

FSC Newsletter

Best Market Practice: Anti Money Laundering Systems, Controls and Procedures.

Following today's publication of the Money Laundering Guidance Notes, for which provision exists in the Criminal Justice Ordinance 1995, the Commissioner has issued the following guide to the interpretation of regulation 6 of the Financial Services (Conduct of Business) Regulations ("best market practice") as it relates to this important subject. This becomes effective today.

As the Money Laundering Guidance Notes set standards for the proper conduct of business, the Commissioner takes the view that a licensee under the Financial Services Ordinance, whether or not carrying on relevant financial business as defined in the Criminal Justice Ordinance, does not satisfy that regulation unless it observes the internal controls, policies, procedures, record keeping, recognition and reporting of suspicious transactions, and education and training requirements specified in the Money Laundering Guidance Notes.

Accordingly, a licensee that cannot demonstrate that it observes all the standards specified in the Guidance Notes will be regarded as failing to observe a high standard of market conduct in the conduct of its financial services business.

In such an event, powers exist under sections 10 and 11 of the Financial Services Ordinance for the Commission to take appropriate action.

In the light of the Money Laundering Guidance Notes, FSC Newsletter 3 of 1992 is withdrawn in its entirety, as is the section entitled "Money Laundering Guidelines" in Newsletter 2 of 1992.

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Financial Services Commission,
Suite 943,
Europort,
PO Box 940,
Gibraltar.

Tel (+350) 40283
Fax (+350) 40282
E-Mail fsc@gibnet.gi
