

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

(By email)

23 April 2018

Our Ref: FOI5678

Dear

**Freedom of Information : Right to know request**

We refer to your request under the Freedom of Information Act 2000 ("the Act"), for the following information:

*"I would like to request further information on the outcomes of the FCA's onsite visits as part of its AML/CTF supervision of regulated firms in the past two financial years. Please refer to Table 3B on p.15-16 (as numbered) in HM Treasury's "Anti-Money Laundering and Counter-Terrorist Financing: Supervision Report 2015-17", published here: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/685248/PU2146\\_AML\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/685248/PU2146_AML_web.pdf)*

1. *Following the FCA's onsite supervisory visits in 2015/16 and 2016/17, there were numerous FCA visits for which the report said "final assessments are unavailable" at the time data was supplied to HM Treasury.*
  - a) *How many final assessments of compliance with the Money Laundering Regulations 2007 are still pending?*
  - b) *How many firms were ultimately deemed non-compliant and how many non-compliant firms were issued fines?*
  - c) *How many civil and/or criminal investigations were opened for breaches of the Money Laundering Regulations 2007?*
2. *How long following an onsite visit does the FCA typically take to reach a final assessment of a firm's compliance with the Money Laundering Regulations?*

3. *What is the frequency of onsite visits for AML supervision? (i.e. are they staggered throughout the year or conducted biannually/annually?)*

*For the answers to question 1, please could we have the numbers broken down by financial year (i.e. April 2015 to March 2016, and April 2016 to March 2017)."*

Before addressing your request, we wish to point out that when providing the most recent data on 'final assessments' to HMT for the period April 2016 to March 2017, the FCA interpreted the request to include all instances where we had not reached a conclusion to our work. The 42 instances noted in the report reflect risk event cases, none of which were created as a follow up to a visit. Rather, these cases were risk events such as Senior Management Regime interviews for the SMF17 function, intelligence / whistleblowing and Principle 11 notifications.

Similarly, although the table published by HMT indicates that there were 58 similar cases for the period April 2015 to March 2016, the criteria used to identify these cases differ from the 42 cases identified for the period April 2016 to March 2017. This is because they were not identified following onsite supervisory visits but rather as a result of additional events where the FCA visited firms and discussed financial crime. These conversations include supervisory quarterly update meetings, discussions with a firm's internal audit function, meetings with new SMF17s, etc. We reported these events as 'N/A' as they did not meet the definition of compliant, generally compliant, non-compliant due to the nature of the visit.

Your request has now been considered and we will address each point in turn.

1. ***Following the FCA's onsite supervisory visits in 2015/16 and 2016/17, there were numerous FCA visits for which the report said "final assessments are unavailable" at the time data was supplied to HM Treasury.***

- a) ***How many final assessments of compliance with the Money Laundering Regulations 2007 are still pending?***

Of the 42 cases reported in the table for the period April 2016 to March 2017, 16 cases were closed and 26 still remain open.

- b) ***How many firms were ultimately deemed non-compliant and how many non-compliant firms were issued fines?***

Of the 16 cases that have been closed, three were deemed non-compliant. No firms were issued fines.

- c) ***How many civil and/or criminal investigations were opened for breaches of the Money Laundering Regulations 2007?***

In respect of the 42 cases reported to HMT for the period April 2016 to March 2017, four cases have subsequently been referred to the FCA's Enforcement Division for breaches of the Money Laundering Regulations 2007 (MLRs). All four cases are dual civil / criminal investigations.

2. ***How long following an onsite visit does the FCA typically take to reach a final assessment of a firm's compliance with the Money Laundering Regulations?***

The length of time taken to respond to a firm with feedback following an onsite visit will depend on the materiality of findings identified during the inspection. For example, if the FCA decides to use formal powers following an onsite visit, such as a review under s.166 of the Financial Services and Markets Act 2000 (FSMA), then the time taken to reach a final assessment may be extended until after the s.166 review has concluded.

There is no defined timescale for reaching our final assessment following an onsite visit. However, the FCA endeavours to provide feedback to firms as early as practicably possible. For further context, see answer to Q.3 below which explains the frequency of the supervision programmes.

**3. *What is the frequency of onsite visits for AML supervision? (i.e. are they staggered throughout the year or conducted biannually / annually?)***

Onsite visits to assess AML supervision happen throughout the year. The frequency of visits is defined by our overall supervisory approach which is divided up into three main programmes, namely the Systematic Anti Money Laundering Programme (SAMLP), the Proactive Anti Money Laundering Programme (PAMLP) and the Financial Crime Risk Assurance Programme, as detailed below:

(a) Systematic Anti Money Laundering Programme (SAMLP):

This covers the 14 largest retail and investment banks operating in the UK. The programme operates on a four-year rolling cycle, with each intense, deep dive inspection taking around four to six months to complete. The length of time taken can be extended depending on the findings during the inspection.

(b) Proactive Anti Money Laundering Programme (PAMLP):

Predominantly smaller firms assessed as higher risk are subject to a regular PAMLP inspection. This programme started in 2014 and was revised in 2016 following a review of the FCA AML supervision strategy. The full cycle for these visits was originally 75 firms over two years. The programme has recently been extended and now covers 150 firms over four years. There are usually a minimum of two to three supervisors on-site at each firm in the programme, for a minimum of two to four days.

(c) Financial Crime Risk Assurance Programme:

All other firms are reviewed as part of the FCA's Risk Assurance Review. A selection of 100 firms is reviewed on a yearly cycle; across all sectors subject to the MLRs. Firms selected are subject to either a desk-based review or an on-site visit.

More information on these tools can be found in our latest Annual Anti-Money Laundering Report 2016/17 available on our website [here](#) (see in particular pages 6-8).

Yours sincerely

Information Disclosure Team  
Financial Conduct Authority

Your right to complain under the FoI Act

If you are unhappy with the decision made in relation to your request, you have the right to request an internal review. If you wish to exercise this right you should contact us within three months of the date of this response.

If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner at Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF. Telephone: 01625 545 700. Website: [www.ico.org.uk](http://www.ico.org.uk)