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## UK Government Publishes Economic Crime Plan for 2019-22

On 12 July 2019 the UK government published its Economic Crime Plan for 2019-22 (the “Economic Crime Plan” or the “Plan”). The Economic Crime Plan sets out in greater detail the actions the UK government proposes to take in relation to seven key areas, which were [agreed in January 2019 by the Economic Crime Strategic Board](#).

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The Economic Crime Plan notes that the UK has the strongest overall anti-money laundering (“AML”) and counter-terrorist financing (“CTF”) regime of over 60 countries assessed by the Financial Action Task Force’s (“FATF”) mutual evaluation report (“MER”) to date. Building on the success of information-sharing under the auspices of the Joint Money Laundering Intelligence Taskforce (“JMLIT”) (elements of which have been enshrined in law under the Criminal Finances Act 2017), the UK government has indicated that it again proposes to partner with private sector organisations to design and implement changes to the UK’s AML regime. The Plan’s principal proposals include the following:

- **Increasing public and private sector collaboration.** The Plan proposes a substantial role for the private sector in delivering reforms to the UK’s current AML arrangements. It envisages that public-private sector collaboration will include building on platforms such as the JMLIT to develop a wider joint approach to information-sharing. In particular, the Economic Crime Plan proposes publication of guidance on private sector information-sharing along the lines of [guidance issued by FATF](#) and highlighted by financial regulators, including the Monetary Authority of Singapore.
- **Implementing the Fifth Money Laundering Directive.** The Economic Crime Plan confirms the UK government’s intention to transpose the Fifth Money Laundering Directive into national law by January 2020. According to the Plan, HM Treasury will seek to implement the Fifth Money Laundering Directive in a manner that balances the burden of business against the need to appropriately deter AML and CTF offences. To that end, HM Treasury recently invited responses to a [public consultation](#) on transposition of the Fifth Money Laundering Directive, which closed on 10 June 2019. HM Treasury is expect to publish the results of that consultation in the near future.
- **Reforming the Suspicious Activity Reporting (“SAR”) regime.** The Plan provides further details on the UK government’s plans to overhaul the SAR regime, which was one of the principal recommendations made by the FATF MER. Amongst the key issues to be addressed is the widely acknowledged need for capacity improvements – the National Crime Agency reported receiving over 460,000 SARs in 2018 using a system that was only ever intended to handle a much smaller number of around 20,000 reports each year. Specific proposals detailed by the Plan include:
  - making enhancements to IT platforms and portals, with near-term improvements anticipated by December 2020;
  - reviewing the “Defence Against Money Laundering” SARs system, which will take account of the [Law Commission’s recent report](#) on the SARs regime; and
  - the possibility of introducing by July 2020 geographic targeting orders similar to those used in the United States.

The Plan estimates that full delivery of the revised SAR regime will take until 2023/24.

- **Amending the Proceeds of Crime Act (“POCA”).** The Plan states that the Home Office will consider introducing changes to POCA in light of the Law Commission’s review of [the confiscation regime under Part 2 of POCA](#) and [the SARs regime under Part 7 of POCA](#). The UK government has previously stopped short of completely overhauling the substantive money laundering offences contained in POCA. It appears that it is sticking to this course of action, preferring to invest in revitalising the UKFIU rather than removing the consent regime altogether. Although the Plan does not specify the changes that will be made, it indicates that those changes will be shaped by the Law Commission’s recommendations. The Law Commission will publish its consultation paper on Part 2 of POCA in September 2019 and, according to the Economic Crime Plan, will complete its review by early 2020. Based on that timeline, the Plan anticipates that changes to POCA will be outlined before Parliament by December 2021.
- **Considering a new power to block company listings on UK-regulated markets on national security grounds.** This proposal results from recommendations made by [the Treasury Select Committee’s report on economic crime](#). That report considered, among other things, learnings from the listing of EN+ Group, which floated on the London Stock Exchange in 2017 and more recently was subject to financial sanctions imposed by the US Treasury Department. The Treasury Select Committee concluded in its report that, even if the relevant authorities had wished to block the listing of EN+ on national security grounds, they would have had no powers to do so. In that regard, the Plan proposes that HM Treasury will analyse the UK’s post-Brexit sanctions powers and investigate the impact a blocking power might have on the UK financial markets. According to the Plan, the first phase of that work will be complete by June 2020.
- **Clarifying sanctions supervision powers.** The Plan specifies that HM Treasury will consider by July 2020 whether new powers or guidance are needed to clarify or formalize supervisors’ powers to monitor sanctions systems and controls. This action item results from [the findings of the FATF MER](#), which recommended that the UK should review and strengthen supervisors’ powers to oversee the UK sanctions regime.
- **Reviewing the criminal market abuse regime.** The Plan notes that the UK’s criminal market abuse regime, which sets out criminal sanctions for insider dealing and market manipulation, has not been updated since it was introduced. Although the Plan does not specify the changes that might need to be made to that regime, it states that the FCA and HM Treasury will complete their review of the issue by July 2021.
- **Reforming the general principles of corporate criminal liability.** Although the Plan does not detail any specific proposals regarding corporate criminal liability, it refers to the [Ministry of Justice’s 2017 call for evidence on economic crime](#), which invited respondents to consider the merits of expanding reform of corporate criminal liability beyond the current provisions for bribery and tax evasion. The Plan notes that the Ministry of Justice will be publishing the response to the call for evidence shortly.