

# Financial Services and Markets Bill

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AMENDMENT  
TO BE MOVED  
ON REPORT

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**After Clause 71**

LORD MOYLAN

Insert the following new Clause—

**“Politically exposed persons**

- (1) Regulation 35 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692) (enhanced customer due diligence: politically exposed persons) is amended as follows.
- (2) After paragraph (14) insert—
  - “(14A) For the purposes of subsections (14B) and (14C), the relevant person must determine whether a person identified as a PEP under paragraph 1 of this Regulation is a domestic PEP.
  - (14B) Where these Regulations apply to a relevant person in relation to whom the FCA is the supervisory authority under Regulation 7, paragraphs (5) to (9) do not apply to a domestic PEP or a family member or a known close associate of a domestic PEP, unless the PEP, the family member or known close associate is engaged or becomes engaged in a higher risk business relationship with the relevant person.
  - (14C) A domestic PEP means a PEP who is or has been entrusted with a prominent public function, including those listed in paragraph (14), under the laws of the United Kingdom.
  - (14D) The FCA may issue guidance to a relevant person as to the definition and assessment of a “higher risk business relationship”. ””

***Member’s explanatory statement***

*This amendment brings the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 into alignment with the Recommendations of the Financial Action Task Force as regards the distinction to be made between domestic and foreign Politically Exposed Persons.*

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*16 May 2023*

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