

Anti-Money Laundering/Counter- Terrorist Financing (AML/CTF) Supervision Reform: Duties, Powers, and Accountability

Anti-Money
Laundering/Counter-
Terrorist Financing
(AML/CTF) Supervision
Reform: Duties, Powers, and
Accountability



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Executive Summary

This document seeks feedback on the details of proposals to reform the supervision of anti-money laundering and counter-terrorist financing (AML/CTF) compliance among professional services businesses. As set out in our response to the 2023 consultation on reform of the UK's anti-money laundering and counter-terrorist financing (AML/CTF) supervision regime, the Government has decided that the Financial Conduct Authority (FCA) should take over responsibility for AML/CTF supervision from the current regime of 22 private sector Professional Body Supervisors (PBSs), as well as certain aspects of His Majesty's Revenue and Customs' (HMRC) AML/CTF role. The FCA will oversee legal, accountancy, and trust and company service providers' compliance with the Money Laundering Regulations (MLRs). It will not be responsible for wider professional standards in these sectors.

This document sets out proposals for the key duties, powers, and accountability mechanisms that the FCA will need to be an effective AML supervisor of professional services businesses and legislative changes to enact these. It asks respondents for their view on whether these are the right changes to make to supervisory powers to ensure successful reform.

Most proposals are merely to extend existing MLRs provisions to the FCA in its new expanded AML/CTF supervisory role. While legislative change may not be required in all cases — given that the FCA already exercises powers under the MLRs — it is important to consider whether improvements to the MLRs are needed to provide the FCA with a sufficiently comprehensive supervisory toolkit. This is particularly relevant as the FCA and several other current supervisors operate under broader frameworks such as the Financial Services and Markets Act 2000 (FSMA) and the Legal Services Act 2007.

We do set out all powers we propose the FCA is provided with to do this work, even where they are powers already included in the MLRs.

The MLRs can be found in full [here](#).

Key Proposals

- The FCA could register all in-scope firms, conduct appropriate gatekeeping checks, and have powers to accept, deny, suspend, or cancel registrations. We are seeking views on minor amendments to existing gatekeeping powers in the MLRs to harmonise and improve the system.
- The FCA could also “police the perimeter”, by working to identify unregistered activity within scope of the MLRs and bring these

businesses under supervision where appropriate. All firms supervised by the FCA could be listed in a public register, which would improve transparency and make it harder for bad actors to carry out high-risk activities without supervision.

- The FCA could apply a consistent and coherent risk-based approach for each of the sectors it will supervise, maintaining up-to-date risk profiles and conducting targeted supervisory activity such as on-site and desk-based reviews. This would enable the FCA to build a strong understanding of risk across all professional services firms and ensure resources were allocated efficiently. The FCA could be able to require relevant information from firms, conduct inspections and exchange information where appropriate with domestic and international authorities.
- We are seeking views on minor additions to supervisory powers to allow the FCA to issue directions to firms or to require a firm to appoint a skilled person to conduct a review.
- The FCA could provide up-to-date information to firms on AML/CTF risks and effective compliance with the MLRs. This could include responsibility for published guidance.
- The FCA could carry out intelligence-sharing with law enforcement, other supervisors and authorities as appropriate, and support whistleblowing – all areas within the current system which have drawn criticism. We are consulting on an amendment to improve the sharing of Suspicious Activity Reports (SARs) between supervisors and the National Crime Agency.
- The FCA could have the power (in relation to professional services firms) to impose civil penalties, suspensions, prohibitions and public censures, and to initiate criminal proceedings for breaches of the MLRs, in line with existing FCA and HMRC powers. This should support more dissuasive action against non-compliance with the MLRs.
- The FCA's use of its powers should be appealable to the courts, ensuring judicial oversight consistent with the current regime for the FCA.
- Once established in its new role, we propose that the FCA funds its supervisory activity through fees charged to supervised firms on a cost-recovery basis, as they do with their current supervised population. HM Treasury is providing Economic Crime Levy funding for implementation.

- We invite views on legislative provisions to ensure implementation of this reform does not create significant new burdens on firms; and that supervisors share information with each other to ease firms' involvement with their regulators.
- The FCA will continue to be operationally independent of HM Treasury and political control. It will remain accountable to HM Treasury and Parliament.

Consultation Questions

The Government seeks views on whether the proposed powers, duties, and accountability mechanisms for the FCA are sufficient and appropriate to achieve the primary aim of AML/CTF supervision reform, supervisory effectiveness. It also seeks views on whether any additional powers or safeguards should be considered. The questions are listed in full in Annex C.

This consultation will run from 6th November 2025 to 24th December 2025. Where possible, we would prefer to receive responses by email. These can be sent to anti-moneylaunderingbranch@hmtreasury.gov.uk

Please send written responses to:

Anti-Money Laundering Unit
Sanctions and Illicit Finance
2/29
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Chapter 1: Introduction

- 1.1 This document follows a response to the 2023 consultation on reform of the UK's anti-money laundering and counter-terrorist financing (AML/CTF) supervision regime. AML/CTF supervisory functions for legal, accountancy and trust and company service providers (TCSPs), currently undertaken by the 22 private sector AML supervisors and HMRC, will be undertaken by the Financial Conduct Authority (FCA).
- 1.2 Professional and business services are a UK success story, driving growth, innovation and investment for both the domestic and global economy. But the UK's position as a world-leading financial services centre, and the international reputation of the UK's professional services, can also attract higher-risk activity and leave us vulnerable to bad actors who seek to abuse the system. Russia's illegal full-scale invasion of Ukraine shone a light on the reach of dirty money, and the danger kleptocracy poses to the UK's national security. Clamping down on global corruption and keeping the UK's economy and reputation untarnished by illicit finance has never been more important.
- 1.3 In March 2025 the Government announced a [new approach to regulation](#). While regulation is vital for protecting consumers, the environment, and public interests, it must also support economic growth and innovation. This document outlines a new model of AML/CTF regulatory oversight that emphasises consistency and accountability. This is a reform intended to improve the implementation of existing regulation, not create new burdens on businesses.
- 1.4 Since its last evaluation in 2018 by the Financial Action Task Force (FATF) - an international body that sets standards and promotes effective implementation of measures to combat money laundering and terrorist financing - the UK has prioritised the strengthening of its AML/CTF supervision regime. HM Treasury established and has worked jointly with the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) to improve consistency and effectiveness of the 22 Professional Body Supervisors (PBSs). However, the Government recognises that more fundamental reform of the UK's approach to AML/CTF supervision is required to tackle the full scale and complexity of the economic crime risks we face as a country. It is HM Treasury's expectation that transitioning to an improved and simplified regime where all AML/CTF-regulated businesses are supervised by a public body will ensure a more consistent approach for firms, greater information and intelligence-sharing between supervisors and law enforcement to identify and respond to non-compliance, and a more robust approach to enforcement action where required.

- 1.5 We propose to equip the FCA with relevant powers over its expanded population like those currently available to other public sector AML/CTF supervisors under the MLRs. However, further powers could improve upon the current regime without increasing burdens on firms, so that the FCA in its extended AML/CTF supervisory role can provide more consistent and robust supervision. Areas where expansion may be desirable are detailed in this document, and views are sought as to whether these are appropriate changes to make.
- 1.6 A well-managed transition period, in which HM Treasury and the FCA work very closely with the PBSs, will be required to mitigate any temporary reduction in supervisory effectiveness and unnecessary burdens on businesses. The FCA will require powers to ensure it can obtain critical information from PBSs in a seamless manner through proactive coordination and timely information-sharing.
- 1.7 Any public body granted powers by Parliament must be democratically accountable, and regulated firms must have appropriate rights of appeal. Therefore, we are also asking for views on the accountability and appeals mechanisms that the FCA should operate under its increased remit.
- 1.8 Throughout, we may use “the Regulations” or “the MLRs”, to refer to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. They can be found [here](#). When this document refers to a “business”, “firm” or “regulated firm”, this is used to encompass all regulated entities, including sole traders. The term “professional services” is used in this document to refer to the AML/CTF-regulated legal, accountancy, and TCSP sectors.
- 1.9 The Government invites responses on the specific questions raised. The questions can be found throughout the document and are listed in full in Annex C.
- 1.10 This consultation will run from 6th November 2025 to 24th December 2025. Where possible, we would prefer to receive responses by email. These can be sent to anti-moneylaunderingbranch@hmtreasury.gov.uk
- 1.11 Please send written responses to:

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Sanctions and Illicit Finance
2/29
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1 Horse Guards Road
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SW1A 2HQ

Chapter 2: Registration and gatekeeping

- 2.1 A fragmented supervisory system – sometimes with multiple entry points into AML/CTF-regulated services for the same types of firms - creates gaps and inconsistencies that corrupt actors may exploit. The current framework allows firms to register with different supervisors applying varied approaches, and in some cases, firms may be able to switch between supervisors, further contributing to fragmentation. This fragmentation can lead to consumers and law enforcement agencies having difficulties in identifying who a firm is being supervised by. Strong and consistent testing of who is registering helps ensure bad actors or those unfit for key roles in providing regulated services are excluded from carrying out these roles.
- 2.2 HM Treasury proposes that the FCA register all relevant professional services firms that are carrying out activity within scope of the MLRs. It could carry out “gatekeeping” checks as assurance that these firms are well-placed to comply effectively with AML/CTF obligations. The supervisor could also identify and act against firms that are improperly operating without registration, to protect the integrity and reputation of the supervised population. This is known as “policing the perimeter”. We invite views on whether the FCA should maintain a public register of all professional services firms it supervises for AML/CTF purposes, as it already does for financial services firms.
- 2.3 Where applicable, existing duties and powers in the MLRs may be extended and may need to be strengthened to address gaps or inconsistencies in the MLRs.

Registration and public registers of supervised entities

- 2.4 HM Treasury proposes that the FCA could receive and process applications for registration and publish a register of notified professional services firms in scope of the MLRs. Accessible public registers help to promote public confidence in businesses by providing transparency about their regulatory status, enabling firms, customers, and authorities to verify the legitimacy of counterparties efficiently.

Existing Regulations

- 2.5 Regulations 54 and 55 of the MLRs cover the duties on and powers of FCA and HMRC to maintain registers of regulated firms. Regulation 54 lists activities for which registers **must** be maintained, and regulation 55 lists activities for which a register **may** be maintained. TCSPs are in

scope of regulation 54 and accountants supervised by HMRC are in scope of Regulation 55. Neither regulation currently covers lawyers. HMRC currently exercises its power to maintain a register of the accountants it supervises and also has responsibility for collating a single register of TCSPs on behalf of all supervisors except the FCA's population.

- 2.6 Regulation 56 provides that, where a person is required to be registered for its activities under regulation 54, it must not carry out such activities unless that person is included on the register of the relevant registering authority. Regulation 57 outlines the types of information that supervisors can request at registration. For TCSPs and Money Service Businesses (MSBs) specifically, the supervisor can require information on beneficial ownership. A supervisor can also request further information at any time after receiving the application and the applicant must provide such information as the supervisor reasonably considers necessary to enable it to determine the registration application within 21 days from the date of the request from the supervisor. Applicants must notify the registering authority in relation to any material change that occurred after the information was provided, or of details of any inaccuracy contained within the information within 30 days from the occurrence of the material change or date of discovery of the inaccuracy.
- 2.7 Regulation 59 outlines the process and circumstances in which the registering authority can refuse to register an applicant and stipulates what a registering authority should do when it receives an application for registration (including setting out notification requirements, timescales within which certain things are to be done, and providing for certain rights to make representations and/or appeal). Supervisors can refuse registration if (among other things) an applicant fails to meet requirements under regulation 57.
- 2.8 Under regulation 60, supervisors have the power to cancel or suspend the registration of a business or individual in specific circumstances.

Application to the FCA

- 2.9 We invite views on our proposal for the FCA to be required to maintain a public register of every professional services firm it supervises for AML/CTF purposes and for firms to be required to register with the FCA to carry out AML/CTF regulated activities.

Regulation 60

- 2.10 Regulation 60 relates to the suspension or cancellation of a registration in certain circumstances. We invite views on whether supervisors should have explicit power to cancel registrations where they are satisfied that a business is no longer carrying out relevant activities. This may be efficient for firms and supervisors since it would

save supervisory resource chasing businesses to cancel unused registrations. It would also improve the accuracy of published registers.

Questions

Q1: Do you agree with our proposal to amend the MLRs to require the FCA to maintain registers of the professional services firms (legal, accountancy and TCSPs) they supervise? Are there any practical challenges or unintended consequences we should consider?

Q2: Do you agree with our proposal to grant supervisors the explicit ability to cancel a business' registration when it no longer carries out regulated activities? How might these changes affect firms of different sizes or structures?

Gatekeeping: approvals and fit and proper testing

Existing regulations

2.11 The MLRs give supervisors the responsibility to act as 'gatekeepers' to the regulated sector. There are several gatekeeping tests which consider different information related to Beneficial Owners, Operators, and Managers (BOOMs) or sole practitioners and apply to different sectors within the AML/CTF regime. These tests include:

- The regulation 26 ('approvals' test). This test is in place to prevent bad actors or convicted criminals in relevant areas from operating in key roles. It specifically covers legal and accountancy businesses, estate and letting agents, high value dealers and art market participants. This test ensures applicants for relevant positions have not committed any of the offences listed in Schedule 3 of the MLRs.
- The regulation 58 ("fit and proper") test. This test is focussed on ensuring the appropriateness of firms and individuals applying for registration. It covers those exercising significant control in TCSPs, MSBs and crypto asset businesses regulated and supervised by the FCA. "Fit and proper" testing gives supervisors greater scope to consider an applicant's suitability for relevant positions, as supervisors can consider factors such as whether they have consistently failed to comply with the MLRs, are higher risk for ML/TF and whether they have adequate skills and experience to perform properly the function in question.

2.12 There are other gatekeeping tests which may currently apply to regulated firms but are not rooted in the MLRs. These include the Gambling Commission's licence conditions, the FCA's requirements under the Senior Managers and Certification Regime which apply to

financial services firms, and the SRA's screening for the character and suitability of those applying to be solicitors.

- 2.13 Where a sector's only gatekeeping tests are under the MLRs, it is proportionate that, in general, regulation 26 approvals apply to lower-risk sectors and regulation 58 "fit and proper" tests apply to higher-risk sectors, in line with the risk-based approach. Legal, accountancy, and trust and company services are all assessed as high-risk sectors in the National Risk Assessment 2025. In addition, as above, some PBSs have existing entry requirements, such as the SRA. If the MLRs remain the same, the FCA would be required to continue to carry out approvals under regulation 26 in relation to accountancy and legal services providers, and "fit and proper" testing under regulation 58 in relation to TCSPs. Application of only regulation 26 by the FCA to these sectors may mean, in effect, that weaker controls exist to prevent bad actors entering these AML/CTF regulated sectors than currently.

Application to the FCA

- 2.14 There are a range of options that could be taken to establish the FCA's gatekeeping regime. The existing MLRs could be maintained without alteration, meaning that the FCA's population of accountancy and legal services providers would be subject to regulation 26, whilst the TCSP population would be subject to regulation 58. However, this may be a weakening of current controls for some sectors, and does not reflect a risk-based application of regulations 26 and 58. In line with this, we propose the FCA apply regulation 58 "fit and proper" tests to the new supervised population.

Changes to regulation 58

- 2.15 We are considering a number of amendments to regulation 58 to better align its provisions with those currently set out in regulation 26.
- 2.16 A business applying to operate in a sector listed in regulation 58 cannot undertake relevant activity until its application – including completion of the "fit and proper" test for both the business and the BOOMs – is determined, and the business is included in the register. However, there is a gap where a new BOOM in a registered business or a BOOM whose circumstances change is not subject to the same requirements as a new business. In particular, regulation 58 allows new BOOMs to operate in their roles before they are determined to be fit and proper. This is not the case for the approvals test under regulation 26. We invite views on the following proposals:
- Providing that new BOOMs cannot act in their role until they have passed the "fit and proper" check, bringing regulation 58 in line with the requirements under regulation 26.

- Adding a requirement to regulation 58 for BOOMs to inform the supervisory authority if they are arrested, charged or convicted of a relevant offence.
- Making it a criminal offence for someone to act as a BOOM without having passed the "fit and proper" test under regulation 58.
- Enabling the FCA to apply to the court for an order requiring the sale of a beneficial owner's interest in a business, where that individual has been convicted of a relevant offence. This power currently exists under regulation 26 for certain sectors, and we propose aligning regulation 58 with regulation 26 in this regard.

Q3: Do you support the application of regulation 58 "fit and proper" tests to legal, accountancy, and trust & company service providers? Please explain your reasoning.

Q4: What are your views on the proposed changes to regulation 58, including the requirement for BOOMs to pass the fit and proper test before acting, mandatory disclosure of relevant convictions, and the introduction of an enforcement power similar to those under regulation 26?

Policing the perimeter

2.17 We propose that the FCA should police the regulatory perimeter actively to ensure that all those who are carrying out relevant activities in scope of MLRs are being appropriately supervised. Failure to police the perimeter may allow bad actors to carry out regulated activity free from supervision which creates an uneven playing field and ultimately undermines the integrity of the UK's AML/CTF regime. Under the current regime, PBSs don't have a power through the MLRs to bring relevant persons into AML/CTF supervision. PBSs may have powers under other regulations to act against individuals claiming professional status without authorisation. We propose that the FCA be given the right powers to take effective action against firms and individuals who are undertaking AML/CTF regulated activity without supervision.

Existing regulations

2.18 Regulation 46 obliges supervisors to ensure their population complies with the MLRs. This encompasses the requirements set out in regulation 56 for firms to be registered in order to carry out regulated activity.

Application to the FCA

2.19 Obligations under regulation 46 similarly apply to the FCA which will therefore be required to engage in "policing the perimeter" work to ensure the accuracy and integrity of the register of professional services firms. It is important to emphasise that the FCA's responsibilities in relation to the register will be limited strictly to AML/CTF compliance.

The FCA will not have any remit over broader professional standards or qualifications, which will remain the responsibility of any relevant professional bodies. Consideration will be given to information-sharing arrangements between the FCA and these professional bodies, to help all parties identify firms operating without due supervision and to minimise burdens on firms from registering with multiple supervisors.

Legal Services

- 2.20 HM Treasury has been informed that there could be instances of legal activities that are in scope of the MLRs but are not within scope of any existing legal PBS's remit. This may potentially result in firms operating without supervision while still carrying out AML/CTF-regulated activities. One example could be patent attorneys who participate in the buying and selling of assets on behalf of their clients, and several associations for intellectual property lawyers have jointly issued non-HM Treasury approved guidance on this issue [here](#). HM Treasury does not have direct knowledge of whether there are firms currently in this position or, if so, how many.
- 2.21 We propose that any firms which carry out legal services in scope of the MLRs should be required to register with the FCA, even if they are not currently registered with an AML/CTF supervisor. HM Treasury and the FCA would work with relevant professional associations to ensure a smooth implementation.

Questions

Q5: Should the FCA be granted any extra powers or responsibilities with regards to “policing the perimeter” beyond those currently in the MLRs?

Chapter 3: Risk-based supervision

- 3.1 It will be essential that the FCA allocates resources efficiently towards the areas of highest ML/TF risk to have the greatest supervisory impact. The implementation of proportionate, risk-based supervision will establish credibility and require the FCA to develop a detailed understanding of the risks within and across the sectors it supervises. HM Treasury proposes that the FCA be provided with the powers necessary to carry out effective interventions across its population and to gather up-to-date information on risk from relevant authorities to inform this.

Risk assessments and supervisory activity

- 3.2 Both firms and supervisors are required to take a risk-based approach to compliance with the MLRs, distributing resources according to their understanding of the ML/TF risks they face. Regulations 17 and 46 provide an overview of the requirements that supervisors are expected to meet in this area.

Existing regulations

- 3.3 Regulation 46 provides an overview of the responsibilities of each of the supervisors regarding the supervision of their given sectors. This includes a duty to:
- Monitor firms to ensure that firms comply with the MLRs
 - Carry out risk-based supervision based on the risk-assessment carried out under regulation 17
 - Ensure that employees and officers of the supervisory authority have access to relevant information on domestic and international AML/CTF risks affecting their sector
 - Keep records of supervisory actions and justifications for inaction
 - Take into account the degree of discretion afforded to relevant persons when implementing AML/CTF measures, recognising that firms may adopt different approaches based on their specific risk profiles and circumstances
 - Review risk assessments and policies of the firms they supervise to ensure their effectiveness
 - Notify the National Crime Agency (NCA) of known or suspected instances of ML/TF.
- 3.4 Regulation 17 provides more detail on risk assessments by supervisory authorities. Supervisors must consider reports and information

provided by HM Treasury and the Home Office, such as the National Risk Assessment, when identifying and assessing ML/TF risks in the sectors they supervise. In preparing a risk profile in relation to regulated firms, supervisors must also consider that these firms may not understand adequately or take appropriate action to identify and mitigate the risks they face. Regulation 17 requires supervisory authorities to:

- Maintain written records of their risk assessments
- Develop risk profiles for each of their supervised entities and regularly update these risk profiles, especially after significant events such as regulatory changes or to reflect emerging risks
- Share relevant risk information with firms to improve their own risk assessments where appropriate to do so under UK GDPR/Data Protection Act 2018.

3.5 Supervisors apply this risk assessment through a range of supervisory tools including on-site inspections, desk-based reviews, and information requests. The aim of these activities is not solely to identify and address non-compliance in a tick-box manner, but to improve the overall effectiveness of firms' defences against ML/TF. Supervisors play a key role in enabling firms to meet their regulatory obligations efficiently and effectively, supporting a regime that is both robust and proportionate.

3.6 We recognise that effective supervision goes beyond compliance checks and enforcement. It requires supervisors to use data and intelligence to target activity where it is most needed, to support firms in making informed risk-based decisions, and to avoid unnecessary de-risking or over-compliance. The FCA's existing data-led supervisory approach, for example, enables it to target high-risk areas and make focused supervisory interventions on areas of particular concern. The FCA, in its expanded AML/CTF supervisory remit, will be expected to adopt a supervisory approach that is proportionate, dissuasive, and supports growth and innovation.

Application to the FCA

3.7 We propose that the duties imposed on the FCA under regulations 17 and 46 also apply to the FCA's supervision of the legal sector, accountancy sector and TCSPs. We also propose to provide the FCA with a broadened toolkit to enable the FCA to intervene in the most appropriate way. As set out in the next section, this may include tools such as the power of direction and the ability to appoint or require firms to appoint a skilled person (similar to the powers the FCA has under regulations 74A, 74B and 74C in relation to crypto asset firms).

Q6: Do you foresee any issues or risks with the extension of regulations 17 and 46 to the FCA in carrying out its extended remit,

particularly in relation to how these powers will interact with the FCA's proposed enforcement toolkit (as outlined in Chapter 6)?

Additional intervention powers

Skilled Person Reports

- 3.8 In addition to formal enforcement powers, effective supervision requires tools that allow for early intervention—particularly where concerns arise about a firm's AML/CTF systems and controls in a situation where enforcement action may not yet be proportionate. One such tool is the ability to commission a report by a skilled person, as currently available to the FCA under regulation 74B for crypto asset firms.
- 3.9 These reports are intended to allow the FCA to address a specific area of concern with a firms' controls. This power is a well-established supervisory tool that enables early, targeted intervention. It allows the supervisor to respond to emerging risks, promote compliance, and avoid unnecessary escalation to enforcement. In 2024/25, the FCA commissioned 12 skilled person reports specifically related to financial crime, demonstrating the practical value of this approach in strengthening AML/CTF oversight.

Application to the FCA

- 3.10 We propose that the FCA be granted similar powers to require a supervised professional services firm to appoint a skilled person to produce a report, or to appoint one directly, where the FCA reasonably considers that such a report is necessary in connection with its AML/CTF supervisory functions. This would allow the FCA to independently assess the adequacy of a firm's AML/CTF controls and would also support remediation efforts without immediately escalating to enforcement.

Power to issue directions

- 3.11A further effective tool used by the FCA in relation to crypto asset firms, under regulation 74C of the MLRs, and by OPBAS under regulation 14 of the [OPBAS Regulations](#) in relation to the PBSs, is the power to issue directions to relevant entities. The ability to issue directions provides a flexible and proportionate supervisory tool that would allow the FCA (in relation to its new supervised population) to intervene before enforcement becomes necessary. It supports early remediation, promotes compliance, and helps maintain confidence in the supervisory regime.

Application to the FCA

3.12 We propose that the FCA be granted a similar power to issue directions to supervised professional services firms. This would allow the FCA to require or prohibit specific actions where it considers such action appropriate for remedying a failure to comply with AML/CTF supervision requirements, or for preventing an anticipated failure or continued non-compliance.

3.13 Directions could be issued in writing and tailored to the circumstances of the firm, including requiring improvements to systems and controls, halting risky practices, or implementing specific remedial steps. The FCA would also be expected to consider whether the firm had followed relevant guidance issued or approved by the supervisor when deciding whether to issue a direction. This may, finally, be a useful power to grant to all supervisors in the MLRs, not just the FCA for similar reasons.

Q7: What are your views on introducing new supervisory powers to make directions and appoint a skilled person? If this power is introduced for the FCA, should it also be available to HMRC and the Gambling Commission?

Information-gathering and inspections

3.14 Carrying out inspections of its supervised firms would enable the FCA to assess, including by gaining insight into firms' internal controls and culture, whether firms understand and comply effectively with their duties to prevent ML/TF. Gathering information from firms also helps the supervisor build a clearer picture of sector-specific risks and evolving threats. Strong coordination with law enforcement and other authorities will be essential not only to support the FCA's ability to access and share intelligence on emerging typologies, criminal trends, and relevant information about supervised entities, but also to ensure the FCA actively assesses and communicates sector-specific ML/TF risks. Information sharing must be bilateral, with the FCA expected to develop a nuanced understanding of the risks across the sectors it supervises and proactively share insights with law enforcement and other authorities.

Existing regulations

3.15 Under regulation 66, a supervisory authority can issue a written notice to a relevant person requiring them to provide information necessary for the authority to carry out its supervisory functions. The scope of the requests under this regulation includes copies of Suspicious Activity Reports (SARs) made to the National Crime Agency (NCA), and/or documents held by third parties. Regulation 67 permits a supervisory authority to exercise regulation 66 powers to assist foreign

authorities. Regulation 68 enables a supervisory authority to ask foreign authorities for help if it needs documents, for an agreed purpose, which are located abroad.

- 3.16 Regulation 69 provides an authorised officer of the FCA or HMRC the power to enter and inspect the premise of its supervised population without a warrant if they believe that a relevant person is in potential breach of the MLRs. The authorised officer can inspect the premises, check any documents as well as observe business activities.
- 3.17 Regulation 70 allows a duly authorised officer of the FCA or HMRC to enter a firm's premises with a court-issued warrant in a range of circumstances, including where entry under regulation 69 has been obstructed, where there is a risk of non-compliance or tampering with required information, or where there are reasonable grounds to suspect an offence under the MLRs is being committed.
- 3.18 Regulation 72 sets out limits on a supervisory authority's information gathering powers including in relation to legal professional privilege
- 3.19 Finally, regulation 74A covers subsidiary information gathering powers necessary for effective supervision – for instance information required to charge fees at the correct level.

Application to the FCA and additional powers

- 3.20 We intend to extend all the information gathering powers outlined in order to ensure the FCA has the same information gathering powers for professional services firms it already has for financial services firms.

Q8: Do you agree with our proposal to extend the information gathering and inspection powers in the MLRs to the new sectors within FCA supervision?

Q9: Do you believe any changes are needed to the information-gathering and inspection powers in the MLRs beyond extending them to the FCA in supervising accountancy, legal and trust and company service providers for AML/CTF matters?

Chapter 4: Guidance

4.1 AML/CTF guidance is an important source of support for regulated firms. While following guidance is neither mandatory nor a statutory defence, courts must consider whether a person followed any relevant guidance in determining whether a person has committed an offence. Consequently, well-drafted and up-to-date guidance plays an important role as part of an effective AML/CTF regime as it can translate complex legal and regulatory expectations into practical sector-specific advice. High quality guidance will help the FCA communicate to professional services firms its expectations of what effective compliance with the MLRs looks like in practice.

Existing regulations

4.2 Regulations 19, 21, 24 and 35 of the MLRs contain provisions that allow firms to take account of guidance when determining appropriate and proportionate AML/CTF measures. Separately, section 330(8) and section 331(7) of the Proceeds of Crime Act 2002 (POCA), and section 21A(6) of the Terrorism Act 2000 (TACT), provide that whether a person followed relevant guidance is a factor the court must consider when determining whether an offence has been committed. These provisions refer to guidance issued by the FCA, or by another supervisory authority or appropriate body and approved by HM Treasury.

4.3 At present, sectoral guidance is issued by a wide range of bodies, including groups representing industry such as the Joint Money Laundering Steering Group (JMLSG) and the Legal Sector Affinity Group (LSAG), or supervisors including the FCA, Gambling Commission, and HMRC. LSAG produces guidance for the legal sector, the Consultative Committee of Accountancy Bodies (CCAB) produces guidance for the accountancy sector, and HMRC produces guidance for TCSPs, with varying levels of supervisory and industry input. We consider input from industry to be valuable in this process, as it enables the final guidance to benefit from sector-specific expertise and practical experience.

4.4. There is no specific regulation that obligates firms to consider guidance. However, it is hoped that removing the requirement for HM Treasury to approve most guidance will enable it to be published more quickly, which in turn should support firms in complying more effectively with their obligations under the AML/CTF regime.

Proposed application

4.5 We propose to transfer responsibility for AML/CTF guidance for legal, accountancy, and trust and company service providers to the FCA. If taking on this role, the FCA would determine the most effective approach to engaging with regulated firms and industry bodies,

ensuring their perspectives are reflected in any new guidance. If establishing this new system, the FCA should seek to minimise disruption and excess burden on firms, including considering how existing LSAG and CCAB guidance could be incorporated into the new arrangements. Close collaboration with industry is expected to support a smooth transition and help firms adapt to any changes.

- 4.6 We also seek views on the proposal to amend the MLRs, POCA and TACT such that only approval by the relevant supervisor, rather than HM Treasury approval, is required for AML/CTF guidance to have status in legislation. For example, the FCA would approve JMLSG guidance, but would also be responsible for approving guidance for the legal, accountancy and TCSP sectors, and would no longer need HM Treasury authorisation to do so. This would apply to guidance for all regulated firms, not just those supervised by the FCA, and would be intended to speed up guidance approval processes and ensuring that guidance accurately communicates supervisory expectations. Gambling Commission and HMRC could also update and issue guidance for their supervised sectors, without this requiring HMT approval.
- 4.7 This proposed change would enable guidance to be updated more quickly and responsively in line with regulatory developments. By placing approval responsibility with the supervisors who ultimately enforce the MLRs within the context of their specific sector, at present we assess that the system would deliver clearer, better tailored and more consistent guidance, improving firms' ability to comply and reducing uncertainty.
- 4.8 It is proposed that HM Treasury would retain a power in the MLRs to intervene where proposed guidance is judged to deviate significantly from the policy intent of the MLRs ('right of veto'), without being responsible for reviewing and approving entire guidance documents. This power would be exercised on an exceptional basis, potentially informed by targeted engagement or the introduction of a notification mechanism—such as summaries of proposed guidance or specific areas of concern flagged by the relevant supervisor—rather than through a full review process. In addition, supervisors could be explicitly required under the MLRs to consult industry stakeholders when developing or revising guidance, ensuring that guidance remains practical and reflective of sector expertise.

Questions

Q10: Do you agree that responsibility for issuing AML/CTF guidance for the legal, accountancy and trust and company service provider sectors should be transferred to the FCA?

Q11: Do you agree that the MLRs should be amended to transfer responsibility for approving AML/CTF guidance to the relevant public sector supervisor, with HM Treasury retaining a 'right of veto'?

but not having responsibility for approving entire guidance documents?

Chapter 5: Information and intelligence

5.1 Tackling economic crime requires domestic and international co-ordination. It is therefore important that supervisors share information with each other and with firms, and that they ensure their supervised population understands and complies with obligations to report suspicious activity. Receiving intelligence allows supervisors to better detect risks in their areas of responsibility, whilst the proactive and responsive sharing of information with law enforcement is essential to the investigation of the most serious economic crimes. In this way, supervisors have a key role to play in disrupting the activities of organised criminal groups.

Provision of information to firms

Existing regulations

5.2 Regulation 47 outlines that supervisory authorities have an obligation to provide up-to-date information on money laundering and terrorist financing to the entities they supervise. This includes relevant information on ML/TF practices identified by the supervisor, HM Treasury, the Home Office or the NCA.

Application to the FCA

5.3 We propose to extend the requirements of regulation 47 to the FCA in relation to professional services firms. It will be important, especially as the FCA develops detailed expertise, that it provides its supervised firms with relevant information to inform policies and train staff on potential ML/TF threats.

Q12: Do you agree to the extension of requirements under regulation 47 to the FCA in relation to accountancy, legal and trust and company service providers?

Information sharing

Existing regulations

5.4 Regulation 46 states that supervisory authorities have a duty to notify the NCA if they know, suspect or have reasonable grounds for knowing or suspecting ML or TF. Regulation 103 places this general duty on the FCA as an organisation specifically, alongside other public authorities.

5.5 Regulation 50 requires supervisory authorities to co-operate with other regulatory bodies, HM Treasury (which oversees the AML/CTF regulatory regime), and law enforcement agencies in developing and implementing

policies to counter money laundering and terrorist financing. This may include coordinating domestic activities and may include engaging with overseas authorities to ensure effective cross-border supervision and facilitating the exchange of relevant information - subject to confidentiality obligations and, where applicable, third-party consent. A proposed amendment to this regulation, already announced [here](#), would include Companies House within scope of the duty for AML/CTF supervisors to cooperate with other authorities, recognising its enhanced role as a gatekeeper for corporate transparency and as an integral part of the UK's AML/CTF supervisory framework.

- 5.6 Regulation 52 permits supervisory authorities to disclose information obtained in relation to their supervisory functions to other relevant authorities, where the disclosure is for purposes connected with the effective exercise of the authority's functions under the MLRs or with any other functions related to money laundering, terrorist financing, or the integrity of the international financial system, the functions of a law enforcement authority or equivalent functions of an overseas authority

Application to the FCA

- 5.7 These information-sharing powers and requirements already apply to the FCA, and that will include their new work. We intend to ensure that this gateway is broad enough for information sharing with all relevant parties, including PBSs.

Suspicious Activity Reports

- 5.8 Suspicious Activity Reports (SARs) are reports that AML/CTF-regulated firms are required to submit to the NCA if and when there is suspicion, reasonable grounds to suspect or knowledge of money laundering or terrorist financing. SARs provide law enforcement and intelligence agencies with early warnings about potential illicit finance activity and also contribute to building a national intelligence picture of money laundering and terrorist financing.
- 5.9 Under regulation 66, supervisors can require members of the supervised population to provide specified information, including copies of any SARs made to the NCA. This includes SARs submitted under the Proceeds of Crime Act 2002 (POCA) or the Terrorism Act 2000. These powers may be exercised where the information or documents are reasonably required in connection with the authority's supervisory functions, such as assessing compliance with the MLRs or reviewing internal systems and controls. However, at present there is no obligation for the NCA to provide supervisors with copies of SARs that have been made by or about the supervised population.
- 5.10 We propose to require the NCA to provide supervisors with direct access to the SARs system for both supervisory and intelligence purposes, in line with relevant parameters set by GDPR/DPA legislation and SARs system access requirements. This access would allow supervisors to view SARs submitted within their own supervisory population, as well as SARs

submitted about those AML/CTF-supervised firms by firms or individuals in other sectors. Access must be proportionate and designed to avoid interference with law enforcement investigations.

Q13: Do you see any issues with the FCA's information sharing duties and powers in regulations 46, 50 and 52 applying to the professional services firms it supervises for AML/CTF purposes?

Q14: Do you agree that the MLRs should be amended to require the NCA to share SARs with the FCA and other public sector supervisors, where these have been submitted by or relate to firms within their supervisory population?

Whistleblowing

5.11 There may be instances of wrongdoing in which an employee wishes to formally "blow the whistle". For example, this might occur if an employee is instructed by management not to file a Suspicious Activity Report (SAR) because a customer is considered a long-standing or valued client, or if they discover that systems are being deliberately manipulated to prevent the detection of high-risk transactions. The FCA are a prescribed authority to whom wrongdoing can be reported. This means that the protections for whistle blowers in the Employment Rights Act 1996 would be applicable, if the necessary specific conditions were met. In line with regulation 46, the FCA would be expected to take effective measures to encourage disclosures of actual or potential breaches of the MLRs. It would also need to provide secure communication channels and ensure the confidentiality of the person making the disclosure. For consistency and clarity for any firms or individuals supervised by the FCA for AML/CTF purposes and by a separate body in relation to non-AML/CTF matters (e.g. the Solicitors Regulatory Authority), it should also be made clear that whistleblowing in relation to any AML/CTF-related breaches should be directed to the FCA.

Q15: Do you agree that these existing whistleblowing protections are sufficient and appropriate?

Chapter 6: Enforcement

- 6.1 An AML/CTF supervisor taking proportionate and dissuasive enforcement action is an essential part of effective regulation as it promotes accountability and incentivises future compliance across the supervised population. Enforcement can take several forms, such as fines or warnings and even criminal prosecutions, depending on the severity of the failure, and must be proportionate.
- 6.2 The MLRs already give the FCA and HMRC a range of enforcement powers that can be applied where MLR breaches have been identified. It is appropriate that the FCA has these powers to effectively supervise professional services firms. We are committed to ensuring the FCA has sufficient authority and the right tools to address breaches of the MLRs and ensure proportionate application of standards. There must be confidence, both nationally and internationally, that supervisors are serious in addressing weaknesses in the UK's defences against ML/TF threats.

Existing regulations

- 6.3 Regulation 76 gives HMRC and the FCA the power to impose either financial penalties, public censure, or both, if the supervisory authority finds a person has breached the MLRs. Regulation 78 enables supervisors to place prohibitions on senior managers holding significant roles in a firm if a person was knowingly involved in an AML/CTF-related violation. Prohibitions can be either temporary or permanent.
- 6.4 Regulations 81 and 83 state that the FCA and HMRC respectively should consider several factors when determining the type and level of penalty to take following a breach of the MLRs. This includes, but is not limited to, the severity and duration of the violation, the degree of cooperation, and previous breaches.
- 6.5 Regulations 84 and 85 set out the requirements for the FCA and HMRC respectively to publish information relating to enforcement action. Where the FCA issues a warning notice, neither the FCA nor any recipient may publish the notice or any details concerning it. However, when a decision notice or final notice is issued, the FCA (or HMRC, as relevant) is generally required to publish appropriate details of the matter on its official website, subject to specific conditions—for example, to protect personal data, ensure proportionality, or avoid jeopardising financial market stability or ongoing investigations.
- 6.6 As well as civil penalties, some supervisory authorities can initiate criminal proceedings for more severe breaches of the MLRs. Regulation 86 outlines that a criminal offence can result in a fine, imprisonment or both.

- 6.7 Regulation 87 specifies offences that relate to obstruction of investigations for breaches of the MLRs, such as concealing or destroying information or evidence. This can also result in imprisonment, a fine, or both.
- 6.8 Regulation 88 sets out offences relating to the provision of false or misleading information in response to a requirement under the MLRs. This applies whether the information is provided in the context of an investigation or in other regulatory scenarios, such as registration or supervisory engagement. It also covers unauthorised disclosure of information in breach of a relevant requirement. Penalties include fines, imprisonment, or both.
- 6.9 Regulation 89 lists the bodies that may institute criminal proceedings for offences under the MLRs. In addition, under Section 402(1)(b) of FSMA (read together with regulation 2 of the MLRs), the FCA is also empowered to institute criminal proceedings for breaches of the MLRs, except in Scotland.

Application to the FCA

- 6.10 We seek views on our proposal that the FCA be able to exercise all of the enforcement powers outlined above in relation to the professional services firms, as well as the extension of the provisions in regulation 83 (which relates to HMRC) to the FCA.
- 6.11 In addition to being able to take on important cases of serious non-compliance, we currently assess that the FCA needs the ability to issue low value fines for, e.g., firms that simply do not register for AML supervision. HMRC does this currently and it is an important tool in making sure firms do not operate outside the bounds of the MLRs. Doing this will not require any changes to the general enforcement powers in the MLRs, however it might be useful to make some amendments to the provisions which set out the procedures the FCA follows when taking enforcement action (e.g. regulations 81 and 82), to ensure the FCA is able to issue these types of routine, low-value fines without excessive administrative obstacles and costs that are disproportionate to the nature and value of the penalty.

Q16: Do you foresee any issues with our proposal for the FCA to exercise the same enforcement powers already exercised by it in relation to the financial services firms for professional services firms too?

Q17: Are there any additional enforcement powers that you feel the FCA should be equipped with to ensure non-compliance is disincentivised effectively?

Q18: Do you think any amendments to regulations 81 and 82 would help the FCA issue minor fines for more routine instances of non-compliance such as failure to register?

Chapter 7: Appeals

- 7.1 Under the current system, firms supervised by PBSs have different methods to challenge PBS decisions. For instance, legal PBSs in England and Wales generally have a separate appeals tribunal, such as the Solicitors' Disciplinary Tribunal. In some cases, decisions made by these bodies—whether through internal review processes or independent tribunals—may be subject to further appeal through the formal courts and tribunals system.
- 7.2 In addition to formal complaint mechanisms, it is important that the exercise of the FCA's powers is subject to judicial appeal. This helps to promote transparency and accountability in the supervisory process, offering firms a clear and independent route to challenge decisions that may have a significant impact on their operations or reputation. Judicial oversight provides a valuable safeguard, helping to ensure regulatory powers are exercised appropriately and maintaining trust in the supervisory framework.

Existing regulations

- 7.3 Part 10 of the MLRs sets out the arrangements for appeals. Regulation 93 makes the exercise of powers by the FCA appealable to the Upper Tribunal. Regulations 94 to 100 set out the more detailed arrangements by which HMRC's use of powers is challenged, first through an internal process and then to the First Tier Tribunal.
- 7.4 Under proposed amendments to the MLRs already announced [here](#), the FCA will be permitted to share relevant information with the Financial Regulation Complaints Commissioner (FRCC). This amendment is designed to ensure that the FRCC can effectively consider complaints regarding how the FCA has exercised its supervisory functions under the MLRs. By enabling appropriate information sharing, this change strengthens external oversight and provides greater assurance to firms and individuals that complaints will be thoroughly and fairly investigated.

Application to the FCA

- 7.5 We intend that all decisions of the FCA in relation to their AML/CTF supervision of professional services firms will be appealable to the tribunal regime, as other FCA decisions currently are.

Q19: Do you have any issues with our intention that decisions made by the FCA in relation to their AML/CTF supervision of professional services firms be appealable to public tribunals, in line with the existing system?

Chapter 8: Fees and funding

8.1 For the FCA to carry out its expanded supervisory duties effectively, its costs will need to be funded by the firms it supervises. The FCA is funded by fees from the firms it regulates, while PBSs generally include the cost of their AML supervision in their annual fees.

Existing regulations

8.2 Regulation 102 grants the FCA and HMRC the ability to charge fees to firms to cover the costs of carrying out their functions under the MLRs. These charges may apply, for example, during the approval or registration process, or based on the number of premises from which a firm or connected person operates. Charges must be reasonably incurred in carrying out their functions under the MLRs or for any incidental purpose.

Application to the FCA

8.3 It is intended that the FCA will recover its day-to-day costs of AML/CTF supervision of professional services firms through fees charged to the firms it supervises. The FCA intends to consult on how it proposes to do this in due course. It may be necessary to make amendments to the Regulations including to ensure that the FCA can gather the information it needs to calculate fees and that there are consequences for firms that do not pay their fees or provide information to enable the fees to be calculated. We also invite views on the proposal to enable the FCA to deduct its enforcement costs from penalty receipts transmitted to HM Treasury.

Q20: Do you have any comments regarding the FCA charging fees, under regulation 102, noting the possible proposed amendments?

Chapter 9: Transition and Supervisory Co-ordination

- 9.1 One of the main concerns about having a public body supervise professional services expressed by respondents to the 2023 AML/CTF supervision reform consultation was the transitional risk and the resource needed to implement this change. Implementation will inevitably take several years and during this time, the UK's ML/TF defences may come under threat if the appropriate safeguards are not in place. To reduce these potential risks, the FCA, HMRC and the PBSs may require additional powers to ensure they can achieve a smooth transition while reducing scope for duplication. This will be important to limit friction for firms, in support of the Government's wider Growth Mission.
- 9.2 In addition to operational risks, some stakeholders - particularly in the legal services sector - have expressed concerns about whether the FCA in taking on this role will have sufficient sector-specific expertise. To address this, the FCA will work closely with OPBAS and the existing PBSs to ensure that knowledge of professional services sectors is retained and embedded into its supervisory model. While no specific powers are proposed in relation to this specific working arrangement, HM Treasury expects that the FCA will develop the professional services expertise necessary to succeed. The FCA will draw on its existing supervisory expertise, consider establishing dedicated sector teams, and ensure appropriate representation in governance and guidance development processes.

Transition of existing firms

- 9.3 The Government's intention is that firms already supervised by PBSs or HMRC should not need to complete a re-registration process. However, firms or individuals may be required to confirm certain details - potentially on an annual basis - as they already are, and it is proposed that the FCA undertakes fit and proper checks in respect of the professional services firms, recognising that these may not have been conducted previously to the same depth as those typically applied by the FCA. HMRC (who supervise a number of accountancy service providers) and the current PBSs are likely to have live supervisory case work that it may be appropriate for the FCA to take forward. There may also be new firms who will be awaiting registration for AML/CTF purposes during the transition period.

9.4 Information on supervised firms from existing supervisors should be provided to the FCA. The details of how this will happen in practice will be determined by the FCA, HMRC and the existing PBSs. It will also be important to ensure that other authorities who rely on supervisory data - such as Companies House - are kept informed throughout the transition.

Registration and information-sharing

9.5 The Government's primary goal is to ensure effective AML/CTF supervision for professional services firms. However, it is important that additional requirements on firms, including data requests, are mitigated.

9.6 To this end, the Government envisages that information-sharing between the FCA and existing professional bodies and HMRC will be key in minimising the regulatory burden on firms. We propose to place a legislative requirement on the FCA and existing bodies to work together to agree an information-sharing regime that minimises requests of firms whilst ensuring that all bodies have the necessary information to meet their objectives effectively.

9.7 For example, professional services firms registering for AML/CTF supervision are currently required to provide information to a PBS (under the MLRs and for wider purposes) or, where a firm is not a member of a professional body, directly to HMRC. The Government recognises that, once the FCA is operational in its expanded remit, some firms may experience a degree of dual regulation with requirements to register and interact with both their professional body or regulator for non-AML/CTF related matters and the FCA for AML/CTF related matters. However, we will work with the FCA, HMRC and PBSs to consider how best to limit duplication for those firms to which this may apply.

9.8 The exact details of how this will operate in practice will be for the FCA to determine in conjunction with existing professional bodies and regulators. However, this could involve the creation of a single registration gateway, managed by an appropriate body, through which relevant data is shared with both the FCA and professional bodies - helping to reduce duplication for firms that continue to interact with both. Alternatively, it could involve structured information-sharing arrangements between the FCA and professional bodies to minimise the burden on firms of providing the same information to multiple organisations.

Q21: Are there any specific powers or transitional arrangements that you believe would help the FCA, current supervisors, or HM Treasury support a smooth and low-burden transition for firms already supervised under the MLRs?

Q22: Do you agree that a requirement should be placed on the FCA and existing professional bodies and regulators to create an information-sharing regime that minimises burdens on firms?

Q23: Are there other legislative measures that would prevent additional regulatory burdens arising?

Chapter 10: The role of OPBAS and professional services legislation

- 10.1 OPBAS was created in 2017 to oversee the work of the PBSs to ensure consistency and improve standards of supervision. OPBAS – a small team within the FCA - conducts annual risk-based compliance and effectiveness-based assessments on PBSs, publishes anonymised external reports on PBS performance on a periodic basis, and takes regulatory action where PBSs are, or may be, failing to meet their obligations under the MLRs.
- 10.2 OPBAS has a number of powers in the [OPBAS Regulations](#), that it can use to ensure that the PBSs meet its expectations, as set out in the [OPBAS Sourcebook](#).

During transition

- 10.3 In the interim period OPBAS's role will continue, such that it will need to manage risks, maintain standards, and ensure a smooth and orderly transition to the new supervisory model. OPBAS should also continue to facilitate collaboration and information-sharing between supervisors. As such, it may be necessary to consider providing additional powers to support OPBAS during this period. Potential powers that could be given to OPBAS include:
- Strengthening OPBAS' current power to issue directions
 - Introducing new enforcement powers such as a fining power
 - Requiring OPBAS to publish a de-anonymised annual report for increased transparency around PBSs' performance.

Post-transition

- 10.4 The establishment of this new supervisory model within the FCA, will mean there is no longer a need for OPBAS to provide PBS oversight of AML/CTF matters. It is envisaged that the various PBSs will continue to operate without AML/CTF supervisory oversight of firms once they are removed from Schedule 1 of the MLRs. The important work that the PBSs do will continue, however, and they will be vital stakeholders to the regime both during the transition period and beyond.
- 10.5 We therefore intend that OPBAS in its current form will cease to exist, and that relevant legislation will be changed or revoked.

- 10.6 Some professional bodies will retain broader responsibilities in relation to economic crime, for instance they may oversee their members' sanctions or counter-fraud work. The Economic Crime and Corporate Transparency Act 2023 (ECCTA) introduced an economic crime objective for legal regulators under the Legal Services Act 2007. This obligation ensures that professional bodies continue to play a vital role in promoting integrity and transparency within their sectors even after they are no longer responsible for AML/CTF supervision.
- 10.7 As the FCA take on these extra AML/CTF supervisory duties, it will be important to ensure that its future supervisory powers are carefully aligned with the broader legal and regulatory frameworks governing professional services. These powers should be exercised in a way that complements, rather than conflicts with, the statutory duties of other regulators and oversight bodies. This includes ensuring compatibility with sector-specific regulatory objectives and avoiding duplication or fragmentation of oversight. For example, any future supervisory activity involving legal professionals must be consistent with the framework set out in the Legal Services Act 2007. The Government will keep under review whether any targeted legislative changes are needed to support the effective operation of the FCA carrying out its now extended remit and ensure coherence with the wider regulatory framework.

Questions

Q24: Are there any additional powers that would support OPBAS to provide effective oversight of the PBSs during the transition? If so, please provide an overview.

Q25: Are there any wider legislative changes that may be necessary to support the effective implementation of this policy, including alignment with existing statutory frameworks governing professional services?

Q26: Should any changes be made to the economic crime objective introduced for legal regulators by the Economic Crime and Corporate Transparency Act?

Chapter 11:

Accountability and independence

11.1 It is essential that the FCA is operationally independent of Government to fulfil its role effectively. However, there must be mechanisms in place so that it is accountable to HM Treasury, Parliament and the public for its overall performance.

Accountability Arrangements

11.2 The FCA is already an independent financial regulator that is accountable to both HM Treasury and to Parliament. There are several mechanisms set out in legislation that safeguard this arrangement. HM Treasury cannot intervene in the FCA's supervisory oversight of firms, and this important safeguard should apply to AML/CTF supervision of professional services firms.

11.3 The FCA reports to HM Treasury on its progress via its Annual Report, a copy of which is then laid in Parliament. In this way, the FCA is statutorily required to demonstrate its performance and effectiveness to Parliament. HM Treasury can require the FCA to carry out an investigation where there has been a serious regulatory failure, or if it believes an investigation is in the public interest. The FCA appears before the Treasury Committee three times per year in a general accountability hearing. This provides an opportunity for Parliament to scrutinise all aspects of the FCA's work at regular intervals.

11.4 The FCA also regularly gives evidence to other Parliamentary committees, as well as responding to requests for information from MPs and peers through letters, Parliamentary Questions and evidence to All Party Parliamentary Groups.

11.5 HM Treasury is responsible for making some appointments to the FCA's Board which holds the organisation to account and helps set its strategic direction.

Application to the FCA

11.6 We intend for the FCA to continue to have their existing accountability mechanisms.

Additional Mechanisms

11.7 The operational independence of the FCA is essential for its work as both a regulator and supervisor. And, as noted in Government's [Financial Services](#)

Growth and Competitiveness Strategy, Regulatory Environment Cross-Cutting Reforms, it is important that the government has the means to influence the overall strategic direction of their work, including in relation to driving economic growth and considering the impact of supervision on affected firms and wider sectors.

11.8 This work on the “growth duty” will encourage and enable the regulators to take a more strategic approach to regulation and supervision which will reinforce a proportionate and risk-based approach to supervision.

Q27: Do you have any issues with our intention to apply the FCA’s existing accountability mechanisms in carrying out its additional supervisory duties?

Q28: What measures do you think should be taken to ensure a proportionate overall approach to supervision, including prioritising growth?

Annex A: Glossary

AML – Anti-Money Laundering

ASP – Accountancy Service Provider

BOOM – Beneficial Owner, Officer, or Manager

CTF – Counter-Terrorist Financing

FCA – Financial Conduct Authority

“Firm” - When this document refers to a “business”, “firm” or “regulated firm”, this is used to encompass all regulated entities, including sole traders. The term “professional services” is used in this document to refer to lawyers, accountants, and TCSPs.

FSMA – Financial Services and Markets Act

HMRC – His Majesty’s Revenue and Customs

LSP – Legal Service Provider

MLR(s) – Money Laundering Regulations

NCA – National Crime Agency

OPBAS – Office for Professional Body Anti-Money Laundering Supervision

PBS – Professional Body Supervisor

Regulations – the Money Laundering Regulations

SAR – Suspicious Activity Report

SPSS – Single Professional Services Supervisor

TCSP – Trust and Company Service Provider

Annex B: Processing of Personal Data

Confidentiality

Information provided in response to this consultation, including personal information, may be published, or disclosed in accordance with the Freedom of Information Act 2000 (FOIA).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, among other things, with obligations of confidentiality. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If the Government receives a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding.

Processing of personal data

This section sets out how we will use your personal data and explains your relevant rights under the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018 (DPA 2018). For the purposes of the UK GDPR and DPA 2018, the Treasury is the data controller for any personal data you provide in response to this consultation and call for evidence.

Data subjects

The personal data the Treasury will collect relates to individuals responding to this consultation. These responses will come from a wide group of stakeholders with knowledge of a particular issue.

The personal data we collect.

The personal data will be collected through email submissions and are likely to include respondents' names, email addresses, their job titles and opinions.

How we will use the personal data

This personal data will only be processed for the purpose of obtaining opinions about government policies, proposals, or an issue of public interest. Processing of this personal data is necessary to help us understand who has responded to this consultation and, in some cases, contact respondents to discuss their response.

The Government will not include any personal data when publishing its response to this consultation.

Lawful basis for processing the personal data

Article 6(1)(e) of the UK GDPR; the processing is necessary for the performance of a task we are carrying out in the public interest. This task is consulting on the development of departmental policies or proposals and calling for evidence to help us to develop effective government policies.

Who will have access to the personal data

The personal data will only be made available to those with a legitimate business need to see it as part of the consultation and call for evidence process.

The Treasury sometimes conduct consultations in partnership with other agencies and government departments and, when we do this, it will be apparent from the consultation itself. For these joint consultations, personal data received in responses will be shared with these partner organisations in order for them to also understand who responded to the consultation.

As the personal data is stored on the Treasury's IT infrastructure, it will be accessible to our IT service providers. They will only process this personal data for our purposes and in fulfilment with the contractual obligations they have with us.

How long we hold the personal data for

The Treasury will retain the personal data until work on this consultation and call for evidence is complete and no longer needed.

Your data protection rights

Relevant rights, in relation to this activity are to:

- request information about how we process your personal data and request a copy of it
- object to the processing of your personal data
- request that any inaccuracies in your personal data are rectified without delay
- request that your personal data are erased if there is no longer a justification for them to be processed
- complain to the Information Commissioner's Office if you are unhappy with the way in which we have processed your personal data

How to submit a data subject access request (DSAR)

To request access to your personal data that the Treasury holds, please email: dsar@hmtreasury.gov.uk

Complaints

If you have concerns about the Treasury's use of your personal data, please contact our Data Protection Officer (DPO) in the first instance at: privacy@hmtreasury.gov.uk

If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner at casework@ico.org.uk or via this website: <https://ico.org.uk/make-a-complaint>

Annex C: Question list

1. Do you agree with our proposal to amend the MLRs to require the FCA to maintain registers of the professional services firms (legal, accountancy and TCSPs) it supervises? Are there any practical challenges or unintended consequences we should consider?
2. Do you agree with our proposal to grant supervisors the explicit ability to cancel a business' registration when it no longer carries out regulated activities? How might these changes affect firms of different sizes or structures?
3. Do you support the application of regulation 58 "fit and proper" tests to legal, accountancy, and trust & company service providers? Please explain your reasoning.
4. What are your views on the proposed changes to regulation 58, including the requirement for BOOMs to pass the fit and proper test before acting, mandatory disclosure of relevant convictions, and the introduction of an enforcement power similar to those under regulation 26?
5. Should the FCA be granted any extra powers or responsibilities with regards to "policing the perimeter" beyond those currently in the MLRs?
6. Do you foresee any issues or risks with the extension of regulations 17 and 46 to the FCA in carrying out its extended remit, particularly in relation to how these powers will interact with the FCA's proposed enforcement toolkit (as outlined in Chapter 6)?
7. What are your views on introducing new supervisory powers to make directions and appoint a skilled person? If this power is introduced for the FCA, should it also be available to HMRC and the Gambling Commission?
8. Do you agree with our proposal to extend the information gathering and inspection powers in the MLRs to the new sectors within FCA supervision?
9. Do you believe any changes are needed to the information-gathering and inspection powers in the MLRs beyond extending them to the FCA in supervising accountancy, legal and trust and company service providers for AML/CTF matters?
10. Do you agree that responsibility for issuing AML/CTF guidance for the legal, accountancy and trust and company service provider sectors should be transferred to the FCA?

11. Do you agree that the MLRs should be amended to transfer responsibility for approving AML/CTF guidance to the relevant public sector supervisor, with HM Treasury retaining a 'right of veto' but not having responsibility for approving entire guidance documents?
12. Do you agree to the extension of requirements under regulation 47 to the FCA in relation to accountancy, legal and trust and company service providers?
13. Do you see any issues with the FCA's information sharing duties and powers in regulations 46, 50 and 52 applying to the professional services firms it supervises for AML/CTF purposes?
14. Do you agree that the MLRs should be amended to require the NCA to share SARs with the FCA and other public sector supervisors, where these have been submitted by or relate to firms within their supervisory population?
15. Do you agree that these existing whistleblowing protections are sufficient and appropriate?
16. Do you foresee any issues with our proposal for the FCA to exercise the same enforcement powers already exercised by it in relation to the financial services firms for professional services firms too?
17. Are there any additional enforcement powers that you feel the FCA should be equipped with to ensure non-compliance is disincentivised effectively?
18. Do you think any amendments to regulations 81 and 82 would help the FCA issue minor fines for more routine instances of non-compliance such as failure to register?
19. Do you have any issues with our intention that decisions made by the FCA in relation to their AML/CTF supervision of professional services firms be appealable to public tribunals, in line with the existing system?
20. Do you have any comments regarding the FCA charging fees, under regulation 102, noting the possible proposed amendments?
21. Are there any specific powers or transitional arrangements that you believe would help the FCA, current supervisors, or HM Treasury support a smooth and low-burden transition for firms already supervised under the MLRs?
22. Do you agree that a requirement should be placed on the FCA and existing professional bodies and regulators to create an information-sharing regime that minimises burdens on firms?
23. Are there other legislative measures that would prevent additional regulatory burdens arising?

24. Are there any additional powers that would support OPBAS to provide effective oversight of the PBSs during the transition? If so, please provide an overview.
25. Are there any wider legislative changes that may be necessary to support the effective implementation of this policy, including alignment with existing statutory frameworks governing professional services?
26. Should any changes be made to the economic crime objective introduced for legal regulators by the Economic Crime and Corporate Transparency Act?
27. Do you have any issues with our intention to apply the FCA's existing accountability mechanisms in carrying out its additional supervisory duties?
28. What measures do you think should be taken to ensure a proportionate overall approach to supervision, including prioritising growth?

The Government invites responses on the specific questions raised. The questions can be found throughout the document and listed in full in Annex C.

This consultation will run from 6th November 2025 to 24th December 2025. Where possible, we would prefer to receive responses by email. These can be sent to anti-moneylaunderingbranch@hmtreasury.gov.uk

Please send written responses to:

Anti-Money Laundering Unit
Sanctions and Illicit Finance
2/29
HM Treasury
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HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

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