Anti-money laundering policy

Policies, controls and procedures under regulations 19 and 19A of the Money Laundering Regulations 2017. Fill in the square brackets, delete what doesn't apply, and have senior management approve it.

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1. About this policy

This policy sets out how [firm name] prevents money laundering, terrorist financing and proliferation financing. Everyone who works on matters in scope follows it, including [partners, fee earners, support staff and the accounts team].

Work in scope of the Money Laundering Regulations: [for example residential conveyancing, company sales, trusts, tax advice]. [If we apply these checks to every matter, say so here.]

It manages the risks in our firm-wide risk assessment of [DD/MM/YYYY]. When that assessment changes, this policy changes with it.

[If we have branches or subsidiaries outside the UK: we send them this policy.]

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2. Who does what

Regulation 21 asks for an MLCO where appropriate to the size and nature of the firm, and always for a nominated officer, the MLRO. A sole practitioner with no staff, who doesn't work with anyone else, needs neither.

We tell the SRA who our MLCO and MLRO are within 14 days of appointing them, and the same for anyone who later takes over either role.

Role	Who	What they do
MLCO, a partner or senior manager responsible for the firm's compliance with the regulations		Owns this policy and the firm-wide risk assessment, and reports on both to [the partners]
MLRO, who receives reports of suspicion		Considers each internal report and decides whether to report to the National Crime Agency
Deputy MLRO		Covers when the MLRO is away
Fee earners		Run the checks on each client and matter, write the client and matter risk assessment, and report any suspicion to the MLRO
[Partner or senior manager]		Approves acting for a politically exposed person, their family or close associates, and any matter rated high risk
Accounts team		Check where money comes from before it goes into client account, and raise anything unusual with the MLRO

3. Our risk assessments

Regulations 18, 19(3)(a) and 28(12).

Our firm-wide risk assessment sets out the risks from our clients, the countries we deal with, our services, our transactions and how clients reach us. The MLCO reviews it every [12 months] and keeps it in [location].

Before we act on any matter in scope, the fee earner writes a client and matter risk assessment and rates the risk as low, medium or high. That rating and the firm-wide assessment set how far our checks go.

4. Checks on clients and matters

Customer due diligence, regulations 27 to 38. The three levels are the ones the regulations set. Fill in who signs off each.

We run the checks before we take on a client or carry out an occasional transaction, whenever we suspect money laundering or terrorist financing, and whenever we doubt information we were given earlier.

We identify the client and verify who they are from a reliable source independent of them. For a company, we record its name, registration number, registered office and directors. We identify anyone who owns or controls the client, take reasonable steps to verify them, and record the purpose of the matter.

We finish verification before we act. [If we ever finish it later: only where the risk is low and waiting would interrupt normal business, and as soon as practicable.]

For a politically exposed person, their family or close associates, [a partner] approves the relationship, we establish their source of wealth and source of funds, and we monitor the matter more closely.

If we can't complete the checks, we don't act, we end any existing relationship, and the fee earner considers a report to the MLRO. This doesn't stop us working out a client's legal position or acting in legal proceedings.

As the matter goes on, we watch for anything that doesn't fit what we know, check where money comes from where needed, and keep the client's documents up to date.

Level	When it applies	Who signs off
Simplified due diligence	Only where the matter is low risk, taking account of our firm-wide risk assessment	
Customer due diligence	Every other matter in scope	
Enhanced due diligence	High risk, a politically exposed person or their family or close associate, a FATF call-for-action country, transactions that are unusually complex or large or have no apparent purpose, and the other cases in regulation 33(1)	

5. Reporting a suspicion

Regulations 19(4)(d) and 21(5), Part 7 of the Proceeds of Crime Act 2002 and Part 3 of the Terrorism Act 2000.

Anyone who knows or suspects, or has reasonable grounds to know or suspect, that someone is laundering money or financing terrorism tells the MLRO straight away, [on the internal report form or by email to address].

The MLRO considers the report against what the firm knows and decides whether to report to the National Crime Agency. The MLRO records the decision and the reasons.

Nobody tells the client, or anyone else, that a report has been made. Tipping off is an offence under section 333A of the Proceeds of Crime Act 2002.

[Whether work on the matter pauses while the MLRO decides, and who tells the fee earner when it can go ahead.]

6. Unusual transactions and anonymity

Regulation 19(4)(a) and (b), and rule 3.3 of the SRA Accounts Rules.

Fee earners and the accounts team look out for transactions that are unusually complex or unusually large for what they are, unusual patterns of transactions, and transactions with no apparent economic or legal purpose. They raise each one with the MLRO before the matter goes further.

We take extra care with anything that could hide who is behind a transaction, such as [cash, or money from a third party we haven't identified]. Our limit on cash is [amount].

Client account is not a banking facility. We only hold money there for legal work we are doing.

7. New services and technology

Regulations 19(4)(c) and 19A(4)(c).

Before we offer a new service, change how clients instruct us or start using new technology, such as an online ID check or an AI tool, the MLCO assesses the money laundering, terrorist financing and proliferation financing risks it could bring and records how we will manage them. We check again once it is in use.

8. Screening and training

Regulations 21(1)(b), 21(2) and 24. Regulation 21 asks for screening where appropriate to the size and nature of the firm.

Before anyone joins in a role that touches our anti-money laundering work, and while they are here, we assess their skills, knowledge and expertise for the role, and their conduct and integrity. [How we do it, for example references and a declaration each year.]

Everyone in those roles learns the law on money laundering, terrorist financing and proliferation financing, and the data protection rules that go with it, and is trained regularly to recognise and deal with transactions and situations that may be linked to them. We train [on joining and every year], and keep this record.

Who	Training	Date	Given by

9. Independent audit

Regulation 21(1)(c), where appropriate to the size and nature of the firm.

Every [period], [an independent person or firm] examines whether this policy and our controls are adequate and work in practice, makes recommendations, and checks we act on them. [If we decide an audit isn't appropriate for a firm our size, we record why.]

10. Records

Regulations 19(3)(d), 21(8), 39 and 40.

We keep a copy of the documents and information from our checks on each client, and enough records of each transaction to reconstruct it.

We keep them for five years from the date the transaction completes or the client relationship ends. After that we delete the personal data in them, unless the law requires us to keep it, the person agrees, or we need it for legal proceedings.

We can tell the police or an accredited financial investigator quickly whether we have acted for someone in the last five years, and what the work was.

[Whether we ever rely on another regulated firm's checks under regulation 39. If we do: which firms, and how we get copies of their records when we ask.]

11. Proliferation financing

Regulations 18A and 19A.

Sections 2, 3, 6, 7, 8, 9 and 12 also cover the proliferation financing risks in our firm-wide risk assessment.

12. Monitoring, review and sign-off

Regulation 19(1)(b) and (c), 19(2)(b) and 19(3)(e).

The MLCO checks this policy is followed through [file reviews and spot checks] and reports to [the partners] every [period].

We review it every [12 months], and sooner when our firm-wide risk assessment changes, we take on a new type of work or technology, or the SRA publishes new guidance. We record each change and how we told everyone about it.

Approved by [name and role] for senior management on [DD/MM/YYYY]. Shared with everyone in scope on [DD/MM/YYYY]. Next review: [DD/MM/YYYY].

Date	What changed	How we told people