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4 July 2022

BY EMAIL

Dear all

## **OPBAS supervisory update**

This letter provides information about OPBAS's supervisory update note relating to the Regulation 46A money laundering reports (required under the Money Laundering Regulations 2017).

### **Regulation 46A Reports and expectations on demonstrating effectiveness**

Professional Body Supervisors (PBS) are required under Regulation 46A of the Money Laundering Regulations 2017 (MLRs) to publish annual reports detailing their anti-money laundering/counter terrorist financing (AML/CTF) supervisory activities. The first of these annual AML/CTF reports were published in November 2021. As agreed, OPBAS and HMT have reviewed the reports to consider how the process and content can be improved to increase their supervisory effectiveness. OPBAS has provided feedback on the reports via AMLSF and bilaterally to each PBS.

PBSs requested additional information about OPBAS and HMT expectations for the reports going forward, particularly around suggested inclusions and effectiveness. We have addressed this point in the revised update note, which is published [here](#). This supersedes the previous version published in April 2021.

Practice outlined in the 2021 update note is a combination of agreed good practice (inclusive of Regulation 46A requirements and universally agreed inclusions) and suggested practice aimed at increasing effectiveness. Only the Regulation 46A requirements are mandatory. Consistent with OPBAS's approach to supervisory assessments, we consider PBS effectiveness alongside compliance with MLR obligations. This means that, while a report which includes practice only from the 'agreed practice' column may be compliant, we are less likely to also assess it as effective.

OPBAS and HMT encourage PBSs to exercise their judgement when considering what to include in their AML/CTF annual reports. This includes considering information which may not be covered in the update note. For example, sanctions-related supervisory work undertaken in 2022 or work undertaken outside the date parameters that has impacted compliance within the date parameters.

OPBAS and HMT continue to encourage the PBSs to use the published Regulation 46A reports as an opportunity to highlight their role and remit within the AML/CTF supervisory landscape and draw out the improvements made to their supervisory approaches and overall effectiveness. OPBAS and HMT will continue to review each set of reports to assess their effectiveness and consider whether additional formal guidance is required.

The 2022 reports should cover the period 6 April 2021 – 5 April 2022 and are due for publication on or before **Tuesday 1 November 2022**.

If you have any questions, please contact your usual OPBAS supervisor.

Yours sincerely,

**HM Treasury & OPBAS**