

Anti Money Laundering Supervisors' Forum Terms of Reference

In 2007 HM Treasury created the Anti Money Laundering (AML) Supervisors' Forum (the Forum) to bring together all the bodies in the UK designated as AML supervisory authorities (Supervisors) under the 2007 Money Laundering Regulations.

This document sets out the updated terms of reference for the Forum, in accordance with the Money Laundering Regulations 2017 (MLR.17).

1. Purpose of the Forum

The aim of the Forum is to promote a coherent and effective approach to anti-money laundering supervision in the United Kingdom. By bringing together the Supervisors, the Forum will aim to share and develop consistent application of best practice across all AML Supervisory Authorities and to liaise closely with UK Government and national/leading agencies committed to the prevention and reduction of crime and laundering of the proceeds of crime.

2. Scope

The Forum will aim to address the following:

- Developing a shared understanding of risk-based supervisory practices, including the role of guidance and communication with stakeholders;
- Sharing best practices and overcoming barriers in achieving good practice in order to raise standards of supervision in AML and counter terrorist financing (CTF);
- Liaising with the UK Government regarding initiatives, policies etc. impacting on supervision;
- Sharing information on threats and vulnerabilities; and
- Considering how to optimise, measure and monitor the impact of supervisory activity to achieve an effective means to reduce crime and laundering of the proceeds of crime.

3. Composition, voting and representation

The Forum members will comprise approved regulatory and advocacy representatives of each of the Supervisory Authorities (the Supervisors) identified in regulation 7 of MLR.17, including designated regulatory arms, subject to HM Treasury amendments to MLR.17. Where Forum decisions are required, each body will have one vote. Representative bodies cannot vote on any matters that may affect regulatory independence.

Representatives should meet the following criteria unless otherwise agreed by the Chair:

- Be willing and able to contribute to the Forum;
- Be employed as a permanent member of staff by the supervisory body they represent;
- Have sufficient seniority to represent their organisations in discussions and Forum votes;
- Understand the AML regime, MLR.17 and the responsibilities of Supervisors therein; and
- Be bound by strict ethical obligations, most notably confidentiality.

Each Supervisor shall ensure that non-attendance and changes in representatives are notified to the Chair at the earliest opportunity to facilitate logistical and security arrangements.

4. Collaboration and liaison

The Forum will set out to work closely with key government agencies focussed on developing and supporting the AML regime – in particular the following agencies will be encouraged to work closely with the forum and will be invited to attend all forum meetings to inform, update and support the AML Supervisors in the performance of their responsibilities:

- The NCA (including the FIU, NECC and outreach teams that work with supervisors)
- HM Treasury
- Home Office
- OPBAS
- HMRC (in its role as a law enforcement agency, not as an AML supervisor)

It is envisaged that representatives from leading AML expert groups will be invited by the Chair to attend all meetings (eg. the Joint Money Laundering Steering Group). Representatives from other leading law enforcement and security agencies will be invited by the Chair to engage with the forum, according to changing topical priorities and requests from the Forum (eg. the SFO and the National Cyber Security Centre).

5. Meetings

The Forum will aim to meet at least three times each year at venues to be agreed and arranged between the Chair and the public sector affinity group (members of the PSAG are content to host meetings if the Chair does not wish to).

In addition, 'affinity groups' will support, report to and take actions from the main Forum based on three sectors: Public, Accountancy and Legal. Each group has its own, complementary terms of reference, which are attached as appendices to this document. In principle, the affinity groups will operate with similar aims and priorities to the Forum, while adapting their focus and agendas to accommodate sector specific strengths, vulnerabilities, opportunities and threats.

6. Strategic priorities

These will be reviewed on a regular basis, but it is envisaged that the following areas will be core priorities for the forum:

- Sharing a common understanding of Money Laundering (ML) and Terrorist Financing (TF) risks, the risk-based approach to supervision and best practice risk assessment and mitigation policies and procedures;
- facilitating sound, coherent and, where appropriate, consistent sector guidance;
- ensuring a clear and consistently applied understanding of AML Supervisors' obligations in accordance with AML and CTF legislation, standards and guidance;
- providing an appropriate and effective means of sharing best practice between supervisors;
- sharing experience of successful initiatives, training, procedures, information, etc. that have helped to improve the effectiveness of supervisory activity, provided a better understanding of ML issues or encouraged greater AML compliance among supervised entities;
- liaising with all relevant agencies to ensure UK ML and TF regulations, related guidance, government's interpretations and strategic priorities are achievable, proportionate, clear, effective and fair, alongside providing feedback and raising cross-cutting issues with agencies in attendance;
- effectively supporting the UK delegation to FATF and enabling useful collaboration with HM Treasury through discussion and input where useful;
- building and supporting effective and successful means to share information*, skills and experience across the AML/CTF regime to support the government in its strategic aim to fight crime and the laundering of the proceeds of crime.
- continuously seeking to improve the effectiveness, efficiency and coverage of the UK's AML/CTF regime (where practicable and within the powers and remit of each supervisor) by identifying and applying reliable controls, monitoring trends and applying relevant performance measures.

*NB building and supporting effective and successful means to share and handle intelligence (ie. any matters relating to specific cases) is the responsibility of separate groups such as the Intelligence Sharing Expert Working Groups for the accountancy and the legal sectors.

7. Decision making and meeting protocols

Forum decisions (eg. regarding any best practice procedures, statements, proposals for interim guidance* or policies, etc.) will be taken on the basis of full consensus, failing which sector groups or other agreed options can be pursued. Decisions can be taken during Forum meetings or through email communication with member organisations. Where decisions are required outside the normal meeting process, clear deadlines must be given to respond - any non-response from a member will be taken as abstention

*NB the Forum is not required to play a role in the established sector guidance approvals process, which is provided for separately within the MLRs.

Where full consensus is achieved, outputs resulting from such decisions shall be collectively owned and adhered to in the interests of effective functioning and alignment of the supervisory regime.

Decisions should be taken in the interests of promoting and supporting the overall effectiveness and efficiency of the AML regime and not driven by particular self-interest of individuals, Supervisors' or membership considerations (for example that might lead to avoidable arbitrage).

All meeting discussions should be treated as confidential unless otherwise agreed by the Forum and should be constructive and conducted with integrity and courtesy. Bilateral issues or differences between supervisors or agencies in attendance should not be addressed within Forum meetings.

8. Role of the AMLSF Chair and Vice Chair

The Chair of the AMLSF (the Chair) shall be responsible for:

- setting the timing and agenda for Forum meetings - in liaison with affinity group chairs and the AMLSF's Vice Chair - and inviting relevant representatives from the agencies referenced in 4 above and other guests to attend or address the Forum;
- setting the location for Forum meetings in liaison with affinity group chairs, the AMLSF's Vice Chair and the Public Sector Affinity Group members;
- circulating an agenda in advance of the Forum meeting;
- ensuring accurate minutes are recorded, approved, retained and distributed in a timely manner to all members, including key Forum documentation; and
- maintaining a fully up-to-date list of Forum members and invited representatives.

The Chair shall represent the Forum and all Supervisors where context and circumstances so dictate, ensuring Forum members are provided with a strong understanding of the Chair's representative activities away from Forum meetings.

Affinity group chairs will normally represent their groups in most advisory and consultative groups, to capture the diversity between sectors and ensure the varied interests are effectively represented. If an affinity group requests the Chair to attend as an alternate, however, then the basis of the Chair's engagement shall be clearly noted at the start of the meeting. When acting in this capacity the Chair will not commit Forum members to any binding policies or decisions, and all such matters will be presented to the relevant affinity group or Forum members for discussion. Moreover, the Chair will circulate minutes, notes and other material from these meetings with the relevant affinity group or Forum members it was representing, to the extent authorised by the advisory or consultative group.

When the Chair is acting in a representative capacity for Forum members, the Chair should provide timely updates on meetings and discussions, as well as providing sufficient opportunity for Forum members to feed in their views in advance of the events and opportunity to feedback views afterwards.

The Vice Chair will be responsible for:

- supporting and assisting the Chair with his/her responsibilities;
- deputising for the Chair as a Forum representative, as/if required;
- standing-in for the Chair to organise and run the Forum meetings in his/her absence.

The Vice Chair will be a Forum member from a different sector than the Chair (see 9 below), which should therefore help to ensure balanced representation and input in discussions at the Forum.

9. Election of the AMLSF Chair and Vice Chair

On an annual basis (at the final meeting of the calendar year unless otherwise agreed by majority vote of Forum members), the role of Chair should be opened for new candidates to be proposed and seconded by representatives of different Supervisors. The Forum shall elect a Chair from among its members - only approved representatives of authorised MLR.17 supervisors or designated regulatory arms (see 3 above) will be eligible for election as Chair. Under normal circumstances the role of Chair will be limited to a term of one year, subject to extension if no Forum members seek election or none is proposed. In all circumstances, the role of the chair will be limited to a maximum term of three years.

Under normal circumstances, the role of Chair will rotate around sectors, so that one sector does not hold the role for more than one year in a row. The Chair and Vice Chair positions should also be balanced in terms of sector representation, so that both roles are not held by members of the same sector at one time.

Proposed names should be lodged with the current Chair and proposals seconded before the commencement of the final meeting of the year. Only members eligible to stand for Chair or Vice Chair (based on the above provision to rotate both roles across sectors) are able put their name forward. The current Chair should clearly communicate eligibility criteria to all Forum members in advance of the final meeting of the calendar year. In the event of more than one person being proposed and seconded to stand for Chair, the decision as to who will chair the Forum will be taken on the basis of the majority view after a vote, on the basis of one vote for each Supervisory Authority.

Where, in any year, there are no names proposed to fill the role of Chair or Vice Chair, the current Chair may request proposed names from the sector currently holding the role and may stand for re-election him or herself. The Forum will then vote to re-elect the current Chair or another member from the same sector of the current Chair.

The Forum will also elect a Vice-Chair on the same basis.

A vote of no confidence in either the Chair or Vice Chair will require two-thirds of the members of the Forum to vote in favour of such a motion to require the Chair or Vice Chair to step down.

Any temporary vacancy in either role may be filled by a co-option until the next election. The Forum member so co-opted will serve in the first instance for the remainder of the elected term of the replaced individual. Should this vacancy be the role of elected Chair then the Vice-Chair would automatically become the Chair.

To facilitate the election of chairs from any of the Supervisors, if the Chair is from an organisation that does not wish (is unable or logistically unsuitable) to host Forum meetings, the members of the PSAG are content to assume hosting responsibility.

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