HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Twitter: @hmtreasury   www.gov.uk/hm-treasury

12 Endeavour Square
Stratford
London
E20 1JN

Tel: +44 (0)20 7066 1000
Fax: +44 (0)20 7066 1099

www.fca.org.uk/opbas

Email: opbas@fca.org.uk

BY EMAIL

11 April 2024

Dear all

Office for Professional Body Anti-Money Laundering Supervision (OPBAS) supervisory update: Regulation 46A reports 2022/23 and expectations

Professional Body Supervisors (PBSs) are required[1] under Regulation 46A of the Money Laundering Regulations 2017 (MLRs) to produce annual reports on their anti-money laundering (AML) and counter terrorist financing (CTF) supervisory activities.

OPBAS has issued guidance[2] to assist PBSs by providing clarity on our expectations on the content and detail of these annual reports. OPBAS has now reviewed the third set of reports against the guidance.

OPBAS found continued improvement in report content and quality across the three cycles of production, but with inconsistency in some individual PBS reports. While the reports can be helpful background, they are not in our view a standalone measure to indicate the effectiveness of a PBS as a supervisor. The reports should therefore be read in conjunction with OPBAS own periodic reports[3], HM Treasury's annual report and other publications for fuller context.

Positive observations
OPBAS saw evidence of all PBSs acting on previous OPBAS feedback, with over half of the reports found to be clearer and improved compared to the previous period. No reports had declined in overall quality and positively, for the first time, several of the reports were assessed to effectively meet all the suggested criteria.

OPBAS observed evidence of improvement by the PBSs in describing the type and number of measures taken to monitor and enforce compliance in their supervised populations. The forewords and remit content were of consistently good quality.

---

[1] https://www.legislation.gov.uk/uksi/2017/692/regulation/46A

[2] In response to previous requests for clarity of expectations, OPBAS has included specific content in Chapter 11 of the updated OPBAS Sourcebook, as published in January 2023 at https://www.fca.org.uk/publication/opbas/opbas-sourcebook.pdf. This supersedes any previous version published.

[3] https://www.fca.org.uk/about/how-we-operate/who-work-with/opbas

OPBAS saw evidence of improved PBS assessment of emerging money laundering and terrorist financing threats and trends in sectors. This is important to raise awareness and drive action in supervised populations.

PBSs included helpful links to relevant supervisory resources, approved sector guidance and guidance from other relevant sources such as the National Crime Agency (NCA) that they have drawn upon in making their risk assessments, to support their supervised populations risk-based approach.

PBSs continue to make good use of graphs and visual aids which can help make the content clearer and more engaging to a wider audience. The use of case studies was more evident, and we encourage continued inclusion in future, demonstrating relevant insights into real life examples and highlighting risk within supervised populations.

In this year's reports, some PBSs have identified weaknesses within their supervised populations and described the actions taken to address these such as issuing guidance and specific training. These are helpful examples of proactivity in the PBSs' supervisory approaches.

Areas for further improvement
There is further opportunity to increase the quality of future reports and achieve this more consistently across PBSs.

Reports could benefit from more analysis of the underlying reasons for compliance failures and deficiencies in supervised populations, and related reflective commentary on opportunities to improve PBS supervisory approaches to address these. Further gap analysis could support this, linking to priorities across the next supervisory cycle.

We encourage even more information on compliance levels within the PBSs' supervised populations, such as statistics showing the type and number of measures taken and the outcomes achieved. In our view there should be increased focus in reports outlining actions taken by the PBSs in response to inadequacies or concerns identified in the quality[4] of Suspicious Activity Reports (SARs) submitted by PBS supervised populations.

OPBAS' expectations in these areas are set out in the Sourcebook and we encourage PBSs to consider and adopt these aspects in future reports. That should further enhance the quality and value of the reports to the PBSs and their supervised populations, as the vital first line of defence in the UK fight against money laundering.

---

[4] Regulation 66(1A) and Schedule 4 (15A) of the Money Laundering Regulations 2017 provide a professional body supervisor with the power to require its sector to supply it with a copy of any suspicious activity reports (SAR) submitted to the NCA as part of their supervisory assessments.

Next steps

OPBAS will again provide detailed bilateral feedback to each PBS to discuss individual areas for improvement intended to assist PBSs in preparation for the next reporting cycle which will cover the period 6 April 2023 to 5 April 2024. OPBAS will engage and feedback more intensively with PBSs who produced the least effective reports.

To note, the next set of PBS reports are due for publication on or before **1 November 2024**.

HM Treasury will continue to work with OPBAS to support further improvement to the PBS reports. In addition, HM Treasury will continue to pursue commitments made in the Economic Crime Plan 2, including consulting on improving the effectiveness of the MLRs[5].

Yours sincerely

HM Treasury & OPBAS

---

[5] https://www.gov.uk/government/consultations/improving-the-effectiveness-of-the-money-laundering-regulations