

Anti-Money Laundering Guidance



ANTI-MONEY LAUNDERING GUIDANCE

INTRODUCTION

At Gerald Eve, a Newmark Company our commitment to professional excellence extends to ensuring the highest standards of legal and regulatory compliance, particularly in relation to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) obligations. This guidance note intends to provide our valued customers with a clear understanding of the Customer Due Diligence (CDD) process, why it is necessary, and how it impacts our business relationship.

WHAT IS MONEY LAUNDERING AND TERRORIST FINANCING?

Money laundering is the process by which the proceeds of crime are converted into money and assets that appear to have a legitimate origin, with no obvious links to their criminal origin. This ultimately allows criminals to integrate their illegally obtained funds into the economy and avoid suspicion. Money laundering not only allows criminals to expand their illegal enterprises without detection but also undermines the integrity of financial systems and institutions. It is estimated that money laundering costs the UK economy more than £100bn annually.

Terrorist financing is the process of providing financial support to individuals or groups engaged in terrorist activities. Unlike Money Laundering, Terrorist Financing may involve the use of legitimately and illegitimately obtained money and assets.

The property industry is of particular risk of being used for money laundering and terrorist financing.

GOVERNMENT RESPONSE

In order to tackle money laundering and terrorist financing, the Government passed legislation that both criminalises certain actions and requires businesses such as ours to comply with specific regulations. Although multiple laws apply, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "Regulations") are of particular relevance. It is the Regulations that require all Estate Agent and Letting Agent businesses must do to reduce the risk of their businesses being used for Money Laundering or Terrorist Financing.

As required by the Regulations, Gerald Eve is registered with His Majesty's Revenue and Customs ("HMRC") for money laundering supervision.

WHAT IS CDD?

Customer Due Diligence, or "CDD" for short, is a fundamental component of the Regulations. It involves identifying our clients, and all other relevant parties to transactions (known as "Counterparties"), **and** verifying their identity on the basis of documents, data or information obtained from reliable and independent sources. This also involves, in certain circumstances, verifying the beneficial ownership of our clients and Counterparties, understanding the ownership and control of those parties and establishing who has authority to act on their behalf.

WHEN MUST WE UNDERTAKE CDD?

In accordance with the Regulations and HMRC requirements, CDD must be undertaken at the point of entering into a business relationship. When this occurs depends on whether you are a client or a Counterparty:

- Clients: the business relationship occurs when we enter into a contract for services, or if earlier, when we begin marketing a relevant property.
- Counterparties: the business relationship occurs when an offer is accepted (whether or not "heads of terms" have been prepared or agreed).

We are also required, in certain circumstances, to undertake periodic and/or ad hoc reviews of our CDD, such as for ongoing monitoring purposes.

THE INFORMATION WE COLLECT

The scope of CDD can vary, but generally includes:

- **Identification Information:** Such as name, address, date of birth, and for legal entities, registration details and principal place of business.
- **Verification Documents:** We may require documents like passports, driving licenses, company registration documents or trust deeds to verify your identity.
- **Beneficial Ownership Information:** such as details about individuals who ultimately own or control the relevant entity.
- **Source of Funds:** Where necessary, understanding the origin of the funds involved in the transaction. This may require audited accounts, financial statements, or statements from other regulated practitioners.

The information collected is used strictly for CDD purposes as outlined. It is treated with the utmost confidentiality and stored securely in compliance with data protection requirements. Information will only be shared with law enforcement or regulatory bodies if we are legally compelled to do so.

A complete list of required documents will be provided to you when establishing our business relationship. This will be tailored to the specific requirements of your business, the transaction and the Regulations, as applicable.

HOW WE COLLECT INFORMATION

Generally, we require sight of up to date, valid, original documents to undertake our CDD checks. Where it is not feasible to collect original documentation, we can rely on copies of documents certified by a recognised professional (such as a solicitor, accountant or notary public). Such documents must include the details of the individual certifying the copy and a statement that they have examined the original document in person and when that examination took place.

We also may use third party databases to verify information. This includes publicly available sources, such as Companies House, the Land Registry etc. and may involve commercially available databases, such as Smartsearch, Compliance Catalyst, or various credit reference agencies.

POLITICALLY EXPOSED PERSONS

Politically exposed persons, or “PEPs”, are persons entrusted with prominent public functions, whether held in the UK or abroad. This includes government ministers, members of legislative bodies, senior judges, ambassadors and other high-ranking diplomats and senior officers or Non-Government Organisations, and their close associates and family members. Where a client or counterparty is, or is controlled by, a PEP, we are required by law to conduct “Enhanced Due Diligence”. This means we must apply additional rigour to our CDD processes in these circumstances and may need additional information, documentation and/or certification.

FURTHER GUIDANCE

For further information on our approach to Anti-Money Laundering, CDD or financial crime please contact our Compliance team via email (compliance@geraldeve.com) or our Legal and Compliance Director, Gordon Blakeway (gblakeway@geraldeve.com).

Our Nominated Officer for the purposes of the Regulations is Simon Rees, Managing Partner.



Simon Rees
Managing Partner



Gordon Blakeway
Legal and Compliance Director