

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

A consultation issued for public consultation by HM Treasury (HMT)

Comments from ACCA
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We're redefining accountancy. Our cutting-edge qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to lead and drive sustainable value in organisations and economies worldwide.

Guided by our purpose and values, we're leading the accountancy profession for a changed world. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that focuses on people, planet and prosperity to create value for all.

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THINK AHEAD

GENERAL COMMENTS

ACCA is a Professional Body Supervisor (**PBS**) for anti-money laundering (**AML**) in the UK. We welcome the opportunity to comment on proposals for the key duties, powers, and accountability mechanisms that the Financial Conduct Authority (**FCA**) will need to be an effective AML supervisor of professional services businesses and legislative changes to enact these. Our response to this consultation has been informed by input obtained from our supervised population and discussions with other accountancy PBSs.

ACCA fully supports the development of an effective UK AML supervisory regime that provides confidence in the UK as a safe, transparent and compliant jurisdiction to conduct business in. We believe that a robust and effective framework to tackle economic crime will help improve and facilitate further commercial activity for businesses in the UK.

The adoption of a Single Professional Services Supervisor (**SPSS**) marks a significant change in the regulatory landscape affecting ACCA and all other accountancy service providers. We believe there are a number of risks to the SPSS model, including increased economic crime and a greater regulatory burden. Whilst ACCA does not agree that transferring AML responsibilities to the FCA is the right approach, we are proactively working with HMT to implement this policy decision to best effect.

ACCA is generally supportive of the proposed duties, powers, and accountability mechanisms. For example, we welcome the proposals relating to a register of all professional services firms, fit and proper tests, access to SAR, extended information gathering and inspection powers, and an information-sharing regime.

However, we have identified some areas of concern, and these are highlighted in our responses to the questions raised where appropriate. In particular, we have concerns that the duties, powers, and accountability mechanisms will not be practical or proportionate to the risk posed by accountancy firms and will impose unnecessary bureaucracy and costs. This will particularly impact sole practitioners and small practices who will likely see a significant rise in fees. Under the SPSS model, ACCA firms will face the prospect of dual supervision and dual fees for AML supervision and their professional body. Also, the length of time it will take to implement a single AML supervisor could cause considerable disruption in supervision. In a challenging economic climate, these increased costs to businesses, large and small, cannot be justified.

Overall, we believe there is a risk that the proposals will create a greater regulatory burden which could lead to increased economic crime and undermine growth in the accountancy sector. In our opinion, a number of the proposals require further engagement and discussion to identify and address any ambiguities and unintended consequences. Therefore, we would encourage full, timely and open dialogue with the PBSs and the sectors as the FCA develops its supervisory framework and during the transition period.

AREAS FOR SPECIFIC COMMENT

Question 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?

Yes.

PBSs in the accountancy sector have long campaigned for a single public register of supervised firms. Currently, all PBSs provide HMRC with a list of the accountancy practices they supervise for AML who

also provide TCSP services for the register HMRC is required to maintain under the MLRs 2017. Unfortunately, there is no provision in current legislation for HMRC to publish this list, or for it to go beyond the scope of including all supervised firms and not just those providing TCSP services.

A single transparent register of professional services firms will support the FCA in its role of policing the perimeter for unsupervised businesses.

There will be potential challenges with the size of the register given the number of firms set to transition to the FCA, as well as adopting a consistent format to recognise that not all supervised firms will be limited companies, so there will be variances in how data is presented.

Maintenance of the register will need to be considered and how often new firms are added or removed, or how changes to information (such as addresses) are practically carried out.

If publishing a public register, the FCA will need to be mindful of the potential for the public to not understand the difference between AML supervision by the FCA and supervision over professional standards that a PBS oversees. Supervised firms may state they are 'supervised by the FCA' and this may mislead the public into believing the firms are supervised for professional standards as well and that they will receive certain protections in relation to the standard of work carried out. As a result, consumers may not realise that they do not have a qualified accountant undertaking the work and that as a result they do not have the same avenues for redress.

Question 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?

Yes.

The register should remain accurate and only reflect those carrying out activities in scope of the regulations.

We believe consideration should be given to firms that only carry out regulated activities for short and distinct periods.

Additionally, the FCA should have intelligence sharing processes with professional bodies when a member informs the FCA that they no longer carry out regulated activities. Professional bodies will need to check the validity of the information provided to the FCA and take action if the information is found to be inaccurate or misleading.

Question 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.

ACCA has requirements in place for individuals to become members and to obtain ACCA Practising Certificates. We have a Rulebook and Global Practising Regulations that set out the requirements of our members, including fitness and propriety.

Therefore, we support the application of fit and proper tests. However, the FCA should ensure the tests are proportionate to the risk posed by those it is supervising and do not lead to increased bureaucracy and cost to firms or unnecessary delays when the tests are conducted which impact on business and on new firms being established.

Question 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?

ACCA believes this proposal requires more engagement and discussion.

We are concerned that a process for approval has not been defined, yet the proposal is that an individual operating as a BOOM without first obtaining approval from the FCA would be regarded as having committed a criminal offence. There is no clarity in the consultation document on how long it will take to approve and ACCA believes that, due to the scale of firms transitioning to the FCA, this process could prove to be time-consuming, with the potential for significant backlogs. Therefore, firms will be negatively impacted and there will be occasions where firms with a time-critical need to appoint a BOOM will not be able to do so because they would be deemed to have committed a criminal offence.

Consideration will also need to be given to the time to complete fit and proper tests as a lengthy process could result in criminal offences being committed. We would question if the FCA will also assess the individual's knowledge and accountancy skills as part of this process.

Question 5: Should the FCA be granted any extra powers or responsibilities with regards to "policing the perimeter" beyond those currently in the MLRs?

No.

We believe the powers and responsibilities with regards to "policing the perimeter" currently in the MLRs are sufficient and other changes proposed in the consultation document will reinforce the FCA's role in this area. For example, we noted in our response to Question 1 that the proposal to amend the MLRs to require the FCA to maintain registers of the professional services firms will support the FCA to police the perimeter for unsupervised businesses.

Question 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)?

ACCA does not foresee any issues or risks.

ACCA would encourage open dialogue with professional bodies and the sectors on this matter as the FCA develops its supervisory framework to ensure that any requirements of firms are proportionate and do not unnecessarily increase bureaucracy and cost to them in doing business.

Question 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?

ACCA's current AML supervisory framework results in reports being issued following AML compliance reviews. When non-compliance with requirements in the MLRs is identified, the firm is given 30 days to remediate and provide evidence of the action that has been taken, and this will be assessed fully before the action is closed. ACCA does not see how issuing directions will be more effective than this current approach. We are concerned with the lack of detail in the consultation on how this would work for

smaller firms in particular and what timeframes they will be given, as well as how the FCA will follow up to ensure the directions have been implemented.

ACCA would encourage open dialogue with professional bodies and the sectors to understand fully how the skilled person appointment would work. We are concerned that this is not proportionate for the majority of the firms that will be supervised by the FCA.

Question 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?

Yes.

Question 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?

No.

Question 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?

ACCA believes guidance should be produced by those with expertise in the sector and with responsibility for supervision to make sure it clearly aligns to the supervisor's expectations for the firms to be compliant with the legislation and in order to avoid any unintended consequences.

We are concerned that HM Treasury's consultation response to 'Improving the effectiveness of the Money Laundering Regulations'¹ published in July 2025 references that a number of items will be clarified through sector specific guidance. ACCA would urge HMT to engage on this matter so that we have a clear position from them on who is responsible for the guidance during the transition, so that firms are provided with, and can adopt, practices that meet the intentions of HMT. If HMT's intention is that Professional Bodies produce the guidance and not the FCA then it will also need to come with the caveat that it could be changed by the FCA following transition. This has the potential to create uncertainty and risk, with firms implementing and embedding processes and systems that may later be changed. Moreover, it should be noted the resource requirements for producing the current guidance and the level of support that can be provided by PBSs will naturally reduce as the AML supervisory functions are wound down.

Question 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?

ACCA supports any approach that allows for guidance to be published more quickly. However, we believe that it is critical that those with expertise and understanding of the sector have input. This includes firms at the sole practitioner end of the scale to ensure the guidance is proportionate and relevant for all in the sector.

¹ HM Treasury Consultation Response [Improving the effectiveness of the Money Laundering Regulations](#) (July 2025)

We noted in our response to Question 10 that it is vital that HMT provides clarity on expectations, what the process will be during transition, and who will be responsible in view of the ‘Improving the effectiveness of the Money Laundering Regulations’ consultation response.

Question 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?

Yes.

Professional bodies currently provide up-to-date information on money laundering and terrorist financing risks to the businesses they oversee and therefore the FCA should take responsibility for this as part of its supervisory oversight.

Question 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?

No.

Question 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?

Yes.

Access to SARs that have been submitted or relate to our supervised firms is something that ACCA and other accountancy professional bodies have been seeking for a number of years. We feel it is an important tool that should form part of the AML supervisory framework and support a risk-based approach to supervision.

Question 15: Do you agree that these existing whistleblowing protections are sufficient and appropriate?

Yes.

Question 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?

ACCA believes that enforcement powers must be proportionate to the risk posed as well as the size of the firm and the impact of any identified non-compliance.

There should be further discussion with the professional bodies during the transition phase to understand the size and breadth of the range of firms we supervise to help inform the most proportionate and effective approach.

Question 17: Are there any additional enforcement powers that you feel the FCA should be equipped with to ensure non-compliance is disincentivised effectively?

ACCA believes there should be further discussion with the professional bodies during the transition phase to understand the size and breadth of the range of firms we supervise to help inform the most proportionate and effective approach.

Professional bodies have long established existing frameworks that are much wider than AML compliance matters to ensure the conduct of our members is high and professional standards are maintained. As a result, there will be a crossover into potential conduct issues when the FCA issues penalties. We need to consider how the FCA's enforcement powers align and ensure they are proportionate to address risk without creating unnecessary cost or burdens.

Accountancy service providers (**ASPs**) who are not members of professional bodies (ie the current HMRC supervised population) are not subject to oversight of their professional standards in the same way as members of professional bodies. Therefore, the FCA needs to implement a process for upholding professional standards of ASPs who are not members of a professional body.

The FCA needs to consider how it will manage the removal of AML supervision from an ASP as this would essentially mean that the ASP can no longer trade. If they remove AML supervision and the firm continues to trade it would be committing a criminal offence by trading without AML supervision. Therefore, the FCA should consider what powers it requires in these scenarios as currently firms would be, by default, supervised by HMRC when a PBS removes AML supervision.

Question 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?

As the FCA already supervises Independent Financial Advisors we would expect a mechanism is already in place for such situations that could potentially be adopted.

ACCA supports measures that allow for proportionate and reasonable enforcement that address the risk identified. In particular, there needs to be a mechanism and gateway for the FCA to share enforcement reasons with professional bodies so that they can consider the impact on an individual's fitness to be a member.

Question 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?

No.

Question 20: Do you have any comments regarding the FCA charging fees, under regulation 102, noting the possible proposed amendments?

ACCA has concerns over the potential increased costs to firms and the burden this will place on them. The current HMRC model charges substantially more than ACCA's current model. This will put significant financial burdens on smaller businesses and potentially force firms out of the accountancy profession.

Question 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?

No.

ACCA would urge timely and transparent engagement during the transition period to enable any issues that may place burdens on firms or have unintended consequences to be identified and addressed.

Question 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?

Yes.

There needs to be awareness that the professional bodies will all have different platforms, formats and types of data that need to be considered to ensure that the burdens and cost are not excessive.

The information sharing regime needs to be a long-term arrangement due to the amount of data held by professional bodies that will shape the FCA's risk-based approach. Additionally, the FCA will need to share the intelligence it has on firms to ensure professional bodies can address issues with professional standards or conduct of their members.

Question 23: Are there other legislative measures that would prevent additional regulatory burdens arising?

ACCA is not aware of any other legislative measures. We believe that under this model there will naturally be increased regulatory and financial burdens.

Question 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.

Any additional powers to support OPBAS to provide effective oversight during the transition would require legislative changes which would be challenging to implement in the timeframe for transition to the FCA.

The additional powers that OPBAS would need were covered in the original consultation under the OPBAS + model and were supported by ACCA and by the majority of consultation respondents.

Question 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?

ACCA encourages full dialogue during the transition period to ensure that there are no conflicting requirements placed on firms and any legislative considerations are proportionate to the risk that is being addressed.

Question 26: Should any changes be made to the economic crime objective introduced for legal regulators by the Economic Crime and Corporate Transparency Act?

Not applicable to ACCA.

Question 27: Do you have any issues with our intention to apply the FCA's existing accountability mechanisms in carrying out its additional supervisory duties?

No.

Question 28: What measures do you think should be taken to ensure a proportionate overall approach to supervision, including prioritising growth?

The FCA needs to adopt a proportionate approach to supervision that fully reflects the nature and risks posed in the accountancy sector. There must not be unnecessary burdens or costs placed on firms.

The FCA also needs to fully assess and understand the sector it supervises and develop expertise in the breadth of activities in the accountancy sector.

We note in the latest HMT Annual Supervision Report that the FCA appears to have only conducted three assessments of low-risk businesses in the period covered by the report (April 2024 – April 2025). Therefore, we are concerned that the FCA will require a substantial period to understand the sector and ensure that a proportionate approach is taken to supervise the new population that consists of a high volume of low-risk businesses.