

Licensing Regulations 2024

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Associated regulations and policies

<i>Code of Professional Ethics</i>	<i>Civil Sanctions Policy</i>
<i>Disciplinary Regulations</i>	<i>Disciplinary Sanctions Policy</i>
<i>AAT Regulations</i>	<i>Insolvency Policy</i>
<i>Publication Policy</i>	<i>Continuity of Practice Policy</i>
<i>CPD Policy</i>	<i>Clients' Money Policy</i>
<i>Appeals Regulations</i>	<i>Professional Indemnity Insurance Policy</i>
<i>Health and Disability Policy</i>	<i>Client Care Policy</i>
<i>Protected Characteristics Policy</i>	<i>Investigation of Complaints Policy</i>
<i>Indicative Sanctions Guidance</i>	<i>Licence Exemption Policy</i>
<i>Criminal Convictions Policy</i>	

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1. Introduction

- 1.1. It is in the public interest for the Association of Accounting Technicians (“AAT”) to promote the sound administration of the law for the public benefit by promoting and enforcing standards of professional conduct amongst those engaged in accountancy and monitoring and supervising their compliance with money laundering legislation.

2. Citation and commencement

- 2.1 These Regulations were made by the Council on 1 February 2024 under Article 4 of the Articles of Association and may be cited as AAT’s *Licensing Regulations 2024*.
- 2.2 These Regulations came into force on 05 February 2024 superseding all previous *Licensing Regulations*.

3. Scope and applicability

- 3.1 These Regulations apply to all associate members, full members and fellow members who are engaged in *public practice* in the UK, Channel Islands, or Isle of Man

4. Purpose and objectives

- 4.1 The purpose of these *Regulations* is to promote and maintain the public interest and protect the reputation of AAT, its *members*, and the accountancy profession.

5. Terms and definitions

- 5.1 The words and phrases set out in the following table only have the meanings set opposite them for the purpose of our regulations and policies as published by AAT from time to time in force.

Words	Meaning
<i>accountancy services</i>	Any or all services within the <i>Licence Tiers</i> as described in Schedule 1 of these Regulations.
<i>bookkeeping services</i>	Any or all services within <i>Licence Tier 4</i> only as described in Schedule 1 of these Regulations.
<i>anti-money laundering supervision</i>	Supervision of anti-money laundering compliance requirements from time to time in accordance with the <i>Money Laundering Regulations</i> and <i>Proceeds of Crime Act</i> in force.
<i>appeal</i>	The appeal of any decision to refuse a <i>licence</i> or to impose a <i>specific condition</i> or to terminate a licence.
<i>client care</i>	The arrangements required of those holding a <i>licence</i> for ensuring proper standards of <i>client care</i> and service as detailed in AAT’s <i>Client Care Policy</i> .
<i>clients’ money</i>	Money of any currency (whether in the form of cash, cheque, draft, or electronic transfer) which a <i>firm</i> holds or receives for or from a client, including money held by a <i>firm</i> as stakeholder, and

	which is not immediately due and payable on demand to the <i>firm</i> for its own account. Clients' money must be held in the currency in which it was received unless the client instructs otherwise in writing.
<i>continuity of practice</i>	Arrangements with a viable alternate professional accountant, or firm of accountants, to cover all work in the event of long-term absence.
<i>fit and proper</i>	A person considered to be suitable for entry into the accountancy profession by virtue of their conduct, who has not acted or is not likely to act in a way that poses a risk to the public or is likely to undermine confidence in AAT or its <i>members</i> .
<i>firm</i>	A sole practitioner who is a member, or a partnership, or a body corporate or a limited liability partnership comprised in whole or in part of members, the business of whom or of which includes the provision of <i>accountancy services</i> .
<i>holding themselves out</i>	A <i>member</i> who is actively engaged in offering and/or providing services to clients or employed within an entity that fulfils the definition of a <i>firm</i> where there is no level of seniority over the member, meaning members of the public are led to believe they are a <i>Principal</i> .
<i>licence</i>	A licence to provide <i>accountancy services</i> and/or <i>bookkeeping services</i> to the public under these <i>Licensing Regulations</i> .
<i>licensing decision</i>	Any decision to grant, refuse or terminate a <i>licence</i> under these <i>Licensing Regulations</i> .
<i>Licence Tier</i>	A <i>licence</i> may be granted at one of a range of levels known as Licence Tiers (tier 1 – 4), each of which corresponds to the scope of services the holder is permitted to provide.
<i>member</i>	A person admitted to the membership of AAT in accordance with the provisions of the <i>AAT Regulations 2023</i> (where the context so permits), this term includes <i>associate members</i> , <i>full members</i> , and <i>fellow members</i> , whether past or present.
<i>misconduct</i>	A <i>member</i> committing any act or omission that falls short of the standards reasonably expected of them, including but not limited to those matters listed in the <i>Code of Professional Ethics</i> , which brings, or is likely to bring, discredit to the member, the accountancy profession, or AAT.
<i>practice assurance monitoring</i>	AAT's quality assurance arrangements to assess if <i>members</i> holding a <i>licence</i> are meeting the expected requirements of the practice assurance standards, Money Laundering Regulations, and the <i>Code of Professional Ethics</i> .
<i>practice assurance standards</i>	The practice standards required of those holding a <i>licence</i> .
<i>Principal</i>	A <i>member</i> who is a sole practitioner or who is a partner in a <i>firm</i> which is a partnership or who is a director of a <i>firm</i> which is a body corporate or who is a member in a limited liability partnership.
<i>professional indemnity insurance (PII)</i>	A policy of liability insurance against claims of professional negligence which meets the minimum standards required by

	AAT as articulated in the <i>Professional Indemnity Insurance Policy</i> .
<i>public practice</i>	A <i>member</i> is engaged in <i>public practice</i> when they provide, or are <i>holding themselves out</i> to provide, <i>self-employed accountancy services</i> , including <i>bookkeeping services</i> , to the public for remuneration, whether in the capacity of sole practitioner, a partner in a partnership, a member in a limited liability partnership, or a director of a body corporate.
<i>self-employed accountancy services</i>	An <i>associate member</i> , <i>full member</i> or <i>fellow member</i> engaged in public practice by offering or providing <i>accountancy services</i> or <i>bookkeeping services</i> to the public, or <i>holding themselves out</i> to provide <i>accountancy services</i> and/or <i>bookkeeping services</i> to the public as: <ul style="list-style-type: none"> • a sole practitioner • a director of a limited company that provides accountancy or bookkeeping services and holds at least 5% of the shares* of the company; or • a partner in a partnership (whether salaried or equity); or • a member of a limited liability partnership (designated and non-designated members) that provides accountancy or bookkeeping services and holds at least 5% of the shares* • a principal in any other corporate entity that provides accountancy or bookkeeping services and holds at least 5% of the shares* of the entity. <p>* Shares belonging to anyone in the member's <i>household</i> or <i>family</i> are treated as belonging to the member.</p>
<i>specific condition</i>	A condition or conditions on a <i>licence</i> imposed under these <i>Licensing Regulations</i> .

6. Licence requirements

- 6.1. A *member* must not offer or provide, or *hold themselves out* to offer or provide, any *self-employed accountancy services* unless they hold a valid practising *licence* in accordance with these Regulations or approved for an exemption in accordance with the *Licence Exemption Policy*.
- 6.2. A *member* who is a *principal*, or *held out* as a *principal*, in a *firm* that provides *accountancy services* or *bookkeeping services* to the public for remuneration, whether in the capacity of sole practitioner, a partner in a partnership, a member in a limited liability partnership, or a director of a body corporate, will always be regarded as engaging in *public practice*. This includes any member who is a *principal* in an entity that is the parent of a firm.
- 6.3. A member who is employed by a *firm* is not considered to be providing *self-employed accountancy services* unless it is determined by AAT that there is no other accountant within the *firm* in a position of seniority and supervision over the *member*, and/or and the clients of the firm are led to believe that the *member* is a *principal* of the *firm*.

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- 6.4. A *member* may be licensed under these *Regulations* at a level (a *Licence Tier*) ranging from 1 to 4 according to the criteria set out in Schedule 1 from time to time in force. A *member* may provide only those services for which they are licensed. Providing any services outside the scope of a *licence* may be grounds for *misconduct* under the *Disciplinary Regulations* or grounds for immediate termination of a *licence*.
- 6.5. A *member* who has any doubt about whether they are engaging in *public practice* must consult AAT at the earliest opportunity.

7. General provisions of licence applications

- 7.1 Only AAT *associate, full and fellow members* based and operating within the UK, Channel Islands, or Isle of Man may apply for a *licence*.
- 7.2 A member who wishes to apply for a *licence* under these *Regulations* shall do so by:
- 7.2.1 completing and submitting the relevant licence application form and providing AAT with information or documents as may be prescribed
 - 7.2.2 meeting the *fit and proper* requirements as set out in the following policies and regulations:
 - a) *Criminal Convictions Policy*
 - b) *Disciplinary Sanctions Policy*
 - c) *Insolvency Policy*
 - d) *Civil Sanctions Policy*
 - e) Money Laundering Regulations in force
 - 7.2.3 paying the *prescribed fee*
 - 7.2.4 informing AAT of the regulated *services* they wish to provide to clients from the list in Schedule 1 - *Licence Tiers*
 - 7.2.5 passing the following AAT licence application standards tests when prescribed to:
 - a) professional ethics
 - b) anti-money laundering
 - c) practice management
 - 7.2.6 confirming they understand and will adhere to AAT's practice management requirements
 - 7.2.7 confirming they have relevant work experience for the *accountancy services* and/or *bookkeeping services* they wish to provide to clients or, if stipulated by AAT, complete a supplementary professional training and development pathway
 - 7.2.8 confirming that they have *professional indemnity insurance* cover which meets the requirements as set out in the *Professional Indemnity Insurance Policy*

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- 7.2.9 confirming that they have appropriate *continuity of practice* cover as set out in the *Continuity of Practice Policy* and have informed/will inform their clients
 - 7.2.10 confirming that they will comply with the requirements as set out in the *Client Care Policy*
 - 7.2.11 confirming that they and the *firm* will comply with the requirements as set out in the *Clients' Money Policy* (if applicable)
 - 7.2.12 confirming they are registered and have paid the data protection fee to the Information Commissioner's Office (ICO)
 - 7.2.13 confirming they will comply fully with the Money Laundering Regulations in force
 - 7.2.14 providing documentation, as specified by AAT on the licence application, to determine if their firm is suitable for anti-money laundering supervision by AAT; if not applying for anti-money laundering supervision by AAT, then the member must submit details of their anti-money laundering supervision registration to enable a check to be undertaken with other authorities
 - 7.2.15 agreeing to comply with any other *condition*, requirement, modification, or restriction imposed on their *licence* at AAT's discretion.
- 7.3 Before reaching a decision on a licence application under these *Regulations*, AAT may:
- 7.3.1 require the *member* to undertake other steps as it may specify for the *member* to be licensed in accordance with one of the *Licence Tiers*; or
 - 7.3.2 require from the *member* or a third party any additional information, documents, or references as it considers appropriate (and *members* must provide their full cooperation in connection with any such requirements).
- 7.4 Where an applicant does not demonstrate that they meet the requirements as set out in Regulation 7.2 above, their application will be rejected, unless AAT considers it would be unfair to do so.

8 General conditions of holding a licence

- 8.1 It shall be a *condition* of all grants of a *licence* that the *member* holding the *licence*:
- 8.1.1 continues to meet AAT's *fit and proper* requirements as set out in the following policies and regulations:
 - a) *Criminal Convictions Policy*
 - b) *Disciplinary Sanctions Policy*
 - c) *Insolvency Policy*
 - d) *Civil Sanctions Policy*
 - e) Money Laundering Regulations in force
 - 8.1.2 submits an annual licence renewal by the deadline prescribed by AAT
 - 8.1.3 pays any *prescribed fee* due in respect of that *licence* including any renewable fee and does not owe AAT any other monies

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- 8.1.4 complies with AAT's *CPD Policy* and any other mandatory development or training as prescribed by AAT
 - 8.1.5 maintains *continuity of practice* arrangements in accordance with the *Continuity of Practice Policy*
 - 8.1.6 holds professional indemnity insurance that meets the requirements of the Professional Indemnity Insurance (PII) Policy
 - 8.1.7 complies with the requirements set out in the *Client Care Policy*
 - 8.1.8 complies with the requirements set out in the *Clients' Money Policy* (if applicable)
 - 8.1.9 pays the annual data protection fee to the Information Commissioner's Office (ICO)
 - 8.1.10 has in place at all times arrangements for *anti-money laundering supervision*, and complies fully with the Money Laundering Regulations in force
 - 8.1.11 complies with the Practice Assurance Standards
 - 8.1.12 submits to any mandatory practice assurance review, including any follow-up review required to be undertaken at their own cost, and fully cooperates with arrangements
 - 8.1.13 submits an anti-money laundering annual firm return to AAT upon request
 - 8.1.14 complies fully with AAT's *Code of Professional Ethics*
 - 8.1.15 has engaged a minimum of one client and undertakes accountancy and/or bookkeeping services for remuneration
 - 8.1.16 is always in compliance with any sanction determined under the *Disciplinary Regulations*, and complies with any specific *condition*, requirement, modification, or restriction imposed on their *licence* by AAT or by order of the *Disciplinary Tribunal*.

9 Action for non-compliance

- 9.1 If a *member* breaches any *specific condition* or any *general condition* under Regulation 8 of these *Regulations* or provides *self-employed accountancy services* outside the scope of their *licence*, AAT may automatically:
 - 9.1.1 terminate the *member's licence* or suspend it with immediate effect until such time as AAT is satisfied that the relevant condition has been complied with
 - 9.1.2 restrict the *licence* to services where AAT is satisfied that the *member* has appropriate knowledge and experience
 - 9.1.3 modify or impose any *condition* or restriction on the *licence* requiring the *member* undertake other steps as it may specify for the *member* to continue to be licensed in accordance with one of the *Licence Tiers*
 - 9.1.4 refer the *member* for disciplinary action in accordance with the *Disciplinary Regulations*.

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- 9.2 Any *licence* granted under these *Regulations* shall automatically cease if the *member* holding the *licence* fails to renew it, resigns, or is expelled from AAT for any reason.
- 9.3 Termination of a *licence* will normally result in removal of all membership unless written confirmation and evidence, as required, is provided to AAT to demonstrate that the member is no longer providing services to clients.
- 9.4 Any *licence* terminated under these *Regulations* may also include the removal of *anti-money laundering supervision* for any *firm* where the member is a *principal* and AAT is the registered supervisory authority.
- 9.5 A member may appeal a decision to refuse or to terminate a licence under these Regulations save automatic termination of a licence under Regulation 9.2. An appeal will be dealt with under the *Appeals Regulations*.
- 9.6 If a member's licence is terminated or suspended, AAT will publicise this fact as it sees fit in accordance with *AAT's Publication Policy*.

10 Reinstating a licence

- 10.1 *Members* may apply to reinstate a *licence* within 12 months of the date of termination unless otherwise stipulated as part of a *licensing decision* made under Regulation 9 of these *Regulations*. In such cases, any termination of a *licence* will normally result in the member being unable to reapply for a *licence* for a minimum period of 12 months. On receipt of any subsequent reapplication for a *licence*, the member may be required to submit to *practice assurance monitoring* prior to approval at their own expense.
- 10.2 A *member* applying to reinstate anti-money laundering supervision for a *firm* must disclose if the supervision was previously cancelled by AAT as part of a *licensing decision* and / or whether any enforcement action has been taken against any current or former *Principal* in the firm. Where anti-money laundering supervision has previously been refused or cancelled by AAT, the *member* applying for the reinstatement of the supervision shall be required to submit to *practice assurance monitoring* prior to approval at their own expense.
- 10.3 To reinstate a *licence*, *members* must complete and submit the relevant licence application form and provide AAT with such information or documents as may be prescribed. *Members* reinstating their *licence* after more than 12 months must apply for a new *licence* in accordance with Regulation 7.

11. Schedule 1 – Licence Tiers

The below outlines the *accountancy and bookkeeping services* which *members* can apply to deliver and the *licence tier* they fall within. *Members* are not automatically approved in all services within a tier; approval of services is on an individual basis and subject to demonstration of competence in the area.

<i>Licence tier</i>	Available to	Services
Tier 1	<i>Full members, fellow members</i>	<ul style="list-style-type: none"> • Limited Assurance Engagement • Independent Examination • Internal Audit • Forensic Accounting • Company and Secretarial Services (acting as a Trust and Company Service Provider (TCSP)) • Any/all tier 2 services • Any/all tier 3 services • Any/all tier 4 services
Tier 2	<i>Full members, fellow members</i>	<ul style="list-style-type: none"> • Personal Income Tax • Business Income Tax • Corporation Tax • Capital Gains Tax • Inheritance Tax • Any/all tier 3 services • Any/all tier 4 services
Tier 3	<i>Full members, fellow members</i>	<ul style="list-style-type: none"> • Budgeting and forecasting • Financial accounts and accounts preparation of full and abbreviated accounts required for statutory purposes by the prevailing Companies Act • Management accounting • Any/all tier 4 services
Tier 4	<i>Full members, fellow members, associate members</i>	<ul style="list-style-type: none"> • Bookkeeping - the part of accounting which deals with the recording of actual transactions in monetary terms, excluding the calculation of transactions. • Financial accounts and accounts preparation for sole traders and partnerships only, specifically excluding any accounts required for statutory purposes by the prevailing Companies Act. • Computerised Accountancy Systems • Value Added Tax • Payroll

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