

Telephone: 020 7066 8080
Email: foi@fca.org.uk

[via email]

09 January 2017

Our Ref: FOI4886

Dear

Freedom of Information : Right to know request

Thank you for your request under the Freedom of Information Act 2000 (the Act), for following information about why the FCA did not respond to the HM Treasury consultation on the 4th Money Laundering Directive:

"In respect to the previous request please provide any internal documents or comments generated by those responsible for monitoring the development of these regulations and explaining why no response was given to HM Treasury."

Your request has now been considered and we hold a small amount of information which was contained within minutes summarising a meeting held with HMT on 26 October 2016 and the extract is below:

"We said that we were unlikely to be submitting a response unless HMT would find it helpful. HMT were of the view that given our input into the ConDoc itself and our likely input going forward we would be adding little."

You may like to be aware that the Money Laundering Regulations 2007 set out requirements that firms must meet to effectively protect themselves from the risk that they might be misused for the purposes of money laundering. The extent to which firms comply with this, and any guidance issued by ourselves or the Joint Money Laundering Steering Group (JMLSG), must be taken into account by any supervisor or law enforcement agency. Nothing in the legislation refers to a right of restitution or redress for anyone who might have been damaged by the actions of an obliged entity. The Regulations provide that supervisors, like the FCA, apply criminal penalties for serious and persistent breaches of AML obligations but we are only permitted to fine the obliged entity and not take any further action or create more further requirements of obliged entities in relation to redress.

As you will see from the information disclosed above we agreed with HMT that it wasn't necessary to provide a consultation response because we had supported development of their policy as part of our ongoing relationship with HMT. In those discussions the specific issue you are asking about, restitution or redress for those who might have been damaged by actions of an obliged entity was not discussed. These conversations focused

purely on the changes required to the UK regime by the EU's 4th Money Laundering Directive.

While the Treasury consultation on transposition of the 4th Money Laundering Directive closed on 5 November, you may wish to raise this issue directly with Treasury as they are the policy owner for the Money Laundering Regulations.

Yours sincerely

Information Access Team