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Briefing Doc

9 Documents that all Solicitors Should Have



Detailed Briefing Document AML Compliance for Solicitors

Source: "The 9 Documents Solicitors Should Have for AML" by Compliance Consultant

Main Themes: This document outlines the anti-money laundering (AML) compliance requirements for solicitors and law firms in the UK. It emphasises the increased scrutiny and enforcement by the Solicitors Regulation Authority (SRA) and provides guidance on meeting these obligations.

Most Important Ideas/Facts:

1. Increased SRA Enforcement:

The SRA's fining powers have increased significantly, allowing them to issue fines of up to £25,000 for AML breaches without referral to the SDT.

This change aims to expedite the resolution of less severe cases and enable the SDT to focus on more serious misconduct.

Quote: "The changes mean the SRA can now fine law firms and individual solicitors for a broader range of offences - from lower-level cases involving inadequate staff training to those with more

serious consequences including failure to implement the appropriate checks required to uncover signs of money laundering by clients."

2. Scope of AML Regulations:

Not all legal services fall under AML regulations. The document outlines three specific areas:

- 🕒 Independent legal professionals engaged in financial and real property transactions.
- 🕒 Trust and company service providers (TCSP).
- 🕒 Tax advisors providing material assistance in tax affairs.

Quote: "AML requirements only apply to services that are in scope."

3. Key Compliance Requirements:

Firms offering in-scope services need SRA approval for relevant personnel (beneficial owners, officers, managers) and must implement several measures:

- 🕒 Conduct risk assessments for the firm, clients, and matters.
- 🕒 Implement robust client identification and verification procedures, including beneficial ownership identification.
- 🕒 Ascertain sources of funds and wealth when necessary.

- 🕒 Deliver comprehensive staff training on AML and recognising red flags.
- 🕒 Appoint a Money Laundering Reporting Officer (MLRO) to report suspicious activity to the National Crime Agency (NCA).
- 🕒 Depending on the firm's size and activities, conduct independent audits, staff screening, and appoint a Money Laundering Compliance Officer (MLCO).

4. MLCO's Role:

The MLCO serves as the primary contact with the SRA on AML matters and plays a crucial role in ensuring compliance.

Key responsibilities include overseeing staff screening, training, audit processes, and ensuring the MLRO's compliance.

5. Suspicious Activity Reports (SARs):

The MLRO is responsible for submitting SARs to the NCA when there are suspicions of money laundering.

The document highlights the NCA's concerns regarding the quality and quantity of SARs submitted by law firms and directs readers to NCA guidance on submitting effective reports.

6. Essential Documentation:

1. The document lists nine key documents firms should maintain for AML compliance, including:
2. AML Policy
3. AML Procedures
4. AML Risk assessment
5. List of Beneficial Owners, Officers & Managers (BOOMs)
6. Details of Training
7. Method of logging incidents
8. Internal SARs form
9. AML Controls Statement.

As well as inclusion on the 'Risk Management Policy'.

Overall: This document stresses the increasing importance of AML compliance for solicitors. It provides a clear overview of the SRA's enhanced enforcement approach and offers practical guidance on meeting the necessary requirements. It highlights the potential consequences of non-compliance, including significant fines and reputational damage. By implementing the recommendations outlined in the document, law firms can mitigate their risk and contribute to the fight against financial crime.

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