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# AML Regulatory Actions Guidance



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## SECTION 1: INTRODUCTION

### Effective date

This version of the Anti-Money Laundering Regulatory Actions Guidance (“the Guidance”) was approved by ICAS’ Authorisation Committee on 3 December 2024.

It may be referred to in connection with the determination of any anti-money laundering (AML) regulatory issues from 7 April 2025 onwards, notwithstanding the date on which the issue(s) first came to light.

### Aims of the Guidance

As part of its commitment to be an effective supervisory body for AML, ICAS will take Regulatory Action where there is sufficient evidence of a failure by supervised entities and individuals to adequately meet their AML obligations and requirements.

By operating processes which provide effective, proportionate, and dissuasive regulatory and disciplinary measures, ICAS meets its obligations under Regulation 49(1)(d) of [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) (hereafter “the Money Laundering Regulations”), and also achieves three key aims:

- Protecting the public interest.
- Maintaining public confidence in the accountancy profession.
- Maintaining proper standards of conduct and competence in relation to AML compliance.

ICAS understands that, in addition to being effective, processes must also be consistent, fair, and transparent for all parties involved.

### Regulatory Actions Guidance

The Guidance has two main purposes:

- Providing guidance on the nature of the Regulatory Action which may be appropriate for AML non-compliance ([Section 3](#)).
- Setting out the process which ICAS will follow when determining regulatory issues in relation to AML non-compliance ([Section 4](#)).

Using the Guidance promotes effective and consistent determination of AML regulatory issues. In addition, the approach in the Guidance allows individuals and entities to better understand the likely consequences for AML non-compliance.

It is important to understand that reasonable discretion will be applied when considering whether Regulatory Action is required. Where outcomes are set out in this Guidance, these are indicative and not prescriptive. Decision-makers will exercise their reasonable discretion in all cases, supported by the Guidance.

### Who will use the Guidance

The Guidance has been drafted for use by the following:

- The Authorisation Committee, which has the delegated authority of the Regulation Board to discharge ICAS’ regulatory functions as a Professional Supervisory Body for AML (including licensing and monitoring functions).
- Firms which are subject to AML supervision by ICAS (or who are applying for supervision). While this will mostly be Supervised Firms and the CA principals of such entities, it may also include Affiliates and Approved Persons (who are beneficial owners, officers and managers, collectively referred to as ‘BOOMs’).
- ICAS’ Investigation Committee and its Discipline and Appeal Tribunals, when considering whether AML non-compliance provides a basis for disciplinary action in accordance with ICAS’ Rules and Regulations.

## SECTION 2: GROUNDS FOR AML REGULATORY ACTION

### The regulatory framework

Further information on the AML framework which applies in the UK is set out in [Appendix 1](#). It is important that all Supervised Firms ensure that they are aware of the key aspects of this framework.

### ICAS as an AML Supervisor

ICAS is recognised as an Anti-Money Laundering (AML) supervisor under [Schedule 1](#) of the Money Laundering Regulations.

### The role of the Authorisation Committee

The Authorisation Committee (“the Committee”) has been appointed by the Regulation Board to discharge ICAS’ key regulatory functions as an AML supervisor.

The Committee’s remit and powers in respect of AML are set out in the [ICAS AML Regulations](#), with the main powers listed as follows:

- Considering/granting/rejecting applications from Firms for AML Supervision and Beneficial Owners, Officers and Managers (“BOOMs”) in these firms to become Approved Persons or Affiliates, as appropriate.
- Withdrawing or suspending AML supervision.
- Applying restrictions or conditions to AML supervision.
- Proposing and applying Regulatory Penalties.
- Publishing its orders or decisions, as it considers appropriate.
- Monitoring Supervised Firms and making regulatory decisions in relation to monitoring reports.

To ensure efficient decision-making, the Committee operates a scheme of delegation through which appropriate AML regulatory matters may be dealt with by employees of ICAS who are suitably qualified, experienced, and trained. Examples of such matters would include:

- Straightforward licence applications/cessations.
- Monitoring visit reports which require no follow-up action.

As more fully explained in [Section 4](#), decisions may be taken by the Committee through two different processes:

- Decisions taken by the Committee as a whole.
- Decisions taken by a ‘Nominated Committee Member’.

For ease of use, this Guidance will simply refer to “the Committee” unless the nature of the decision-making process requires clarification.

### Oversight

The Office for Professional Body Anti-Money Laundering Supervision (“OPBAS”) is the oversight body for professional body AML supervisors, including the accountancy sector. This means that ICAS’ regulatory processes for AML – including the processes set out in this Guidance – are subject to oversight by OPBAS.

OPBAS is housed within the Financial Conduct Authority. OPBAS and the professional bodies also report to HM Treasury.

In discharging its functions, ICAS pays close attention to guidance published by OPBAS in its [sourcebook](#) for professional body anti-money laundering supervisors.

## SECTION 3: AML REGULATORY ACTIONS

This section explains:

- What usually causes Regulatory Action to be considered.
- What each of the Regulatory Actions involves in practice (with examples, where appropriate).
- The factors that will be considered when assessing what action (if any) is appropriate.

### What usually causes Regulatory Action to be considered

There are three main triggers for consideration of Regulatory Action:

- A licence application is received by ICAS, which leads to consideration of eligibility and related issues.
- A monitoring visit to a Supervised Firm leads to a report which disclosed issues with AML compliance.
- An issue of concern is reported by the Investigation Committee or a third party.

### What each of Regulatory Actions involves in practice

The powers available to the Committee are listed in [ICAS' AML Regulations](#). The following table summarises what these powers involve in practice.

Power	Practical application / examples
Rejecting applications for Supervision	<ul style="list-style-type: none"> <li>• A firm is informed that it will not be supervised by ICAS for AML purposes.</li> <li>• The firm will need to ensure that it is supervised by a different AML supervisor.</li> </ul>
Rejecting applications for Approved Person status	<ul style="list-style-type: none"> <li>• A Beneficial Owner, Officer or Manager will not be granted Approved Person status if they have been convicted of a Relevant Offence. A Relevant Offence is defined in <a href="#">Schedule 3</a> of the Money Laundering Regulations 2017.</li> <li>• As all individuals who meet the definition of Beneficial Owner, Officer or Manager are required by the Money Laundering Regulations 2017 to be an Approved Person, they will no longer be able to hold that specific role within the Supervised Firm.</li> </ul>
Monitoring compliance	<ul style="list-style-type: none"> <li>• Additional monitoring visits may be required to ensure that AML concerns are addressed.</li> <li>• The time between monitoring visits may be shortened if risks with AML compliance have been identified.</li> </ul>
Imposing conditions on Supervision	<ul style="list-style-type: none"> <li>• The Supervised Firm will require to remedy risks or deficiencies by taking a stipulated course of action, within set timescales.</li> <li>• Examples include training and regular reporting to ICAS.</li> </ul>
Imposing restrictions on Supervision	<ul style="list-style-type: none"> <li>• The Supervised Firm will be restricted from undertaking an action or actions.</li> <li>• An example could be a restriction from engaging new clients until AML compliance has been demonstrated as sufficiently improved.</li> </ul>
Withdrawing Supervision or other licences	<ul style="list-style-type: none"> <li>• A Firm is informed that it will no longer be supervised by ICAS for AML purposes (from such date as will be stated).</li> <li>• The Firm will need to ensure that it is supervised by a different AML supervisor.</li> <li>• In serious cases, the Committee could consider withdrawing a Member's Practising Certificate, meaning that they can no longer engage in public practice (using powers delegated to the Committee under other ICAS Regulations).</li> </ul>
Withdrawing Approved Person status	<ul style="list-style-type: none"> <li>• Approved Person status will cease to be valid if the Approved Person is subsequently convicted of a Relevant Offence.</li> <li>• As all individuals who meet the definition of Beneficial Owner, Officer or Manager are required by the Money Laundering Regulations 2017 to be an Approved Person, they will no longer be able to hold that specific role within the Supervised Firm.</li> </ul>

Regulatory Penalty	<ul style="list-style-type: none"> <li>• With the agreement of the Supervised Firm, Member or Affiliate, a financial penalty will be due to be paid within a set timescale.</li> <li>• A referral to the Investigation Committee will be made where a Regulatory Penalty is not accepted.</li> </ul>
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In addition to the listed Regulatory Powers, the Committee has wide powers to make enquiries, issue directions, and determine all other matters related to its remit. Given the wide nature of these powers, it is not possible to list how they will be exercised in practice; however, some common examples include:

- Asking a Supervised Firm to provide details of its clients, MLRO, training etc.
- Asking for progress updates in respect of AML issues previously identified.
- Requiring a representative of the Supervised Firm to attend a meeting with members of the Committee.

It is important that Supervised Firms and individuals understand that they are obliged to cooperate – fully and promptly – with the Committee in respect of all such enquiries, directions and determinations, within such timescales as may be set. Any failure or delay in cooperating is likely to lead to regulatory action.

### Regulatory Penalties

Regulatory Penalties are financial penalties which may be proposed in response to AML non-compliance of a more straightforward nature. For non-compliance which is more serious, or which a Supervised Firm has repeatedly failed to fully address, the Committee will consider other regulatory actions, including suspension, withdrawal, and/or referral to the Investigation Committee.

The practical application of Regulatory Penalties is more fully detailed in Section 4.

### Publicity of Regulatory Actions

The AML Regulations provide a wide power to publicise Regulatory Actions taken by ICAS. There are four main reasons why an action may be publicised:

- To promote public confidence in ICAS as a supervisor.
- For transparency.
- To act as a deterrent.
- To inform, alert and educate Supervised Firms, Members, Affiliates, and members of the public.

While the decision to publish a course of action is at the discretion of the Committee, the default position is that Regulatory Penalties will be publicised.

The general position is that publicity notices include the name of the Supervised Firm concerned (and in some cases, where appropriate, the name of the Approved Person, Affiliate, or Member), together with a statement of the facts, and an explanation of the Regulatory Action which has been taken.

In some circumstances, consideration may be given to publicity of the outcome on an anonymous basis, for example, where there is evidence to suggest that publicity would:

- Be disproportionate.
- Jeopardise the stability of financial markets.
- Jeopardise an ongoing criminal investigation.
- Cause disproportionate damage to any institution or individual involved.

In all instances, the notice will appear in the CA Magazine and in a relevant section of the ICAS website. For Regulatory Penalties, a notice will be removed from the website after a period of five years has passed since the date on which the penalty was applied. Notices of other actions may remain on the website for longer periods.

A decision may be taken to publicise the outcome through other media – including local or national press – if this is considered appropriate in the circumstances, having regard to the public interest.

### Referral of concerns

In some circumstances, the Committee may decide that it would be appropriate for the AML concerns to be considered by a different body. For example:

- If the circumstances indicate that a Supervised Firm or individual may be liable to disciplinary action, a referral may be made to ICAS' Investigation Committee (e.g. where there are ethical issues).
- If ICAS becomes aware that there has been a breach of legislation, it may need to report matters to the relevant law-enforcement agencies and/or HMRC.

In addition to taking whatever action is deemed appropriate, ICAS may make a referral to another professional body AML supervisor, if any of the employees of a Supervised Firm are members of that body.

### Other guidance

Guidance approved by the Committee is published on the ICAS website to provide more information in respect of the matters listed above, e.g. in relation to Regulatory Penalties, publicity, and referrals between the Regulatory Committees.

## SECTION 4: APPROACH TO AML REGULATORY ACTIONS

This section provides further information on the processes followed by the Committee when considering whether Regulatory Action is appropriate.

### Approach to regulation

As part of a robust and proportionate approach to AML supervision, ICAS seeks to deal with AML non-compliance in an effective manner. The appropriate response will depend on a number of factors, principally the nature and seriousness of the non-compliance.

As outlined below, there will be instances where the necessary level of improvement can be achieved without the need for formal regulatory actions. In other instances, however, it is important that a range of enforcement actions – including Regulatory Penalties – are used to penalise poor performance, change behaviours, and act as an appropriate deterrent.

### Decisions of the Committee

There are three main ways in which decisions are taken by the Committee:

- **Delegation to ICAS employees** – to ensure that more straightforward instances of non-compliance are dealt with efficiently, the Committee has delegated certain powers to appropriately-qualified and experienced ICAS employees. A Supervised Firm which has concerns over the exercise of such powers is able to escalate the matter to the Committee for consideration.
- **Nominated Committee Member** – for monitoring reports which do not raise any serious compliance concerns, a single CA member of the Committee will be asked to decide whether Regulatory Action would be appropriate (taking account of any views expressed by ICAS employees). This will not be appropriate where Regulatory Penalties or withdrawals/suspensions might be considered.
- **The full Committee** – where matters are not considered to be straightforward, the decision on Regulatory Action will be taken by the full Committee (again, taking account of any views expressed by ICAS employees). This will be appropriate where the issues involve serious or repeated instances of AML non-compliance.

### The Committee's general approach to decision-making

When considering what Regulatory Action, if any, may be necessary, the Committee will seek to ensure that its decision is:

- Proportionate, insofar any Regulatory Action which is taken shall be no more stringent than is necessary to address the concerns which have been identified.
- Consistent, with all reasonable efforts being taken to ensure that similar examples of non-compliance receive similar Regulatory Action (taking account of previous decisions of the Committee, and, where appropriate, decisions of other professional bodies).
- Transparent, with the decision and supporting reasons set out in writing, accompanied by an explanation of the process which has been followed (e.g. with reference to Regulations).
- Effective in achieving the aims of the Money Laundering Regulations.

When the Committee assesses what Regulatory Action may be appropriate, there are a range of factors that will be considered. While it would not be practical to provide a definitive list of such issues, the most common examples are:

- Statutory requirements for Regulatory Action (e.g. in respect of eligibility issues).
- The number and seriousness of the concerns which have been identified.
- The level of risk to clients and other third parties.
- The compliance history of the Supervised Firm, including repeat issues which have been identified.
- The level of cooperation of the Supervised Firm, together with any insight which has been demonstrated.
- Any mitigating factors, including self-reporting, ill-health and other personal circumstances.
- The need to deter other supervised entities or individuals from such non-compliance.
- Previous decisions of the Committee and other professional bodies.

Consideration of such factors should enable the Committee to determine what form of Regulatory Action is appropriate in the circumstances.

The flow-chart on [page 10](#) sets out the process that the Committee will follow where AML non-compliance is identified on a monitoring visit. It should be understood that the flow-chart is illustrative, with the Committee retaining reasonable discretion to treat non-compliance as it considers appropriate, assessing matters on a case-by-case basis.

### **Regulatory follow-up action to drive improvement**

Where it is deemed appropriate to do so, ICAS will try to work with Supervised Firms to address non-compliance and achieve improved compliance. In practice, this means that AML non-compliance which has been identified on a monitoring visit may be addressed through 'follow-up actions' (unless the circumstances warrant stricter action). This is where a Supervised Firm is advised of:

- The areas of AML non-compliance which have been identified.
- What action is required to address the non-compliance.
- The timescale within which such action should be taken.

Supervised Firms will be asked to confirm in writing their agreement to complete the follow-up action(s) within a set timescale.

The timescales for follow-up action will be set according to the level of risk created by the non-compliance which has been identified. They will be clearly stated and will be deemed sufficient by ICAS to allow the non-compliance to be addressed.

Failure to complete the action(s) within timescales will result in further Regulatory Action being considered, including Regulatory Penalties (over and above any Regulatory Action which may have been taken in response to non-compliance which was identified).

### **Regulatory Penalties**

Regulatory Penalties may only be applied with the consent of the Supervised Firm. Where a Regulatory Penalty is proposed, it will be set out in writing, confirming the non-compliance, and explaining why the penalty is deemed appropriate (with reference to the non-compliance and also the sum of the penalty).

The Supervised Firm then has 10 business days to decide whether to accept the penalty. If representations are made as to why the penalty is not appropriate, these will be considered by the Committee, with the Supervised Firm then advised if the penalty will be insisted upon.

If the Supervised Firm does not accept the penalty, or does not respond within the stated timescale, the Committee will consider what alternative Regulatory Action is appropriate, with the most likely outcome being a referral to the Investigation Committee.

If the penalty is accepted, it will be formally applied, with the sum payable by the date which was stated in the initial communication to the Supervised Firm.

### **Consideration of Regulatory Penalties**

While Regulatory Penalties may be proposed in a range of circumstances, and in response to various matters, most penalties follow facts and matters identified through AML Monitoring visits.



To allow the process here to operate effectively and efficiently, the Committee has agreed a tariff of Regulatory Penalties for certain offences, as detailed in [Appendix 3](#). When considering whether to apply a penalty, and the level of such a penalty, the Committee will consider three main factors: (i) the perceived seriousness of the non-compliance, (ii) the number of principals in the Supervised Firm, and (iii) any relevant mitigating and/or aggravating factors.

To ensure efficiency, the process allows for Regulatory Penalties to be proposed before the visit process has been completed.

This communication in respect of the Regulatory Penalty is likely to provide the Supervised Firm with directions to remedy the non-compliance. If these directions are not complied with then further Regulatory Action will be considered (over and above payment of the Regulatory Penalty).

### **Appeal process**

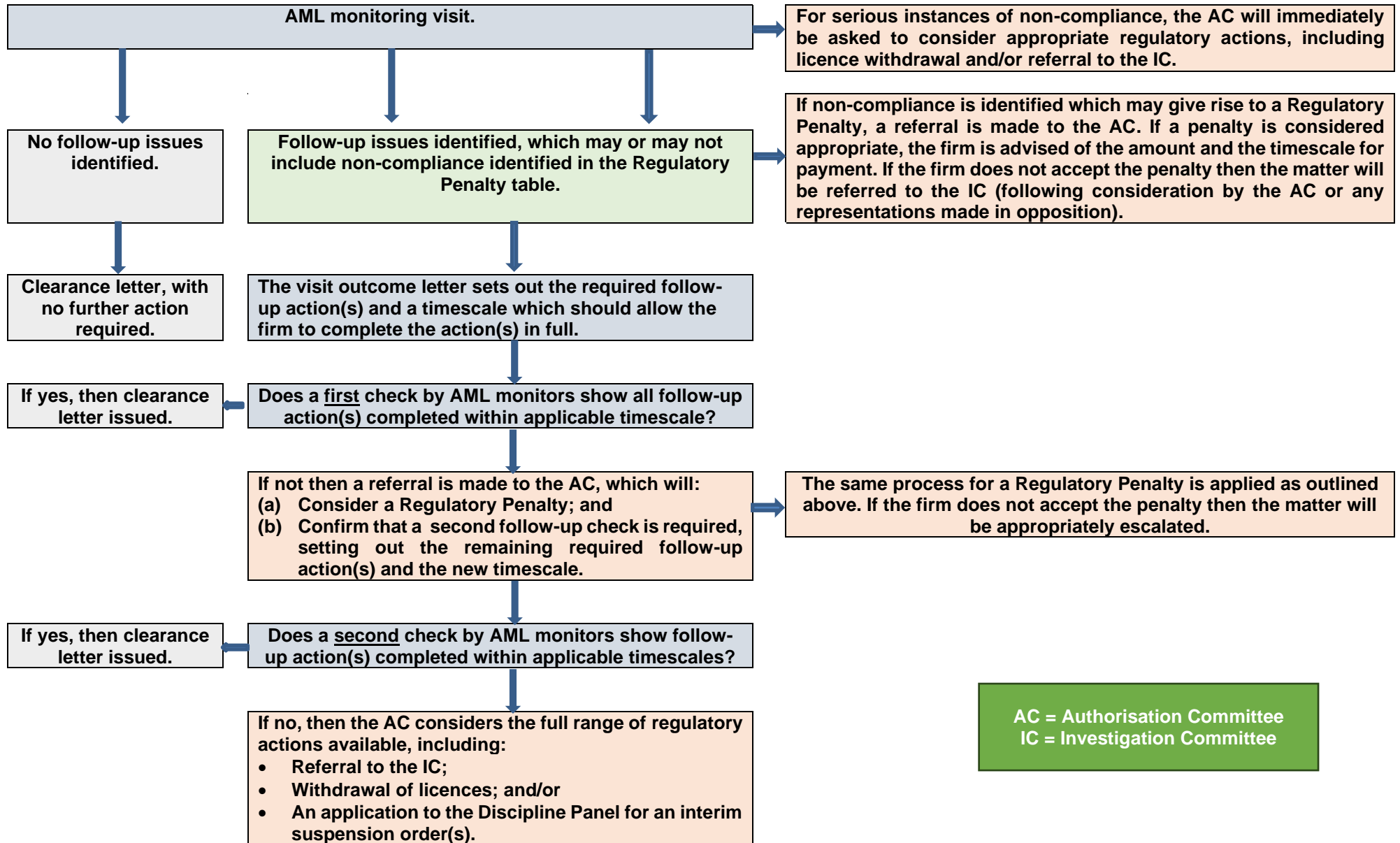
If a Supervised Firm is not happy with the decision of the Committee, there is a right to appeal the decision to the ICAS Discipline & Appeal Panel. This represents the final right of challenge in respect of a decision.

*Please note that the right of appeal does not apply to Regulatory Penalties as these can only be applied with the consent of a Supervised Firm.*

An appeal must be made to the Tribunal Clerk within 21 days of the date on which notice of the Adverse Decision was communicated. An appeal means that the Adverse Decision does not come into force until such date as may be prescribed by the Appeal Tribunal.

Appeal Tribunals, which are appointed by the Discipline & Appeal Panel to consider and determine appeals, have a legally-qualified Chair, as well as at least one Chartered Accountant and one public interest member. All appeals are determined in accordance with the [ICAS Rules and the Discipline and Appeal Tribunals Regulations](#), which ensure that the members of the Tribunals can fulfil their role independently of ICAS.

These Regulations state that while the Tribunals shall have regard to this Guidance, the decision in any individual case shall be at the sole discretion of the Tribunal. The Guidance is therefore intended to act as a point of reference for Tribunals, to help promote consistent decision making. The Guidance, Rules and all Regulations are available on the ICAS website: [icas.com](http://icas.com)



## APPENDIX 1: UK AML FRAMEWORK

### The regulatory framework

The key Anti-Money Laundering (AML) legislation in the UK is, as follows:

- The Proceeds of Crime Act 2002 (POCA) as amended by the Serious Organised Crime and Police Act 2005 (SOCPA) and relevant statutory instruments.
- The Terrorism Act 2000 (TA 2000) (as amended by the Anti-Terrorism Crime and Security Act 2001 (ATCSA) and the Terrorism Act 2006 (TA 2006)) and relevant statutory instruments.
- The Money Laundering Regulations 2017.
- Criminal Finances Act 2017.

POCA and TA 2000 contain the offences that can be committed by individuals or organisations. The Money Laundering Regulations 2017 set out the systems and controls that businesses are obliged to possess, as well as the related offences that can be committed by businesses and key individuals within them.

In addition, the Consultative Committee of Accountancy Bodies (CCAB) has issued accountancy sector guidance called the '[Anti Money Laundering Guidance for the Accountancy Sector](#)'. Appendices are included to cover insolvency and taxation. Further sector guidance in relation to audit is issued by the Financial Reporting Council (FRC) via International Standard on Auditing 250A (ISA 250A), which replaces the previous Practice Note 12.

### AML supervision by ICAS

Regulation 8 of the Money Laundering Regulations requires compliance with the Regulations where "relevant persons" are acting in the course of a business carried out by them in the United Kingdom and providing services as an:

- Auditor;
- External accountant;
- Insolvency practitioner;
- Tax adviser; or
- Trust or company service provider (TSCP).

Regulation 26(1) requires that:

*"No person may be the beneficial owner, officer or manager of a firm within paragraph (2) ("a relevant firm"), or a sole practitioner within paragraph (2) ("a relevant sole practitioner"), unless that person has been approved as a beneficial owner, officer or manager of the firm or as a sole practitioner by the supervisory authority of the firm or sole practitioner".*

All firms conducting accountancy-related and TCSP services (called "Supervised Firms") must be supervised by a supervisory body and the Beneficial Owners, Officers and Managers ('BOOMs') of firms conducting must be approved as Approved Persons.

The [ICAS AML Regulations](#) set out how ICAS regulates individuals and entities in response to the Money Laundering Regulations 2017.

### Enforcement

Regulation 49(1)(d) of the Money Laundering Regulations requires that a professional body supervisor makes arrangements to ensure that: "contravention of a relevant requirement by a relevant person renders that person liable to effective, proportionate and dissuasive disciplinary measures under their rules."

As part of its oversight regime, OPBAS has issued a [Sourcebook](#) which sets out the requirements that each professional body AML supervisor must adhere to. This includes enforcement action requirements:

*"Enforcement action should seek to remove the benefits of non-compliance and deter future non-compliance, but may also be remedial and preventive. Professional body supervisors should therefore have a broad range of enforcement tools at their disposal and should use these tools in appropriate cases. Enforcement powers could range from administrative sanctions, including censures and financial penalties, to suspension, restriction or withdrawal of membership and the ability to direct members to take action to remedy non-compliance and promote future compliance".*

*“It is for the professional body supervisor to satisfy itself, and OPBAS, that its powers are adequate and that they are used in appropriate cases to advance their functions as anti-money laundering supervisors”.*

*“Professional body supervisors should make public, as appropriate, enforcement activity related to anti-money laundering”.*

ICAS is therefore required to have a range of Regulatory Actions to address the range of regulatory issues dealt with by the Committee.

#### **Accountancy Affinity Group (“AAG”)**

The approach to certain aspects of AML Supervision in the accountancy sector is determined in consultation between the accountancy sector supervisors (in a forum called the AAG), HMT and OPBAS. **Appendix 2** to this Guidance includes the AAG’s Compliance Guidance which has formed the basis of the enforcement approach adopted by ICAS.

## APPENDIX 2: AAG COMPLIANCE GUIDELINES

Nature of non-compliance	Behaviour	Looks like	Level	Likely follow-up action
Satisfactory compliance	Makes every effort to comply. Good awareness of legal responsibilities which are taken seriously	Effective and proportionate risk-based policies/ procedures in place and updated regularly. Well maintained transaction records with visible audit trails to satisfactory evidence of CDD held.	1	None
Generally appropriate systems and controls in place, but would benefit from support to bolster effectiveness	Willing and wants to comply. Takes legal responsibilities seriously	Proportionate risk-based policies/ procedures but minor or careless mistakes found in systems/ CDD records examined. High probability that recommended improvements will be expedited.	2	Advice letter based on agreement with the firm that they will make the required changes
Insufficient evidence to demonstrate robust and effective application of systems and/ or where serious defects in systems and controls have been identified	Negligent in meeting legal responsibilities by way of knowledge and understanding	Absence of, or inadequate risk-based policies/ procedures and/ or disorganised records with breaks in audit trails. Level of failures identified make business vulnerable to money laundering. Unusual or suspicious activity may go undetected. Medium probability that recommended improvements will be expedited.	3	Warning letter and follow-up action to ensure that the required action has been undertaken (with evidence to support)
Framework insufficient to mitigate against the risk that the firm will be used by criminals to launder the proceeds of crime and/or serious omissions or errors in application	Demonstration of wilful disregard and/ or recklessness for responsibilities under the MLR.	Policies/ procedures are insufficient or ineffective to mitigate the assessed risk. Serious weaknesses/ failures identified or continue. Little or no improvement since previous warning letter. High exposure/ threat from money launderers. Unusual or suspicious activity may be ignored. Low probability that recommended improvements will be expedited.	4	Appropriate proceedings initiated
Facilitating Money Laundering	Demonstration of wilful disregard and/ or recklessness for responsibilities under the MLR and evidence to suggest that firm is being used by criminals.	Serious failures identified or evidence of imprudent/ irregular commercial practices. Concerns of wilful misinterpretation of the rules/ bogus attempts to comply. High risk of collusion with money launderers. Suspicious activity may knowingly be facilitated or concealed. High probability that recommendations will go unheeded.	5	SAR and liaise with law enforcement

Examples of aggravating factors	High risk business environment
	Pattern of behaviour
	Falsehoods in affirmations

Examples of mitigation	Training
	Poor advice received for legitimate source

## APPENDIX 3: TABLE OF OFFENCES WITH INDICATIVE PENALTIES

- Regulatory Penalties may be proposed in response to AML non-compliance identified by ICAS.
- Table 1 contains the most common examples of AML non-compliance but is not intended to be an exhaustive list. There will be other examples of non-compliance which may lead to the proposal of a Regulatory Penalty.
- Each offence in Table 1 includes a list of relevant factors which will be considered by the Authorisation Committee (or other decision-making body) when assessing the seriousness of the non-compliance, with three levels: less serious, serious, and more serious.
- Table 2 presents indicative Regulatory Penalties which may be offered where non-compliance has been identified and assessed.
- A penalty will be applied on consideration of three factors: (i) the perceived seriousness of the non-compliance, as assessed in accordance with Table 1, (ii) the number of principals in the Supervised Firm, and (iii) consideration of mitigating and aggravating factors, some of which are listed below.
- Regulatory Penalties will not be appropriate where the non-compliance identified is sufficiently serious as to raise questions over the whether the member or firm should continue to be supervised or licensed by ICAS, or whether there are significant ethical concerns.
- It is important to understand that reasonable discretion will be applied when considering whether a Regulatory Penalty is required. The penalties listed below are intended to be indicative and not prescriptive, with the Authorisation Committee exercising its judgement as to whether a Regulatory Penalty is required, and if so, at what level.
- Where more than one instance of non-compliance is identified, Supervised Firms may be offered a Regulatory Penalty for each separate offence; alternatively, there could be a single penalty offered at an increased sum.
- The default position is that Regulatory Penalties which are accepted by Supervised Firms will be publicised.
- This process has been designed to promote fairness and proportionality, while ensuring that Regulatory Penalties for AML non-compliance are robust and act as a reasonable deterrent.

TABLE 1	
Non-compliance	Relevant factors
(1) Failures in connection with the Supervised Firm's AML policy.	<p><b>Key factors</b></p> <ul style="list-style-type: none"> <li>• The Supervised Firm does not have a documented AML policy.</li> <li>• The Supervised Firm has failed to adequately address a follow-up action from a previous visit.</li> </ul> <p><b>Other factors</b></p> <ul style="list-style-type: none"> <li>• The Supervised Firm has a documented AML policy but it is ineffective, for example: <ul style="list-style-type: none"> <li>○ There are significant omissions.</li> <li>○ It has not been adequately distributed / communicated to the Supervised Firm's employees.</li> </ul> </li> </ul>
(2) Failures in connection the Supervised Firm's whole firm risk assessment.	<p><b>Key factors</b></p> <ul style="list-style-type: none"> <li>• The Supervised Firm has not undertaken a whole firm risk assessment.</li> <li>• The Supervised Firm has failed to adequately address a follow-up action from a previous visit.</li> </ul> <p><b>Other factors</b></p> <ul style="list-style-type: none"> <li>• The Supervised Firm has undertaken a whole firm risk assessment but it is ineffective, for example: <ul style="list-style-type: none"> <li>○ It is clearly incomplete or has significant omissions.</li> <li>○ It has a negative impact in the risk mitigation measures or CDD applied by the firm.</li> <li>○ It was not undertaken by sufficiently senior / experienced employees.</li> </ul> </li> </ul>

<p>(3) Failures in connection the Supervised Firm's whole firm compliance review.</p>	<p><b>Key factors</b></p> <ul style="list-style-type: none"> <li>• The Supervised Firm has not undertaken a whole firm compliance review.</li> <li>• The Supervised Firm has failed to adequately address a follow-up action from a previous visit.</li> </ul> <p><b>Other factors</b></p> <ul style="list-style-type: none"> <li>• The Supervised Firm has undertaken a whole firm compliance review but it is ineffective, for example: <ul style="list-style-type: none"> <li>○ It is clearly incomplete.</li> <li>○ It misses key issues which should have been identified</li> <li>○ It was not undertaken by sufficiently senior / experienced employees.</li> <li>○ A failure to properly follow-up on issues identified in the review.</li> </ul> </li> </ul>
<p>(4) Failure to make required AML appointments / registrations and / or provide required notifications to ICAS.</p>	<p><b>Key factors</b></p> <ul style="list-style-type: none"> <li>• The Supervised Firm has failed to appoint an MLRO / MLCP.</li> <li>• The Supervised Firm has failed to register a BOOM or BOOMS with ICAS.</li> <li>• The Supervised Firm has failed to register for TCSP work.</li> <li>• The Supervised Firm has failed to adequately address a follow-up action from a previous visit.</li> </ul> <p><b>Other factors</b></p> <ul style="list-style-type: none"> <li>• The Supervised Firm has appointed an MLRO / MLCP but there a significant concerns over their suitability for the role (with regard to the experience and seniority).</li> <li>• The relevant appointments / notifications have been made but there was an unreasonable delay.</li> </ul>
<p>(5) Failures in connection with the Supervised Firm's customer due diligence (CDD) requirements.</p>	<p><b><i>A complete or significant failure to undertake CDD is likely to be deemed too serious to be addressed through a Regulatory Penalty in isolation, with consideration given to other Regulatory Actions.</i></b></p> <p><b>Key factors</b></p> <ul style="list-style-type: none"> <li>• There are widespread gaps in the Supervised Firm's CDD, indicating systemic issues.</li> <li>• The Supervised Firm has failed to adequately address a follow-up action from a previous visit.</li> </ul> <p><b>Other factors</b></p> <ul style="list-style-type: none"> <li>• There are unacceptable gaps in the Supervised Firm's CDD processes, documentation, or records.</li> <li>• A failure to conduct appropriate ongoing monitoring of existing clients.</li> <li>• CDD lacks appropriate depth / a failure to adequately follow-up risks which are identified.</li> <li>• Concerns over the Supervised Firm's reliance on third parties for CDD.</li> <li>• Failures in connection with the PSC register (persons with significant control).</li> </ul>
<p>(6) Failures in connection with the Supervised Firm's process for considering and making Suspicious Activity Reports (SARs).</p>	<p><b><i>Significant failures in respect of SARs are likely to be deemed too serious to be addressed through a Regulatory Penalty in isolation, with consideration given to other Regulatory Actions.</i></b></p>

	<p><b>Key factors</b></p> <ul style="list-style-type: none"> <li>Unacceptable delays in dealing with SARs.</li> <li>The Supervised Firm has failed to adequately address a follow-up action from a previous visit.</li> </ul> <p><b>Other factors</b></p> <ul style="list-style-type: none"> <li>Concerns over the effectiveness or efficiency of the process and / or the work of the MLRO.</li> <li>Significant failures in relation to process documentation and record-keeping.</li> <li>DAML requests not made when required.</li> <li>No systems in place to deal with enquiries from law enforcement and other third parties.</li> </ul>
(7) Failures in connection with the Supervised Firm's employees.	<p><b>Key factors</b></p> <ul style="list-style-type: none"> <li>The Supervised Firm's employees have received no AML training.</li> <li>The Supervised Firm has not undertaken any employee screening.</li> <li>The Supervised Firm has failed to adequately address a follow-up action from a previous visit.</li> </ul> <p><b>Other factors</b></p> <ul style="list-style-type: none"> <li>Concerns over the effectiveness of the AML training which has been provided.</li> <li>No training provided for the Supervised Firm's MLRO / MLCP.</li> <li>Failure to keep proper records in respect of the training.</li> <li>Concerns over the effectiveness of the Supervised Firm's employee screening processes.</li> </ul>
(8) Failure to properly communicate / cooperate with ICAS in respect of AML matters.	<p><b>Key factors</b></p> <ul style="list-style-type: none"> <li>Unacceptable delays in dealing with ICAS.</li> <li>A monitoring visit highlights significant differences to the information reported to ICAS in the AML Declaration.</li> </ul> <p><b>Other factors</b></p> <ul style="list-style-type: none"> <li>Failure to provide a full or timely response to ICAS correspondence / request for information.</li> <li>Failure to accommodate a monitoring visit.</li> <li>Failure to notify ICAS of changes in the Supervised Firm as required by ICAS' AML Regulations.</li> </ul>

<b>TABLE 2</b>				
<b>Number of principals</b>	<b>1 – 3</b>	<b>4 – 6</b>	<b>7 – 10</b>	<b>10 +</b>
<b>Seriousness / indicative penalty</b>	Less serious: £100  Serious: £200  More serious: £400	Less serious: £200  Serious: £400  More serious: £800	Less serious: £400  Serious: £800  More serious: £1,600	Less serious: £800  Serious: £1,600  More serious: £3,200



MITIGATING FACTORS	AGGRAVATING FACTORS
<ul style="list-style-type: none"> <li>• The Supervised Firm's general AML processes and compliance have been positively assessed by ICAS.</li> <li>• Evidence to indicate that an instance of non-compliance has had no practical impact on a Supervised Firm's general AML compliance.</li> <li>• Evidence of insight and understanding of the issues concerned.</li> <li>• Personal circumstances (e.g. mental health issues).</li> <li>• Blame attributed to third parties.</li> <li>• Acting on the basis of professional advice (which may be incomplete or incorrect).</li> <li>• Self-detection / bringing issues to the attention of ICAS.</li> <li>• Remediation started by the Supervised Firm before the monitoring visit but not yet complete.</li> <li>• Lower level of concern over the issues raised in the context of the Supervised Firm's risk exposure.</li> </ul>	<ul style="list-style-type: none"> <li>• The Supervised Firm's general AML processes and compliance have been negatively assessed by ICAS.</li> <li>• Evidence to indicate that an instance of non-compliance has had a practical impact on a Supervised Firm's general AML compliance.</li> <li>• Scale of non-compliance identified (i.e. multiple instances).</li> <li>• Lack of evidence of insight and understanding of the issues concerned.</li> <li>• Higher public interest impact.</li> <li>• Failing to bring known issues to the attention of ICAS.</li> <li>• Any benefit obtained by the Supervised Firm as a consequence of the non-compliance.</li> <li>• The need for deterrence.</li> <li>• Concerns over the issues raised in the context of the Supervised Firm's risk exposure.</li> </ul>

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