

Anti-Money Laundering Newsletter - April 2018

AML Guidance for the Accountancy Sector

CCAB (The Consultative Committee of Accounting Bodies) has published new guidance for all entities providing audit, accountancy, tax advisory, insolvency or related services such as trust and company services, by way of business.

The guidance has been updated for the Money Laundering Regulations (MLR) 2017 and is approved by HM Treasury. It has also been adopted by the UK accountancy AML supervisory bodies. The guidance, which is abbreviated to AMLGAS, covers the prevention of money laundering and the countering of terrorist financing and can be accessed [here](#). The updated tax sector appendix to the guidance will soon be submitted to HM Treasury and we will let you know as soon it has been approved.

The CIOT and ATT have also been working on updated AML FAQ and these can be accessed on the CIOT website [here](#) and on the ATT website [here](#). Further revisions will be made now the final version of AMLGAS has been issued.

AML Supervision Year 2018/19

All supervised firms will be contacted shortly to commence the renewal process for 2018/19.

There were a number of recurring points arising in relation to the registrations received for 2017/18 and in some cases supervised firms should take action now to ensure they can confirm they are meeting the requirements of MLR 2017. These are set out below:

1. Principals of the firm

Details of all Principals (i.e. directors (as per Companies House records), equity partners and LLP members) must be shown on the form. This includes details of principals who do not play an active part in the business.

2. Written risk assessment of AML/Terrorist financing risk to the business

The MLR 2017 now make it mandatory for firms to have a written risk assessment, irrespective of the size of the firm. For further details in relation to risk assessment of the firm please refer to the guidance in AMLGAS and the FAQ on the [CIOT](#) and [ATT](#) websites.

3. Written Policies and Procedures

Again, MLR 2017 now makes written policies and procedures mandatory whatever the size of the business.

The list of training providers available on the [ATT](#) and [CIOT](#) websites include some firms who provide pro forma documents which members can tailor to fit their business's requirements.

4. Risk assessment of clients and risk assessment on an ongoing basis

As MLR 2017 requires a risk based approach firms need to be able to evidence their risk assessment of clients and the ongoing review of those risk reviews. Firms who do not have policies and procedures geared up for this should ensure they update them accordingly to incorporate periodic risk review with their other compliance procedures.

5. Checking HM Treasury's financial sanctions and proscribed terrorist lists as part of client due diligence (CDD) procedures.

These lists set out details of individuals and groups subject to financial sanctions. Firms must check the lists as part of their CDD procedures to ensure they are not taking on a client subject to sanctions. The lists are available through the gov.uk website:

<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

<https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2>

6. AML Training

It is important that members consider and arrange suitable AML training on a regular basis to ensure they are aware of the requirements under MLR 2017 and to maintain awareness of AML issues when dealing with clients. A variety of training

material is available and details of some of the providers are available on the [CIOT](#) and [ATT](#) websites.

7. AML Responsibility of senior management (Regulation 21 MLR 2017)

Members are reminded of the new requirement under MLR 2017 that ‘Where appropriate with regard to the size and nature of the business’, a board member or a member of senior management must be appointed as the officer responsible for compliance with MLR 2017. This role can be separate from that of the nominated officer (MLRO) or the same individual can perform both functions. If a firm wishes the MLRO to fulfil both roles it will need to check that the current MLRO is either a board member or a senior manager. The appointment of the senior manager and of a nominated officer (MLRO) must be reported to the ATT or CIOT as your supervisory body within 14 days of the appointment.

In relation to 2017/18, the ATT and CIOT presumed that the senior staff member was the same individual as the MLRO on your AML Supervision Registration Form. The 2018/19 renewal form will provide a space where you can provide the separate details if relevant.

Trust and Company Service Provider (TCSP) Register

The MLR 2017 require all tax advisers and accountants who provide trust and company services to be listed in a register held by HMRC.

The responsibility to populate the register has been passed to the AML supervisors. It will be an offence (which attracts substantial penalties) to provide these services if your firm is not registered. The definition of trust and company service work is broad in scope and is copied below.

Regulation 12 (2)

“a firm or sole practitioner who by way of business provides any of the following services to other persons, when that firm or practitioner is providing such services—

- a) forming companies or other legal persons;
- b) acting, or arranging for another person to act—
 - i. as a director or secretary of a company;
 - ii. as a partner of a partnership; or
 - iii. in a similar capacity in relation to other legal persons;
- c) providing a registered office, business address, correspondence or administrative address or other related services for a company, partnership or any other legal person or legal arrangement;
- d) acting, or arranging for another person to act, as—
 - i. a trustee of an express trust or similar legal arrangement; or
 - ii. a nominee shareholder for a person other than a company whose securities are listed on a regulated market.”

We will be requesting more information about the TCSP services your firm provides when we contact you in relation to the 2018/19 renewal but as a holding measure and in order to meet the March deadline set by HM Treasury it was agreed that the CIOT and ATT, in line with other supervisors would submit details of all their supervised firms and edit in due course when the position becomes clearer.

Consequently we have already submitted details of your firm's name and address to HMRC. This protects your position in the event that you provide these services and enables CIOT and ATT to comply with our obligations as your AML supervisor. We will be emailing you with more detail in relation to the TCSP registration separately as HMRC require us to pass certain information to you in relation to the registration.

Criminality Checks

Where the beneficial owner, officer or manager of a firm has been convicted of a relevant offence (as set out in the regulations) it is not permissible for the CIOT/ATT (or any other AML supervisor) to supervise the firm in question. As a result we will be asking you to confirm the status of relevant individuals within your firm as part of the 2018/19 renewal process.

Financial Sanctions Blog

The Office of Financial Sanctions Implementation (OFSI) launched a new blog in March to keep you informed about financial sanctions events, guidance and topical issues. <https://ofsi.blog.gov.uk/>

The first blog posts went live on 6 March and cover:

- an introduction to OFSI
- an overview of current financial sanctions regimes, and
- North Korea financial sanctions.