AML supervision reform: update for members

Professional Standards and Regulation

September 2026

Contents

Key developments

Towards the end of last year, the government decided to move anti-money laundering (AML) / counter terrorism financing (CTF) supervision for accountancy and legal services to the Financial Conduct Authority (FCA).

Professional body supervisors and HMRC are engaging with HM Treasury and the FCA to aid the design and practicalities of the new arrangement and enable a smooth transition.

In the meantime, all current supervisory arrangements remain in place for now. If you're supervised by AAT for AML purposes you will continue to be supervised by us, and your AML responsibilities remain the same.

FCA discovery workshops

- AAT has attended discovery workshops held by the FCA aimed at understanding the scope and scale, sector and regional distinctions, and the design inputs needed for the transition of supervision to the FCA.
- AAT presented its full supervisory lifecycle including registration, renewal, remediation, and enforcement.
- During these workshops, AAT highlighted the importance of ensuring a proportionate approach to supervision, particularly in respect of sole practitioners and smaller firms, as opposed to a one-size-fits-all approach.
- AAT also raised the importance of avoiding dual regulatory burden for all firms, including sole practitioners.

Outcomes and insights

- Design for busy individuals and small businesses
- Reflect key sector and geography distinctions
- Use familiar language and relevant guidance
- Preserve the personal touch
- Reflect powers, partners and local impact

FCA user research

The FCA met with practitioners to understand what works well, pain points, and needs.

Value

- Sector specific guidance supported by templates and webinars.
- Approachable support channels – helplines and dedicated contacts.
- Constructive inspections with practical tips and feedback.

Challenges

- Administrative burden – returns and evidence gathering can feel manual and clunky.
- Guidance can sometimes be too generic for complex situations leaving firms to interpret rules on their own.
- Perceived proportionality – firms undertaking work they perceive as lower-risk believe requirements do not reflect actual risk.

Future needs

- Avoid extra bureaucracy.
- Practical sector guidance.
- Proportionate supervision.
- One coherent experience.
- Ensure responsiveness.
- Clear corrective action.

Current timeline

September 2026

FCA discovery complete, including engagement with professional body supervisors and HMRC.

September 2026 to March 2027

Financial Services and Markets Bill (FSM Bill) expected to receive Royal Assent.

March 2027 to September 2028

FCA operating model designed, built and tested.

November 2028

First phase of professional body supervisors transitioned to the FCA.

2030 and beyond

Phased transfers of remaining professional body supervisors complete.

HMT's Duties, Powers, and Accountability consultation response

HM Treasury has published its **Anti- Money Laundering/Counter Terrorist-Financing (AML/CTF) Supervision Reform: Duties, Powers, and Accountability Consultation Response**. Here are the key outcomes.

Registration and gatekeeping

The FCA will be:

- responsible for registering professional services firms and maintaining a public register
- given an explicit power to cancel a firm's registration where it is no longer carrying out regulated activity
- able to use its existing powers to identify and take enforcement action against firms carrying out AML/CTF regulated activity where they are not registered for supervision.

Risk-based supervision

The FCA will be:

- responsible for applying a risk-based approach to monitoring firms' compliance with the MLRs
- equipped with additional supervisory tools, including the power to appoint a skilled person and the power to issue directions to firms
- expected to take a proportionate, risk-based approach, with a clear distinction between supervision and enforcement.

HMT’s Duties, Powers, and Accountability consultation response

Guidance

- The FCA will be responsible for issuing and approving AML/CTF guidance for professional services firms with industry input.
- HM Treasury will retain a limited oversight role, including the ability to intervene where necessary to ensure guidance remains aligned with the policy intent of the MLRs.

Information and intelligence

- Existing information-gathering, inspection and information-sharing powers within the Money Laundering Regulations (MLRs) will be extended to the FCA’s supervision of professional services firms.
- The FCA will be responsible for providing professional services firms with up-to-date information on money laundering and terrorist financing risks.
- The FCA will be the prescribed authority for the purposes of receiving whistleblowing disclosures relating to AML/CTF matters for professional services firms.

HMT’s Duties, Powers, and Accountability consultation response

Information sharing

- The government will place an ongoing requirement on the FCA and existing professional body supervisors to establish information sharing and cooperation arrangements.
- The FCA’s role will be restricted to AML/CTF supervision in respect of professional services firms. Other regulators will continue to hold responsibility for wider professional conduct regulation across the different jurisdictions.

Enforcement and appeals

- The FCA and legacy professional body supervisors, in their professional standards oversight capacity, will co-ordinate investigations or sanctions, where appropriate.
- Post-transition, the FCA will be able to exercise the existing range of enforcement powers available under the MLRs in relation to professional services firms, including civil sanctions and, where appropriate, criminal proceedings.
- HM Treasury will consult in due course on the specifics of the new enforcement process for the issuing of minor fines for lower-level breaches of the MLRs.
- Decisions taken by the FCA would continue to be subject to established tribunal and judicial oversight arrangements, maintaining independent routes of appeal.

HMT’s Duties, Powers, and Accountability consultation response

Transition

- Enhanced cooperation and information-sharing between the FCA and supervisors, alongside reliance on existing data and approvals where appropriate will avoid duplication and contribute to a smooth transition.
- The government recognises the need to ensure continuity of supervision, minimise disruption for firms, and preserve sector-specific expertise during the transition period

OPBAS

- During the transition period, OPBAS will continue to oversee the performance of professional body supervisors, with its functions expected to cease once the FCA fully assumes AML/CTF supervisory responsibilities.

Future consultations

AAT is aware of the following consultations being launched in the future. However, specific dates have yet to be announced. AAT will share details of any future consultations with its members, once available.

Fees and funding (FCA)

The government intends for the FCA's AML/CTF supervisory activities to be funded on a cost-recovery basis through fees charged to supervised firms, consistent with its existing funding model. The FCA will consult separately on the detailed structure and operation of these fees.

Guidance and enforcement and enforcement (HMT)

Later this year, HMT is expected to issue a consultation on:

- the mechanism by which HM Treasury may operate a veto and expectations around final arbiter rights, where industry guidance conflicts with one another
- the specifics of the new enforcement process for the issuing of minor fines for more routine instances of non-compliance, with a clear and limited scope, as well as safeguards.

It is possible this consultation will also seek views on other matters as part of this consultation. However, AAT does not have any further information at the time of this update.

Next steps

AAT will continue to support its supervised population and carry out its duties as an AML supervisory authority until the new supervisory arrangements formally come into effect.

AAT will continue to engage with the FCA, HM Treasury, and other relevant parties to understand what the new arrangements will involve and how the transition will be implemented. We will also continue feeding in insights and concerns from our licensed members.

AAT will keep its licensed members informed of any material progress via the AAT website, social channels and, where necessary, by email.

Members who have any concerns, comments or questions can email AMLconsultation@aat.org.uk for support.

Thank you