LEGAL RISK LLP
SOLICITORS

The Money Laundering, Terrorist Financing and Money Transfer (Information on Payer) 2017 ('MLR 2017') were published in draft on 15 March 2017. Subject to any change due to the General Election they are due to come into force on 26 June 2017.

The MLR 2017 are extremely detailed including 106 Regulations and 107 pages of close typed narrative. Rather than the previous high level Regulations we have seen previously, detail being left to sector specific guidance, the MLR 2017 are more prescriptive including far more detail in respect of Client due diligence obligations. There will be challenges ahead for law firms needing to implement them.

Key 'Highlights' include:

- Written risk assessment - Regulation 18
  The requirement to undertake a documented risk assessment upon which all firm policies must be based and which must be produced to a supervisor on request alongside the working documents used to create it.
- 'Board level' named individual responsible for AML compliance Regulation 21(1)(a)
  Whilst many firms may have someone at board level or equivalent responsible, this will be a new role for many and the individual concerned will need to be comfortable with the firm's response to the MLR 2017
- Screening of staff and agents involved in the AML process Regulation 21(1)(b)
  This will require an assessment of who is involved in AML compliance at a practical level, the appropriateness of their experience as well as suitability.
- Independent audit function Regulation 21(1)(c)
  Again this is a new requirement within the increased requirements for proportionate Internal controls to be implemented.
- Agents – vetting, training, control
  Guidance is awaited on who might be an agent in these circumstances but, assuming it survives the final version, this is an expansion of responsibility.
- Group compliance
  Parent undertakings will be required to ensure that all of their operation ensures a level of compliance consistent with the MLR 2017. This may create some major challenges for international practices.
- Supervisory obligations and super regulator
  The ethos of compliance propounded by FATF focuses on effective practical implementation. They are not looking at the thickness of the manual. Supervisors will be expected to supervise effectively and there has been criticism of the evenness of the UK Supervisory regime. Accordingly, supervisors are having to 'up their game'. For the professions, this will, in effect be enforced by the creation of an over arching regulator, OPBAS, the Office for Professional Body Anti-Money Laundering Supervision. We can expect to see more supervisory activity and enforcement in the coming years.

Legal Risk can help you tackle the challenges of the MLR 2017, starting with the Risk assessment and throughout.