

CONSULTATION

RECOVERING THE COSTS OF THE OFFICE FOR PROFESSIONAL BODY ANTI-MONEY LAUNDERING SUPERVISION (OPBAS): FEE PROPOSALS

ABOUT AIA

The Association of International Accountants (AIA) was founded in the UK in 1928 as a professional accountancy body and from conception has promoted the concept of 'international accounting' to create a global network of accountants in over 85 countries worldwide.

AIA is recognised by the UK government as a recognised qualifying body for statutory auditors under the Companies Act 2006, across the European Union under the mutual recognition of professional qualifications directive and as a prescribed body under the Companies (Auditing and Accounting) Act 2003 in the Republic of Ireland. AIA also has supervisory status for its members in the UK under the Money Laundering Regulations 2007.

AIA promotes and supports the advancement of the accountancy profession both in the UK and internationally. The AIA exams are based on International Financial Reporting and International Auditing Standards and are complimented by a range of variant papers applicable to local tax and company law in key jurisdictions together with an optional paper in Islamic accounting.

AIA members are fully professionally qualified to undertake accountancy employment in the public and private sectors.

AIA RESPONSE

Question 1 - Do you have any comments on our proposed application fee of £5,000 for professional bodies that wish to be added to the list of self-regulatory organisations in Schedule 1 of the MLRs?

The proposed non-refundable application fee of £5,000 appears to be appropriate and in-line with other application fees charged by the FCA to recover operating costs.

There needs to be a clear and consistent process for new applicants that maintains the standards that are currently adhered to by the existing professional bodies. For example, the Accountancy Affinity Group have an agreed memorandum of understanding to ensure a uniform approach is taken to supervisors' roles and responsibilities and OPBAS should consider building on this to promote consistency.

Question 2 – Do you have any comments on the different measures we have considered for the tariff base for OPBAS fee-payers? Are you aware of any other measures we should consider?

The simple two stage model proposed by OPBAS, based upon the supervised population of each professional body, is appropriate.

The suggested fee structure is inclusive, allowing professional bodies of all sizes to partake by considering what resources are available to each body and charging a proportional levy for those with a smaller supervisory base.

The success of this proposal will depend upon a clear understanding of what constitutes a relevant person/employee which is covered in question 3 and AIA has no alternative suggestions for other models.

Question 3 – Can you suggest any improvements to the definition of our preferred measure for OPBAS fees of 'supervised persons (under the MLRs) who are individuals'?

In the past AIA reported its supervised population to HM Treasury based upon the number of firms it supervises.

It would be appropriate to have the same agreed definition of relevant persons for collecting OPBAS fees for the purpose of defining relevant persons required to be subject to the Disclosure Barring Service requirements defined in section 26 of the MLR 2017.

The definition referred to in section 7 of the MLR 2017 which sets out to ensure no individual may be a beneficial owner, officer or manager (BOOM) unless supervised by a relevant supervisory authority and has not been convicted of a relevant offence (as detailed in section 3 of the MLRs) provides the appropriate base, however further agreement is required to define 'officer' and 'manager'. The current view that these can be defined as client facing with ML responsibilities appears ambiguous and requires consistent agreement, which is something OPBAS should work with across the sectors to provide guidance.

Question 4 – Can you suggest ways of consistently identifying those individuals who are supervised by professional body supervisors as relevant employees of relevant persons? Are there risks of double-counting? If so, how can we avoid them?

As discussed in question 3, clear guidance is required to ensure consistency when identifying officers and managers.

A simple way to reduce the risk of double counting would be for OPBAS or HM Treasury to maintain a register of supervised firms as all BOOMs will be associated with a firm in a similar way in which HMRC are required to compile a register for Trust and Company Service Providers.

This register should be made available to supervisors and law enforcement if required, but should not be a public register with the responsibilities of supervisors to maintain accuracy, in the same way as they will be required to maintain the HMRC register.

Question 5 – Do you think we should set a minimum fee for the OPBAS levy? If so, is £5,000 a reasonable contribution from those professional body supervisors paying minimum fees only?

The proposal to set a minimum fee of £5,000 will allow professional bodies with a smaller supervised population to maintain standards without suffering a disproportionate financial penalty. AIA has previously voiced concerns that the impact of a higher levy, which would need to be recouped through membership fees could have the undesirable effect of driving members to be supervised by HMRC. The £5,000 proposed will allow AIA and others to absorb the costs without burdening members and thus protecting respective supervised populations.

Question 6 – Do you believe we should spread recovery of the set-up costs and accumulated costs of OPBAS over two years?

The proposal to spread the recovery of set up costs across two years would appear to be appropriate although AIA understands that these costs will not be recovered from professional bodies that will be required to pay the annual minimum fee of £5,000 therefore this question is probably more appropriate to those that will be required to pay the recovery costs.

FURTHER INFORMATION

The above replies represent our comments upon this consultation document. We hope that our comments will be helpful and seen as constructive. AIA will be pleased to learn of feedback, and to assist further in this discussion process if requested.

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