

HOW SHOULD THE ACCOUNTANCY PROFESSION START PREPARING?

- (1) **Start early to prepare because there will be a lot of work.** AMLR establishes significant responsibilities that cannot be implemented overnight. It is crucial to begin preparations as early as possible due to the extensive changes ahead. This is especially important for smaller practitioners, who will need to thoroughly review AML compliance for each of their new and existing clients.

Advice for practitioners

- (2) **Map compliance gaps early:** begin by identifying any compliance gaps in relation to the new AML requirements and start aligning your existing policies and procedures with the updated standards to make sure they are documented, fit for purpose, subject to regular review, ensuring these processes work.
- (3) **Ensure consistency across networks:** if you are part of a larger network, it is essential to maintain a consistent approach across all entities within the network.
- (4) **Prioritise data security:** the new rules impose significant obligations for client data collection. Focus on reliable data protection measures to prevent breaches and ensure the security of all collected information.
- (5) **Shift focus from data collection to true comprehension:** move beyond merely gathering documentation, and focus on truly understanding the information to know your client thoroughly. Simply amassing documents does not equate to genuine customer knowledge.
- (6) **Examine underlying processes:** it is not just about collecting information; you must also evaluate and strengthen the underlying processes, such as identifying beneficial ownership in line with the new definitions. Ensuring robust and structured processes will be key.
- (7) **Educate and inform your clients:** start educating your clients about the new AML obligations early in the process. By informing them of upcoming changes and their implications, you can help them remain compliant and continue to provide effective service.
- (8) **Pay attention to detailed changes:** the AMLR is highly detailed, and subtle changes can have significant implications. For example, the definition of Ultimate Beneficial Owner (UBO) has been refined, lowering the threshold for beneficial ownership at an interest of "25% or more"¹. This could require additional remediation work within your client portfolio.
- (9) **Invest in compliance infrastructure:** the new EU AML rules raise the compliance bar, making it crucial to invest in your compliance framework. This may be particularly challenging for smaller practitioners who will need to establish new processes, an internal audit programme and technology solutions.
- (10) **Leverage AMLA guidelines:** AMLA will provide standards and guidelines over the next two years. Use these resources to identify further elements necessary for a comprehensive AML compliance framework.
- (11) **Futureproof your governance model:** the AML package introduces more obligations and accountability for the senior management i.e. introduction of the AML compliance manager and mandatory compliance officer role, internal audit function and This will affect the governance structures and responsibilities of the practitioners in our sectors.
- (12) **Collaborate with professional bodies:** engage with your professional body or peers for guidance on navigating these changes. Collaboration and shared resources will be essential in meeting the new AML obligations effectively.

Advice for professional accountancy organisations

- (13) **Proactively support smaller practices:** the AML package is unprecedented in its scope and extent of detail. Professional accountancy bodies must take an active role in supporting smaller firms and practitioners, who may

¹ The current beneficial ownership threshold as set by the 4th AML Directive at "more than 25 %", see Article 3, 4th AML Directive <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L0849>.

lack the resources to develop the necessary AML compliance processes. This includes offering tailored assistance to help these practices navigate the increased obligations.

- (14) **Provide training materials and resources:** professional bodies will continue to play a key role in providing training programs, tools, and templates. Smaller and mid-sized practitioners will particularly benefit from practical templates, "how-to" documents, and sample policies that are designed to meet the requirements of AML compliance. While some resources are already available, they will need to be reviewed and updated to align with the new regulations.
- (15) **Encourage a mindset shift in smaller practices:** professional bodies should also emphasise the importance of understanding the rationale behind the AML regulations. It is essential that smaller practices not only comply with the rules but also integrate the underlying principles and rationale into their daily operations. This cultural shift will help ensure that compliance is not just a box-ticking exercise but a core aspect of professional conduct.