Reform of the anti-money laundering and counter-terrorism financing supervisory regime

General Features



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Members in practice, and particularly those who are supervised by the CIOT and ATT for anti-money laundering, will be interested to know that HM Treasury have published a consultation on the reform to the anti-money laundering and counter-terrorism financing supervisory regime. The consultation sets out four potential models for supervision and also seeks views on the supervision of sanctions.

Currently anti-money laundering (AML)/ counter-terrorism financing (CTF) supervision in the UK involves three statutory supervisors (the Financial Conduct Authority, the Gambling Commission and HMRC) and 22 professional body supervisors. The supervisors ensure that businesses comply with the Money Laundering Regulations and take enforcement action where the requirements are not met.

In 2017, the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) was created to oversee professional body supervisors and ensure that supervision was conducted to a high standard.

The 2022 Review of the UK's AML/CTF regulatory and supervisory regime (tinyurl.com/3xz2nu25) concluded that there had been continued improvement to the supervisory regime in the UK but that some weaknesses may need to be addressed through structural reform. The Review set out four possible models for a future AML/CTF supervisory system and the current consultation develops the models further (tinyurl.com/muc7ef5w).

The proposed models are summarised below.

Model 1: Office for Professional Body AML Supervision (OPBAS)+

The first potential model would involve no structural change to the regime. OPBAS would be given enhanced powers to increase the effectiveness of supervision by the professional body supervisors.

Model 2: Professional Body Supervisor Consolidation

This would see either two or six professional body supervisors retain responsibility for AML/CTF supervision. There could be either one accountancy sector supervisor and one legal sector supervisor, both with UK-wide remits, or one accountancy sector supervisor and one legal sector supervisor within each jurisdiction: England and Wales, Scotland, and Northern Ireland. Under either option, a decision is required as to whether accountancy firms currently supervised by HMRC should transfer to the consolidated professional body supervisors.

Model 3: Single Professional Services Supervisor

The third model would see one single body supervise all legal and accountancy sector firms for AML/CTF. It may also supervise some or all of the wider sectors currently supervised by HMRC. This body would most likely be a public body.

Model 4: Single Anti-Money Laundering Supervisor

Under this model, all AML/CTF supervision in the UK would be undertaken by a single public body. The major difference between this and previous options is that the public body would also take on supervision of those currently supervised by the Financial Conduct Authority and Gambling Commission.

Financial Sanctions Compliance

The consultation will also be used to consider whether there is a need for formalised roles and powers for supervisors to oversee sanction compliance. This includes communicating sanctions risks to businesses and supporting and overseeing the development of effective sanctions compliance controls**.**

How to respond

HM Treasury have set a closing date for comments to be submitted of 30 September 2023.

CIOT and ATT will be responding to the consultation document, and we would welcome views members may have about the proposals. Please email comments or queries to standards@ciot.org.uk or standards@att.org.uk. It is also possible to submit responses directly to HM Treasury and relevant details are included in the consultation document.

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