

The Oversight of Professional Body Anti-Money Laundering and Counter Terrorist Financing Supervision Regulations 2017

Lead department	HM Treasury
Summary of measure	The Oversight of Professional Body Anti-Money Laundering Supervision regulations, sought to create a supervisory body, with the intention to improve anti-money laundering standards, promote the sharing of best-practice and improve collaboration amongst interested parties.
Submission type	Post-implementation review
Implementation date	26 June 2017
Department recommendation	Amend
RPC reference	RPC-HMT-5200(1)
Opinion type	Formal
Date of issue	6 July 2022

RPC opinion

Rating¹	RPC opinion
Fit for purpose	The RPC considers the post-implementation review (PIR) to be fit for purpose and the evaluation to be proportionate to the scale of impact of the measures. The department has collated a range of evidence from various stakeholders, including the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) itself, to inform the recommendation, as well as information that has been gathered through the recent call for evidence. The review presents objectives against which the success of the policy has been judged, with the department noting that while progress has been made, room for improvement remains.

¹ The RPC opinion rating is based on whether the evidence in the PIR is sufficiently robust to support the departmental recommendation, as set out in the [better regulation framework](#). The RPC rating will be fit for purpose or not fit for purpose.

RPC summary

Category	Quality²	RPC comments
Recommendation	Green	The evidence that the department has considered, is relevant to the regulations. The review notes that while the regulations have made substantial progress in achieving the stated objectives, from the evidence gathered, there are clear areas for improvement. Therefore, the recommendation for the regulations to be amended is appropriate.
Monitoring and implementation	Satisfactory	The department has gathered a range of evidence, including from OPBAS reports, ongoing engagement through regular working groups, supervisor data and a call for evidence undertaken by the department. While the RPC notes the difficulties in obtaining evidence on the quantified costs of the OPBAS regulations, the review would benefit from discussing what actions were taken to improve the evidence and understanding of the costs and impacts.
Evaluation	Satisfactory	The department uses a range of evidence collated to illustrate that there has been significant progress towards achieving the objectives of the policy. However, this evidence also highlights that there are aspects where further work is needed. The department state that there were no unintended consequences identified through the evidence gathering process, however the review would benefit from including the specific engagement which has informed this statement. Furthermore, the review would be improved by a more thorough assessment of the accuracy of the original assumptions and the resulting impacts.

² The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. Please find the definitions of the RPC quality ratings [here](#).

Summary of proposal

The regulations when introduced led to the creation of OPBAS in 2018. In its role, OPBAS has oversight for 22 professional body supervisors (PSBs) across both the accounting and legal sectors. Overall, this means that OPBAS supervises over 36,200 separate organisations with respect to anti-money laundering (AML).

The policy objectives that the department have assessed the success of the policy against are:

- The extent to which OPBAS has improved consistency of AML supervision in the accountancy and legal sectors;
- The extent to which OPBAS has strengthened collaboration between supervisors and law enforcement through increased information and intelligence sharing; and
- The extent to which OPBAS helps supervisors meet their obligations under the MLRs and improves the overall effectiveness of the supervisory regime.

Recommendation

The department clearly discusses how the creation of OPBAS has enabled progress to be made towards delivering the policy objectives. However, while progress has been made, the review repeatedly caveats that there remains scope for further improvement. The PIR recommends amending the regulations to reflect the need to build upon this progress made by the creation of OPBAS.

Monitoring and implementation

Range of evidence

The department has provided extensive detail of the scope of evidence gathered, ranging from OBPAS reports, regular stakeholder led working groups, supervisory data, Regulation 46A reports, and the information gathered by the department during the call for evidence. While the review does cover a wide range of evidence, from a range of sources, the presentation of this evidence is brief. The review would benefit from more detail being included on each source used, perhaps expanding upon the scope of what was considered, and the full criteria that were assessed. If possible, it would also be useful to provide an international context to better illustrate where the UK currently stands relative to its international peer group, regarding supervision of the accounting and legal sectors and the impact it has on combating money laundering and illicit finance.

Gaps in evidence justified

The department attempt to explain the gaps in the evidence base, noting the difficulties faced in gathering physical data. However, the review would benefit from providing detail on the actions the department has taken, as well as alternative sources considered, to source potential substitute or proxy data.

Evaluation

Policy objectives considered

The review assesses the success of the policy against the objectives listed above in the 'Summary of proposal' section. The department discuss how OBPAS has helped to deliver progress towards the policy objectives. The review would be strengthened by including a clearer articulation of the degree of attribution that the measure in question has, in delivering the above objectives. The department should look to identify the other policies and initiatives that were in force and may have contributed to the progress discussed, in order to assess whether improvements can properly be attributed to OBPAS actions.

In addition, the presentation of the objectives could be improved. The review, on the front page, then again in paragraph 28, states that the objectives are to address weaknesses in the UK's AML supervision regime, to ensure compliance with the fourth Money Laundering Directive (4MLD) and to minimise unnecessary burdens on businesses. The review then states that these OBPAS objectives were 'interpreted' into further objectives, which themselves are then altered once more. The department should include a clearer presentation of what the original objectives were and how they relate to the policy that was implemented.

Unintended effects

The department clearly state that views were sought, during the Call for Evidence, as to whether there were any unintended consequences from the regulations. While the RPC accepts that no unintended consequences were identified through the Call for Evidence, the review would benefit from expanding upon the engagement that informed this determination.

Original assumptions

The department notes some original key assumptions, including but not limited to:

- the alteration of the AML framework regime, may lead to some PSBs leaving the regime
- OPBAS being funded by a fee, paid by PBSs;
- PBSs would benefit from OPBAS improving information sharing and increasing collaboration, enabling them to use their resources more effectively;
- Regulated businesses, and their customers, would benefit from supervisors taking a more risk-based approach and having more consistent standards and expectations; and
- Benefits to the wider economy would accrue, as stronger supervision was expected to reduce economic crime.

However, the review does not discuss these any further beyond stating them. The review would benefit greatly from testing these assumptions and discussing whether

they held true. While the RPC acknowledges the challenges that the department may face in measuring the impact of the creation of OPBAS, the review should still address whether there had been any qualitative evidence to support, or counter, these original assumptions, and the resulting implications for the overall burden on business and the wider economy.

SMBs

The review includes little reference to the impact upon small and micro businesses (SMBs). Given these firms will likely exist among the c. 36,200 supervised entities within OPBAS remit, the review would be improved through including some discussion of the impacts on and specific challenges faced by SMBs. In addition, the review should also address whether there are any additional challenges faced by supervisors and law enforcement agencies, in overseeing SMBs.

Future impacts considered

While the department identifies areas for improvement and commits to amending the regulations to improve them, the review would benefit from including consideration of the impacts of both the potential areas of improvement, and the impacts from those that may be retained unchanged.

Regulatory Policy Committee

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