

SAR sharing between FIUs – How it works.

As the former head of the UKFIU International Section one of my responsibilities was to manage the exchange of SAR data between FIUs. You may already be aware that there is a continuing exchange of financial intelligence, mostly derived from SARs, between FIU's and indeed the UKFIU publishes statistics on this in the SAR regime annual report (see http://www.soca.gov.uk/about-soca/library/doc_download/235-the-suspicious-activity-reports-regime-annual-report-2010).

The Egmont Group (www.egmontgroup.org) is the international group of affiliated FIUs who came together in 1995 in a spirit of co-operation to enhance the fight against money laundering and terrorism finance. The Group also conducts training programmes and initiatives to enhance the effectiveness of FIUs. The Group now has around 120 members.

FIUs use the secure channels supplied through Egmont to facilitate the exchange of financial intelligence both on request and spontaneously. I should make it clear that this does not mean that we copy your SARs to another jurisdiction. There are rules agreed by all FIUs that govern the exchange of intelligence whether financial or otherwise, the first of which is 'no fishing'.

A requesting FIU has to establish a nexus with the requested FIUs jurisdiction and demonstrate that the request relates to suspected money laundering/terrorism finance. In the case of the UKFIU, because it is embedded in a Law Enforcement Agency (SOCA) it has access to other criminal intelligence databases which can be searched. This means that a much richer intelligence picture – where justified and appropriate - can be assembled and transmitted to the requesting FIU. The source SAR is never sent and information from the SAR is sanitised to remove originator and other non relevant details.

Another constraint agreed to by the Egmont Group FIUs is the reservation of use. This means that any information transmitted by one FIU to another can only be used for the purposes stated on the request, and only by the FIU to which the information has been supplied. Any extension of use or referral to a third party must be agreed to by the supplying FIU.

National legislation also must be respected in the intelligence exchange process. The Data Protection Act and Human Rights Act mean that when deciding how much intelligence to release, and to which jurisdiction, consideration has to be given to the data protection legislation in that foreign jurisdiction and whether or not it is equivalent to that in the UK. When releasing information about an individual one also has to consider their rights to privacy and whether releasing information on an individual compromises those rights. The right to privacy is, however, a qualified right which means that in certain circumstances it can be breached, such as for the investigation of crime. This has to be

conducted intelligently and proportionately and there is a process to determine this when considering release of information overseas.

The Egmont Group is not the only institution through which FIUs can exchange information. Within the European Union there is another FIU group called FIU.net (www.fiu.net). This was formed following an EU Council Decision in 2000 on co-operation between Member State FIUs. One clause of this decision was to provide a mechanism to help EU FIUs exchange data and FIU.net was created to provide a secure data link between EU FIUs to facilitate that exchange of information. It has grown over recent years to encompass 24 Member States and the software has been developed to provide a facility where two or more Member States FIUs can collaborate on money laundering/TF casework.

Of course all EU FIUs are also members of the Egmont Group and continue to use secure Egmont channels to exchange information outside the European Union. It may appear to an observer that there seems to be duplication between the two systems and at a base level there may be something in that, but the two systems provide different facilities for co-operation and pooling knowledge so the overall effect is complimentary and not duplicatory. It is reassuring to note that the system architects and managers from FIU.net and Egmont secure web meet regularly and collaborate on system improvements and security.

Cedric Woodhall

Cedric is a former Senior Manager in the UKFIU in SOCA. He was responsible for International Financial Intelligence, Terrorism Finance, PEPs reporting and Asset Recovery. Cedric is now a Senior Partner in O22G LLP, the October 22 Group - a consultancy specialising in assisting small and medium firms with AML and SARs training. He can be contacted via cedric@october22group.co.uk