

Anti-Money Laundering (AML) Policy

1 Purpose

This Policy and the accompanying procedures and reporting form, represent an important part of the Metropolitan Thames Valley Housing (MTVH) approach to dealing with the risk of fraud and corruption.

This Policy seeks to complement the Anti-Fraud, Corruption and Bribery Policy and Whistleblowing Policy and contribute to the overall framework of Corporate Governance established to ensure that MTVH is well managed and fulfils its statutory and regulatory duties in a proper and responsible manner.

It is important that MTVH is able to identify, report on and take precautions to guard against money laundering. We are required to abide by Anti-Money Laundering (**AML**) legislation, which applies to some of our activities, and we have a duty to safeguard public money.

2 Scope

This policy applies to all employees, consultants, contractors, Board and Committee members (together, **Colleagues**) throughout MTVH, all entities within the MTVH Group and to all business activities managed in partnership with other organisations.

MTVH is at risk of fraudulent activity across all services and so this policy has been prepared in order to give guidance on the obligations of MTVH and each individual Colleague in respect of AML and terrorist financing.

3 Policy Statement

Money laundering is a crime to which all organisations are vulnerable. Money laundering is the process by which criminals seek to sever the link between funds and their criminal origins. As a business operating in the real estate sector, MTVH may be particularly attractive to criminals.

MTVH will embrace the underlying principles behind the money laundering legislation and regulations and has put in place an anti-money laundering policy, procedures, risk-based processes and reporting arrangements, appropriate to our activities.

Alongside this policy, MTVH has internal anti-money laundering guidance which sets out procedures to prevent money laundering activities and protect the organisation (the **AML Guidance**).

Customer identification will take place in regulated transactions (see below at [6]) and in areas at risk of being used for money laundering and relevant colleagues will be made aware of the procedures to be adopted.

Positive management action through control measures will be exercised along with maintaining comprehensive records of anti-money laundering checks and concerns, in order to minimise the risk of our services being abused for the purposes of laundering funds.

In line with the MLR 2017 (defined below) the Money Laundering Reporting Officer (MLRO) will be responsible for the implementation and compliance with the policy and procedure and for compliance with the regulations. The MLRO is the Chief Financial Officer. The MLRO will prepare an annual report to be reviewed by the Audit & Risk Committee.

MTVH will ensure colleagues are aware of the AML requirements, offences and background and the process and expectations set down. Appropriate training and support will be in place to ensure we are compliant.

In any part of the business where there is a suspicion of money laundering, colleagues should identify and report it. Transactions with individuals or businesses whose conduct gives rise to suspicion of involvement with illegal activities will be reported to the National Crime Agency and will not proceed without consent from NCA.

4 Legal/Regulatory Context

Money laundering laws apply to MTVH and they also apply directly to individuals. All Colleagues must ensure that they comply with the legislation and this policy. A criminal prosecution is a risk if a person fails to disclose a suspicion where they know or suspect, or have reasonable grounds to know or suspect, that money laundering is taking place.

The overriding laws and regulations which set out the money laundering regime are:

- The Proceeds of Crime Act 2002
- The Terrorism Act 2000
- The Money Laundering Terrorist Financing and Transfer of Funds (Information about the Payer) Regulations 2017

The Proceeds of Crime Act 2002 and the Terrorism Act 2000 (as amended) apply to all Colleagues, irrespective of the area of the business in which they work. More details are set out in section [5] below.

In addition, MTVH is regulated under the Money Laundering, Terrorist Financing and Transfer of Funds (Information about the Payer) Regulations 2017 (as amended) (**MLR 2017**). This is because it undertakes transactions which are subject to additional checks and controls. Colleagues operating in these regulated parts of the business need to be aware of the additional obligations that apply. More detail is set out at [6] below.

5 AML Rules Applicable to all Colleagues

Potentially any Colleague could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. It is therefore important that all Colleagues are familiar with their legal responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation.

Money laundering can take a number of forms:

- Handling the proceeds of crime;
- Being directly involved with criminal or terrorist property;
- Entering into arrangements to facilitate laundering of criminal or terrorist property; and/or
- Investing the proceeds of crime into other financial products, property purchase or other assets.

The principal money laundering offences are found in the Proceeds of Crime Act 2002 and are as follows:

- Section 327: concealing, disguising, converting, transferring criminal property.
- Section 328: entering into or becoming concerned in an arrangement which facilitates another's retention, use or control of criminal property.
- Section 329: acquiring, using or possessing criminal property.

The offences contained in the Terrorism Act 2000 are as follows:

- Section 15: providing funds with reasonable cause to suspect that they will be used for terrorism.
- Section 17: entering into or becoming concerned in an arrangement as a result of which money or other property is made available with reasonable cause to suspect that it is or may be used for terrorism.
- Section 18: entering into or becoming concerned in an arrangement which facilitates another's retention or control of terrorist property.

Where it is suspected that money laundering activity is taking/has taken place, or a Colleague becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, this must be disclosed as soon as practicable to the MLRO.

6 Money Laundering Regulations 2017 (MLR 2017)

MTVH is required to comply with the MLR 2017 when undertaking certain activities. For the purposes of this policy that extends the following:

- Estate agency work; and
- Lending activities.

“Estate agency work” includes introducing/negotiating with people who want to buy or sell freehold or leasehold property. MTVH therefore engages in “estate agency work” when undertaking shared ownership re-sales and acting on behalf of another organisation, such as another association, in the sale of a property including new shared ownership units.

“Lending” is defined broadly under the MLR 2017 and includes the administration of historic equity loans that MTVH undertakes in addition to the grant of further borrowing.

The MLR 2017 requires a risk-based approach and so MTVH is required to identify, assess and manage the risks that the business may be exposed to in respect of money laundering or terrorist financing in light of the type of regulated activities MTVH undertakes and the size of the business.

The activities included above which are subject to the MLR 2017 are not an exhaustive list of where risks can occur. Colleagues should therefore be generally vigilant as to the risk of money laundering in all areas and identify and report it if appropriate.

The MLR 2017 requires an organisation to put preventative measures in place. Housing associations are required to establish effective internal procedures to prevent the use of their services for money laundering purposes. This policy recognises MTVH’s obligations to have procedures in place to:

- Confirm customers’ identities before entering into a business relationship or occasional transaction with them and obtain information on the purpose or nature of the business relationship;
- Undertaking risk assessments both organisation wide and in respect of customers during each transaction which falls within the regulated activities with such risk assessments to be kept under regular review;
- Conduct ongoing monitoring of the business relationship as appropriate to ensure the business transactions are consistent with our knowledge of the customer and the customer’s business;
- Keep records obtained in establishing our customers’ identity and of business relationships for the current financial year plus five years from the end of the business relationship, at which point personal data will be deleted;
- Put in place policies, checks, controls and procedures relating to money laundering and terrorist financing;
- Provide regular training for Colleagues who undertake AML procedures as appropriate;
- Appoint a Money Laundering Reporting Officer (MLRO). The MLRO should receive and consider disclosures of suspicious activity from within MTVH and make suspicious activity reports to the National Crime Agency (NCA);
- Undertaking screening of relevant staff working in the regulated areas of the organisation;

- Implement an independent audit function of the AML processes and controls; and Register with a regulator for AML supervision. For estate agency business this is HMRC and for lending activities this is the FCA.

MTVH takes the risks associated with fraud, and any form of malpractice, very seriously. All cases are reported to the Executive Team and to the Audit & risk Committee.

7 Roles and Responsibilities

	Who is responsible	What are they responsible for:
All roles in MTVH	All MTVH colleagues	Flagging to the MLRO specific activities that may raise suspicions or concerns and could indicate that money laundering activity is taking place.
Money Laundering Reporting Officer (MLRO)	Chief Financial Officer	Receiving internal Suspicious Activity Forms (SARs) and assessing whether a report should be made to the National Crime Agency (NCA). Compliance with the Regulations and carrying out regular compliance reviews. Producing an annual report for Audit & Risk Committee.

An independent audit function has been developed to assess the adequacy and effectiveness of MTVH's anti-money laundering policies, controls and procedures.

The MLRO is also responsible for establishing and maintaining a risk framework including sensitive policies and procedures in relation to money laundering and terrorist financing and ensuring that systems are compliant with the Regulations and are reviewed on an annual basis.

8 Internal Controls

MTVH has adequate systems and controls in place to recognise, deter and prevent all ~~crime~~ activity including money laundering and fraud. These are:

- Assessing the skills, knowledge, conduct and integrity of colleagues who are involved in identifying, mitigating, preventing or detecting money laundering in the course of business. This includes those colleagues whose work is relevant to compliance with the Regulations.
- Colleague assessments will include checks in relation to money laundering.
- Colleagues will be given appropriate training on an ongoing basis in how to recognise and deal with relevant transactions and other activities.
- Customer Due Diligence (CDD)/Know Your Customer (KYC) and identification measures will be implemented.
- The reporting of suspicious activities will be implemented.
- Record keeping procedures will be implemented
- A risk assessment and management-based approach will be adopted.

9 Record Keeping

Any subsequent investigation by the authorities into money laundering may require evidence to be produced.

Each department within MTVH conducting the relevant business checks must maintain records of:

- Client identification evidence obtained; and
- Details of all relevant transactions carried out with the clients for at least current financial year plus five years.

In addition to the above, under MLR 2017 we are required to keep the following records:

- Internal and external suspicion reports
- Annual compliance (and other) reports
- Information not acted upon
- Training and compliance monitoring
- Information about the effectiveness of training

The precise nature of the records is not prescribed by law, however, the evidence must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the customer and the relevant transaction and recording in what form any funds were received or paid or retaining sufficient information to be able to reconstruct the transaction at a later date.

In all cases, the evidence should be retained for at least current financial year plus five years from the end of the business relationship (at which point personal data must be deleted) or transaction(s). If satisfactory evidence of identity is not obtained at the outset of the matter, then the business relationship or one-off transaction(s) cannot proceed any further.

10 Customer Due Diligence (CDD) or Know Your Customer (KYC)

It is important that we understand who we are dealing with and the structure of any entity involved. By completing CDD or KYC checks at points where risk factors have been identified, i.e. changes to customers' identity or transactions aren't consistent with knowledge of customer etc., we will ensure our dealings are with bona fide individuals and organisations and assisting in the identification of suspicious behaviour.

11 Politically Exposed Person (PEP)

PEPs are individuals entrusted with prominent public functions, whether inside or outside of the UK, including government ministers, their deputies and assistants, judges, boards of central banks or prominent state-owned enterprises, ambassadors and other senior political or state officials.

Procedures are in place to identify if a customer is a PEP or they are a family member/close associate of a PEP. If a transaction involves a PEP (or a family member or close associate) approval from the MLRO will be sought before establishing or continuing the business relationship with that person. There are also additional controls to put in place for transactions involving a PEP. More detail is set out in the AML Guidance.

12 Training

Training on this policy and any associated procedures will form part of the induction process for colleagues to a level appropriate to their role. Current colleagues receive ongoing refresher training. Managers at all levels must understand this policy and their teams' responsibilities to act in accordance with its procedures.

13 Our commitment to Equality, Diversity and Inclusion

In implementing this policy MTVH will not discriminate against any colleague, customer or stakeholder on the grounds of their sex, sexual orientation, gender reassignment status, ethnic origin, age, religious belief, disability, marital status and pregnancy/maternity.

If applicable - An Equality Impact Assessment has been completed for this Policy and is retained by the Policy Team.

14 Further Guidance

HMRC's Anti-money laundering practice note "Anti-Money Laundering Supervision: Estate Agency" also gives detailed guidance on the interpretation of the MLR 2017 in the context of estate agency businesses. The link to the guidance is included at Annex 1 to this document.

The Joint Money Laundering Steering Group has published detailed guidance on the interpretation of the MLR 2017 in the UK financial sector and so is relevant to MTVH's lending activities. It is also included at Annex 1.

15 Key Policy Information

Procedure Owner	Governance & Compliance
Author	Governance & Compliance
Approved by	Audit and Risk Committee
Effective from	April 2022
Approach to review	This Policy & associated Procedures will be reviewed every 3 years or sooner if legislation, regulatory changes or operational need require an earlier review. Any amendments will be appropriately consulted on and signed off before being clearly communicated to customers and colleagues.
Latest next review date	April 2025

Appendix 1

1. HMRC Guidance

Estate agency business guidance for money laundering supervision: Updated 22 June 2021

Click on link to access: <https://www.gov.uk/government/publications/money-laundering-regulations-2007-supervision-of-estate-agency-businesses/estate-agency-guidance-for-money-laundering-supervision>

2. Joint Money Laundering Steering Group

Prevention of money laundering/ combating terrorist financing: Guidance dated July 2020

Click on link to access: <https://jmlsg.org.uk/guidance/current-guidance/>