

FSG Anti-Money Laundering (AML) Task Force

The Professions

Webinar

Monday 18 May 2020



**Financial Services Group of
Livery Companies**

Welcome



FS Club



Alderman & Sheriff
Professor Michael Mainelli
Executive Chairman
Z/Yen Group



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Agenda

- | | |
|----------------------|----------------------------------|
| 12:30 – 12:33 | Welcome |
| 12:33 – 12:37 | Chairman's Introduction |
| 12:37 – 12:43 | Heather Brehcist |
| 12:44 – 12:50 | Mark Spofforth |
| 12:50 – 13:15 | Panel Discussion, Q&A |



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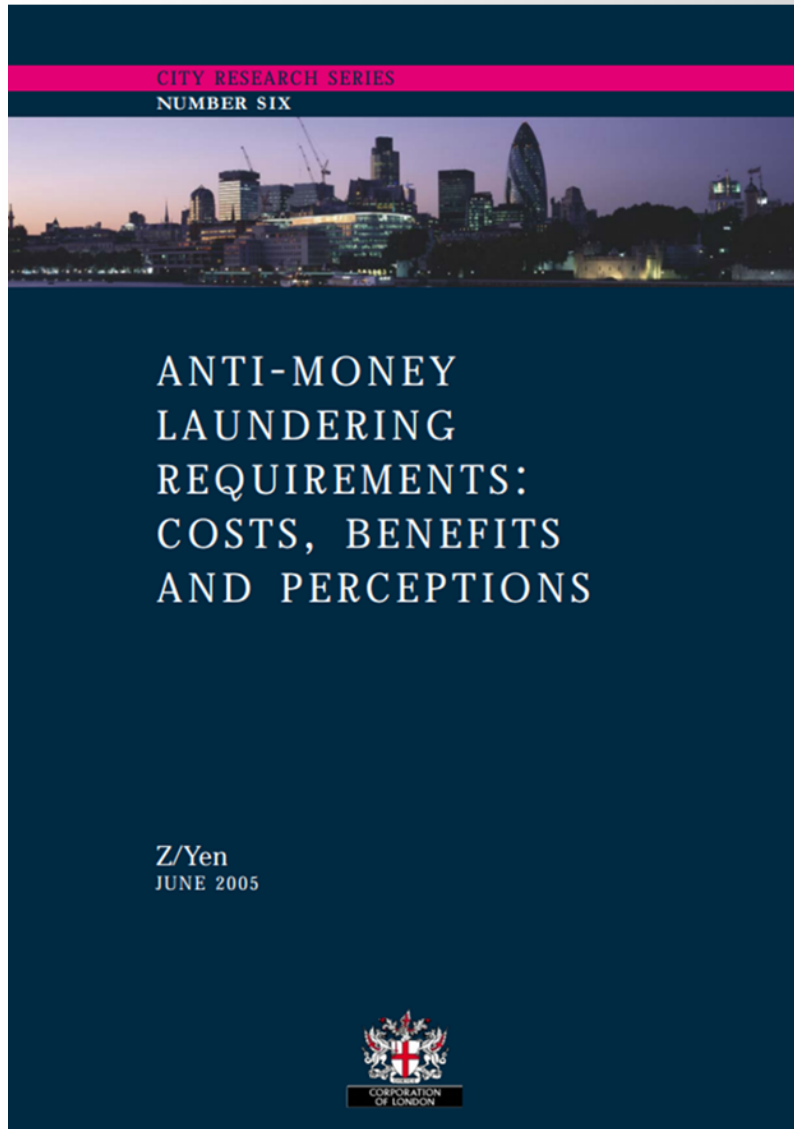
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Past Two Decades Of AML



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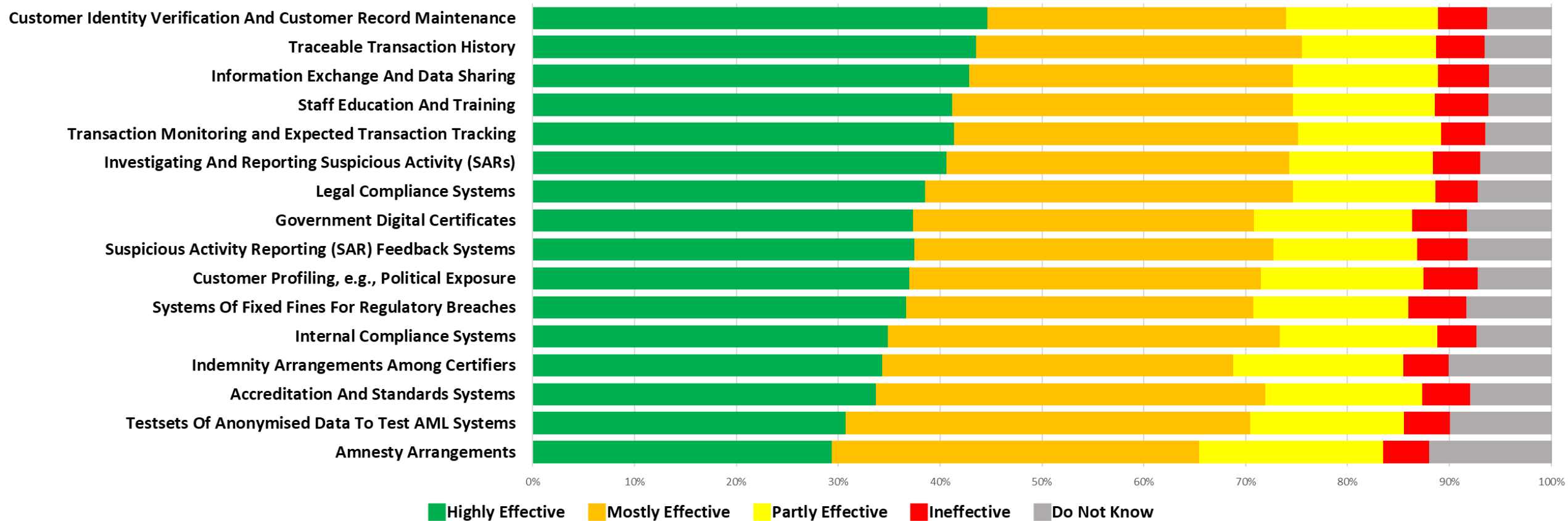


- ◆ Ineffective
- ◆ Costly
- ◆ Anti-competitive
- ◆ No feedback
- ◆ Fundamental AML conflict – asking financial institutions to police legal-financial boundaries globally



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GFCI & AML - 2,274 RESPONSES



Introduction



Graeme Gordon
CEO Praxity
Chair of FSG AML Task Force

FSG AML Task Force “Purpose”



- To Strengthening and Simplifying Anti-Money Laundering within the UK
- The City of London & UK is “Open For Business”
- Engage with major financial Institutions, ensure they realise the benefits to themselves of implementing revised AML procedures, if not already in place
- Galvanize relevant Trade Bodies to not only support the initiative and promote it well beyond the end of this year.
- Galvanize all the Livery Companies of the City to promote and support the initiative in the best ways they feel they can
 - Webinars
 - Website
 - Seminars
 - E-Newsletters



AML Task Force 2020 Schedule



23 Mar	Webinar	Best practice AML implementation
18 May	Webinar	The Professions
TBD June	Webinar	Government View
TBD Jun	Round Table	Clarifying The Issues
TBD July	Webinar	Simplifying The Processes
TBD Aug	Webinar	Change The Culture
TBD Sep	Seminar	Lessons Learned
TBD Sep	Launch	Protocol, Sign-Up





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Heather Brehcist

Head of Professional
Standards

Chartered Institute
of Taxation



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AML from a Supervisor's perspective



- CIOT is one of the 22 professional body AML supervisors
 - There are a further 3 Supervisors – FCA, HMRC and The Gambling Commission
- We:
 - Require supervised firms to complete a detail questionnaire each year confirming compliance with the AML legislation
 - Carry out inspections
 - Attend the Accountancy Affinity Group and the AML Supervisors Forum (attended by HM Treasury, Home Office, National Crime Agency as well as supervisors)
 - Provide guidance for members including pro forma policies and procedures documents and a helpline
 - Refer non-compliant firms to the Taxation Disciplinary Board

Influences on a Supervisor's role



National Risk Assessment (NRA) 2015 and 2017

- Considered there to be 'a high risk of money laundering for accountancy services' (but no granularity)
- Identified a lack of consistency in approach across the professional body supervisors which led to the creation of the Office for Professional Body AML Supervision (OPBAS)
- OPBAS was set up in January 2018 pre the FATF inspection in Spring 2018

FATF inspection outcome



- FATF inspection 2018 gave the UK a glowing report But identified:
“significant weaknesses in supervision by the 22 legal and accountancy sector supervisors through: ensuring consistency in ML/TF risk understanding; taking a risk-based approach to supervision; and ensuring that effective and dissuasive sanctions apply”
- Basis for this conclusion unclear

Impact of OPBAS



- Visited all Supervisors to conduct an in depth review of all their policies and procedures and delivered a report to each Supervisor setting out all the Supervisor's failings
- Supervisors required to demonstrate more rigorous enforcement around non compliance with sanctions which are proportional, effective and dissuasive
- Emphasis on 'whistleblowing'
- Higher fees for supervised population – professional bodies have to contribute to the cost of OPBAS
- Knock on effect of increased costs – potential shortage of available tax advice for those with very modest means

Information sharing



- Information sharing and level of detail held by FIU and NCA
- Some improvement eg Accountancy Intelligence Expert Working Group
- Covid 19 information

<https://www.nationalcrimeagency.gov.uk/who-we-are/publications/444-ukfiu-covid-19-communications-product-april-2020/file>

But

- Members still complain that they never hear anything about the SARs they have submitted or see any evidence of action being taken
- Accountancy sector criticised for not submitting more SARs but we are not told what it is NCA think we should be submitting and which we are not

UK and the member states – implementation of ML Directives



- UK takes (or took) great pains to meet the deadlines for implementing Directives yet by February 8 member states had still not implemented 5 MLD:

Cyprus, Hungary, the Netherlands, Portugal, Romania, Slovakia, Slovenia and Spain

- A year after the transposition date in June 2017 for 4MLD, 20 member states had not implemented it



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Mark Spofforth OBE

Partner

Kreston Reeves LLP



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What does “good” regulation look like?

- Clear Objectives in the Public Interest
- Proportionate and balanced
- Evidence based
- Appropriately resourced
- Co-operative
- Consistent and coherent
- Active oversight
- Systematic transparent and open review

Regulation – an immature profession?

- Standard setting framework to which all adhere.
- Public interest first, employer interest secondary.
- Cost/ Benefit analysis, including identification of the bearer of the costs.
- Does independence always imply knowledge and understanding?
- Consistency across continents.
- Reliance on professional judgement, or use of tick lists?

Impact measurement

- How do we define success?
- What behaviour is being impeded/ stopped
- What behaviour is being encouraged
- What is the impact on people, ambition and business growth and innovation?
- Embedded in organisational values and behaviours?



Panel Discussion

- How do AML procedures and regulations affect a professional firm?
- Does AML bureaucracy worsen trade and revenues?
- Has technology made a difference? A positive difference? If not, why?
- Is the UK really gold-plated, or just inefficient?
- How could regulators and government help improve the situation?
- What would you most recommend to strengthen AML, to simplify AML?



Questions, Comments & Answer(s)?



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Thank You

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