HM Treasury

Anti-money laundering and counter-terrorist financing:

Supervision Report 2019-20
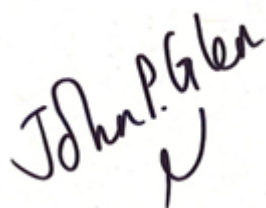
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Foreword

Businesses are the first line of defence in our response to illicit finance and play a critical role in both preventing the UK financial system from being exploited for criminal gain and in detecting suspicious activity where it has occurred. Strong regulatory and supervisory systems are therefore integral to the UK having an effective anti-money laundering and countering financing of terrorism (AML/CFT) regime.

The UK's supervision system has been strengthened significantly over recent years and has contributed to improved management of economic crime risk within the private sector. Supervisors have achieved this both through guidance and support, and through taking robust, decisive, deterrent action, including enforcement measures where appropriate. The government recognises, however, there is room for further improvement. Therefore, the government is working hard with supervisors to implement a number of actions in the Economic Crime Plan aimed at improving the AML/CTF supervisory regime. As part of the Economic Crime Plan, HM Treasury are undertaking a broad review of the Money Laundering Regulations (MLRs), to further ensure that the system is as effective and focused as it can be and to provide further clarity in areas for businesses and AML supervisors, and to look at the future of the AML/CTF supervisory regime.

This report provides information about the performance of AML/CTF supervisors between 6 April 2019 – 5 April 2020 and fulfils the Treasury's obligation, under Section 51 of the MLRs, to publish an annual report on supervisory activity. The report includes supervisory and enforcement data on both the statutory and Professional Body Supervisors, highlighting in particular: any notable changes in supervisory activity (including interactions with supervisors' obliged entities); and any fines that supervisors have issued. Although the report concludes that actions taken by supervisors have remained broadly consistent with the previous reporting period, it also notes that there is still more work to do to achieve a greater consistency in approach to supervision and enforcement. The Treasury will continue to work with supervisors to build on the progress made so far and lead the global fight against illicit financial flows.

I would like to thank the AML/CTF supervisors for their contributions to this report and their ongoing collaboration with HM Treasury.

John Glen MP, Economic Secretary to the Treasury

Chapter 1
Introduction

1.1   The UK's anti-money laundering (AML) and counter-terrorist financing (CTF) supervisory regime is comprehensive and seeks to regulate and supervise those firms most at risk from ML and TF. The Treasury works closely with both statutory supervisors (the FCA, HMRC and the Gambling Commission) and the 22 legal and accountancy Professional Body Supervisors (PBSs), as well as with the Office of Professional Body Anti-Money Laundering Supervision (OPBAS), to guarantee the delivery of the government's objective of a robust and risk-based approach to supervision, applying dissuasive sanctioning powers when appropriate, and minimising unnecessary burdens on regulated firms. The government will continue to work closely with these bodies to ensure that the UK remains at the forefront of international AML/CTF standards.

1.2   This is the Treasury's ninth annual report on AML and CTF supervision. This report includes supervisory and enforcement data that has been reported to the Treasury by supervisors in the period covering 6 April 2019 to 5 April 2020. This report also provides information about the performance of AML/CTF supervisors and fulfils the Treasury's obligation, under Section 51 of the Money Laundering Regulations (MLRs), to publish an annual report on supervisory activity through information requested from supervisors.

1.3   Each chapter of this report considers a specific area:

- Chapter 2 outlines the methodology the Treasury used to develop this report.

- Chapter 3 considers supervisors' supervisory activities.

- Chapter 4 considers supervisors' promotion and enforcement of compliance with the AML/CTF standards among their supervised population.

1.4   Whilst this report shows improvement in various areas of supervision, the Treasury and the AML/CTF supervisors remain committed to further strengthening their approach and tightening the UK's defences against ML and will continue to work in close partnership to enhance the proportionality and effectiveness of the AML/CFT regime.

1.5   In December 2018, the Financial Action Task Force (FATF), the global standard-setter for AML/CTF, published its Mutual Evaluation Report of the United Kingdom (the MER). The MER recognised that the UK's AML/CTF regime is the strongest of over one hundredcountries assessed by FATF and its regional bodies to date.

1.6   Whilst the UK achieved a high rating, the FATF assessed the UK's supervision regime to be only moderately effective. Specifically, it found that there were significant weaknesses in the risk-based approach to supervision among all the UK AML/CTF supervisors, with the exception of the Gambling Commission.

1.7   The UK accepted these findings and in July 2019 the government and the private sector published a landmark joint Economic Crime Plan (actions detailed in Annex E), which responds to FATF's MER recommendations and includes, as one of its strategic priorities, a commitment to enhance the risk-based approach to supervision.

1.8   Most recently, in May 2021 (after the relevant reporting period), the Economic Crime Plan Statement of Progress was published.[1] This showed that 20 of the 52 original actions had been delivered, whilst detailing a strategy for the completion of the remaining items in the plan. Although there is still more to do in relation to the plan's priority to enhance the risk-based approach, the Statement of Progress details that progress has been made to address deficiencies in the UK's AML-supervision regime.

OPBAS

1.9   The government continues to work closely with OPBAS. OPBAS' objectives are to increase information and intelligence sharing between PBSs, statutory AML supervisors and law enforcement agencies, and to ensure that the 22 PBSs continue to meet their obligations under the MLRs and the standards set out in the OPBAS sourcebook. Should a PBS significantly fail to meet their obligations, OPBAS will take enforcement action, either by way of publicly censuring a PBS or by making a recommendation to HM Treasury to remove them as a supervisor. These powers help to ensure that consistent high standards of supervision are achieved.

1.10   OPBAS has published three reports to date detailing their work under their two operational objectives. In their most recent report published in September 2021, OPBAS concluded that the PBSs have made marked progress in their compliance with the technical requirements of the MLRs over the last couple of years. However, the report notes there are still significant improvements to be made to the effectiveness many of the PBSs' supervisory approaches.

1.11   Regulation 46A of the MLRs now requires that PBSs publish their own reports on their AML/CTF supervisory activity. OPBAS and HMT jointly chaired a workshop in 2021 to discuss how the PBSs can meet this requirement. This resulted in an update being published, outlining good practice and suggested inclusions for the reports.[2]

1.12   One of the aims of publishing these reports is to provide additional information to support the data published in HM Treasury's own annual report. It will also provide a valuable opportunity for the PBSs to add context to their roles in the supervisory landscape and further demonstrate their overall effectiveness.

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[1] https://www.gov.uk/government/publications/economic-crime-plan-2019-to-2022

[2] https://www.fca.org.uk/publication/documents/opbas-update-regulation-46a.pdf

1.13   The reports will cover the same reporting period as this report and the PBSs are required to publish their first reports no later than 1 November 2021, and then annual reports thereafter.

Strengthening the UK's supervisory regime

1.14   As part of the Treasury's wider work to strengthen the regime, there is a legal obligation to conduct a review of the MLRs and OPBAS regulations by 26 June 2022 – as set out in action 33 of the Economic Crime Plan. Our departure from the EU provides the UK with a unique opportunity to reflect on how the UK can continue to develop its domestic response to economic crime.

1.15   To help meet this obligation, in July 2021 HMT published a call for evidence seeking views on a broad set of questions on the overall effectiveness of the supervisory regime; the extent to which businesses can effectively pursue a risk-based approach; and how enforcement measures are applied under the MLRs.[3] We hope to make positive and meaningful changes to the UK's AML/CTF regime through this comprehensive programme of work. In July 2021, HM Treasury also published a consultation document on the proposed 2022 Statutory Instrument (SI), which intends to make a small number of time-sensitive updates to the MLRs. These updates are intended to ensure that the UK continues to meet international standards, whilst also ensuring clarity in a number of areas for businesses and supervisors.[4]

1.16   HM Treasury consulted with key stakeholders on both publications, through a series of engagement sessions, throughout Autumn 2021. Both the call for evidence and the consultation closed on 14 October 2021. Valuable feedback gathered from industry, supervisors and the broader public will help to better inform the final SI, which is due to be laid in Spring 2022; and the final report on the wider MLRs review, which will be published in June 2022.

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[3]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004602/210720_MLRs_Review_Call_for_Evidence_final.pdf

[4]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004603/210720_SI_Consultation_Document_final.pdf

Chapter 2
Methodology

2.1   The MLRs require all AML/CTF supervisors to provide the Treasury with information to inform this report. The data that supervisors are required to collect and submit to the Treasury, on request, is set out in Schedule 4 of the MLRs, but future data requests are subject to change in tandem with the Treasury's review of the effectiveness of the MLRs and the supervisory regime.

2.2   As in previous years, the Treasury asked supervisors to provide information using a standard questionnaire. It includes questions on the number of regulated firms and persons supervised, the supervisory activities carried out, the number of breaches of the MLRs, the sanctions employed using powers provided under the MLRs, and case studies demonstrating effective use of supervisory powers. The questionnaire asked all supervisors to provide information for the period 6 April 2019 to 5 April 2020.

2.3   The Treasury sought both quantitative and qualitative evidence to inform and present this report. Due to the specificities of each sector – including differences in size of supervised population, and distribution of ML/TF risk within this population – it is not always appropriate to compare supervisors based on quantitative data alone. It is also important to note that updates to how supervisors collect data and changes in reporting requirements has meant year-on-year comparisons do not always compare like with like.

2.4   The Treasury has sought to capture the data reported by supervisors as accurately as possible, returning to supervisors where information was unclear and clarifying data that differed to previous returns.

Chapter 3
Supervisory activities

Context

Risk-based approach

3.1   The MLRs require AML/CTF supervisors to take a risk-based approach to the supervision of their population. This involves understanding the ML/TF risk within their populations to target resources on the activities that criminals are most likely to exploit. This approach ensures that supervision is focused on areas where it will have the greatest impact in detecting, deterring, and disrupting criminals whilst minimising unnecessary burdens on legitimate businesses.

3.2   An effective risk-based approach requires a deep understanding of the supervised population; differentiating between types of firms, the services they provide, and their clients, amongst other factors. In addition to their supervisory activities and knowledge of their own sectors, there are various resources available to assist AML/CTF supervisors build an understanding of ML/TF risks within their regulatory population, such as the National Crime Agency's (NCA) risk assessments and briefings, and the OPBAS sourcebook.

3.3   The MLRs require supervisors to refer to the National Risk Assessment (NRA) on AML/CTF when they carry out their own AML/CTF risk assessments. The third NRA was published in December 2020 and has continued to support supervisors in building a robust intelligence picture of relevant sectors.[5]

3.4   A summary of the NRA's key findings is summarised in Annex C.

Supporting a risk-based approach

3.5   Supervisors use a range of techniques to ensure that the firms they supervise are implementing appropriate controls. These techniques are key to shaping the risk-based AML/CTF approach required of supervisors and include powers such as the ability to request information and attendance at interview, and access to firms' premises. In practice, supervisory activities often help supervisors improve their understanding of the ML/TF risk within their population and refine their approach to focus resources where they have greatest effect.

3.6   Collaboration and information sharing amongst AML/CTF supervisors, law enforcement and the private sector is key to sharing skills, knowledge and experience. In addition to improving supervisors' monitoring of their members, these relationships also enable supervisors to aid law enforcement investigations and to better mitigate risks through sharing typologies. This ensures that prevention opportunities are maximised (including opportunities for education); criminals are

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[5] https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2020

successfully identified and prosecuted; and there is increased intelligence and information sharing between the PBSs, law enforcement, statutory supervisors and other agencies for this purpose.

3.7   Adequate data protection safeguards, both in terms of processes and integrity of supervisory personnel, underpin this collaboration and are key to ensuring information is used appropriately.

Analysis

Onsite visits and desk-based reviews (DBRs)

3.8   Supervisors have a range of on-site and off-site supervisory tools at their disposal to monitor supervised populations, including meeting senior management; Desk-Based Reviews (DBRs); questionnaires; and periodic and ad hoc information requests. The MLRs require AML/CTF supervisors to effectively monitor their supervised populations and to vary the frequency and intensity of their on and off-site supervision, based on the different risk profiles within their supervised populations.

3.9   This section of the report sets out data provided by AML/CTF supervisors, as part of their annual returns, on the number of supervisory interventions (on-site visits and DBRs) they carried out. Also included are the supervisors' assessments of their obliged entities' compliance with the MLRs. For all tables in this chapter, the corresponding data for the previous reporting year 2018-19 is included in brackets. It should be noted that due to the specific attributes of each sector – including differences in size of supervised population and distribution of ML/TF risk within the populations – it is not always appropriate to compare supervisors based on quantitative data alone. In addition, the data does not reflect the scope and intensity of the on-site visits and DBRs undertaken.

3.10   There has been an increase in the proportion of interventions carried out by supervisors. During 2019-20, the designated AML/CTF supervisors carried out 10,550 DBRs and visits in total, on a population of approximately 97,400 (10.8%), compared to 6,201 in 2018-19 on a population of approximately 85,437 (7.3%).

3.11   According to supervisor returns, approximately 12% of the supervised population are classified as high risk. This is a slightly lower proportion of the population than in the previous reporting period, and most likely due to the increase in numbers of firms and sole practitioners being supervised.[6]

FCA's supervisory activity

3.12   The FCA is the supervisory authority for c. 22,000 financial services firms in the UK. This number is made up of firms only, and no sole practitioners.

3.13   In 2019-20 there were the equivalent of 54 full-time employees dedicated to AML/CTF supervision in the FCA. These employees were supported by sector

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[6] Including very high-risk firms, as reported by the Gambling Commission.

supervisors who were also responsible for assessing FCA supervised firms' compliance with their wider regulatory obligations.

3.14 Based on sector risk assessments, the FCA concluded that the retail banking, wholesale banking and wealth management sectors remain vulnerable to financial crime and pose the greatest ML risk.

3.15 As part of the Economic Crime Plan, the FCA committed to further enhancing its supervision and engagement (action 34) by using intelligence and data to better target its supervisory activity and continuing regular engagement with industry to share its supervisory findings.

3.16 The FCA's supervisory approach consists of the following three main proactive programme categories (although supervisors may go beyond this, for example where there are firms with enhanced supervision, or in response to events or crystallised risks):

- The Systematic Anti Money Laundering Programme covers the 14 largest retail and investment banks operating in the UK, who are subject to the most intensive AML/CTF supervision. Given the high risk they present, the FCA's engagement with these firms is continuous and each has a dedicated frontline supervision team.

- The Proactive Money Laundering Programme focuses predominantly on smaller firms that were assessed as higher risk - covering about 30 firms per year. Depending on risk levels, firms moved in and out of the programme and a data return was used to determine if they were in scope, to ensure that the FCA assessed the firms posing the greatest ML risk.

- The Risk Assurance Programme involves firms from within the remaining FCA's supervised population.

3.17 The FCA also pointed to the development of intelligence and data driven approaches, with the aim of being able to intervene in an agile, flexible, and efficient way.

3.18 From 10 January 2020, businesses carrying out cryptoasset activity in the UK have needed to be compliant with the MLRs. On 16 December 2020, the FCA established the Temporary Registration Regime for cryptoasset service providers to enable firms that were trading prior to 10 January 2020, and which had submitted applications for AML supervision, to continue trading whilst their applications were assessed. On 3 July 2021, the FCA announced that the regime would be extended until 31 March 2022. As part of this process, the FCA has found that a significant number of firms are not meeting the required standards under the MLRs, which has resulted in firms withdrawing their applications or being refused registration. Those firms which have been refused registration have not been included in the data in this report.

3.19 For those firms who are currently registered for FCA supervision, data has been provided as part of the FCA's annual return (as set out in table 3.A). To note, the figures in brackets refer to 2018/19 data.

3.20 During this reporting period, the FCA conducted a total of 147 DBRs and 30 onsite visits. Of the 147 DBRs, 137 were considered high-risk firms and 10 were

medium-risk firms. Of 30 onsite visits, 26 were counted as high-risk firms and 4 were medium-risk firms.

3.21   Overall, approximately 0.8% of the FCA's supervised population was subject to either a DBR or an onsite visit during the reporting period. This is a slight increase compared to 2018-19.

Table 3A: Financial Conduct Authority's supervisory activity (2019-20)

Size of AML population	Total No. of DBRs	No. of DBRs assessed as compliant	No. of DBRs assessed as generally compliant	No. of DBRs assessed as non – compliant	Informal actions taken following DBRs	Formal actions taken following DBRs	Total number of onsite visits	No. of onsite visits assessed as compliant	No. of onsite visits assessed as generally compliant	No. of onsite visits assessed as non-compliant	Informal actions taken following onsite visits	Formal actions taken following onsite visits
22,000 (19,660)	147 (47)	90 (0)	48 (20)	9 (0)	48 (20)	9 (27)	30 (64)	1 (0)	14 (50)	15 (14)	14 (31)	15 (33)

Source: HMT Returns

3.22   The FCA reported that 33% of the firms subject to a DBR and 47% of firms visited were classified as 'generally compliant'. 6% of firms subject to a DBR were classed as non-compliant and 50% of firms visited were non-compliant with the regulations. Frequent breaches identified by the FCA include inadequate customer due diligence (CDD) and enhanced due diligence (EDD), leading to poor identification and monitoring of high-risk customers; no, or inadequate, whole firm-wide risk assessments; and inadequate screening of employees through record retention and electronic checks.

3.23   Those firms that were found non-compliant established remediation plans to address their specific deficiencies. For those with significant failings, formal action was taken. The FCA took formal action on approximately 6% of the firms reviewed and approximately 50% of the firms visited. Formal action can include appointing a skilled person, restrictions on business activities or enforcement action such as financial penalties.

Box. 3A: Case Study

Firm A and Firm B are authorised e-money institutions. The FCA had received intelligence to suggest that both firms might be linked to suspected financial crime and took the necessary steps to intervene.

The aim of the intervention was to disrupt any misconduct by obtaining evidence of failings in the firms' AML policies and procedures, and control mechanisms, to enable the FCA to act to either restrict the firms' activities or to cancel their authorisations. The FCA conducted simultaneous unannounced visits to the firms, reviewed their policies, analysed their customer lists, assessed files and interviewed key staff.

This work led Firm A to agree to the imposition of requirements to restrict its business and to appoint a skilled person to review and remediate its AML control framework.

Firm B voluntarily closed its specific e-money programme that was of concern and engaged a consultant to audit its financial crime controls to provide assurances to the FCA.

HMRC's supervisory activity

3.24   HMRC is the supervisory body for estate and letting agency businesses, art market participants, high value dealers, money service businesses and trust or company service providers (TCSPs) who are not supervised by the FCA or PBSs. HMRC is also the default supervisor for Accountancy Service Providers (ASPs).

3.25   The total size of the population registered with, and supervised by, HMRC at 27 March 2020 was 32,827. HMRC had registered 36,150 firms and 10,596 sole practitioners. These numbers add up to more than the total size of the population because a considerable number of HMRC-supervised businesses operate in multiple sectors.

3.26   During 2019-20, HMRC had the equivalent of 266 full-time employees dedicated to AML/CTF supervision.

3.27   Through sector risk assessments, HMRC found that the sectors presenting the highest inherent risks for money laundering were Art Market Participants (AMPs) and TCSPs. ASPs were found to present a medium risk of money laundering, as were Estate Agency Businesses (EABs) and Letting Agent Businesses (LABs). Most sectors were found to be of low risk to terrorist financing, other than High Value Dealers (HVDs) who were found to have an overall medium level of risk of both money laundering and terrorist financing. Money Service Businesses (MSBs) were found to have an overall high inherent risk of both ML and TF as well.

3.28   Overall, HMRC reported that the majority of firms and sole practitioners were low risk but classified roughly 12% of firms and sole practitioners as high risk, and 27% of firms and sole practitioners as medium risk.

3.29   In accordance with the MLRs, AML/CTF supervisors are required to vary the frequency and intensity of their on-site and off-site supervision based on the different risk profiles within their supervised population. In September 2019, as part of the Economic Crime Plan, HMRC committed to enhancing their supervision through a full review of its AML/CTF Supervision Operating Model and the implementation of a new operating model focusing on staff training and accountability.

3.30   The new structure has already improved the allocation of responsibility in the team, streamlining the senior management structure and allowing for clear accountability and communication. This has helped improve supervision and HMRC will continue to monitor the new operating model's progress and impact. HMRC also introduced a more robust sanctions framework in October 2019.

3.31   As a result of this new framework, HMRC has been able to make much greater use of the full range of sanctions available in the MLRs. Within the relevant period, HMRC has:

- Suspended or deregistered businesses;

- Reviewed (and revoked) fit and proper status of individuals;

- Issued financial penalties; and

- Published details of non-compliant businesses.

3.32   Further examples of the sanctions being used within the relevant period can be found on the government website.[7]

3.33   Under the Economic Crime Plan, HMRC committed to conducting an annual self-assessment of their alignment to the OPBAS sourcebook standards. Their first review under this action was published on 17 March 2021 and found HMRC to be generally aligned with both the MLRs and the expected standards outlined in the OPBAS sourcebook whilst recognising that there was still room for improvement.[8]

3.34   As set out in the table below, during the reporting period, HMRC conducted 1,012 DBRs and 817 onsite visits. This means that approximately 6% of HMRC's supervised population was subject to either a DBR or an onsite visit during the reporting period. This is the same proportion as in 2017-18 and 2018-19.

Table 3B: Her Majesty's Revenue and Customs supervisory activity (2019-20)

Size of AML population	Total No. of DBRs	Total No. of onsite visits	No. of DBRs and onsite visits assessed as compliant	No. of DBRs and onsite visits assessed as generally compliant	No. of DBRs and onsite visits assessed as not-compliant	Informal actions taken following DBRs and onsite visits	Formal actions taken following DBRs and onsite visits
32,827 (23,619)	1,012 (107)	817 (1,265)	288 (95)	517 (227)	439 (350)	805 (322)	439 (350)

Source: HMT Returns

3.35   Of the 1,829 firms subject to supervisory activity by HMRC in 19-20, 24% were assessed as not compliant. However, 585 cases (32% of the total firms subject to either a DBR or onsite visit) did not result in a compliance rating being recorded in the figures returned to the Treasury.[9]

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[7] https://www.gov.uk/government/publications/businesses-not-complying-with-money-laundering-regulations-in-2018-to-2019/current-list-of-businesses-that-have-not-complied-with-the-2017-money-laundering-regulations

[8] https://www.gov.uk/government/publications/hmrc-anti-money-laundering-supervision-performance-assessment/hmrc-anti-money-laundering-supervision-annual-assessment

[9] Instead, the results of these inform the overall compliance rating of their principal business. In addition, there are a variety of other reasons why an intervention may not result in a compliance rating – e.g., businesses may cease trading, or the intervention may

3.36   To note, as well as DBRs and onsite visits, HMRC also carried out 219 'policing the perimeter' cases within the period. This brings HMRC's overall number of interventions to 2,048 for the reporting period.

3.37   The most frequent forms of non-compliance within the relevant period identified by HMRC were a lack of appropriate AML policies, control and procedures; inadequate client risk assessments; and no or inadequate whole firm-wide risk assessments.

3.38   The most common cause of non-compliance has been identified as a lack of understanding of the MLRs, more specifically members of the supervised population not fully considering and understanding the risk associated within their businesses.

3.39   HMRC took formal action against all firms who were assessed as not compliant. The formal action taken included financial penalties, suspension or removal of authorisation to practice, or a formal warning letter.

3.40   Alongside its enforcement activity, during the relevant period, HMRC took informal action, such as a letter to the business offering advice and feedback, against 44% of those who were subject to a DBR or visit. HMRC have also published extensive guidance on firms' obligations, best practices and risk and have sent relevant risk information to businesses via email to keep them updated. They also conduct outreach work through online training and webinars, targeted at specific sectors or AML themes; a forum for MSB principals to attend to discuss issues; and by speaking at industry events across sectors to widen knowledge.

Gambling Commission's supervisory activity

3.41   The Gambling Commission is the supervisory authority for all online (remote) and land-based (non-remote) casinos either operating in Great Britain or providing casino facilities to British customers. The Gambling Commission is the sole authority able to issue operating and personal licences that allow companies and persons to provide gambling services in Great Britain or to British customers where the company or person is based outside of Great Britain.

3.42   During the reporting period, the total size of the Gambling Commission's supervised population was 250, 100% of which count as firms. There were 197 remote casino operators, 45 non-remote casino operators, and 8 operators with licences that allow both remote and non-remote casino activity.

3.43   139 of the 250 casinos licensed by the Gambling Commission during the relevant period were based outside Great Britain. Many remote and non-remote casinos have part, or all, of their ownership structure based in other jurisdictions.

3.44   During 2019-20, the Gambling Commission had 4 full time employees dedicated to AML/CTF. However, AML/CTF work is also integrated into the Gambling Commission's wider work. Employees in the legal, intelligence, licensing, compliance and enforcement areas also assist with AML/CTF supervision. Across these areas, there were an equivalent of 140 full-time employees.

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lead to further activity by HMRC or partner agencies. The percentage of non-compliant businesses is slightly less than it was last year, where the percentage stood at 25.5%.

3.45   The Gambling Commission's risk assessment classifies the casino sector as high risk. Within this, there were 90 casino operators classed as 'very high' risk, 39 as 'high', 19 as 'medium', and '102' as low. This greater breakdown of risk is reached by separating casinos with higher impact and higher likelihood of risk based on gross gambling yield.

3.46   The Gambling Commission's most recent risk assessment identifies remote gambling (particularly remote casino remote bingo and remote betting activity), and non-remote casino and off-course betting as having a high risk of money laundering. The risk assessment also showed that gambling is currently at low risk of being exposed to terrorist financing.

3.47   The Gambling Commission has powers of entry to inspect, question, access written or electronic records, and remove and retain any items relevant to a suspected offence under the Gambling Act 2005, or a breach of licence condition. Any gambling company operating in Great Britain or providing gambling services to British customers must hold the appropriate licence.

3.48   The Gambling Commission's supervisory activity increased over the reporting period in comparison with 2018-19. During the period, the Gambling Commission conducted 66 DBRs and 48 onsite visits to licensed businesses, this means that approximately 45% of the supervised population were subject to either a DBR or onsite visit. This marks an increase of 14% compared to 2018-19.

Table 3C: Gambling Commission's supervisory activity

Size of AML population	Total number of DBRs	No. of DBRs assessed as compliant	No. of DBRs assessed as generally compliant	No. of DBRs assessed as non-compliant	Informal actions taken following DBRs	Formal actions taken following DBRs	Total number of onsite visits	No. of onsite visits assessed as compliant	No. of onsite visits assessed as generally compliant	No. of onsite visits assessed as not-compliant	Informal actions taken following onsite visits	Formal actions taken following onsite visits
250 (208)	66 (38)	16 (16)	15 (9)	35 (13)	4 (12)	4 (7)	48 (27)	15 (5)	6 (4)	27 (18)	7 (4)	8 (3)

Source: HMT Returns

3.49   The Gambling Commission found that 53% of firms subject to DBRs and 56% of firms visited were assessed as non-compliant.

3.50   The most common causes of non-compliance related to insufficient resources being allocated to AML, low-levels of understanding when it came to a risk-based approach and AML concerns being outweighed by commercial concerns.

3.51   Specifically, areas of non-compliance the Commission identified included, but are not limited to: inadequate staff training for AML/CTF; inadequate customer risk profiling; inadequate AML policies; procedures and controls that are not fit for purpose (either because they are out of date or they have failed to consider the Gambling Commission's guidance); and failure to fully adopt a risk-based approach

to AML/CTF including not conducting appropriate levels of due diligence on a case-by-case basis.

3.52   Following supervisory activity, the Gambling Commission took informal action against approximately 6% of firms subject to a DBR and 15% of firms subject to a visit. Formal actions were taken following approximately 6% of the DBRs and approximately 17% of visits. The proportion of actions taken following reviews and visits has gone down in this reporting period.

3.53   Other supervisory tools used by the Gambling Commission include: proactively maintaining oversight of the largest operators by conducting regular assessments of their policies and procedures, thematic pieces of work on specific topics, and requiring the largest operators to produce an annual assurance statement signed off at board level. This encourages licensees to reflect on processes, including AML and CTF, from board level down and ensure they have worked to raise standards in identifying, reviewing, and correcting compliance issues.

3.54   The Gambling Commission also provides information to its supervised population to promote AML/CTF compliance through a range of regular and ad hoc publications and outreach work, including through: twice yearly forum meetings for the remote and non-remote casinos, which are convened with the assistance of the relevant industry trade bodies; the dedicated AML sections of the Gambling Commission's website; targeted emails to share information and request feedback; AML information sharing through the Commission's fortnightly newsletter; the publication of the annual Compliance and Enforcement Report; and through targeted workshops and CEO briefings. The Gambling Commission has also continued to engage with HM Treasury and casinos during the launch of the Economic Crime Plan and the development of the Economic Crime (Anti-Money Laundering) Levy.

Box. 3B: Case Study

The Gambling Commission's Compliance team conducted a full assessment of a higher impact operator (Operator X) as part of scheduled compliance activity.

The compliance activity included reviewing Operator X's AML policies, procedures and controls and several customer records. The review identified insufficient internal audit of the procedures and controls that were in place. The review also found that the policies in place were inadequate and relied upon disproportionate financial triggers, whilst Operator X's staff had not sufficiently identified risk which should have raised concern and led to further customer due diligence enquiries.

This matter was escalated to the Gambling Commission's enforcement team, who subsequently opened a regulatory investigation. In response, Operator X put in place immediate action to mitigate any further risk.

PBS's supervisory activity

3.55   The 22 PBSs are responsible for AML/CTF supervision for the accounting and legal sectors. These cover supervision for a range of services including accountancy, audit, bookkeeping, legal and notarial. The sizes of PBS supervised populations vary between 0 and 10,849. Some supervise both firms and sole practitioners and others only supervise firms, or only supervise individuals.

3.56   Overall, PBSs supervise 42,323 obliged entities: 33,586 in the accountancy sector, and 8,737 in the legal sector. 61% of the PBS supervised population are firms, 39% of the population are sole practitioners. Of these, 22,412 firms and sole practitioners act as TCSPs. Most firms and sole practitioners acting as TCSPs are in the accountancy sector (73.5%).

3.57   Across the 22 PBSs, there are an equivalent of 108 employees dedicated to AML/CTF supervision; 67 of these are in the accountancy sector and 41 are in the legal sector.

3.58   For the relevant reporting period, 20 PBSs submitted breakdowns of their population per risk category (low, medium, high). Percentages of obliged entities in each risk category vary significantly between PBSs, due to the diverse nature of their populations and distribution of ML/TF risk within their populations.

3.59   Overall, of the population being supervised by all PBSs; 6.5% were classed as high risk, 23% as medium risk.

3.60   PBSs conducted a total of 2,235 DBRs and 1,980 onsite visits during the reporting period. This means that approximately 10% of the supervised population were subject to a DBR or an onsite visit, which is a slightly lower proportion than was reported in the period 2018-19.

3.61   Across the accountancy and legal sectors, PBSs reported that the most frequent breaches were: having no, or inadequate documented policies and procedures; inadequate CDD procedures including EDD/ Politically Exposed Persons (PEPs)); no, or inadequate, client risk assessment; no, or inadequate, AML training for staff; and no, or inadequate, firm-wide risk assessments. Several PBSs highlighted a common theme of a lack of understanding of the MLRs.

3.62   Due to the onset of COVID-19 lockdown measures in March 2020 (towards the end of this reporting period), some supervisors mention the postponement, or the virtual nature, of DBRs and onsite visits as differences in their supervision because of COVID-19.

3.63   In the accountancy sector, PBSs reported that approximately 5% of the obliged entities were subject to a DBR and approximately 9% of these were classed as non-compliant with the MLRs.

3.64   Legal sector supervisors reported that 6% of the obliged entities were subject to a DBR and 10% of these were non-compliant with the regulations.

3.65   The accountancy sector PBSs reported that 5% of their population were subject to onsite visit, with 19% of those visited classified as non-compliant.

3.66   Of the legal sector, approximately 5% of the obliged entities were subject to an onsite visit, with 24% of those visited were found to be non-compliant.

3.67   It is important to note, given that DBRs and onsite visits should be selected on a risk-basis and not at random, that this assessment may not be representative of the overall compliance levels of the sector.

3.68   Whilst the number of supervisory actions carried out by PBSs increased overall, this increase was not consistent across all 22 PBSs; 3 did not undertake any DBRs or onsite visits at all during the relevant period. In some instances, this was because the supervisory activity they carried out does not fit into these categories or because some members of their supervised population did not undertake work covered by the MLRs during the reporting period. For example, in the case of the General Council of the Bar of Northern Ireland, this was because none of their population carried out activity within the scope of the MLRs.

3.69   There has been a general rise in the enforcement activity of PBSs in the form of fines, which is outlined in Chapter 4. However, PBSs only took formal action on approximately 2% of the supervised entities reviewed and 10% of firms and sole practitioners visited.

3.70   Not all interventions by PBSs received a compliance rating and there are several reasons for this, including that some supervisors only introduced formal compliance ratings mid-way through the reporting period, as a result of assessment feedback from OPBAS; and some compliance ratings were not finalised by the end of the reporting period.

3.71   Alongside DBRs and onsite visits, PBSs also carried out a range of supervisory activity including reviewing clients' records for AML compliance through online systems and outreach work including educational emails, training, events, online webinars and tools, such as risk assessment templates or compliance software, published guidance and contact with support staff.

Table 3D: Supervisory activity by Accountancy Sector PBSs

2019-20	Size of AML population	Total no. of DBRs	No. of DBRs assessed as compliant	No. of DBRs assessed generally compliant	No. of DBRs assessed as non-compliant	Informal actions taken following DBRs	Formal actions taken following DBRs	Total no. of onsite visits	No. of onsite visits assessed as compliant	No. of onsite visits assessed as generally compliant	No. of onsite visits assessed as non-compliant	Informal actions taken following onsite visits	Formal actions taken following onsite visits
Association of Chartered Certified Accountants[10]	6,649 (6,442)	44 (317)	6 (57)	30 (258)	8 (2)	38 (258)	0 (2)	24 (122)	0 (120)	19 (2)	5 (0)	24 (2)	6 (0)
Association of International Accountants	294 (275)	2 (3)	0 (0)	2 (3)	0 (0)	2 (1)	0 (2)	14 (21)	5 (4)	4 (8)	5 (9)	9 (4)	6 (17)
Chartered Institute of Management Accountants[11]	1,459 (1,518)	139 (205)	139 (205)	0 (0)	0 (0)	45 (25)	0 (0)	23 (7)	3 (5)	11 (1)	9 (1)	23 (2)	1 (0)
Chartered Institute of Taxation	848 (810)	5 (4)	3 (3)	2 (0)	0 (1)	2 (1)	0 (0)	49 (31)	12 (5)	24 (10)	13 (16)	37 (26)	1 (0)
Association of Taxation Technicians	564 (524)	8 (5)	2 (0)	2 (1)	4 (4)	6 (5)	0 (0)	34 (14)	8 (3)	14 (2)	12 (9)	26 (12)	0 (0)

[6] There was significantly less supervisory activity from ACCA between this reporting period and the last. ACCA explained that this was because of their change in approach, following the introduction of a programme of specific, risk-driven AML compliance reviews in January 2019 and the recruitment and training of a new dedicated team of staff.

[7] OPBAS, following their assessment of CIMA, requested CIMA to enhance its desk-based reviews to better align with the HMT definition of achieving the same outcome as a supervisory visit. OPBAS recommended that CIMA add further elements to DBRs. CIMA have now done that and will report figures in the next supervisor submission based on those enhanced reviews which better fit the HMT definition of a DBR.

Institute of Chartered Accountants of England & Wales	10,849 (10,911)	1,039 (1,003)	589 (540)	385 (406)	65 (57)	40 (37)	25 (20)	998 (1,101)	515 (623)	329 (334)	154 (144)	94 (99)	60 (45)
Institute of Chartered Accountants of Ireland	468 (520)	7 (5)	6 (3)	1 (2)	0 (0)	1 (2)	0 (0)	44 (51)	32 (40)	6 (3)	6 (8)	6 (3)	6 (8)
Institute of Chartered Accountants of Scotland	946 (907)	18 (32)	16 (26)	2 (6)	0 (0)	0 (0)	2 (6)	71 (128)	37 (65)	34 (59)	0 (4)	0 (0)	34 (62)
Institute of Certified Bookkeepers	3,592 (3,137)	145 (90)	0 (0)	145 (90)	0 (0)	0 (90)	145 (0)	92 (35)	29 (7)	34 (20)	29 (8)	34 (20)	29 (8)
Institute of Financial Accountants	1,761 (1,671)	135 (28)	21 (2)	54 (14)	60 (12)	60 (12)	0 (0)	63 (10)	9 (0)	16 (5)	38 (5)	38 (5)	9 (1)
Association of Accounting Technicians	5,195 (4,504)	141 (131)	86 (79)	37 (45)	18 (7)	45 (46)	10 (6)	95 (88)	41 (39)	30 (31)	24 (18)	40 (38)	14 (11)
International Association of Bookkeepers	815 (811)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	33 (0)	6 (0)	26 (0)	1 (0)	1 (0)	32 (0)
Insolvency Practitioners Association	148 (187)	3 (0)	2 (0)	1 (0)	0 (0)	1 (0)	0 (0)	26 (46)	12 (20)	10 (22)	4 (4)	26 (35)	1 (1)

Source: HMT returns

Table 3E: Supervisory activity by Legal Sector PBSs

2019-20	Size of AML population	Total no. of DBRs	No. of DBRs assessed as compliant	No. of DBRs assessed as generally compliant	No. of DBRs assessed as non-compliant	Informal actions taken following DBRs	Formal actions taken following DBRs	Total no. of onsite visits	No. of onsite visits assessed as compliant	No. of onsite visits assessed as generally compliant	No. of onsite visits assessed as non-compliant	Informal actions taken following onsite visits	Formal actions taken following onsite visits
Solicitors Regulation Authority[12]	6,593 (6,643)	431 (0)	325 (0)	55 (0)	51 (0)	93 (0)	15 (0)	75 (140)	12 (2)	43 (2)	7 (0)	54 (6)	8 (20)[13]
Law Society of N. Ireland	459 (468)	11 (485)	-- (473)	-- (0)	-- (12)	-- (0)	-- (12)	135 (185)	33 (63)	30 (29)	46 (89)	27 (63)	15 (29)
Law Society of Scotland	746 (821)	5 (2)	1 (0)	2 (0)	2 (2)	3 (0)	2 (2)	132 (185)	40 (50)	79 (102)	13 (33)	5 (13)	10 (20)
Council for Licensed Conveyancers	225 (229)	3 (0)	1 (0)	2 (0)	0 (0)	2 (0)	0 (0)	53 (63)	1 (13)	19 (11)	33 (39)	52 (60)	0 (3)
The Bar Standards Board	582 (976)	13 (84)	9 (84)	3 (0)	1 (0)	0 (0)	13 (0)	2 (0)	0 (0)	0 (0)	2 (0)	0 (0)	2 (0)
General Council of the Bar of N. Ireland	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

[12] In April 2019, the SRA created a dedicated AML team to provide guidance and supervision which accounts for the increase in activity. Prior to this, work had commenced in conducting firm-wide risk assessments for DBRs, but the team being built were to apply these risk assessments.

[13] Last year this was recorded as 2 instead of 20 in error.

Chartered Institute of Legal Executives Regulation	24 (17)	12 (5)	10 (5)	2 (0)	0 (0)	4 (0)	0 (0)	5 (7)	4 (6)	1 (1)	0 (0)	1 (1)	0 (0)
Faculty of Advocates	4 (421)	4 (0)	4 (0)	0 (0)	0 (0)	2 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Faculty Office of the Archbishop of Canterbury	158 (158)	70 (0)	20 (0)	50 (0)	0 (0)	29 (0)	0 (0)	12 (20)	12 (6)	0 (14)	0 (0)	0 (14)	0 (0)

Source: HMT Returns

Box. 3C: Case Study

In December 2019, an accountant (Mr X) called an AML helpline as he had suspicions about a client potentially laundering money.

Mr X had seen several large payments come into his client's account in the process of completing the client's VAT return. Mr X was told by his client that they were buying cars on behalf of a car dealer who needed to use the account, as the payments could only be held by a VAT registered company which had been trading for 2 years. Mr X was unsure of this arrangement and sought to know whether he should be making more enquiries into the client and the car dealer.

In line with the MLRs, Mr X was advised by an accountancy supervisor to attempt to identify and verify the dealer, as well as to consider whether they may count as a high value dealer. Mr X was also told to contact a profession-specific helpline (which provides advice and guidance to tax professionals), to raise a Suspicious Activity Report (SAR) with the NCA if he was still suspicious, and to consider whether his suspicions meant he was unable to continue to act for the client for professional and ethical reasons. Mr X was also reminded of his obligations in respect of Tipping Off.

The accountancy supervisor carried out a practice assurance monitoring review on Mr X's firm and concluded that the firm was operating in compliance with the MLRs, and had adequate policies, procedures and controls in place. The review was closed with no follow-up or enforcement action necessary.

Box. 3D: Case Study

An accountancy supervisor selected a member (Firm Z) for an onsite AML monitoring review as a result of them being assessed as high risk.

The review identified several issues, which included inadequate written AML policy and procedures, no firm-wide risk assessment, incomplete customer due diligence on all clients, and an outstanding requirement for DBS checks for Beneficial Owners, Officers or Managers (BOOMs).

Firm Z was subsequently issued with an outcome letter highlighting non-compliant issues, along with guidance on how to become better compliant. Firm Z was required to submit an action plan within 4 weeks to show how non-compliant issues would be remedied.

Firm Z submitted an action plan within the required time frame and rectified each of the non-compliant issues. Firm Z was then issued with a letter

confirming they had satisfactorily demonstrated it had acted in accordance with the agreed action plan and was therefore now compliant.

Box. 3E: Case Study

An accountancy supervisor performed a routine DBR on a medium-risk two partner firm (Firm C).

After conducting an interview, the Supervision Officer immediately escalated the review due to the nature of their findings. A Senior Supervision Officer and a Second Supervision Officer arranged and conducted an urgent onsite review for Firm C.

The nature and number of the findings, as a result of the Interview and onsite review, meant that Firm C was classified as non-compliant with the MLRs.

Firm C was referred for potential disciplinary action which, at the date of the information being given to the Treasury, was ongoing.

Box. 3F: Case Study

In March 2019, a legal supervisor carried out an onsite, integrated inspection of Firm F.

On inspection it was noted that CDD checks had not been carried out on some files, and there was no evidence that AML checks had been carried out regarding source of funds. The supervisor's inspection report, together with a solicitors' response to the queries raised, were considered by the supervisor's relevant regulatory committee.

The committee heard and considered that a previous inspection had highlighted similar issues, and that Firm F had been warned that they would be required to provide their supervisor with documentary evidence of compliance on files for future inspections.

The supervisor accepted its committee's recommendation that Firm F should be referred to the Tribunal for Non-Compliance with obligations under the MLRs. The Tribunal held an inquiry in February 2020. Alleged failures related to providing documentary evidence of compliance as required by Regulation 40 of the MLRs; failing to carry out appropriate CDD measures in accordance with Regulation 28 of the MLRs; and in general failure to maintain appropriate and risk-based policies controls and procedures in accordance with Regulation 19 of the MLRs.

Firm F's controls and procedures subsequently improved as a result of a merger with another firm and this was recognised. Better data systems and procedures were put in place and the staff involved in the failures were cautioned. Firm F was also ordered to pay the Tribunal's costs together with the supervisor's costs.

Cooperation, coordination and information-sharing

3.72   Intelligence and information sharing across the public and private sectors is key in the fight against financial crime and makes up an important part of the Economic Crime Plan 2019-22. Indeed, one of the ways that supervisors have been working to improve their effectiveness is through sharing intelligence and experience across the regime. The Economic Crime Plan includes a specific commitment to improving information-sharing between AML/CTF supervisors and law enforcement (action 9).

3.73   The MLRs provide a specific gateway under Regulation 52 for intelligence and information sharing from supervisory authorities to other relevant authorities for the purposes connected with their relevant functions.

3.74   Regulation 50(1) of the MLRs 2017 requires all AML/CTF supervisors to take appropriate steps to:

- co-operate with other supervisory authorities, the Treasury and law enforcement authorities in relation to the development and implementation of policies to counter money laundering and terrorist financing

- co-ordinate activities to counter money laundering and terrorist financing with other supervisory authorities and law enforcement authorities

- co-operate with overseas authorities to ensure the effective supervision of a relevant person where that person is established either a) in the UK with its head office in another country or b) in another country but with its head office in the UK

3.75   The MLRs 2017 (Regulation 50(3)) specify that co-operation may include sharing information which the supervisor is not prevented from disclosing.

3.76   In their annual returns, PB supervisors highlighted their regular attendance at a range of forums and discussion groups to coordinate AML/CTF activities including:

- the Anti-Money Laundering Supervisors' Forum (AMLSF), which all supervisors are invited to attend. The Treasury, the Home Office, the NCA and OPBAS are also invited to attend and contribute

- the Public Sector Affinity Group (PSAG), which is a co-operation group to share information and support and learn from other supervisors

- the Accountancy Anti-Money Laundering Supervisor's Group (AASG), previously the Accountancy Affinity Group, which is attended by accountancy sector professional bodies and HMRC.

- the Legal Sector Affinity Group (LSAG), which is attended by legal sector professional bodies.

- discussion groups, including those run by the Royal United Services Institute and other UK and international specialist fora.

3.77   Lockdown measures in March 2020 meant the movement of these information-sharing forums to online, resulting in a change to the way supervisors interacted with each other not dissimilar to that felt by the majority of the UK after March 2020.

3.78   Several supervisors mentioned the Intelligence Sharing Expert Working Groups (ISEWGs), created by OPBAS in conjunction with the NECC, for the accountancy and legal sectors.[14] The purpose of the ISEWGs (based in part on the Joint Money Laundering Intelligence Taskforce model) is for strategic and tactical intelligence to be shared between PBSs, statutory AML supervisors and law enforcement, such as typology reports, alerts and anonymised case studies and, more generally, to create an environment to work collaboratively to improve intelligence sharing arrangements by building trust and agreeing a consistent approach.

3.79   Several supervisors noted their membership of the Financial Crime Information Network (FIN-NET), an intelligence-sharing network housed within the FCA with meetings every 2 months, which helps facilitate the sharing of operational information between law enforcement, government and supervisors.

3.80   Proactive use of the Shared Intelligence Service (SIS) was also identified as a way of facilitating information and intelligence sharing, used mostly by larger supervisors. Smaller supervisors have fewer firms and BOOMs to check and on which to report information, so use SIS less.

3.81   The recently closed consultation on the MLRs 2022 SI seeks to review the effectiveness of existing intelligence and information sharing, particularly on whether it would be beneficial for the Regulation 52 gateway to be expanded to allow for additional relevant authorities to be added and for reciprocal protected sharing from relevant authorities (including law enforcement) to supervisors.

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[14] https://www.fca.org.uk/publication/opbas/legal-sector-intelligence-sharing-expert-working-group-terms-of-reference.pdf

Chapter 4
Promoting and ensuring compliance

Context

4.1   The MLRs 2017 (Regulation 49(1)(d)), also requires supervisors to ensure that regulated firms who contravene relevant requirements are liable to effective, proportionate, and dissuasive measures.

4.2   Supervisors use a range of sanctions to this effect including sanctions such as fines, public censure, suspension, or withdrawal of the right to provide services. Enforcement action should be effective, proportionate, and dissuasive.

4.3   Enforcement actions set out in this section also include fines issued using powers under legislation other than the MLRs, but only where these powers have been used in response to money laundering control contraventions. This is to more accurately reflect the action that supervisors have taken against AML failings.

4.4   Once again, it is important to note that a direct comparison between supervisors and the number and magnitude of fines issued by each may not be appropriate due to their sectoral and population size differences and variances in the legislative and regulatory frameworks under which they operate.

4.5   The Treasury-approved sectoral guidance provides advice to firms on how to detect, deter and disrupt criminals and terrorists efficiently and effectively; and how to target resources at risk whilst minimising unnecessary burdens on their business. Under the MLRs, supervisors and law enforcement authorities should consider whether firms have followed their respective sectoral guidance, when deciding if there has been a breach of MLR requirements.

4.6   Under the MLRs 2017 (Regulations 17(1), 47(1), 47(3)), supervisors are also required to provide appropriate and up-to date information on AML/CTF requirements to their supervisory population. As highlighted in Chapter 3, most supervisors provide AML/CTF information online, including through webinars, to help promote compliance, and many answer specific queries through an email or a telephone advice service. Other forms of engagement include email updates, membership magazines, provision of training events or AML/CTF specific sessions at professional conferences or roadshows.

Analysis

Refusing licences to provide services

4.7   Statutory supervisors subject key staff in regulated firms to a 'fit and proper' test to determine whether it is in the public interest that an individual be permitted to practice. They consider several factors, including any potential risks that the individual may facilitate money laundering or terrorist finance. During the relevant

period, the FCA received a total of 170 applications to register for AML supervision. 124 of these were accepted and, at the time of reporting, the rest were either pending acceptance or the FCA were 'minded to refuse' them.[15]

4.8   The FCA and the Gambling Commission often issue 'minded to refuse' letters prior to formally declining an application for a licence to practice.

4.9   The Gambling Commission also has the power to issue licences to operators under the Gambling Act 2005, and, through specialist guidance and support from its AML team, considers AML compliance when assessing new licence applications. Additionally, the Commission licences and regulates individuals who work within the casino sector. In the reporting period this amounted to 16,333 personal functional licence holders, who typically work as cashiers and croupiers in casinos, and 560 personal management licence holders within casinos who complete key management functions such as head of overall strategy, head of compliance, as well as those responsible for the day-to-day management of specific casino premises. This is a slight increase in numbers of individuals licensed by the Gambling Commission from the previous reporting period.

4.10   HMRC is not a membership organisation like some professional bodies are and the application to register for money laundering supervision from a prospective regulated firm is often the first AML/CTF contact HMRC has with the applicant and the first opportunity to refuse the right to practice. In 2019-20, 10,462 businesses applied to be registered with HMRC for AML supervision. 2,134 (20.4%) were refused under regulation 59 of the MLRs 2017, and 92 (0.9%) registrations were cancelled or suspended under regulation 60.

4.11   HMRC also conducts fitness and propriety tests on certain individuals in MSBs and TCSPs. Under the MLRs 2017, in addition to the 'fit and proper' tests in MSBs and TCSPs, HMRC is also required to conduct criminality tests for key individuals in accountancy service providers, art market participants, high value dealers and estate and letting agency businesses, ensuring that individuals who have a relevant criminal conviction are not able to hold relevant positions, including being a BOOM of a firm or sole practice.

4.12   In the relevant period, HMRC received 19,034 applications for individuals to become BOOMs; 96% of these were approved.

4.13   PBSs have also established processes to evaluate prospective new regulated entities and whether to provide authority to practice. For example, there may be requirements for staff to have received training, qualifications, and work experience and to have shown continuous professional development. PBSs also must receive sufficient information to determine whether an individual applying for approval has been convicted of a relevant offence, which would include evidence of a criminality check.

4.14   Consequently, prospective members that may pose a risk to the AML/CTF regime may be rejected before they gain membership. In the relevant period, the PBSs received 3,698 applications for AML supervision; 4% of which were rejected.

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[15] Last year, it was reported that there were 0 applications for registration due to a misunderstanding on the return. The real number of applications was 202, with 164 approved. This number does not include cryptoasset firms as they did not fall under the FCA's remit. Nor did this include TCSP firms but the total number of TCSPs was the same as this year, 27.

They also received approximately 9,293 BOOM applications; 2% of which were rejected or invalidated by disciplinary measures.

4.15   Some supervisors such as the Council for Licensed Conveyancers and the Bar Standards Board authorise to practice rather than provide membership.

Enforcement action

4.16   This section considers enforcement action across the supervision regime, based on the data provided by AML/CTF supervisors as part of their annual returns. In tables 4.B – 4.F, the corresponding data for 2018-19 is included in brackets.

4.17   All supervisors have a full range of enforcement tools and are expected to investigate any failure to comply with the MLRs and to consider an appropriate sanction that is effective, proportionate and dissuasive.

4.18   Overall, data suggests that enforcement action has slightly decreased since 2018-19, with the total number of fines issued dropping from 376 to 320. Approximately 32% of supervisors reported an increase in the total value of fines they issued, 36% supervisors reported an increase in the number of fines they issued.

4.19   The total sum of fines has decreased from £121.8 million in 2018-19 to a total of £53.2 million in 2019/20. This year's figure does not include the FCA's second largest financial penalty ever imposed (£102 million) because this was mentioned in last year's report, despite it being issued 9 April 2019 and so technically falling within the 2019-20 reporting period.

4.20   Excluding this fine from both sets of figures, the total sum of the fines issued in 2019-20 is more than double the total in 2018-19 which would have stood at £19.8 million.

Table 4A: Enforcement activity by all supervisors

All supervisors	Expulsion / Withdrawal of membership	Suspension of membership	Number of Fines	Total amount of Fines
2018-19	25	3	376	£121,812,841
2019-20	40	9	320	£53,231,997

FCA's enforcement activity

4.21   The FCA derives its enforcement powers from the MLRs and the Financial Services and Markets Act 2000 (FSMA). Both acts provide the FCA with extensive powers to impose sanctions including suspensions and restrictions, prohibitions, public censures and disgorgement.

4.22   Number and value of fines issued by the FCA decreased in 2019-20, compared to the previous reporting period.[16]

4.23   The FCA has not yet issued a financial penalty under the MLRs 2017, the Standard Chartered fine was issued under the MLRs 2007. The FCA have issued one direction under the amended MLRs in April 2020.

4.24   The FCA acted against Commerzbank AG (London Branch) in June 2020. This has been the outcome of a long-running enforcement case and, although it falls slightly outside the relevant period, it sent an important message to industry that should be acknowledged in this report. Commerzbank AG (London Branch) was fined £37.8 million for failing to put adequate AML systems in place between October 2012 and September 2017. Commerzbank London were aware of these weaknesses and failed to take reasonable and effective steps to fix them, despite the FCA raising concerns in 2012, 2015 and 2017.

4.25   It should also be noted that the FCA currently has 46 AML investigations open and that the FCA made 2 referrals to law enforcement for ML/TF related matters in 2019-20.[17]

4.26   In addition to using traditional enforcement powers, the authority also regularly uses its intervention powers under FSMA to stop regulated firms being used as conduits or to facilitate money-laundering. An example of this is set out in Box 4.A. Firms have also submitted voluntary requirements to restrict their business.

Table 4B: Enforcement action by the Financial Conduct Authority

2019-20	Expulsion /Withdrawal of membership	Suspension of membership	Number of Fines	Total amount of Fines
FCA	0	0	0	£0
	(0)	(0)	(3)	(£103,135,700)

HM Revenue and Customs' enforcement activity

4.27   HMRC is not a membership organisation and therefore cannot use member expulsion as an enforcement tool. However, alongside financial penalties, it can deregister the firms it supervises as a form of enforcement action. For example, HMRC can withdraw the fit and proper status of key personnel, and where no other fit and proper individuals can take over these key roles, the business must stop providing the regulated service, which can prompt its closure.

4.28   Alongside deregistration, HMRC can also issue warning letters to highlight any concerns identified and how they should be addressed, as well as financial penalties relating to the size of the business. In 2019-20, HMRC issued 31 fines,

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[16] In April 2019, the FCA recorded their largest ever enforcement fine against Standard Chartered Bank for £102 million. Despite falling in this reporting period (2019-20), the fine was recorded in last year's supervision report and so to acknowledge this activity but to avoid duplication, it has been footnoted in this report.

[17] As of 28 October 2020.

amounting to approximately £9 million, compared to 131 fines in 2018-19, worth £1.2 million.

4.29   Although HMRC's overall enforcement action has reduced in number since the previous financial year, the average fine has far more than doubled to an average cost of £292,452, compared to £8,954 in 2018-19. In addition, HMRC has also carried out several high-profile cases, which had not been finalised in the relevant period and so were not included in this return.

Box. 4A: Case study

An MSB with an agent network of more than 200 agents was transmitting money (over 95% of their transactions) to a third country on FATF's list of jurisdictions subject to enhanced monitoring.

HMRC visited approximately 30% of the agents, and transaction data for two years (July 2017–July 2019) was analysed. The analysis found the business transmitted over £550 million within the period tested. Throughout the compliance inspection, HMRC had identified weaknesses but the business did not do anything to address these.

Due to the concerns that were highlighted, HMRC decided to suspend the business' registration for 6 months due to the ongoing risks, to allow the business to address failings and allow HMRC to continue investigations into the business whilst managing the risk. Further transactions were tested.

Following the analysis, the MSB was found to be in breach of 6 different regulations, including the requirement to identify and assess the risk of ML/TF within the business and failing to establish and maintain appropriate procedures (PCPs) (the latter breach the business knowingly committed).

Upon conclusion of the investigation, a financial penalty totalling millions of pounds, cancellation registration and other actions, which can't be published, were taken. This decision was reviewed by HMRC's designated Governance Panel, which considers the appropriateness of sanctions to be issued, and upheld following independent internal review after representations from the business.

4.30   Along with its supervisory role, HMRC can also pursue prosecutions through its law enforcement powers under the MLRs, or the Proceeds of Crime Act 2002 (POCA) which covers money laundering offences. Staff working on supervisory issues work closely with the wider investigation teams elsewhere in HMRC to ensure intelligence is shared effectively. In 2019-20, HMRC made 2 referrals to law enforcement, compared to 13 in the previous reporting period.

Table 4C: Enforcement action by Her Majesty's Revenue and Customs

2019-20	Expulsion / Withdrawal or suspension of membership	Number of Fines	Total amount of Fines
HMRC	n/a	31	£9,066,033.00
	(-)	(131)	(£1,173,072)

Gambling Commission's enforcement activity

4.31   The Gambling Commission supervises its sector via a licensing regime rather than a membership scheme and undertakes numerous enforcement actions for breaches of licence conditions and codes of practice relating to AML and CTF measures.

4.32   Operators failing to comply with AML/CTF obligations are in breach of their licence, which allows the Commission to impose sanctions, including fines, suspension or revocation of their licence.

4.33   Overall, the Gambling Commission carried out more enforcement activity during the relevant period compared to 2018-19, with both the number and value of fines having increased significantly. In 2019-20, the Gambling Commission issued 13 financial penalties, or agreed to settle in lieu of penalty, amounting to £43.6 million compared to just 5 fines, and settlements in lieu of penalty, amounting to £17 million in 2018-19.[18]

Table 4D: Enforcement action by the Gambling Commission

2019-20	Expulsion / Withdrawal of membership	Suspension of membership	Number of Fines	Total amount of Fines
Gambling Commission	n/a (-)	n/a (-)	13 (5)	£43,670,071 (£17,005,018)

4.34   As part of its enforcement action, the Gambling Commission publishes sanctions relating to AML/CTF failings on its website. During the relevant period, 25 entries for AML failings were published on these public registers. 5 related to individuals holding management licences within their respective gambling business and 20 related to firms/casino businesses.

4.35   Of these failings there were:

- 2 financial penalties

- 11 regulatory settlements

- 4 warnings

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[18] Due to the reporting period of 6 April 2019 – 5 April 2020, and the return only focussing on the Gambling Commission's enforcement activity relating to its supervised population under the MLRs (remote and non-remote casinos), this figure may differ to those published elsewhere by the Gambling Commission, which cover a different timeframe and all gambling sectors.

- 4 impositions of additional conditions
- 5 operators were suspended by the Commission
- 1 operator voluntarily suspended operations
- 4 licences were revoked

4.36   The Commission made 35 referrals to law enforcement for ML/TF related matters during the relevant period, compared to 108 in 2018-19. The Commission continues to engage and collaborate with law enforcement where appropriate.

Box. 4B: Case study

In April 2020 the Gambling Commission published a public statement detailing findings of systemic failings within the Casino Group C.

The Commission examined AML controls at two casinos owned and operated by Casino Group C. The Commission considered that, at both premises, the processes and procedures used to manage AML risks did not comply with the requirements of the MLRs and they did not satisfy the duty to comply with the licensing objective to keep crime out of gambling.

Specifically, the failures related to assessment of customer risk, appropriate levels of ongoing monitoring, not undertaking appropriate due diligence checks on customers or obtaining adequate information regarding customers' source of funds or wealth amongst other factors.[19]

Casino Group C paid £13m as part of a regulatory settlement and was required to implement a series of improvements following this catalogue of social responsibility, AML and customer interaction failures.

As a result of this investigation three senior managers at Casino Group C surrendered their personal licenses and 7 others have since been subject to sanctions (this fell outside the reporting period).

Enforcement action by PBSs

4.37   PBSs have a range of enforcement tools available to them. These range from administrative sanctions, including censures and financial penalties, to suspension, restriction or withdrawal of membership or authorisation to practise, and the ability to direct members to take action to remedy non-compliance and promote future compliance.

4.38   The data below shows levels of AML/CTF related enforcement activity within the accountancy and legal sectors. Although there is still a need to achieve greater consistency in approach across the PBSs, the number of fines issued by the 22 PBSs

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[19] https://www.gamblingcommission.gov.uk/public-and-players/guide/caesars-entertainment-uk-ltd-public-statement

has increased since the last reporting period, with the average sum of the fines decreasing slightly.

4.39   In 2019-20, 14 out of the 22 legal and accountancy PBSs collectively issued 278 fines, amounting to £495,893 in total. The average amount fined varied significantly between PBSs (between £200-£20,000) averaging £1,783 overall. This is consistent with the reporting period of 2018-19, where 12 PBSs issued fines amounting to £499,051, averaging £2,105 with a larger range of £192-£48,571.

4.40   There have been an increased number of referrals to law enforcement. During this reporting period, there were 41 referrals to law enforcement whereas in 2018-19, there were 22 referrals.

Box. 4C: Case study

During the 2019-20 reporting period, accountancy supervisor X's enforcement action mainly focused on administrative failures relating to form submissions, rather than the identification of areas of serious non-compliance.

Through a VAT registration process, Firm H realised that they were not supervised by supervisor X and sought to correct this immediately.

The lack of supervision had occurred because of a staffing changeover. In the process of one partner retiring and another taking their place in 2011, information regarding new supervisors had been misunderstood which led Firm H to believe they were being supervised when they were not.

Supervisor X liaised with the ICAEW and Firm H. A financial fee was issued to Firm H to cover the period since 2011 when they had not been supervised. Given that late registration had arisen because of confusion following the retirement of a former partner, no further disciplinary action was taken.

However, as a result of the late registration, Firm H was rated as high risk and an AML compliance review took place following the 2019-20 reporting period. The review found that Firm H was 'generally compliant' and had a few minor follow-up actions relating to supporting information for their practice-wide risk assessment; procedures for ongoing monitoring of CDD and risk; and confirmation that record keeping met the requirements of the regulations.

Firm H dealt with all actions points promptly and, as a result, was signed off as being compliant.

Box. 4D: Case study

Firm Y is an Alternative Business Structure (licensed body) law firm. Firm Y contacted the Supervisor Z through its Professional Ethics helpline in 2018,

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concerning funds held in a client account belonging to an investor that the firm could not locate.

The matter was referred for forensic investigation and Supervisor Z's officers went onsite to review books of account, bank accounts, matter ledgers and files. The forensic investigation report found that there had been breaches of the SRA Accounts Rules 2011 and MLRs.

Firm Y was found to have failed to perform adequate CDD, ongoing monitoring and enhanced ongoing monitoring. As a result, Firm Y were also found to have breached several SRA principles; SRA Principles 6 (behave in a way that maintains public trust), 7 (comply with legal and regulatory obligations and co-operate with regulators and ombudsmen) and 8 (run their business or carry out their role effectively and in accordance with proper governance and sound financial and risk management principles).

Allegations were put to Firm Y and they accepted that there had been breaches of failing to ensure compliance. In March 2020, Firm Y agreed that it should pay a fine of £19,200 and Supervisor Z's costs of £5,800, in line with the supervisor's fining guidance. The matter was resolved with a signed agreement.

Table 4E: AML/CTF enforcement activity by Accountancy Sector PBSs

2019-20	Memberships cancelled	Memberships suspended	Number of Fines	Total amount of Fines
Association of Chartered Certified Accountants	2 (0)	0 (0)	3 (0)	£2,500 (£0)
Association of International Accountants	0 (4)	9 (2)	5 (9)	£1,000 (£1,800)
Chartered Institute of Management Accountants	1 (2)	0 (0)	1 (0)	£20,000 (£0)
Chartered Institute of Taxation	0 (0)	0 (0)	40 (72)	£12,814 (£15,244)
Association of Taxation Technicians	0 (0)	0 (0)	36 (53)	£10,575 (£10,200)
Institute of Chartered Accountants of England & Wales	10 (8)	0 (0)	39 (22)	£117,720 (£55,907)
Institute of Chartered Accountants of Ireland	0 (0)	0 (0)	2 (6)	£10,250 (£1,500)
Institute of Chartered Accountants of Scotland	0 (0)	0 (0)	0 (1)	£0 (£5,000)
Institute of Certified Bookkeepers	2 (0)	0 (0)	29 (18)	£39,762 (£7,352)
Institute of Financial Accountants	0 (0)	0 (0)	9 (1)	£13,800 (£750)
Association of Accounting Technicians	16 (2)	0 (0)	93 (43)	£68,722 (£48,046)
International Association of Bookkeepers	0 (0)	0 (0)	0 (0)	£0 (£0)
Insolvency Practitioners Association	0 (0)	0 (0)	2 (1)	£3,500 (£1,750)

Source: HMT returns

Table 4F: AML/CTF Enforcement activity by Legal Sector PBSs

2019-20	Memberships cancelled	Memberships suspended	Number of Fines	Total amount of Fines
Solicitors Regulation Authority	9 (7)	0 (1)	16 (7)	£190,500 (£340,002)
Law Society of N. Ireland	0 (0)	0 (0)	1 (0)	£1,750 (£0)
Law Society of Scotland	0 (2)	0 (0)	2 (4)	£3,000 (£11,500)
Council for Licensed Conveyancers	0 (0)	0 (0)	0 (0)	£0 (£0)
Bar Standards Board	0 (0)	0 (0)	0 (0)	£0 (£0)
General Council of the Bar of N. Ireland	0 (0)	0 (0)	0 (0)	£0 (£0)
Chartered Institute of Legal Executives Regulation	0 (0)	0 (0)	0 (0)	£0 (£0)
Faculty of Advocates	0 (0)	0 (0)	0 (0)	£0 (£0)
Faculty Office of the Archbishop of Canterbury	0 (0)	0 (0)	0 (0)	£0 (£0)

Source: HMT Returns

Annex A

List of supervisors

Accountancy Sector Professional Body AML/CTF supervisors

- Association of Accounting Technicians
- Association of Chartered Certified Accountants
- Association of International Accountants
- Association of Taxation Technicians
- Chartered Institute of Management Accountants
- Chartered Institute of Taxation
- Insolvency Practitioners Association
- Institute of Certified Bookkeepers
- Institute of Chartered Accountants in England and Wales
- Institute of Chartered Accountants in Ireland
- Institute of Chartered Accountants of Scotland
- Institute of Financial Accountants
- International Association of Bookkeepers

Legal Sector Professional Body AML/CTF supervisors

- Chartered Institute of Legal Executives
- Council for Licensed Conveyancers
- Faculty of Advocates
- Faculty Office of the Archbishop of Canterbury
- General Council of the Bar / Bar Standards Board
- General Council of the Bar of Northern Ireland
- Law Society of England and Wales / Solicitors Regulation Authority
- Law Society of Northern Ireland
- Law Society of Scotland

Statutory AML Supervisors

- HM Revenue and Customs
- The Financial Conduct Authority
- The Gambling Commission

Annex B

Definitions of sanctions or penalties

- o Expulsion: To remove membership, authorisation, fit and proper status, and/or registration

- o Suspension: To suspend membership, authorisation, fit and proper status, and/or registration

- o Fine: To levy a financial penalty

- o Reprimand: Any type of formal written warning issued by a tribunal, committee or organisation

- o Undertaking or condition: Any formal requirement to implement remediation or restrict ability to carry on business or offer specific services

- o Action plan: Any communication seeking improvements which is considered as part of the general capacity development and monitoring programme, rather than part of a formal disciplinary programme

- o Warning: Any communication with a firm cautioning against specific conduct

Annex C

National Risk Assessment 2020 - Summary[20]

- The areas where there is high-risk of money laundering remain the same as has traditionally been the case. These include financial services, money service businesses, professional services (including legal and accountancy) and cash.

- There has been an increase in cash-based money laundering and is still characterised by use of cash-intensive businesses to disguise criminal sources of wealth, or by smuggling large amounts to the UK.

- There have been recent regulatory changes that have recognised the expanding and changing cryptoasset ecosystem that present increased money laundering risks. Art market participants are also newly regulated entities although there is a lack of complete understanding of the vulnerabilities in the art market.

- Professional services remain attractive for criminals as a means of carrying out money laundering. This is because professional services provide a means to create and operate corporate structures, invest, and transfer funds to disguise their origin, and lend layers of legitimacy to criminal operations.

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[20] https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2020

Annex D

FATF: key findings and recommended actions

Key findings

- All regulated activities under the FATF Standards are supervised for AML/CTF compliance under the UK regime. The quality of supervision varies among the 25 AML/CTF supervisors which range from large public organisations to small professional bodies.

- The statutory supervisors (FCA, HMRC and the Gambling Commission) and the largest legal sector supervisor (which supervises around 90% of solicitors in the UK) have a stronger understanding of the ML/TF risks present in the sectors than the other 21 professional bodies that supervise most accountants and the remainder of the legal sector.

- Each supervisor takes a slightly different approach to risk-based supervision. While positive steps have been taken, there are significant weaknesses in the risk-based approach to supervision among all supervisors, with the exception of the Gambling Commission.

- Systemic AML/CTF failings identified at some large multinational UK firms over the last decade raises questions, but the assessors recognise that there is an increasing trend in levying penalties for serious failings.

- For the accountancy and legal sectors, weaknesses in supervision and sanctions are a significant issue which the UK has put steps in place to address. However, these failings have an impact on the preventative measures applied (see FATF Mutual Evaluation Report (MER) on the UK, Chapter 5 on FATF Immediate Outcome (IO).4) and the quality of financial intelligence (see FATF MER section 3.2 on IO.6).

- Supervisors' outreach activities, and fitness and propriety controls are generally strong.

Recommended actions

- The FCA should consider how to ensure appropriate intensity of supervision for all the different categories of its supervisory population from low risk to high risk.

- HMRC should consider how to ensure appropriate intensity of supervision for all the different categories of its supervisory population from low risk to high risk. HMRC should ensure that it properly considers ML/TF when risk rating firms subject to their supervision.

- The UK should continue its efforts to address the significant deficiencies in supervision by the 22 legal and accountancy sector supervisors through: ensuring consistency in ML/TF risk understanding; taking a risk-based approach to supervision; and ensuring that effective and dissuasive sanctions apply. The UK should closely monitor the impact of the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) in undertaking this work.

- All supervisors should continue to ensure, in accordance with the increased trend for levying penalties, that proportionate, dissuasive and effective sanctions are applied for violations of AML/CTF and sanctions obligations.

- Supervisors should routinely collect statistics and feedback on the impact of supervisory actions. They should introduce systems for maintaining statistics on the numbers and trends of findings to enable them to better target their supervisory activities and outreach and demonstrate the impact of their supervision on AML/CTF compliance.

- The FCA should consider the wider use of criminal background checks as part of its processes to ensure that criminals and their associates are prevented from owning or controlling FIs. This would bring them into line with the approach taken by other statutory AML/CTF supervisors (HMRC, Gambling Commission) where such checks are performed routinely in respect of all relevant persons.

- Supervisors should ensure that their guidance is timely and fit-for-purpose. For example, legal and accountancy supervisors should continue to provide guidance and outreach to their members and seek to ensure the updates to guidance are provided in a timely manner. The FCA should ensure that the guidance it provides meets the needs of the range of firms within the sectors it supervises.

- Progress plans to extend AML/CTF requirements and related supervision to virtual currency exchange providers.

Annex E

2019 Economic Crime Plan Actions

Action	Responsible organisation(s)
Understanding the threat and performance metrics	
1. Undertake collective threat assessments	NAC with support of NECC, UK Finance, Legal Sector Affinity Group (LSAG), Accountancy Anti-money laundering Supervisors Group (AASG), HM Treasury (HMT), Home Office
2. Develop a fully operational performance system to measure what works	Home Office, UK Finance, NECC, JFT
3. Conduct new National Risk Assessments on money laundering, terrorist financing and proliferation financing	HMT, Home Office
4. Better understand the threat and performance in combatting public sector fraud	Cabinet Office
5. Resolve evidence gaps through a long-term research strategy	Home Office, with support of NECC, HMT, Ministry of Justice
Better information sharing	
6. Review barriers to information-sharing, powers and gateways	Home Office, HMT, with support of NECC, UK Finance, Information Commissioner's Office, LSAG, AASG, Department for Digital, Culture, Media and Sport
7. Promote sharing of information in corporate groups	Home Office, HMT
8. Expand and enhance public-private information-sharing through JMLIT	NECC, HMT
9. Improve information-sharing between AML/CTF supervisors and law enforcement	NECC, UKFIU, OPBAS, with support of AML/CTF supervisors, LSAG, AASG
10. Promote information-sharing in relation to fraud	Home Office, Cabinet Office
Powers, procedures and tools	

11. Implement the Asset Recovery Action Plan	Home Office, law enforcement agencies
12. Consider legislative changes to improve the Proceeds of Crime Act	Home Office
13. Transpose the Fifth Money Laundering Directive	HMT
14. Implement the Disclosure Review recommendations	AGO, CPS, NPCC
15. Consider tactical targeting orders	Home Office, HMT, UKFIU
16. Develop framework to repatriate funds to victims of fraud	Home Office, with support of JFT, UK Finance
17. Clarify sanctions supervision powers	HMT, with support of AML/CTF supervisors, LSAG, AASG
18. Review the criminal market abuse regime	FCA, HMT
19. Investigate power to block listings on national security grounds	HMT
Enhanced capabilities	
20. Continue to develop the NECC as a genuine public-private hub for combatting serious and organised economic crime	NECC
21. Understand and enhance capabilities	NECC, Cabinet Office, UK Finance
22. Develop public-private action plans to combat economic crime threats	NECC, Home Office, HMT, UK Finance
23. Develop a sustainable, long-term resourcing model for economic crime reform	Home Office, with support of HMT, NCA, UK Finance, Cabinet Office
24. Launch flagship economic crime court in central London	HM Courts and Tribunal Service, Ministry of Justice, with support of City of London Corporation
25. Consider how the payments systems can help tackle economic crime	Pay.UK, with support of Payment Systems Regulator, FCA, HMT, UK Finance; Bank of England
26. Improve the policing response to fraud	Home Office, with support of City of London Police, NECC
27. Improve support for victims of fraud	Home Office
28. Close the vulnerabilities that criminals exploit to conduct fraud	JFT

29. Build our Government Counter Fraud Profession	Cabinet Office
30. Deliver first tranche of SARs IT transformation and design the target operating model for the future of the SARs regime	SARs Transformation Programme, NCA, Home Office, with support of HMT
31. Deliver greater feedback and engagement on SARs	SARs Transformation Programme, UKFIU, Home Office
32. Ensure the confidentiality of the SARs regime	Home Office, UKFIU, with support of HMT
Risk-based supervision and risk management	
33. Review the MLRs and OPBAS regulations	HMT
34. Enhance FCA supervision and engagement	FCA, with support of Pensions Regulator
35. Enhance HMRC supervision	HMRC, with support of OPBAS, HMT
36. Strengthen the consistency of professional body AML/CTF supervision	OPBAS, accountancy and legal professional body supervisors
37. Establish the FCA as the supervisor of the future cryptoassets AML/CTF regime	FCA
38. Support innovation in regulatory compliance for AML/CTF	FCA, HMT, UK Finance with the support of Home Office, Corporation of the City of London
39. Enhance firms' holistic response to economic crime	UK Finance, with support of other relevant industry associations
40. Promote digital identity services	HMT, with support of the Digital Identity Unit, Joint Money Laundering Steering Group, HMRC, Gambling Commission, LSAG, the Consultative Committee of Accountancy Bodies
41. Education and awareness-raising on economic crime threats and the recovery of criminal assets	NECC, UK Finance, Home Office with support of LSAG, AASG
Transparency of ownership	
42. Reform Companies House	BEIS, with support of Companies House
43. Introduce a requirement to report discrepancies of beneficial ownership information	HMT

44. (i) Enhance transparency of overseas ownership of UK property and	(i) BEIS, with support of Companies House
(ii) reform limited partnerships	(ii) BEIS

International strategy

45. Improve understanding of the nature and impact of the international threat	NECC, UKFIU, Home Office, FCDO
46. Joint work on meeting international standards	Home Office, HMT, UK Finance, FCDO, with support from Corporation of the City of London, Government Digital Service
47. Enhance overseas capabilities	International Centre of Excellence, Home Office, FCDO, FCA, HMRC, Gambling Commission, HMT, OPBAS, NECC, UKFIU, Cabinet Office
48. Strengthen capability to investigate and prosecute bribery and corruption overseas	FCDO, NCA, CPS,
49. Promote integrity in business internationally	FCDO, Department for International Trade, with support from Corporation of the City of London

Governance and public-private partnership

50. Review the economic crime governance	Home Office, HMT
51. Develop stronger public-private and private-private partnerships	Home Office, HMT, UK Finance with support from LSAG, AASG, Corporation of the City of London
52. Enhance engagement with civil society	Home Office, HMT