

GAMBLING LAW UPDATE

UK Implementation of the Fifth Anti-Money Laundering Directive

The EU's Fifth Anti-Money Laundering Directive will be implemented into UK law on 10 January 2020. This will involve changes being made to the Money Laundering Regulations 2017 (MLRs), but also some amendments to the Proceeds of Crime Act 2002, Terrorism Act 2000 and company law.

The key changes which may affect gambling operators are set out below.

Note: only casino operators are subject to the MLRs, however all gambling operators have AML obligations and the Gambling Commission expects all gambling operators to implement appropriate AML policies and procedures.

Enhanced Due Diligence (EDD)

More prescriptive requirements are included for EDD on any customer resident in a high-risk country (per the EU's list), including obtaining source of wealth and source of funds information, obtaining senior management approval and conducting ongoing monitoring.

Information Sharing

The parent company of a casino group must ensure the group's AML Policy includes provisions regarding the sharing of information about customers, customer accounts and transactions between group companies.

Risk Assessments

Casinos must now conduct an AML risk assessment before launching any new products or business practices, previously this requirement only applied to new technology.

Unusual Transactions

A subtle change to the wording means that a casino's AML Policy must now include procedures, including carrying out EDD, for the identification and scrutiny of any transaction which is unusually large, or part of an unusual pattern of transactions. Previously this would only have been required where the transaction also had no apparent economic or legal purpose.

Regulation of Cryptocurrencies

Crypto wallets and exchanges need to comply with the MLRs from 10 January, but have until 10 January 2021 to become registered with the FCA. For operators who accept payments in cryptocurrencies, their regulated status will reduce money laundering risks associated with such payments.

Operators who exchange cryptocurrency for fiat currency or store cryptocurrency for customers should consider whether they may themselves fall within the new requirements.

If you would like to discuss the potential impact of these changes on your business, please contact Melanie Ellis (melanie.ellis@northridgelaw.com) or Tom Edmonds (tom.edmonds@northridgelaw.com)