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The updated 2022 AMLGAS mostly good news

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What is AMLGAS and why does it exist?

AMLGAS stands for the Anti-Money Laundering and Counter-Terrorist Guidance for the Accountancy Sector.

Accountants safeguard the financial system and help ensure sustainable economic growth. The prevention of money laundering and terrorist financing (MLTF) is essential to this role. The updated AMLGAS May 2022, is there to help the Accountancy Sector comply with MLTF regulations.

The updated guidance replaces the 2020 draft version, which was based on the 2018 guidance. The CCAB now considers the 2018 guidance to be superseded.

AMLGAS is for anyone who provides audit, accountancy, tax advisory, insolvency, or trust and company services in the UK and Ireland.

AMLGAS is produced by the Consultative Committee of Accountancy Bodies (CCAB), which includes the ICAEW, ACCA, ICAS, ICAI and CIPFA. It has also been adopted by the other leading accountancy supervisory bodies. It has been approved by HM Treasury, and the UK courts are required to take account of its contents.

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The story so far

The key legislation that underpins CCAB guidance is **The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017,** which came into force 26 June, 2017.

These Regulations, "set out in detail the systems and controls that businesses must possess, as well as the related offences that can be committed by businesses and individuals within them by failing to comply with relevant requirements." (1.1.8 AMLGAS, May, 2022)

However, this legislation has undergone amendment since 2017. That is why AMLGAS has been updated again.

On January 10, 2020 The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 came into force. These were driven by the 5th European Union Money Laundering Directive, which was based on the updated standards of the Financial Action Task Force (FATF).

In September, 2020 The Money Laundering and (Amendment) (EU Exit) Regulations 2020 (Exit Regs), were laid before parliament. This amendment implemented changes from the EU Anti-Money Laundering Framework. It came into force in stages and has now been fully implemented.

On July 13, 2021 The Money Laundering and Terrorist Financing (Amendment) (No.2) (High-Risk Countries) Regulations 2021 came into force. This amendment updated the list of high risk third countries which require extra customer due diligence to be taken.

The updated 2022 AMLGAS incorporates all the new regulations up to and including 13 July 2021. HM Treasury have also approved the Tax Appendix and the Insolvency Appendix.

At the time of writing The Money Laundering and Terrorist Financing (Amendment) (No. 2) Regulations 2022 are issued as a draft statutory instrument which is expected to soon become law. This incorporates further changes to the 2017 money laundering regulations. Once in law this will include some changes that will need to be incorporated into AMLGAS.

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Why should you care?

Regulations have changed. Businesses need to understand these changes and comply with their new duties. That means getting the right procedures and policies in place.

The updated AMLGAS provides key information to help you stay ahead of new MLFT regulations. That means you can enhance your client service, grow your business and avoid mistakes that could lead to prosecution. It also means that your business can help keep us safe and boost economic growth.

Whatever designated accountancy sector services you offer there are implications for you and your business. The updated 2022 AMLGAS is designed to answer your questions and help you fulfil your legal duties.

The good news is that the changes are not dramatic and there is help and support available for you and your business.

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What are the main changes in 2022?

The new CCAB AMLGAS was issued in May 2022. At 137 pages, the 2022 guidance has nearly doubled in size since 2018. But the high impact areas of regulation haven't changed that much.

The new AMLGAS is based on the law and regulations as of 13th July, 2021. Most of the EU Exit Regulations (The Money Laundering and (Amendment) (EU Exit) Regulations 2020) have now been implemented. Some requirements relating to EU lists no longer apply as the UK has left the EU.

Throughout the new guidance there is an increased emphasis on a Risk Based Approach (RBA). Businesses are expected to build in the controls, practices, procedures, processes and policies to assess and mitigate risk in every area of operation.

The pressure on business ratchets up a notch with the new guidance. The language implies that businesses must build a firm-wide culture that assesses, understands, and mitigates MLFT risk.

This means a stronger relationship with supervisory bodies and member groups that can help businesses achieve their aims.

Section 1: About This Guidance

Little has changed here. The definition of a Tax Adviser remains the same as the 2020 Draft Guidance. Payroll agents offering accountancy services and/or tax advisors are regulated.

Offering software or hardware solutions is still outside the regulations as long as providers don't prepare or analyse any financial information themselves. (1.2.4)

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Section 3: Responsibility and Oversight

There are two new questions at the start of this section. Firstly, businesses are asked to consider the differences in requirements for sole practitioners. Secondly, businesses should consider what Regulation 26 requires of beneficial owners, officers and managers (BOOMs)? (3)

There is new emphasis on monitoring your MLTF policies and communicating them with staff. This theme is reinforced in several paragraphs (3.1.4, 3.1.10, 3.4.10 and more).

For TCSPs HMRC will also increase their monitoring before approval. They may now review businesses that are registered with professional body supervisors to confirm they are "fit and proper" and carry out further checks before approval. (3.1.10)

Explanatory notes focus on a strengthening of "should" to "must" in several areas of Section 3. The first is regarding, "appropriate policies and procedures for assessing and managing MLTF risks". (3.6.5) Curiously, the 2020 guidance already used the word "must". So this inclusion may again be for emphasis. Either way, businesses need to ensure they have the processes and policies in place.

Where new services or products are defined as a service, businesses must assess them for MLFT vulnerabilities as part of the firm-wide risk assessment. (3.6.9) The same applies where businesses offer a significantly different service, or the client selects a new service. (4.6.13)

Paragraph 3.6.6 has been strengthened. Businesses are told, "Activity that is complex, unusually large or lacks commercial rationale may be the foundation of suspicions of MLTF". Previously this had been a cause only for consideration. The risk level has moved up a notch and should be noted.

Consideration of new controls, policies or procedures is now a "must' before the introduction of "new ways of working". That includes new technology. (3.6.10) Finally, businesses "must" consider the skills, knowledge and integrity of their employees when screening, and on an ongoing basis as part of their risk assessment. (3.6.22)

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Section 4: Risk Based Approach

In this section there is only a single change of "should" to "must". This is incorporated in the section above. Please refer to the appendix for further details.

Section 5: Customer Due Diligence (CDD)

There are some key changes in this section. Most important is the duty to report discrepancies in the Person of Significant Control register at Companies House, to Companies House.

In the new guidance, "A discrepancy should be reported as soon as reasonably practicable after the discrepancy is discovered, which would normally be within 15 working days of establishing that a material discrepancy exists". (5.6.7-5.6.10)

This timescale was 30 days. But the reduction to 15 days is now considered adequate time for a business to discuss a potential discrepancy with a client, correct an inadvertent error, or report it if necessary. Businesses are not obliged to discuss the identified discrepancy with the client before reporting it.

The reporting system can be found here. There is an equivalent requirement in place for unregistered companies, limited liability partnerships and Scottish partnerships.

Reports should be made before taking a client on and during the course of ongoing AML compliance. However, the Exit Regs clarified that discrepancy reporting was only required "when establishing a business relationship with the customer". (5.6.9)

Relevant to outsourcing, the new 2022 guidance explains that businesses, "are permitted to rely on certain other parties (subject to their agreement) to complete all or part of CDD, which includes reporting any discrepancy identified to Companies House". (5.6.4)

The discussion on whether overseas branches and subsidiaries have to report discrepancies on UK entities is omitted from the 2022 guidance. (Formerly 5.6.12 and 5.6.13)

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Electronic Identification Verification

While the guidance on Electronic Identification Verification is almost the same as in 2020, it is worth a recap.

It was confirmed that an Electronic Identification Process (EIP) can be treated as independent of the client being verified. But for an EIP to be a full replacement for hard copy verification it still needs to provide an "appropriate level of assurance that the person claiming a particular identity is in fact the person with that identity". (5.4.18)

When considering this, the Exit Regs add, "to a degree that is necessary for effectively managing and mitigating any risks of money laundering and terrorist financing". (5.4.18)

It remains important to ask EIP providers how they evidence that someone is who they claim to be. Be sure to document the reply you get. Then you can assess whether the risk of a client not being who they claim to be is being managed sufficiently.

In other important changes to CDD, "should" is changed to "must" in several places. Firstly, an original with a copy endorsed by the employee, or an acceptably certified copy of an identity document must be seen, and a copy retained. (B.1.2) The same applies when an individual is acting for another person. (5.1.9) Or when delays occur. (5.5.1)

Simplified due diligence (SDD) must now be set aside and further measures taken when a business believes the risk level has increased. There are 4 new clauses in the guidance to clarify when this must take place. (5.3.6)

Businesses must also have the procedures in place to determine whether potential clients are Politically Exposed Persons (PEP), or are associated with a PEP. (5.3.12)

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Enhanced Due Diligence (EDD)

There has been some re-formatting around enhanced due diligence (EDD) and when it must be applied. This is the second section where unusually large or complex transactions are mentioned as a red flag. Businesses may want to pay close attention to the clauses in this paragraph. (5.3.7) Reference to the updated list of high-risk third countries is also highly recommended.

For those concerned with outsourcing there is a new clause allowing businesses to rely on other parties to complete all or part of CDD This includes reporting any discrepancies to Companies House. (5.6.4)

Finally, the 2020 clause on overseas branches and subsidiaries reporting discrepancies on UK entities has been omitted.

So the level of CDD required is still determined by a number of factors. Make sure you have a documented risk assessment for all clients to demonstrate whether you need to undertake Enhanced Due Diligence ('EDD') for any of them. AMLCC provides a structure to determine when EDD is required over and above CDD and the additional measures to apply.

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Section 7: Record Keeping

New to this section is that any business that outsources its AML activities such as training or CDD must ensure they can obtain "immediately", copies of all relevant information from a third party. (7.6)

Section 8: Training & Awareness

In 2020 a firm's obligation to train its staff on AML expanded to "agents". This means that any third parties who undertake work that is relevant to your firm's AML compliance must be trained. Those who outsource work to firms who are not UK AML supervised still need to take note.

AMLGAS refers to "relevant employees (including partners and any other individuals involved in the provision of defined services, referred to as 'others')". (8.1)

For me this includes any third party provider that undertakes work that is part of the regulated services that you provide to your clients. So, I would include contractors, outsourced bookkeeping and accounts preparation. Please check what their training and supervision status is!

Moreover, the 2022 guidance has upgraded the keeping of training records from "should" to "must". Now, "Records must be kept of the training given to relevant employees and agents". These must be detailed and retained in line with the business's data retention policy. (8.3.4) You may need these records as a defence in a court of law.

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5MLD

Finally, the **Updated CCAB AML Guidance – Explanatory notes** remind us of the changes introduced by 5MLD. **While these were included in the 2020 draft guidance,** they are considered important enough to repeat. Some of these changes brought the accountancy sector guidance in line with the legal sector.

It is reiterated that businesses should be mindful of the requirement to report discrepancies in the People with Significant Control (PSC) register to Companies House. Firms must also train 'agents' on client due diligence and how to identify and report suspicions of MLTF.

Business should be familiar with regulations on indirect provision of tax services. Enhanced due diligence in connection with high-risk third countries may only be considered reliable subject to meeting certain conditions. The same applies to the use of electronic client due diligence systems.

Business may welcome the clarity provided by new case studies regarding beneficial owners for the purposes of CDD in Appendix E.

Guidance has been updated on the identity verification required for Client Due Diligence purposes (Appendix B). Also provided is an expanded list of red flags of money laundering or terrorist financing when identifying and risk assessing a client.

The defence of 'reasonable excuse' for failing to make a Suspicious Activity Report 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.

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Summary

The changes to AMLGAS 2022 are small, but they are important.

As in 2020, for firms that are not already on top of their AML, the gap between being compliant or not has grown even further.

Much of the change is directed at introducing a new culture. That means building in a Risk Based Approach to all matters concerning MLTF. Businesses that are behind the curve need to embed the procedures, practices and policies necessary to stay ahead of regulations.

Not only does that involve getting the right measures in place but also keeping records on everything they do.

The good news is that the answers are straight-forward. The words engagement, monitoring, evaluation and communication recur throughout AMLGAS 2022. So the message is clear. Businesses need to comply with MLTF regulations, and they need to be seen to be complying.

Read the guidance carefully. Ramp up both internal and external communications in your firm. More action will be required from a firm's MLFT supervisors. As more resources are pumped into their supervisory role, it means more chance of a visit from your supervisor.

And finally, there is help out there. If in doubt contact your supervisory or member body. Or get in touch with a leading anti-money laundering compliance professional.

Appendix

Comparison and analysis of 2022 CCAB anti-money laundering and counter-terrorist financing guidance for the accountancy sector

- The document includes observed changes between the 2020 CCAB guidance and the 2022 CCAB Guidance.
- The paragraph and section numbers in the 1st column are based on the 2022 AMLGAS. When content has only been moved to a different paragraph or reformatted for 2022 it is noted. On occasion unchanged content form 2020 is included when considered important.
- This document is not exhaustive.

Paragraph/Section May 2022 Guidance	September 2020 Guidance	May 2022 Guidance	Changes	Analysis
Introduction	"This guidance is based on the law and regulations as of 10 January 2020.....requirements of the regulations relating to EU lists are expected to fall away at the end of the transitional period"	"This guidance is based on the law and regulations as of 13 July 2021.....some requirements of the regulations relating to EU lists no longer apply since the UK has left the EU"	Language change reflecting departure from the EU. It is also noted that 'Insolvency Appendix' has now been approved by HMT	2017 legislation is the cornerstone for guidance. 2022 guidance has been updated to reflect FATF and as 4/5MLD & 'Exit Regs'
1. About This Guidance				
1.1.2 What is the Purpose of this Guidance?	"The term 'must' is used throughout to indicate a mandatory legal or regulatory requirement. If Businesses require assistance in interpretation.....they should seek advice from their anti-money laundering supervisory authority or consider seeking legal advice. In all cases businesses should document and be able to justify their decision"	"The term 'must' is used throughout to indicate a mandatory legal or regulatory requirement....In all cases where the business deviates from a requirement labelled as a must, the business should document its decision and the justification for the decision. If businesses require assistance in interpreting the UK...MLTF Regime.....they should seek advice from their anti-money laundering (AML) supervisory authority or consider seeking legal advice"	The term 'must' has been used continually since 2018. The changes from 2020 to 2022 are where "should" has been newly replaced with "must". Also introduction of MLTF Acronym	Promotion of Risk-Based-Approach, businesses need to engage with authorities and legal professionals more. MLTF acronym now used with "regime" & "risk". AML used with supervisory authorities & functions

1.1.3	"Alternative practices can be used, but businesses must be able to explain their reasons to their anti-money laundering supervisory authority, including why they consider them compliant with law and regulation"	"Alternative practices can be used, but a business's AML supervisory authority will expect the business to be in a position to explain its reasons for deviating from the guidance, including why it considers its approach compliant with law and regulations"	Language implies increased oversight from supervisory body	If AML authority "will expect" explanations then businesses will need to raise their awareness
1.1.6	"It must be in a position to justify this reliance to their anti-money laundering supervisory authority".	"The business's AML supervisory authority will expect the business to be in a position to justify this reliance".	Guidance changes in bold	"will expect" indicates increased engagement, oversight from authorities & Risk Based Approach
1.1.7	"Particular attention is drawn to The Money Laundering and Terrorist Financing (Amendment) Regulations 2019)"	"Particular attention is drawn to The Money Laundering and Terrorist Financing (Amendment) Regulations 2019)"	No change	Attention drawn to these regulations in 2020 and 2022. So worth noting
1.3 What is the legal status of this guidance?	"This guidance has been approved by HM Treasury, and the UK courts must take account of its contents when deciding whether a business subject to it has contravened a relevant requirement under the 2017 Regulations or committed an offence under Sections 330–331 of POC"	"This guidance has been approved by HM Treasury, and the UK courts must take account of its contents when deciding whether a business subject to it has contravened a relevant requirement under the 2017 Regulations or committed an offence under Sections 330–331 of POC"	No. Substantive change, but an important paragraph	Use of 'Must' has been consistent since 2018. 2020/2022 documents also urge business to consult their supervisory body
2. Money Laundering and Terrorist Financing (in 2018 this was Money Laundering Defined)				
2.1-2.2 What are the fundamentals?		"Businesses must be aware of reporting obligations... UK MLTF regime treats breaking law as criminal (not civil matter) for state prosecution"	No change form 2020-2022, But important	Emphasis on legal duties and RBA and penalties
2.3-2.4 What are the fundamentals?		"Primary offences include taking action...refraining from taking action"	No change form 2020-2022 yet important	Possible presumption of guilt for failure to report. Unregulated sector too?
2.4.1 What is the Failure to Report offence	"The Failure to Report offence (POCA 330 and TA 21A) applies only within the regulated sector. It occurs when a regulated person fails to report knowledge or suspicion of money laundering or terrorist finance"	"The Failure to Report offence (POCA 330 and TA 2000 21A) applies only within the regulated sector. It occurs when a regulated person fails to report knowledge or suspicion of money laundering or terrorist financing as soon as practicable"	Reporting an offence as "Soon as practicable" is new to 2022	Potentially critical change as could be seen as defense in law?
2.6.1 What is the Prejudicing an Investigation offence?	"For those outside the regime, revealing the existence of a law enforcement investigation can amount to an offence"	"For those outside the regulated sector, revealing the existence of a law enforcement investigation can amount to an offence"	"Regime" changed to "regulated sector"	

Section 3. Responsibility and Oversight				
3.	"How should sole practitioners implement these requirements?"	"What does Regulation 26 require of beneficial owners, officers and managers (BOOMs)?" "What are the differences in requirements for sole practitioners?"	2020 question goes and is replaced by 2 new questions in 2022	Caution advised in these areas
3.1.4 What are the responsibilities of a business?	"Businesses must have systems and controls capable of:"	"Businesses must have systems and controls capable of... Monitoring compliance with the above policies, controls and procedures, and their communication to staff"	4 bullet points increases to 5 bullet points. New point in bold	Risk Based Approach pushed. Proactivity and engagement with authorities
3.1.10 HMRC Trust and Company Service Register	"Businesses that are a member of a professional body, will be registered by that body on the trust and company service register because HMRC has asked the professional body supervisors to notify them of all the firms they supervise that perform trust and company service work (including firms where the work is incidental to the accountancy services). The supervisory authority will send HMRC the name and address of each business and confirm they are 'fit and proper'"	"Businesses that are a member of a professional body will be registered by that body... The professional body supervisor will send HMRC the name and address of each business and confirm they are 'fit and proper'. HMRC will then review this information and may carry out further checks before confirming approval, including looking further into the fit and proper status of a BOOM"	Increased oversight HMRC	Continued requirements for businesses and in 2022 the introduction of HMRC as another layer of monitoring of BOOMs
3.4.10 What are the responsibilities of senior management / MRLO?		"The MLRO should...Have access to and remain up to date with relevant guidance"	This single additional clause in bold	Stresses the responsibilities of the MRLO
3.6.6 Risks from Client Activity	"Businesses should consider whether the activity is unduly complex, disproportionately large or lacking in commercial rationale"	"Activity that is complex, unusually large or lacks commercial rationale may be the foundation of suspicions of MLTF"	Wording changed	Strengthens paragraph significantly. Businesses to think in terms of risk & suspicion
3.6.9	"Where the new service or product is a defined service, businesses should have procedures that require it to be assessed for MLTF vulnerability and included within the firm-wide risk assessment. In assessing vulnerabilities and risks, its characteristics.... should be considered"	"Where the new service or product is a defined service, businesses must have procedures that require it to be assessed for MLTF vulnerability and included within the firm-wide risk assessment. In assessing vulnerabilities and risks, its characteristics... must be considered"	"Should" has been changed to "must"	Increased emphasis

3.6.10	"Businesses should also consider how introducing new business practices...Before introducing new ways of working, consideration should be given to whether new controls, policies or procedures are required to mitigate the MLTF risk"	"Businesses should also consider how introducing new business practices...Before introducing new ways of working, consideration must be given to whether new controls, policies or procedures are required to mitigate the MLTF risk"	"Should" has been changed to "must"	Increased emphasis
3.6.22	Businesses should consider the skills, knowledge, expertise, conduct and integrity of all relevant employees both before and during their appointment.	Businesses must consider the skills, knowledge, expertise, conduct and integrity of all relevant employees both before and during their appointment.	"Should" has been changed to "must"	Increased emphasis
4. Risk-Based Approach				
4.1-4.1.4 What is the role of the risk-based approach?		"The risk-based approach is fundamental to satisfying the Financial Action Task Force (FATF) recommendations, the EU Directive where applicable, and the overall UK MLTF regime. It requires governments, supervisors and businesses alike to analyse the MLTF risks they face and make proportionate responses to them. It is the foundation of any of the business's MLTF policies, controls and procedures, particularly its CDD and staff training procedures"	No change from 2018 to 2022but very much a foundation stone of the regime	Worth repeating this in principle and that improved procedures, processes and policies are more important than ever in mitigating risk and embedding an RBA
4.6.13	"Before a business begins to offer a service significantly different from its existing range of products or services, or when a client selects a new service from the business, it should assess the associated MLTF risks and respond appropriately to any new or increased risks"	"Before a business begins to offer a service significantly different from its existing range of products or services, or when a client selects a new service from the business, it must assess the associated MLTF risks and respond appropriately to any new or increased risks"	"Should" has been changed to "must"	Increased emphasis
4.6.17 What is a geographic risk?	"Businesses should make use of publicly available information when assessing the levels of MLTF of a particular country...When appropriate authorities designate a list of high risk third countries a link will be provided"	"Businesses should make use of publicly available information when assessing the levels of MLTF of a particular country... Businesses should refer to the list of high-risk third countries as per the MLTF (Amendment) (No. 2) (High Risk Countries) Regulations 2021 and the HM Treasury Advisor Notice 'MLTF controls in higher-risk jurisdictions"	Bold copy now at end of this paragraph. The list & HM Treasury Advisory Notice provide links to the information	Information has evolved as expected and provides more clarity than before

5. Customer Due Diligence				
5.1.9 CDD Principles	"Where an individual is believed to be acting on behalf of another person, that person should also be identified"	"Where an individual is believed to be acting on behalf of another person, that person must also be identified"	Change from "should" to "must" and a format change	Increased emphasis
5.3.6 Applying CDD by taking a risk-based approach	"In any case, when a client or potential client has been subjected to SDD, and a suspicion of MLTF arises nonetheless, the SDD provisions should be set aside and the appropriate due diligence procedures applied instead (with due regard given to any risk of tipping off)"	"In any case, when a client or potential client has been subjected to SDD, and one or more of the following occurs: • The business doubts the veracity or accuracy of documents or information previously provided; • The business no longer considers there is a low risk of MLTF; • A suspicion of MLTF arises; or • Any of the conditions for conducting Enhanced Due Diligence arise (see below) The SDD provisions must be set aside and the appropriate due diligence procedures applied instead (with due regard given to any risk of tipping off)"	Four new bullet points outlining the circumstances where enhanced due diligence may be necessary when SDD has already been done. And a change of "should" to "must"	Increased awareness and definition of risk
5.3.7	"A risk-based approach to CDD will identify situations in which there is a higher risk of MLTF... in any case where a transaction is complex or unusually large, or there is an unusual pattern of transactions which have no apparent economic or legal purpose"	"A risk-based approach to CDD will identify situations in which there is a higher risk of MLTF... in any case where a transaction is complex or unusually large, or there is an unusual pattern of transactions which have no apparent economic or legal purpose"	There were 7 clauses here in 2020 and there are still 7. But the formatting has changed	This is the second section where unusually large, or complex transactions are flagged up as a cause of suspicion. The other is 3.6.6. Its important!
5.3.12	"Appropriate risk management systems and procedures should be put in place to determine whether potential clients (or their BOs) are PEPs, or family members/known close associates of a PEP"	"Appropriate risk management systems and procedures must be put in place to determine whether potential clients (or their BOs) are PEPs, or family members/known close associates of a PEP"	A change of "should" to "must".	
5.3.16-5.3.17 Politically Exposed Person	"To establish whether someone is a family member or known close associate of a PEP, businesses are expected to refer only to information that is either in the public domain or already in their possession. The 2017 Regulations provide that the definition of a family member must include the spouses/civil partners of PEPs, the children of PEPs"	"5.3.16 To establish whether someone is a family member or a known close associate of a PEP, businesses are expected to refer only to information that is either in the public domain or already in their possession" "5.3.17 The 2017 Regulations provide that the definition of a family member must include the spouses/civil partners of PEPs, the children of PEPs"	Reformatting change where the contents of 5.3.16 in 2020 has been split between the 2 paragraphs shown in 2022	
5.3.18	"From January 2020, all EU jurisdictions are required to publish a list of positions that would make someone a PEP in their country. The list of UK functions is included in Regulation 35 (14) of the amended 2017 Regulations"	"Exclusion of a family member from the EDD process because of remoteness will not exclude them from consideration as a known close associate"	Reformatting. The clause in 5.3.18 from 2020 is now in 5.3.20 in 2022	

5.3.19	"The 2017 Regulations state that only directors, deputy directors and board members (or equivalent) of international organisations should be treated as PEPs. Middle-ranking and junior officials do not fall within the definition of a PEP"	"The 2017 Regulations state that only directors, deputy directors and board members (or equivalent) of international organisations should be treated as PEPs. Middle-ranking and junior officials do not fall within the definition of a PEP"	Reformatting. The contents of 5.3.19 in 2022 was the contents of 5.3.17 in 2020. No change in content	
5.3.20	"From January 2020, all EU jurisdictions are required to publish a list of positions that would make someone a PEP in their country. The list of UK functions is included in Regulation 35 (14) of the amended 2017 Regulations"	"Since January 2020, all EU jurisdictions are required to publish a list of positions that would make someone a PEP in their country. The UK, whilst no longer being a member of the EU, has listed these functions in Regulation 35(14) of the amended 2017 Regulations"	Reformatting. The contents of 5.3.20 in 2022 was the contents of 5.3.18 in 2020. Changes EU departure.	
5.3.21	"Since the term 'international organisation' is not defined by the 2017 Regulations, careful consideration...The regulations are clear that only directors, deputy directors and board members (or equivalent) of international organisations should be treated as PEPs"	"Since the term 'international organisation' is not defined by the 2017 Regulations, careful consideration..."	Reformatting. The contents of 5.3.21 in 2022, was the contents of 5.3.19 in 2020. The 2020 section in bold was removed from the 2022 guidance	It is thought that the removal of reference to Directors etc is because these are now referred to in 5.3.19 of the 2022 guidance
5.3.22	"Businesses are required to use risk-sensitive measures to help them recognise PEPs"	"Businesses are required to use risk-sensitive measures to help them recognise PEPs"	Reformatting. Contents of 5.3.22 was 5.3.20 in 2020. No content change	
5.3.23	5.3.21 in 2020		No content change	
5.3.24	5.3.22 in 2020		No content change	
5.3.25	5.3.23 in 2020		No content change	
5.5.1	"The business should still gather enough information to form a general understanding of the client's identity"	"The business must still gather enough information to form a general understanding of the client's identity"	"Should" has been changed to "must"	
5.5.26	5.5.24 in 2020		No content change	
5.5.27	5.5.25 in 2020		No content change	
5.4.17 Use of electronic data	"Companies House registers of persons of significant control may be used but may not be relied upon in the absence of other supporting evidence"	"Companies House registers of PSC may be used but may not be solely relied upon in the absence of other supporting evidence"	Introduction of the word 'solely'	May have implications in a legal context

5.4.18	"Is the information accessible? It should be possible to either download and store... It is sufficient to have a record of the issuer of a document and its unique identifier, it is not necessary to have a reproduction of the original document"	"Is the information accessible? It should be possible to either download and store"	The section in bold has been omitted from the 2022 version	It is believed that the removed clause allowed latitude in record keeping that is no longer appropriate
5.5.14	"If a prospective or existing client refuses to provide CDD information... Insolvency Practitioners should refer to the appendix"	"If a prospective or existing client refuses to provide CDD information... It should be noted that as per Regulation 31(5) these requirements do not apply where an insolvency practitioner has been appointed by the court as administrator or liquidator, provided that all reasonable steps have been taken to satisfy the requirements of Regulation 28(2) and 28(10), and the resignation would be prejudicial to the interests of the creditors of the company. Insolvency practitioners should refer to the appendix"	Section in bold has been added since 2020	Appears to be a legal detail
5.6.4 What are the obligations to report discrepancies in the People with Significant Control Register?	This content is not present in 2020	"Businesses are permitted to rely on certain other parties (subject to their agreement) to complete all or part of CDD, which includes reporting any discrepancy identified to Companies House"	New clause	Outsourcing implications and risk associated with it
5.6.7-5.6.10 When should a discrepancy be reported	"A discrepancy must be reported as soon as reasonably practicable after the discrepancy is discovered, which would normally be within 30 days of identifying the discrepancy"	"A discrepancy should be reported as soon as reasonably practicable after the discrepancy is discovered, which would normally be within 15 working days of establishing that a material discrepancy exists. This means that a business has the opportunity to discuss the potential discrepancy with the client to establish whether an inadvertent error has been made and will be corrected without delay. The outcome of any such discussion with the client will allow the business to conclude whether a material discrepancy exists and is reportable. Businesses are not obliged to discuss the identified discrepancy with the client before making a report"	The 2022 section 5.6.7 to 5.6.10 is a reformatted version of 5.6.6 – 5.6.9 from 2020. New content is critical. A discrepancy 'should' be reported within 15 days.. BUT, 'Must' is removed.	So while the timescale for reporting has been cut in half, the term "should" indicates a bit of latitude.
5.6.11	5.6.10 in 2020		No content change	

5.6.12	5.6.11 in 2020 "If a business identifies a discrepancy on the PSC register or TRS and the client corrects the discrepancy within a reasonable period, which would usually be 30 days of the business identifying the discrepancy"	"If a business identifies a discrepancy on the PSC register or TRS and the client corrects the discrepancy within a reasonable period..."	Section in bold allowing 30 days to correct a discrepancy has been left out of the 2022 version.	Brings paragraph into line with 15 day timescale
Not present in 2022	5.6.12 -5.6.13 Title: Do overseas branches and subsidiaries have to report discrepancies on UK entities they are taking on? 5.6.12 "Overseas branches and subsidiaries must abide by equivalent overseas regulations to the 2017 Regulations. As it is likely there will be no appropriate equivalent in the case of taking on UK entities, discrepancies should still be reported to Companies House or HMRC" 5.6.13 "In instances where multiple branches or subsidiaries of the same group are taking on the same client at the same time, if feasible, the group may file one report as soon as is reasonably possible, rather than several (from each subsidiary)"	These sections appear to have been left out of 2022 guidance		Not known
6. Suspicious Activity Reporting				
6.2.3 Failure to disclose: defences and exemptions	"Privileged circumstances exemption applies" (see 6.2.21 to 6.2.25)	"Privilege reporting exemption" (see 6.5.22 to 6.5.33)	Change in bold	Not known
6.4 What is the prejudicing an investigation offence	"Revealing the existence of a law enforcement investigation...can lead to an offence... There is a defence if the person who made the disclosure did not know or suspect that it would be prejudicial"	"Revealing the existence of a law enforcement investigation... can lead to an offence ... Under Section 342 of POCA, there is a defence if the person who made the disclosure did not know or suspect that it would be prejudicial"	Content in bold specifies the section in "Proceeds of Crime Act"	Business may need to be familiar with the detail May provide defence in an investigation
6.5.12 External reports to the NCA	"Can I provide the information essential to an external SAR (see 6.2.15 of this guidance) without disclosing information acquired in privileged circumstances?"	"In making a SAR would I be disclosing information acquired in privileged circumstances? (see 6.5.22 below"	The start of the 7th bullet point in this clause has changed from 2020.	Seen as re-wording rather than a change of guidance.

7. Record Keeping				
7.6 What do businesses need to do regarding third-party arrangements?	"A business may arrange for another organisation to perform some of its AML related activities – CDD or training for example. In which case, it must also ensure that the other party's record keeping procedures are good enough to demonstrate compliance with the MLTF obligations, or else it must obtain and store copies of the records for itself"	"A business may arrange for another organisation to perform some of its AML related activities – CDD or training, for example. The business must ensure it can obtain immediately on request copies of all relevant information from the third party. The business must therefore ensure that the other party's record keeping procedures are good enough to demonstrate compliance with the MLTF obligations"	Changes in bold	Stresses the importance of RBA & keeping records in terms of obtaining relevant records in case of SAR/DAML
8. Training and Awareness (8.3.3 mentions promotion of a culture)				
8.3.4	"Records should be kept showing who has received training, the training received and when training took place (see 7.4 of this guidance). These records should be used to assist in the recognition of when additional training is needed"	"Records must be kept of the training given to relevant employees and agents that should show who has received training, the training received and when training took place (see 7.4 of this guidance). These records should be retained in line with the business's data retention policy and be used to assist in the recognition of when additional training is needed"	Introduction of 'must' keep training records and appropriate storage of these records	Underlines the legal importance of training, given lack of training can have a legal impact on a business and RBA & keeping records again
9. Glossary				
SAR	"Suspicious activity report"	"This is the report that the MLRO makes to the Financial Intelligence Unit detailing knowledge or suspicions of money laundering and/or terrorist financing activity. For further details please see Chapter Six of this guidance"	Definition expanded	
UK MLTF Regime	This was UK AML Regime in 2020		Change in acronym	
Appendix B				
B.1.2	B.1 in 2020 "The original, or an acceptably certified copy, of a document should be seen, and a copy retained"	"The original, or an acceptably certified copy, of a document must be seen, and a copy retained"	This was Under B.1. Now in B.1.2	"Must" here may indicates increased legal significance
9.5 APPENDIX D: RISK FACTORS – PER REGULATIONS 33(6) AND 37(3) OF THE 2017 REGULATIONS				
D.2 Low Risk Factors	i. an EEA state	i. The UK	Change to reflect UK departure from the EU	

9.6 APPENDIX E: CASE STUDIES ON IDENTIFYING BENEFICIAL OWNERS DURING CUSTOMER DUE DILIGENCE				
Case Study 1	Not present in 2020	"Both individuals D and E would therefore need to be considered for CDD purposes as BOs of Company A Ltd"	New clause to clarify CDD	
Case study 6	"Individual E is a BO due to an indirect shareholding of 40% through Company B. Individual G is not a BO due to their indirect interest in capital and profits being only 20%"	"Individual E is a BO due to an indirect shareholding of 54.45% through Company B. Individual G is not a BO due to their indirect interest in capital and profits being only 19.8%"	Change in % amount of shareholding	May reflect changes in company law.
Case Study 12	"Company D is a company in the Dominican Republic. We believe its shareholders are F, G"	"Company D is a company in the Dominican Republic. We believe its shareholders are F, G, E and P"	Additions of E&P to case study	Significance not understood.

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