CLC Consultation response (Improving the effectiveness of the Money Laundering Regulations):

The Council for Licensed Conveyancers (CLC) is the specialist regulator for conveyancing and probate lawyers in England and Wales. The CLC was established by the Administration of Justice Act 1985 (the 1985 Act) and is also subject to the provisions of the Legal Services Act 2007 (the 2007 Act). The CLC also has powers derived from the Courts and Legal Services Act 1990 and the Deregulation Act 2015. The CLC's authority as a Professional Body AML Supervisor (PBS) has been ratified by His Majesty's Treasury in Schedule 1 of the Money Laundering Regulations (MLRs).

MLR Consultation questions	CLC response
Customer Due Diligence	
Q1 Are the customer due diligence triggers in regulation 27 sufficiently clear?	The CLC has not encountered any issues with Regulation 27 in our monitoring or supervisory work since the Money Laundering Regulations (MLRs) came into force in 2017. We would also note that in the AML disciplinary cases that have come before the Adjudication Panel (AP) no respondent has challenged whether one of these triggers actually applies to the transaction in question. These are strong indications that the CDD triggers in Regulation 27 are clear and unambiguous. Nevertheless, there are some potential issues which the CLC would highlight with the first being that there may be a question of which trigger applies in an abortive transaction, which is a common occurrence in conveyancing. The CLC's view would be that such a transaction does fall under the definition of a business relationship as there was an expectation of "duration" at the outset. This has not been tested, however, and the CLC would welcome some clarity in the MLRs which could be dealt with under Regulation 4, which provides a useful definition of business relationship. The CLC would also observe that the trigger in Regulation 27(1)(d) may be unclear in that it is not apparent whether it applies to all aspects of CDD or just identity checking. The CLC has received concerns from some CLC practices about the quality of source of funds checking carried out by auction houses who would send the purchase monies on to the CLC practice. It was unclear whether this triggered an obligation to conduct fresh CDD which would include checks on the source of funds for such purchases. Some clarity in this area would also be welcome.
Source of funds checks	
Q2 In your view, is additional guidance or detail needed to help firms understand when to carry out 'source of funds' checks under regulation 28(11)(a)? If so, in what form would this guidance be most helpful?	The CLC is of the view that further guidance is required due to the prevalence of adverse findings in this area that are made during CLC inspections and desktop reviews, AML disciplinary decisions which highlight issues in this area and the queries that the CLC receives from practices during various points of engagement such as the CLC roadshows. The findings in our monitoring and supervisory work suggest that CLC practices have varying interpretations of what source of funds and source of wealth are, when to apply checks, what evidence to obtain for such checks and what should trigger further investigation. Some written guidance from HMT with an explanatory webinar would be very useful in our view although we would observe that such guidance should be sensitive to the divergence in risk across different areas and sectors of the legal profession. Given the wide range of guidance that is available, this guidance should state clearly that it supersedes other available guidance. In conveyancing, for example, which is considered to be an area which is at a high risk of exploitation by money launderers, we consider source of funds/wealth checks to be necessary in every transaction where the purchaser or a giftor is contributing money towards the property. Only in very limited circumstances (which the practice would have to fully justify - eg if simplified due diligence genuinely was applicable) would this not be expected.

Verifying whether someone is acting on behalf of a customer	
Q3 Do you think the wording in regulation 28(10) on necessary due diligence on persons acting on behalf of a customer is sufficiently clear? If not, what could help provide further clarity?	The CLC's view is that Regulation 28(10) (a) - (c) is sufficiently clear. We have not encountered anything in our monitoring or supervision work which would suggest that it is not.
Digital identity verification	
Q4 What information would you like to see included in published digital identity guidance, focused on the use of digital identities in meeting MLR requirements? Please include reference to the level of detail, sources or types of information to support your answer.	The MLRs as currently drafted are very flexible, and we have seen a number of our regulated entities adopting technology to conduct ID checks and also going further to check source of funds and source of wealth. Where the CLC sometimes finds issues and in which we would like to see some additional guidance in is: (1) What practices should do when the digital ID check fails or does not pass (2) ensuring that any manual checks done are to the same standard (eg checking for PEPs and sanctions) (3) Not relying too much on software that purports to check source of funds as it sometimes doesn't go beyond what we would describe as "proof of funds". The CLC would welcome detailed written guidance from HMT that addresses these points. We consider point (3) to be of considerable importance as checking source of funds/wealth is a fundamental aspect of CDD and goes to the core of the fight against money laundering. The CLC would also note that there are concerns about AI or deepfakes potentially undermining such checks and this may be another area that would benefit greatly from some guidance before any significant issues emerge.
Q5 Do you currently accept digital identity when carrying out identity checks? Do you think comprehensive guidance will provide you with the confidence to accept digital identity, either more frequently, or at all?	The CLC does accept digital identity when carrying out ID checks in various functions such as our licensing team who consider practice applications. We do not think that comprehensive guidance will lead to us accepting such ID more frequently however we would certainly consider any relevant guidance carefully.
Q6 Do you think the government should go further than issuing guidance on this issue? If so, what should we do?	Given the importance of identifying clients appropriately and the current environment, the CLC considers that additional steps could be taken by HMT such as introducing a system of government standards and certification for digital ID providers. Given the current variance in the number of providers and potential inconsistencies in approach, this would provide much needed universal standards and exclude those services which are not suitable. The CLC also considers that the government should consider testing of digital ID to determine whether it can be undermined by AI or deepfakes. This would ensure that the UK remains a step ahead of those trying to commit fraud or circumvent current AML controls.
Timing of verification of customer identity	
Q7 Do you think a legislative approach is necessary to address the timing of verification of customer identity following a bank insolvency, or would a non-legislative approach be sufficient to clarify expectations?	Although this scenario does not apply to CLC practices and the work they undertake, our view is that a non-legislative approach would be preferable here as the scenario seems be an appropriate one for section 39 reliance. If existing provisions of the MLRs can cover the scenario then a legislative carve-out would seem to go too far and the CLC would have concerns that this may, even when tightly worded, establish a precedent that could weaken what we would consider to be a fundamental principle of ensuring that no transactions are carried out until verification of identity is complete.

Q8 Are there other scenarios apart from bank insolvency in which we should consider limited carve-outs from the requirement to ensure that no transactions are carried out by or on behalf of new customers before verification of identity is complete?	The CLC does not have any other scenarios to suggest. As noted above we would be concerned at allowing carve outs from fundamental aspects of the MLRs as this may have the effect of weakening the regime as a whole even if the carve out was tightly worded.
Enhanced Due Diligence	
General triggers for enhanced due diligence	
Q9 (If relevant to you) Have you ever identified suspicious activity through enhanced due diligence checks, as a result of the risk factors listed above? (Regulations 33(6)(a)(vii), 33(6)(a)(viii) and 33(6)(b)(vii)). Can you share any anonymised examples of this?	The CLC has not identified any suspicious activity through Enhanced Due Diligence (EDD) as a result of the risk factors set out.
Q10 Do you think that any of the risk factors listed above should be retained in the MLRs?	The CLC does not have any comments on these particular risk factors. We do not consider them to be strictly relevant to CLC practices however they may be useful for other entities being supervised under the MLRs who will be better placed to comment on whether they should be retained or not.
Q11 Are there any risk factors for enhanced due diligence, set out in regulation 33 of the MLRs, which you consider to be not useful at identifying suspicious behaviour?	There are no provisions in Regulation 33 which we consider to not be useful in identifying suspicious behaviour: in our view all of the risk factors therein are based on well-established AML/CTF risk factors. We have had experience of disciplinary cases which involved suspicious transactions that would have been identified using a number of EDD risk factors had the practice discharged their obligations appropriately. Regulation 33(1)(f) requires that EDD should be applied where the transaction is complex or unusually large, forms an unusual pattern or has no economic or legal purpose. The CLC's view is that this particular regulation is not clear enough and therefore may not be as strictly useful in identifying suspicious behaviour as other parts of Regulation 33. We expand upon this in our answer to question 14 and 15 below.
Q12 In your view, are there any additional risk factors that could usefully be added to, for example, regulation 33, which might help firms identify suspicious activity?	In the CLC's view a notable current omission from Regulation 33 is specific mention of third parties contributing to a transaction as a trigger for EDD - most notably giftors in conveyancing transactions. We have noted instances where Enhanced Due Diligence (EDD) should have been applied due to risk factors of the giftor (such as being politically exposed or being based in a High Risk Third Country). At present Regulation 33 does not clearly include third party giftors. We have also had a disciplinary case (which can be found here) where an allegation, allegation 11, related to failing to conduct appropriate checks on a large gift that was made from a foreign jurisdiction. The Adjudication Panel (AP) at the final hearing carefully considered the circumstances, the size of the gift, the jurisdiction from which it came and made the finding that EDD should have been undertaken by the practice. The addition of such a risk factor (or making it clearer that the existing risk factors apply to giftors) would provide clarity and ensure that such gifts, which are relatively common, are scrutinised appropriately by firms and practices.
'Complex or unusually large' transactions	

Q13 In your view, are there occasions where the requirement to apply enhanced due diligence to 'complex or unusually large' transactions results in enhanced due diligence being applied to a transaction which the relevant person is confident to be low-risk before carrying out the enhanced checks? Please provide any anonymised examples of this and indicate whether this is a common occurrence.	The CLC has not encountered any such occasions in our monitoring or supervisory work. In the single AML disciplinary case which has involved this issue, the opposite was the case in that the transaction in question was argued to be high risk by the CLC as it featured a highly unusual pattern of transactions, was large (outside of the practice's usual range of property prices), included inappropriate client account use (using the client account as a banking facility) and also numerous gifts from a variety of sources including a company. The practice itself risk assessed the transaction to be "no risk" which was found to be an inadequate risk assessment by the Adjudication Panel (AP) (the case can be found here).
Q14 In your view, would additional guidance support understanding around the types of transactions that this provision applies to and how the risk-based approach should be used when carrying out enhanced check?	Additional guidance is necessary here in our view as a number of practices do not seem to be aware of this provision (either in its original form or after it was amended by the Fifth Money Laundering Directive (5MLD)) and do not give adequate consideration as to whether the transaction falls outside of what they usually handle or whether the transaction is a complex one etc. One consistent finding from inspections is that the AML policies of CLC practices do not adequately consider this aspect of EDD which suggests that additional guidance is necessary. Furthermore, as observed in the consultation notes, whether a transaction is "complex" is very subjective and we would welcome some clarity on this on a sector-by-sector basis.
Q15 If regulation 33(1)(f) was amended from 'complex' to 'unusually complex' (e.g. a relevant person must apply enhanced due diligence where… 'a transaction is unusually complex or unusually large'):	
• in your view, would this provide clarity of intent and reduce concern about this provision? Please explain your response.	It is arguable that the scope is too wide at the moment as many transactions could be considered to be complex (for example a leasehold matter could be considered complex by some) so perhaps a qualification along the lines of what has been put forward here would be appropriate so long as it is accompanied by very clear guidance as to what would be considered to be 'unusually complex' or 'unusually large' or at least some examples/case studies by sector.
• in your view, would this create any problems or negative impacts?	So long as appropriate guidance was published alongside the new wording, we do not envisage any problems or negative impacts.
High Risk Third Countries	
Q16 Would removing the list of checks at regulation 33(3A), or making the list non-mandatory, reduce the current burdens (cost and time etc.) currently placed on	It is difficult to assess the effect of taking out the list of checks noted - for example if the part relating to source of funds was removed: 33(3A)(c) - this would not remove the main source of funds provision in Regulation 28(11)(a) and it is debatable whether that would have any impact at all in a high risk sector such as conveyancing where comprehensive source of funds checks must be undertaken. Other aspects of the relevant Regulation specify what "additional" work would be required and their removal may reduce the burdens on

regulated firms by the HRTC rules? How?	practices/firms however it should be noted that the overarching EDD provisions in Regulation 33(5) apply generally to Regulation 33(1) which includes High Risk Third Countries (HRTCs) although they are not mandatory. Obligations relating to enhanced ongoing monitoring are also contained in Regulation 33 are, however, mandatory ("...must apply enhanced customer due diligence measures..."). In light of this, it is not clear as to whether the proposed changes to the list of checks (either removing the list or making it non-mandatory) would have any material effect as EDD must be undertaken in some form.
Q17 Can you see any issues or problems arising from the removal of regulation 33(3A) or making this list non-mandatory?	The CLC doesn't foresee any significant issues with removing/amending Regulation 33(3A) given that the obligations largely reside elsewhere either in general provisions or within Regulation 33 itself as noted in the answer to the previous question. The effect of its removal may bring some consistency to matters which are considered to be appropriate for EDD as Regulation 33(5) is an overarching provision that applies to all EDD matters.
Q18 Are there any High Risk Third Country-established customers or transactions where you think the current requirement to carry out EDD is not proportionate to the risk they present? Please provide examples of these and indicate, where you can, whether this represents a significant proportion of customers/transactions.	The CLC has not come across any examples of HRTC clients or transactions where the requirement to undertake EDD was thought to be disproportionate. The current list is derived from the Financial Action Task Force (FATF) lists which are based on a rigorous system of checking and enforcing international AML standards. The CLC is not in a position to say whether any of these countries should or should not be on the list.
Q19 If you answered yes to the above question, what changes, if any, could enable firms to take a more proportionate approach? What impact would this have?	Not applicable.
Simplified Due Diligence	
Pooled client accounts	
Q20 Do you agree that the government should expand the list of customer-related low-risk factors as suggested above?	The CLC agrees with the proposed expansion of customer-related low risk factors proposed and notes that they are based on guidance published by JMLSG and approved by HMT.
Q21 Do you agree that as well as (or instead of) any change to the list of customer-related low-risk factors, the government should clarify that SDD can be carried out when providing pooled client accounts to non-AML/CTF regulated customers, provided the business relationship presents a low risk of money laundering or terrorist financing?	Whether this is a permissible approach would depend upon the quality of the risk assessment done of the non-AML/CTF regulated customer. If the risk assessment was done to a very rigorous and robust standard (taking into account the nature of the clients the business has, their own AML procedures and policies, the quality of their own risk assessments, the way in which screening is applied to their staff and other such factors), then this may mitigate some of the concerns about unregulated entities using such accounts. In the CLC's view poor quality risk assessments may undermine the fight against money laundering and could present new opportunities for money launderers that were not there before, using services which do not have checks which are as robust as an AML/CTF regulated customer.

Q22 In circumstances where banks apply SDD in offering PCAs to low-risk businesses, information on the identity of the persons on whose behalf funds are held in the PCA must be made available on request to the bank. How effective and/or proportionate do you think this risk mitigation factor is? Should this requirement be retained in the MLRs?	As noted above there are concerns around allowing a high-risk service such as a pooled client account (PCA) to be opened up to unregulated businesses with SDD. One way to mitigate this is to allow the bank/financial institutions to make such requests in order to identify suspicious transactions/clients and take appropriate action. The CLC is not in a position to say whether this is an effective and/or proportionate measure as we do not have any evidence of how frequently it is used and whether its invocation has led directly to the detection of money laundering or other types of crime. We have not received any reports to date about this particular provision being used in relation to CLC practices.
Q23 What other mitigations, if any, should firms consider when offering PCAs? Should these be mandatory under the MLRs?	The other mitigations suggested in the JMLSG guidance seem appropriate in the CLC's view (for example adopting enhanced ongoing monitoring and placing restrictions on the PCA). In addition to this, we would consider a robust risk assessment of the business concerned at the outset to be crucial. We would also suggest the following mandatory mitigations: (a) regular audit of the firms' files (b) client account reconciliations to be produced monthly by the firm involved (c) a further risk assessment after 6 months of the PCA being established and (d) a visit by HMRC to assess the ML procedures at the firm.
Q24 Do you agree that we should expand the regulation on reliance on others to permit reliance in respect of ongoing monitoring for PCA and equivalent scenarios?	Such an expansion would be significant in the CLC's view as Regulation 39 reliance currently relates to CDD which has already been conducted and which can be requested and reviewed. Although it depends on the duration of the client/firm relationship, the majority of the ongoing monitoring would take place after any such agreement takes place which may constitute a risk as the bank/financial institution would only be able to be reassured by policies and procedures. In the CLC's experience compliance with ongoing monitoring is variable even amongst AML regulated entities. If a client's source of funds change during a conveyancing transaction, for example, that would constitute something that would trigger ongoing monitoring/fresh CDD and a request for further information and documentation to evidence any new source. However, if this occurs after the agreement, then there is a risk that it is something that is not picked up appropriately. The CLC would agree with the expansion of reliance as proposed however this needs to be strictly controlled in our view. Our suggestion would be that this is limited only to legal services providers regulated for AML purposes such as solicitors etc as it is unclear how much ongoing monitoring other AML regulated businesses may do (such as auction houses). For quite a few businesses (even those regulated for AML/CTF purposes) it is not clear that this measure would constitute a mitigation and in some instances (non-AML regulated entities) may actually be a liability.
Q25 Are there any other changes to the MLRs we should consider to support proportionate, risk-based application of due diligence in relation to PCAs?	The CLC does not have any other changes to suggest.
Chapter 2: Strengthening system coordination	
Information sharing between supervisors and other public bodies	

Q26 Do you agree that we should amend the MLRs to permit the FCA to share relevant information with the Financial Regulators Complaints Commissioner?	The CLC does not have a strong view on this particular issue however would observe that such information sharing may be beneficial in permitting the FRCC to properly investigate relevant complaints which relate to the FCA.
Q27 Should we consider extending the information-sharing gateway in regulation 52(1A) to other public bodies in order to support system coordination? If so, which public bodies? Please explain your reasons.	The only examples of non-cooperation or issues with sharing of information which the CLC has encountered in AML investigations have been confined to non-public sector bodies. We have always had good cooperation from the most critical public bodies, and we therefore do not have any suggestions to make at this point.
Q28 Should we consider any further changes to the information-sharing gateways in the MLRs in order to support system coordination? Are there any remaining barriers to the effective operationalisation of regulation 52?	The CLC does not consider there to be any significant barriers to the collection of AML specific information. As noted above any issues we have encountered have been confined to non-public bodies but even in these scenarios we have usually been able to obtain the required information in the end although it can sometimes be costly and time consuming. We would also observe that it would be useful if banks were able to proactively spot whether client accounts were being used inappropriately and flag this to the relevant regulatory body. Given the nexus between misuse of client accounts and ML risk, such information sharing would prove to be an effective safeguard.
Cooperation with Companies House	
Q29 Do you agree that regulation 50 should be amended to include the Registrar for Companies House and the Secretary of State in so far as responsible for Companies House?	The CLC is in agreement with this proposed amendment as Companies House will likely require extensive cooperation from the supervisors to conduct proper investigations and come to evidence based conclusions in the work that they do. Whether this also needs to include the Secretary of State (SoS) responsible for Companies House is unclear - in our view the Registrar is likely to be sufficient for the stated purposes. The rationale for including the SoS has not been included which we would need to see to come to a final conclusion here.
Q30 Do you consider there to be any unintended consequences of making this change in the way described? Please explain your reasons	The CLC does not consider that there are any unintended consequences here.
Q31 In your view, what impact would this amendment have on supervisors, both in terms of costs and wider impacts? Please provide evidence where possible.	For supervisors it would, in our view, increase the burdens on them if they receive a wide range of requests for information from Companies House. This would certainly increase costs and, if a large number of requests or enquiries are made, may even involve hiring staff specifically to deal with them. The impact will be most felt by supervisors with large, regulated populations such as the SRA. It is also conceivable that the requests may necessitate changes in how information is collected and retained by the supervisors.
Regard for the National Risk Assessment	
Q32 Do you think the MLRs are sufficiently clear on how MLR-regulated firms should complete and use their own risk assessment? If not, what more could we do?	In the CLC's view the MLRs do not contain sufficient clarity at present, and we would highlight Regulation 18 which states that such an assessment must take into account *(a)information made available to them by the supervisory authority under regulations 17(9) and 47, and...* In our view this provision should be rewritten to very clearly state that their own assessments

	must take into account (a) the relevant supervisor's sectoral risk assessment and (b) the National Risk Assessment. We would also note that some practices/firms underestimate the level of risk in a given sector, and it may also be suitable to amend 18(a) to explicitly state that if a firm or practice reaches a different conclusion on risk from the sectoral or NRA assessments then it must record in writing its reasons for so departing.
Q33 Do you think the MLRs are sufficiently clear on the sources of information MLR-regulated firms should use to inform their risk assessment (including the NRA)? If not, what more can we do?	As noted above we think the appropriate regulation could be rewritten to explicitly state two of the most important sources (the sectoral risk assessment of the supervisor and the NRA). Other sources such as advisory notes, guidance etc could also be included but are less important in our view as the sectoral risk assessment should be a comprehensive and up to date survey of the sector.
Q34 One possible policy option is to redraft the MLRs to require regulated firms to have a direct regard for the NRA. How do you think this will impact the activity of: a) firms b) supervisors? Is there anything this obligation should or should not do?	This would have an impact on (a) practices as it would introduce a mandatory requirement for them to have regard to the NRA and lead to a number of such assessments being revised and arguably improved. At present practices may or may not have regard to the NRA which can lead to inconsistent and inadequate risk assessments in our view. From the (b) supervisors' perspective it would enable us to enforce a more consistent approach which would be welcome given some of the findings that we have made in recent years. A similar and perhaps more effective approach in the CLC's view would be to require practices to have regard to the sectoral risk assessment as this will itself have regard to the NRA and will also place considerable emphasis on sector specific risks. Given how frequently sector risk assessments are published (for the CLC every year) vs the NRA (a four-year gap to the most recent one) this may be the preferred method of ensuring more consistent and robust firm wide risk assessments.
System Prioritisation and the NRA	
Q35 What role do you think the NRA versus system prioritisation should play in the allocation of regulated firms' resources and design of their AML/ CTF programmes?	The NRA is a valuable resource however it does have its limitations and one of these is that it does become outdated quickly and therefore emerging risks are left unaddressed for some time. System prioritisation sounds like it will produce a more flexible and real-time approach to identifying risks. If a common set of standards can be agreed (for example between real estate agents, auction houses and conveyancers), this could arguably produce more effective results and result in a more sustained and robust attempt to tackle money laundering. However, the CLC would need to see more detail in this area before coming to a final conclusion.
Currency Thresholds	
Q36 In your view, are there any reasons why the government should retain references to euros in the MLRs?	The CLC does not have any reason to put forward as to why the references to euros should be retained since the UK left the EU.
Q37 To what extent does the inclusion of euros in the MLRs cause you/your firm administrative burdens? Please be specific and provide evidence of the scale where possible.	The inclusion of euros does not cause the CLC any such administrative burden.
Q38 How can the UK best comply with threshold requirements set by the FATF?	The UK could match the current threshold in pounds using current conversion rates and then commit to reviewing this if the threshold changes in the future.

Q39 If the government were to change all references to euros in the MLRs to pound sterling which of the above conversion methods (Option A or Option B) do you think would be best course of action?	Option B.
Q40 Please explain your choice and outline with evidence, where possible, any expected impact that either option would have on the scope of regulated activity.	The CLC considers option B to be the preferable option as it would entail a much more closer alignment with the FATF thresholds (which is important to ensure that we are working in partnership with other FATF countries) than Option A. Option A would have the effect of raising the thresholds and, in the CLC's view, potentially imposing a lower standard than exists elsewhere where FATF rules are applied. Option B would also require less frequent review and would actually lower the threshold and potentially bring more transactions into the scope of the AML Regulations.
Regulation of resale of companies and off the shelf companies by TCSPs	
Q41 Do you agree that regulation 12(2) (a) and (b) should be extended to include formation of firms without an express request, sale to a customer or a person acting on the customer's behalf and acquisition of firms to sell to a customer or a person acting on the customer's behalf?	Given the attractiveness to criminals of buying ready-made "off the shelf" companies, the CLC would agree that these additional scenarios should be added to Regulation 12(2). The current way that Regulation 12(2) is formulated does not expressly include such situations and it would be a sensible step in the CLC's view to ensure that this is covered expressly and to fill the gap which has been identified by HMT in this consultation.
Q42 Do you consider there to be any unintended consequences of making this change in the way described? Please explain your reasons.	The CLC does not foresee any unintended consequences in this particular scenario.
Q43 In your view, what impact would this amendment have on TCSPs, both in terms of costs and wider impacts? Please provide evidence where possible.	If some TCSPs are not currently undertaking customer due diligence on those seeking to purchase "off the shelf" companies (or on firms that they have bought) then this could expand their costs and would also place burdens on them to report matters appropriately. We note that some company formation agents are registered with the National Crime Agency (NCA) to be able to submit Suspicious Activity Reports (SARs) - requiring this of such agents would be a sensible step and would enhance the reporting of intelligence.
Change in control for cryptoasset service providers	
Q44 Do you agree that the MLRs should be updated to take into account the upcoming regulatory changes under FSMA regime? If not, please explain your reasons.	The CLC agrees that the MLRs should be updated to bring them in line with the FSMA regime changes.
Q45 Do you have views on the sequencing of any such changes to the MLRs in relation to the upcoming regulatory changes under the FSMA regime? If yes, please explain.	The CLC does not have any views on this particular question.

Q46 Do you agree that this should be delivered by aligning the MLRs registration and FSMA authorisation process, including the concepts of control and controllers, for cryptoassets and associated services that are covered by both the MLRs and FSMA regimes? If not, please explain your reasons.	The CLC agrees with the proposal of aligning the MLRs registration and FSMA authorisation process.
Q47 In your view, are there unique features of the cryptoasset sector that would lead to concerns about aligning the MLRs more closely with a FSMA style fit and proper process? If yes, please explain.	The CLC does not have sufficient information on the features of cryptoasset firms which may lead to concerns to be able to answer this question.
Q48 Do you consider there to be any unintended consequences to closer alignment in the way described? If yes, please explain.	The CLC does not foresee any unintended consequences of the closer alignment.
Registration of non-UK express trusts with no UK trustees, that own UK land	
Q49 Does the proposal to make these trusts that acquired UK land before 6 October 2020 register on TRS cause any unintended consequences? If so, please describe these, and suggest an alternative approach and reasons for it.	The CLC does not foresee any unintended consequences of this proposal.
Q50 Does the proposal to change the TRS data sharing rules to include these trusts cause any unintended consequences? If so, please describe these, and suggest an alternative approach and reasons for it.	The CLC does not foresee any unintended consequences of this proposal.
Trusts required to register following a death	
Q51 Do the proposals to exclude these trusts for two years from the date of death cause any unintended consequences? If so, please describe these, and suggest an alternative approach and reasons for it.	The CLC does not foresee any unintended consequences of this proposal.
Q52 Does the proposal to exclude Scottish survivorship destination trusts cause any unintended consequences? If so, please describe these, and suggest an	The CLC does not foresee any unintended consequences of this proposal.

alternative approach and reasons for it.	
De minimis exemption for registration	
Q53 Does the proposal to create a de minimis level for registration cause any unintended consequences? If so, please describe these, and suggest an alternative approach and reasons for it.	In the CLC's view this may introduce a loophole in trust registration, particularly if the responsibility of determining whether the trust qualifies as 'de minimis' rests with the trustees. If we accept that such trusts may be abused by money launderers, then it is questionable whether the responsibility should rest with the trustees who may also be the beneficiaries of such a trust and have a vested interest. To allay this concern our view is that responsibility should fall with the government or a suitably qualified regulated professional to determine whether the trust qualifies as a de minimus one.
Q54 Do you have any views on the proposed de minimis criteria?	The CLC does not have any comments to make on the proposed criteria which seem appropriate.
Q55 Do you have any proposals regarding what controls could be put in place to ensure that there is no opportunity to use the de minimis exemption to evade registration on TRS?	As noted above we would recommend that responsibility for determining whether the trust is a registrable one should rest either with the government or with an independent professional. This would, in our view, be a suitable safeguard to put in place if this particular amendment is adopted.