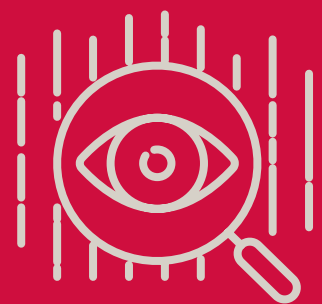
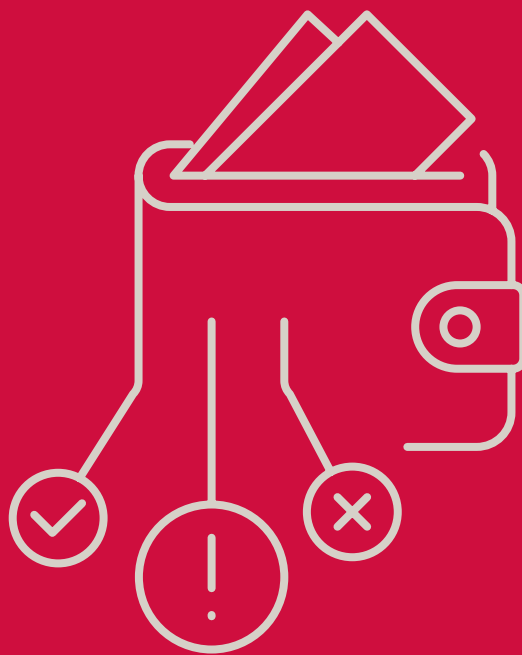




Regulating
Property
And
Probate
Lawyers

The CLC's Annual Anti-Money Laundering Report

October 2024



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1. Foreword by the Chair of the Council for Licensed Conveyancers

Previous AML reports produced by the CLC have rightly identified that CLC practices play a crucial front-line role in the effort to combat money laundering in the United Kingdom. This view remains unchanged and the CLC is steadfast in its commitment in ensuring that criminals do not exploit the UK property market to launder the proceeds of crime.

Criminals continue to view property in the UK as being an attractive investment in order to launder money and the scale and impact of the issue remains profound. The UK is currently awaiting a new National Risk Assessment however it is anticipated that the assessment of high risk will not change from the last one conducted in 2020. The CLC's latest sectoral risk assessment from March 2024 assessed the risk of conveyancing being exploited by those seeking to launder money as high.

The CLC's understanding of risk in the areas that it regulates continues to grow and we are pleased to be able to present the results of our thematic review into Trust and Company Service Providers (TCSP) within this reporting period. As part of this thematic review the CLC conducted a survey of all of its regulated community and then selected a small subsection of practices for comprehensive follow up reviews.

As part of the TCSP project the CLC conducted an in-depth risk assessment of TCSP services that CLC practices offer, the results of which are summarised in this report. The findings of the thematic review were broadly in line with our expectations in that the majority of TCSP services offered by CLC practices are low risk. This outcome validates our perception of risk and we will continue to focus our resources on where it is most needed which, at present, is firmly with conveyancing services.

As noted in our previous AML report, the CLC's monitoring and inspection programme has evolved towards a more risk-based approach and we have continued to build upon this within the relevant period with, for example, further development and use of AML specific desktop reviews. The CLC is also constantly evolving its understanding of AML risks as it relates to property, as is reflected in this report with our identification of two property related emerging risks: auction houses and developers.

Further AML guidance has also been launched this year and of note is a completely updated AML and Sanctions guidance document which incorporates a model AML policy and procedure. We also published an AML policy checklist at the same time which allows practices to see what the CLC expects to see in a fully functioning and comprehensive AML policy/procedure.



This report also makes clear that there are some persistent ongoing AML issues, such as adequate scrutiny of source of funds/wealth, and we are working hard to address these. Earlier this year the CLC published the first compliance notice in the area of AML which related to source of funds and source of wealth. The CLC is considering all of the tools at its disposal to ensure that compliance with the AML Regulations and our own codes is high. We are once again going to hold roadshows across the United Kingdom in November 2024¹ where we will address some of the more consistent issues that we identify.

Even as the CLC continues to manage compliance, ensuring practices comply with our codes and in particular the AML regulations, where we encounter serious breaches we do not hesitate to escalate these to disciplinary or enforcement proceedings. Our approach can be seen most vividly in the reporting of AML cases that have been resolved within the reporting period².

We have also recently intervened into a practice because of AML and accounts issues however this will be reported on more fully in the next reporting period. This latest intervention, the first of its kind, is an indication of how seriously the CLC takes the fight against money laundering.

The CLC also continues to work closely with various third parties and key stakeholders in ensuring that there is a coherent collective response to money laundering. We are also striving to ensure that information is shared with our regulated communities, government agencies and other regulators.

As this is being written the AML community is awaiting some significant developments including anticipated changes to the Money Laundering Regulations (MLRs) and indeed the very future of AML supervision in the UK. The CLC contributed to both of these major consultations and expressed some robust views on how the MLRs could be improved, in light of our considerable regulatory experience, and how the fight against money laundering should be regulated³.

The next AML Report will likely be able to report on these developments but in the meantime we remain committed to addressing money laundering and to developing our own monitoring and supervisory work to be as effective as possible with the resources that we have.

Dame Janet Paraskeva

November 2024.

1 London on 11th November 2024, Liverpool on 12th November 2024, Leeds on 13th November 2024 and Bristol on 15th November 2024. Please follow this link to sign up: [CLC Compliance Roadshows November 2024 | Eventbrite](#)

2 For an in-depth example please see case study 1 on page 43 of this report.

3 Both of the CLC's responses to these consultations can be accessed here: <https://www.clc-uk.org/regulation/consultation-responses/>



2. The CLC's regulatory landscape

The following section covers the CLC's remit and role in Anti-Money Laundering and Combating Terrorist Financing (AML/CTF).

Background & Context

The Council for Licensed Conveyancers (CLC) regulates specialist conveyancing and probate lawyers in England and Wales⁴. The CLC was established by the Administration of Justice Act 1985 (the 1985 Act) which enabled the regulation of what is known as a Recognised Body (RB): a practice⁵ that must be wholly owned by the regulated lawyers (Authorised Person/s as they are now defined in the Legal Services Act 2007) who will operate and manage the business and deliver the regulated services direct to the public.

The CLC is also subject to the Legal Services Act 2007 which opened up the ownership of practices to non-lawyers (subject to certain checks and tests) and led to the creation of Alternative Business Structures (ABS). The CLC's regulated community is made up of RBs and ABSs and covers a broad range of practice sizes from sole practitioners (SPs) up to large practices with multi-million-pound turnovers.

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) which are the primary pieces of legislation in the United Kingdom in respect of AML.

The CLC's regulatory activities include:

- Setting educational and training standards for entry into the conveyancing and probate profession.
- Setting licensing and authorisation standards for entry into the profession to provide conveyancing and probate services directly to the public.
- Setting standards to regulate professional practice, including conduct, and ongoing professional competency.
- Setting standards to maintain adequate professional indemnity insurance and a compensation fund.
- Ensuring compliance with those standards.
- Monitoring the work and conduct of, and providing guidance to, regulated bodies.
- Investigating allegations of misconduct and taking appropriate disciplinary action.
- Contributing to policy development.
- A preventative working model that seeks to identify and rectify issues of non-compliance through co-operation with practices wherever possible before actual harm is caused to the consumer or public interest. Disciplinary action may nevertheless follow as warranted and proportionate.

4 At the end of the relevant period for this report, the CLC regulated 205 practices (RBs and ABSs) made up of 18 sole practitioners and 187 practices.

5 A sole practitioner, partnership, limited liability partnership or a company.



AML Responsibilities

The CLC's specific obligations and duties as a professional body AML supervisor are set out in the MLRs. In particular, Regulation 46 requires that the CLC takes a risk-based approach to supervision which is guided and informed by the risk assessments that we conduct of our supervised population. The MLRs also require that the frequency and intensity of supervision is based on the supervised population's risk profile and more specifically that:

- Employees and officers of the CLC must have access to relevant information on the domestic and international risks of money laundering terrorist financing which affect its own sector;
- The CLC must keep written records of actions taken, including reasons for deciding not to act in a particular case.
- The CLC must take effective measures to encourage the supervised population to report potential or actual breaches of the MLRs to it.

Regulation 47 sets out the information on money laundering that the CLC is required to provide to its supervised population relevant to its own sector. The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 also added a new Regulation 46A, which requires AML supervisors to publish an annual report that sets out:

- Measures taken to encourage reporting by the regulated population of actual or potential breaches of the MLRs.
- The number of reports of actual or potential breaches received by the CLC.
- The number and description of measures carried out to monitor and enforce compliance by relevant persons with their obligations under the MLRs, the Terrorism Act 2000 and the Proceeds of Crime Act 2002.

This is the fourth of the CLC's Regulation 46A AML Annual Reports. The content and style of future reports will develop along with our approach to AML supervision and enforcement, and with guidance issued by the Office for Professional Body AML Supervision (OPBAS).



Overview – AML Monitoring & Compliance

Our Approach

The CLC employs a managed compliance model of regulation which aims to identify non-compliance, and to then bring practices back into compliance with the relevant codes⁶ as a priority. Managed compliance typically involves a timebound action plan that is designed to remedy the deficiencies that have been identified. The CLC ensures that the action plan is adhered to and will only sign off the report or review that identified the shortcoming once the practice has taken appropriate corrective action. This is a zero tolerance approach that ensures that every breach is remedied to the CLC's satisfaction.

It is crucial to note that this approach works in parallel with our wide range of enforcement and disciplinary tools such as referring serious concerns to the Adjudication Panel (AP) for a public hearing⁷. Breaches of the CLC's AML codes are taken very seriously by the CLC and may lead to more serious formal action depending on the circumstances and the type of breach that has occurred. This is explored in more detail below⁸.

This preventative approach is tailored towards identifying and resolving problems at an early stage - prior to them becoming a real problem and potentially causing harm to consumers of legal services or to the public interest. The CLC's view is that this approach, which seeks to prevent the occurrence of actual harm and to achieve compliance as quickly as possible, serves client interest and the public interest effectively and proportionately.

Each practice is assigned a Regulatory Supervision Manager (RSM) or Regulatory Supervision Officer (RSO). The RSO/RSM is the main point of contact for the practice whether that is to address questions around the code of conduct or to self-report issues. We find that having such a point of contact encourages an open relationship between the CLC and the practices we regulate.

This approach does involve significant close monitoring of practices, and the CLC uses a number of supervisory and enforcement tools, both proactive and reactive, which are described below in detail. Selecting the right tool will depend on the circumstances and whether the response is proportionate to the issue. The CLC's approach commences from when new practices first apply to the CLC⁹ for regulation and continues throughout their time being regulated by the CLC.

If the managed compliance approach is not appropriate by itself or at all because of the serious or systemic nature of an issue, then the CLC will not hesitate to escalate serious AML matters. For example, if the AML or other concerns are widespread within a practice, then it may be suitable to escalate the matter for disciplinary action immediately alongside securing a return to compliance. The CLC has an AML enforcement policy in place which describes how and when we escalate AML issues¹⁰ and has now developed detailed threshold guidance. Some significant AML disciplinary cases have concluded within the relevant period of this report which will be reported on later in this report.

6 Including the Anti-Money Laundering and Counter-Terrorism Financing Code.

7 Please see case study 1 on page 43 for a good example of this approach.

8 See page 8 of this report for a summary of the CLC's enforcement tools.

9 New applicants to the CLC have their policies and procedures reviewed by a member of the monitoring team.

10 The policy can be found here:
<https://www.clc-uk.org/wp-content/uploads/2020/07/20202001-AML-Enforcement-Policy-and-Procedure-002.pdf>



The Senior Management Team (SMT) at the CLC are closely involved in scrutiny of the AML programme and meet with the Deputy Director of AML and Sanctions regularly to plan the year's AML work. They also play a role in reviewing the progress of compliance work, disciplinary referrals, major reports and consultation responses. SMT also attends disciplinary meetings where decisions are made as to whether disciplinary action should be pursued, including in cases with AML concerns.

All staff at the CLC also undergo AML training on a regular basis with notable members of staff who are closely involved with AML, such as the Money Laundering Reporting Officer (MLRO), receiving an enhanced level of AML training. Regular updates on AML¹¹ are cascaded down to members of the monitoring team and our team of panel inspectors who work with AML issues on a daily basis.

The non-executive Council of the CLC takes a close interest in AML work and receives regular reports on AML which are subject to scrutiny at Audit and Risk Committee which meets quarterly, as well as the regular Council sessions and by exception as necessary. The quarterly reporting to Council was recently enhanced and includes more detailed information about AML developments in the relevant quarter.

Enforcement tools:

The enforcement tools available to the CLC are outlined below.

- **Managed compliance** – may consist of an agreed action, a remediation plan or directions which are designed to remedy breaches and bring an individual or practice back into compliance with the CLC's codes within a specified time. This can also include other tools such as re-inspections and requiring undertakings or independent audits to take place.
- **Informal sanctions** – enforcement tools which may be imposed by the CLC unilaterally and without regard to the provisions of the 1985 Act or the 2007 Act. Such sanctions are not publicised on the CLC's website, nor are they appealable.
- **Formal sanctions** – for RBs sanctions can only be imposed by the Adjudication Panel (AP) under the 1985 Act. For ABSs, sanctions can be imposed either by the CLC under the provisions of the 2007 Act or by the AP. Such sanctions are publicised on the CLC's website and may be subject to appeal. See Appendix A.

When considering which of these tools are appropriate the CLC will consider:

- The seriousness of the breaches and their extent.
- Whether the breach would undermine confidence in the profession.
- The practice's past compliance history including the most recent inspection or desktop review.
- Whether the AML issues relate to files that were reviewed and the risk profile of the transactions involved.
- The practice's cooperation with the CLC and how they have implemented any actions.
- Whether the steps taken following inspection have achieved the desired outcome or not.
- Whether any client harm has occurred and, if so, the extent and type of that harm.
- The AML enforcement policy and the CLC's disciplinary policy.
- The CLC's threshold guidance for AML action.

¹¹ Which can be derived from LSAG meetings, intelligence received, trends from inspections, notable cases, new guidance and new legislation.



Sector risk assessment

The CLC recognises that the practices it regulates are engaged in services which have been identified by the National Risk Assessment of 2020 (NRA) as being at risk of exploitation by money launderers. This risk is most prevalent in conveyancing services which was classified as being at high risk of exploitation due to the nature of the service which enables large amounts of money to be laundered in a single transaction.

The operation of a client account and trust and company service providers (TCSPs) were also identified as being at high risk of exploitation in the NRA. Every CLC practice uses a client account and the CLC's own research has identified that some practices are engaged in TCSP services.

The CLC concluded a thematic review into TCSP which will be covered in detail later in this report¹², however the main conclusions from this report were that in relation to trusts and trust related services, the ML risk was medium while the ML risk of other TCSP services such as company service providers was low. The sectoral risk assessment has been fully updated with the results of the TCSP thematic review.

While probate and estate administration are not explicitly mentioned in the NRA, the CLC considers that there is a low risk of money laundering in these services and has taken this into account in the sectoral risk assessment which was updated in July 2024. This risk assessment, which is updated annually, can be found [here](#).

Inspections and desktop reviews – continuing a more focussed risk-based approach

As was noted in the previous report, the CLC implemented a new approach to inspections in 2023 which moved away from conducting inspections on a standard three-year cycle and towards a more risk-based model which prioritises resources on what the CLC considers to be higher risk practices based on factors such as previous AML compliance and intelligence received.

The CLC also ensures appropriate coverage of the lower risk practices from our regulated community and include a selection of randomly selected low risk practices every year for inspection or review¹³. We have also continued to develop our desktop AML reviews and have now undertaken a number of these reviews which entail a remote assessment of a practice's compliance with the CLC's AML codes and AML legislation. The CLC plans to carry out more of these in the next reporting period and will report back on them in the next report.

With respect to AML, the CLC adopts the approach that a non-compliant finding for AML will render the entire report to be non-compliant unless there are exceptional circumstances in place¹⁴. This approach reflects the importance that we place on AML and the need to ensure that money laundering is tackled in the UK.

¹² See page 10 of this report for a summary of the TCSP thematic review.

¹³ It is important to note that RSM's/RSO's also meet new practices within the first six months of operation and carry out an inspection on or around their first year of trading irrespective of risk level. The CLC also has a range of other supervisory tools which are conducted irrespective of risk level such as the Annual Regulatory Return (ARR).

¹⁴ This approach has been in place since 2019 and is articulated in the CLC's overarching AML supervision policy which will be finalised in the next few months and published in the [AML toolkit](#).



Trusts and Company Service Providers (TCSPs) – Thematic Review

In terms of supporting our wider compliance work, and as part of a gap analysis, the CLC undertook a Thematic Review of Trust and Company Service Providers (TCSPs) which took place from October 2022 to January 2024. The CLC required all practices in its regulated community to complete a TCSP questionnaire in September 2022. Following this first stage, seven practices were selected for further follow-up work at the second stage.

The third stage involved file reviews of two to three trust or trust-related files which were reviewed alongside AML documentation such as the practice's AML policy and their practice wide risk assessment (PWRA). The next stage involved a series of follow up questions to the Money Laundering Reporting Officer (MLRO) which included file review specific questions and also questions which more generally related to TCSP risk.

The fifth stage of the TCSP thematic review involved the production of individual reports for each of the practices involved¹⁵. These reports made findings in relation to compliance with the AML Regulations and/or the CLC's AML codes and also produced a compliance score for each of the practices. Each report contained a timebound action plan to remedy any deficiencies identified and bring the practice's back into compliance with the CLC codes.¹⁶

Stage 6 of the thematic project involved the production of the thematic report itself which brought together the findings of the survey and the individual file reviews to reach direct conclusions on TCSP risk for CLC practices. The report can be found [here](#). The final stage, stage 7, involved extensive follow-up work to make sure that the conclusions of the TCSP thematic project were reflected in CLC policies and guidance.

The report was published on 4 January 2024 and reached the following conclusions on risk levels, as it relates to CLC regulated practice areas of work after careful consideration of the findings:

Type of TCSP service	Adjusted risk rating
Company Formation	Low Risk
Director services	Low Risk
Secretarial services	Low Risk
Multiple TCSP services	Low Risk
Trust and trust-related services	Medium Risk
Registered office/ receiving mail	Low Risk

¹⁵ With the exception of one practice which closed later in 2023.

¹⁶ Each of the practices concerned worked through the action plans with the result that all of the reports were signed off in November 2023.



The outcomes of the thematic review were broadly in line with the CLC's expectations in that this kind of work, undertaken by a small number of CLC practices, is generally low risk with the exception of trust and trust-related services which we assessed as medium risk due to the weaknesses in the AML procedures of three practices at the review stage. Company formation work was identified as being low risk as the type of work¹⁷ involved was confined to property related services not typically associated with money laundering, specifically incorporating management companies in new build developments and forming a company for the purpose of acquiring the freehold interest.

This thematic review has enriched the CLC's understanding of its regulated sector and we have, through the follow-up work referred to above, incorporated this understanding and risk assessment into a variety of documents and procedures such as our monitoring processes. In order to mitigate the issues that were identified, an action plan was created by the CLC to address each area of concern which can be found in section 7 of the report at pages 13 – 14. For example, in relation to AML policies the CLC identified weaknesses in a number of practice's policies and decided to publish an AML policy checklist to clearly set out our expectations and also to update our own AML policy template and guidance¹⁸.

Breach Reporting and Monitoring

The CLC is required by Regulation 46 to encourage its regulated community to report AML breaches. We facilitate reporting by practices we regulate in several ways, including:

- The CLC's approach to supervision and regulation establishes strong working relationships with practices, encouraging transparency and active engagement. Each practice is assigned an RSM or RSO as their point of contact.
- Practices can seek guidance and discuss compliance issues at an early stage, which prevents more serious problems from manifesting at a later stage and provides an early insight into potential weaknesses in a practice's controls. Every new practice that comes into CLC compliance is assigned an RSM/RSO and will undergo a period of enhanced monitoring that involves review of financial documentations and an initial meeting with the practice.
- Publishing a range of guidance and resources on breach reporting and making suspicious activity reports (SARs) in the AML Toolkit. The CLC also reviews the quality of SARs during inspections and will be undertaking a thematic review of SARs in early 2025.
- Providing targeted training to Money Laundering Reporting Officers, including on their reporting obligations, as part of our compliance roadshows which will take place this year in November 2024 across the United Kingdom.
- Through the introduction of the CLC's Whistleblowing Policy which enables the regulated community to make anonymous reports of suspected illegality, including money laundering concerns.
- From January 2024, CLC practices were required to appoint a CLC authorised MLRO. Simultaneously, the CLC also began to publish MLRO's on its public register.
- MLRO candidates must provide evidence of having recently completed an externally assessed compliance course/training targeted at MLRO responsibilities. Candidates that are qualified lawyers and finance professionals must also provide evidence of their past 12 months completed Ongoing Competency Activities. Candidates are also required to complete the Identity and DBS checks, as well as a declaration agreeing to comply with the below specific requirements¹⁹:

¹⁷ The other TCSP work that CLC practices undertake, such as director/secretary services, was found to be low risk and related only to a very small subsection of CLC practices.

¹⁸ Both pieces of guidance can be found in the [CLC's AML toolkit](#).

¹⁹ The full MLRO declaration can be found at Annex B.



Specific Requirements- of responsibility

10. You ensure that internal records of SARs and internal suspicion reports (ISRs) are retained for a period of five years (whether or not you make a report to the NCA) and that access to them is strictly controlled.
 11. You ensure that the body has appropriate AML Policies, Procedures and Controls (PCPs) in place which are reviewed regularly.
 12. You implement an independent AML audit programme where appropriate to the size and nature of the body**.
 13. You ensure that all staff receive appropriate and regular AML training.
- More generally, the CLC's ongoing competency expectations include that CLC lawyers should use the annual requirement to address risks arising from day-to-day practice. In the future the CLC is proposing to expand this remit to include a practice level responsibility for risk management through ongoing competence and continuous improvement. The proposals, subject to LSB approval, will compel CLC Practices to complete an annual 'Risk and Ongoing Competence Return' (ROCR). This is effectively a practice-wide training log, whereby practices record incidents, near-misses or identified areas of risk, identify the related training that has been undertaken to address the risk, issue or near-miss. AML will be a mandatory reporting topic.



Ongoing Monitoring

Our approach to ongoing monitoring is reviewed at various junctures throughout the year. Typically, our approach would call for a review of risks/approach in the following situations:

Core

- When new AML legislation is introduced.
- When trends and/or patterns emerge from monitoring (see below).
- When an AML thematic project has concluded.
- Following analysis of relevant AML disciplinary decisions.

Supporting

- When new information on risks is identified by the CLC or emerges in a particular sector of the regulated community; individual; practices; or clients of CLC practices.
- The CLC also conducts an Annual Regulatory Return (ARR) which collects data and information in a wide range of areas including AML.
- The CLC engages with various regulatory and intelligence Forums which allows the CLC to gather AML intelligence and relevant information. This also includes engagement with National Risk Assessment (NRA) workshops and surveys ahead of the launch of the new NRA in early 2025.
- As part of the licence renewal process, entities and individuals are also required to declare whether they have been the subject of disciplinary investigations or insolvency proceedings (which includes AML or related issues).
- The CLC also regularly reviews financial information from practices (Such as their client account reconciliations) which can have a bearing on AML issues and has triggered disciplinary action as reported on in the previous AML report.



Communication & Engagement on AML

The CLC is committed to ensuring that the regulated sector is informed about developments in AML legislation, guidance and best practice. We do so by using a range of approaches to obtain and share information on related risks and themes. These include:

- Monthly newsletters to regulated entities/individuals, which includes AML updates, alongside an approach of creating additional communications to cover specific risks as necessary, such as direct emails to MLROs and practice managers. The CLC also makes use of its website to publish updates and advisory notices or compliance notices on AML-related issues²⁰.
- Social media - the CLC has a LinkedIn page which is used to share reports and highlight AML issues, alongside Twitter updates.
- Regulatory Supervisory Managers and Officers - who provide advice and support as a core function of their role involves being the first point of contact on any AML concerns²¹.
- The CLC recently set up an AML focussed inbox which enables practices and members of the public to contact the CLC directly and report issues or submit queries on AML issues²².
- Our Risk Agenda²³ – which includes AML as a key theme and informs our regulated community of trends and current/emerging AML risks.
- Conferences – Our staff are invited to speak at conferences and have done so regularly. For example, the Deputy Director of AML and Sanctions gave an AML themed presentation to the Legal Eye Conference in 2023.
- Compliance roadshows for practices – four roadshows are scheduled around the UK in November 2024.

The CLC also engages with a wide range of external forums which include other regulators and relevant organisations as members. At the AML forums, intelligence is shared and evaluated. This adds additional support and new insights into our rolling review of ongoing issues and is particularly helpful in identifying new risks. CLC officials regularly attend meetings of the:

- Legal Sector Affinity Group.
- Legal Regulators AML Forum.
- AML Supervisors Forum.
- Legal Sector Intelligence Sharing Expert Working Group²⁴.
- Cascade.
- National Risk Assessment working groups (pursuant to the 2025 National Risk Assessment).
- FIN-NET members meetings

Intelligence sharing also occurs outside of formal Forum meetings and, for example, the CLC will refer concerns over to other regulators when we think it is necessary and appropriate. As part of our ongoing work, the CLC is an active partner in contributing to the development and ongoing improvement of professional body AML supervisors.

20 For example - A recent compliance notice on source of fund can be found [here](#).

21 RSM's will also communicate with and visit a new practice in its first year, as part of its initial monitoring.

22 The details of the AML inbox can be located [here](#).

23 The 2024 risk agenda can be found [here](#).

24 The MLRO of the CLC has been assigned the role of Deputy Chair of the ISEWG in 2024.



3. Risk Assessments

CLC Risk Register

As required by Regulation 17(4) of the MLRs, the CLC developed a risk register to record a risk profile of each CLC regulated practice. The register covers key AML risks such as: the geographical location of a practice's clients, the percentage of overseas clients, the percentage of remote clients, the method of client verification and more specific risk areas such as whether the practice is obtaining source of funds evidence and whether it has an adequate practice wide risk assessment.

Levels of risk for each regulated entity are determined by the findings in relation to the key AML risks, each of which is attributed a score. An overall risk score of high, medium or low for each entity is then calculated based on the total score from all criteria. The development of the risk areas was determined by the CLC's monitoring work, our Red Flag Indicators, Legal Sector Affinity Group Guidance (LSAG), the Money Laundering Regulations (MLRs), National Risk Assessments²⁵ and the CLC's Anti-Money Laundering and Combating Terrorist Financing Code.

The information that populates the risk register is usually collected during onsite inspections and remote/desk-based reviews but can also be informed through other sources such as intelligence received, complaints and disciplinary investigations. Another recent source was the CLC's Annual Regulatory Return (ARR) which was undertaken at the end of 2022 and included a significant number of AML questions²⁶.

Each practice has a Regulatory Supervision Manager (RSM) or Officer (RSO). The RSM's and RSO's meet at the beginning of the year to decide which practices will be inspected. Risk factors for each practice (such as previous AML compliance) are taken into account and influence what type of inspection would be appropriate (eg a full onsite inspection or desk-based review).

New Risk Register 2023/2024

The CLC reviewed the AML risk register in 2023 and decided to update it to bring it in line with the latest developments and legislation (such as the Fifth Money Laundering Directive – 5MLD) and to address a wider range of AML risks and factors. The new risk register, which was launched on 1 November 2023, introduces a number of updated AML risk criteria into the risk register including: matter risk assessments, the frequency of Suspicious Activity Reporting (SARs) and whether the practice has an independent audit function.

The new risk register is constantly being developed in line with feedback from the monitoring team and also to reflect the latest AML developments. It is expected that the risk register will be completely populated by mid-2025, at which point every practice within the CLC's regulated community will have been assessed under this new system. A review of the risk register will take place at the end of the year.

The new risk register has also introduced an AML dashboard which enables real-time reporting to take place. This has assisted the CLC in providing reports of CLC practice's AML compliance to Council and other external bodies. The quarterly report to Council, in particular, has been enhanced in comparison to previous years and enables more robust and in-depth scrutiny of the previous quarter's AML inspections and developments to occur.

²⁵ The most recent National Risk Assessment was conducted in 2020 and can be accessed [here](#).

²⁶ This year's ARR, which will take place by the end of the year will build upon the AML questions asked in the previous year's ARR.



Table 1

CLC – Categories of Risk Factors			
	Common High Risk Factors	Common Medium Risk Factors	Common Low Risk Factors
1	No AML Policy or Procedure	Generally compliant AML policies and procedures	Compliant and robust PCPs
2	No practice-wide risk assessment	Practice wide risk assessment in place but issues identified and/or not regularly updated	Fully compliant and up to date practice wide risk assessment
3	MLRO not completed enhanced AML training and/or staff members not completed AML training	Training for MLRO and relevant staff in place but issues remain such as quality and/or frequency of training	Regular and appropriate AML training for MLRO and relevant staff
4	No evidence of CDD/EDD on files	Only one type of ID verification	Dual verification of client ID and electronic checking
5	No source of funds/wealth checks on files	Source of funds checking is completed but not thorough enough/incomplete or fully evidenced on file	Documented evidence of CDD/EDD and source of funds & wealth on file
6	Poor AML culture throughout organisation and particularly from the top	Reasonable AML culture however weaknesses exist	Strong AML culture throughout organisation
7	High % of clients outside local area and/or overseas clients	Less than 75% of clients met in person Nationwide client base	100% of Clients met in person Local client base
8	Lack of matter-based risk assessments or wholly inadequate assessments	Matter risk assessments are not repeated at later stages in the transaction (one stage)	Comprehensive three stage (initial, interim and final) matter-based risk assessments
9	High risk trust or company formation work (eg offshore or complex trusts)	Inadequate CDD in relation to existing trust work	Low risk trust work (eg express trusts created from wills or property being placed into trust)
10	Serious AML issues identified in all or a large percentage of the file reviews undertaken at inspection or review	AML issues confined to one or two files and are non-serious	No AML issues identified on the files that have been reviewed during the inspection.
11	Sanctions checking completely absent	Sanctions checks have been undertaken but not properly recorded.	Good evidence located on file that sanctions lists have been checked.



Risk & Compliance Data

Table 2

General Population Data		
	2023/2024 (As at April 2024)	2022/2023 (As at April 2023)
Total size of relevant population	205	219
Relevant firms	187	195
Relevant sole practitioners	18	24
Beneficial Owners, Officers and Managers (BOOMs)	546	656

Table 3

AML / CTF Population Data			
		2023/2024 (As at April 2024)	2022/2023 (As at April 2023)
High Risk	Number of firms	24	18
	Number of sole practitioners	2	3
Total		26	21
Medium Risk	Number of firms	20	27
	Number of sole practitioners	3	0
Total		23	27
Low Risk	Number of firms	139	141
	Number of sole practitioners	13	21
Total		152	162



Trends

As the figures above show, the number of practices²⁷ which have been classified as “high risk” has seen a modest increase while the number of “low risk” practices has decreased. This is primarily due to a recalibration of our approach to risk as reflected in the risk register that was launched in November 2023. This new risk register includes a broader range of risk categories and also a two-stage risk assessment. This recalibration has led to a shifting of practices up the risk scale and this will likely be even more evident in the next Regulation 46A report prepared by the CLC. The CLC is also, over time, becoming better at recognising and targeting high risk practices.

The other main reason behind this shift in risk is that the overall population of the CLC has decreased. There are 14 fewer practices in this reporting period compared to the last and a high percentage of the closed practices were categorised as low risk under the older risk register that was in use prior to November 2023.

The CLC would also emphasise at this point that the risk ratings of practices above is seen by us firmly in the context of the National Risk Assessment which, for conveyancing services, concludes that they are at a high risk of exploitation by money launderers. Although a number of firms above are classified above as “low risk” this should be seen as “lower risk” relatively speaking but within the high-risk environment that CLC practices operate.

²⁷ Either sole practitioners or CLC practices which can be Recognised Bodies or Alternative Business Structures (ABSs).



Chart 1
Number of CLC Practices in Each Risk Category
(This Reporting Period – 2023/2024)

Note four new practices had not been inspected at the end of the reporting period and did not have a risk rating assigned.

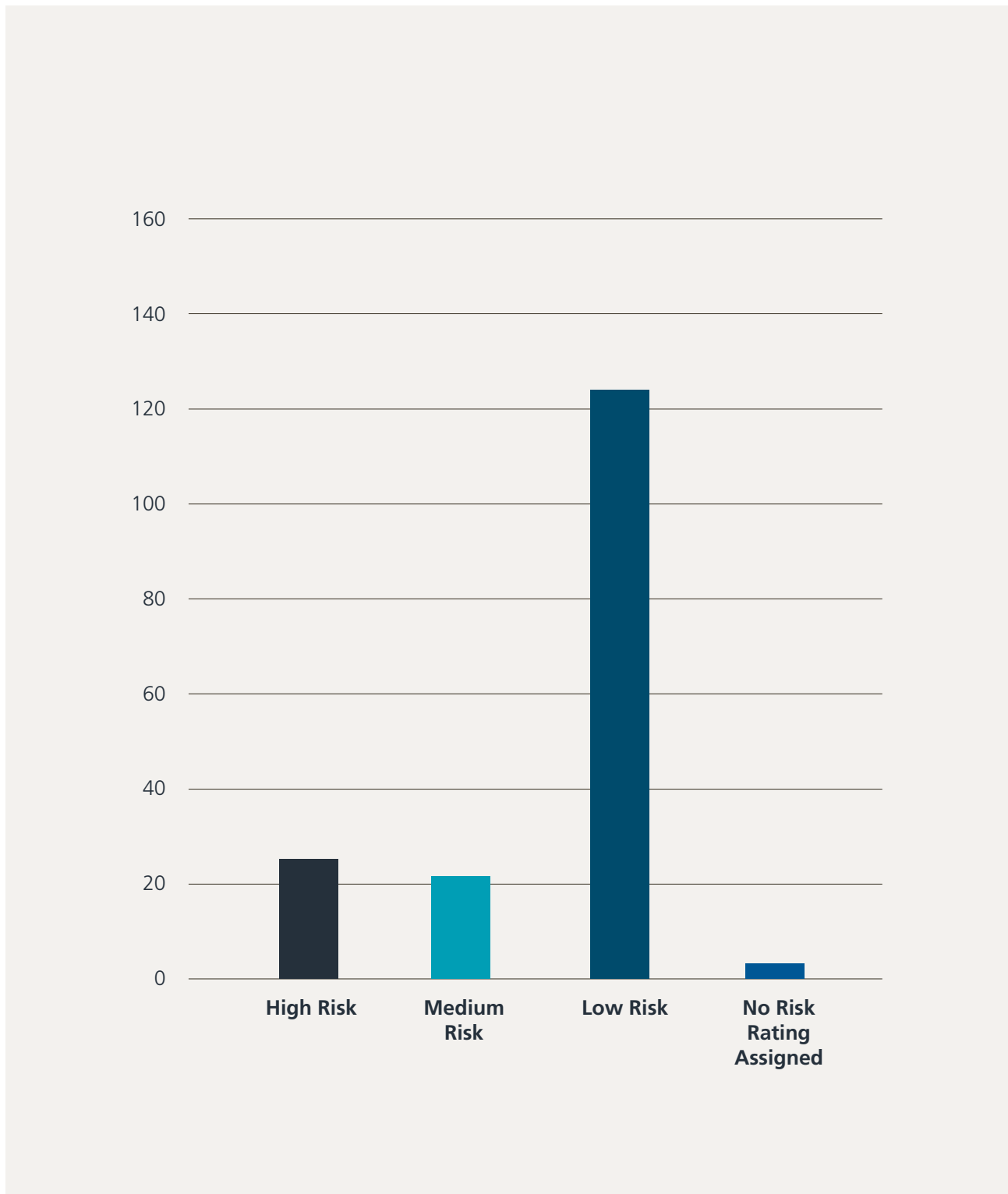
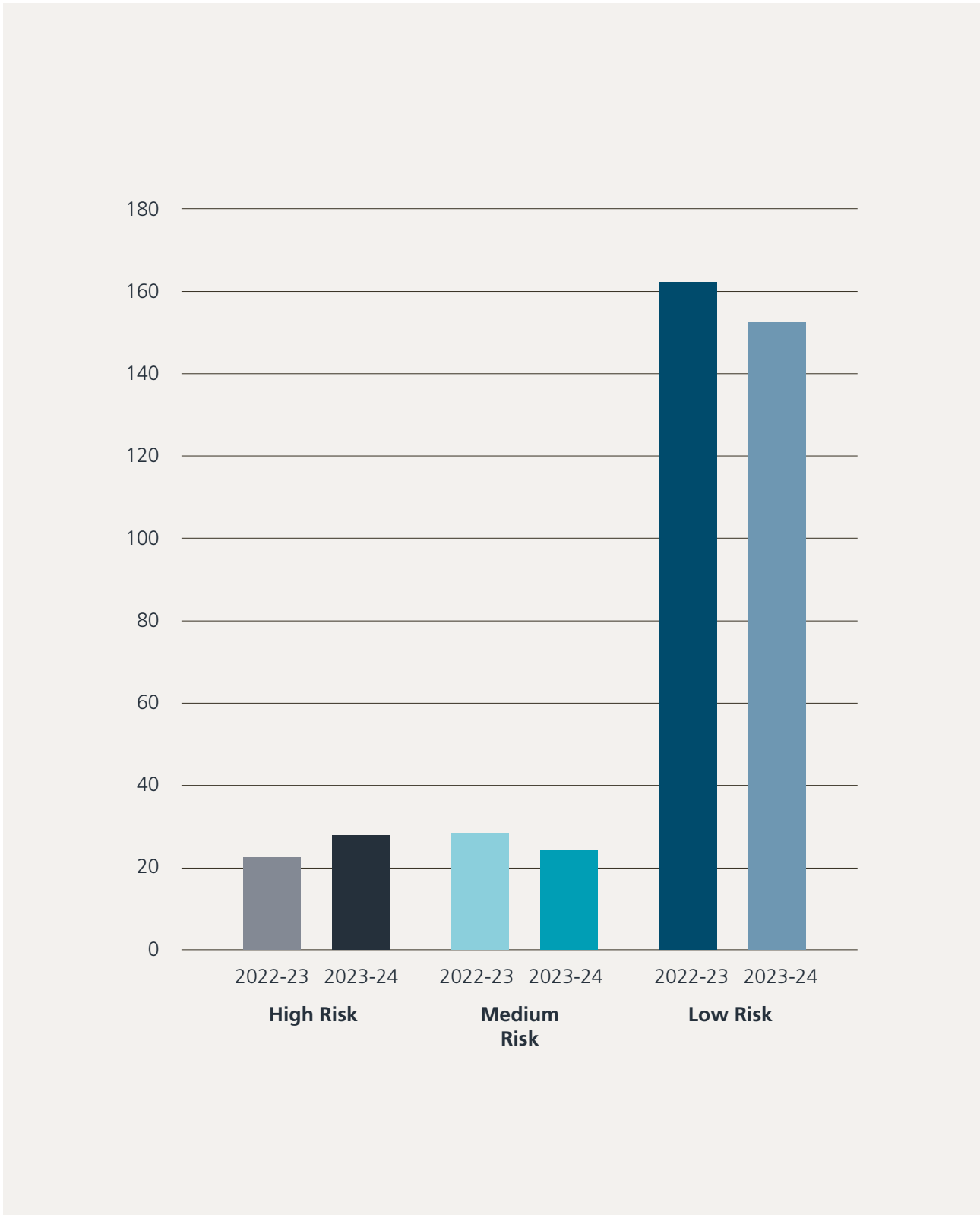




Chart 2

**Comparison of Number of CLC Practices in Each Risk Category:
Over Last Two Reporting Periods (2022-2023 and 2023/2024)**





4. AML Monitoring, Compliance and Enforcement

Inspection Data

At the end of 2022, a review was undertaken of the CLC’s inspection programme and it was decided that the CLC would move away from a three-year rolling inspection programme towards a more risk-based approach which would target the resources of the CLC more effectively. In the reporting period the CLC conducted the following work:

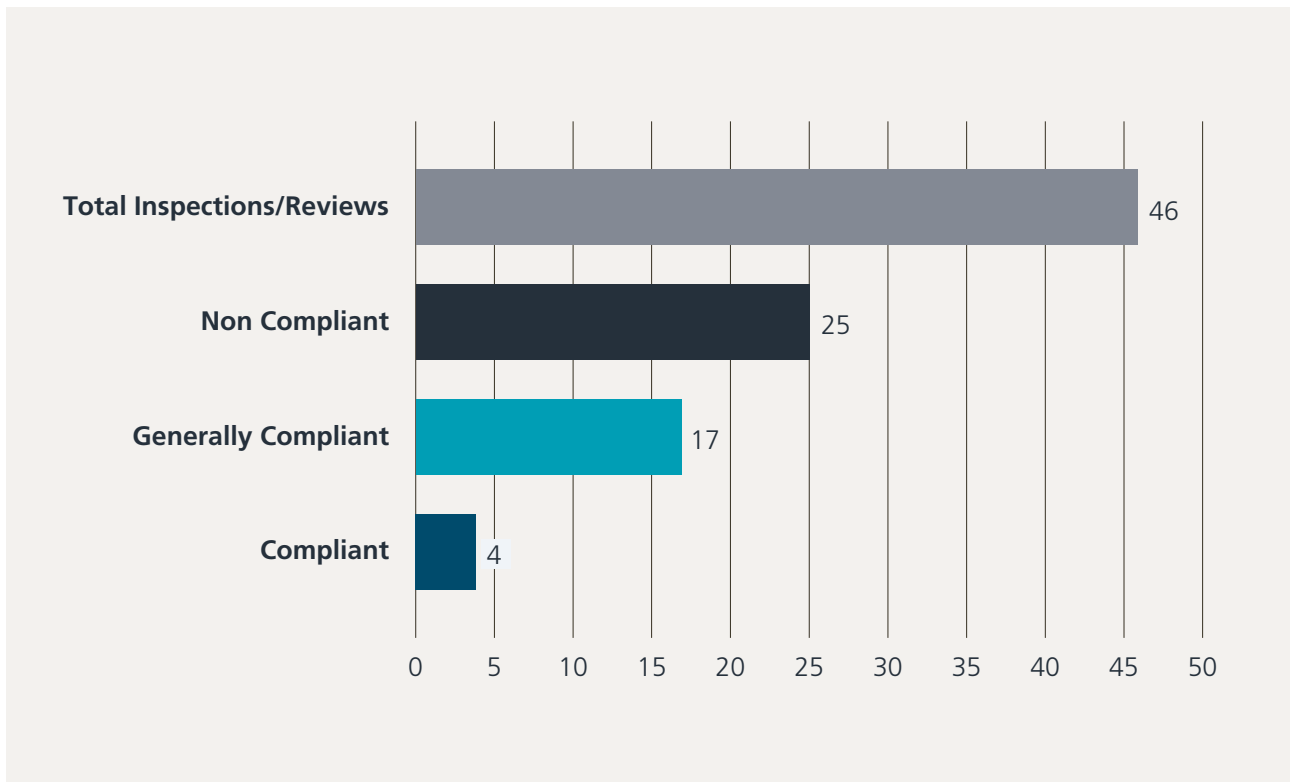
- 35 onsite practice monitoring inspections were carried out which assessed AML
- 11 AML desk-based reviews were conducted²⁸

Out of 46 total inspections/reviews, the AML findings of these inspections were that:

- 4 practices were considered compliant. (c.9% of inspections)
- 17 were considered generally compliant. (c.37% of inspections)
- 25 were considered non compliant. (c.54% of inspections)

Chart 3

AML Findings by compliance category in reporting period



²⁸ Please note that five of these desktop reviews were undertaken as part of the TCSP thematic project.



Common themes of non-compliance during the relevant period (April 2023 – April 2024):

Form of non-compliance	Occurrences
Inadequate documented policies and procedures	20 Practices out of 25 (80%)
Inadequate CDD procedures	20 Practices out of 25 (80%)
No client risk assessment/record	11 Practices out of 25 (44%)
Inadequate client risk assessment/record	10 Practices out of 25 (40%)
Inadequate training	10 Practices out of 25 (40%)
No practice-wide risk assessment	2 Practices out of 25 (8%)
Inadequate practice wide risk assessment	2 Practices out of 25 (8%)
No check on financial sanctions	1 Practice out of 25 (4%)
Inadequate record keeping ²⁹	11 Practices out of 25 (44%)

Compliance work

In the relevant period, after extensive post inspection work with each practice's assigned Regulatory Supervision Manager (RSM) or Regulatory Supervision Officer (RSO), each of these practices has now either been brought back into compliance (16 practices), have closed (2 practices) or were working towards compliance (7 practices) at the end of the relevant period for this report. Whenever non-compliance is identified the monitoring team consider whether further enforcement action is required in addition to the practice implementing mandatory actions to become compliant.

²⁹ The CLC would highlight that although record keeping was a theme, it was linked primarily to inadequate CDD procedures (for example not recording SOF checks on a matter). We have therefore included it under inadequate CDD below.



Timeframes of AML actions and further work

Practices are provided with 14 days from receipt of the inspection report to complete any AML corrective actions and/or rectify areas of non-compliance. This approach has been in place since 2019 and emphasises the importance that the CLC places upon maintaining AML compliance. The CLC has also developed ways of escalating serious matters which was most clearly evidenced in an intervention which took place this year arising from an inspection where serious AML and accounts code issues were identified³⁰.

RSMs and RSOs work closely with practices in the post-inspection period to ensure that AML, and any other actions, are complied with fully and no report would be signed off with outstanding actions. If any practice fails to comply with the actions in the required time' then the CLC would remind practices of their obligations under the Code of Conduct and, where appropriate, consider disciplinary action based on a failure to cooperate with the CLC as well as the underlying issues.

Inspection Themes

Comparison to 2022/2023:

The following table is a direct comparison between the two reporting periods:

Form of non-compliance	2023/2024 (6 April 2023 - 5 April 2024)	2022/2023 (6 April 2022 - 5 April 2023)
Inadequate documented policies and procedures	80%	86%
Inadequate CDD procedures	80%	82%
No client risk assessment/record	44%	36%
Inadequate client risk assessment/record	40%	18%
Inadequate training	40%	23%
No training	0%	41%
No practice wide risk assessment	8%	5%
Inadequate practice wide risk assessment	8%	68%
Inadequate record keeping	44%	45%
No check on financial sanctions	4%	9%

³⁰ This intervention will be examined in more detail in the next reporting period.



AML policies and procedures

A. AML policies and procedures:

A high percentage of practices out of the 25 that were found to be non-compliant within the relevant period had deficient AML policies/procedures. The ways in which such policies can be found to be deficient are quite broad and could include issues such as referring to outdated legislation, failing to set out how AML training will be carried out and, more recently, not setting out how treasury sanctions will be checked.

It is important to note that the CLC has developed high standards for AML policies in recent years as we consider the AML policy/procedure to be a foundational document that can play a crucial role in establishing a strong AML culture from the outset and which will invariably have a bearing on all members of staff. To this end, the CLC developed and published an AML policy checklist in 2024 which was introduced during the relevant period and covers all aspects of the AML regulations.

This more robust level of checking is, in our view, the primary explanation for the high numbers in this area during the relevant period. Another reason is likely that some practices have failed to keep their policies/procedures up to date for a variety of reasons from not keeping on top of new developments to, at the more extreme end, having a poor AML culture. We also find that there are some parts of the AML Regulations which have a lower profile than others such as AML screening requirements and source of wealth checking.

Current mitigations:

- The CLC has developed an AML policy checklist which can be located in our AML toolkit and is available for practices to use. This checklist is used when reviewing AML policies as part of inspections or dedicated AML reviews. The checklist was published in February 2024 and can be found [here](#) under “Resources”.
- The CLC also recently published a new AML, CTF and Sanctions policy and procedure guidance on 20 May 2024. This new guidance replaced an older template and contains the latest AML developments and also reflects our collective experience in AML monitoring and supervision. This new guidance, which contains a policy/procedure template for practices to use, can be found [here](#).

Planned mitigations:

- The CLC will be holding roadshows across the United Kingdom in November 2024 and the AML sessions will cover both the policy checklist and the new AML, CTF and Sanctions Guidance. We will follow-up with a live webinar which will be recorded and made available on the CLC’s website for those unable to attend the in-person roadshows.
- We are reviewing our guidance to determine if additional content is necessary.
- The CLC is considering a fresh drive to publicise the new AML policy and AML policy checklist to ensure that every practice is aware of the standards that the CLC is expecting all practices to adhere to.



B. Inadequate CDD procedures:

Another notable finding from the review of AML non-compliance from the relevant period relates to inadequate CDD procedures which is a relatively broad set of procedures that includes not only deficient ID checking and record keeping but also failing to scrutinise source of funds and/or source of wealth appropriately. The majority of the findings under this area relate to source of funds or source of wealth checking procedures.

Inadequate source of funds checks is a common theme and most typically relates to practices obtaining some documents relating to SOF but not going far enough. For example, a practice may obtain a bank statement but then fail to review sufficiently to be able establish the source of funds by, for example, failing to obtain a completion statement from a sale from which the funds were derived.

We would also make the observation that source of wealth is often neglected by practices, both in their AML policies and also in practice when considering source of funds. Source of wealth is a key component of source of funds and relates to a client's overall wealth and how it was generated. This can, in most situations, be easily evidenced by payslips but can become complex in some situations where practices are representing individuals with complex business interests and a high net worth.

One theme relevant to record keeping which the CLC has identified relates to practices failing to retain proper ID records on file.

Current mitigations:

- The CLC launched a source of funds and source of wealth checklist for practices to use to ensure they are scrutinising source of funds/wealth appropriately. This checklist was published in May 2023 and was also extensively referred to during the AML roadshows which the CLC held across the United Kingdom in November 2023. The checklist is available in our AML toolkit and can be found [here](#).
- Source of funds/wealth was also a central topic by itself in the AML roadshows that were held in November 2023. Every aspect of this topic was explored from common mistakes (such as obtaining evidence of proof of funds only), recent AML cases to guidance such as making sure to obtain such evidence as early in the transaction as possible.

Planned mitigations:

- The CLC has, in response to the persistence of inadequate CDD findings published a compliance notice on source of funds and source of wealth. This compliance notice served as a warning for practices to ensure they are acting in compliance with the CLC's standards in this area and also covered a variety of services such as Trusts, estate administration and conveyancing. This compliance notice came into force on 12 June 2024 and can be found [here](#).
- The CLC is also planning to refresh the case studies in the AML toolkit at the end of 2024 and will ensure that some relate to source of funds and/or source of wealth. It is hoped that case studies will provide practices with practical examples to assist in complying with their AML obligations.



C. No client risk assessment/record or inadequate client risk assessment/record:

Another significant finding from the recent review that the CLC conducted is a lack of or an inadequate client/matter risk assessment. The former finding is relatively straightforward and relates specifically to no client/matter risk assessment being identified on a file review. The latter finding can cover a broad range of situations but can include, for example, not coming to a proper conclusion as to the level of risk or not taking into account all relevant factors.

The obligation to conduct such a risk assessment can be found in the 2017 AML Regulations³¹. Such a risk assessment determines the level of client due diligence to be applied and therefore is an important step in the process. The findings for the relevant period are broadly in line with the previous year's report³² in relation to not having a risk assessment in place, however, there has been an increase in findings relating to the inadequacy of client/matter level risk assessments³³.

Our observations as to why this is the case are that the CLC has increased scrutiny of client/matter risk assessments. The CLC is also improving in its ability to target high risk AML practices as our inspection approach has shifted recently to a more risk-based approach rather than a cyclical period of inspections. A final comment here is that we are aware of some practices who, justifiably, consider all conveyancing to be high risk and therefore decide to implement Enhanced Due Diligence (EDD) on all matters.

Current mitigations:

- The CLC published a client/matter risk assessment template which practices are free to use and is available in our AML toolkit. We are aware that a number of practices have chosen to make use of this template and it can be found [here](#).

Planned mitigations:

- The CLC is currently reviewing its client/matter risk assessment template and will publish a new version in early 2025. We will seek to circulate this widely on all available communication channels and also locate the new assessment within our AML toolkit.

31 The MLRs state under Regulation 28: (12) The ways in which a relevant person complies with the requirement to take customer due diligence measures, and the extent of the measures taken—
(a) must reflect—(i) the risk assessment carried out by the relevant person under regulation 18(1);
(ii) its assessment of the level of risk arising in any particular case;

32 Which identified that 8 practices out of 22 did not have a client/matter risk assessment.

33 In last year's report only 4 practices out of 22 had an inadequate client/matter level risk assessment however in this year's findings 10 practices out of 25 were found to have the same issue.



Enforcement

Summary of disciplinary cases relevant to AML in reporting period:

Disciplinary case	Type of allegations	Outcome at the final hearing
Practice A	Failure to put in place appropriate management arrangements, systems and controls in place to comply with ML Regulations.	A fine of £5,000.
Individual A	Failure to put in place appropriate management arrangements, systems and controls in place to comply with ML Regulations.	Disqualification for a period of three years and fine of £1,000.
Practice B	Source of funds failings in relation to four matters, failing to obtain and verify ID documents in one matter, failure to complete client and/or matter risk assessments in relation to five matters.	A fine of £4,025.
Individual B ³⁴	Source of funds failings in relation to four matters, failing to obtain and verify ID documents in one matter, failure to complete client and/or matter risk assessments in relation to five matters.	A fine of £5,400.

The CLC also currently has ongoing disciplinary investigations against practices and individuals, arising from this period (which we will be able to report on in subsequent annual AML reports). Some of these cases relate to breaches of the Anti-Money Laundering and Combatting Terrorist Financing Code and the MLRs.

Suspicious Activity Reports made by the CLC:

In the reporting period, the CLC submitted one SAR to the National Crime Agency in relation to suspicious transactions that occurred in a practice's client account between 12 December 2017 and 24 August 2018. These issues were identified following a monitoring inspection.

³⁴ Please note that this matter was appealed – however the appeal has now been resolved in the CLC's favour with only minor adjustments to the sanctions. The AML component has remained the same as reported here.



CLC practices: SAR reports:

The following data is taken from data provided in the March 2024 report compiled by the UK Financial Intelligence Unit (UKFIU):

Chart 4

Total SARs submitted by Licensed Conveyancers

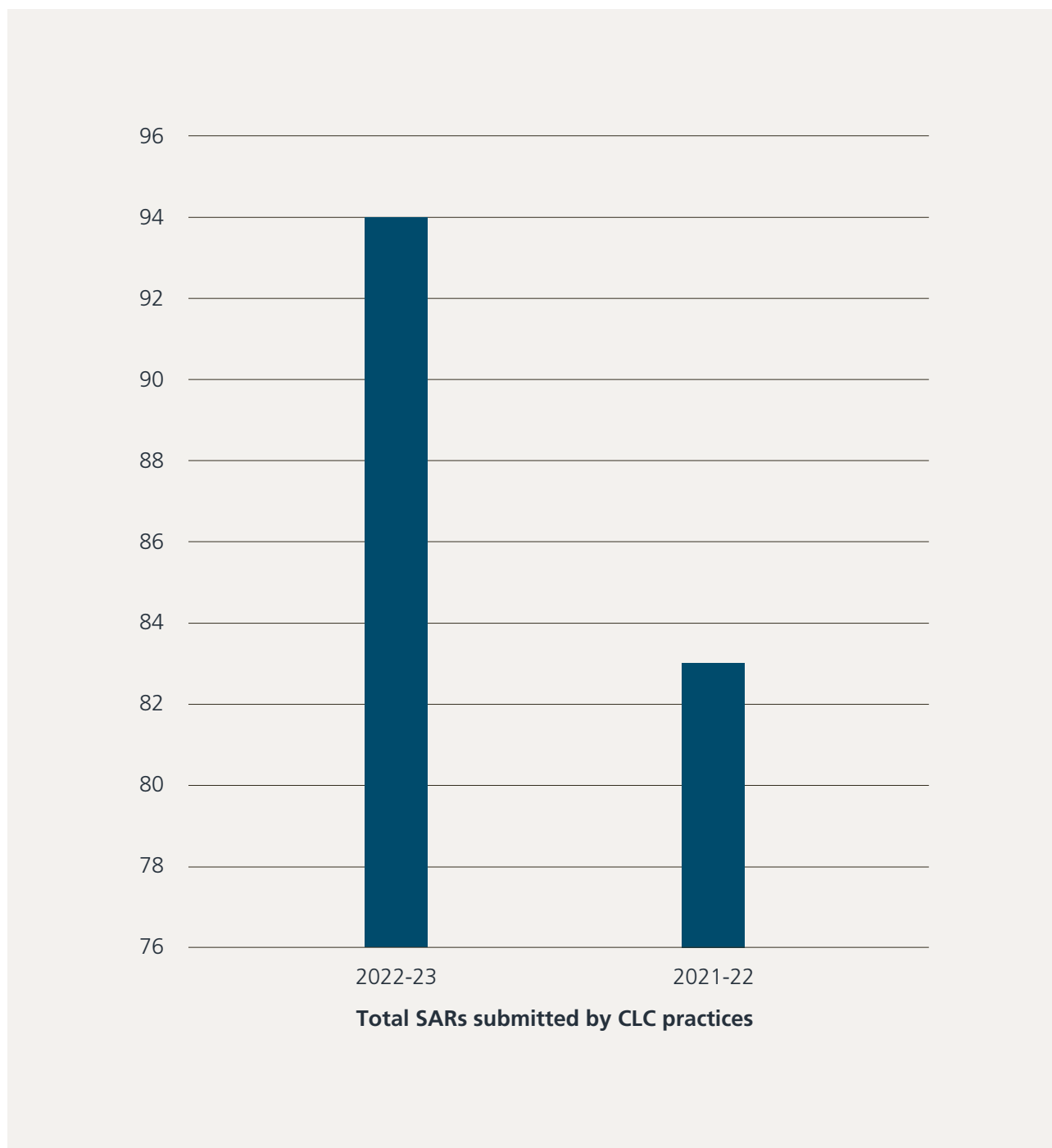
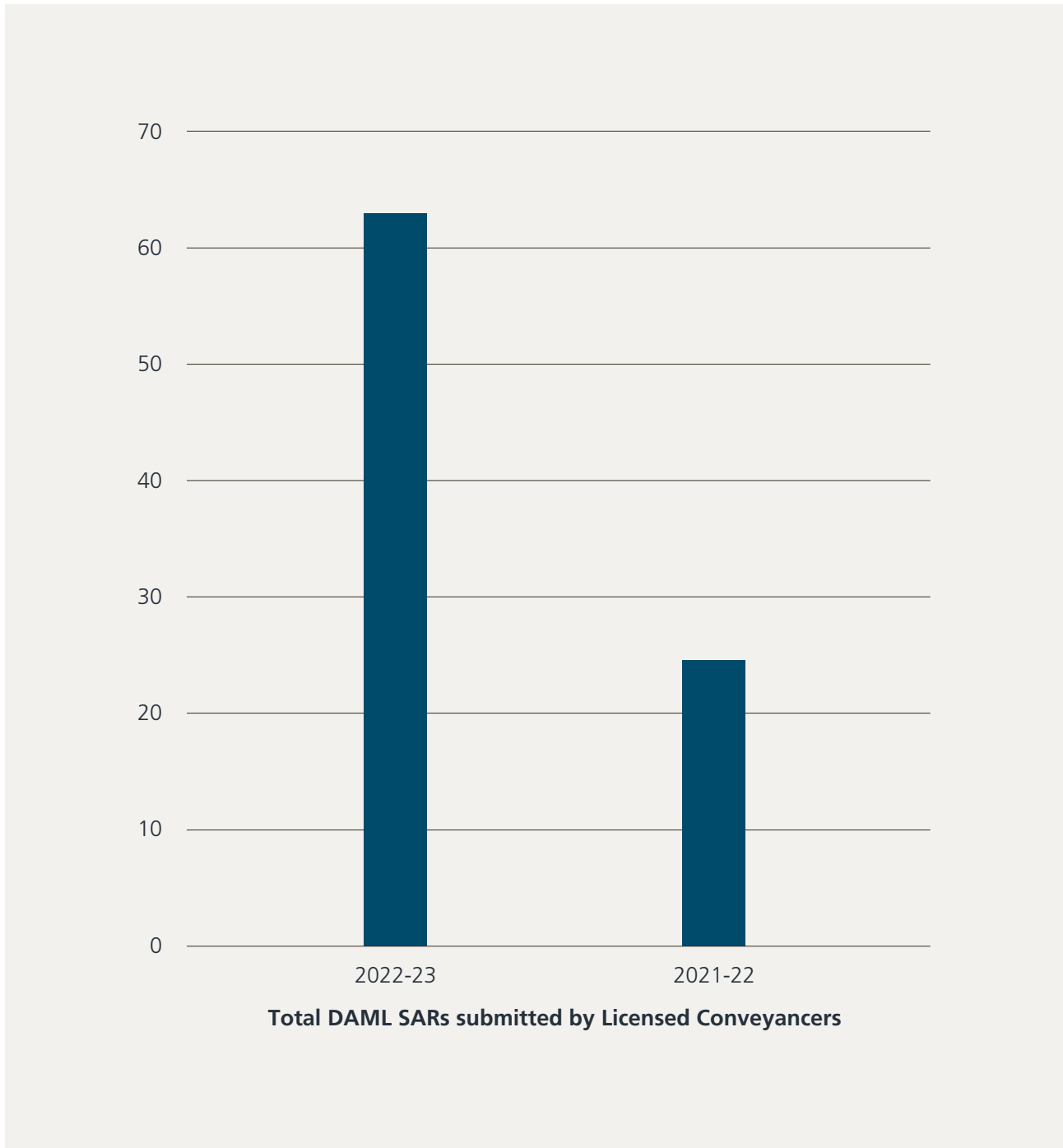




Chart 5

Total DAML SARs submitted by Licensed Conveyancers





Analysis:

The figures above in Charts 4 and 5, as reported by the UKFIU in March 2024, indicate that the total number of SARs³⁵ has increased between the two reporting periods while the total number of DAML SARs has decreased. It should be noted that UKFIU records these statistics from 'Licensed Conveyancers' instead of practices and it is possible that a LC could be, for example, based in a SRA firm and has been the individual who has made the Suspicious Activity Report (SAR).

The above figures seem to also indicate that while the total number of DAML SARs has fallen in the period 2022-2023³⁶, the number of intelligence only SARs (iSARs) has increased which is encouraging from the CLC's perspective as we have identified in recent years that knowledge of iSARs varies across our regulated community and we will be working to increase their profile going forwards.

The CLC also collects data on SARs in the Annual Regulatory Return and in the 2022/2023 return our results indicated that CLC practices have submitted at least 109 SARs in the 12-month period leading up to the date of the return. In relation to DAML SARs our own data suggests that at least 66 DAML SARs were submitted in the relevant period by CLC practices³⁷.

The CLC is going to undertake another ARR in Q4 of 2024 and we will compare the results from the two years in the next Regulation 46A report. We will also be undertaking a SAR thematic review which will analyse the data that we have in more detail.

35 Which would include both intelligence only SARs (iSARs) and also DAML SARs.

36 Which reflects a wider trend as reported by the UKFIU – DAML SARs decreased significantly during the reporting period: <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/710-sars-annual-statistical-report/file>.

37 It is likely that the exact figure for both categories is higher than this as our ARR asked a question which invited practices to declare a range in which the number of SARs (either iSARs or DAML SARs) they had submitted fell within.



5. Current and Emerging Themes

Analysis of Wider AML Risks & Main Themes Strategy / Context

The National Risk Assessment (NRA) 2020 stated that there is no evidence that risks in the sector have changed since 2017, and that conveyancing services related to residential and commercial property are still considered as being at a high risk of being exploited by money launderers. Although a new NRA is expected in 2025, it is not expected that this assessment of the risk will change.

Also of relevance to the CLC is the NRA's assessment that legal service providers may also facilitate money laundering through trust or company service provision (TCSP). The NRA concluded that the risk of TCSPs being exploited by money launderers was high although it has been noted that their assessment of the exploitation of trusts by money launderers was low.

The CLC's TCSP thematic review has established a more particularised risk assessment as it relates to CLC practices and this can be seen in our sectoral risk assessment which can be found [here](#). The conclusion of the risk assessment was that TCSP risk as it relates to CLC regulated practices work is generally low in terms of money laundering with the exception of trusts which are seen as medium risk.

Trends / Themes (Areas of Risk)

The following section highlights the main risk areas identified via our collective suite of AML processes and includes a brief note of mitigation plans to reduce the risk profile of each issue:

Source of Funds and Source of Wealth checks

CLC practices are obligated to obtain evidence of the client's Source of Funds (SOF) and Source of Wealth (SOW) under the CLC's AML Code, paragraph 11(c), and under the 2017 AML Regulations (as amended) at regulation 28 (11)(a). Source of funds relates to the money which the client is contributing for that particular transaction while source of wealth is a wider concept, relating to a client's overall wealth and economic position.

Mitigation: The CLC continues to monitor source of funds and source of wealth checks in desktop file reviews³⁸, during inspections, and in standalone monitoring exercises such as in the Annual Regulatory Return (ARR). The CLC has developed a source of funds and source of wealth template checklist and guidance which can be found [here](#). A compliance notice on source of funds/wealth has also been published which can be accessed [here](#).

³⁸ For practices who offer conveyancing services the CLC focusses on purchase files which are not 100% mortgage where the client or a third party has contributed the funds towards the transaction. We also review files which have been recently completed in order to get a full and comprehensive file to review.



Inadequate Client and/or Matter risk assessments

The core obligation to conduct a risk assessment at the matter/client level is found within the 2017 Regulations under Regulation 28(12) which states that the extent of Client Due Diligence (CDD) must reflect not only the wider risk assessment conducted by the practice but also the level of risk "...arising in any particular case." Within the CLC's AML & CTF Code this obligation is captured within paragraphs 3 and 5.

Mitigation: The CLC has developed a client and matter AML risk assessment which practices are able to use and adapt for themselves. It can be found in the AML toolkit [here](#). This aspect is also checked as part of file reviews during the inspection/desktop review processes and also during standalone monitoring exercises such as the Annual Regulatory Return (ARR). The CLC will refresh and update this risk assessment template in January 2025 and also cover this aspect in the roadshows in November 2024.

Inadequate AML training

The obligation to undertake AML training stems from the 2017 Regulations under Regulation 24 which requires that "relevant persons" must ensure that employees are given regular training and made aware of the of the law relating to AML and terrorist financing. Regulation 24(b) requires that a record is maintained in writing of the measures taken and the training that is delivered to staff. These requirements are mirrored in the CLC's AML & CTF Code at paragraph 11(b).

Mitigation: Where issues are identified in relation to AML training, CLC practices are required to undergo AML training (or enhanced AML training as appropriate for more senior members of staff like the MLRO) as part of the inspection actions. The actions will require evidence of training which could be a certificate of completion which the CLC will follow up on.

Use of client account as a banking facility

Whilst CLC practices are permitted to use their client account to hold client money which relates to regulated services, it must not be used as a 'banking facility' as required by Accounts Code, paragraph 2.2. This means, for example, that client money should be held only when there is an underlying transaction: the practice cannot be permitted to hold money in a similar fashion to a bank. As noted in our previous year's reports, the CLC has identified a link between this issue and money laundering breaches.

Mitigation: Client account information is obtained from the practice through a variety of means: inspections, client account reconciliations and accountant reports. This information is then checked by the monitoring team and is then followed up by the practice's Regulatory Supervision Manager or Officer (RSM/RSO) or, if prior to an inspection, by the relevant inspector. The CLC is acutely aware of the risk involved and will consider such concerns from a money laundering perspective. The CLC will next undertake a reconciliation request exercise in mid-2025 of approximately 50 practices selected randomly.



Poor AML culture and prior AML concerns

A practice's AML culture determines an organisation's approach to every aspect of AML. A poor culture can, in the CLC's experience, undermine and permeate the practice's AML implementation in every area from training to policies and procedures. We now require inspectors to capture information about a practice's AML culture during onsite inspections, especially as we believe that when significant AML issues are identified they are seldom isolated.

The CLC also ensures that previous inspection reports/reviews are highlighted to all inspectors prior to undertaking current inspections or AML reviews. This approach ensures that any similar concerns are noted within inspection report themselves and, where similar issues have been identified we will treat this as being a potentially serious breach of the CLC's codes which may be escalated to enforcement or disciplinary action.

Mitigation: CLC inspectors assess the AML culture of every practice they inspect and address any issues through time bound actions by the practice, depending on each case. The CLC also examines prior inspection reports and will highlight and, where appropriate, escalate similar AML findings.



Emerging Risks (Themes & Threats)

The CLC has worked with partners, reviewed intelligence received during the year and reflected on recent monitoring and supervisory work to identify emerging risks. We have identified the following as some of the main issues we need to monitor and assess, in order to develop mitigations:

Sole practitioners:

The CLC has noted that, while there are some sole practitioners (SPs) who take their AML obligations very seriously, there is a tendency in some SPs to either have insufficient regard to AML obligations and exhibit a poor AML culture or not be able or willing to keep up with the latest AML developments. We have identified that many of the larger practices, with compliance departments and well-established audit procedures, are often the most compliant with the AML regulations.

Some SPs, furthermore, can become isolated over time which can reinforce concerns and lead to a slow deterioration in AML compliance. The lack of, for example, an independent audit function for SPs means that there may be no objective and independent assessment of their AML compliance until the CLC comes into the practice to conduct an inspection or a desktop review.

The CLC has considered the wider obligations within the MLRs and noted that under Regulation 21, internal controls, only a certain kind of firm or practice is obliged to undertake an independent audit and that is a firm/practice that is of a larger size and more complex in nature. A notable part of the MLRs state that the obligations to establish internal controls does not apply:

“(6)...where the relevant person is an individual who neither employs nor acts in association with any other person.”

In the CLC’s view this obligation should relate to all sizes of practices/firms as it leads to SPs not employing independent audits and thereby depriving them of a crucial independent safeguard on their activities³⁹. While SPs are decreasing over time as can be seen in some of the charts presented above in this report, the CLC considers this an emerging risk.

This issue has come to the forefront recently due to an intervention which was carried out on a SP which was undertaken due to AML and accounts concerns⁴⁰.

Auction Houses:

The CLC has received reports recently from some practices regarding the quality and extent of Client Due Diligence (CDD) checking that is being undertaken by auction houses on purchase clients. CLC practices may find themselves engaged in transactions when they are on the other side of a conveyancing transaction from an auction house and, in the process, will receive funds directly from the auction house into their client account.

It has been suggested that the checks undertaken for CDD are of a low quality although it has been noted there is a large variance in approach. Whilst some agent/auctioneers may request just a passport and a utility bill, others have a more comprehensive approach. In light of the reported surge in properties being sold at auction in 2024⁴¹, this represents a cause for concern.

39 In the recent consultation on the MLRs, the CLC fed this back to HMT as can be seen in the following link [here](#).

40 The actual intervention into the practice occurred outside of the relevant period for this report and so will be reported on in more detail in the next AML report for 2024/2025.

41 See for example: <https://propertyindustryeye.com/surge-in-uk-homes-being-purchased-at-auction/>



The CLC's concern is that poor AML checks undertaken by auction houses could potentially expose CLC practices to the risk of committing a money laundering offence under the Proceeds of Crime Act 2002, particularly where there are known or suspected concerns about the extent and/or quality of CDD checking. It may also be unethical to proceed in a transaction where you have relevant concerns about the CDD checking that has been performed on the other side.

The CLC is considering this issue carefully and has noted that real property auctioneers fall under the category of "estate agents", and that they must be registered with HMRC. The CLC has escalated this matter to HMRC and will consider the response carefully. The CLC will be advising CLC practices in due course that if they are aware of deficiencies in CDD checking by particular auctioneers, that they should report those concerns to HMRC as their AML regulator and consider not working with these organisations if the issues persist.

Developers:

The CLC has also recently received a report relating to some developers asking conveyancers/solicitors to provide an undertaking to confirm that the conveyancer has identified the individual who is acquiring the property and performed appropriate client due diligence checks such as how the purchase is being funded.

It has been suggested to the CLC that it is the responsibility of developers to undertake AML checks at the point that the purchaser has signed a reservation agreement and placed a deposit with them. This reported approach by developers, however, indicates that there are little or no CDD checks being undertaken at this point. This has been reported to the CLC as a "recent shift" in approach taken by some developers.

Initial CLC research into this issue has indicated that not all developers come into scope of the AML regulations by virtue of the fact that if a developer sells a property to a client they source themselves, then this is classified as a "private sale" and not within the scope of the MLRs. If the developer uses an estate agent to locate clients, then they must be registered for AML supervision and would fall under HMRC's jurisdiction.

Section 39 reliance is a mechanism under the Money Laundering Regulations for a "relevant person" to rely on the customer due diligence performed by a third party. Such reliance involves an agreement between the relevant person and the third party whereby the information collected for CDD is provided to the relevant person. This can only apply if the developer in question is a "relevant person" in the scope of the Regulations.

Another relevant consideration is the threshold amount for criminal liability under the Proceeds of Crime Act 2002. At present the threshold is £1,000 and many reservation agreements are in the region of £500 to £1,000 however they may, in some instances, be more than this. If the amount is greater than £1,000 the CLC would suggest that CLC practices exercise caution in accepting the need to give an undertaking.

CLC practices should ensure that any undertakings given only relate to action which the conveyancer can reasonably undertake in the normal course of conveyancing transactions. The undertakings should be reviewed carefully and a practice-wide policy implemented with appropriate training provided to staff.



Sanctions

While this is a distinct and separate workstream to AML, there is a degree of overlap as the existence of the sanctions regime creates incentives for individuals and entities on the sanctions lists to disguise money and assets. Property transactions retain a number of features which make them attractive for those on the sanctioned lists to hide assets and evade sanctions.

The CLC is monitoring sanctions compliance on every monitoring inspection and ensuring that practices are taking measures to ensure they are not being exploited by individuals or organisations who are on the list. Some practices undertake manual checks which is a source of concern for the CLC as the lists are becoming so large and changing so regularly that manual checks may no longer be appropriate unless carried out in a methodical and timely manner⁴².

R (World Uyghur Congress) v National Crime Agency (NCA)

This legal case reviewed the NCA's decision not to open a money laundering investigation into the import of cotton from the Xinjiang Uyghur Autonomous Region of China (the "XUAR"). The NCA relied on a widely held interpretation of the Proceeds of Crime Act 2002 that if 'adequate consideration' has been paid for certain goods then there can be no money laundering offence committed. The Court of appeal held that this stance was unlawful and this decision has wide implications for legal services.

Some of the implications in the world of legal services are that where, for example, a barrister receives payment from their criminal client then, if the barrister suspects the money is derived from crime, when the barrister spends a portion of the fees that have been paid they risk committing a money laundering offence under section 327 of POCA.

The CLC has considered this case carefully from the perspective of its practices and considered that it will have relatively limited implications. CLC practices receive payments on account at the outset of the transaction which are typically spent on matters such as searches etc. Furthermore, the fees collected at the end of the transaction are not fees directly from the client themselves but typically deducted from the money remaining in the client account after the conveyancing transaction has concluded.

There may be situations where CLC practices collect fees directly from clients, however this is considered to be relatively rare and would not typically come from individuals where it was known or suspected that the money was derived from the proceeds of crime. If a CLC practice becomes suspicious/has knowledge about such issues then it is incumbent on them to report the transaction to the NCA.

⁴² The lists are updated quite frequently which presents a moderate risk that an individual that the practice works for could be placed on the list during a transaction.



6. Planned Workstreams (on Identified Risks / Themes)

As evidence, insights and risks develop, the CLC is continuing to evolve its approach to effective risk-based AML supervision. We are developing a monitoring plan that covers the 6 separate categories outlined below.

Guidance

- A refresh and update of the AML case studies which currently sit within the CLC's AML toolkit.
- An update of our well-established client/matter risk assessments which are currently available in our AML toolkit.
- An update of our sanctions advisory notice to bring it in line with current developments.
- Our annual Risk Agenda highlights key areas of risk for practices, including AML, and this will be no different in 2025. Each edition varies according to the evolution of risk over time.

Data

- Based on an analysis of the findings of this year's Annual Regulatory Return (ARR)⁴³, decide upon appropriate next steps for next year's inspection programme.
- Continue development of the new AML risk register which was launched on 1 November 2023. We intend to review the risk register at the end of 2024.
- A thematic review of Suspicious Activity Reports (SARs) will be carried out in 2025 - 2026.
- Evaluation of incoming AML information and referrals⁴⁴.
- Review of patterns and themes that emerge from monitoring and supervisory work.

Monitoring procedures

- Continuing to design and deliver a risk-based approach to AML supervision, including through the prioritisation of inspections and AML desktop reviews for high-risk practices.
- This will include reviews of our risk-based approach to ensure it is appropriate and is up-to-date.
- This will also ensure focus on the risk profiles/themes we have identified earlier, as well as the emerging risks above.
- To conclude a review of our overarching AML supervision arrangements policy which includes a detailed section relating to threshold guidance.

⁴³ This year the ARR will be carried out in Q4.

⁴⁴ See Annex A for a list of established sources.



Communications & Engagement

- Continued emphasis on communicating risks and guidance for practices.
- Including a renewed focus on a tailored sets of updates aimed at MLROs and compliance staff.
- AML workshops to be held throughout England and Wales in November 2024.
- AML risks to feature in our annual Risk Agenda publication.

Compliance

- A further evaluation of our approach to enforcement and sanctioning in response to non-compliance with AML regulations and requirements which will include refining existing thresholds for disciplinary action.
- Reviewing the outcomes of disciplinary cases which relate to AML, to establish whether any changes to the relevant codes are necessary or whether our approach needs to be altered in any way when drafting allegations.

Other / Additional Support

- Use the channels above to assess what additional training and support we might offer to our regulated practices to address knowledge gaps and risk areas.
- Including a specific focus on emerging risks and themes above.



7. Survey of other regulators

This is a new section that has been introduced into the Regulation 46A report this reporting period for the purposes of improving the AML monitoring and supervisory work undertaken by the CLC. In each reporting period one regulator will be selected and a recent AML piece of work, such as a thematic report or notable guidance with potential implications for CLC practices, will be analysed.

A. Law Society of Scotland (LSS):

The LSS undertook a thematic review into Suspicious Activity Reports (SARs) over the past year and reported their initial findings relating to Information Suspicious Activity Report (iSAR⁴⁵) on 27 August 2024. LSS sent a questionnaire to 50 selected practices in order to examine the profession's "knowledge and understanding of the SARs regime". The key findings of this thematic review are as follows:

- 20% of MLROs do not have an up-to-date National Crime Agency (NCA) SARs portal login⁴⁶.
- 90% of MLROs advised the LSS that they have a written internal SAR procedure and/or template.
- 84% of MLROs did record the decision-making process when choosing not to disclose a SAR to the NCA.
- 55% of MLROs informed the LSS that they had not received SAR specific training.
- 80% of practices had given relevant training to staff in the last 12 months.
- 50% of MLROs told the LSS that they chose not to disclose an internal SAR to the NCA as their threshold for suspicion had not been met.
- The majority of MLROs are aware of what should be included within an iSAR disclosure to the NCA.
- All MLROs asked were aware that a SAR should be submitted if there are reasonable grounds to know or suspect money laundering. On the final bullet point, the LSS identified that 42% of MLROs stated that they would seek a defence to a money laundering offence.

The conclusion of the LSS from this review was: "The findings above show that practices have a good understanding of some of the key areas of compliance. However, there is further work to be done to ensure consistency and build upon existing knowledge."

⁴⁵ LSS will publish a separate piece of work relating to Defence Against Money Laundering (DAML) SARs.

⁴⁶ The new SARs portal was introduced in September 2023.



Observations:

This is a valuable and informative piece of work which will have implications for the CLC's own upcoming SAR thematic review in early 2025.

- Potential lack of awareness/knowledge regarding the types of SARs: The CLC would observe that our experience to this point confirms that there may be some confusion between DAML SARs and intelligence only SARs which may prove to be an obstacle in reporting suspicious concerns. In our thematic review we will explore this further with the aim of developing some guidance. In the meantime, the CLC will amend our AML policy checklist in order to clarify that we expect that the difference between the two types of SARs must be included in AML policies and procedures.
- Training points relating to SARs: The figure of 55% of MLROs not receiving SAR specific training is concerning and may be a contributory factor in the point above relating to knowledge of the different kinds of SARs. Where the CLC identifies concerns with SARs we will consider whether such specific training is warranted. This will also be an area to explore when we conduct our own thematic review.
- The CLC informed MLRO's via newsletter of the new SAR portal login when it came into effect however we note that only 20% of the MLROs reviewed by the LSS had such a login. In light of this result, as well as some of our own monitoring and supervisory experience, the CLC will introduce a question into this years Annual Regulatory Return which will require all practices in our regulated community to disclose this information.
- In relation to the recording of decisions when choosing not to disclose a SAR to the NCA, the LSS reported a positive result for the practices surveyed. This is not typically something that we have reviewed in detail during inspections however we will consider introducing it for the 2025 inspection programme and also using the thematic review to scrutinise this issue in more detail.



8. Resources and Guidance

The CLC publishes a range of AML advice and resources for the sector, which are regularly updated in the light of changes in the environment or learning from the CLC's own monitoring, compliance and disciplinary work.

- A key component of our AML resources is the AML Toolkit⁴⁷. This dedicated 'one-stop shop' includes AML guidance developed by the CLC and forums we contribute to (e.g. LSAG), as well as links to relevant policies, compliance case studies and the CLC's sectoral risk assessment. We add to it over time as with a recent example being the Source of Funds and Source of Wealth checklist and guidance which can be found here.
- The AML Toolkit also features several links to external resources such as the National Crime Agency's NRAs and suspicious activity reporting guidance, supporting FAQ, documents, as well as relevant legislation and regulations. In addition, AML risks feature in our annual Risk Agenda.
- Our successful and long-standing regulatory model, with close engagement between practices and RSMs, means that they practices are encouraged to contact the CLC about AML guidance. This helps ensure a range of issues are frequently managed and resolved before more formal enforcement actions are necessary.
- Where necessary, however, the CLC will take enforcement or disciplinary action in relation to serious breaches of the AML code such as widespread AML failings or repeated failings in similar areas. The CLC has taken some significant disciplinary action in relation to AML this year including two cases which featured numerous AML allegations.

⁴⁷ <https://www.clc-uk.org/lawyers/anti-money-laundering-toolkit/>



Other Guidance and resources:

- The **National Crime Agency** produces a range of resources intended to assist with submitting Suspicious Activity Reports (SARs) which can be found [here](#). On this page there are also numerous resources about how to set up a profile on the new SAR portal which we would urge practices to have regard to. One particularly useful piece of guidance is a guide to submitting better quality SARs which can be found [here](#).
- The **National Risk Assessment 2020** is still highly relevant for CLC practices and it can be found [here](#). The NRA assesses risk in a range of areas relevant for CLC practices such as conveyancing work, estate agents, Trust and Company Service Providers (TCSPs) and client accounts.
- The **Legal Sector Affinity Group (LSAG)** creates AML guidance for the legal sector and is a group made up of all the regulators, including the CLC. The latest guidance, which the CLC would commend, can be found at the following link: [here](#).

Contacts:

- Any queries about submitting SARs which are not covered by the guidance can be directed here: **UKFIUEngagement@nca.gov.uk**
- If you have an urgent query or request about an existing DAML SAR this can be directed here: **DAML@nca.gov.uk**
- For general enquiries and questions regarding the SAR portal you can use this email address: **UKFIUSARs@nca.gov.uk**

46 <https://www.clc-uk.org/lawyers/anti-money-laundering-toolkit/>



Case studies

The CLC has a range of examples to demonstrate how our approach identifies and manages developing AML risks and themes. The following three case studies are indicative of some of our broader work and focus on this issue.

Case Study 1 – Practice B and Individual B

The CLC investigated a complaint received from Person A relating to their abortive purchase of a property (the Complaint) from Client A, a client of the Respondents (Individual B and Practice B). Multiple breaches of the CLC Codes associated with the Complaint were found. In light of these findings, the CLC decided to conduct a monitoring inspection of Practice B on 15 May 2023 (the Inspection), which revealed further breaches of both the Accounts Code and the AML & CTF Code. The following is a summary of the AML breaches:

- The practice's AML policy/procedure was found to be deficient in a number of respects, including failing to outline their procedures in relation to Client Due Diligence (CDD), source of funds and source of wealth, red flag indicators, beneficial owners and the internal suspicion report process.
- The file opening checklist outlined several situations where ID was considered to be "unnecessary" including if the client is known personally to someone employed at the practice or if the client is of public renown.
- No training had been recorded as having been completed by the practice's MLRO and the responsibility for drafting AML policies and procedures has been delegated to another member of staff who was not the MLRO.
- The practice wide risk assessment (PWRA) was found to be insufficient to adequately assess the practice's risk, as it provided very little specific information. The PWRA also referred to the National Risk Assessment and assessed the level of risk as being medium in conveyancing which does not reflect the NRA conclusion which is that conveyancing is a high-risk sector.
- The client and matter risk assessments that were completed were found to be insufficiently detailed. It was also noted that some of the medium/high risk factors in the risk assessment would lead to an automatically high-risk conclusion (such as the transaction being unusually large for the practice) under AML legislation and warrant Enhanced Due Diligence. The assessment also referred to "proof of funds" instead of source of funds.
- Source of funds/wealth verification was either not evidenced or not sufficiently rigorous on all the files reviewed where the client had to contribute towards the transaction. These files were considered high risk by the inspectors. For example, one file related to the purchase of a flat for £1.4m which appeared to be partly funded by funds from the United Arab Emirates⁴⁷ and the sale of a yacht for which no satisfactory evidence of wealth or value was provided.

⁴⁷ The statements obtained by the practice were barely legible, showed large unexplained credits and were in the currency of the UAE.



The final inspection report was sent to the practice on 7 August 2023. The practice was given two weeks to address the following actions which were designed to deal with the AML issues directly:

- Action 6: The practice is required to review and update its AML policy, procedures and templates so that they are appropriate and address the issues identified in section 8 of this report. A copy must be provided to the CLC for review (Anti-Money Laundering and Combating Terrorist Financing Code 6 and 7).
- Action 7: The practice must amend the file opening checklist to confirm that ID is obtained from all clients. A copy of the checklist must then be provided to the CLC for review ((Anti-Money Laundering and Combating Terrorist Financing Code, 7 and 9e).
- Action 8: All staff at the practice are to undertake externally provided AML training and provide the certificate of completion to the CLC (Anti-Money Laundering and Combating Terrorist Financing Code 9b and 10c).
- Action 9: The practice is required to update its practice wide risk assessment and to provide a copy to the CLC (Anti-Money Laundering and Combating Terrorist Financing Code, 7).
- Action 10: The practice is required to confirm that appropriate risk assessments will be carried out on all files (Anti-Money Laundering and Combating Terrorist Financing Code, 7 and 9e).
- Action 11: The practice is required to verify that clients' source of funds and source of wealth correspond to their economic position, accumulated wealth, lifestyle and proposed transaction. The practice must also adopt a source of funds checklist to use when analysing SOF/SOW in transactions (Anti-Money Laundering and Combating Terrorist Financing Code, 11c).

The practice began to implement the actions above however the CLC was not satisfied with the initial responses. Satisfactory responses were not received and ultimately the practice decided to close down on 31 October 2023 before the AML actions could be resolved.

Due to the seriousness of the AML breaches in what were considered to be high risk matters, the decision was taken to pursue disciplinary action at the same time as ensuring that the action plan outlined above was implemented. Warning notices, which contained an outline of the allegations against Practice B and Individual B, were sent by the CLC on 25 September 2024 and invited responses by 24 October 2023.

On 14 February 2024 Enforcement decision notices were sent to Practice B and Individual B which described the sanctions the CLC intended to implement in this case after having taken into account their representations. The outcome of this case was that, with respect to the AML failings, the CLC imposed a fine of £4,025 on Practice B and a fine of £5,400 on Individual B⁴⁸.

⁴⁸ Please note that this case was much wider than AML allegations however we have limited our case study to what is relevant for this report.



Case Study 2 – Practice C

A routine inspection of this practice took place on 8th (onsite) and 12th (remote) March 2024. This practice was an Alternative Business Structure (ABS) and had a turnover of £9,073,948. A number of findings were made in relation to the CLC's codes at the inspection, including that the practice was non-compliant under the AML & CTF Code. The findings in this area included the following:

- A number of deficiencies were identified with the practice's AML policy and procedure including that it lacked an up-to-date list of High Risk Third Countries (HRTCs), did not include the practice's process and procedure for screening staff and did not outline the process and procedure for undertaking client/matter risk assessments.
- The practice's client/matter-risk assessment form did not include a comprehensive list of factors necessary to assess risk associated with both the client and the transaction.
- It was not apparent from the training log that the Deputy MLRO had attended any AML training in 2022-2024.
- The AML training log did not include staff members' names or sufficient details of the AML training to assess the adequacy of the training provided in 2022-2023.
- The AML training log did not include sufficient details of the AML training in order to assess the adequacy of the training provided to the staff members in 2023-2024.
- The external SAR log did not include: background information regarding the SAR; details of the staff member making internal SAR; the date of the submission of the SAR to the NCA; the type of the SAR; adequate details of the outcome, including the date.
- The internal SAR log does not include: background information regarding the SAR; adequate details of the outcome, including the date.
- In matter A, the practice submitted a report to the NCA for defence against a money laundering (DAML) offence, but did not retain a copy of the report and the internal SAR form included details indicating that the client might be informed about the SAR

The report was sent to the practice on 11 April 2024 and included the following actions specific to AML for which 2 weeks was provided to address:

- Action 9: The practice is required to amend its AML policy to address the findings outlined in section 7 of this report and provide a copy to the CLC for review (AML & CTF, 2 and 9a).
- Action 10: The practice is required to amend its client/matter-risk assessment to address the findings outlined in section 7 of this report and provide a copy to the CLC for review (AML & CTF Code, 9e).
- Action 11: The practice is required to confirm to the CLC how it will ensure that the client/matter risk assessment is carried out and recorded not only on each client/matter at the beginning of the transaction, but that it is updated during the transaction if anything changes and just before the transaction is completed (assessment of risk should take both client and transaction risk into consideration and will dictate whether CDD or EDD is required) (AML & CTF Code 9e).
- Action 12: The practice is required to amend its PWRA to address the findings outlined in section 7 of this report and provide a copy to the CLC for review (AML & CTF, 7).



- Action 13-14: The practice is required to amend its SAR logs (internal/external) to address the findings outlined in section 7 of this report and provide a copy to the CLC for review (AML & CTF, 9c and 9d).
- Action 14: The practice is required to confirm to the CLC how it will ensure that a copy of SARs submitted to the NCA are retained (AML & CTF, 12).
- Action 15: The practice is required to ensure that the Deputy MLRO attend appropriate AML training for the role and provide the CLC with a copy of the certificate (or equivalent) for review (AML & CTF Code, 9b).
- Actions 15-16: The practice is required to confirm how it will ensure that staff members (including MLRO and Deputy MLRO) attend appropriate and regular AML training going forward (AML & CTF, 9b).
- Action 16: The practice is required to amend its AML training log to address the findings in section 7 of this report (relating to the 2022-2023 and 2023-2024 AML training logs) and provide a copy to the CLC for review (AML & CTF, 9b).

The practice sent in their response to the AML sections of the report on 26 April 2024 and then on 30 April 2024. The CLC reviewed each of the responses in detail and provided further comments and actions to the practice directly over the course of May 2024. The practice responded positively to these comments and ultimately actions 9 – 16 of the report were signed off by the CLC as being satisfactory on 6 June 2024.



9. ANNEX A

CLC AML Analysis: Sources of Information, Evidence and Data

Internal data sources

1. Assessments (including desk based and onsite assessments)
2. Questionnaires
3. Thematic/project work
4. Annual returns
5. Complaints
6. Report of a potential AML breach
7. Breach Reporting / Whistleblowing
8. Enquiries
9. Complaints
10. Financial information (such as accountant's reports and reconciliations of the client account)

External data sources

11. FATF guidance
12. LSAG / CCAB guidance
13. National Risk Assessment
14. AML Forums
15. FIN-NET
16. SARS
17. CASCADE
18. Lenders and Panel managers
19. Professional Forums
20. HMG Depts / Other Regulators
21. Insurers & Brokers / Other Market Contacts
22. Media / social media
23. The CLC's (Independent & External) Adjudication Panel



10. ANNEX B

MLRO Declaration

Principles

1. You understand the AML responsibilities of the body.
2. You act upon AML concerns raised by staff and make reports to the National Crime Agency (NCA) where necessary*.
3. You keep up to date with legislative and regulatory AML requirements through targeted Continuous Professional Development.
4. You ensure that all staff engaged in work that is in the scope of the AML regulations undertake appropriate and regular AML training (of which a record is kept).
5. You report to the CLC any governance concerns including improper influence.

Specific Requirements – of the individual

6. You have sufficient authority and resources within the body to ensure that you can discharge the obligations of the role.
7. You are a 'fit and proper' person and declare to the Licensed Body and the CLC any factors affecting this.
8. You have sufficient AML qualifications and experience to discharge the duties of the role including AML training at an enhanced level.
9. You have access to all files, records and information of the body to make fully informed decisions.

Specific Requirements – of responsibility

10. You ensure that internal records of SARs and internal suspicion reports (ISRs) are retained for a period of five years (whether or not you make a report to the NCA) and that access to them is strictly controlled.
11. You ensure that the body has appropriate AML Policies, Procedures and Controls (PCPs) in place which are reviewed regularly.
12. You implement an independent AML audit programme where appropriate to the size and nature of the body**.
13. You ensure that all staff receive appropriate and regular AML training.

*where you have actual knowledge or suspicion, or where (based on what an ordinary member of the public might think) there are reasonable grounds to know or suspect a money laundering offence has been committed.

**You do not need to implement an independent audit if you do not employ or act in association with any other person as specified under (R21(6)) of the 2017 AML Regulations

- e.g., if you are a sole practitioner who does not employ any staff nor use any agents.



I confirm that I have read and understood the principles and requirements set out above, and that I will comply with them

Individuals Name:	
CLC Practice:	
Signature:	
Date:	

Using your Personal Data

Individuals Name:

Your details will be held by the CLC in accordance with the General Data Protection Regulations (GDPR). For the purposes of GDPR, if you provide any information to us, we will be the data controller.

For further information about how your information is used, how we maintain the security of your information, and your rights to access information we hold about you, please see our [privacy policy](#) which is kept under regular review.

You can contact our Data Protection Officer via email at privacy@clc-uk.org or in writing to:

Council for Licensed Conveyancers,
 We Work,
 120 Moorgate,
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 Main Line: 020 3859 0904



Regulating
Property
And
Probate
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For enquiries, please use the details below.

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