

To: Users of the Manual
From: Andrew Jarvis
Date: 16 October 2017

HAT ANTI-MONEY LAUNDERING PROCEDURES MANUAL – OCTOBER 2017

The HAT Anti-Money Laundering Procedures Manual has been comprehensively updated to reflect:

- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“the 2017 Regulations”) which became effective at the end of June 2017; and
- The current **draft** Guidance for the accountancy sector issued by the CCAB.

There are a large number of changes in the Regulations, which were explained in our TM 09/17. This is available within the Useful Documents section of www.hatgroup.co.uk and are not repeated here. Also, a further summary of these changes and additional information stemming from the draft Guidance is included in our [Quarter 4 CPD Update](#). It is vital that at a minimum all senior management of firms are fully aware of the changes and therefore attend this update. If you do not have an Update in house, or key individuals miss the Update, we are running the course (which also included an introduction to the EU General Data Protection Regulation (GDPR) as follows:

- Thursday 2 November at 9:30 am – East London (combined with the Quarter 3 Update)
- Thursday 16 November at 10am – HAT Office in Central London
- Thursday 14 December at 10am – HAT Office in Central London

We can also arrange to run the course in house for any firm. To make any bookings please contact myself or Ellie (ellie@hatgroup.co.uk).

It is important to understand that accepted best practice under the revised Regulations is still evolving (and in particular the Guidance is still only in draft form). Therefore, our Manual may require revision or clarification over the coming months. However, we strongly recommend adopting the revised Manual as soon as possible.

A key change in the 2017 Regulations is the need for senior management to approve, monitor, review and revise the firm’s procedures and for this process to be documented. **Therefore it is important to understand that although HAT have tailored the Manual as far as possible, firms will need to spend some time reviewing and approving its contents before distributing it to relevant individuals.**

The key changes in the Manual are as follows:

- The need for firms to document a practice-wide risk assessment which then informs individual client risk assessments – a pro forma risk assessment is included in Appendix 2.1;
- Revised rules regarding record keeping, which means that records of transactions from 26 June 2017 onwards will normally need to be retained for up to ten years;
- Changes to client due diligence (CDD) requirements – this means that **we strongly recommend the completion of a new CDD form for all clients when work is next undertaken for them to confirm that the risk of the client and evidence required to verify the client and beneficial owners has not changed under the new Regulations** – for most existing clients it will be possible to use Appendix 2.2, which contains just five questions and it will not normally be necessary to obtain new evidence for existing clients. (NB: Existing CDD forms must be retained and we recommend the new form is attached to the front of existing documentation);
- Our client due diligence forms have been simplified – this is as a result of the practice-wide risk assessment above and new guidance suggesting that in some instances less evidence needs to be obtained regarding beneficial owners than under the previous guidance;
- As mentioned above, additional requirements for the review and approval of practice procedures, which includes an enhanced annual compliance checklist for the MLRO to complete, the need to evidence an independent assessment of this (for firms where HAT provide an annual Practice Assurance Compliance Review we can assist with this) and a formal written report prepared by the MLRO to senior management, which is actively discussed and (and discussions documented.)

We have also taken the opportunity to simplify the structure of the Manual, reducing the number of chapters and appendices whilst transferring the annual compliance documentation into a new chapter.

We are always pleased to receive feedback on our manuals. If you have any comments on this Manual then please email andrew@hatgroup.co.uk.