

FINANCIAL INTELLIGENCE UNIT (UKFIU) BULLETIN

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Guidelines for Counter Proliferation Financing Reporting

This is a United Kingdom Financial Intelligence Unit (UKFIU) communications product, produced in development of the Serious Organised Crime Agency (SOCA) objective to share perspectives in respect of the Suspicious Activity Reports (SARs) Regime.



SOCA is a Home Office Non-Departmental Governmental Body

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Overview

This is a United Kingdom Financial Intelligence Unit (UKFIU) communications product, produced in development of the Serious Organised Crime Agency (SOCA) objective to share perspectives in respect of the Suspicious Activity Reports (SARs) Regime. Communication products of this nature are intended to raise awareness, increase knowledge, develop understanding, support training and underpin joint working programs.

SOCA has been designated as the point of contact for Counter Proliferation Reporting (CPR) in addition to its obligations as the Financial Intelligence Unit for the UK. This UKFIU Bulletin details the United Nations (UN) resolution and the appropriate European Union (EU) directives. The necessary steps needed to comply with the relevant legislation have been provided and should be read in conjunction with Her Majesty's Treasury (HMT) guidance.

This document may be used to support appropriate training and it is suggested that this is implemented immediately.

Information Report

On 3 March 2008, the UN Security Council Resolution (UNSCR) 1803 was adopted because of the international community's serious ongoing concerns about Iran's nuclear development programme. UNSCR 1803, at paragraph 10, calls upon all states to exercise vigilance over the activities of financial institutions in their territories, with all banks domiciled in Iran and their branches and subsidiaries abroad, in particular with Bank Melli and Bank Saderat, in order to avoid such activities contributing to the proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems referred to in UNSCR 1737.

On 11 November 2008, in order to implement the vigilance requirements, the EU introduced Council Regulation (EC) No **1110/2008**, which amends Regulation (EC) No 423/2007, and applies to all credit and financial institutions subject to the third EU Money Laundering Directive (or the Money Laundering Regulations 2007 in the UK).

Article 11a of Regulation No **1110/2008** requires vigilance over all credit and financial institutions domiciled in Iran, their branches and subsidiaries overseas, and entities controlled by them.

Annex IV of Council Regulation **1110/2008** lists all Iranian credit and financial institutions to which the Regulation applies at the time of publication and this list is included as Annex VI to Regulation (EC) No 423/2007. This list will be updated in future by the EU as necessary.

What is the UK Government doing?

HMT has issued guidance on the implementation of this Regulation and it includes a list of Iranian entities. The document is published on the HMT website www.hm-treasury.gov.uk and SOCA strongly recommends you take time to read it.

Why is SOCA involved?

This UKFIU Bulletin is produced to inform the reporting community about what information SOCA requires from firms submitting Counter Proliferation Financing (CPF) reports. Firms should read the Regulation and HMT guidance for information on when to report.

SOCA has made the SAR mechanism available to those subject to this Regulation, in order that they can submit CPF reports. This was the most cost-effective way of bringing the reporting requirements on line, without financing a new reporting system.

How do I report?

CPF reports should be submitted via SOCA's SAR mechanism. You may submit reports using your preferred existing SAR method.

Do I need consent?

There is no facility in the Regulation (EC) No 423/2007, or the amendment, to seek consent to proceed with a transaction/activity when making a CPF report.

What is the timescale for making reports?

CPF reports should be made as soon as you become suspicious of a possible CPF transaction or as soon as is reasonably practicable.

Will I get feedback?

Periodically the reporting sector will be given feedback on the quality of the reports and a further guide to reporting. If your report is being investigated, you may be contacted directly by the appropriate authorities.

What is the tipping off provision?

There is no tipping off provision under this Regulation, but firms are advised not to tell their customers or counter parties of a notification. If you are submitting a SAR in addition to a CPF report (see section below), the Tipping Off provisions in the Proceeds of Crime Act 2002 (POCA) still apply.

Key points to note

If you are making a CPF report using the SAR system you are not making a SAR for the purposes of Part 7 of POCA (but see below for circumstances where a PF report and a SAR for money laundering might both be required); or under the Terrorism Act 2000 (TACT).

You **must** include the unique identifier *xxOCPxx* at the start of the Reason For Suspicion (RFS) field. If the unique identifier is not included, the report will not be dealt with as a PF report.

DO NOT TICK THE CONSENT BOX when submitting a PF report as there is no consent facility associated with PF reports (see section below).

What details do I need to include?

1. **Reports should include the following 'header' information:**
 - Your reference number (if relevant)
 - Choose the 'SAR' Type as 'Terrorism'. This is so that SOCA can secure the reports as sensitive material
 - The date of the report
 - Related disclosure numbers (if appropriate)
 - Your reporting entity details and branch
 - ***DO NOT TICK THE CONSENT BOX*** (see section below)

2. **The main report must include the following three things:**
 - Completed details of the Main subject/Company and any associate companies as appropriate
 - Transaction details, if appropriate
 - RFS, including the unique identifier *xxOCPxx*, at the start of this field

3. **When deciding what details might be appropriate to include in the RFS field, consider the following:**
 - Who is involved?
 - What are they doing?
 - At what stage is the activity?

4. You should also consider including:

- Source and beneficiary information for the activity and /or transaction
- Company registration numbers (if known)
- Names of Directors and positions held in the company/companies
- If the company has subsidiaries, or holdings in other companies
- If the company is itself a subsidiary and who its parent company is
- What are the goods or activities being financed
- Where are the goods currently located?

What if I also need to submit a SAR for an underlying money laundering offence?

You should submit **one** report and include both the PF information and the money laundering information. Continue selecting the 'Terrorism' box and you **must** include the following text at the start of the RFS field:

Ref: xxOCPxx and this report is also submitted under PoCA s327 – 329

You **must** include details of your suspicion of money laundering of criminal financing in the body of the RFS field, in addition to your CPF concerns.

Who can I speak to if I have a query about submitting a CPF report or a dual report?

You should contact the UKFIU SAR Management Team at SOCA on 0207 238 8282 option 2.

What if I need consent to proceed for the money laundering activity?

Select the 'consent' box **and** the 'Terrorism' header, and you **must** use the following text at the start of the RFS field:

Ref: xxOCPxx and consent to proceed under PoCA 2002 s327 – 329.

Do not select the PoCA header on the report.

Please note that the PoCA notice period of 7 working days for granting or refusing consent will be applied by SOCA, even though the report is submitted under Terrorism.

You **must** include details of your suspicion of money laundering or criminal financing and why you require consent to proceed, in the body of the RFS field; in addition to your CPF concerns.

You will be notified of the consent decision in the normal way; but consent applies to the PoCA offence alone and does not apply to any aspect of the proliferation financing offences.

Who can I speak to if I have a query about submitting a dual report requiring consent?

You should contact the UKFIU Consent Team at SOCA on 0207 238 8282 option 4.

Future requirements

The EU will review the Regulation in due course, to ensure that the requirements stay current.

The UK Government will periodically add or remove entities from the lists provided in their guidance document available on their website.

SOCA will be reviewing the reporting mechanism, adjusting it as necessary and providing feedback to the relevant sectors in due course.

Disclaimer

While every effort is made to ensure the accuracy of any information or other material contained in this document, it is provided on the basis that SOCA and its staff, either individually or collectively, accept no responsibility for any loss, damage, cost or expense of whatever kind arising directly or indirectly from or in connection with the use by any person, whomsoever, of any information or other material contained herein.

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UKFIU Dialogue and Special Projects Team

The aim of the Dialogue and Special Projects Team is to drive the UK Financial Intelligence Unit (UKFIU) agenda on interfacing with stakeholders on Suspicious Activity Reports (SARs) activity. The team strives to improve communication and understanding between the SARs Regime participants, to increase the value extracted from the SARs Regime, to provide, facilitate and contribute to various for and to share perspectives on the operation of the regime as a whole. In essence the Dialogue and Special Projects Team seeks to improve the quality of SARs intelligence, and promote the value and greater use of this intelligence in mainstream law enforcement activity.

For further information, email ukfiusars@soca.x.gsi.gov.uk or telephone 0207 238 8282. For more information about the Serious Organised Crime Agency go to www.soca.gov.uk.

Reducing harm – Providing information back to SOCA

We would like to remind you of the provisions contained in Section 34 Serious Organised Crime and Police Act 2005. These provisions say that any information provided by you to SOCA, in order to assist SOCA to discharge its functions which include the prevention and detection of crime, will not breach any obligation of confidence which you may owe to any third party or any other restriction on the disclosure of information. S34 requires that disclosures of personal information about living individuals by you to SOCA must still comply with the provisions of the Data Protection Act 1998 (DPA), but you may be satisfied that disclosure by you of such personal information to SOCA in order to assist SOCA to prevent and detect crime is permitted by the DPA. Please, therefore, submit all S34 information to ukfiusars@soca.x.gsi.gov.uk.