, disability, gender, pregnancy and maternity, race, religion and belief, sexual orientation and transgender), nor do we believe that our proposals should give rise to indirect discrimination against any of these groups.



## Annex 4

### Abbreviations used in this paper

<b>4MLD</b>	Fourth Money Laundering Directive
<b>AML</b>	anti-money laundering
<b>CBA</b>	cost benefit analysis
<b>CP</b>	Consultation Paper
<b>CTF</b>	counter-terrorist financing
<b>DEPP</b>	Decision Procedure and Penalties manual
<b>EIA</b>	equality impact assessment
<b>EU</b>	European Union
<b>EG</b>	Enforcement Guide
<b>ESA</b>	European Supervisory Authorities
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>FTR</b>	Fund Transfer Regulation
<b>MLR2007</b>	the Money Laundering Regulations 2007
<b>MLR2017</b>	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
<b>RDC</b>	Regulatory Decisions Committee
<b>the Treasury</b>	Her Majesty's Treasury
<b>TFR2007</b>	the Transfer of Funds (Information on the Payer) Regulations 2007

We have developed the policy in this Consultation Paper in the context of the existing UK and EU regulatory framework. The Government has made clear that it will continue to implement and apply EU law until the UK has left the EU. We will keep the proposals under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework in the future. We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

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# Appendix 1

## Draft Handbook text

**ENFORCEMENT (FOURTH MONEY LAUNDERING DIRECTIVE) INSTRUMENT  
2017**

**Powers exercised**

- A. The Financial Conduct Authority makes this instrument in the exercise of:
- (1) the power in section 139A (Power of the FCA to give guidance) of the Financial Services and Markets Act 2000 (“the Act”); and
  - (2) the power under regulation 79 (The FCA: procedure (general)) of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

**Commencement**

- B. This instrument comes into force on [*date*].

**Amendments to the Handbook**

- C. The Decision Procedure and Penalties manual (DEPP) is amended in accordance with Annex A to this instrument.

**Material outside the Handbook**

- D. The Enforcement Guide (EG) is amended in accordance with Annex B to this instrument.

**Citation**

- E. This instrument may be cited as the Enforcement (Fourth Money Laundering Directive) Instrument 2017.

By order of the Board  
[*date*]

## Annex A

## Amendments to the Decision Procedure and Penalties manual (DEPP)

In this Annex, underlining indicates new text.

2 Statutory notices and the allocation of decision making

...

2 Annex Warning notices and decision notices under the Act and certain other  
1 enactments

...

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2007 2017	<u>Description</u>	<u>Handbook reference</u>	<u>Decision maker</u>
<u>Regulations 25(4) and 25(7)</u>	<u>when the FCA is exercising its power to give a direction</u>		<u>RDC</u>
<u>Regulation 58(3)(b)</u>	<u>when the FCA is proposing to refuse an application for registration</u>		<u>Executive procedures</u>
<u>Regulation 58(4)(b)</u>	<u>when the FCA is deciding to refuse an application for registration</u>		<u>RDC or executive procedures (Note 1)</u>
<u>Regulation 34(7) Regulations 59(7) and 59(8)</u>	<u>where when the FCA is proposing or deciding to suspend or cancel the registration of a relevant person registered under the Money Laundering Regulations 2007</u>		<u>RDC</u>
<u>Regulation 42(6) Regulations 78(1)</u>	<u>where when the FCA is proposing or deciding to</u>		<u>RDC</u>



<u>and 78(5)</u>	impose a civil penalty ( <del>Note 4</del> ) <u>under regulations 74, 75 or 76*</u>		
<p>Note: (1) <del>The <i>Money Laundering Regulations</i> do not require third party rights and access to <i>FCA</i> material when the <i>FCA</i> exercises this power. However, the <i>FCA</i> generally intends to allow for third party rights and access to material when exercising this power. The <i>RDC</i> will take the decision to give the notice under regulation 58(4)(b) if representations are made in response to the notice under regulation 58(3)(b) proposing to refuse the registration application.</del></p>			

...

## Annex B

## Amendments to the Enforcement Guide (EG)

In this Annex, underlining indicates new text.

## 19 Non-FSMA powers

...

### 19.14 ~~Money Laundering Regulations 2007~~ The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

...

19.14.2 The *FCA* is responsible for monitoring and enforcing compliance with the ~~Regulations~~ Money Laundering Regulations not only by authorised firms who are within the *Money Laundering Regulations*' scope, but also by what the Regulations describe as "Annex I financial institutions". These are businesses which are not otherwise authorised by us but which carry out certain of the activities listed in Annex I of the Banking Consolidation Directive<sup>28</sup>, now Annex I of the *CRD*. The activities include lending (e.g. forfaiters and trade financiers), financial leasing, and safe custody services. Annex I financial institutions are required to register with the *FCA*.

<sup>28</sup> ~~Consumer credit financial institutions and money~~ Money service businesses are also outside the definition of "Annex I financial institution", which is set out in Regulation ~~22(1) 54(2)~~.

19.14.2 The FCA is also responsible for monitoring and enforcing compliance with the funds transfer regulation by payment service providers specified under regulation  
A 61(1) of the Money Laundering Regulations.

19.14.3 The *Money Laundering Regulations* add to the range of options available to the *FCA* for dealing with anti-money laundering and anti-terrorist financing failures. These options ~~are~~ include:

- to prosecute ~~both a relevant person, including but not limited to an authorised firms and~~ firm, an Annex I financial institution institution or an auction platform, as well as any responsible officer;
- ~~to take regulatory action against authorised firms for failures which breach the FCA's rules and requirements (for example, under Principle 3 or SYSC 3.2.6R or SYSC 6.1.1R); and~~
- ~~to impose civil penalties on both~~ fine or censure a relevant person, including but not limited to an authorised firms and, an Annex I financial institution or an auction platform, as well as any responsible officer, under

regulation ~~42~~ 74 of the *Money Laundering Regulations*;

- to cancel, suspend or impose limitations or other restrictions on the authorisation or registration of an authorised person or payment service provider, under regulation 75 of the *Money Laundering Regulations*;
- to impose a temporary or permanent prohibition on a responsible officer of a relevant person, including an authorised firm or Annex I financial institution, or of a payment service provider, under regulation 76 of the *Money Laundering Regulations*.

In addition to the powers available under the *Money Laundering Regulations*, the FCA will have the power to take regulatory action against authorised firms for failures which breach the FCA's rules and requirements (for example, under Principle 3 or SYSC 3.2.6R or SYSC 6.1.1R).

...

19.14.5 The *Money Laundering Regulations* also provide investigation powers that the FCA can use when investigating whether breaches ~~of the Regulations~~ have taken place. These powers include:

- the power to require information from, and attendance of, relevant persons, payment service providers and connected persons (regulation ~~37~~ 65); and
- powers of entry and inspection without or under warrant (regulations ~~38~~ 68 and ~~39~~ 69).

The use of these powers will be limited to those cases in which the FCA expects to take action under the Regulations is exercising functions under the *Money Laundering Regulations*. In addition, the FCA may use its powers to require information or attendance at the request of foreign authorities.

19.14.6 The FCA will adopt a risk-based approach to its enforcement ~~of~~ under the *Money Laundering Regulations*. Failures in anti-money laundering or counter-terrorist financing controls will not automatically result in disciplinary sanctions, although enforcement action is more likely where a firm has not taken adequate steps to identify its ~~money laundering~~ risks or put in place appropriate controls to mitigate those risks, and failed to take steps to ensure that controls are being effectively implemented.

...

## **19.15 The conduct of investigations under the Money Laundering Regulations**

...

19.15.2 When the FCA proposes or decides to censure a person, impose a penalty on a person, suspend, cancel or restrict an authorisation or registration or impose a prohibition on a person under the *Money Laundering Regulations*, it must give the

relevant person a ~~notice~~ *warning notice* and a *decision notice*. These notices are akin to *warning notices* and *decision notices* given under the *Act*, although Part XXVI (Notices) of the *Act* does not apply to notices given under the *Regulations*.

- 19.15.3 ~~The RDC is the FCA's decision maker for contested cases in which the FCA decides to impose a penalty/sanction under Part 9 of the *Money Laundering Regulations*. This builds a layer of separation into the process to help ensure not only that decisions are fair but that they are seen to be fair. The RDC will make its decisions following the procedure set out in *DEPP* 3.2 or, where appropriate, *DEPP* 3.3. Where the FCA imposes a penalty on a person under the *Money Laundering Regulations*, that person may appeal the decision to the Tribunal. [deleted]~~
- 19.15.4 ~~Although the *Money Laundering Regulations* do not require it, the FCA will involve third parties and provide access to Authority material when it gives notices under the *Regulations*, in a manner consistent with the provisions of sections 393 and 394 of the *Act*. However, there is no formal mechanism under the *Money Laundering Regulations* for third parties to make representations in respect of proposed money laundering actions. If a third party asks to make representations, it will be a matter for the FCA's decision makers to decide whether this is appropriate and, if so, how best to ensure that these representations are taken into consideration. In general it is expected that decision makers would agree to consider any representations made. Third parties may not refer cases to the *Tribunal* as the *Money Laundering Regulations* give the *Tribunal* no power to hear such referrals. [deleted]~~
- 19.15.5 When imposing or determining the level of a financial penalty under the ~~*Regulations*~~ regulation 74 of the *Money Laundering Regulations*, the FCA's policy includes having regard, where relevant, to relevant factors in *DEPP* 6.2.1G and *DEPP* 6.5 to *DEPP* 6.5D. The FCA may not impose a penalty where there are reasonable grounds for it to be satisfied that the subject of the proposed action took all reasonable steps and exercised all due diligence to ensure that the relevant requirement of the *Money Laundering Regulations* would be met. In deciding whether a person has failed to comply with a requirement of the *Money Laundering Regulations*, the FCA must consider whether he followed any relevant guidance which was issued by a European Supervisory Authority in accordance with articles 17, 18.4 or 48.10 of the fourth money laundering directive, with article 25 of the funds transfer regulation, or with any relevant guidance which was issued at the time by a supervisory authority or other appropriate body, approved by the Treasury; and published in a manner approved by the Treasury. including the The Joint Money Laundering Steering Group Guidance satisfies this requirement.
- 19.15.5  
A When cancelling, suspending or restricting an authorisation or limitation under regulation 75 of the *Money Laundering Regulations* or determining the duration of any such suspension or restriction, and when imposing or determining the duration of a prohibition under regulation 76 of the *Money Laundering Regulations*, the FCA's policy includes having regard, where relevant, to relevant factors in *DEPP* 6A.

- 19.15.6 As with cases under the *Act*, the *FCA* may settle or mediate appropriate cases involving civil breaches of the *Money Laundering Regulations* or the funds transfer regulation to assist it to exercise its functions under the *Regulations* *Money Laundering Regulations* in the most efficient and economic way. The settlement discount scheme set out in *DEPP* 6.7 applies to penalties, suspensions, restrictions and temporary prohibitions imposed under regulations 74, 75 and 76 of the *Money Laundering Regulations*.
- 19.15.7 The *FCA* will apply the approach to publicity that it has outlined in *EG* 6, read in the light of applicable publicity provisions in regulation 81 of the *Money Laundering Regulations*. However, as the *Money Laundering Regulations* do not require the *FCA* to issue final notices, the *FCA* will publish such information about the matter to which the decision notice relates as it considers appropriate. This will generally involve publishing the decision notice on the *FCA*'s website, with or without an accompanying press release, and updating the Public Register.
- 19.16 ~~Transfer of Funds (Information on the Payer) Regulations 2007 (The Transfer of Funds Regulations) [deleted]~~**
- 19.16.1 The *FCA* is required, under EU Regulation 1781/2006 (on information on the payer accompanying transfers of funds), to monitor the compliance of payment services providers which are *authorised firms* with the requirements imposed by the Regulation. The ~~Transfer of Funds Regulations~~ set out the *FCA*'s powers to investigate and impose sanctions for breaches of Regulation 1781/2006. The powers are identical to those given under the *Money Laundering Regulations*. The *FCA*'s policy in respect of the use of its powers under the ~~Regulations~~ is the same as the policy it has adopted for the use of *Money Laundering Regulations* powers; the *FCA* will adopt enforcement procedures broadly akin to those used under the *Act*, with the modifications described in paragraphs 19.15.1 to 19.15.7 above.

