

Guidance and support

Updated 4 December 2023

This page contains links to a range of information, guidance and wider supporting materials which will help law firms and solicitors to understand your money laundering obligations and stay compliant.

This includes guidance issued by ourselves and by the Legal Sector Affinity Group (LSAG).

Open all [#]

Legal Sector Affinity Group guidance

The Legal Sector Affinity Group (LSAG) is made up of both regulatory and representative bodies for legal services in the UK. It has produced guidance on the anti-money laundering (AML) regulations, which for firms supervised by the SRA for AML now constitutes official guidance. This guidance has been approved by HM Treasury.

Read the guidance, which is subject to change:

Legal Sector Affinity Group Anti-Money Laundering Guidance for the Legal Sector 2023 (PDF 217 pages, 2.3MB) [<https://www.sra.org.uk/globalassets/documents/solicitors/firm-based-authorisation/lsg-aml-guidance.pdf?version=496f8e>]

Addendum to the LSAG guidance, 2023

The members of LSAG have produced an addendum to the main LSAG guidance (6 pages, 140KB)

[<https://www.sra.org.uk/globalassets/documents/solicitors/addendum-to-the-lsag-guidance.pdf?version=49284c>] which covers several important updates and legislative changes. The text is currently pending a decision on approval by HM Treasury and, if accepted, will be integrated into the text of the main LSAG guidance.

Summary of changes, 2022

We have produced a summary of July 2022 changes

[<https://www.sra.org.uk/globalassets/documents/solicitors/firm-based-authorisation/lsg-aml-guidance-update-july-2022.pdf?version=49f433>] that HM Treasury has made.

Part 2 of LSAG's guidance is divided into sections for specific areas of legal practice:

- 2a is for barristers (PDF 155 pages, 1.3MB)
[<https://www.sra.org.uk/globalassets/documents/solicitors/lsg-guidance-part-2a-barristers-advocates.pdf?version=4929b0>]
- 2b is for Trust or Company Service Providers (PDF 10 pages, 260KB)
[<https://www.sra.org.uk/globalassets/documents/solicitors/lsg-guidance-part-2b-tcps.pdf>]



version=4929ae] , and should be read alongside our guidance for this group
[<https://www.sra.org.uk/solicitors/resources/money-laundering/guidance-support/trust-company-service-provider-guidance/>]

- 2c is for notaries (PDF 5 pages, 217KB)

[<https://www.sra.org.uk/globalassets/documents/solicitors/lisag-guidance-part-2c-notaries.pdf?version=4929ca>]

2b and 2c need to be read alongside the main Part 1 AML guidance, and 2a will not be relevant for firms we supervise.

These Part 2 sections are intended to provide supplementary information which will help those working in specific areas.

Advisory notes for guidance

We have also helped produce guidance (PDF 5 pages, 162 KB)

[<https://www.sra.org.uk/globalassets/documents/solicitors/lisag-advisory-note---new-normal.pdf?version=49297f>] to ensure you remain compliant as ways of working change in the medium to longer term.

Chinese underground banking and funds from China

LSAG has produced guidance

[<https://www.sra.org.uk/globalassets/documents/sra/research/chinese-funds-ml-lisag-guidance-5-pages-62kb-pdf.pdf?version=493794>] for those receiving monies on behalf of clients from China.

The scope of the money laundering regulations

This guidance explains which activities fall under the scope of the money laundering regulations [<https://www.sra.org.uk/solicitors/resources/money-laundering/guidance-support/scope-money-laundering-regulations/>] . If you provide these activities, you will need to be in compliance with the broader regulations [<https://www.sra.org.uk/solicitors/resources/money-laundering/what-does-my-firm-need-do/>] .

Case studies

We have produced case studies [<https://www.sra.org.uk/solicitors/guidance/money-laundering/>] that help show you how to stay compliant with the regulations as you go about your day-to-day business.

Complying with the UK Sanctions Regime guidance

We have published guidance [<https://www.sra.org.uk/solicitors/guidance/financial-sanctions-regime/>] on the financial sanctions regime to help the profession adhere to the fast-changing rules. This helps firms to make sure they

understand their obligations and know what they need to do to play their part in keep suspiciously-earned funding out of the UK economy.

Tax advice

The 2020 amendments to the regulations change the definition of tax advice activities. Your firm might be now in scope of the regulations and you should take steps accordingly. We have produced guidance

[<https://www.sra.org.uk/solicitors/resources/money-laundering/guidance-support/tax-adviser-guidance/>] to help you determine your position.

Trust and company service provider work

We have produced specific guidance for Trust and Company Service Providers (TCSPs) [<https://www.sra.org.uk/solicitors/resources/money-laundering/guidance-support/trust-company-service-provider-guidance/>]. This is because the process for approvals for TCSPs is different to other areas of work, and because it is at a relatively higher risk of money laundering generally.

Sectoral Risk Assessment

Our Sectoral Risk Assessment [<https://www.sra.org.uk/sra/how-we-work/archive/reports/aml-risk-assessment/>] is our view of the dangers and issues facing law firms when keeping the proceeds of crime out of the legal profession. It draws on the Government's National Risk Assessment and our experiences as a supervisor and applies this to legal services. Individual firms must take this assessment into account when producing their own firm-wide risk assessment.

Firm-wide Risk Assessments

This guidance helps you assess all risks for your firm when it comes to preventing money laundering, including a template to use to create what is a key document in keeping money launderers out of the profession.

Guidance - Firm risk assessments [<https://www.sra.org.uk/solicitors/guidance/firm-risk-assessments/>]

High risk third countries

High risk third countries are no longer listed in the money laundering regulations, firms must now check the FATF website for the list of countries where specific enhanced due diligence measures are required.

On 23 January 2024, the way high risk third countries (HRTCs) are identified has changed. Previously, these were set out in Schedule 3ZA of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017).

Schedule 3ZA has now been deleted, and firms will have to check for themselves whether a jurisdiction is a HRTC on the FATF website.

Regulation 33(3)(a) now defines HRTCs as "a country named on either of the following lists published by the Financial Action Task Force [FATF] as they have effect from time to time:

- High-Risk Jurisdictions subject to a Call for Action.
- Jurisdictions under Increased Monitoring."

Read FATF's lists of jurisdictions [<https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html>] . This will be subject to change, up to three times per year, following FATFs Plenary sessions each February, June and October. Firms should diarise these dates as they appear on the FATF events page [<https://www.fatf-gafi.org/en/calendars/events.html>] and check whether the HRTC list has changed following the FATF plenary.

It is important to keep up to date with these changes as, under Regulation 33(3) and 33(3A), firms must take specified enhanced due diligence (EDD) measures when their client or counterparty is established in a HRTC.

Please also note, though, that geographic risk is not limited to HRTCs, and a country is not automatically less risky because it does not appear on either of FATF's lists. Firms should also have regard to Regulation 33(6)(c), which sets out wider geographical risk factors which should trigger EDD.

Useful links:

- HM Treasury advisory notice. [<https://protect-eu.mimecast.com/s/MCCHCYENwtLA6jYfGnmoq?domain=gov.uk>]
- Text of the statutory instrument. [<https://protect-eu.mimecast.com/s/YwaYCXD2vCXOMkAU6VhuY?domain=legislation.gov.uk>]
- FATF list of countries subject to increased monitoring. [<https://protect-eu.mimecast.com/s/MCCHCYENwtLA6jYfGnmoq?domain=gov.uk>]
- FATF list of countries subject to a call to action. [<https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-2023.html>]
- FATF events calendar, including the dates of upcoming plenary sessions. [<https://www.fatf-gafi.org/en/calendars/events.html>]

AML guidance – reporting breaches

This guidance is about your obligations for reporting serious breaches of the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 to us [<https://www.sra.org.uk/solicitors/resources/money-laundering/guidance-support/reporting-breaches/>] .



Suspicious activity reports

If you have a suspicion that your firm is being used to launder money, your Money Laundering Reporting Officer (MLRO) must submit a suspicious activity report (SAR) to the National Crime Agency (NCA). It's important that everyone understands their responsibilities under the Proceeds of Crime Act 2002 and Terrorism Act 2000 and their firm's processes.

The NCA have expressed concerns about the number and quality of SARs being submitted by law firms, and have produced guidance to help you, including:

SARs Regime Good practice (PDF 15 pages, 238KB)

[<https://nationalcrimeagency.gov.uk/who-we-are/publications/167-defence-against-money-laundering-daml-faq-may-2018/file>]

Guidance on submitting better quality SARS (PDF 23 pages, 397KB)

[<https://www.nationalcrimeagency.gov.uk/who-we-are/publications/650-guidance-on-submitting-better-quality-suspicious-activity-reports-sars-v9-0/file>]

The correct glossary codes for reporting (PDF 25 page, 522KB)

[<https://www.icaew.com/-/media/corporate/files/technical/legal-and-regulatory/money-laundering/glossary-codes-and-reporting-routes.ashx?la=en>]

Proceeds of Crime Act - guidance

We have published guidance on how your obligations under the money-laundering regulations differ compared to your obligations under the Proceeds of Crime Act [<https://www.sra.org.uk/solicitors/guidance/proceeds-crime-guidance/>].

Video guidance

We have produced regular videos over the years to support our AML work. You can catch up with those videos on our YouTube channel

[<https://www.youtube.com/user/SRA solicitors>].

Events

- Compliance Officers Conference 2022: Complying with sanctions and financial crime regulations [<https://www.youtube.com/watch?v=shl57aD28Ko>]
- Compliance Officers Conference 2021: AML – Anti-money laundering compliance for professions [https://www.youtube.com/watch?v=SHzh5LvEOVs&list=PLIZ7vxfo3EV1D2WbxcG0RNBK_ozYKvxD4]
- Compliance Officers Conference 2021: Anti-money laundering – a look to the future [https://www.youtube.com/watch?v=ToxMILTGE1g&list=PLIZ7vxfo3EV1D2WbxcG0RNBK_ozYKvxD4&index=11]



- Compliance Officers Conference 2020: AML – what you need to know
[https://www.sra.org.uk/sra/news/events/on-demand-events/compliance-conference-2020/#heading_7c3d]
- Compliance Officers Conference 2020: AML – practical tips for managing risks
[https://www.sra.org.uk/sra/news/events/on-demand-events/compliance-conference-2020/#heading_32a4]
- LegalEx 2019 – Tackling Money Laundering [<https://youtu.be/yzlj4KxEtGs>]

Webinars

- [https://www.youtube.com/watch?v=_G-Brfex6_Y] September 2023 -
[https://www.youtube.com/watch?v=_G-Brfex6_Y] AML enforcement trends
[https://www.youtube.com/watch?v=_G-Brfex6_Y]
- [<https://www.sra.org.uk/sra/news/events/on-demand-events/government-sanctions-regime-stay-compliant/>] May 2023 [<https://www.sra.org.uk/sra/news/events/on-demand-events/government-sanctions-regime-stay-compliant/>] - Government sanctions regime, how all firms can stay compliant [<https://www.sra.org.uk/sra/news/events/on-demand-events/government-sanctions-regime-stay-compliant/>]
- [<https://www.sra.org.uk/sra/news/events/on-demand-events/aml-firm-wide-risk-assessment/>] June 2022 [<https://www.sra.org.uk/sra/news/events/on-demand-events/aml-firm-wide-risk-assessment/>] - How to do a firm-wide risk assessment
[<https://www.sra.org.uk/sra/news/events/on-demand-events/aml-firm-wide-risk-assessment/>]
- [<https://www.sra.org.uk/sra/news/events/on-demand-events/aml-officers-what-they-need-know/>] February 2022 [<https://www.sra.org.uk/sra/news/events/on-demand-events/aml-officers-what-they-need-know/>] - AML officers, what they need to know
[<https://www.sra.org.uk/sra/news/events/on-demand-events/aml-officers-what-they-need-know/>]
- May 2020 - What your firm needs to know [<https://youtu.be/IO8DZdEimEo>]
- February 2021 - what tax advisers need to know
[<https://www.sra.org.uk/sra/news/events/on-demand-events/aml-tax-advisers/>]
- March 2021 - what we learnt from law firm visits
[<https://www.sra.org.uk/sra/news/events/on-demand-events/aml-law-firm-visits/>]