



Anti-Money Laundering and KYC Guidance

Cash of **£10,000 or more**, in one payment or linked ones, makes you a **High Value Dealer**. Register with HMRC first.

EVERY MEMBER, ALWAYS

Screen against UK sanctions, never handle criminal property, and know who you trade with, however they pay.

KYC for every counterparty BEFORE TRADING

- 1 Identify the customer.**
Individuals: name, address, date of birth, against photo ID and proof of address. Companies: name, number, address, directors and owners over 25%, via Companies House or overseas equivalent.
- 2 Understand the business.**
Record their trade, expected volumes and the purpose of the relationship.
- 3 Screen.**
Customer, directors and beneficial owners against the UK Sanctions List, plus PEP checks. Record the result and date.
- 4 Assess the risk.**
Low, medium or high, with the reason recorded.
- 5 Apply EDD where risk is high.**
PEPs and associates, FATF "call for action" countries, unusually complex or large deals, any red flag. Needs senior approval, source of funds and wealth, closer monitoring.
- 6 Monitor.**
Refresh KYC every two years for low risk, annually for high risk, or at once if something changes.
- 7 Keep records for five years**
from the end of the relationship or the one-off transaction.

A PEP is not a reason to refuse business; record the checks and the decision. Domestic PEPs are lower risk than foreign ones unless other factors apply.

If you are a High Value Dealer HVD DUTIES

- 1 Register with HMRC first.**
Allow 45 days. Each entity; annual fee; report changes.
- 2 Business-wide risk assessment.**
Customers, countries, goods, channels, payment methods.
- 3 Appoint a responsible officer and an MLRO.**
Tell HMRC who they are.
- 4 Written policies and controls.**
CDD, risk, monitoring, reporting, records, communication.
- 5 Screen and train staff.**
Record attendance; refresh regularly.
- 6 Audit independently.**
Smaller firms: at least an annual check.

Members not registered should have a written policy refusing cash of £10,000 or more, tell staff and customers, and log smaller cash payments so linked payments and "smurfing" (splitting cash to stay under the limit) show up.

Which regime applies

KEY OBLIGATION

MLR 2017: High Value Dealer Cash of £10,000+, single or linked, including cash paid into your bank or to a third party for you	Register with HMRC before trading; full AML programme
MLR 2017: Art Market Participant Works of art at £10,000+, any payment method	Register with HMRC; CDD on buyers and sellers
POCA 2002 Everyone	Never deal in criminal property; report suspicion to the NCA
UK sanctions (SAMLA 2018) Everyone	No dealings with designated persons or prohibited goods; report breaches to OFSI

From 30 June 2026 the threshold is £10,000 (formerly €10,000). Update any policy that still refers to euros or the old £7,000 bank buffer.

Red flags in the diamond trade STOP AND CHECK

- ◆ Payment from, or refund to, a third party or unconnected country
- ◆ Split invoices or instalments to stay under £10,000; cash, cryptoassets or gold as payment
- ◆ Prices well above or below market with no commercial reason
- ◆ Rough without a valid KP certificate, or from a country with no known production
- ◆ Missing or altered SoW statements, or vague origin on polished goods
- ◆ Any link to Russian production or Russian-connected companies
- ◆ Memo goods never returned or paid for; circular trades between the same parties
- ◆ Reluctance to give ID or ownership details; complex structures with no clear purpose

Reporting suspicion NO TRANSACTION TOO SMALL

- ◆ Staff report any suspicion to the MLRO, whatever the amount or payment method.
- ◆ The MLRO decides whether to file a SAR with the NCA online.
- ◆ If the deal has not completed, request a DAML and wait for consent or the statutory period.
- ◆ Never tell the customer. Tipping off is a criminal offence.
- ◆ Report suspected sanctions breaches to OFSI and freeze the person's funds or goods.

PENALTIES

MLR breaches: unlimited HMRC civil penalty, or up to two years' imprisonment and an unlimited fine. POCA money laundering: up to 14 years. Banks may close accounts they see as a risk; documented AML procedures are a member's best defence against debanking.

ABBREVIATIONS

AML	Anti-money laundering	KYC	Know your customer	CDD	Customer due diligence	EDD	Enhanced due diligence	HMRC	HM Revenue & Customs
MLR	Money Laundering Regulations	MLRO	Money Laundering Reporting Officer	NCA	National Crime Agency	SAR	Suspicious Activity Report	DAML	Defence Against Money Laundering
PEP	Politically exposed person	OFSI	Office of Financial Sanctions Implementation	FATF	Financial Action Task Force	POCA	Proceeds of Crime Act	SAMLA	Sanctions and Anti-Money Laundering Act
KP	Kimberley Process	SoW	System of Warranties	WDC	World Diamond Council	LDB	London Diamond Bourse	HVD	High Value Dealer