The Financial Conduct Authority's 2018/19 Business Plan

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The UK Financial Conduct Authority ("**FCA**") recently released its 2018/19 Business Plan. The Plan sets out the FCA's priorities for the year ahead across multiple areas, including financial crime.

Tackling money laundering remains a continuing high priority for the FCA. Currently, supervision in this area – for example inspections of high-risk firms and random sampling of lower-risk firms – aims to "*identify and reduce the potential for firms to be used for money laundering and other financial crimes*". However, the FCA acknowledges that in order to achieve this, it is crucial to gather the right intelligence and information – in other words, to "[build] *a better picture of money laundering*".

For example, the FCA acknowledges that the UK needs a more comprehensive and detailed picture of how its capital markets are being used for money laundering. Plans are in place for "*diagnostic work*" on this issue, as well as on money laundering and terrorist finance risks in the e-money sector, with findings to be announced in Q2 2018/19. The Plan noted the new Office for Professional Body Anti-Money Laundering Supervision (OPBAS), established in February 2018 and hosted by the FCA[1]. Although it is only in its very nascent stages, the FCA are hopeful that OPBAS will improve both the standard of AML supervision across the legal and accountancy sectors, as well as intelligence sharing. The FCA also continues to work with the UK Government and industry on reform of the suspicious activity reporting ("**SARs**") regime, and the newly-announced National Economic Crime Centre[2].

Looking beyond intelligence-gathering, the FCA are also heavily involved in the ongoing Financial Action Task Force (FATF) Mutual Evaluation of the UK. These evaluations are peer reviews, where FATF members from different countries assess other countries' systems for preventing financial crime. The UK's evaluation is due to conclude in October 2018, following which the FCA will look to implement any recommendations.

A further priority for the FCA is collaboration with other law enforcement partners and other agencies. In particular, the FCA is keen to explore how "*new technology can be used more effectively to fight financial crime*". This comes shortly after the Serious Fraud Office announced it would be making artificial intelligence available for document reviews across all its cases[3]. It would not be surprising if the FCA were exploring similar technologies, particularly given its stated policy of

opening more investigations in future.

Finally, the FCA reiterated its commitment to tackling market abuse. In particular, the FCA plans to focus its supervision monitoring on the fixed income, commodity and non-standard derivative markets.   As the Plan itself acknowledges, these markets have previously received less focus than equities. This may explain the need for the FCA to keep a closer eye in future.

Although the Plan is a helpful guide to the FCA's priorities for the next 12 months, there is a limited amount by way of detail or firm commitment. This is partly the nature of business plans such as these. However it is also a reflection of the fact that the FCA's ambitions for the coming year in all areas are cast against a backdrop of uncertainty about the UK's exit from the European Union in 2019. As the newly-appointed Chair of the FCA Charles Randell puts it, "*[t]o achieve our priorities, as well as plan for EU withdrawal, while continuing to deliver our core regulatory activities effectively, will require us to use our resources efficiently and flexibly*". Navigating the UK's exit from the European Union from a financial regulatory perspective will clearly be a taxing exercise, and one that may divert resources from other areas which would ordinarily receive more focus.

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[1] For more detail on the creation of OPBAS, see our earlier blog article at
https://www.wilmerhale.com/blog/wireuk/post/?id=17179884230.

[2] https://www.gov.uk/government/news/home-secretary-announces-new-national-economic-crime-centre-to-tackle-high-level-fraud-and-money-laundering.

[3] https://www.sfo.gov.uk/2018/04/10/ai-powered-robo-lawyer-helps-step-up-the-sfos-fight-against-economic-crime/.