



Criminal Finances Bill

Information sharing

- As the *Action Plan for anti-money laundering and counter terrorist finance* set out, the Government sees public-private partnership as central to tackling money laundering and terrorist financing.
- Enabling firm-to-firm information sharing through a legal gateway will encourage the reporting sector to share information to detect and prevent money laundering and terrorist financing.
- This model has been piloted through the Joint Money Laundering Intelligence Taskforce (JMLIT). This pilot demonstrated that information sharing supports effective action against money launderers, and we want to build on the success of that work, and provide full cover to the regulated sector to share information.
- The Bill will:
 - allow the regulated sector (e.g. banks, lawyers, accountants) to share information between themselves, on a voluntary basis, where they have a suspicion of money laundering;
 - allow the regulated sector to submit joint SARs, providing the whole picture of complex money laundering schemes to the NCA in one comprehensive SAR; and
 - allow the NCA to seek information in relation to money laundering on a voluntary basis from across the regulated sector.
- This new proposal will allow better information flows within the regulated sector, and between the regulated sector and law enforcement agencies, generating better intelligence for law enforcement agencies, and helping firms better protect themselves.

Background

- Effective exchange of knowledge within the private sector, and between the public and private sectors, is necessary to increase our collective knowledge of threats and vulnerabilities.
- The sharing of information will allow the development of a common understanding of the highest priority risks, and will provide the basis for the focused and efficient use of public and private resources on money laundering and terrorist financing threats.
- Both the private sector and the law enforcement agencies hold significant amounts of information that can be of great use to one another. The private sector holds data on financial transactions and related personal data; law enforcement agencies hold intelligence on money laundering and terrorist financing. When this data has been shared, such as under the JMLIT, there have been benefits to both sectors.
- The nature of money laundering is that illicit funds move across the reporting sector and through business structures, and sometimes only the private sector entities can see how those flows, or the interactions between money launderers, occur.
- Having the ability for the regulated sector to work together, either at their own instigation, or on request from the NCA, has significant benefits.

Key facts

- JMLIT has demonstrated the effectiveness of partnership working and information sharing, including (Feb 2015-July 2016):
 - 58 arrests of individuals suspected of money laundering;
 - the identification of over 2000 suspicious accounts;
 - the closure of 450 bank accounts totalling over £5m suspected of being used for the purposes of laundering criminal funds; and
 - the restraint of £728,000 of suspected criminal funds.

“The JMLIT represents one of the best examples of a government taking concrete, strategic steps to improve policy coherence to combat illicit financial flows and improve the effectiveness of the AML/CFT framework. The JMLIT is critical to the work of the international community because it offers an innovative, replicable and adaptable model”.

UNODC on Joint Money Laundering Intelligence Taskforce (JMLIT)



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Why is new legislation needed?

- The Government wishes to enable improved information sharing within the private sector, and between the private sector and the NCA, to better identify the risks and threats posed by money laundering.
- Those regulated sector entities who want to share information for this purpose should not be placed at risk of civil action.
- This Bill will therefore provide immunity from civil liability for regulated sector entities who share information in good faith.

Does this replace the SARs regime?

- No. Regulated sector entities will still be required to report their suspicions of money laundering to the NCA.
- A relevant disclosure made in good faith to the NCA will not breach any obligation of confidence, or any other restriction on the disclosure of information, however imposed.

Will personal data be shared without any controls?

- No. Information can only be shared where there is a suspicion of money laundering, and can only be shared with members of the regulated sector and the NCA. It will not be made public.
- Any information shared has to be managed and protected under the provisions that apply for all information held by a business, in accordance with data protection legislation.
- This is a voluntary model, and any regulated sector business is entitled to refuse to share information.

Does the Information Commissioners Office have a role?

- The ICO has the responsibility for ensuring that organisations comply with their obligations under the Data Protection Act.
- Organisations sharing information under this provision will be required to manage any information they receive in accordance with their statutory responsibilities.

What information can be shared?

- The regulated sector will be able to share data on their customers and clients, where they have a suspicion of money laundering. They will be able to share information classed as personal data.
- The information can be shared only with other firms within the regulated sector, or with the NCA.

What evidence is there that this will help tackle money laundering?

- The work undertaken by the JMLIT has demonstrated the benefits of a public-private partnership approach to tackling money laundering.
- The JMLIT has tested a model for information sharing, and we now wish to put in place provisions that allow information sharing to be done more widely.

Will this only apply to the banks?

- The Government intends to extend this provision to financial institutions as a first step, as some banks have experience of sharing information through the JMLIT.
- Money laundering is a threat to all of the regulated sector, and criminals use the services of banks, lawyers, accountants and other parts of the regulated sector to move, hide and enjoy the proceeds of their crimes. The Government therefore intends to extend the use of this provision to the entire regulated sector in due course.