REGULATION & CONDUCT

REGULATORY COMMITTEES: MEASURES AND SANCTIONS GUIDANCE (MSG)

Practice Assurance Committee (PAC)

Effective from 4 January 2027

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1. PREFACE

ICAEW carries out important public law functions in the exercise of its regulatory powers, some of which derive from statute. One of ICAEW's principal objects, as set out in the Supplemental Charter of 1948, is to maintain high standards of practice and professional conduct within the profession.

ICAEW's role as an improvement regulator is to strengthen public trust in the profession and in ICAEW membership as a whole. It does this by enabling, evaluating and enforcing high standards within the profession. An effective Committee plays an important role in supporting that objective and in fulfilling ICAEW's duty to protect the public and the public interest.

This Guidance was approved by the ICAEW Regulatory and Conduct Board on [date] and applies to all matters considered by the Practice Assurance Committee from [date].

The purpose of this Guidance is to support consistency, fairness and transparency in the Committee's approach to sanctions, while preserving the Committee's discretion to determine the appropriate regulatory outcome on the facts and circumstances of each case. It is intended to assist the Committee, ICAEW members, contracted firms and member firms and/or their advisers by setting out the principles, methodology and indicative starting points that may be applied when considering regulatory financial penalties and other regulatory measures.

This Guidance is not a tariff. The Committee may depart from it where the circumstances of a particular case justify doing so, provided that reasons are given.

This Guidance applies to all sanction decisions made after its effective date. It will be kept under review to ensure that it remains aligned with the applicable regulatory framework, operational experience, oversight expectations and developments in regulatory practice. Any amendments will be approved through ICAEW's appropriate governance arrangements before taking effect.

2. REGULATORY FRAMEWORK AND FUNCTION

2.1 Regulatory framework

ICAEW's Practice Assurance Scheme provides a principles-based framework designed to support high standards of practice, compliance with professional obligations and adherence to applicable legal and regulatory requirements.

The principal applicable regulatory frameworks include the Practice Assurance Regulations, the Money Laundering Regulations 2017 and any associated guidance or regulatory requirements applicable to ICAEW members, contracted firms and member firms and practising certificate holders.

ICAEW is a supervisory authority recognised by HM Treasury under the Money Laundering Regulations 2017.

2.2 Oversight and accountability

The Committee operates within a wider regulatory oversight framework. ICAEW's anti-money laundering supervisory functions are subject to oversight by the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), which forms part of the Financial Conduct Authority.

Accordingly, ICAEW and the Committee must be able to demonstrate decision-making that is robust, evidence-based, fair, transparent and proportionate, with outcomes that effectively address identified risks and support compliance with the regulatory framework.
Oversight expectations also include effective cooperation with relevant regulators and law enforcement agencies, appropriate record-keeping, clear reasons for decisions and governance arrangements that support accountability and consistency.

This Guidance forms part of that framework by setting out the approach that the Committee is expected to follow, while preserving the ability to exercise appropriate judgment in the circumstances of individual cases.

3. CORE PRINCIPLES OF SANCTION DETERMINATION

When determining the appropriate regulatory outcome, the Committee should have regard to the following overarching principles:

- Protecting the public;
- Maintaining the reputation of the profession and ICAEW;
- Upholding proper and high standards of conduct of ICAEW members, contracted firms and member firms; and
- Correction and deterrence of misconduct.

3.1 Protecting the public

The principle of protecting the public extends beyond consideration of any direct harm suffered by clients or third parties.

The Committee should consider whether any breaches identified reveal ongoing risks arising from the conduct, systems, controls or culture of the ICAEW member, member firm or contracted firm, and whether regulatory action is necessary to mitigate those risks and maintain public confidence in regulation and the profession.

3.2 Maintaining the reputation of the profession

In applying this principle, the Committee should recognise the importance of maintaining public confidence in the profession and in ICAEW's regulatory framework.

The Committee should bear in mind the relevant extracts from the leading judgment of Lord Bingham in *Bolton v The Law Society (1994) 1 WLR 512:*

""To maintain this reputation and sustain public confidence in the integrity of the profession, it is often necessary that those guilty of serious lapses are not only expelled but denied readmission… otherwise, the whole profession, and the public as a whole, is injured. A profession's most valuable asset is its collective reputation and the confidence which that inspires... The reputation of the profession is more important than the fortunes of any individual member. Membership of a profession brings many benefits but that is a part of the price."

This authority highlights the importance of a profession's collective reputation and the confidence it inspires among the public. The Committee should consider the broader implications of the breaches identified and the impact that its decision may have on public confidence in the profession and in regulation more generally.

3.3 Upholding proper and high standards of conduct

The Committee plays an important role in maintaining proper standards of conduct across the profession through its regulatory decisions. When determining the appropriate regulatory outcome, the Committee should consider whether its decision and any sanction and/or action taken appropriately reinforces the professional standards expected of ICAEW members, contracted firms and member firms and promotes accountability and compliance with the regulatory framework.

Regulatory financial penalties and other regulatory measures should communicate clearly that serious or repeated failures to comply with professional and regulatory standards may result in meaningful regulatory consequences.

The Committee should also consider whether remedial or educational measures, including additional training, enhanced monitoring, undertakings or restrictions, may be sufficient to address the underlying causes of the breaches identified and reduce the likelihood of recurrence.

By adopting a proportionate and forward-looking approach, the Committee contributes to the maintenance of professional standards, the promotion of competent and ethical practice, and the protection of the integrity and credibility of the profession.

3.4 Correction and deterrence

In determining the appropriate regulatory outcome, the Committee should consider whether the overall measures imposed, including any regulatory financial penalty, are sufficient to achieve credible specific deterrence in relation to the member or member/contracted firm concerned and, where appropriate, wider general deterrence. Although sanctioning will not, in itself, improve conduct or competency, regulatory action may support remediation, secure future compliance and reduce the risk of recurrence.

Regulatory financial penalties, where appropriate, may have particular deterrent value because they are ordinarily capable of publication and therefore communicate to ICAEW members, contracted firms and member firms, the profession and the wider public that breaches of the regulatory framework may result in meaningful regulatory consequences.

4. THE DECISION-MAKING PROCESS

In exercising its functions, the Committee makes regulatory decisions rather than disciplinary findings. Its decision-making approach is risk-based and informed by ICAEW's role as an improvement regulator. The Committee's focus is on protecting the public and the public interest, promoting compliance with the regulatory framework, supporting remediation where appropriate, and maintaining confidence in regulation. Accordingly, the Committee is therefore concerned not only with what has gone wrong, but also with what outcome is necessary and proportionate to address the risk identified, prevent recurrence and secure future compliance.

The Quality Assurance Department (QAD) of the ICAEW plays a key role by monitoring the work carried out by ICAEW members, contracted firms and member firms. It conducts monitoring reviews to assess compliance with the applicable rules, bye-laws and regulations.

Where concerns are identified regarding compliance with ICAEW's regulatory requirements, the Committee may take regulatory action to address identified risks and support future compliance. Depending on the nature and seriousness of the issues identified, regulatory action may include (but not limited to):

- requiring the member or member/contracted firm to undertake, or refrain from taking, specific action
- obtaining undertakings from a member or member/contracted firm; and/or
- offering financial penalties.

The Committee will ordinarily consider reports and recommendations prepared through the relevant regulatory processes, including findings arising from QAD monitoring visits and inspections and recommendations from Regulatory Practice (RP). This information will usually identify the relevant regulations, rules and standards engaged, summarise the relevant facts and may include a recommended regulatory outcome.

Any recommendation is intended to assist the Committee but is not determinative. Decisions on breach, seriousness, regulatory outcome and any regulatory financial penalty remain matters for the Committee's independent judgment.

The regulatory process differs in important respects from the Disciplinary Scheme. The Committee may offer regulatory financial penalties and require members or member/contracted firms to undertake certain regulatory measures under the applicable regulations, but it cannot impose disciplinary sanctions such as reprimands or severe reprimands.

Regulatory action is intended to provide an effective, proportionate and expeditious means of addressing regulatory concerns where the matter remains suitable for disposal within the Committee's powers and where any regulatory financial penalty is accepted. Matters involving potentially more serious misconduct, requiring formal investigation, or unsuitable for disposal by consent may instead require referral into the disciplinary framework.

Regulatory financial penalties may only be imposed with the consent of the member or member/contracted firm. There is no right of appeal against a regulatory financial penalty accepted by consent. Where a member or member/contracted firm does not consent to the proposed regulatory financial penalty, the matter may be referred to the Conduct Department (TCD) and dealt with under the relevant disciplinary processes.

The Committee must take into account any advice provided by the Secretary, including advice on the application of the relevant guidance and regulations, when reaching its decision.

4.1 Referrals to the conduct department

In many cases, regulatory action within the Committee's powers will be sufficient to address the concerns identified and to protect the public and the public interest. However, the Committee should recognise that there will be cases where a regulatory financial penalty and/or other regulatory measures would not, on their own, provide an adequate or appropriate response to the nature, seriousness or circumstances of the conduct identified.

In considering whether referral is appropriate, the Committee should have regard to:

- the seriousness of the breaches identified;
- whether the conduct raises potential disciplinary concerns;
- the extent of any actual or potential harm;
- whether any further investigation may be required including circumstances where there is a clear dispute of facts between the member or member/contracted firm and ICAEW;
- whether the matter raises wider concerns regarding professional integrity, ethics or compliance; and
- the need to maintain public confidence in the profession and its regulatory framework.

If, on the evidence available to it, the Committee considers that the matter may warrant disciplinary investigation or that its own regulatory powers may be insufficient to address the concerns identified, the matter should be referred to TCD.

The Committee should also recognise that QAD and RP perform monitoring and supervisory functions and do not exercise formal investigation powers. There may therefore be cases where the concerns identified through monitoring require further enquiry and investigation by TCD.

Where the Committee refers a matter to TCD, it should consider whether there is information suggesting that there may be an ongoing risk to the public or the public interest. Any such concerns should be identified within the referral so that consideration may be given to whether interim measures or an interim order application may be appropriate. The Committee does not itself determine whether an interim order application should be made, but it may indicate, based on the information before it, that further risk assessment may be required.

Following referral, TCD will assess the matter in accordance with the disciplinary framework and determine whether further action is appropriate. Not all referrals will result in disciplinary proceedings or disciplinary findings. The fact that a matter may take longer to conclude following referral should not deter the Committee from making a referral where the public interest requires it.

5. REGULATORY MEASURES

The Committee can impose a number of measures to protect the public and the public interest, promote ongoing compliance and ensure enhanced monitoring where regulatory concerns remain. Even if a committee considers that a regulatory financial penalty is warranted, it is still able to impose other measures available to it through the relevant regulations, if it considers them to be appropriate.

5.1 Require the individual or firm to take or refrain from certain actions

The Committee may require individuals or firms to refrain from or undertake certain actions where it considers such measures necessary and proportionate to address identified risks, secure future compliance or protect the public and the public interest. This may be appropriate where the Committee considers that the concerns identified can be adequately addressed without the need for referral to the Conduct Department. This may include, for example:

- enhanced monitoring or reporting requirements;
- requirements relating to supervision, quality control or compliance procedures; or
- requirements for remedial action, training or external review.

Any required action should:

- be relevant to the concerns identified;
- be proportionate and no more restrictive than reasonably necessary;
- be clear, workable and capable of effective monitoring;
- include appropriate timescales for compliance; and
- be objectively capable of assessment.

In determining whether this course of action is appropriate, the Committee should consider whether less restrictive measures could adequately address the identified risks, the impact on the member, member firm or contracted firm and clients, and whether review arrangements are appropriate. The Committee should provide reasons for imposing any requirements.

Failure to comply with a decision or order of the PAC is a serious matter and may result in further regulatory or disciplinary action.

5.1.1. Remedial training

The Committee may require a member to undertake additional training, or a member firm or contracted firm to arrange additional training for relevant individuals, where this is considered necessary to address identified deficiencies, secure future compliance or reduce the risk of recurrence.

Training requirements may be imposed as a standalone measure or as part of requirements imposed by the Committee.

In determining whether remedial training is appropriate, the Committee may consider:

- the nature and seriousness of the concerns identified;
- whether the member or member/contracted firm has demonstrated insight into the deficiencies identified that would mean training could be effective;
- the need to improve competence, systems or compliance practices; and
- any relevant Continuing Professional Development requirements.

Any training requirement should be proportionate, relevant to the concerns identified, clearly defined and capable of effective monitoring or verification.

The Committee should specify any applicable timescales for evidence of completion to be provided to the ICAEW and/or the Committee and provide reasons for imposing the requirement.

5.2 Undertakings

A Committee may accept undertakings where it considers such action appropriate to address identified deficiencies, secure future compliance and reduce the risk of recurrence.

An undertaking is a formal commitment made by a member or member/contracted firm to fulfil specified obligations or requirements in response to concerns identified by ICAEW. Undertakings can provide a proactive and cooperative means of addressing actual or potential breaches and promoting accountability, transparency and public protection.

When inviting a member or member/contracted firm to provide an undertaking, the Committee should specify any applicable timescales for compliance and explain why it considers the undertaking appropriate in the circumstances. Any undertaking should be proportionate, relevant to the concerns identified, clear, specific, time-bound and capable of effective monitoring or verification.

Failure to comply with an undertaking is a serious matter and may result in further regulatory or disciplinary action.

6. REGULATORY FINANCIAL PENALTIES

A regulatory financial penalty may be appropriate where the matter is sufficiently serious to require a formal financial sanction but remains suitable for disposal within the Committee's regulatory powers.

The starting points for financial penalties are set out in the relevant categories and will either involve a multiplier or will refer to one of six separate categories, set out below. These will be subject to adjustment from time to time in line with inflation. The current categories are as follows:

Category A £25,000
Category B £20,000
Category C £15,000
Category D £10,000
Category E £5,000
Category F £2,000

These financial penalties may be offered according to the more detailed guidance provided in the tables below.

When determining whether to offer a regulatory financial penalty and, if so, the appropriate level of that penalty, the Committee should seek to reach an outcome that supports the protection of the public and the public interest, maintains confidence in the profession and regulation, upholds proper professional standards and promotes accountability.

Each case must be determined on its own facts and circumstances. The Committee must balance the interests of the member or member/contracted firm carefully against the need to protect the public and the public interest. Where the breach is significant and a financial penalty alone is deemed inadequate, the Committee should consider referring the matter to TCD.

The Committee should adopt a structured approach when determining regulatory financial penalties in order to promote consistency, fairness and transparency in decision-making.

The proposed regulatory financial penalty should be determined by following the steps set out in the following flowchart:

6.1 The Flowchart

1. Identify the correct category for the breach (or nearest category if it does not fit into any existing category)

2. Determine which starting point applies within the category (e.g. whether the matter is very serious / serious / less serious)

3. Identify the breach specific and common aggravating factors present in the case. Then identify the breach specific and common mitigating factors. Assess whether the identified aggravating and mitigating factors justify moving from the starting point by increasing or decreasing the financial regulatory penalty.

4. Proportionality – consider any aspects which contribute to whether the proposed financial penalty is appropriate and balanced in all the circumstances. Does it meet the misconduct found in the matter?

5. Consider financial circumstances – determine whether it is appropriate to reduce the penalty accordingly and/or whether to provide a longer period to pay any financial sanction.

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6.2 Identify the relevant category of breach from within this guidance

The Committee should consider the reports and recommendations prepared through the relevant regulatory process, including any proposed category or indicative regulatory financial penalty. Such recommendations are intended to assist the Committee and the member or member/contracted firm but are not determinative.

The decision on the appropriate category, regulatory outcome and any regulatory financial penalty remains a matter for the Committee's own independent judgment. The Committee may depart from any recommendation, indicative starting point or category where it considers it appropriate to do so, provided clear reasons are given.

Where no category directly corresponds to the matter under consideration, the Committee should identify and apply the category that most closely reflects the nature and seriousness of the breaches identified, with assistance from the Committee Secretary where appropriate.

6.3 Determine the nature and seriousness of the conduct

For many categories of breach or failure, this Guidance identifies different starting points for regulatory financial penalties according to the nature and seriousness of the conduct identified. The Committee should first determine the seriousness of the breaches or failures before considering any aggravating or mitigating factors. These are separate stages of the assessment, and the Committee should avoid conflating them or double counting relevant factors.

For each category of breach, and where applicable sub-category based on seriousness, this Guidance provides an indicative starting point for the Committee's consideration. The starting point is not the presumed or expected penalty for the breach. Rather, it indicates the point from which the Committee should begin its assessment before considering aggravating and mitigating factors and any issues of proportionality which may justify an increase or reduction in the proposed penalty.

Depending on the nature of the breaches or failures identified, seriousness may be assessed by reference to the member or member/contracted firm's state of mind or conduct or the quality of work identified through monitoring or inspection.

The Committee should determine whether the conduct falls within one of the following categories:

- **Very serious** – this will generally mean where the conduct was deliberate and knowing.

- **Serious** – this will generally mean where the conduct was reckless or featured unjustified risk taking (a knowing and conscious disregard of the risks, potential risks, risk of harm or harm associated with the actions taken OR taking action inconsistent with responsibilities and expectations of the profession that one should reasonably be aware of leading to a risk of harm or harm associated with the actions taken), OR, if the conduct falls between 'Very Serious' and Less Serious'.

- **Less serious** – this will generally mean where the conduct resulted from failures to carry out certain required or expected acts or breaches of strict liability regulations or where there is no evidence of a deliberate act, unjustified risk taking or recklessness.

When assessing the seriousness of a breach, the Committee should distinguish between the nature of the conduct itself and the consequences that flowed from it. A serious outcome does not necessarily mean that the underlying conduct was serious, just as conduct may be very serious even where no actual harm resulted.

6.4 Aggravating and mitigating factors

Once the Committee has identified the appropriate starting point for the regulatory financial penalty, it should consider any relevant aggravating and mitigating factors. The Committee should first identify any relevant breach-specific aggravating and mitigating factors identified within the relevant category of breach. The Committee should then consider whether any of the common aggravating or mitigating factors set out below are also relevant to the matter under consideration.

The Committee should attach appropriate weight to those factors and may increase or reduce the proposed penalty accordingly. The weight to be attached to any factor will depend on the circumstances of the case and there may be cases where aggravating and mitigating factors balance each other out.

The Committee should be mindful that certain factors may already be reflected within the nature or seriousness of the breaches identified and should avoid double counting such factors when adjusting the proposed penalty.

The lists below contain common aggravating and mitigating factors which may arise irrespective of the nature of the specific breaches identified. The lists are not exhaustive and are not arranged in any order of priority. The Committee may also identify other aggravating or mitigating factors arising from the particular circumstances of the case.

Common aggravating factors

- Repeated failures over a prolonged period; (what may be considered lengthy will depend on the facts of each case)
- Evidence of a lack of insight and/or into the seriousness of the breaches identified or their actual or potential consequences;
- Evidence of a lack of remedial action;
- Evidence of actual or potential adverse financial or other consequences for clients, third parties or the public;
- Previous regulatory and/or disciplinary sanctions for similar matters;
- Failure to engage and/or cooperate appropriately with ICAEW (particularly where this indicates a blatant disregard for regulatory obligations and/or a lack of respect for the regulatory process and/or an unwillingness to uphold the standards and transparency expected of accountants and/or undermine public confidence in the regulatory process.);
- Evidence of a lack of acceptable/respectful behaviour/communication with ICAEW staff;
- The member or member/contracted firm was on notice of the concerns prior to the breaches occurring (e.g. correct advice given on what constitutes proper conduct by ICAEW, or knowledge gained from any other appropriate source, but was ignored),
- Firm size and/or number of principals is such that it gives rise to a heightened expectation of robust systems, controls and oversight arrangements,
- Evidence of non-compliance at previous QAD visit on the same issue that has not been addressed.

Common mitigating factors

- Isolated failure and/or over a very short period of time (what may be considered short will depend on the facts of each case);
- Absence of actual adverse consequences to clients, third parties or the public;
- Evidence of meaningful insight and/or remorse in respect of the concerns identified;
- Evidence of pro-active and/or timely and effective remedial action;
- The issue was identified through the individual’s or firm's own compliance processes,
- Reprehensible conduct/correspondence on the part of the client;
- Acted with an honestly held belief regarding the circumstances known to them at the time
- Self-reported conduct;
- Previously unblemished regulatory or disciplinary record; and
- Evidence of relevant personal mitigation, where the wider public interest permits.

The Committee should ensure that any aggravating or mitigating factor relied upon is supported by evidence. Such factors should not be based on speculation or assumptions.

6.5.1 Insight

Assessing insight into wrongdoing is a critical element in the Committee's decision-making. It involves a careful examination of an individual or firm's ability to comprehend the nature and impact of its actions. Assessing insight goes beyond mere acknowledgment of wrongdoing; it delves into the depth of understanding displayed by the individual or firm. This assessment seeks to answer questions such as whether the firm recognises the factors that led to its failings, comprehends the harm caused to others, itself or the reputation of the profession, and appreciates the necessity for change or corrective action. Insight is often regarded as an indicator of how a firm will act in future and therefore it is an important tool when considering the risk of future harm. It can significantly influence the determination of appropriate interventions and mechanisms put in place for support.

It is important to remember that following the Committee's consideration, a regulatory financial penalty is offered to the relevant individual or firm. If an individual or firm does not accept the breach, and consequently the regulatory financial penalty offered, then the matter is referred to TCD. Therefore, the Committee does not need to distinguish between a lack of insight and a firm's right to defend itself when arriving at what will be considered an appropriate penalty to offer, as that offer can be rejected if the firm wishes to continue to defend its position within the disciplinary framework.

6.6 Proportionality and financial means

Once the Committee has considered the appropriate breach category, level of seriousness, and any aggravating and mitigating factors, it should then consider whether the regulatory penalty reached is proportionate in all the circumstances of the matter.

The principle of proportionality requires that any infringement of individual rights be limited to what is appropriate and necessary to achieve a legitimate aim. The Committee should therefore remind itself of the purpose of regulatory penalties and consider proportionality by reference to public protection, maintaining the reputation of the profession and ICAEW membership as a whole, upholding proper and high standards of conduct within the profession, and the correction and deterrence.

In accordance with the Human Rights Act 1998 and the underlying principles reflected in Article 8 of the European Convention on Human Rights, the Committee must strike a fair balance between the rights of the member, member firm or contracted firm and the wider public interest. Before reaching a final decision on the penalty to be offered, it should ensure that the penalty is sufficient to achieve the intended purpose of regulatory action but does not exceed what is necessary to achieve that purpose.

When considering whether the regulatory penalty is proportionate, the Committee should ordinarily have regard to the income derived from the regulated activity to which the breach relates. However, where there are good reasons to do so, the Committee may also have regard to wider firm income in light of the particular circumstances of the case.

Separately, in cases involving larger firms, the Committee may consider whether an adjustment is necessary to ensure that the penalty remains effective and dissuasive. Where appropriate, this may include considering a percentage of overall firm income.

Where the Committee takes wider firm income into account for this purpose, it should be satisfied that doing so is necessary to achieve an appropriate regulatory outcome.

The Committee may consider any information about the financial means and circumstances of the individual or firm which, in its view, has an impact on the financial penalty to be offered. This is a separate consideration from proportionality and is connected to ability to pay rather than whether the penalty is appropriate. If no documentary evidence is provided, the Committee is entitled to assume that the individual or firm can meet the penalty offered. If there is clear evidence of limited means, the Committee may reduce the penalty accordingly, but this should not negate the need for the penalty to act as a credible deterrent.

6.7 Publicity

Publicity serves an important role in maintaining transparency, accountability and public confidence in regulatory and disciplinary processes. It supports the principle of open justice. Accordingly, publication should be regarded as the normal outcome of regulatory action, unless the applicable regulatory framework or ICAEW's policy on publicity provides otherwise, or there are particular circumstances which justify a different approach.

Publicity informs the public, ICAEW stakeholders and the membership about the outcomes of regulatory actions and helps to foster trust in the fairness and effectiveness of those processes. Any decision in relation to publicity must be made in accordance with ICAEW's applicable policy on publicity and the relevant regulatory framework.

6.8 Previous ICAEW regulatory or disciplinary findings

The Committee should consider any relevant previous ICAEW regulatory or disciplinary findings only after determining the appropriate category of breach, the seriousness of the conduct and the indicative starting point for the proposed regulatory financial penalty.

This approach helps ensure fairness and avoids undue prejudice by ensuring that the Committee first assesses the current breaches or failures on their own facts and circumstances before it is informed of, and considers any previous regulatory or disciplinary history.

When considering previous findings, the Committee should have regard to:

- the relevance of the previous findings to the current matter;
- the nature and seriousness of the previous breaches;
- the timing of the previous findings, including whether they demonstrate that the member or member/contracted firm was on notice regarding the standards expected;
- any remedial action or evidence of improved compliance following the previous findings; and
- the impact of the previous findings on public confidence in the profession and regulation.

The weight to be attached to any previous findings will depend on the circumstances of the case.

Indicative Sanctions table – Practice Assurance

1. Practice assurance - general

	Allegation	Starting Point	Aggravating Factors	Mitigating factors
a.	**Unethical promotion practices – members/ICAEW members, contracted firms and member firms making exaggerated claims for the services they are able to offer or making disparaging or unsubstantiated references to the work of others**			
i.	Very serious	Referral	• Failure to correct the breach when it was brought to attention	• Actions taken by a third party • Prompt acknowledgment of the wrongdoing
ii.	Serious	Referral or a category E financial penalty	• Failure to correct the breach when it was brought to attention	• Actions taken by a third party • Prompt acknowledgment of the wrongdoing
iii.	Less serious	A category F financial penalty	• Failure to correct the breach when it was brought to attention	• Actions taken by a third party • Prompt acknowledgment of the wrongdoing
b.	**Commissions – failure to obtain consent to retain commissions and/or notify clients of the amounts received**			
i.	Very serious	Referral	• Refusal to take action or correct • Number of clients • Number of instances • Deliberate act to gain personal advantage • Amounts involved substantial	• Relied on someone else to notify of changes and/or deal with compliance matters[1]

[1] It will be a matter for the committee as to whether the reliance was appropriate in the particular circumstances of the case

ii.	Serious	Referral or a category D financial penalty	• Refusal to take action or correct • Number of clients • Number of instances • Deliberate act to gain personal advantage • Amounts involved substantial	• Relied on someone else to notify of changes and/or deal with compliance matters[1]
iii.	Less serious	A category E financial penalty	• Refusal to take action or correct • Number of clients • Number of instances • Deliberate act to gain personal advantage • Amounts involved substantial	• Relied on someone else to notify of changes and/or deal with compliance matters[1]
c.	**Other departures from the Code of Ethics**			
i.	Very serious	Referral	• High level of public attention and/or high public interest • Amount involved substantial • Member in a position of trust • Deliberate act to gain personal advantage	
ii.	Serious	Referral or a category D financial penalty	• High level of public attention and/or high public interest • Amount involved substantial • Member in a position of trust • Deliberate act to gain personal advantage	
iii.	Less serious	A category E financial penalty	• High level of public attention and/or high public interest • Amount involved substantial • Member in a position of trust	

			• Deliberate act to gain personal advantage	
d	**Refusing to accept a visit from QAD**			
	N/A	Referral	• Behaviour which has frustrated the regulatory oversight process	
e.	**Failure to engage with and/or cooperate following a QAD visit, including failure to respond to correspondence following the closing visit and/or failure to engage with and/or co-operate with the Regulation and Conduct Department**			
i.	There has been a complete failure to co-operate	Referral or a category C financial penalty	• Deliberate or wilful refusal to cooperate or respond. • Prolonged or repeated failure to engage with the QAD or ICAEW • Behaviour which has frustrated the regulatory oversight process. • Attempts to obstruct or evade further regulatory scrutiny.	• Relied on someone else to deal with compliance matters[1]
ii.	Partial failure to comply	Referral or a category D financial penalty	• Still not complied with condition and/or restriction and/or requirement imposed	• Relied on someone else to deal with compliance matters[1]
iii.	There has been full co-operation but not within the required timescale	A category E financial penalty	• Deliberate or wilful refusal to cooperate or respond. • Prolonged or repeated failure to engage with the QAD or the Conduct Department. • Behaviour which has frustrated the regulatory oversight process. • Attempts to obstruct or evade further regulatory scrutiny	• Relied on someone else to deal with compliance matters[1]

f.	**Other cases where a member/member firm/contracted firm has failed to act, or acted belatedly, on obligations placed upon them by a Regulation and Conduct Committee**			
i.	Very serious	Referral	• Still not complied with obligation placed upon them • Significant time or opportunities to resolve.	• Member is frustrated in complying by matters beyond their control.
ii.	Serious	Referral or a category D financial penalty	• Still not complied with obligation placed upon them • Significant time or opportunities to resolve.	• Member is frustrated in complying by matters beyond their control.
iii.	Less serious	A category E financial penalty	• Still not complied with obligation placed upon them • Significant time or opportunities to resolve.	• Member is frustrated in complying by matters beyond their control.
g.	**Engaging in public practice in the UK without holding qualifying PII (3.1 of the PII regulations)**			
i.	Very serious	Referral	• On notice of the requirement but failed to take action. • Breach not corrected or slow to correct the breach. • High risk work, e.g. client profile, type of work or volume of work undertaken	• Breach rectified as soon as it was brought to their attention. • Low risk work, e.g. client profile, type of work or volume of work undertaken
ii.	Serious	Referral or a category D financial penalty	• On notice of the requirement but failed to take action. • Breach not corrected or slow to correct the breach. • High risk work, e.g. client profile, type of work or volume of work undertaken	• Breach rectified as soon as it was brought to their attention. • Low risk work, e.g. client profile, type of work or volume of work undertaken

iii.	Less serious	A category E financial penalty	• On notice of the requirement but failed to take action. • Breach not corrected or slow to correct the breach. • High risk work, e.g. client profile, type of work or volume of work undertaken	• Breach rectified as soon as it was brought to their attention. • Low risk work, e.g. client profile, type of work or volume of work undertaken
h.	**Engaging in public practice in the UK without sufficient PII (3.2 of the PII regulations)**			
i.	Very serious	Referral	• On notice of the requirement but failed to take action. • Breach not corrected or slow to correct the breach. • High risk work, e.g. client profile, type of work or volume of work undertaken	• Breach rectified as soon as it was brought to their attention. • Low risk work, e.g. client profile, type of work or volume of work undertaken
ii.	Serious	Referral or a category E financial penalty	• On notice of the requirement but failed to take action. • On notice of the requirement but failed to take action. • Breach not corrected or slow to correct the breach. • High risk work, e.g. client profile, type of work or volume of work undertaken	• Breach rectified as soon as it was brought to their attention. • Low risk work, e.g. client profile, type of work or volume of work undertaken
iii.	Less serious	A category F financial penalty	• Breach not corrected or slow to correct the breach. • High risk work, e.g. client profile, type of work or volume of work undertaken	• Breach rectified as soon as it was brought to their attention. • Low risk work, e.g. client profile, type of work or volume of work undertaken

i.	**Failure to notify ICAEW of a change as required by regulations**			
		A category F financial penalty	• On notice of the requirement but failed to take action • Use of the description 'Chartered Accountants' when not eligible to do so	• Immediate action taken once became aware of the breach
j.	**Failure to notify new clients of the name of the principal to whom a complaint should be made and the right to complain to ICAEW (Investigation and Disciplinary regulation 8.1)**			
		A category F financial penalty	• Member informed of requirement by ICAEW and continued to fail to comply	• All clients have now been notified of the complaints procedure
k.	**Failure to provide fee quotes or details of the basis of fees in writing, either before the beginning of the engagement, or as soon as possible after the start of the engagement**			
		A category F financial penalty	• Member informed of requirement by ICAEW and continued to fail to comply	• All clients have now been notified
l.	**Firm not eligible to use the description 'Chartered Accountants'**			
		A category F financial penalty and fees saved	• Member informed of requirement by ICAEW and continued to fail to comply • Correct advice given by ICAEW or another and ignored • Breach not corrected or slow to correct the breach • Firm has gained a competitive advantage from using the description when ineligible to do so	• Immediate action taken once became aware of the breach • Breach rectified as soon as it was brought to their attention

m.	**Failure to submit, or significant delay in submitting, an annual return to ICAEW**			
	N/A	Referral or category E financial penalty per annual return	• Wilful failure. • On notice of the requirement but failed to take action. • Breach not corrected or slow to correct the breach.	• Immediate action taken once became aware of the breach . • Genuine oversight or administrative error rather than intentional non compliance. • Relied on someone else to deal with compliance matters[1]
n.	**Significant or multiple errors in annual return submitted to ICAEW**			
	N/A	A category F financial penalty per annual return	• Wilful failure. • On notice of the requirement but failed to take action. • Breach not corrected or slow to correct the breach.	• Immediate action taken once became aware of the breach • Genuine oversight or administrative error rather than intentional non compliance. • Relied on someone else to deal with compliance matters.
o.	**Failure to comply with an assurance given to an ICAEW Committee and/or ICAEW staff following a QAD visit**			
	N/A	**Single breach** A category F financial penalty **Multiple breaches** A category F financial penalty per breach	• Blatant disregard / absence of effort made to comply.	• Action now taken to ensure that the firm is no longer in breach
p.	**Failure to comply with a decision of the PAC or an undertaking given to the PAC (not relevant for CPD)**			
i.	There has been a complete failure to comply	Referral	• Blatant disregard, total absence of effort made to comply	• Breaches corrected immediately following the allegation • Procedures introduced to avoid recurrence • Member is frustrated in complying by matters beyond their control

ii.	There has been partial compliance	Referral or a category C financial penalty	• Blatant disregard, total absence of effort made to comply	• Breaches corrected immediately following the allegation • Procedures introduced to avoid recurrence • Member is frustrated in complying by matters beyond their control
iii.	There has been full compliance but not within the required timescale set by the committee	A category E financial penalty	• Blatant disregard, total absence of effort made to comply	• Breaches corrected immediately following the allegation • Procedures introduced to avoid recurrence • Member is frustrated in complying by matters beyond their control[1]
q.	**Other breach of the Practice Assurance Regulations**			
i.	Very Serious	Referral or a category D financial penalty	• Number of clients affected • Number of instances • Intention to mislead • Impact on client of third parties • Indication of systemic weaknesses	• Isolated instance
ii.	Serious	Referral or a category E financial penalty	• Number of clients affected • Number of instances • Intention to mislead • Impact on client of third parties • Indication of systemic weaknesses	• Isolated instance
iii.	Less serious	A category F financial penalty	• Number of clients affected • Number of instances • Intention to mislead • Impact on client of third parties • Indication of systemic weaknesses	• Isolated instance

2. Money Laundering Regulations (no criminal conviction)

<table>
<tr><th>Allegation</th><th>Starting Point</th><th>Aggravation</th><th>Mitigation</th></tr>
<tr><td colspan="4">a. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (AML/CTF)
Failure by firm to:
• take steps to identify and assess the ML, TF and PF risks (Regulation 18 and 18A); or
• establish and maintain policies, controls and procedures (Regulations 19, 19A and 20); or
• examine and evaluate the adequacy and effectiveness of the policies, controls and procedures (Regulation 21); or
• consider internal disclosures and determine whether the disclosure gives risk to knowledge or suspicion of ML (Regulation 21); or
• take appropriate measures to ensure staff are appropriately trained (Regulation 24); or
• apply customer due diligence measures (Regulation 27- 38); or
• apply the reliance provisions (Regulation 39); or
• keep records (Regulation 40); or
• report discrepancies in PSC register (Regulation 30A).</td></tr>
<tr><td>i. Very serious</td><td>Referral</td><td>• Misconduct resulted in clients being taken on in breach of the money laundering regulations.
• Misconduct resulted in money/assets being received/handled in breach of Proceeds of Crime Act 2002 (POCA).
• Misconduct resulted in firm being exposed to significant AML risk.
• Suspicious activity was not identified or documented.
• Misconduct applied to a significant number of clients or was a systematic weakness.</td><td>• Misconduct did not expose firm to AML risk.</td></tr>
</table>

ii. Serious	Referral or a financial penalty of the greater of £2,000 per principal capped at **£100,000 / £50,000 or a category C financial penalty ** £100,000 for firms with turnover in last financial year of more than £100m; £50,000 for firms with turnover in the last financial year of up to £100m	• Misconduct resulted in clients being taken on in breach of the money laundering regulations. • Misconduct resulted in money/assets being received/handled in breach of POCA. • Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented. • Misconduct applied to a significant number of clients or was a systematic weakness.	• Misconduct did not expose firm to AML risk.
iii. Less serious	Referral or a financial penalty of the greater of £1,000 per principal capped at ***£75,000 / £37,500 or a category D financial penalty *** £75,000 for firms with turnover in last financial year of more than £100m; £37,500 for firms with turnover in the last financial year of up to £100m	• Misconduct resulted in clients being taken on in breach of the money laundering regulations. • Misconduct resulted in money/assets being received/handled in breach of POCA. • Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented. • Misconduct applied to a significant number of clients or was a systematic weakness.	• Misconduct did not expose firm to AML risk.

b. The Money Laundering Regulations 2007 (MLR) **Failure by firm to:** • **establish and maintain appropriate risk sensitive policies and procedures (Regulation 20); or** • **consider internal disclosures and determine whether the disclosure gives risk to knowledge or suspicion of ML (Regulation 20); or** • **take appropriate measures to ensure staff are appropriately trained (Regulation 21); or** • **apply customer due diligence measures (Regulation 5-14); or** • **apply the reliance provisions (Regulation 17); or** • **keep records (Regulation 19).**			
i. Very serious	Referral	• Misconduct resulted in clients being taken on in breach of the money laundering regulations. • Misconduct resulted in money/assets being received/handled in breach of POCA. • Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented. • Misconduct applied to a significant number of clients or was a systematic weakness.	• Misconduct did not expose firm to AML risk.
ii. Serious	Referral or a financial penalty of the greater of £2,000 per principal capped at **£100,000 / £50,000 or a category C financial penalty ** £100,000 for firms with turnover in last financial year of more than £100m; £50,000 for firms with turnover in the last financial year of up to £100m	• Misconduct resulted in clients being taken on in breach of the money laundering regulations. • Misconduct resulted in money/assets being received/handled in breach of POCA. • Misconduct resulted in firm being exposed to significant AML risk.	• Misconduct did not expose firm to AML risk.

		• Suspicious activity was not identified or documented. • Misconduct applied to a significant number of clients or was a systematic weakness.	
iii. Less serious	Financial penalty of the greater of £1,000 per principal capped at ***£75,000 / £37,500 or a category D financial penalty *** £75,000 for firms with turnover in last financial year of more than £100m; £37,500 for firms with turnover in the last financial year of up to £100m	• Misconduct resulted in clients being taken on in breach of the money laundering regulations. • Misconduct resulted in money/assets being received/handled in breach of POCA. • Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented. • Misconduct applied to a significant number of clients or was a systematic weakness.	• Misconduct did not expose firm to AML risk.
c. Firm has failed to take reasonable care to ensure no-one is appointed to act, or continues to act, as an officer or manager of the firm without approval by ICAEW (MLR17 Regulation 26(4))			
N/A	Referral or a category D financial penalty	• Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented. • Non-approval for lengthy period.	• Misconduct did not expose firm to AML risk.
d. Failure by firm to report an approved person with a relevant criminal conviction to ICAEW within 30 days of the date on which the firm became aware of the approved person's conviction (MLR17 Regulation 26(10))			
N/A	Referral or a category D financial penalty	• Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented.	• Misconduct did not expose firm to AML risk.

e. Failure by firm to ensure appropriate AML supervision is in place (MLR17 Regulation 8, and Parts 1-6 and 8-11); (MLR07 Parts 1-6) or Firm acting as a TCSP when not included on HMRC's TCSP register (MLR17 Regulation 56)			
N/A	Referral or a category D financial penalty	• Misconduct resulted in firm being exposed to significant AML risk. • Non-compliance for lengthy period.	• Misconduct did not expose firm to AML risk
INDIVIDUAL			
f. Failure to report			
N/A	Referral		
g. Tipping off			
i. N/A	Referral		
h. Failure to follow firm's policies, controls and procedures			
i. Very serious	Referral	• Misconduct resulted in clients being taken on in breach of the money laundering regulations. • Misconduct resulted in money/assets being received/handled in breach of POCA. • Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented. • Misconduct applied to a significant number of clients or was a systematic weakness.	• Misconduct did not expose firm to AML risk.
ii. Serious	Referral or a category C financial penalty and/or order for remedial training	• Misconduct resulted in clients being taken on in breach of the money laundering regulations. • Misconduct resulted in money/assets being	• Misconduct did not expose firm to AML risk.

		received/handled in breach of POCA. • Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented.	
iii. Less Serious	Referral or a category D financial penalty and/or order for remedial training	• Misconduct resulted in clients being taken on in breach of the money laundering regulations. • Misconduct resulted in money/assets being received/handled in breach of POCA. • Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented. • Misconduct applied to a significant number of clients or was a systematic weakness.	• Misconduct did not expose firm to AML risk.
i. Any other significant breach			
N/A	Referral or a category D financial penalty and/or order for remedial training	• Misconduct resulted in clients being taken on in breach of the money laundering regulations. • Misconduct resulted in money/assets being received/handled in breach of POCA. • Misconduct resulted in firm being exposed to significant AML risk. • Suspicious activity was not identified or documented.	• Misconduct did not expose firm to AML risk.

		• Misconduct applied to a significant number of clients or was a systematic weakness.	

3. Practice assurance - clients' money offence where there is no allegation of dishonesty or misappropriation

	Allegation	Starting Point	Aggravating Factors	Mitigating Factors
a.	**Clients' money paid into a firm's office bank account where the office bank account is in credit**			
i.	More than £500,000 held in the office bank account for more than seven days	Referral	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Appropriate controls were in place, including the use of a ring-fenced account. • Genuine oversight or administrative error rather than intentional non-compliance.
ii.	More than £500,000 held in the office bank account for less than seven days	Referral	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Appropriate controls were in place, including the use of a ring-fenced account. • Genuine oversight or administrative error rather than intentional non-compliance.

iii	Between £100,000 and £500,000 held in the office bank account for more than seven days	Referral or a category C financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Appropriate controls were in place, including the use of a ring-fenced account. • Genuine oversight or administrative error rather than intentional non-compliance.
iv.	Between £100,000 and £500,000 held in the office bank account for less than seven days	Referral or a category D financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Appropriate controls were in place, including the use of a ring-fenced account. • Genuine oversight or administrative error rather than intentional non-compliance.
v.	Between £20,000 and £100,000 held in the office bank account for more than seven days	A category D financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Appropriate controls were in place, including the use of a ring-fenced account. • Genuine oversight or administrative error rather than intentional non-compliance.

vi.	Between £20,000 and £100,000 held in the office bank account for less than seven days	A category E financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Appropriate controls were in place, including the use of a ring-fenced account. • Genuine oversight or administrative error rather than intentional non-compliance.
vii	Less than £20,000 held in the office bank account for more than seven days or repeated holding of sums less than £20,000	A category E financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Appropriate controls were in place, including the use of a ring-fenced account. • Genuine oversight or administrative error rather than intentional non-compliance. • The issue was identified through the firm's own compliance processes
viii.	Less than £20,000 held in the office bank account for less than seven days	A category F financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Appropriate controls were in place, including the use of a ring-fenced account.

				• Genuine oversight or administrative error rather than intentional non-compliance.
b.	**Clients' money paid into a firm's office back account where the office bank account is overdrawn**			
i.	More than £500,000 held in the office bank account for more than seven days	Referral	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Genuine oversight or administrative error rather than intentional non-compliance.
ii.	More than £500,000 held in the office bank account for less than seven days	Referral	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Genuine oversight or administrative error rather than intentional non-compliance.
iii.	Between £100,000 and £500,000 held in the office bank account for more than seven days	Referral	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Genuine oversight or administrative error rather than intentional non-compliance.

iv.	Between £100,000 and £500,000 held in the office bank account for less than seven days	Referral or a category C financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Genuine oversight or administrative error rather than intentional non-compliance.
v.	Between £20,000 and £100,000 held in the office bank account for more than seven days	Referral or a category C financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Genuine oversight or administrative error rather than intentional non-compliance.
vi.	Between £20,000 and £100,000 held in the office bank account for less than seven days	Referral or a category D financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Genuine oversight or administrative error rather than intentional non-compliance.
vii.	Less than £20,000 held in the office bank account for less than seven days or repeated holding of sums less than £20,000.	A category D financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Genuine oversight or administrative error rather than intentional non-compliance.

viii.	Less than £20,000 held in the office bank account for less than seven days	A category E financial penalty	• Large number of clients involved • Significant financial benefit	• Prompt rectification of the breach. • The breach was limited to a single client matter. • Genuine oversight or administrative error rather than intentional non-compliance.
c.	**More than £10,000 held for more than 30 days in the general client bank account without being transferred to a designated client bank account**			
	N/A	Referral or a category E financial penalty	• Large number of clients involved • Significant financial benefit	• Single occurrence • Breaches corrected immediately following the breach being identified • Procedures introduced to avoid recurrence • Genuine administrative error rather than intentional non-compliance. • Firm is frustrated in complying by matters beyond their control.
d.	**Client money incorrectly held in a client account of another legal entity connected to the firm**			
	N/A	Referral or a category E financial penalty	• Large number of clients involved • Substantial amounts involved • Breach remains uncorrected	• Single occurrence • Breach corrected immediately following the breach being identified • Procedures introduced to avoid recurrence • Genuine administrative error rather than intentional non-compliance • Firm is frustrated in complying by matters beyond their control

e.	**Failure to obtain notification from the bank confirmation of the trust status of the client bank accounts**			
	N/A	A category F financial penalty	• Breach remains uncorrected • Long period of time before the breach was corrected after notified of allegation	• Firm is frustrated in complying by matters beyond their control. • Evidence of reasonable efforts to comply
f.	**Withdrawal from a client bank account without the client's written authority or in accordance with a written contract between the firm and the client**			
	N/A	Referral	• Large number of clients involved • Significant financial benefit	• Procedures introduced to avoid recurrence • Verbal authority obtained from client which is later confirmed in writing
g.	**Withdrawal from a client bank account for, or towards, payments of fees without either an agreement in writing to the precise amount by the client or 30 days have elapsed since the delivery of the fee note**			
	N/A	Referral	• Large number of clients involved • Significant financial benefit	• Procedures introduced to avoid recurrence
h.	**Failure to ensure that the total credit balances held for all clients is at least equal to the total balance held in the client bank account**			
	N/A	Referral or a category D financial penalty	• Large number of clients involved • Significant financial benefit	• Genuine administrative error rather than intentional non-compliance. • Procedures introduced to avoid recurrence

				• The issue was identified through the firm's own compliance processes
i.	**Failure to maintain appropriate records, including reconciliations**			
	N/A	Referral or a category E financial penalty	• Large number of clients involved • Breach remains uncorrected	• Procedures introduced to avoidrecurrence • Small amount of transactions
j.	**Failure to carry out and/or document an annual compliance review**			
	N/A	Referral or a category F financial penalty	• Breach remains uncorrected	• Procedures introduced to avoid recurrence
k.	**Failure to ensure that the client bank account is only used for lawful and/or legitimate purpose and/or for bona fide transactions**			
i.	Very serious	Referral	• Large sums of monies involved • Indication of systemic weaknesses • Sources of funds unknown • Significant financial benefit	• Procedures introduced to avoid recurrence
ii.	Serious	Referral or a category C financial penalty	• Large sums of monies involved • Indication of systemic weaknesses • Sources of funds unknown • Significant financial benefit	• Procedures introduced to avoid recurrence

iii.	Less serious	A category D financial penalty	• Large sums of monies involved • Indication of systemic weaknesses • Sources of funds unknown • Significant financial benefit	• Procedures introduced to avoid recurrence
l.	**Failure to return client money promptly**			
	N/A	A category E financial penalty	• Deliberate act for gain e.g. to manage cashflow or other financial gain • Delay follows requests or reminders from client and/or third parties	• Firm has made attempts to return the monies