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## Introduction

This guide is a practical reference for law firms carrying out work in scope of the Money Laundering Regulations 2017 (MLR 2017).

It brings together:

- statutory AML requirements
- SRA guidance and expectations
- practical tools and templates
- common regulatory gaps identified during inspections

The guide is designed to support firms at any stage of compliance, whether they are building an AML framework, reviewing existing arrangements, or embedding controls into day-to-day practice.

It is structured to follow the way the SRA assesses compliance in practice:

1. Whether the firm is correctly in scope and registered
2. Whether governance roles are appropriate and effective
3. Whether firm-wide risks are identified and understood
4. Whether client and matter-level risks are properly assessed
5. Whether policies and controls are proportionate, implemented, and followed

Throughout the guide:

-  indicates mandatory MLR requirements
-  highlights SRA expectations and best practice
-  flags common gaps identified during regulatory activity

The guide should be used as a **living reference**, alongside firm-wide and matter-level risk assessments, and reviewed regularly to ensure AML controls remain proportionate, effective, and aligned with the firm's size, nature, and risk profile.

**Note:** This guide is intended as a practical compliance resource, not legal advice. Each firm must assess and apply the measures in line with its own operations, risks, and regulatory context.



## Register Services with the SRA

MLR 2017	Requirement	SRA Resources
<p>◆ <b>Regulation 12(1)(a) - 12(e)</b> Independent Legal Professional (ILP)</p>	<p>Register with the SRA if providing ILP services where carried out by way of business</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• conveyancing of residential or commercial property</li> <li>• acquisition or disposal of a company or business</li> <li>• administering trust/estate funds or assets</li> <li>• arranging financing, capital contributions or structural setup for a corporate entity</li> <li>• setting up or running legal structures that can be used to hold assets or conduct business</li> </ul>	<p><a href="#">SRA   Who the AML regulations apply to   Solicitors Regulation Authority</a></p>



<p>◆ <b>Regulation 12(2)</b> - Trust and Company Service Provider (TCSP)</p>	<p>Register TCSP services with the SRA</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• Incorporating/ setting up UK limited companies, LLPs, partnerships or overseas companies for clients</li> <li>• Acting as, or arranging for others to act as officers or partners</li> <li>• Providing registered office or business address services</li> <li>• Acting as trustee or nominee shareholder</li> </ul> <p>⚠ <b>Common misconceptions</b></p> <p>“We only do this occasionally” “It’s ancillary to legal work”</p> <p>Neither removes you from scope.</p> <p><b>Frequency does not determine scope. If the service is provided at all, the firm is in scope.</b></p>	<p><a href="#">SRA   Who the AML regulations apply to   Solicitors Regulation Authority</a></p>
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<p>◆ <b>Regulation 11(d) – Tax Adviser</b></p>	<p>Register as a tax adviser with the SRA if providing affected services</p> <p>Examples of services potentially in scope:</p> <ul style="list-style-type: none"> <li>• Private Client work: Inheritance planning, trusts, estate matters</li> <li>• Corporate: M&amp;A structuring, agreements, share scheme</li> <li>• Divorce settlements involving assets</li> <li>• Litigation/Employment: Settlements with tax implications</li> <li>• Property: SDLT guidance, lease structuring</li> </ul>	<p><a href="#">SRA   Who the AML regulations apply to   Solicitors Regulation Authority</a></p>
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## Appoint and Register Individual Roles

MLR 2017	Requirement	SRA Resources
<p>◆ Regulation 26 - Beneficial owners, officers and managers (BOOMs)</p>	<p>The firm’s BOOMs must be approved by the SRA.</p> <p>Note: The definition of “Manager” under the MLR 2017 differs from the definition set out in the SRA glossary</p>	<ul style="list-style-type: none"> <li>• <a href="#">Regulation 5 MLR for meaning of beneficial owner: bodies corporate or partnership</a></li> <li>• BOOMs approval -<a href="#">mySRA account</a></li> <li>• <a href="#">SRA   Make changes to your Anti-Money Laundering authorisation   Solicitors Regulation Authority</a></li> <li>• <a href="#">lsag-aml-guidance.pdf</a></li> </ul>
<p>◆ Regulation 21(3) - Nominated Officer</p>	<p>Firms must appoint a nominated officer, also known as a Money Laundering Reporting Officer (MLRO) to report suspicious activity in relation to money laundering and terrorist funding</p>	<p><a href="#">SRA   Make changes to your Anti-Money Laundering authorisation   Solicitors Regulation Authority</a></p> <p><a href="#">SRA   Guidance for new Money Laundering Compliance Officers (MLCOs) and Money Laundering Reporting Officers (MLROs)   Solicitors Regulation Authority</a></p>



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		Complete form - <a href="#">fa10b.pdf</a>
<p>◆ Regulation 21(1)(a) - Money Laundering Compliance Officer (MLCO)</p>	<p>Appoint an appropriate person as the officer responsible for the firm's compliance with the MLR 2017.</p> <p>Not applicable to sole practitioners</p>	<p><a href="#">SRA AML visits report 2019-2020</a></p> <p><a href="#">SRA   Make changes to your Anti-Money Laundering authorisation   Solicitors Regulation Authority</a></p> <p>Complete form - <a href="#">fa10b.pdf</a></p> <p><a href="#">SRA   Guidance for new Money Laundering Compliance Officers (MLCOs) and Money Laundering Reporting Officers (MLROs)   Solicitors Regulation Authority</a></p>

### Ongoing Suitability

Firms should ensure BOOMs, MLROs and MLCOs remain fit and proper on an ongoing basis, not only at appointment. For example, role changes, disciplinary findings, criminal convictions, or competence concerns.

Firms should retain evidence of ongoing suitability checks.



## Size & Nature Considerations

The MLR 2017 does not define “size and nature”. However, the SRA has published guidance explaining how this concept should be applied in practice.

Size and nature underpin the risk-based approach that runs throughout the MLR 2017. They inform how firms are expected to design, implement, and evidence their AML framework, including:

- firm-wide risk assessments
- policies, controls and procedures
- governance and ongoing monitoring

**Size** may include:

- number of staff and offices
- turnover and volume of work
- internal complexity and management structure

**Nature** may include:

- types of legal services provided
- client base and sectors
- jurisdictions involved
- delivery model (in-person, remote, intermediaries)

Larger or more complex firms are expected to have more formal, layered, and documented controls than smaller or less complex firms.

All firms must be able to evidence why their AML framework is appropriate for their size and nature, and how this has been considered across their compliance arrangements.



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MLR 2017	Requirement	SRA Resources
◆ Regulation 21(1)(a)	Appoint a MLCO (not applicable to sole practitioners)	See appoint and register individuals' section above
◆ Regulation (21)(1)(c)	<b>Independent Audits</b> <ul style="list-style-type: none"> <li>• Conduct audits to verify compliance with AML policies and procedure</li> </ul>	<a href="#">SRA's expectation on audits</a>
◆ Regulation 21(1) & (2)	<ul style="list-style-type: none"> <li>• Carry out screening of relevant employees before and during employment</li> </ul>	<a href="#">SRA's expectations on screening</a>



## Firm-Wide Risk Assessments

MLR 2017	Requirement	SRA Resources
<p>◆ Regulation 18 (firm-wide risk assessment)</p>	<p><b>Client risks</b> – Assess the money laundering and terrorist financing risks posed by different types of clients.</p> <p><b>Products/services risks</b> – Evaluate risks associated with the firm’s products or services that could be exploited for money laundering.</p> <p><b>Countries/ geographic risks</b> – consider risks linked to the countries or regions where your firm, clients or transactions are based.</p> <p><b>Transaction risks</b> - Identify risks arising from the size, type, or complexity of transactions.</p> <p><b>Delivery channel risks</b> - Assess risks related to the methods through which services are delivered, such as in-person, online, or intermediated channels.</p> <p>◆ <b>Review and update</b> The FWRA must be kept under regular review and updated where there are material changes to the firm’s services, client base, jurisdictions, or risk exposure</p>	<p><a href="#">SRA   Sectoral Risk Assessment - Anti-money laundering and terrorist financing   Solicitors Regulation Authority</a></p> <p><a href="#">SRA   Firm-wide risk assessments   Solicitors Regulation Authority</a></p> <p><a href="#">SRA firm-wide-risk-assessment-template.docx</a></p> <p><a href="#">SRA webinar (1)</a></p> <p><a href="#">SRA webinar (2)</a></p>
<p>◆ Regulation 18A – Proliferation Financing</p>	<p>Firms must identify and assess the risk of proliferation financing it may be subject to in the normal course of business</p>	<p><a href="#">SRA   Sectoral Risk Assessment - Anti-money laundering and terrorist financing   Solicitors Regulation Authority</a></p>



	<p>The risk may be higher for firms providing services in the following sectors:</p> <ul style="list-style-type: none"> <li>• trade finance</li> <li>• commercial contracts</li> <li>• manufacturing particularly in relation to dual-use goods</li> <li>• commodities – particularly mined metals and chemicals</li> <li>• shipping/maritime</li> <li>• military/defence</li> <li>• aviation</li> </ul> <p><b>⚠ Common gap</b> If you conclude PF risk is “low” document <i>why</i> or consider whether any services fall within higher-risk sectors.</p>	<p><a href="#">SRA FAQs – question 3</a></p>
<p>Sanctions firm-wide risk assessment</p> <p><b>◆ Not an MLR requirement ( but a clear SRA expectation)</b></p>	<p>SRA best practice recommendation to assess exposure to sanctions.</p> <p>Higher risk exposure includes:</p> <ul style="list-style-type: none"> <li>• individuals in sanctions jurisdictions</li> <li>• cross border transactions</li> <li>• involvement in trade finance, commodities or dual-use goods</li> </ul> <p>Even where exposure is assessed as low, firms should document the basis for that conclusion.</p>	<p><a href="#">SRA sanctions guidance</a></p> <p><a href="#">SRA sanctions template</a></p>



## File & Matter-Level Risk Assessments

MLR 2017	Requirement	SRA Resources
<p>◆ <b>Regulation 28(12), (13), (16)</b></p> <p><b>19 (4)(a)(i)(aa)-(bb)</b></p>	<p>Firms must assess and document the specific risks each client and matter presents to the firm.</p> <p>Examples of factors to consider:</p> <ul style="list-style-type: none"> <li>• Clients/third party risks (reputation, PEP status, sanctions exposure, unnecessarily complex structure)</li> <li>• Jurisdiction risks (high risk, sanctioned countries)</li> <li>• Service/sector risk (type of work, vulnerability to financial crime)</li> <li>• Transaction risks (assess economic/legal purpose, complexity, size, source/destination of funds)</li> <li>• Delivery risks (how, when, by whom the service is provided)</li> </ul>	<p><a href="#">SRA CMRA warning notice</a></p> <p><a href="#">SRA CMRA template</a></p> <p><a href="#">SRA CMRA webinar</a></p>



	<ul style="list-style-type: none"><li>• Red flags (unusual instructions, inconsistent information)</li><li>• Relationship risks (ongoing monitoring, multiple connected parties, changes in circumstances)</li></ul> <p><b>⚠ Common gap</b></p> <p>Treating client due diligence as a substitute for a documented client and matter risk assessment.</p>	
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## Policies, Controls & Procedures (PCPs) Checklist

- ◆ Under regulation 19 MLR 2017, AML PCPs must include details of a firm’s
  - risk management practices
  - internal controls
  - customer due diligence measures
  - position on reliance and record-keeping measures
  - how it monitors and manages compliance with, and the internal communication of the PCPs

PCPs must include the following as a minimum.

MLR 2017 Regulations	Requirements	Check
◆ 19(1)	<b>Management and Communication</b> <ul style="list-style-type: none"> <li>• Ensure policies are implemented (in written form)</li> <li>• Communicated internally (retain evidence of steps taken)</li> <li>• Regularly reviewed</li> <li>• Changes are retained</li> </ul>	
◆ 19(2)(a)-(b)	<b>Proportionality and Approval</b> <ul style="list-style-type: none"> <li>• Proportionate with regard to the size and nature of the relevant person's business, and</li> <li>• Approved by its senior management.</li> </ul>	
◆ 27-28	<b>Customer Due Diligence (CDD) Measures</b> <ul style="list-style-type: none"> <li>• Identify clients and Ultimate Beneficial Owners (UBOs)</li> <li>• Cannot rely on PSC register or register of overseas entities to identify UBOs</li> </ul>	



	<ul style="list-style-type: none"> <li>• Verify identities and assess risk</li> </ul>	
◆ 37	<b>Simplified Due Diligence (SDD)</b> <ul style="list-style-type: none"> <li>• Circumstances SDD can be applied when conducting due diligence</li> </ul>	
◆ 33	<b>Enhanced Due Diligence (EDD)</b> <ul style="list-style-type: none"> <li>• Apply for high-risk clients or transactions</li> <li>• Includes Politically Exposed Persons (PEPs), high-risk jurisdictions, or high-risk products/services</li> <li>• Source of funds/ wealth checks</li> <li>• Any client or transaction where the risk assessment indicates a higher risk of ML, TF or PF.</li> </ul>	
<b>Not an MLR requirement</b>	<b>Measures to comply with UK Financial Sanctions</b>  Ensure paid work is not undertaken for a designated person without a licence to do so	
◆ 35	<b>Politically Exposed persons (PEP)</b> <ul style="list-style-type: none"> <li>• Specify the measures applied to PEPs</li> </ul>	
◆ 19(4)(c)	<b>Mitigating Risk with New Products, Practices, or Technologies</b> <ul style="list-style-type: none"> <li>• Assess new offerings for ML/TF risk</li> </ul>	
◆ 19 (4)(a)(i)(aa)-(bb)	<b>Measures to identify and scrutinise</b> <ul style="list-style-type: none"> <li>• Complex or unusually large, or unusual patterns of transactions or transactions that have no apparent economic or legal purpose</li> </ul>	



<p>◆ 19(4)(b)</p>	<p><b>Measures to Prevent Anonymous Transactions</b></p> <ul style="list-style-type: none"> <li>• Take additional precautions where products or transactions could be misused for money laundering or terrorist financing</li> </ul>	
<p>◆ 39</p>	<p><b>Reliance</b></p> <ul style="list-style-type: none"> <li>• Procedures for relying on third parties for CDD where permitted</li> </ul>	
<p>◆ 40</p>	<p><b>Record-Keeping</b></p> <ul style="list-style-type: none"> <li>• Maintain CDD records, risk assessments, and relevant documentation</li> <li>• Retain for at least 5 years</li> </ul>	
<p>◆ 30A</p>	<p><b>Beneficial Ownership Discrepancies</b></p> <ul style="list-style-type: none"> <li>• Procedures for handling inconsistencies with Companies House data</li> </ul>	
<p>◆ 28(11), (12),13,16</p>	<p><b>Client and Matter Risk Assessments</b></p> <ul style="list-style-type: none"> <li>• How and when risk assessments are completed</li> <li>• Identifying and scrutinising the purpose and economic/legal purpose of transactions</li> <li>• Continuous monitoring throughout the matter</li> </ul> <p>See file and matter- level risk assessment section</p>	
<p>◆ 28(11)</p>	<p><b>Ongoing monitoring</b></p>	



	<ul style="list-style-type: none"> <li>• Monitor changes to clients' profiles</li> <li>• Monitor changes throughout matter</li> <li>• When are source of funds checks necessary?</li> </ul>	
<p>◆ <b>Not an MLR requirement</b></p> <p><b>S.330 Proceeds of Crime Act 2002</b></p> <p><b>S.19 Terrorism Act 2000</b></p>	<p><b>Reporting Suspicious Activity</b></p> <ul style="list-style-type: none"> <li>• Appoint a Money Laundering Reporting Officer</li> <li>• Procedures for reporting suspicions of money laundering and terrorist financing to the NCA</li> <li>• Avoid Tipping off</li> </ul>	
<p>◆ <b>19(3)(e)</b></p>	<p><b>Monitoring compliance</b></p> <ul style="list-style-type: none"> <li>• A process to monitor compliance with the PCPs</li> </ul>	
<p>◆ <b>24</b></p>	<p><b>Training</b></p> <ul style="list-style-type: none"> <li>• All relevant staff must receive regular AML training on data protection, the law, recognising activities which may be related to money laundering, terrorist financing and proliferation financing.</li> </ul>	

⚠ Policies must be embedded into day-to-day practice. Written policies that are not followed will not be considered effective.

### PCPs Checklist Resources

[Policies, controls and procedures](#)

[SRA Training checklist](#)

[SRA | Complying with the UK Sanctions Regime | Solicitors Regulation Authority](#)

[SRA | Thematic review of source of funds and wealth compliance | Solicitors Regulation Authority](#)



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[SRA | Compliance with the regulations and preventing money laundering Q&A | Solicitors Regulation Authority](#)

[SRA | AML enforcement | Solicitors Regulation Authority](#)

