



Kingsley
Napley

Wednesday 10th March 2021

Is the art world AMLD5 ready?

New programme announced to support the UK art market with its anti-money laundering obligations as registration deadline looms

A nation-wide training programme launches today, aimed at supporting galleries, artists and other 'art market participants' in meeting their obligations under the 5th Anti-Money Laundering Directive (AMLD5) which came into force in January 2020.

Developed and delivered by Creative United in partnership with London law firm Kingsley Napley LLP, **AMLD5 and the Art Market** is an Arts Council supported programme of free training sessions and workshops, offering practical advice to support art market participants to understand, assess and respond to their obligations under the regime.

AMLD5 extends the current anti-money laundering legal framework to cover business activity taking place within the art market. The directive requires art market participants (AMPs) - galleries, auction houses, dealers and individual artists - involved in selling work directly to clients through single or linked transactions with the sale of goods in excess of €10,000 (c.£8.5k) to conduct due diligence, monitoring, and enhanced record keeping.

The update marks a considerable shift towards greater transparency, data management and regulatory control within the art market which has until now been unregulated and built largely on business practices that have relied heavily on high levels of trust and client confidentiality.

A breach of the regulations could leave AMPs at risk of public censure, prohibitions on managing the business, financial penalties and at its most serious, criminal prosecution for offences, which carry potential sentences of imprisonment.

Although AMLD5 came into law in the UK over a year ago, the deadline for registering with HMRC as an AMP was extended to 10 June 2021 to take account of the disruption being faced by the industry as a result of the Covid-19 pandemic. With the new deadline now just 3 months away, it is clear that large numbers of organisations whose business activities will be caught by the legislation have yet to fully understand or implement the systems and processes that will be necessary to ensure compliance and minimise the risks associated with selling high value works of art.

Mary-Alice Stack, CEO, Creative United said:

"As a Sector Support Organisation, we are committed to ensuring that artists, galleries and

other enterprises within the visual arts sector are given the support they need to adapt their business practices to take account of their legal obligations under AMLD5.

To achieve this, it is essential that businesses at all levels of the market are given practical advice on how to comply. The vast majority of those affected by the new regulations are sole traders or micro-enterprises that simply do not have the financial resources or staff capacity to invest in meeting these regulatory requirements, which is why we are delighted to be working in partnership with Kingsley Napley to offer any AMP that needs it, free training and resources to guide them through this process.”

Nicola Finnerty, Partner at Kingsley Napley said:

“Kingsley Napley is delighted to be involved in this project. The AMLD5 imposes additional obligations on AMPs to assess the risks of money laundering and terrorist financing which could arise from their business.

There are potential civil and potentially criminal consequences for non-compliance, so it is important for AMPs to be aware of these obligations and implement appropriate processes and procedures. The arts will be under greater scrutiny as a sector after the June deadline and HMRC will be looking to make examples of those not following the new rules. The training will help navigate the new AML landscape and demonstrate why and how AML compliance can become part of the culture of every arts-based organisation going forward.”

David Farrow, Head of Business Development, a-n The Artists Information Company said:

“As the largest artists’ membership organisation in the UK, a-n supports artists by providing them with professional development opportunities and the essential information they need for their business and creative practice. We support this new training programme so that those artists who will be affected by AMLD5 are fully informed about their obligations and the implications on their practice prior to the June deadline.”

Artist, Emily Allchurch commented:

“As an individual artist occasionally making sales direct to clients in the UK and internationally, I am concerned that the new AMLD5 regulations could affect me in the future. I am keen to understand more about the regulations, and I would really welcome the support of the programme to help me understand what actions I will need to undertake to be compliant.”

AMLD5 and the Art Market is backed by Arts Council England, Arts Council Northern Ireland, and Creative Scotland, and is open to all ‘art market participants’ based anywhere in the UK. A special session targeted at individual artists that may be caught by the regulation is being offered in partnership with **a-n The Artists Information Company**, the UK’s largest membership body for visual artists.

Registration for the training programme for all eligible AMPs is now open. Please visit the Creative United website here: <http://bit.ly/AMLD5-and-the-Art-Market>

Further comments:

Suzanne Lyle, Head of Visual Arts, Arts Council of Northern Ireland commented:

“Many artists and galleries may be unsure of what the recent legislative changes mean for them and how it affects the way they do business. This free programme will be an opportunity for anyone involved in the sale of artworks to avail of the latest training and begin to make any changes needed before the June 10th registration deadline.”

Andrew Leitch, Creative Industries Officer, Creative Scotland said: *“Creative Scotland understands how vital sales of work are to artists’ economies and this is especially true during the Covid crisis. We are therefore pleased to be working in partnership with Creative United to support the roll out of this vital training programme to ensure that the maximum number of galleries and artists in Scotland benefit from a clear understanding of the implications of the forthcoming AMLD5 regulations.”*

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Notes to editors

About Creative United

Creative United is an entrepreneurial community interest company, and Arts Council England (ACE) National Portfolio Organisation (NPO) sector support organisation, that strives for economic growth and social impact in the arts, cultural and creative industries.

We provide a range of programmes and business services which enable the development and sustainability of organisations and enterprises operating within these sectors.

Our vision is for artists, creative enterprises and cultural organisations to have access to the specialist skills, professional advice and services they need to achieve their ambitions for growth and impact within their communities.

www.creativeunited.org.uk @CreativeUtdUK

About Kingsley Napley

Kingsley Napley LLP is an internationally recognised full-service law firm with a market-leading financial crime practice. Acting for private clients, entrepreneurs, business owners and investors - nationally and internationally - the firm is known for combining creative solutions with legal excellence and commercial pragmatism as well as its integrity and experience in dealing with complex, often high-profile matters. For more information about Kingsley Napley, please visit www.kingsleynapley.co.uk.

About a-n The Artists Information Company

a-n is the largest artists’ membership organisation in the UK, representing more than 20,000 artists and arts organisers. We support and act on behalf of our membership and the visual arts sector to improve artists’ livelihoods, to inform cultural policy and to affirm the value of artists in society. Through our membership services, the delivery of a creative programme

and advocacy, a-n champions the rights and voices of practising visual artists in the UK today. In 2021 a-n celebrates its 40th anniversary year with a dedicated programme of activity. www.a-n.co.uk @an_artnews @anartistsinfo

About Arts Council England

Arts Council England is the national development body for arts and culture across England, working to enrich people's lives. We support a range of activities across the arts, museums and libraries – from theatre to visual art, reading to dance, music to literature, and crafts to collections. Great art and culture inspires us, brings us together and teaches us about ourselves and the world around us. In short, it makes life better. Between 2018 and 2022, we will invest £1.45 billion of public money from government and an estimated £860 million from the National Lottery to help create these experiences for as many people as possible across the country. www.artscouncil.org.uk @ace_national

About the Arts Council of Northern Ireland

The Arts Council of Northern Ireland is the lead funding and development agency for the Arts providing support to arts projects throughout the region, through its Treasury and The National Lottery funds. Our funding enables artists and arts organisations to increase access to the arts across society and deliver great art that is within everyone's reach.

Since The National Lottery's first draw took place on 19 November 1994, more than £40 billion has been raised for good causes in the areas of arts, sport, heritage and community.

The National Lottery players contribute around £30 million to good causes every week. The National Lottery has made more than 5,500 millionaires but its primary purpose is giving to good causes - over 565,000 individual grants have been awarded across the UK, that's the equivalent of 200 life-changing projects in every UK postcode district.

<http://artscouncil-ni.org/> @ArtsCouncilNI

About Creative Scotland

Creative Scotland is the public body that supports the arts, screen and creative industries across all parts of Scotland on behalf of everyone who lives, works or visits here. We distribute funding provided by the Scottish Government and The National Lottery.

www.creativescotland.com @CreativeScots