OPBAS: An AML "Super" Supervisor?

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On 15 March 2017, the Government announced its plans to launch a new anti-money laundering ("AML") watchdog, the Office for Professional Body AML Supervision ("OPBAS"). OPBAS is intended to complement the soon-to-be updated Money Laundering Regulations, which seek to bring the UK's AML regime into line with the latest international standards and to "make the UK's financial system a hostile environment for illicit finance".[1]

OPBAS will oversee professional bodies that supervise sectors at risk of being used to facilitate money laundering and terrorist financing ("Professional Body AML Supervisors"). These professional bodies are appointed by the Treasury and the vast majority of them are within the legal and accountancy sectors (i.e. the Association of Chartered Certified Accountants and the Law Society). It will be hosted by the FCA and will be funded by a new fee on Professional Body AML Supervisors.

On the same day as the announcement, the Government launched a Call for Further Information (following on from its earlier consultation) on the powers and mandate of OPBAS, which concludes on 26 April 2017.

Currently, the Government proposes that OPBAS' powers and mandate will include:

- Monitoring the activities of Professional Body AML Supervisors and working with them to ensure they meet their obligations. This will include powers to require their staff to provide information or attend interviews on request. These powers address a concern that sectors subject to multiple supervisory bodies have previously exhibited an inconsistency in their approach.
- Working with a reformed Money Laundering Advisory Committee (MLAC)[2] to approve one piece of AML guidance for each sector. This is aimed at simplifying the AML rules that apply to different industries, as well as addressing any inconsistencies that have been created by the large number of guidelines available which criminals may have been able to exploit.
- Working with Professional Body AML Supervisors to ensure they meet their obligations under the Money Laundering Regulations and, where appropriate, either publicly censuring Professional Body AML Supervisors or recommending that the Treasury cancel their status as an AML supervisor.

The Government is aiming to clarify the obligations on Professional Body AML Supervisors, and to update and publish key guidance by June 2017, when the new regulations, transposing the EU's Fourth Money Laundering Directive, will come into force. The aim is for OPBAS to be fully operational by the start of 2018.

The announcement comes amongst a number of other developments in the UK's AML regime. The FCA has recently launched its consultation on new guidance for how financial services firms should treat customers who are politically exposed persons (PEPs) when meeting their AML obligations and the Government is still consulting on the new draft Money Laundering Regulations and has published its "Cutting red tape review" of the UK's AML and counter-terrorist financing regime. It also comes two weeks after the OECD published its Phase 4 report on the UK's implementation of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which recommended that, in order to improve its fight against foreign bribery, the UK should enhance its AML reporting framework (namely, making improvements to the SARs regime) to improve the detection of foreign bribery.

It is far too early to try to predict how effective the creation of this new supervisor of supervisors will be. Any attempt to streamline and simplify AML obligations on firms is to be welcomed but attempting to do so via the creation of *another* supervisor is counter-intuitive.

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[1] www.gov.uk/government/uploads/system/uploads/attachment_data/file/600340/Anti-Money-Laundering-Supervisory-Regime-response-call-for-further-information.pdf.

[2] HM Treasury and the Home Office co-chair the Money Laundering Advisory Committee, which advises the government on its approach to preventing money laundering in the UK. Members include representatives from law enforcement, government, industry and regulators. The committee reviews industry guidance before it is approved by the Treasury.