

## Consultation Response

### HMT Call for Evidence: Review of the UK's AML/CFT regulatory and supervisory regime

21 October 2021

#### Introduction

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on the Call for Evidence on Review of the UK's AML/CFT regulatory and supervisory regime published by HMT.

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors, and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME<sup>1</sup> is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.

We welcome the opportunity to respond to this consultation and have provided our comments to each of the questions below. We would be happy to talk through any aspects of our response with the HMT, if it would be helpful.

<p>Q1: What do you agree and disagree with in our approach to assessing effectiveness?</p>	<p>Chapter 2, paragraph 2.8 of the Call for Evidence states: <i>“Measuring the effectiveness of our impact against illicit, and often obscured, activity is inherently challenging; and so, we will not seek within the scope of this review to diverge from FATF’s established approach. However, we will build on this assessment of the effectiveness of the UK regime, by considering commonalities across previous reports, including the FATF Mutual Evaluation, the Supervision Reports produced by HM Treasury and OPBAS, and the Cutting Red Tape review of the UK’s AML/CFT regime. Where common areas for improvement are identified, the review will consider the efforts made to target those deficiencies and aim to assess the outcome of those interventions.”</i></p> <p>AFME Members agree with the proposed approach to assessing effectiveness. Furthermore, as articulated in the June 2021 Wolfsberg Paper on Effectiveness, we believe that focus should be on clearly articulated national priorities against which obliged entities can demonstrate risk-based control environments where resources are appropriately allocated to higher risk factors, there are demonstrable positive outcomes from those controls, and an obliged entity has the confidence to re-allocate resources from</p>
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<sup>1</sup> AFME is registered on the EU Transparency Register, registration number 65110063986-76.

	<p>ineffective and inefficient controls which do not produce positive outcomes without concern for regulatory criticism.</p> <p>Finally, we believe that another key to effectiveness rests in the quality of the SAR Regime and depends on open communication and feedback from law enforcement authorities on SAR quality and usefulness. Law enforcement can be more effective with high-quality, comprehensive, and useful information provided by obliged entities. This requires ongoing and constructive engagement between law enforcement, government and financial institutions.</p>
Q2: What particular areas, either in industry or supervision, should be focused on for this section?	<p>Supervisors should consider standardising the SARs reporting requirement / approach among private sectors, given that paragraph 2.7 states that “<i>FATF also noted inconsistencies among the private sector in terms of compliance, and particularly on SARs reporting</i>”.</p> <p>Although paragraphs 3.27 to 3.32 covers “Supervisors’ role in the SARs regime”, the Call for Evidence does not address standardisation of SARs reporting.</p>
Q3: Are the objectives set out above the correct ones for the MLRs?	AFME agrees that the primary and secondary objectives appear to be the correct ones for the MLRs.
Q4: Do you have any evidence of where the current MLRs have contributed or prevented the achievement of these objectives?	Please refer to our response to questions 5 to 8.
<p><u>Q5 to Q8:</u></p> <p><u>5. What activity required by the MLRs should be considered high impact?</u></p> <p><u>6. What examples can you share of how those high impact activities have contributed to the overarching objectives for the system?</u></p> <p><u>7. Are there any high impact activities not currently required by the MLRs that should be?</u></p> <p><u>8. What activity required by the MLRs should be considered low impact and why?</u></p>	<p>In the last 30 years, FATF has set the international standards to fight and prevent ML/TF. Despite multiple efforts made by both the public and private sectors, ML/TF remains a relevant problem for our society.</p> <p>For example, EU member states have inconsistently implemented AML rules by transposing EU directives into local regulations, thus generating conflicting rules that are not sufficiently flexible to tackle the ever-evolving scenarios.</p> <p>The Wolfsberg Group as well as EBF have provided guidance on how to increase AML effectiveness, calling for principle-based compliance as opposed rule based, as well as fostering a greater flexibility in applying risk-based approach.</p> <p>To this extent, we believe that the UK should align to these statements fostering not only the effectiveness of risk-based approach, but also simplifying the current restrictive AML rules that</p>

	<p>are generating regulatory burdens, lack of focus on new and existing higher risk threats as well as lack of effective results.</p> <p>We would like to mention some examples:</p> <p><u>Enhanced due diligence (EDD)</u></p> <ul style="list-style-type: none"> <li>• The current EDD measures on High Risk Third Countries, do not allow risk-based decision, since they are automatically invoked for all those customers that are based and/or reside in one of those countries. Nonetheless, in these countries there are also legitimate businesses which are being scrutinised regardless of the risk they truly pose to the society.</li> <li>• This situation determines large amount of workload that defocus the first and second line of defence as well as senior managers from tackling true higher-risk customers. In these scenarios, EDD measures should be commensurate to the client's risk profile rather than being mandatory across the board.</li> <li>• Finally, EDD on unusually complex or large transactions requires increased monitoring of the client's activity and transactions for a given timeframe. Although this obligation may seem reasonable, it also generates unnecessary workload, especially in the case when complex or large transactions are a unique event which can be easily explained. It would be more effective to apply enhanced monitoring when complex or large transactions are detected on the same client on a second event, becoming a repetitive behaviour. In this case, this will trigger enhanced monitoring for a given timeframe, ensuring the client does not rise suspicions.</li> </ul> <p><u>Non-face-to-face relationship and technology</u></p> <ul style="list-style-type: none"> <li>• Non-face-to-face relationships are still considered higher risk. Thanks to the introduction of digital identity services as well as new remote identification methods, such as video calls, the risk should now be reconsidered. Technology plays an important role in increasing effectiveness, not only in the ID&amp;V process, but also via automating transactions monitoring and screening through artificial intelligence and machine learning. Nonetheless, the current regulatory framework, despite being technology neutral, does not provide sufficient guidance to make obliged entities feel comfortable with using such technologies.</li> </ul>
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	<p><u>Definitions</u></p> <ul style="list-style-type: none"> <li>• The current AML framework requires greater harmonisation providing consistent definitions and practices. For example, the current obligation to report beneficial ownership discrepancies highlighted several differences in the definition of beneficial owners and person with significant control, resulting in several discrepancies being over-reported or not reported at all due to this misalignment.</li> </ul> <p><u>Real Time Transaction Monitoring</u></p> <ul style="list-style-type: none"> <li>• It appears that transaction monitoring in real time is now being mandated by authorities (e.g., EBA). However, the market standard on AML transaction monitoring leans towards ex-post monitoring and data analytics. We believe that the practical application of real time monitoring is very resource consuming. Real Time TM seems counterproductive to an efficient and effective payments system. Further cost-benefit analysis should be considered. The proposal to include real-time monitoring as a tool for higher-risk transactions may not be not realistic, mostly because there is no regulatory guidance.</li> </ul> <p><u>Transaction Monitoring in Capital Markets</u></p> <ul style="list-style-type: none"> <li>• We believe that for certain securities, exchanges and clearing counterparties may be in a better position than individual brokers/banks to identify potential suspicious activity by a party which may hold trading relationships across multiple firms. Currently individual Brokers / Banks spend significant resources in implementation, maintenance and use of automated trade surveillance systems, which has limitations in their detection capability because their picture of the end-to-end trading activity is limited.</li> </ul> <p>Consideration should be given to:</p> <ol style="list-style-type: none"> <li>a. Adoption of a utility concept for more centralised trade surveillance / transaction monitoring.</li> <li>b. This concept could include financial contribution by exchange/CCP members, in return for the ability to “rely” on the monitoring undertaken by the exchange/CCP.</li> <li>c. This would allow individual firms/brokers to target their resources to monitor higher risk activities within an OTC</li> </ol>
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	<p>environment and reduce duplication of effort across market participants</p> <ul style="list-style-type: none"> <li>• In lieu of an exchange/CCP based utility, a centralised monitoring/surveillance utility could alternatively be led by regulators, sourcing and consolidating data directly from exchanges/CCPs. This would enable more effective monitoring and surveillance and would lead to wider efficiency gains across the sector.</li> </ul> <p><u>Transaction Monitoring Correspondent Banking</u></p> <ul style="list-style-type: none"> <li>• In the context of correspondent banking, the current practice is to monitor transactions of respondent's clients that exceed a given threshold or are flagged by the system to have a red flag(s). Correspondent financial institutions have the obligation to apply further scrutiny to the respondent's client and the transaction. Nonetheless, obtaining KYCC information has resulted to be complicated and, in some cases, impossible to obtain due to local privacy rules and well as information sharing firewalls. This process is resource intensive, as it is mostly conducted manually during the assess and analyse phases. It thus generates several low value defence SARs due to the minimal information obtained by the correspondent from the respondent's clients.</li> <li>• It would be advisable to introduce the concept of equivalence and CDD reliance in the correspondent banking services. This will certainly reduce defence SARs and facilitate the correspondent's first line of defence in carrying out the due diligence process.</li> </ul> <p><u>Overcompliance</u></p> <ul style="list-style-type: none"> <li>• Despite the support provided by the JMLSG guidance, there are still several practices in the field that are being implemented because of lack of guidance and fear of regulatory fines. Often, independent consultants' advice is based on industry practices that are however not mandated by regulatory obligations and that are mostly generated by technical compliance rules and historical expectations from regulators and supervisors, without considering the development of new threats and technology advancement.</li> <li>• Lack of guidance and overcompliance generate a further layer of complexity of unwritten rules that are however being taken as parameters from local supervisors. On the</li> </ul>
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	<p>contrary, we believe that a good solution would be to provide better guidelines on risk-based approach, which should be tailored on the type, size, complexity of business of the obliged entity (OE), as well as the OE's knowledge of the customer. We believe that one size fit all is not an effective and efficient approach to fight financial crime.</p> <ul style="list-style-type: none"> <li>• It would be useful to determine which detection scenarios (DS) can be "switched off" if they are ineffective. Nonetheless, OEs are reluctant to switch off without the approval of regulators, despite regulators foster a risk-based approach and allow OEs to make independent decisions on which DS should be utilised.</li> <li>• There should be balance between regulatory expectations on detection scenarios and systems and controls in place to prevent financial crime. It is not efficient to have a different detection scenario for each event. Obligated entities should be measured holistically without ping pointing whether a specific detection scenario has or has not been added to a list.</li> </ul>
<p>Q9 to Q11:</p> <p>9. Would it improve effectiveness, by helping increase high impact, and reduce low impact, activity if the government published Strategic National Priorities AML/CTF priorities for the AML/CTF system?</p> <p>10. What benefits would Strategic National Priorities offer above and beyond the existing National Risk Assessment of ML/TF?</p> <p>11.What are the potential risks or downsides respondents see to publishing national priorities? How might firms and supervisors be required to respond to these priorities?</p>	<p>AFME believes that a more comprehensive and sophisticated National Risk Assessment (NRA) could help the private sector to focus resources and time on higher risk sectors. During the consultation on the latest NRA 2020, the government gave the private sectors four weeks to provide feedback on several risk and sectors requiring assessment. We believe that this is not enough in case of complex organisation where the risk must be assessed on multiple products and services as well as lines of business.</p> <p>We believe that setting up a list of Strategic National Priorities may be also very useful as far as they provide clear guidance on new threats and trends and are not a repetition of NRA or the usual higher risk sectors such as CBR, CASP, or MSBs.</p> <p>Strategic National Priorities will be helpful if conducted at a country level. Priorities should identify and describe the most significant AML/CFT threats. NRA is based on past data whilst priorities will facilitate planning for the future and allocating sufficient resources on handling key threats.</p> <p>Regarding risks, it will be necessary to reaffirm that firms are also expected to focus on developing trends and risks they have identified (for example through SAR and JMLIT referral analysis), instead of simply demonstrating that they have taken the national priorities into account in their firm risk assessments. Furthermore, these priorities should be defined by the public and private sectors jointly.</p>

<p>Q12 to Q14:</p> <p>12. What evidence should we consider as we evaluate whether the sectors or subsectors listed above should be considered for inclusion or exclusion from the regulated sector?</p> <p>13. Are there any sectors or subsectors not listed above that should be considered for inclusion or exclusion from the regulated sector?</p> <p>14. What are the key factors that should be considered when amending the scope of the regulated sector?</p>	<p>We believe that it would be necessary to carry out a deep dive into the end- to-end flow of funds enabled by the sector under evaluation, and to identify possible opportunities for ML/TF activity. Furthermore, it would be useful to identify what role, if any, the sector might play in encouraging or easing ML or TF activity.</p>
<p>Q15 to Q18:</p> <p>15. Are the current powers of enforcement provided by the MLRs sufficient? If not, why?</p> <p>16. Is the current application of enforcement powers proportionate to the breaches they are used against?</p> <p>17. Is the current application of enforcement powers sufficiently dissuasive? If not, why?</p> <p>18. Are the relatively low number of criminal prosecutions a challenge to an effective enforcement regime? What would the impact of more prosecutions be? What are the barriers to pursuing criminal prosecutions?</p>	<p>AFME believes that the current powers of enforcement provided for by the Regulations are sufficient to enable supervisory authorities to discharge their functions appropriately. However, the application of these powers has not been sufficiently robust to be adequately dissuasive. As an example, the thematic review work periodically undertaken by the FCA in various sectors, including banking, has revealed several weaknesses in firms' AML/CTF programmes. Unfortunately, this has not resulted in more targeted supervisory reviews and subsequent enforcement action.</p> <p>The low number of prosecutions per se does not necessarily indicate a weak enforcement regime. However, enforcement tools more widely appear to be used only for very substantial failures in AML/CTF standards. Even though this appears reasonable, it may lead in less substantial regulatory breaches (which may still have a significant financial crime impact in the medium-long term) not receiving the level of regulatory scrutiny that they should.</p> <p>We also believe that another key tool for enhancing AML/CTF effectiveness across the industry is the frequent sharing of lessons learned with the industry. To that end, we welcome the recent Dear CEO letter from the FCA on Retail Banking which enables firms to conduct gap analyses and proactively identify and rectify control gaps.</p> <p>The FCA has several actions that it can apply, ranging from financial penalties to the suspension or cancellation of permission to</p>



	<p>undertake regulated activity. We do not expect to see a significant change in the FCA's approach to the enforcement of money laundering-related systems and controls issues. Although criminal prosecutions will be a threat in the most serious cases, we expect the FCA primarily to continue to take regulatory action against Firms under FSMA or, in some cases, by imposing civil penalties under the Money Laundering Regulations.</p> <p>In many instances the application of restrictions or penalties appear to apply to historic activity and therefore the deterrent effect of such restrictions or large financial penalties is not clear.</p> <p>We do not view the low incidence of criminal prosecution under the MLRs as a challenge to the effectiveness of an enforcement regime. It remains to be seen if a criminal prosecution can be affected, but the mere threat of such an action should be an effective deterrent.</p> <p>The impact on a Firm of receiving a criminal conviction could have significant business and reputational impact. Therefore, the firm may not be considered to be 'fit and proper', potentially leading to the loss of licenses or the ability to undertake cross border or payment activity, impacting not only the firm, but its clients as well. If the number of prosecutions increased, without due regard for proportionality, the UK could be considered as an unattractive or high regulatory risk jurisdiction to operate from.</p> <p>In terms of barriers to prosecution, issues such as time to investigate, complexity, information/record availability, and the need to prove to criminal (rather than civil) standards, as well as disproving any defence raised by the defendant, could all be potential barriers to pursuing criminal prosecution.</p>
Q19: What are the principal barriers to relevant persons in pursuing a risk-based approach?	<p>We believe that the main barriers include certain EDD obligations, such as those on high-risk third countries (HRTC), uneven regulatory supervision and technical compliance supervisions which is still expected.</p> <p>Another issue to address is the different understanding of ML/TF risks. Sales driven businesses may fail to identify or escalate potential ML/TF risks. Furthermore, it should be kept in mind that the risk-based approach is subjective, and it is based on the banks' risk appetite.</p>
Q20: What activity or reform could HMG undertaken to better facilitate a risk-based approach? Would	AFME agrees that National Strategic Priorities could help if identified appropriately.



National Strategic Priorities (discussed above) support this?	
Q21: Are there any elements of the MLRs that ought to be prescriptive?	We believe that customer due diligence (CDD) reliance could be clarified and improved. Additionally, simplified due diligence (SDD) on financial institutions could be reinstated.
<p>Q22 to Q24:</p> <p>22. Do relevant persons have an adequate understanding of ML/TF risk to pursue a risk-based approach? If not, why?</p> <p>23. What are the primary barriers to understanding of ML/TF risk?</p> <p>24. What are the most effective actions that the government can take to improve understanding of ML/TF risk?</p>	No feedback provided.
<p>Q25 to Q27:</p> <p>25. How do supervisors allow for businesses to demonstrate their risk-based approach and take account of the discretion allowed by the MLRs in this regard?</p> <p>26. Do you have examples of supervisory authorities not taking account of the discretion allowed to relevant persons in the MLRs?</p> <p>27. What more could supervisors do to take a more effective risk-based approach to their supervisory work?</p>	No feedback provided.
Q28: Would it improve effectiveness and outcomes for the government and / or supervisors to publish a definition of AML/CTF compliance programme effectiveness? What would the key elements of such a definition include? Specifically, should it include the provision of high value intelligence to law enforcement as an explicit goal?	We believe that a definition of ML/TF effectiveness would be very welcome. It should include the provision of high value intelligence to law enforcement as an explicit goal.

<p>Q29: What benefits would a definition of compliance programme effectiveness provide in terms of improved outcomes?</p>	<p>No feedback provided.</p>
<p>Q30 to Q34:</p> <p>30. Are the requirements for applying enhanced due diligence appropriate and proportionate? If not, why?</p> <p>31. Are the measures required for enhanced due diligence appropriate and sufficient to counter higher risk of ML/TF? If not, why?</p> <p>32. Are the requirements for choosing to apply simplified due diligence appropriate and proportionate? If not, why?</p> <p>33. Are relevant persons able to apply simplified due diligence where appropriate? If not, why? Can you provide examples?</p> <p>34. Are the requirements for choosing to utilise reliance appropriate and proportionate? If not, why?</p>	<p>Mandatory EDD on HRTCs creates a significant increase in international firms' high-risk client base across the EU targeting firms' resources in a way which may not necessarily be risk-based.</p> <p>This is particularly relevant where a UK firm has a branch or subsidiary residing in one of the high-risk jurisdictions. Therefore, this may be interpreted that every customer of that branch or subsidiary is required to be treated as ML/TF high risk on a rules-based approach.</p> <p>The current obligation to apply EDD to domestic clients of HRTCs generates an administrative burden and takes the first and second lines of defence's focus away from the true high-risk clients.</p> <p>An international firm's high-risk client base across the EU targeting firm's resources in a way which may not necessarily be risk-based.</p> <p>We believe that the general approach to EDD measures should be risk based rather than prescriptive. Therefore, when facing domestic clients based in HRTCs, EDD should not be triggered unless customers have been identified as high risk on the basis of a holistic assessment, taking into account various factors.</p> <p>Supervisory guidance on the risk-based approach to EDD would be welcome, particularly where EDD is triggered by a regulatory rule. It would be necessary to clarify when EDD measures should not be applicable to subsidiaries or entities residing in low-risk jurisdictions.</p> <p>Currently, EDD measures are applied to politically exposed persons (PEPs) if they are customers in their own right or beneficial owners. The ML Regulations should be updated in order to clarify that the PEP EDD measures should not be triggered in relation to deemed beneficial owners. For example, if a firm's client is a government entity/state owned entity (such as a central bank), there will inevitably be no beneficial owner. However, the deemed beneficial owner (senior management official) will hold a prominent public function.</p>
<p>Q35: Are relevant persons able to utilise reliance where appropriate? If not, what are the principal barriers and what sort of activities or</p>	<p>We believe that the principle of what intra-group reliance was intended to be is not effective, because rather than trusting (i.e. 'relying upon') the group level of CDD already performed, firms are being made to top up CDD records for cross border relationships to</p>

<p>arrangements is this preventing? Can you provide examples?</p>	<p>gather additional or different forms of information to make it the same/identical (an example of this is the guidance to MAS 626 in Singapore).</p> <p>Such top-up exercises yield no tangible benefit from a financial crime risk management perspective as the majority of these clients are either multinational corporates, governments, development organisations and financial institutions; or they are corporate clients booking overseas due to internal product offering booking model – whose identity has already been verified to a MRL compliant standard.</p>
<p>Q36: Are there any changes to the MLRs which could mitigate derisking behaviours?</p>	<p>No feedback provided.</p>
<p>Q37 to Q39:</p> <p>37. As currently drafted, do you believe that the MLRs in any way inhibit the adoption of new technologies to tackle economic crime? If yes, what regulations do you think need amending and in what way?</p> <p>38. Do you think the MLRs adequately make provision for the safe and effective use of digital identity technology? If not, what regulations need amending and in what way?</p> <p>39. More broadly, and potentially beyond the MLRs, what action do you believe the government and industry should each be taking to widen the adoption of new technologies to tackle economic crime?</p>	<p>We agree that the current MLRs as well as industry guidance are technology neutral. However, we strongly believe that further guidance in this space is needed in order to clarify the following issues: i) how to assess level of assurance when leveraging Digital ID; ii) clarification on the usage of DLT in TM and CDD; iii) use of AI, definition and further usages.</p> <ul style="list-style-type: none"> <li>• Facilitative regime: AFME supports fair and balanced standards from regulators relating to our use of AI. These have been helpful in encouraging firms to build appropriate risk management, governance and oversight of current and potential uses of AI across the bank. We believe AI has the potential to transform how we deliver services to customers but at the same time it is right to address the ethical challenges that its use poses.</li> <li>• Principles based: We should strive to achieve a principle based, technology neutral set of regulations which are suitably adaptable for a rapidly changing AI environment.</li> <li>• Avoid duplication: Given that the majority of financial services are highly regulated, it is important that new requirements are not duplicative of existing requirements such as those relating to client communications, product governance, accountability or algo testing, for example.</li> <li>• Definition of AI: There is currently no standard or commonly accepted definition of artificial intelligence amongst the regulatory community. We support the work being done by international bodies to reach a commonly agreed definition to ensure that processes or techniques</li> </ul>

	<p>which do not strictly deploy AI technologies are not inadvertently captured by regulation.</p> <ul style="list-style-type: none"> <li>• <b>Fairness and Ethics:</b> Regulations should make a clear distinction between inappropriate/unjustified bias, and bias that underpins legitimate risk assessment methodologies. We believe firms should be required to detect, understand, and assess unintended and/or unjustified biases in AI outcomes.</li> <li>• <b>Accountability:</b> Firms designing and/or deploying AI should know and understand their AI. The objectives, limitations and potential risks of any given AI solution need to be well understood. Appropriate ownership and senior management accountability for the use of AI within a firm should be ensured.</li> </ul> <p>Finally, the use of other identification standards, such as the Legal Entity Identifier (LEI), can certainly help to confirm the clarity on parties to a payment, but it is reliant on their use being mandatory in the payment system. From a consumer point of view, the use of new technologies such as biometrics will reduce risks, although data security and protection will need clear controls and regulations in place.</p>
<p>Q40 to Q44:</p> <p>40. Do you think the MLRs support efficient engagement by the regulated sector in the SARs regime, and effective reporting to law enforcement authorities? If no, why?</p> <p>41. What impact would there be from enhancing the role of supervisors to bring the consideration of SARs and assessment of their quality within the supervisor regime?</p> <p>42. If you have concerns about enhancing this role, what limitations and mitigations should be put in place?</p> <p>43. What else could be done to improve the quality of SARs submitted by reporters?</p>	<p>AFME believes that the NCA is the authority best placed to evaluate the quality of SARs and their value to law enforcement agencies (LEAs). Providing supervisory authorities with access to SAR information and tasking them with evaluating their quality could lead to a disjointed approach which may not lead to an effective supervision of firms' AML/CTF efforts.</p> <p>Given that the quality of SARs can be seen as an integral part of an effective AML/CTF programme overall, it may be more efficient for the NCA to share aggregated information on the usefulness/quality of SARs per firm with the FCA, in order to give the FCA an overall view of the firm's SAR filings. This could include details on the number of SARs considered useful to LEAs, the number of SARs with quality issues etc. However, we believe that the content of these SARs should not be shared with the FCA for quality assessment.</p> <p>We believe that the most effective way to enhance the quality of SARs is direct feedback from the NCA to firms, especially where intelligence was not particularly useful and the reasons why. It is also particularly important for firms to understand how a particular SAR filing enabled specific LEA actions and what the outcome of these actions was. This feedback will enable firms to enhance their</p>

<p>44. Should the provision of high value intelligence to law enforcement be made an explicit objective of the regulatory regime and a requirement on firms that they are supervised against? If so, how might this be done in practice?</p>	<p>controls, better focus their investigations by, for example, targeting specific client groups and lead to more effective SAR filings across the industry.</p> <p>We believe that, if the NCA could implement a mechanism where SARs are 'rated' in terms of quality of the write up, usefulness etc. and communicate this information at an aggregated level to firms with key examples, this would be a very effective way of improving the quality of reporting and significantly reduce instances of defensive reporting.</p> <p>We agree that the provision of high value intelligence to LEAs should be made an explicit objective of the regulatory regime, and a key measure of success for each firm would need to be feedback from the NCA at the firm level on the quality and usefulness of intelligence provided.</p>
<p>Q45 to Q48:</p> <p>45. Is it effective to have both Regulation 26 and Regulation 58 in place to support supervisors in their gatekeeper function, or would a single test support more effective gatekeeping?</p> <p>46. Are the current requirements for information an effective basis from which to draw gatekeeper judgment, or should different or additional requirements, for all or some sectors, be considered?</p> <p>47. Do the current obligations and powers, for supervisors, and the current set of penalties for non-compliance support an effective gatekeeping system? If no, why?</p> <p>48. To what extent should supervisors effectively monitor their supervised populations on an on-going basis for meeting the requirements for continued participation in the profession? Is an additional requirement needed for when new individuals take up</p>	<p>No feedback provided.</p>

relevant positions in firms that are already registered?	
<p>Q49 to Q51:</p> <p>49. In your view does the current guidance regime support relevant persons in meeting their obligations under the MLRs? If not, why?</p> <p>50. What barriers are there to guidance being an effective tool for relevant persons?</p> <p>51. What alternatives or ideas would you suggest improving the guidance drafting and approval processes?</p>	<p>We support the view made by another trade association that consolidation of the number of instruments that need to be considered would support our Members in understanding their legal obligations</p>

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