

SRA BOARD

22 October 2019

CLASSIFICATION – PUBLIC*This paper will be published***Money Laundering Reporting Officer Annual Report 2018/19****Purpose**

- 1 To present the Board with the Money Laundering Reporting Officer (MLRO) Annual Report for 2018/19

Recommendations

- 2 The Board is asked:
 - a) to receive and consider the annual report of the MLRO for 2018/19.

If you have any questions about this paper please contact: Sara Gwilliam, Money Laundering Reporting Officer.

Equality, Diversity and Inclusion considerations

Consideration	Paragraph nos
The source crimes of laundered funds, for example people trafficking, have a disproportionate impact on the most vulnerable in society.	3
The money laundering regulations have the potential to have a disproportionate impact on sectors of society that do not have standard or official identification documents. This might include the elderly, the homeless or immigrants.	14
The work carried out by the MLRO is done on an independent, legal and necessary basis, and after careful consideration has identified no other EDI factors.	

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Money Laundering Reporting Officer Annual Report 2018/19

Background

- 3 Money laundering is how criminals use the profits from some of the worst crimes in society, for example drugs trafficking, people trafficking and arms dealing (which often affect the most vulnerable in society), so we take our duties as an AML supervisor very seriously.
- 4 One of our statutory responsibilities is to report suspicion of money laundering or terrorist financing. We have a dedicated money laundering reporting officer (MLRO), and in November 2018 appointed a deputy MLRO. The MLRO is appointed to receive internal reports of suspicious activity and where appropriate submit a suspicious activity report to the NCA.
- 5 Money Laundering Reporting Officers (MLROs) carry out their duties in compliance with the Money Laundering, Terrorist Financing and Transfer of Fund (Information on the Payer) Regulations 2017 (“the money laundering regulations”). Although it is not a requirement for MLROs to deliver annual reports it is recognised as good governance to do so, in addition to our detailed annual return to HM Treasury.
- 6 The report at annex 1, my second produced as MLRO, is an overview of the year ending October 2019. The report outlines the money laundering training that we provide for staff, the obligations placed on all SRA staff to report any suspicions of money laundering or terrorist financing, engagement with other organisations and key successes from November 2018 to October 2019.
- 7 This report also gives an overview of the types of money laundering reported to the National Crime Agency (NCA) by way of Suspicious Activity Reports (SARs) and the ongoing work we are doing to further strengthen our anti-money laundering (AML) capabilities.

Recommendation: the Board is asked to receive and consider the annual report of the MLRO for 2018/19.

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Supporting information

Links to the Corporate Strategy and/or Business Plan

- 8 The Strategic Plan notes that the Government is challenging the outcomes and impact of regulatory activity in identifying and tackling financial crime and money laundering across all relevant professional services sectors.

How the issues support the regulatory objectives and best regulatory practice

- 9 Submitting SARs is a statutory responsibility and supports law enforcement agencies in tackling some of the most serious crimes and reduce harm, whilst effective AML supervision reduces the risk of terrorist financing and money laundering.
- 10 Our regulatory approach to AML strives to be more proportionate and targeted, work better for consumers and those we regulate in the increasingly diverse legal services market, and to reduce the burden on those we regulate.

Public/Consumer impact

- 11 Poorly implemented AML regulation has the potential to place burdens on consumers wishing to access legal services, for example through overly prescriptive ID checks.
- 12 Failure to report suspicious activity could have a detrimental impact on members of the public being exploited and the victims of crimes such as modern slavery or fraud.

What engagement approach has been used to inform the work and what further communication and engagement is needed

- 13 There are several internal and external stakeholder groups associated with the work outlined in this paper. We work closely with the National Crime Agency, the Home Office, H.M. Treasury, HMRC, other regulators and legal services supervisors. It is particularly important that we continue to engage with these stakeholders, sharing information and best practice to establish any new or emerging threats. We have in place an overarching communications plan on AML.

What equality and diversity considerations relate to this issue

- 14 The money laundering regulations have the potential to have a disproportionate impact on sectors of society that do not have standard or official identification documents. This might include the elderly, the homeless or immigrants.
- 15 The source crimes of laundered funds, for example people trafficking, have a disproportionate impact on the most vulnerable in society.

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How the work will be evaluated

16 The MLRO will continue to report into AML programme board, individual project workstreams, the Senior Management Team and the Board.

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Annexes
Annex 1 **Annual report by the money laundering reporting officer (MLRO) for the year ending October 2019**