Draft Regulations laid before Parliament under section 55(5)(d) of the Sanctions and Anti-Money Laundering Act 2018, for approval by resolution of each House of Parliament.

D R A F T S T A T U T O R Y I N S T R U M E N T S

2022 No.

FINANCIAL SERVICES

The Money Laundering and Terrorist Financing (Amendment) Regulations 2022

Made - - - -	*****
Coming into force - -	*9th March 2022*

The Treasury make the following Regulations in exercise of the powers conferred by section 49 of, and paragraphs 6 and 23 of Schedule 2 to, the Sanctions and Anti-Money Laundering Act 2018(**a**);

In accordance with section 55(5)(d) of that Act, a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

Citation and commencement

1. These Regulations may be cited as the Money Laundering and Terrorist Financing (Amendment) Regulations 2022 and come into force on 9th March 2022.

Amendment of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

2. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(**b**) are amended in accordance with regulations 3 to 5.

3. In regulation 45 (register of beneficial ownership)(**c**)—

(a) in paragraph (3)—

(i) in sub-paragraph (b)—

(aa) for "10th March 2022" substitute "1st September 2022"; and

(bb) for "9th February 2022" substitute "4th June 2022";

(ii) in sub-paragraph (c), for "30 days" substitute "90 days";

(b) in paragraph (10A)(**d**)—

(i) in sub-paragraph (a)—

(**a**) 2018 c. 13.
(**b**) S.I. 2017/692, amended by S.I. 2019/253 and 2020/991. There are other amending instruments, but none is relevant.
(**c**) Regulation 45(3) was substituted by S.I. 2020/991.
(**d**) Regulation 45(10A) to (10J) were added by S.I. 2020/991.

(aa) for "10th March 2022" substitute "1st September 2022"; and

(bb) for "9th February 2022" substitute "4th June 2022";

(ii) in sub-paragraph (b), for "30 days" substitute "90 days";

(c) in paragraph (10D)—

(i) in sub-paragraph (a)—

(aa) for "10th March 2022" substitute "1st September 2022"; and

(bb) for "9th February 2022" substitute "4th June 2022";

(ii) in sub-paragraph (b), for "30 days" substitute "90 days";

(d) in paragraph (10G)(b), for "30 days" substitute "90 days";

(e) in paragraph (10H), for "30 days" substitute "90 days".

4. In regulation 45ZA (register of beneficial ownership: additional types of trust)(**a**)—

(a) in paragraph (4)(b), for "30 days" substitute "90 days";

(b) in paragraph (5)(a)—

(i) for "10th March 2022" substitute "1st September 2022";

(ii) for "9 February 2022" substitute "4th June 2022";

(c) in paragraph (5)(b), for "30 days" substitute "90 days" in both places it appears;

(d) in paragraph (6), for "30 days" substitute "90 days".

5. In Schedule 3A (excluded trusts)(**b**)—

(a) for paragraph 4 (trusts of insurance policies) substitute—

"**4.**—(1) A trust of a life policy paying out only—

(a) on the death, terminal or critical illness, or permanent or temporary disablement of the person assured; or

(b) to meet the cost of healthcare services provided to the person assured.

(2) A trust of an insurance policy paying out only—

(a) on the temporary disablement of the person assured, where that policy was applied for at the same time as a policy under sub-paragraph (1); or

(b) to meet the cost of healthcare services provided to the person assured.

(3) A trust of the benefits payable on the death of the person assured under a retirement policy.";

(b) after paragraph 6 (pilot trusts), insert—

"Bank accounts for minors etc

6A.—(1) A trust which is created as a requirement of opening a relevant account for the sole benefit of—

(a) a person under the age of 18;

(b) a person who lacks capacity within the meaning of section 2 of the Mental Capacity Act 2005(**c**);

(c) a person who is incapable within the meaning of section 1 of the Adults with Incapacity (Scotland) Act 2000(**d**); or

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(**a**) Regulation 45ZA was inserted by S.I. 2020/991.
(**b**) Schedule 3A was inserted by S.I. 2020/991.
(**c**) 2005 c. 9.
(**d**) 2000 asp. 4. Section 1 was amended by S.S.I. 2005/465.

(d) a person who is incapable of managing and administering the person's property and affairs, by reason of mental disorder within the meaning of Article 3(1) of the Mental Health (Northern Ireland) Order 1986(**a**).

(2) In this paragraph—

"relevant account" means an account, consisting only of a sum of money, held with an authorised Part 4A person carrying on by way of business the activity specified in article 5 (accepting deposits) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001(**b**);

"authorised Part 4A person" means an authorised person who has a Part 4A permission, within the meaning given to that term in section 55A(5) of FSMA(**c**), to carry on that specified activity.".

Amendment of the Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020

6. In regulation 1(4) of the Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020(**d**), for "10th March 2022" substitute "1st September 2022".

Name
Name
Two of the Lords Commissioners for Her Majesty's Treasury

Date

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692) (the "MLRs"), mainly changing the time limits for registration of trusts but also adding further exclusions to the type of trusts which are required to register.

Regulation 3 amends regulation 45 of the MLRs in relation to taxable relevant trusts. The amendments postpone the main deadline for registering existing trusts by six months, to 1st September 2022 and extends the time for registering new taxable trusts, from 30 days after becoming liable to pay tax to 90 days. Regulation 4 makes similar amendments to regulation 45ZA of the MLRs in relation to the additional types of registrable trusts.

Regulation 5 amends Schedule 3A to the MLRs, which contains descriptions of trusts which are not registrable under either regulation 45 or 45ZA. In relation to trusts of insurance policies, the regulation adds the cases where temporary disablement cover is also included in the trust, also a trust of a healthcare cover which is not contained in a life policy. Lastly, accounts (provided by banks, building societies and similar regulated providers) which are opened solely for the benefit of children or other persons lacking capacity, are excluded from registration where the provider requires the account to be held within a trust.

Regulation 6 amends S.I. 2020/991 in relation to the commencement of amendments in that instrument which substitute regulation 30A (requirement to report discrepancies in registers) and add 45ZB (access to information on the register) of the MLRs. Those amendments will also now come into force on 1st September 2022.

The MLRs contain provisions required to transpose, notably, the fourth and fifth Money Laundering Directives (Directives 2015/849/EU and 2018/843/EU). A full impact assessment of

(**a**) 1986 No. 595 (N.I. 4).
(**b**) S.I. 2001/544. Article 5 was amended by S.I. 2002/682.
(**c**) 2000 c. 8. Section 55A (contained in a new Part 4A) was inserted by section 11(2) of the Financial Services Act 2012 (c. 21).
(**d**) S.I. 2020/991.

the effect of the previous provisions to transpose Directive 2018/843/EU on the costs of business, the voluntary sector and the public sector is available from HM Treasury at 1 Horse Guards Road, London SW1A 2HQ. A full impact assessment has not been produced for this instrument as no significant further impact on the private, voluntary or public sector is foreseen.

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