

# Feedback on the Commission's consultation on the Financial Crime Returns Rules ("the Rules")

## Background

The Commission issued on 13 February 2023 a consultation on draft Rules which will make mandatory the filing of financial crime returns, consisting of the annual financial crime risk return, the annual intermediaries return, and the quarterly financial flows return.

The consultation closed on 27 March 2023 with 15 responses. The Commission is grateful to everyone who replied. All feedback has been considered in the finalisation of these Rules.

## Summary

Respondents identified two areas affecting the fiduciary and insurance sectors where the identity of the licensee required to submit the return was unclear. Considering these comments, we have amended the Rules to make clearer:

1. that insurance managers must file a financial crime risk return (Rule 1.1(1) (b) refers), and
2. that fiduciary businesses which have a primary licensee and a number of secondary licensees under common ownership, must file one consolidated financial crime risk return (Rules 2.1(3) refers).

A number of respondents commented on the challenge of providing accurate information in the financial crime risk return and queried the circumstances where consolidated financial crime risk returns should be submitted. These comments are being considered as part of our next update to our guidance on completing this year's return.

## Next steps

The Commission has today issued the Rules which will apply to all financial crime returns. Namely that relevant firms must submit:

- the annual financial crime risk return from all licensed firms by 31 October.
- the annual intermediary multi-scheme return by administrators of authorised and registered collective investment schemes by 31 May; and
- the quarterly financial flows return completed by banks within two months of quarter end, with first quarter data for this year, due by 31 May 2023.

These returns have been in place for a number of years during which the Commission has fed back to licensees who have made errors, omissions or delayed submission of their return. The Commission is, however, taking a phased approach to the introduction of fining penalties for late or inaccurate submissions of these returns. We will continue to monitor these returns for accuracy and timely submission for this year **but** will only introduce administrative penalties for late or inaccurate filing in 2024.