



NCA

National Crime Agency

Guidelines for Counter Proliferation Financing Reporting

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This is a United Kingdom Financial Intelligence Unit (UKFIU) Guidance Note. It is produced in line with the National Crime Agency (NCA) commitment to share perspectives on the Suspicious Activity Reports (SARs) regime.

February 2015¹

¹ **Please note:** the only revision to this document is to the email address – ukfiufeedback@nca.x.gsi.gov.uk

Overview

This is a United Kingdom Financial Intelligence Unit (UKFIU) Guidance Note, produced in line with the National Crime Agency (NCA) objective to share perspectives in respect of the Suspicious Activity Reports (SARs) Regime. Guidance Notes of this nature are intended to raise awareness, increase knowledge, develop understanding, support training and underpin joint working programmes.

The NCA 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 Guidance Note details the United Nations (UN) resolution and the appropriate European Union (EU) directives. The steps necessary for compliance 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, 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. This is in order to avoid 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. It 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. The NCA strongly recommends you read it.

Why is the NCA involved?

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

The NCA 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 the NCA'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 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 XXPCPX² 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' so that the NCA 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 **xxPCPxx**, at the start of this field

3. When deciding what details might be appropriate to include in the RFS field, consider the following:

² Please note this replaces the previous SAR Glossary Code of XXOCPXX

- 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
- Whether the company has subsidiaries, or holdings in other companies
- Whether 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: xxPCPxx 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 SARs Management Unit at the NCA 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: xxPCPxx 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 the NCA, 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 the NCA 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.

The NCA will review the reporting mechanism, adjusting it as necessary and providing feedback to the relevant sectors in due course.

Disclaimer

Whilst 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 the NCA 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 therein. Any use of the information or other material contained in this document by you signifies agreement by you to these conditions.

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Feedback

We would appreciate your feedback on the effectiveness and format of this document. Please send any comments to ukfiufeedback@nca.x.gsi.gov.uk

Dialogue Team

The aim of the Dialogue 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 forums to share perspectives on the operation of the regime as a whole. In essence the Dialogue 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, please contact the NCA Dialogue Team by email at ukfiufeedback@nca.x.gsi.gov.uk

For more information about the NCA please go to www.nationalcrimeagency.gov.uk

Protecting the Public – Providing information back to the NCA

Section 7(1) of the Crime and Courts Act 2013 allows you to disclose information to the NCA, provided the disclosure is made for the purposes of discharging the NCA's functions of combating serious, organised and other kinds of crime. The disclosure of such information to the NCA will not breach any obligation of confidence you may owe to a third party or any other restrictions (however imposed) on the disclosure of this information. The disclosure of personal information about a living individual by you to the NCA must still comply with the provisions of the Data Protection Act 1998 (DPA). However, you may be satisfied that the disclosure by you of such personal information to the NCA in order to assist the NCA in carrying out its functions may be permitted by s29 of the DPA. Any Section 7(1) information should be submitted to ukfiusars@nca.x.gsi.gov.uk