

Updated CCAB AML Guidance – explanatory notes

September 2020

The CCAB has published updated Anti-Money Laundering guidance for the accountancy sector. This is in draft form pending approval from HM Treasury. These notes highlight the main changes since the CCAB AML Guidance was last revised in 2018.

5MLD changes

The guidance has been updated to reflect a number of amendments to the UK Money Laundering and Terrorist Financing Regulations 2017. These regulations were amended in January 2020 to reflect the Fifth Money Laundering Directive (5MLD) from the EU.

The main changes for 5MLD are as follows:

- The requirement for members to report discrepancies in the People with Significant Control (PSC) register to Companies House. There are certain details of this reporting requirement where the CCAB have proposed pragmatic interpretations of the amended regulations, including:
 - That reports should usually be made within 30 days of identifying the discrepancy; **Please note that this interpretation is subject to approval from HM Treasury.**
 - That where an accountant notifies their client of an identified discrepancy, and that discrepancy is corrected within 30 days to the accountant's satisfaction, then no report is required to Companies House. **Please note that this interpretation is subject to approval from HM Treasury.**
- The requirement for firms to train 'agents' on client due diligence and how to identify and report suspicions of money laundering and terrorist financing; the CCAB have interpreted who should be considered an 'agent' for these purposes. **This interpretation is subject to HM Treasury approval.**
- The expansion of the scope of the regulations to include indirect provision of tax services;
- The enhanced due diligence that must be conducted when a client is connected to a high-risk third country;
- Clarification that electronic client due diligence systems **may** be considered a reliable method for client due diligence subject to meeting certain conditions;

Other changes

As part of the work to update the CCAB guidance for 5MLD, there has been an overall review and refresh of the guidance. Some of these changes are to bring the accountancy sector guidance in line with other sectors such as the legal sector, and other changes are to expand and enhance the material within the guidance.

The main changes include:

- A new appendix of case studies that explain who the beneficial owners would be for a range of client types/structures, for the purposes of Client Due Diligence (Appendix E);
- Updated guidance on the identity verification required for a range of client types for Client Due Diligence purposes (Appendix B);
- Expanded list of red flags of money laundering or terrorist financing when identifying and risk assessing a client;
- Expansion of the 'reasonable excuse' defence for failing to make a Suspicious Activity Report. This now includes situations where all the relevant facts are in the public domain, or law enforcement are aware of all the relevant details. This is to bring the guidance in line with the legal sector. **Please note that this change is subject to HM Treasury approval.**
- How to deal with the situation where a Defence Against Money Laundering request is neither granted nor refused by the National Crime Agency.

Once the guidance receives HM Treasury approval, a final version will be published to reflect any further changes.