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# FAQs

## Responsibilities of the MLRO



## FAQ: Responsibilities of an MLRO

### What are the key responsibilities of an MLRO?

The MLRO plays a crucial role in upholding a company's Anti-Money Laundering (AML) compliance. Their responsibilities include:

- 🕒 **Developing and Implementing AML Controls:** Creating and putting in place effective measures and procedures to combat money laundering.
- 🕒 **Risk Assessment and Management:** Identifying, analysing, and mitigating money laundering risks associated with customers, products, and services.
- 🕒 **Monitoring and Enhancing AML Policies:** Regularly reviewing and improving the effectiveness of the company's AML policies and procedures.
- 🕒 **Addressing Deficiencies:** Recommending and following up on actions to rectify any shortcomings in AML systems, controls, and procedures.
- 🕒 **Investigating Suspicious Activity:** Promptly reviewing internal reports and assessing whether they indicate money laundering or terrorist financing.
- 🕒 **Filing Suspicious Activity Reports (SARs):** Reporting any suspicious activity to the National Crime Agency (NCA) through timely and comprehensive SARs.
- 🕒 **Collaborating with Authorities:** Responding promptly to information requests from the FCA, NCA, and other relevant authorities.
- 🕒 **Ongoing Monitoring and Assessment:** Conducting ongoing reviews of transactions and money laundering risks.
- 🕒 **Training and Awareness:** Educating employees about their AML obligations, the company's policies, and the importance of a risk-based approach.
- 🕒 **Staying Updated:** Keeping abreast of relevant sanctions, prohibitions, advisory notices, and industry best practices.

- 🕒 **Reporting to the Board:** Providing regular reports (at least annually) to the Board on AML compliance and keeping senior management informed.

### Is there specific training required to become a qualified MLRO?

While there is no specific qualification to become an MLRO, seniority and authority are crucial. An MLRO should possess considerable experience and have the full backing of the company's senior management. Training should focus on:

- 🕒 **Risk Assessment:** Understanding the specific money laundering risks faced by the company.
- 🕒 **Suspicious Activity Detection:** Being able to identify unusual or potentially suspicious activities.
- 🕒 **Reporting Procedures:** Knowing how and when to report suspicious activities to the NCA.
- 🕒 **Legal Framework:** A comprehensive understanding of the relevant AML laws and regulations.

### What should staff look out for as potential red flags for money laundering?

Staff should be vigilant in identifying and reporting any suspicious activities, including:

- 🕒 **Unusual Customer Behaviour:** Overly secretive customers, reluctance to provide ID, or sudden relationship termination.
- 🕒 **Suspicious Documentation:** False or altered documents, inconsistent information.
- 🕒 **Lack of Transparency:** Customers lacking knowledge of their business or using intermediaries without justification.
- 🕒 **Unusual Interest in AML Procedures:** Customers displaying excessive curiosity about your AML policies.

### When should an MLRO file an external report to the NCA?

An MLRO is legally obligated to file an external Suspicious Activity Report (SAR) with the NCA if they:

- 🕒 **Know, Suspect, or Have Reasonable Grounds to Suspect Money Laundering:** This includes information received through disclosures made under Section 330 of the Proceeds of Crime Act 2002 (POCA).
- 🕒 **Possess Identifying Information:** If they know the suspect's identity, the whereabouts of laundered property, or believe information can help identify those involved.
- 🕒 **Require a Defence Against Money Laundering (DAML):** In situations where they need to proceed with an action that could potentially be construed as aiding money laundering.

### What are the essential elements of a well-structured external SAR?

A comprehensive external SAR should include:

- 🕒 **Reporter Information:** Name and contact details of the reporting individual or entity.
- 🕒 **Date of Report:** The date the report is being filed.
- 🕒 **Suspect Identification:** Details about the suspected individual or entity, including any information that could help establish their identity.
- 🕒 **Parties Involved:** Information about other individuals or entities connected to the suspicious activity and their roles.
- 🕒 **Factual Background:** A clear and concise account of the suspicious activity, outlining the key facts.
- 🕒 **Grounds for Suspicion:** A well-substantiated explanation of why the activity is considered suspicious.
- 🕒 **Property Details:** Information about the laundered property, if known, including its location or any details that may aid in its recovery.

- 🕒 **Business Involvement:** Details about the reporting business's relationship or involvement with the suspicious activity.
- 🕒 **NCA Glossary Code:** The relevant NCA glossary code should be included to help categorise the SAR.
- 🕒 **Clear and Concise Language:** The report should be written in plain English, avoiding jargon, to ensure clarity.

### What is a DAML and when is it required?

A DAML, or Defence Against Money Laundering, offers legal protection to those who may be handling proceeds of crime during their ordinary course of business. It's typically needed when:

- 🕒 **Suspicious of Criminal Property:** When an insolvency officeholder suspects assets are derived from criminal activity.
- 🕒 **Suspicious Trust or Company Structures:** When there's a suspicion that a client is using or intends to use such structures for money laundering.
- 🕒 **Transactions Involving Criminal Property:** When acting for a client in a transaction where there's suspicion of the buying or selling of criminal property.
- 🕒 **Handling Suspicious Funds:** When dealing with client accounts where there's suspicion that the funds are of criminal origin.

### What are the potential consequences of failing to disclose money laundering suspicions?

Failing to report money laundering suspicions is a criminal offence under Section 330 of POCA. It can result in severe penalties, including:

- 🕒 **Fines:** Substantial financial penalties can be imposed on both the firm and the responsible individuals.
- 🕒 **Imprisonment:** In serious cases, individuals found guilty may face prison sentences.
- 🕒 **Reputational Damage:** Failure to comply with AML regulations can severely damage a firm's reputation.

## How can a company ensure it maintains adequate records of SARs and related decisions?

Meticulous record-keeping is essential for demonstrating AML compliance. A company should:

- 🕒 **Centralise SAR Records:** Maintain a centralised log or database for recording all internal SARs.
- 🕒 **Document Decision-Making:** Document all actions taken regarding each SAR, including investigations, requests for information, and the rationale for filing or not filing an external report.
- 🕒 **Preserve Evidence:** Retain all supporting documentation, including customer identification, transaction records, and communication logs.
- 🕒 **Regularly Review Records:** Conduct periodic reviews of SAR records to ensure completeness and accuracy.

# Why Compliance Consultant?

## Our Services

1. **FCA Authorisation Application Support: Streamline VOPs and related processes.**
2. **Tailored Compliance Advisory Services:**
  - Risk Evaluation
  - Strategic Business Expansion
  - Rigorous Governance Analysis
  - Detailed File Audits
  - Wind Down Planning
  - Bespoke Technical Support
  - Focused Training Programs
  - Annual Reporting (RegData)
  - Oversight of Financial Promotions
  - Strategies for Vulnerable Persons & Consumer Duty
3. **Continuous Compliance Monitoring: Align with FCA's vigilant oversight.**
4. **Dynamic Regulatory Change Management: Stay at the forefront of compliance.**
5. **In-Depth Compliance Training and Education: Build a culture of compliance.**
6. **Proactive Risk Assessment & Management: Identify and curb regulatory risks, particularly in consumer credit activities.**

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Our tailored solutions have helped numerous firms achieve regulatory excellence, ensuring they remain compliant while focusing on business growth. Clients have praised our fast response times, in-depth knowledge, and proactive support.

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