



## **GUIDANCE NOTE 10 ANTI MONEY LAUNDERING AND COMBATING TERRORIST FINANCING Issue 3**

**Issued by the Council for Licensed Conveyancers on  
30 March 2009**

**This Note comes into force on 31 March 2009**

**This Guidance Note supersedes Guidance Note 10 – Prevention of Money Laundering and Combating Terrorist Financing Issue 2 issued by the Council on 16 January 2008 which ceased to have effect on 31 March 2009.**

**Licensed Conveyancers, Managers and Recognised Bodies must at all times act in compliance with the Council's Rules in so far as they are applicable. In particular, Rule 3.2 of the Licensed Conveyancers' Conduct Rules 2009 provides:-**

**"A Licensed Conveyancer must:**

- 3.2.1 comply with the Guidance Notes unless he has good reason for not doing so in the particular circumstances;**
- 3.2.2 ensure that the Recognised Body of which he is a Manager complies with the Guidance Notes unless it has good reason for not doing so in the particular circumstances."**

**Rule 4.4 of the Licensed Conveyancers' Conduct Rules 2009 states:**

***"A Licensed Conveyancer must when offering or providing Regulated Services through a Recognised Body:***

- 4.4.6 not conduct himself in a manner which he knows or has reasonable grounds for suspecting will result in a breach by the Licensed Conveyancer of the law or of the Council's Rules;"***

**This Guidance Note adopts the definitions set out in the Licensed Conveyancers' Conduct Rules 2009.**

**Additional Definition**

**AML/CTF** Anti Money Laundering Legislation and Combating the Financing of Terrorism Legislation and, in particular,  

- Proceeds of Crime Act 2002 (as amended);
- Terrorism Act 2000 (as amended); and
- Money Laundering Regulations 2007 (the Regulations).

**Beneficial Owner** means an individual or other legal person who ultimately owns or controls the client on whose behalf a transaction or activity is being conducted (Regulation 6)

**CDD** includes all of:

- "Customer Due Diligence measures" (as defined by Regulation 5)
- "Ongoing Monitoring" (as defined by Regulation 8(2))
- "Enhanced Customer Due Diligence measures" (as described in Regulation 14)
- "Enhanced Ongoing Monitoring" (as referred to in Regulation 14)

**SOCA** means Serious Organised Crime Agency

1. A Recognised Body must have in place appropriate management arrangements and systems and controls to comply with AML/CTF.
2. A Recognised Body must ensure that the management arrangements, systems and controls enable it to identify, assess, monitor and manage AML/CTF risk and are appropriate to the nature, scale and complexity of the Recognised Body's activities.
3. A Recognised Body must carry out regular reviews of the adequacy of its management arrangements, systems and controls.
4. The Council, when considering whether there has been a breach of the Council's Rules, will take into account
  - (a) the adequacy of the arrangements made by the Recognised Body; and
  - (b) whether it has followed these and the guidance contained in the Council's Guidance for the Prevention of Money Laundering and Combating Terrorist Financing issued in interim form in December 2007 (and any later amending Guidance issued by the Council).
5. A Recognised Body should ensure that, in order to meet its obligations under the Regulations, its management arrangements, systems and controls include:-
  - (a) an appropriate AML/CTF policy for the Recognised Body;

- (b) appropriate and regular training for its employees (of which a record must be kept) in relation to AML/CTF to enable those employees to recognise and deal with transactions and other activities which may be related to AML/CTF;
- (c) appropriate internal reporting procedures;
- (d) management and retention of records of CDD and information about, suspicion reports which have been made by the Recognised Body;
- (e) appropriate measures to ensure that AML/CTF is taken into account in the day to day operation of the Recognised Body including the application of appropriate CDD for:-
  - (i) dealing with existing clients;
  - (ii) the taking on of new clients;
  - (iii) dealing with Beneficial Owners;
  - (iv) incorporating changes in the services it provides;
- (f) appropriate CDD measures to ensure that procedures for identifying and verifying new clients and Beneficial Owners do not unreasonably deny access to the Recognised Body's services to potential clients who can not reasonably be expected to produce detailed evidence of identity.

6. A Recognised Body must:-

- (a) appoint a Nominated Officer with responsibility to receive suspicion reports and make reports to SOCA;
  - (b) appoint a senior manager (who may or may not be the Nominated Officer) with responsibility for ensuring the Recognised Body's compliance with AML/CTF and this Guidance Note;
  - (c) ensure that the Nominated Officer or senior manager has an appropriate level of authority and independence within the Recognised Body, and access to resources and information sufficient to enable him to carry out that responsibility.
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