

# UK's AML Supervision Regime for Corporate Service Providers (CSPs)

## Executive Summary



The United Kingdom enforces a comprehensive and evolving Anti-Money Laundering (AML) supervision regime for Corporate Service Providers (CSPs), including trust and company formation agents, nominee providers, and registered office services. These firms are classified as "regulated businesses" under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended.

Firms must be registered, supervised, and compliant with risk-based AML controls to legally operate in or serve UK-based clients. Non-compliance results in severe civil and criminal penalties, public naming, and ineligibility to access banking or professional services.

## Who Supervises CSPs in the UK?

| Supervisory Authority                                | Scope                                                                                        |
|------------------------------------------------------|----------------------------------------------------------------------------------------------|
| HMRC                                                 | Supervises the majority of CSPs, including formation agents and nominee providers.           |
| FCA                                                  | Only relevant where CSP activity intersects with regulated financial services.               |
| Legal and Accountancy Bodies                         | Supervise CSPs operated through law firms or accounting practices (e.g. ICAEW, Law Society). |
| OPBAS (Office for Professional Body AML Supervision) | Oversees consistency and quality among legal/accounting AML supervisors.                     |

## What Is a Corporate Service Provider under UK AML Law?

The term covers any business or individual that, by way of business, provides:

- Company or LLP formation services
- Provision of registered office addresses
- Nominee director or shareholder services
- Trust formation or administration
- Secretarial or corporate governance services

## Key AML Compliance Obligations for UK CSPs

- **Mandatory AML Registration**
  - CSPs must register with HMRC (or other relevant body) prior to offering services.
  - Operating unregistered is a criminal offence.
- **Risk-Based Approach (RBA)**
  - CSPs must carry out documented risk assessments for:
    - Products/services
    - Delivery channels (e.g. remote onboarding)
    - Client geography (e.g. high-risk jurisdictions)
- **Customer Due Diligence (CDD)**
  - Identity verification of clients and beneficial owners (BOs)
  - Establishment of nature and purpose of the relationship
  - Screening for sanctions, PEPs, and adverse media
- **Enhanced Due Diligence (EDD)**
  - Triggered for high-risk clients, offshore structures, non-face-to-face relationships, or PEPs
- **Ongoing Monitoring**
  - Periodic reviews, transaction scrutiny, and re-verification when necessary
- **Suspicious Activity Reporting (SAR)**
  - CSPs must appoint a Money Laundering Reporting Officer (MLRO)
  - SARs must be submitted to the UK's National Crime Agency (NCA) when red flags arise
- **Training & Recordkeeping**
  - All relevant staff must be trained regularly
  - AML records retained for 5 years minimum

## Common Deficiencies Found in UK CSP Inspections

- Incomplete or outdated client risk assessments
- Failure to perform enhanced due diligence on non-UK entities
- Weak beneficial ownership verification on layered offshore structures
- Lack of AML training records
- Failure to register with HMRC before conducting CSP activity

## Sanctions for Non-Compliance

| Offence                   | Penalty                                                  |
|---------------------------|----------------------------------------------------------|
| Failure to register       | Up to £5,000 civil fine + criminal prosecution           |
| Breach of AML obligations | Unlimited civil fines + possible imprisonment            |
| Reputational risk         | Public censure and loss of access to UK banking services |

## Best Practices for Offshore Firms Serving UK Clients

- Register your CSP activity if offering UK entity formation or nominee services
- Maintain a UK-compliant AML policy and procedural manual
- Avoid using unregistered agents in the UK — liability extends to introducers
- Store CDD and source of funds evidence for all UK-based relationships
- Keep training logs and designate a qualified MLRO or Compliance Officer