




## Anti-money laundering workstream:

- (i) Review of two-year plan (information)**
- (ii) EU 4th AML Directive – update (information)**
- (iii) Status of Gambling Commission within ML Regulations (for approval)**

For Board approval	(iii)	
For Board briefing		
For Board steer		
For Board information	(i) & (ii)	

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## Executive summary

1. In May 2014 the Anti-Money Laundering (AML) workstream gained Board support for a two year plan that aimed to drive up AML awareness and standards within the Gambling Commission (the Commission) and industry (GCP(14)35). That plan has now come to an end. The first part of this paper summarises the delivery against each of the goals set out in the plan with the detail contained in Appendix 1. Commissioners are asked to note the progress made and the intention to move the seven strands of activity as identified in the plan to 'business as usual'.
2. Part two of the paper provides a short update on the EU Fourth AML Directive (4AMLD) which has the potential to bring all gambling services into the regulated sector, expanding the supervised population from just remote and non-remote casinos. The directive also creates the potential for member states to exempt relevant gambling sectors from this requirement – on the basis of proven low risk.<sup>1</sup> HM Treasury (HMT), who lead on the transposition and subsequent ML Regulations, intend to formally consult on these and wider provisions. We expect the consultation to be published in early April 2016.<sup>2</sup> A fuller paper will be provided on the issue in May. Board members will be invited to agree a Commission position and response to the consultation. This will include, the Commission's Money Laundering and Terrorist Financing Risk Assessment (MLTF RA) which will form a significant part of our response. A brief summary of the MLTF RA is contained in this paper for information anticipating the full document that Commissioners will be invited to agree in May.
3. HMT and the Home Office are currently developing an action plan to address the findings of the UK National Risk Assessment that was published in October 2015. As part of the action plan, HMT is leading a review into the UK's AML and Counter Terrorist Financing (CFT) supervision. This will include, in the coming weeks, a call for information from all supervisors. It is anticipated that the Commission will have the opportunity to give a view on whether it feels it should continue as the supervisory authority for the gambling sector and also an opportunity to petition HMT for powers including for instance those of sanction, search and seizure. The third part of this paper sets out the relevant detail and includes our recommendations as to our response to HMT. The Board is invited to agree;
  - the Commission should continue as the supervisory authority for the gambling sector
  - the Commission should not seek to become a "designated authority" under the Money Laundering Regulations 2007 (MLR) or seek any additional powers.

## Background

### UK National Risk Assessment

4. The UK National Risk Assessment (NRA) was published by HM Treasury on 15 October 2015 following some years in development. This is the first of its kind in the UK, and draws on data from UK law enforcement and intelligence agencies, AML supervisors, government departments, industry bodies, and the private sector. The assessment

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<sup>1</sup> Low risk – this is set out: *Article 2.1a.5 With the exception of casinos and following appropriate risk assessment member states may decide to exempt fully or in part providers of certain gambling services... on the basis of the proven low risk posed by the nature and where appropriate the scale of operations of such services.* It continues: *among other factors considered in their risk assessment, member states have to assess the degree of vulnerability of the applicable transactions including with respect to payment methods used.* And finally: *Any decision by member states shall be notified along with justifications based on specific risk assessment.*

<sup>2</sup> HMT consultation on transposition of 4AMLD will last for three months

found that whilst the UK's response to money laundering and terrorist financing risks is well developed, more could be done to strengthen the UK's AML and counter-terrorist financing (CTF) regime.

5. The NRA considered casinos and betting, giving them an overall 'low' rating of ML risk in comparison to elements of the regulator sector<sup>3</sup>. Treasury officials made it clear however that there is not a direct read across between the NRA and implementation of the 4AMLD<sup>4</sup>. HMT further asserted that whilst casinos and betting may be 'low' risk it shouldn't be assumed that concerted efforts to raise AML standards are not still required.
6. The NRA endorsed the work of the Commission recognising the new focus on ML risks and responsibilities of operators in the sector. Indeed, Treasury officials asserted that the effectiveness of this approach was part of the reason for the 'low' risk rating for the sector.

### **Enhanced compliance casework**

7. The Commission has investigated, or is investigating, several high impact operators in relation to serious AML-related compliance failures<sup>5</sup>. Weaknesses continue to be identified, suggesting significant room for improvement for the industry or parts of it.

## **Part One – Progress against two-year plan**

8. The two-year plan presented to and agreed by the Board in May 2014 (GCP(14)35) recognised three major challenges that the plan sought to address:
  - Cultural – noting the need for elements of the gambling industry (for instance, within betting) to accept that money laundering is taking place, and take steps to prevent it.
  - Technological – including new gambling technologies; emerging electronic means of payment (for instance Bitcoin); realising the latent AML opportunities presented by the significant amounts of customer and activity data held by operators (the so called "big data" issue).
  - Legal – including the EU 4AMLD and the potential AML implications of licensing remote operators generated by the implementation of the Gambling (Licensing and Advertising Act) 2014 and point of consumption licensing.
9. The plan identified seven strands of activity to meet these challenges marshalled into three areas:

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<sup>3</sup> For instance banks, and accountants (rated as 'high') and estate agents (rated as 'medium')

<sup>4</sup> The 'low' rating within the NRA doesn't necessarily meet the criteria for exemption as set out in the 4MLD

<sup>5</sup> Current investigations are focused on both betting and casinos. Recent completed cases include.

- Rank Group (public statement published in September 2015): an investigation established that two subsidiaries of Rank Group (a non-remote casino and a remote casino) failed to apply policies and procedures relating to AML and SR controls. Rank Group agreed to divest itself of £950,000 profits from the two customers.
- Caesars Entertainment (UK) Ltd (public statement published in December 2015): an investigation established that the operator had failed to take appropriately risk-based and effective due diligence checks and ongoing monitoring in relation to number of customers. Caesars agreed to divest itself of £845,000 in order to demonstrate that it had not profited from the compliance failures identified.
- Paddy Power (public statement issued February 2016): investigation established failings relating to the way Paddy Power handled relationships with two customers at one of its betting shops, and with one of its online customers who was later convicted of serious criminal offences.

10. Details of progress within each of the strands is set out at Appendix 1 and summarised



in the following table:

Strand	Progress summarised
MLTF Risk Assessment	<ul style="list-style-type: none"> <li>• Collection plan prepared &amp; implemented</li> <li>• 27 MLTF vulnerabilities assessed</li> <li>• Academic research – AML controls – by Kings College London</li> <li>• Individual sector ML assessments prepared</li> <li>• Overarching RA prepared using FATF methodology, peer reviewed</li> </ul>
AML Environment Scan	<ul style="list-style-type: none"> <li>• ES methodology developed</li> <li>• 37 individual assessments prepared &amp; published on intranet</li> <li>• Themes – legal / cultural / technological / misc.</li> <li>• Positive feedback from Commission colleagues</li> </ul>
Stakeholder engagement	<ul style="list-style-type: none"> <li>• Stakeholder mapping exercise undertaken &amp; engagement plan prepared</li> <li>• Invitation – SAR oversight committee</li> <li>• Industry workshops successfully trialled</li> <li>• Presentations to trade association &amp; professional events</li> <li>• Prioritised relationships move to cyclical engagement: -               <ul style="list-style-type: none"> <li>- Government departments</li> <li>- Law enforcement</li> <li>- Trade Associations</li> <li>- Operators</li> </ul> </li> </ul>

Mainstreaming	<ul style="list-style-type: none"> <li>• 13 AML champions appointed, trained</li> <li>• Range of AML tools developed, provided to Commission colleagues</li> <li>• Formal AML training including: <ul style="list-style-type: none"> <li>- 190 completing online AML course</li> <li>- 108 completing day long 'enhanced' AML training</li> <li>- 13 AML champions complete external training</li> <li>- Four colleagues achieve Advanced AML Certificate</li> </ul> </li> </ul>
Policy	<ul style="list-style-type: none"> <li>• AML advice to non-casinos refreshed</li> <li>• Quick guide for small businesses refreshed</li> <li>• AML casino guidance refreshed</li> <li>• Contribution to National Risk Assessment</li> <li>• Development of AML section within Commission website</li> <li>• Crime themed review of LCCP</li> </ul>
Licensing	<ul style="list-style-type: none"> <li>• Review of AML processes</li> <li>• External assurance of compliance with Licensing processes</li> <li>• Continued AML training of Licensing staff</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>• Focused on: <ul style="list-style-type: none"> <li>- Casino due diligence &amp; customer monitoring arrangements</li> <li>- High end casinos</li> <li>- Use of fixed odds betting terminals</li> <li>- HIO premises assessments</li> <li>- contribution to corporate evaluations</li> </ul> </li> <li>• Move from specialist AML compliance capability to generic</li> <li>• New approach to AML compliance piloted including 'baselining' suitable to be undertaken alongside wider compliance activity</li> <li>• New thematic approach to AML compliance developed including preparation of report suitable for publication to industry</li> </ul>

### Summary & closure of plan

11. The AML workstream has delivered against each of the goals set out in the plan. In headline terms, the Commission now has a clear understanding of the scale and nature of ML risks encountered by the industry; it has mainstreamed AML understanding and approach across all areas; it now has a clear understanding and position in relation to the main AML challenges; the Commission has strong and enduring relationships with relevant government departments, trade associations and priority operators; it has integrated AML alongside other compliance activities; and has assured the effectiveness of its gatekeeper function.
12. The AML two-year plan, agreed in May 2014 is now closed. Whilst there are good reasons to reflect on its success there remain significant challenges. The momentum generated needs to be maintained and focused. With this in mind each of the seven strands contained in the plan and summarised in this paper will move to business as usual. Where possible, patterns or cycles of activity will be continued or established. A summary is shown at Appendix 2.
13. **Commissioners are invited to note progress in this area.**

## Part two – Update – EU Fourth Anti-Money Laundering Directive

14. The 4AMLD was adopted by the European Commission on 5 June 2015 triggering a two-year transposition in which member states are required to implement provisions into national law. For the UK this will entail a new set of ML Regulations.
15. The directive brings all providers of gambling services into the regulated sector. All gambling operators (and not just non-remote and remote casinos) will be subject to the UK ML Regulations. This will entail a number of requirements including:
  - the appointment of a ‘nominated officer’ with responsibility for AML systems and delivery;
  - development of an ML risk assessment;
  - appropriate AML policies and procedures;
  - customer due diligence and monitoring;
  - maintaining records;
  - appropriate staff training.
16. The directive also creates the potential for member states to exempt relevant gambling sectors from this requirement – on the basis of proven low risk<sup>6</sup>.
17. HM Treasury, who lead on the transposition and subsequent ML Regulations intend to formally consult on these and wider provisions. Publication of the consultation has been delayed but is expected shortly<sup>7</sup>.
18. The Board will be invited to agree a proposed response to this consultation prior to submission. This will respond to the specific questions asked by Treasury together with any other information thought to be relevant. It will be informed and shaped by a number of factors including:
  - the Commission duty to advise the Secretary of State on the effects of gambling and the regulation of gambling.<sup>8</sup>
  - HM Treasury and DCMS are keen to understand the Commission’s views and advice on the question of potential areas of low risk in the gambling sector.
  - the NRA (mentioned at paragraphs 9 to 11 above) identifies the levels of ML risk relative to other parts of the regulated sector. This reflects betting and casinos as both ‘low risk’<sup>9</sup>. Notably, betting scores higher for mitigated risk (36) than casinos (24).
  - an EU-wide supra-national risk assessment is being developed with a publication target of June 2017. This will contain consideration of the gambling industry – but it is too early to know the provisions or implication of any assessment.<sup>10</sup>

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<sup>6</sup> Low risk – this is set out: [Article 2.1a.5](#) *With the exception of casinos and following appropriate risk assessment member states may decide to exempt fully or in part providers of certain gambling services... on the basis of the proven low risk posed by the nature and where appropriate the scale of operations of such services. It continues: among other factors considered in their risk assessment, member states have to assess the degree of vulnerability of the applicable transactions including with respect to payment methods used. And finally: Any decision by member states shall be notified along with justifications based on specific risk assessment.*

<sup>7</sup> Latest position from HMT – on 21/03/16 – publication of the consultation is imminent, expected within weeks

<sup>8</sup> Defined by the Gambling Act (Section 26)

<sup>9</sup> The NRA clearly states that this evaluation of ‘low risk’ doesn’t automatically qualify the sector as ‘low risk’ for the purposes of 4AMLD transposition

<sup>10</sup> It is reasonable to anticipate that the emerging picture informed by work to develop the supra-national risk assessment will influence policy makers within the EU and UK (HMT). It is unclear however how this will play out and impact any decision on implementation by UK ministers

- HM Treasury do not currently have a definition of 'low risk'. The EU Commission has to date failed to clarify what is meant by the term – that goes beyond the relevant article that makes reference to nature and scale of operations, vulnerability of transactions and payment methods used. Discussion with Treasury colleagues suggest it will include consideration of:
  - level of ML risk (including in the areas mentioned within the article)
  - effectiveness of controls mitigating the risk
  - effectiveness of AML supervision.<sup>11</sup>

19. The Commission has, over the last 18 months, developed a clear and comprehensive assessment of ML and TF risk within the GB gambling sector. Rationale for the preparation of the assessment was three fold, to:

- better enable the Commission to meet its statutory responsibility to advise HM Government on gambling issues
- inform and prioritise Commission activity to drive up standards in the industry
- provide a resource to industry informing their own assessment of ML & TF risk required by the MLR for casinos, and envisaged in changes to the LCCP for all operators.

20. Assessments for each gambling sector were developed building on the analysis of individual vulnerabilities. A summary follows:

- The casino sector has been assessed as a higher risk relative to other gambling sectors. The casino industry is highly competitive and operates across global markets attracting investors and customers across international borders. Land based casinos are cash intensive, often operating 24 hours per day, with high volumes of transactions. The high liquidity of the business attracts a wide and varied customer base through a range of casino products, including financial services similar to those in the banking sector.
- The non-remote betting sector is also regarded as a higher risk relative to other gambling sectors. The customer base is varied, and often customers remain anonymous to the operator (but may be given a *nom de plume*<sup>12</sup>). There are a variety of products and significant emphasis on cash transactions generating a range of money laundering vulnerabilities.
- The non-remote bingo and arcade sectors present a medium risk with regard to their machine products. Category B3 machines<sup>13</sup> present vulnerabilities when used in conjunction with automatic ticket redemption (ATR) machines. In most cases this will involve spending criminal proceeds for leisure purposes (criminal spend<sup>14</sup>) rather than through traditional money laundering to 'wash' illicit funds.
- Lotteries carry a lower risk for different reasons. Most lotteries are low stake, high volume and small prize gambling. It is generally accepted that the prime motivation for most participants in society lotteries is to support the charity or good cause in question. Nonetheless, the lottery sector is exposed to money laundering and terrorist financing vulnerabilities.

<sup>11</sup> Effectiveness of supervision: for the gambling sector this may include the Commission's regulatory activity in the context of AML (ie - in respect of operators outside the regulated sector)

<sup>12</sup> A system operated by the betting sector through which an anonymous customer staking above a certain threshold is given a name of the operators choosing (the customer's name where known or a descriptor where not) which helps to identify and monitor the customer's activity on repeat visits.

<sup>13</sup> The stake and prize must not exceed £2 and £500 respectively for a B3 gaming machine. This class of gaming machine normally offers the player the option to vary their stake in each game, referred to as multi-line/multi-stake games.

<sup>14</sup> Criminal spend is a term used to describe simply using, or spending the proceeds of their own or another's crime for instance for leisure purposes.

- Gaming machine manufacturers and suppliers do not engage with the end consumers but do work with gaming machine retailers. This offers opportunity for greater standardisation of approach. As well as the Proceeds of Crime Act 2002 (POCA) and the Commission's guidance or advice as prescribed in the Licence Codes and Conditions of Practice (LCCP), gaming machine manufacturers are required to comply with the Gaming Machine Technical Standards (GMTS).
- The non-regulated<sup>15</sup> remote sector has been assessed in its own right and presents a medium-to-higher risk relative to other gambling sectors. However, the vulnerabilities identified cut across a number of the sectors recognising that 'remote' is simply another channel through which gambling products are offered.

**21. Subject to the HMT consultation being published we expect to return to the Board in May 2016 with details of our response to that consultation at which time the Board will also be invited to agree to the content and publication of the MLTF RA.**

### **Part Three – Status of the Commission within ML Regulations**

22. This part of the paper examines the powers that the Commission has in the context of anti-money laundering, and discusses the powers of supervisory authorities and designated authorities under the MLR).
23. The Commission will in the coming weeks have the opportunity to petition for 'designated authority' status or similar. This arises from an HM Treasury (HMT) review of the UK's AML/CFT supervisory regime<sup>16</sup>. In the coming weeks, a call for information from all supervisors will be issued. It is anticipated that this will consider a range of options including the availability of supervisory powers – offering opportunity to consider Commission status<sup>17</sup>.
24. On a separate but linked note, changes anticipated through the implementation of the 4AMLD will have an impact on the Commission in its role as supervisor of the regulated gambling industry. It is timely then to consider the Commission's status as supervisor, prompting two questions:
- Given the anticipated changes to the gambling sectors who must comply with the MLR, is the Commission minded to step back from the responsibilities as supervisor defined by the MLR (assuming for these purposes the opportunity to do this<sup>18</sup>)?
  - Is the Commission minded to ask for 'designated' authority' powers as defined within the MLR (again, assuming for these purposes that this may be agreed)?

### **Background**

25. The Commission is currently a supervisory authority under the MLR, but not a designated authority.

<sup>15</sup> Non-regulated sectors are those gambling operators that are not required to comply with the Money Laundering Regulations 2007.

<sup>16</sup>Review of the AML/CFT supervisory regime – linked to an action plan arising from the National Risk Assessment mentioned at paragraphs 6 to 8 above.

<sup>17</sup>Treasury colleagues advise that this will require response in a relatively short period – hence raising the question ahead of receiving the relevant material.

<sup>18</sup>Treasury officials have given no indication concerning the outcome of the call for information and any subsequent changes to the supervisory regime. Changes to supervisor status are among a number of possible outcomes.



## Duties as a supervisory authority

26. Supervisory authorities under the MLR and have a statutory duty to:
- effectively monitor the relevant persons for whom it is the supervisory authority and take necessary measures for the purpose of securing compliance with the MLR
  - make suspicious activity reports to the UKFIU where, in the course of undertaking its duties as a supervisory authority, it knows or suspects that a person is or has been engaged in money laundering<sup>19</sup>.
27. The Commission is currently the supervisory authority for casinos, (non-remote and remote).
28. The MLR creates designated authorities,<sup>20</sup> and empowers officers of designated authorities to:
- require information to be produced and the attendance of relevant person
  - enter premises without a warrant to inspect the premises, observe the carrying on of business, inspect any records, and require persons on the premises to provide an explanation of any records or to state where it may be found.<sup>21</sup>
29. Designated authorities are also empowered to impose civil penalties, of such amount they consider appropriate, on relevant persons who fail to comply with any of the main requirements of the MLR<sup>22</sup>, namely those concerning customer due diligence, ongoing monitoring, ceasing transactions where customer due diligence measures cannot be applied, enhanced due diligence, record keeping, policies and procedures, and training.<sup>23</sup>
30. Designated authorities may only impose penalties where the relevant person did not take all reasonable steps and exercise all due diligence to ensure that that the requirements of the relevant regulations would be complied with.<sup>24</sup>
31. It is also worth noting that powers<sup>25</sup> for the prosecution of criminal offences under the MLR are conferred on the Director of Revenue and Customs Prosecutions, a local weights and measures authority, the Department of Enterprise, Trade and Investment, the Director of Public Prosecutions, and the Director of Public Prosecutions for Northern Ireland.
32. The Commission is not a designated authority under the MLR.<sup>26</sup> It is however interesting to note that the existing designated authorities (the FCA, HMRC, and the Department of Enterprise, Trade and Investment, but only in respect of credit unions in Northern Ireland) have the power to impose civil penalties on casino operators who fail to comply with regulation 10(1), which sets out the requirements for customer due diligence by casinos. This appears to be anomalous.

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<sup>19</sup>Regulation 24 of the MLR

<sup>20</sup>Regulation 36 of the MLR

<sup>21</sup>Regulations 37 and 38 of the MLR

<sup>22</sup>Regulation 42 of the MLR

<sup>23</sup>The regulations relevant to casino operators are 7, 8, 9, 10, 11, 14, 19, 20 and 21.

<sup>24</sup>Regulation 42(2) of the MLR

<sup>25</sup>Regulation 46 of the MLR

<sup>26</sup>By operation of section 121 of the Gambling Act 2005

## **Powers currently available to the Commission**

### Ordinary code provisions

33. The Licence conditions and codes of practice (LCCP) currently have two ordinary code provisions relating to anti money laundering.
34. These ordinary code provisions encourage operators to adopt a risk-based approach to managing money laundering risks. Operators are required to take account of ordinary code provisions. They are admissible in evidence in criminal or civil proceedings and must be taken into account in any case in which the court or tribunal think them relevant, and by the Commission in the exercise of its functions. Any departure from ordinary code provisions by an operator may be taken into account by the Commission on licence review, but cannot lead to imposition of a financial penalty.<sup>27</sup>

### Powers under the Gambling Act

35. Under section 116(2)(c) of the Gambling Act 2005, the Commission may review an operating licence for any reason if it suspects the licensee is unsuitable or thinks that a review would be appropriate. Section 116(3) prescribes that the reason may relate to a complaint received regarding the licensee's activities but the review does not have to be based on the knowledge or suspicion of the licensee's activities.
36. This gives the Commission wide discretion to commence a review of an operating licence and a review could, for example, be commenced for failure to comply with the MLR on the grounds that such failures raised questions about an operator's suitability to hold an operating licence.
37. Following a review, section 117 of the Act empowers the Commission to:
  - issue a warning
  - attach additional conditions to an operating licence
  - remove or amend an individual condition attached to an operating licence
  - suspend an operating licence
  - revoke an operating licence
  - impose a financial penalty.
38. Section 120(1) of the Act prescribes the circumstances in which the Commission can suspend or revoke an operating licence. They are
  - if the activity undermines a licensing objective
  - if a licence condition is breached
  - the licensee has failed to cooperate with the review
  - the licensee is unsuitable to carry on the licensed activity.
39. As a breach of the MLR is a criminal offence, it undermines the licensing objective to prevent gambling being a source of crime and, therefore, weaknesses or failings in anti-money laundering controls may mean that the licensed activity has been carried out in a manner which is inconsistent with the licensing objective.
40. However, by operation of section 121 of the Act, a financial penalty may only be imposed if there has been a breach of a licence condition.
41. This means that the Commission would be able to review an operating licence for breach of the MLR, but it would not be able to impose a financial penalty as compliance

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<sup>27</sup> By operation of section 121 of the Gambling Act 2005

with the Commission's guidance on anti-money laundering and advice on the Proceeds of Crime Act are not licence conditions.

42. The fact that the Commission cannot impose a financial penalty in relation to failures in anti-money laundering controls leaves a gap in the range of sanctions available for breaches of the MLR. As it stands, the sanctions available to the Commission under the Gambling Act are limited to suspension or revocation of an operating licence.

## Issues

### Continuing as MLR defined supervisor

43. The Commission is currently the supervisory authority for casinos under the MLR. Our supervisory responsibility is likely to expand to other gambling sectors once the 4th EU Money Laundering Directive is transposed into new regulations for money laundering.
44. The call for information mentioned will be wide ranging, considering a number of options for the future of the UK AML/CTF supervisory regime. This is likely to include consideration of the number and nature of supervisory authorities. The Commission will have opportunity to give a view on whether it feels it should continue as the supervisory authority of the gambling sector.
45. Other options to discharge this responsibility may for instance include an overarching supervisory authority for all sectors, or a significantly reduced number, closely aligning groups of supervisors to encourage consistency in approach<sup>28</sup>. Treasury officials advise that a further and fuller public consultation will be undertaken if, as a result of this review, major change to the supervisory regime is considered by Ministers.
46. The duties of a supervisor are identified in paragraph 26 above. The option of requesting a withdrawal from them has been considered. The Commission strongly recommends against this option for the following reasons:
- The nature of the gambling industry shares few characteristics with other part of the regulated sector (for instance banks, money service bureaus, solicitors, accountants).
  - AML requirements overlap with other regulatory requirements – for instance those that relate to social responsibility.
  - The Commission will continue to regulate elements of the gambling industry that aren't subject to the MLR (to the future this will be those elements that are considered 'low risk').
  - The Commission is seen by the NRA as effective in discharging its current responsibilities as supervisor<sup>29</sup>.
  - There is currently no detail of viable alternatives to the Commission discharging this responsibility. Any move to relinquish this role would entail a step into the unknown.
47. In the event HMT develop specific proposals for the future of the supervisory regime that have the potential impact on the Commission's role this will be brought back to the Board for further consideration.

### Asking for expanded powers within the MLR

48. The Commission has identified a number of occasions in recent years where operator AML standards have fallen short of requirements. A common theme among these cases

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<sup>28</sup>There are currently a total of 27 supervisory authorities. A recent report by Transparency International identified potential weaknesses in this approach, highlighting for instance that some supervisors also have a representative or trade association status, introducing possible conflicts of interest.

<sup>29</sup>The effectiveness of the Commission is referenced at paragraph 6.

has been the absence of effective sanction to respond to failings, leading on occasions to voluntary settlement rather than, for instance, a fine<sup>30</sup>. The inability to, for instance, fine operators that have fallen short of required standards in the AML context is significant and a number of cases may have been resolved differently if designated authority powers, as described above, were available to the Commission. This has led to consideration of how this perceived weakness in the Commission regulatory toolkit can be addressed.

#### New licence condition for anti-money laundering

49. The Commission considered the gap in its regulatory tool kit as part of the LCCP Crime Review and on conclusion of the consultation of that review the following new licence condition will likely be introduced on 1 October 2016<sup>31</sup>:

#### **New licence condition**

##### **12. Anti-Money Laundering**

###### 12.1.1 Prevention of Money Laundering and terrorist financing

All operating licences except non-remote lottery, gaming machine technical and gambling software licences

1. Licensees must conduct an appropriate assessment of the risk of their business being used for money laundering and terrorist financing. This risk assessment must be reviewed as necessary and in the light of any changes of circumstances including the introduction of new products or technology, new methods of payment by customers, changes in the customer demographic or any other material changes, and in any event at least annually.
2. Following completion of the risk assessment, and any review of the assessment, licensees must ensure they have appropriate policies, procedures and controls to prevent money laundering and terrorist financing, and implement them effectively.

50. When the condition is introduced the Commission will be able to impose financial penalties on operators for breaches of this new licence condition<sup>32</sup>. These breaches cover a wide range and include failure to:

- conduct a risk assessment which is appropriate
- review the risk assessment regularly and in the light of changes of circumstances
- have risk sensitive policies, procedures and controls in place
- revise policies, procedures and controls following a review of the risk assessment
- implement policies, procedures and controls effectively.

51. The introduction of this licence condition, coupled with the existing licence conditions and ordinary code provisions, will provide the Commission with far greater scope to impose sanctions on operators for breaches of anti-money laundering requirements. Specifically, it will no longer be necessary to prove a breach of the MLR, and we will be able to impose financial penalties on operators.

<sup>30</sup>The inability to, for instance, raise a fine stems from the fact that compliance with the Commission's guidance on anti-money laundering and advice on Proceeds of Crime Act are not licence conditions.

<sup>31</sup>This licence condition is not final and is subject to change.

<sup>32</sup> Section 121 of the Gambling Act 2005.

## The Commission as a designated authority

52. If the Commission also sought designated authority under the MLR, the Commission would be in a position to impose financial penalties on non-remote and remote casinos<sup>33</sup> for breaches of the MLR. In particular, we will be able to impose financial penalties for casino operators who fail to comply with any of the main requirements of the MLR, namely those concerning customer due diligence, ongoing monitoring, ceasing transactions where customer due diligence measures cannot be applied, enhanced due diligence, record keeping, policies and procedures, and training.<sup>34</sup> These will be in addition to the powers we will have to impose financial penalties under new licence condition 12.1.1<sup>35</sup>.
53. The Commission would need the necessary processes set up to allow for representations and appeals against decisions and penalties imposed under the MLR. This would include the establishment of a tribunal or similar administrative process including consistent resolution, appeal, representation and other functions. This could potentially be aligned to the Regulatory Panel and the Gambling Appeals Tribunal.
54. In order for the Commission to be appointed as a designated authority, an appropriate amendment to regulation 42 of the MLR will be necessary. This will require a formal approach to HM Treasury. In informal discussions recently, HM Treasury have indicated that they would not be averse to considering our appointment as a designated authority, although realistically this is unlikely to occur before HM Treasury consults on the supervisory regime in the spring, and until new regulations are considered for introduction in 2017.
55. As part of its considerations on whether to seek designated authority the Commission has discussed the powers of designated authorities with two supervisory authorities that currently have them, namely HMRC and the FCA.
56. HMRC makes extensive use of the powers to impose civil penalties on the entities it supervises, for both administrative and regulatory breaches. In the period 2014-15 HMRC issued 677 penalties with a total value of £768,000 for all supervised by them in the UK. HMRC has established a process to allow for representations and appeals against any penalties imposed
57. It should be noted however that HMRC do not have alternative powers and are reliant on the MLR for sanctioning purposes. The FCA in contrast do have alternative provisions and make very limited use of the powers available to them as a designated authority.<sup>36</sup>
58. Having considered the above in conjunction with existing powers and the introduction of new licence condition 12.1.1 the Commission is of the view that additional powers under MLR are not necessary. The introduction of the new condition will enable us to impose fines and -use of existing powers to sanction - within the Gambling Act 2005 is proven and effective.

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<sup>33</sup> These are the gambling operators who are currently subject to the requirements of the Money Laundering Regulations 2007. This may change when new regulations transposing the 4th Directive are introduced in June 2017.

<sup>34</sup> As noted in paragraph 5, officers of the Gambling Commission will also be empowered to require the production of information and the attendance of relevant, and to enter and inspect premises, but these powers are already available to the Commission (see sections 305 to 316 of the Gambling Act).

<sup>35</sup> Subject of separate paper – crime review of LCCP

<sup>36</sup> The FCA *Enforcement Guide* identifies the powers available within the MLR but notes that powers available under the Financial Services & Markets Act 2000 will generally be used.

## Recommendations

59. The Board are asked to agree the following recommendations:

- In its response to the call for information from HMT, the Commission confirm its desire to continue in the role of supervisory authority for the gambling industry under the MLR.
- The Commission does not take the opportunity to request additional powers available to designated authorities under the MLR.

## Next steps

60. The AML workstream will move from project approach to 'business as usual' consistent with the summary set out at Appendix 2. More detailed plans, milestones, dependencies will be developed and agreed through existing governance arrangements.
61. A response to the anticipated HMT consultation on the future of the supervisory regime will be developed and submitted consistent with the position agreed with Commissioners.
62. Detail of a proposed response to HMT arising from the anticipated consultation concerning the transposition of the 4AMLD will be shared with Commissioners for agreement at the May board meeting<sup>37</sup>. This will include consideration of the MLTF RA.

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<sup>37</sup> This paper will be provided to Commissioners at the May board – subject to support for this approach (at the April meeting); and subject to receipt of relevant consultation material from HMT in anticipated timescales.

## Appendix 1 Review of AML Two Year Plan

### (i) Money Laundering & Terrorist Finance Risk Assessment (MLTF RA)

63. The two-year plan identified the need to develop a body of evidence reflecting ML vulnerabilities and risk within the industry. A target of completing a comprehensive, clear and reliable assessment by 31 July 2016 was set out.
64. Between September 2014 and December 2015 the AML workstream completed a range of work to build this assessment. This included:
- developing and implementing a collection plan that defined the evidence and information required to complete the assessment, together with the methodology to deliver this;
  - identifying 27 key ML vulnerabilities, together with details of controls used to mitigate them ;
  - wide ranging consultation with the industry, trade associations, law enforcement, government departments, overseas regulators;
  - significant contribution by sector experts and others within the Commission;
  - preparation of assessments for each gambling sector;
  - peer review of emerging findings.
65. In order to achieve this it was necessary to develop a methodology that could be applied to other thematic areas within the Commission – for instance social responsibility and sports betting integrity. This focused on four interlinked stages to form a holistic understanding of risk:
- Threat
  - Vulnerabilities
  - Controls
  - Consequences
66. Kings College London (KCL) were retained to undertake research into the effectiveness of AML controls within the industry. At the time of writing this work is part complete.
67. A draft of the MLTF RA (including emerging KCL findings) was sent to gambling trade associations in January 2016 for review. This generated a number of useful observations that have been factored into a revised version of the assessment.

#### Commentary

68. This means that for the first time the Commission has a clear and evidence based view of the ML and TF risks the gambling industry is exposed to, together with analysis concerning the effectiveness of the controls in place to mitigate them. Consistent with its role as risk based regulator, the Commission is now able to prioritise and focus AML efforts to ensure effective use of resource and proportionate interventions.
69. The Commission has at every stage consulted colleagues within HM Treasury and DCMS, who have been keen to see both the product of our work and the methodology we employed. This contributed to the NRA, and to deliberations arising from the implementation of the 4AMLD.
70. The crime-themed review of the LCCP (mentioned at paragraph 43) proposes a new requirement for operators to assess the ML risks they are exposed to. The MLRA will provide a clear starting point for their assessment together with an example of a methodology used to gather information about ML vulnerabilities and AML controls.

There is therefore a hierarchy of risk assessments (although with no direct line between them):



71. Next steps towards the publication of the ML & TF RA are considered at paragraph 70 in the context of an update concerning the 4AMLD.

**(ii) Money Laundering Environment Scan**

72. The domestic and international ML and AML landscape is complex, interconnected and going through a sustained period of change. Recognising this, the two-year plan identified the need to develop a clear and up to date understanding of relevant ML issues to marshal its own AML response and stakeholder engagement. A target of preparing and maintaining an environment scan was set out.

73. The AML workstream has since developed 37 individual assessments that taken together form the AML environment scan. These are focused on the three key challenges mentioned at paragraph 14 above and are set out below.

Legal	Cultural
<ol style="list-style-type: none"> <li>1. Fourth ML Directive</li> <li>2. Egmont Group</li> <li>3. Gaming Regulators European Forum (GREF)</li> <li>4. International Gambling Regulators</li> <li>5. Money Laundering Regulations 2007</li> <li>6. Proceeds of Crime Act (POCA)</li> <li>7. Regional Asset Recovery Team (RART)</li> <li>8. Serious and Organised Crime Strategy</li> <li>9. Suspicious Activity Reports (SARs)</li> <li>10. UK Financial Intelligence Unit (UKFIU)</li> <li>11. UK Money Laundering Supervisors</li> <li>12. UK Regulatory Authorities</li> <li>13. American Gaming Association Best practice Guide</li> <li>14. UK National Risk Assessment</li> <li>15. National Strategic Assessment</li> <li>16. UK Anti-Corruption Plan</li> </ol>	<ol style="list-style-type: none"> <li>1. HSBC Strategic Review</li> <li>2. Junkets</li> <li>3. NCA Gaming Sector Review</li> <li>4. Sorbonne-ICSS Sports integrity report</li> <li>5. Trusts</li> <li>6. Politically exposed persons (PEPs)</li> <li>7. Casino compliance summary</li> </ol>



Technological (includes means of payment)	Miscellaneous
<ol style="list-style-type: none"> <li>1. Bitcoin</li> <li>2. China Union Pay (CUP)</li> <li>3. Crowdfunding</li> <li>4. Currency Exchange Services within Casinos</li> <li>5. The provision of credit in casinos</li> <li>6. Ticket in, ticket out (TITO)</li> <li>7. Ukash Vouchers</li> <li>8. Arbitrage betting</li> <li>9. Digital currency exchanges</li> <li>10. Neteller</li> <li>11. Paysafecard</li> <li>12. Peer to peer gambling</li> </ol>	<ol style="list-style-type: none"> <li>1. Glossary of terms</li> <li>2. Use of Professionals in license applications</li> </ol>

74. Each of the 37 assessments are two A4 sides in length, and presented in a standard format including key points, detail, commentary and source. They are published on the Commission intranet for convenient access and are fully searchable.

#### Commentary

75. The use of these assessments was reviewed in October 2014 including consideration of their value and contribution to Commission decision making. This endorsed the approach, identifying:

- 24 separate written responses from Commission colleagues expressing appreciation for the material
- 8 separate occasions the assessments had contributed to wider Commission goals and decision making

76. The AML workstream continues to develop new assessments, whilst maintaining existing - to ensure they remain fresh and relevant.

#### **(iii) Stakeholder Engagement**

77. The two-year plan identified the need to develop a stakeholder engagement plan whilst prioritising and defining key relationships, clarifying their purpose and the best means to engage.

78. This plan was prepared and agreed in July 2014 following internal workshops to map stakeholder relationships. As well as defining areas of external focus, this identified key messages, and individual plans for the prioritised relationships. The plan was implemented and since then the workstream has prepared quarterly updates against it – marshalled around each of the three key challenges, i.e. legal, cultural and technological.

79. Priority stakeholder relationships can, for convenience be grouped into four areas:

- Government departments
- Law enforcement
- Trade Associations
- Operators

80. The Commission now meets with HM Treasury, Home Office and DCMS colleagues on a quarterly basis to consider developments, shared goals and concerns. This has been

particularly important as changes linked to the 4AMLD, and NRA are considered alongside other developments such as the Review of the SAR Regime, Cutting Red Tape Review, and the anticipated Financial Action Task Force mutual evaluation<sup>38</sup>. As well as a seat at the HMT and Home Office chaired Money Laundering Advisory Committee (MLAC), and Anti-Money Laundering Supervisor Forum (MLSF) the Commission has for the first time being invited to join the SAR Regime Oversight Committee.

81. The Commission continues to enjoy a strong relationship with UK law enforcement led by the Intelligence team ensuring effective and timely exchange of information. In addition, the workstream meets quarterly with the National Crime Agency Financial Intelligence Unit (FIU), addressing concerns linked to operator reporting of suspicious activity, sharing understanding and learning, as well as Commission contribution to a number of gambling related FIU assessments.
82. Developing strong relationships with the gambling trade associations has been a priority for the AML workstream recognising the leverage they offer to raise standards across their membership, harness concerns and develop solutions. The AML workstream now routinely meets the key associations at chief executive level<sup>39</sup>. Invitations to speak at key association events<sup>40</sup> offers further evidence of close and developing engagement.

Trade Associations – AML engagement	
Association of British Bookmakers	Remote Gambling Association
National Casino Forum	Gambling Business Group
British Amusement & Catering Trades Association (BACTA)	Hospice Lottery Association
Lotteries Council	

83. Individual and collective engagement with operators is another priority. As well as meeting the leading money laundering officers – often at their offices, the workstream continues to organise and chair AML forums with the remote and casino sectors. Two day-long workshops have been arranged to address identified concerns<sup>41</sup> in addition to further consultation events linked to the crime review of the LCCP.<sup>42</sup> The workstream has updated the external facing website to ensure ease of access to relevant material in response to requests from operators for more guidance and information.

### Commentary

84. The Commission now has established relationships with relevant government departments ensuring clear and timely understanding of emerging issues together with the ability to influence their development at source.
85. Stakeholder engagement with operators and trade associations has focused on two related goals:
  - building trust and understanding at a time of significant change within the industry and a perception of close AML scrutiny and sanction by the Commission
  - developing and trialling effective means to share good practice and topical information to drive up standards.

<sup>38</sup> FATF mutual evaluation of the UK – anticipated in 2017. This will consider the implementation of FATF AML standards

<sup>39</sup> ABB, RGA, NCF, GBG

<sup>40</sup> Speaking engagements include:- RGA AGM; Lotteries Council conference; Hospice Lotteries Association conference; ABB Public Affairs Committee; Gambling Business Group conference;

<sup>41</sup> The two workshops considered suspicious activity reporting (betting sector) and customer due diligence (casinos)

<sup>42</sup> Crime review of LCCP – considered at paragraph 46

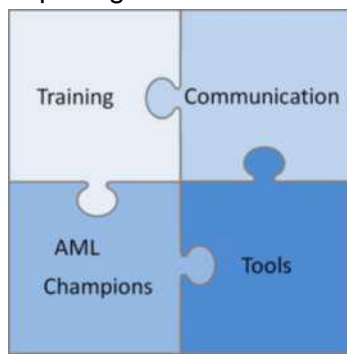
86. There are good reasons to assert that this has been successful. Whilst a small number of operators remain sceptical, particularly those in the casino and betting sectors, the Commission enjoys excellent, constructive relationships with most. Engagement with trade associations is already generating clear benefits, and new ways to drive up standards have been successfully trialled.

#### (iv) Mainstreaming

87. At the time the AML two-year plan was prepared, the level of awareness and understanding of AML issues within the Commission was assessed as low. AML was considered a 'niche' area rather than being part of wider, more generic Commission activity (underpinned by the ability to draw on expertise when the need arose). The plan identified four strands of activity to embed AML understanding and capability within the Commission:

88. A training needs analysis, and delivery plan have been prepared leading to:

- 190 colleagues completing on-line AML training<sup>43</sup>



- 65 compliance, intelligence, investigation, legal staff completing day-long enhanced AML training
- 43 licensing colleagues completing day long enhanced AML training
- 13 AML champions completing external AML certificate
- Four colleagues completing advanced AML certificate<sup>44</sup>.

89. Refreshed training for 2016/17 is currently being developed.

90. Internal communication has been improved by enhancing the AML section on Hive. This is many times larger including a 'who's who', lexicon, topical updates, and environment scan assessments (mentioned again below). The workstreams with closest links to AML have been identified enabling the AML lead to individually meet his counterparts to explain the nature and focus of AML activity within the Commission, identify nexus points and required activity to ensure our work is de-conflicted and aligned<sup>45</sup>.

<sup>43</sup> On-line training – developed by Mike Garrity with the support of the AML workstream and HR

<sup>44</sup> 4 colleagues have completed the advanced AML certificate. A further 2 are undertaking the 6 month on-line course currently

<sup>45</sup> This work generated 19 separate actions, 17 of which are complete

91. A total of 13 AML champions have been appointed. These individuals hold key positions across the Commission including Compliance, Legal, Licensing, Corporate Affairs, Sector Teams, and Intelligence. Their role is to represent AML issues and understanding within their respective business areas. External training has been undertaken by each as mentioned at paragraph 38 above. In addition, a development programme includes presentations by external speakers<sup>46</sup>:

- Solicitors Regulation Authority director
- Lloyds Bank money laundering reporting officer (MLRO)
- HMRC investigator
- Money laundering expert witness
- FIU manager
- Betting HIO money laundering officer
- Casino MLRO
- Financial Investigator.

92. The final piece of the mainstreaming jigsaw is to ensure the availability of suitable tools to enable Commission colleagues to identify and address AML issues. The two-year plan anticipated the preparation of a core brief to include key Commission positions in relation to ML and AML issues such as the 4AMLD. This has been addressed in the context of the stakeholder engagement plan mentioned above<sup>47</sup>. Other AML tools are mentioned above:

- MLTF risk assessment
- AML environment scan
- AML training material
- AML section on Hive.

### Commentary

93. The goal of this work has been to establish AML understanding across all Commission business areas. The above paragraphs reflect how the planned activity has been successfully implemented. Providing evidence of the impact is however more difficult. A number of proxy indicators suggest that the work has been successful:

- Average (discretionary) attendance at AML champions presentations exceeds 30
- Feedback from staff attending the enhanced AML training averaged 3.2 on a scale to 5
- 24 Commission colleagues wrote to the AML workstream to express praise and appreciation for the AML environment scan assessments
- Finally, and more subjectively, the AML workstream is now consulted in exception rather than on near every occasion AML issues arise. AML has moved from being a specialist area of compliance and is now incorporated into the routine, generic compliance approach.

<sup>46</sup> These presentations, thought directed at champions have been popular and well attended by other Commission staff

<sup>47</sup> The AML workstream is, in addition collating each occasion the Commission asserts a position (for instance through enhanced compliance engagement) to ensure transparency and consistency.

## **(v) Policy**

94. The two-year plan undertook to clarify and record the approach to maintaining and refreshing the suite of AML guidance and advice to operators. This plan was prepared in August 2014, and since then the AML workstream has reviewed and updated:
- AML advice to non-casinos
  - Quick guide for small businesses
  - AML casino guidance.
95. Detailed advice concerning SAR reporting for remote operators was prepared and published. Working with external counsel, the workstream clarified the requirement for overseas casinos to comply with the ML Regulations, and developed individual licence conditions to reflect this.
96. The AML workstream continues to work closely with HM Treasury in interpreting and applying the ML Regulations, anticipating the impact of the 4AMLD and a FATF mutual evaluation planned for 2017.
97. The AML workstream has developed a range of proposals contributing to the crime themed review of the LCCP. If adopted, these will, for the first time, set out a framework of AML requirements for non-casino operators.
98. As well as developing new and refining existing policy tools, the workstream has worked closely with Corporate Affairs to improve the AML section of the external website – with a view to ensuring operators and other interested individuals have immediate and easy access to this material. A range of new products are further being developed to ensure information about for instance trends, good practice and risk levels are cascaded to operators.

### Commentary

99. Commission AML requirements and expectations are clearly set out in relevant guidance, advice, FAQs and similar material. The approach to developing and refreshing this material is defined and consistently applied. The workstream has further considered how this and related information is effectively communicated to operators.

## **(v) Licensing**

100. One of the headline risks identified within the gambling section of the National Risk Assessment is of organised crime taking over gambling operators and using them as a means to launder criminal proceeds. The assessment recognises the work of the Commission in mitigating this risk - that has to date been effective. It none the less illustrates the importance of this gate-keeping function.
101. The two-year plan identified the need to update relevant AML processes within the licensing capability – and undertake internal assurance to ensure that these are being correctly applied.
102. Relevant processes were reviewed and updated in the autumn of 2014. A dip-sample review (AML) of licence applications was completed by an external consultant in December 2015. This identified opportunities to refine and streamline processes but no significant weaknesses. A further review is planned for late 2016.

103. Continued AML training for licensing staff is mentioned above. This has been tailored to the unique and at times complex requirements taking in for instance beneficial ownership, trusts and corporate structures<sup>48</sup>.

#### Commentary

104. The AML workstream continues to support the licensing capability through the provision of training, assurance and advice. This will continue, recognising the importance of the function in keeping money laundering out of gambling.

#### **(vii) Compliance**

105. The two-year plan undertook to prepare and implement an AML focused compliance plan building on existing compliance arrangements. This was agreed in July 2014 and has since focused on:

- Casino due diligence and customer monitoring arrangements
- High end casinos
- Use of fixed odds betting terminals
- HIO premises assessments.

106. The mainstreaming approach has seen AML moving from niche area to a key part of Commission core responsibilities. Whilst there is a need to sustain AML expertise, this is now underpinned by a cross Commission understanding and awareness. In the same way, AML compliance has moved from the domain of five specialist AML compliance managers to being mainstreamed across all compliance activity<sup>49</sup>.

107. A new approach to AML compliance has been developed and is currently being piloted. This is focused at two separate levels. The first, a 'base-lining' approach involves a standard set of issues and questions that ensures consistency and focus in light touch AML compliance. This will take place alongside wider compliance work.

108. This is complimented by a thematic approach to AML compliance. This focuses on key issues across a sample of operators. Compliance activity is in depth, potentially over a number of days to ensure a comprehensive understanding of the relevant issue. The product of the assessments will generate operator specific remedial activity, and vitally, a report that will be published to the industry setting out good and bad practice, Commission standards and expectations.

#### Commentary

109. The compliance activity envisaged in the two-year plan has been implemented, whilst the approach has moved from specialist to generic. This progress, together with the development of the ML Risk Assessment has enabled a fresh look at the approach to AML compliance and the piloting of a new approach that, on one hand closely aligns AML compliance to wider activity; and on the other develops a comprehensive understanding of those issues that are identified as a priority and report to the industry.

#### **Governance**

110. The two-year plan set out three-tiered governance arrangements:

- AML project board
- AML working group
- Ad-hoc sub groups.

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<sup>48</sup> An external consultant continues to offer specialist advice for those cases that require it.

<sup>49</sup> AML training has been delivered to all compliance managers and this continues to be refreshed.

111. The workstream further works against defined milestones, and reports to Licensing and Compliance Programme Board, and to BPPB. Quarterly submissions have summarised progress against the overarching plan, the environment scan and stakeholder engagement.
112. In a further development, the AML champions have loosely formed a group with its own identity and communication arrangements.

## Appendix 2 – AML – Moving to Business as Usual

Strand	Moving to business as usual
ML Risk Assessment	<ul style="list-style-type: none"> <li>• Capture of information arising from compliance and similar activity</li> <li>• Consideration – securing SAR data</li> <li>• Planned refresh of ML RA Summer 2017</li> </ul>
AML Environment Scan	<ul style="list-style-type: none"> <li>• Six-monthly refresh of existing assessments</li> <li>• Development of new assessments when the need is identified</li> </ul>
Stakeholder engagement	<ul style="list-style-type: none"> <li>• Quarterly business meetings with key governments departments &amp; FIU</li> <li>• Continued attendance at SAR Oversight Committee; Money Laundering Advisory Committee; Money Laundering Supervisory Forum</li> <li>• Intelligence team engagement with law enforcement partners</li> <li>• Quarterly business meetings with ABB; RGA and NCF. Less frequent with other trade associations</li> <li>• Continue to host / chair industry AML forums</li> <li>• Continue to organise industry workshops</li> <li>• Continue to reach out using the external website</li> </ul>
Mainstreaming	<ul style="list-style-type: none"> <li>• Continue to develop &amp; implement phases of tiered AML training including on-line, and enhanced</li> <li>• Continue the development and organisation of AML champions</li> <li>• Continue to develop and deliver AML tools through the intranet</li> </ul>
Policy	<ul style="list-style-type: none"> <li>• Continue the review of AML advice, guidance, FAQs consistent with agreed intervals (normally 2 years)</li> <li>• Continue to respond to routine and exceptional HM Treasury calls for information</li> </ul>
Licensing	<ul style="list-style-type: none"> <li>• Periodic review of AML processes and their application (next planned for end 2016)</li> <li>• Continued training of Licensing officers</li> <li>• Continued support to exceptional cases requiring AML and similar expertise</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>• AML compliance 'baselining' being piloted</li> <li>• Thematic approach to AML compliance being piloted</li> </ul>