

***Proposed amendments  
to the FCAs PEP  
guidance 2024 –  
consultation period to  
close on the 18th of  
October 2024.***

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# ***FCA's PEP guidance 2024***

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The FCA's consultation on proposed amendments to its guidance on applying a proportionate and risk-based approach to UK Politically Exposed Persons (PEPs), their relatives, and close associates for anti-money laundering (AML) purposes is set to close on October 18, 2024.

This follows the July 2024 announcement of proposed amendments to the existing FG17/6 Guidance on the treatment of PEPs. The FCA identified several areas needing improvement based on how firms have been implementing the current guidance.

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# ***The proposed amendments focus on three key areas:***

## **Non-executive Board Members of Civil Service Departments (NEBMs):**

- The updated guidance will clarify that NEBMs in the UK should not be treated as PEPs. This aims to provide firms with a clearer understanding of which roles are relevant for PEP classification in the UK context.

## **PEP Relationship Senior Management Sign-Off:**

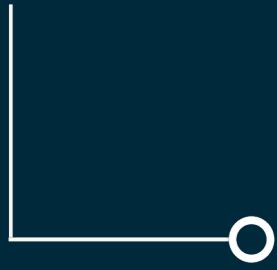
- The amendments will define more clearly which senior management functions are appropriate for signing off on relationships involving PEPs, offering firms greater clarity on internal processes.

**Regulation Updates from January 2024:** The UK Government's updates to regulations in January 2024 will be reflected in the revised guidance. This includes the key change that the starting point for a firm's risk assessment should be that domestic PEPs are considered lower risk than foreign PEPs unless other risk factors are identified. The FCA's guidance will include targeted amendments to align with this legislative shift.

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# *Next Steps*



The consultation period ends on October 18, 2024, after which the FCA will consider all feedback received. The FCA plans to publish its feedback on the consultation and release the final amended guidance text once this process is complete. Firms will need to stay updated on the changes to ensure their AML procedures remain compliant.

This consultation reflects the FCA's continued focus on ensuring that firms apply a risk-sensitive approach to PEPs while complying with evolving AML regulations.

