

MONEY LAUNDERING POLICY & PROCEDURE

1. Legal Background

- **Money laundering** can be defined as "the process by which the proceeds of criminal conduct are dealt with in a way to disguise their criminal origins".
- **The Proceeds of Crime Act 2002** covers the **proceeds of all crimes**. Proceeds are anything which are the outcome of the crime or unlawful conduct. This can be money or it can also be what money has "turned into" – a house, an investment, a pension, (payment for) the provision of services – anything which represents the benefit of a crime.
- **The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "Regulation")** came into force on 23 June.
- Countryside is covered by the Regulation and so must establish and maintain policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified in any risk assessment undertaken.
- There are three money laundering offences that can be committed, being to:
 - i. Conceal, disguise, convert or transfer the proceeds of crime, or to remove the proceeds of crime from the jurisdiction of England and Wales. This is the basic money laundering offence.
 - ii. Enter into, or become concerned in an arrangement, in which a person knows or suspects the retention, use or control of the proceeds of crime. This is the aiding and abetting offence.
 - iii. Acquire, use or possess the proceeds of crime. This is known as the handling stolen goods offence.
- Money laundering offences can be committed by a number of different individuals coming into contact with the proceeds of crime. For example, these people could all potentially commit criminal offences by handling the same money:
 - i. An individual handling the proceeds of a fraud/robbery.
 - ii. A person assisting with the physical movement of that money.
 - iii. An employee of a company in receipt of the funds.
 - iv. The company's money laundering reporting officer (MLRO).
- Once funds have been transferred they are effectively "cleaned".
- The penalties for failing to comply with the legislation are severe and include imprisonment.

- Examples of behaviour which may cause you to suspect that a client is engaged in or attempting to engage in money laundering are listed in Appendix One attached.

2. Professional Bodies

- Staff who are members of professional bodies should acquaint themselves with the money laundering guidelines of the body(ies) concerned.

3. Acting as an Estate Agent

- The Regulation is applicable to Countryside where it is acting in the role of 'estate agent' – refer to RICS guidelines (definition of "Estate Agent" for guidance).
- With regard to Countryside's 50/50 joint ventures (JVs), the company falls within the definition of 'estate agent' in that it 'introduces customers to a third party'. Consequently, as required by the Regulation, Countryside has applied and received approval for registration with HMRC.
- The HMRC approval for Countryside to act as an estate agent where its employees are selling properties on behalf of joint ventures (that we do not control) is renewed annually by Company Secretariat.

4. Countryside Policy and Procedure

- All staff must make sufficient enquiries to satisfy themselves that the funds they receive are not the proceeds of crime. This is an individual responsibility under the Act so each member of staff must understand his/her obligations.
- The source of the funds must be verified (ie. obtain account details before the money is received) as must the purchaser's identity (i.e. proof of name and date of birth alongside a photograph and proof of address).
- The RICS guidance permits customer due diligence ("CDD") to be undertaken "during the establishment of the business relationship" in limited (listed) circumstances. One of the listed circumstances is where "there is little risk of money laundering or terrorist financing". Assuming there are no other reasons to cause reasonable suspicion of potential money laundering, this exemption may be applied to the receipt of reservation monies by sales staff (normally circa £500) so long as CDD is undertaken and completed in a reasonable period and before the parties move to exchange contracts.
- To carry out CDD, proof of name and date of birth alongside a photograph must be obtained by means of one or more of the following:
 - passport
 - identity card
 - driving licence
 - birth or marriage certificate (only if none of the above are available) and, if a copy rather than the original, the copy should be certified by a member of a professional body (eg. a lawyer, accountant or doctor) giving their contact details for verification.
- Given that any purchaser of a Countryside property will engage their own solicitor/conveyancer, their solicitor/conveyancer's identity check may in turn be relied upon. However, copies of the documents obtained by the solicitor/conveyancer to confirm identity must be requested and received (NB it is not unusual practice for the solicitor/conveyancer's to provide this material and they should have no difficulty in obtaining their client's consent and complying with the request).

- If the client is a UK Trust, an occupational pension scheme, registered charity in England and Wales, local authority, non-UK company or partnership, or a non-EU credit and financial institution, you should refer to Appendix Two attached for the identity checks to be carried out in these instances.
- Cash must not be accepted in respect of any transaction.
- Reservation cheques must be drawn on members of the Cheque and Credit Clearing Company (membership list attached). This list may change from time to time – go to www.chequeandcredit.co.uk to keep up to date.
- When Countryside buys land, the transaction must always be conducted via a recognised agent acting on behalf of the seller, rather than with the seller of land directly.
- Any doubt as to the source of funds must be reported immediately, in writing, to the Group Company Secretary, who **acts as Countryside's MLRO (Money Laundering Reporting Officer)** and will decide whether there are reasonable grounds for notifying the SOCA (Serious Organised Crime Agency).
- The role of the MLRO is to ensure adequate policies, procedures and training are in place to:
 - i. Conduct necessary customer due diligence measures;
 - ii. Monitor business relationships;
 - iii. Ensure adequate verification of the identity of a customer before conducting a transaction;
 - iv. Cease transactions where customer due diligence measures cannot be undertaken;
 - v. Carry out enhanced due diligence measures (where appropriate);
 - vi. Keep relevant transactional records;
 - vii. Ensure that relevant employees are adequately training in appropriate anti-money laundering requirements; and
 - viii. Follow any direction made by HM Treasury.
- Any suspicion of money laundering must be reported to the Group Company Secretary in writing.

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Appendix One

Examples of behaviour which may cause you to suspect that a client is engaged in or attempting to engage in money laundering.

This list is not exhaustive and each instance should be considered in the circumstances in which it has arisen.

1) In the case of new clients

- Is checking their identity proving to be difficult?
- Is the client reluctant to provide details?
- Is there a genuine reason for using your services?
- Has the client declined services that you would normally expect them to use?

- Is the client trying to use intermediaries to protect their identity or to hide their involvement?
- Is the client requesting a large cash transaction?
- Are there any unusual requests for delivery or collection?
- Does a photograph in ID look dissimilar to the individual?
- Does the date of birth on the ID seem wholly inconsistent with the individual's apparent age?
- Is the spelling of names and addresses different on different ID?
- Does the client's signature fail to match the signature included in the ID?

2) In the case of regular and established clients

- Is the transaction reasonable in the context of normal business?
- Is the size and frequency consistent with normal activities?
- Has the pattern of transactions changed since the business relationship was established?
- Has there been a significant or unexpected improvement in their financial position?

NB. These examples have been taken directly from the Guidance on Money Laundering Regulations 2011 provided by RICS (Royal Institute of Chartered Surveyors).

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Appendix Two

How to verify the identity of UK Trusts, an occupational pension scheme, a registered charity in England and Wales, a local authority, a non-UK company or partnership or a non-EU credit and financial institution.

UK Trusts

You must obtain the following:

- Constitutional documents establishing the trust exists.
- Details of all the trustees and beneficiaries and a copy of the deed evidencing the appointment of the current trustees.
- Verification of the identity of those who have control over the funds i.e. the principal trustees and the providers of the funds i.e. the settlor (except where deceased) and the principal beneficiaries.
- If the settlor is deceased, written confirmation for the source of the funds should be obtained, for example, grant of probate or copy of the will creating the trust.

Occupational Pension Scheme

You must obtain the following:

- Details of the Principal Employer and the Trust.
- Verification of the Principal Employer in accordance with the general rules relating to companies and partnerships.
- Copies of the formal documents concerning the Trust to confirm the names of the current trustees and their address for correspondence.

Registered Charities in England and Wales

You must obtain the following:

- The charity's registered number.
- Contact the Charity Commission and request the name and address of their correspondent for the charity.
- Verification of the identity of at least two signatories for the charity (on an ongoing basis if the charity carries out further transactions with Countryside).

Local Authority

You must obtain the following:

- A copy of the resolution of the Council giving authorisation for the authority to enter into the property transaction.
- Evidence the individual is authorised to act on behalf of the authority.

Non-UK Company

You must obtain the following:

- Original or certified copy of the certificate of incorporation from the relevant registry where the company has its registered office.
- Evidence that any individual representing the company has the authority to do so.
- If the directors of the company are not known to Countryside, the identity of at least two executive directors, or the company secretary and an executive director, or the majority shareholders should be verified as for an individual client.
- A bank reference from a bank, legal or other professional who has advised the company for at least two years.

Non-EU Credit and Financial Institutions

You must obtain the following:

- Confirmation of the existence and regulatory status of the institution with the home country central bank or financial service regulator.
- A check from a subsidiary or overseas office of the verifying firm or a correspondent bank in the same country.
- A check with an EU regulated correspondent bank of the overseas institution.
- Evidence from the institution of its licence or authorisation to carry on financial and/or banking business.
- If the credit or financial institution is not regulated verification should be sought in accordance with the procedures for other non-financial companies.
- A reference from a bank, legal or other professional who has advised the institution for at least two years.