



CILEx Regulation Ltd  
Anti-Money Laundering  
Supervision **Report 2023-24**

## Chairs Foreword: Jonathan Rees

This report explains CRL's responsibilities in supervising those we regulate for Anti Money Laundering activities and the duty to promote the Economic Crime objective to a much wider audience.

Requiring each CRL practice to submit an AML Statement whether or not it falls strictly within the AML supervised population, has enabled CRL more confidently to assess Financial Crime and AML Risk for the sector. As the report indicates, to date areas of weakness in AML compliance have been satisfactorily and proportionately resolved at an early stage by guidance. We note that no enforcement action has been necessary in this reporting year.

The Board takes this opportunity of reminding CRL firms and the broader CILEX community that everyone has a part to play in the prevention and reporting of economic crime, in addition to the more familiar responsibilities in combatting money laundering activities. In addition to its role as a regulator and AML supervisor, CRL is available to provide guidance and help you fulfil those responsibilities.

The Board is grateful to the CRL staff engaged in this important work for their thoroughness and commitment, and will continue to oversee progress closely at our regular Board meetings.

## Background

CILEX became an approved Anti-Money laundering (AML) supervisory authority in 2015 and is listed as a Professional Body in Schedule 1 of [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) (MLRs). In line with other regulatory functions, CILEX delegates to CILEx Regulation (CRL) the AML supervisory activities and functions, including risk assessment, monitoring and enforcement, and these responsibilities are set out in the Internal Governance rules.

This report sets out the AML supervisory activity carried out by CRL for the period 6 April 2023 to 5 April 2024 and identifies areas for development for CRL's AML supervision in 2024/25.

This assessment should also be taken into consideration when a supervised firm is drafting or updating its own [Regulation 18](#) Practice-wide Risk Assessment (PWRA). We recommend that firms not strictly falling within the scope of the MLR, should carry out a PWRA to provide context in risk assessing individual client matters and inform the drafting of the firm's policies and procedures.

This assessment should be incorporated into everyone's annual AML training.

## Scope of supervision

The majority of the 16,500 CILEX members work in law firms or other companies and organisations who, if required, are supervised by other AML supervisors, including HMRC and the Financial Conduct Authority (FCA). The actual CRL AML supervised community, as set out in the table below, remains very small in relation to the total regulated CILEX population.

CRL has agreed with the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), that its scope of AML supervision only extends to the following:

CILEX Authorised Entities	Unregulated sole practitioners (not operating through a Limited Company or LLP)
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During 2023/24 the CRL supervised community comprised:

Supervised Community	2020/21	2021/22	2022/23	2023/24
No of relevant firms	4	4	5	7
No of relevant sole practitioners conducting regulated activities as Authorised Entities	19	21	13	14
No of sole practitioners conducting regulated activities operating as unregulated firms	3	3	3	3

Throughout the year CRL has direct contact with each of the practices it regulates and supervises. It has up to date information and data through the Annual Return about each of these practices which is carefully scrutinised. This is supplemented by the AML Statement which each CRL practice has for the first time been required to complete whether or not it falls strictly within the AML supervised population enabling CRL to assess Financial Crime and AML Risk for the sector.

CRL regulates its law firms by specialism. It had no firms or sole practitioners who act solely as a Trust & Company Service Provider, although four firms offered these types of service.

In addition to CILEX Authorised Entities, CRL authorises and regulates [CILEX-ACCA Probate Entities](#), which are linked to an ACCA accountancy firm. The legal services provided by these entities are limited to applying for a grant of probate. CRL does not permit them to 'receive, control or handle client money apart from what the client pays you for your services' (para 3.1(d) [CILEX Regulation-ACCA Handbook 2021](#), last updated September 2024). OPBAS has agreed with CRL that these firms do not fall under the scope of the MLRs. CRL has agreed with ACCA that responsibility for AML supervision for ACCA Accountancy firms should remain with ACCA for all activities.

Within the AML supervised community CRL had the following total number of beneficial owners, officers or managers:

	April 2018	April 2019	April 2020	April 2021	April 2022	April 2023	April 2024
Total <a href="#">number of beneficial owners, officers, or managers</a> within firms supervised by CRL (" <b>BOOMS</b> ") Reg 26 MLR	15	20	29	34	40	26	12

As the majority of CRL firms hold client money, CRL recommends that even if they do not fall within the scope of the regulations, they put in place policies and procedures, including a risk assessment for the firm, so they can tackle the risks of being targeted by criminals, and comply with the requirements of the [Proceeds of Crime Act 2002](#) and [Terrorism Act 2000](#).

CILEX continues to have an important role in raising awareness of individuals obligations under the regulations and ensuring that individuals and firms are correctly directed to the supervision and guidance that is appropriate to their circumstances.

## Office for Professional Body Anti-Money Laundering Supervision

The key objective of the [Office for Professional Body Anti-Money Laundering Supervision](#) (OPBAS) is to reduce the harm of money laundering and terrorist financing by:

1. ensuring a robust and consistently high standard of supervision by the PBSs overseeing the legal and accountancy sectors
2. facilitating collaboration and information and intelligence sharing between PBSs, statutory supervisors and law enforcement agencies.

During 2023-2024 CRL has provided OPBAS with regular updates on progress as detailed in this report. OPBAS also discussed with CRL the outcomes of the Legal Services Board [investigation](#) into the dispute between CILEX and CRL.

## Governance & Resources

The supervisory activities of CRL are carried out under the guidance of the Money Laundering Reporting Officer (MLRO) and the Executive Team (ET).

At each of its meetings in 2023/24 the CRL Board was provided with updates on its AML activities, supervisory actions related to the financial sanctions regime and in promoting the economic crime objective. These can be found in the Director of Operations report (now Director of Regulation report) which has a section on the work relevant to the proposed new regulatory objective on Economic Crime. An example can be found [here](#).

The Director of Regulation is the MLRO and the Single Point of Contact for the Shared Intelligence Service (SIS), OPBAS, other supervisory authorities, law enforcement authorities and overseas authorities. The post holder has [overall responsibility](#) for regulatory authorisation, supervision and enforcement. The Entity Authorisation and Supervision Officer is the Deputy MLRO.

The Director of Regulation can flex resource within teams to meet short term pressures and this would apply to AML compliance were it necessary. CRL demonstrated the ability to respond to the demands of increased work related to financial sanctions and has fully engaged with all stakeholders on any strategic changes related to AML.

The Strategic Risk Committee (an independent committee providing oversight of CRL's risk frameworks for individual and firm supervision), continued to provide additional oversight on CRL's AML supervision.

CRL continues to monitor the risks of knowledge being held within single individuals and has actively addressed this for AML by widening the experience of other staff, through involvement in sector meetings where greater knowledge of risks can be obtained. CRL incorporates AML supervision within its other regulatory work. In addition, to assist it in re-assessing the risk related to the CRL AML supervised population, CRL required all CRL firms to complete and return an AML Statement.

Meetings are held with CILEX to discuss key operational issues that affect both the professional body and the regulatory body related to AML and sanctions.



## Information provided to the supervised community

CRL's Economic Crime page explains the scope of [Economic Crime](#) and links to additional resources on [Financial Sanctions](#) and [Anti-Money Laundering](#), all of which are regularly updated.

Emails were sent to all supervised firms covering topics such as:

- CRL AML Sectoral Risk Assessment,
- CRL Financial Sanctions Risk Assessment,
- SARS,
- UKFIU communications,
- OPBAS reports,
- Changes to the financial sanctions regime, including new licences, webinars, and trust services.
- Companies House changes
- Changes to Guidance issued by the Legal Sector Affinity Group (LSAG)
- Guidance on funds from China

The CRL newsletter circulated to AML supervised entities, BOOMs<sup>1</sup>, authorised and non-authorised CILEX members included the following:

<a href="#">July 2023</a>	<a href="#">HMT AML consultation</a> on structural reform of AML supervision
<a href="#">Oct 2023</a>	Publication of CRL's 2022/23 AML Supervision Report link to <a href="#">AML page</a>
<a href="#">Nov 2023</a>	Enactment of Economic Crime and Corporate Transparency Act 2023 with
<a href="#">Dec 2023</a>	<a href="#">Updated LSAG Guidance</a>
<a href="#">Jan 2024</a>	Re-launch of the <a href="#">Economic Crime webpage</a>
<a href="#">Feb 2024</a>	<a href="#">Update on domestic PEP Guidance</a>

Updates and news items in the CRL newsletter are followed up with Social Media posts to maximise engagement. In the 2023-2024 year 1,478 page views on the CRL website were recorded for CRL AML related content.

CRL's [AML Sectoral Risk Assessment](#) was updated in May 2023 to include sections on BOOM Financing<sup>2</sup> and the risks in dealing with Remote Clients with a link to the Financial Action Task Force (FATF) [Guidance on Digital ID](#). The sectoral risk assessment included evidence of risks that CRL had observed from its supervisory activities supplemented by intelligence shared by other supervisory bodies. Because of the small size of the supervised population, CRL continues to rely upon information and reports on money laundering risks from the AML Supervisors Forum and LSAG meetings, together with information from [Legal Intelligence Sharing Expert Working Group](#) (LISEWG) meetings, and intelligence from the [National Crime Agency \(NCA\)](#).

CRL highlighted the conclusion in the [2020 National Risk Assessment](#) that the services at highest risk of exploitation remain trust and company formation, conveyancing and client account services. This risk increases when legal professionals fail to carry out their obligations under the MLRs or take a tick-box approach to compliance.

<sup>1</sup> Beneficial Owners, Officers, or Managers

<sup>2</sup> Suggesting that CRL firms should incorporate proliferation financing into their existing money laundering and terrorist financing risk assessments. Proliferation Financing is fully defined at [Regulation 16A\(9\)](#) MLR, but in summary is the provision of funding used for the manufacture, acquisition or transfer of weapons or the materials used to produce those weapons.

CRL emphasised the new areas of concern and risk:

- Source of funds from overseas, particularly related to high risk and sanctioned regimes
- Funds from within UK at increased risk of cyber-crime and fraud
- New ways of working, especially related to supervision and diversification into new areas of work.
- The vital importance of staff having regular training on AML, especially on the new risks that they are facing.

The latest [LSAG updated Advisory Note](#) was published in October 2023.

CRL's [AML Sectoral Risk Assessment](#) was redrafted and circulated in October 2024 to reflect more closely the specific risks which relate to the firms which CRL supervises.

The [Financial Sanctions page](#) on the CRL website is regularly updated to record

changes in legislation. CRL firms were notified that the general licence for fees has been extended to 28 October 2024 and that a ban has been imposed on the provision of trust services and legal advisory services in connection with Russia.

The updated sectoral risk assessment was shared with all firms, whether within the scope of the regulations or not, as it is important for them to understand the risks associated with moving into new areas of law, new customer groups or if they are looking to provide new services to existing clients.

CRL ensured that information on its website remained up to date and continues to develop as new risks are identified.

## Training

CRL staff had specific training on the sanctions regime during 2023.

Staff at CILEX and CRL have access to a suite of eLearning courses which include Preventing Money Laundering, Whistleblowing and Preventing Bribery in Business. Completion of these courses is monitored to ensure that all existing and new staff complete or refresh their AML training annually.

Key CRL staff attended additional training in 2023 organised by the Law Society of Scotland with an AML specialist.

- Financial Crime Risk Awareness, including focus on sanctions
- Overview of the Financial Crime Compliance Landscape
- Proliferation Finance
- Implications of move of supervision to Economic Crime rather than just AML.

## Areas developed in 2023-24

The key development for CRL in 2023/24 has been the requirement for all CRL firms to complete and return an AML Statement, with the exception of those practices which started to trade after the request for AML statements had been circulated. Previously CRL had only required the three unregulated practices supervised by CRL to complete the AML Statement. Analysis of the responses has enabled CRL to carry out a risk assessment of all CRL firms, not just those already identified as subject to AML supervision. The AML Statement will be reviewed each year with a view to incorporating targeted questions for key areas which will assist in refining the risk scores.

The CRM Risk Matrix continues to be trialled and has been successfully applied in determining priorities for sampling CPD compliance.

## Supervisory Activity

All authorised entities and licensed bodies regulated by CILEx Regulation are required to provide an Annual Return (rule 4(18) of the [CILEx Authorisation Rules](#) and rule 10(1) of the [CILEx Regulation Licensing Rules](#)).

In addition to the completion of a questionnaire the Annual Return requires each firm to provide:

- Any new or revised policies or procedures.
- The firm's business plan
- The firm's cashflow forecast for the coming year
- Examples of the firm's client care documents it has been using.
- Open and closed files lists.
- The firm's latest available accounts.
- The last three months' worth of Office Account bank statements and where the firm holds client money copies of the last three months' worth of Client Account bank statements.

Where there is a query about any entry in the bank statements provided, the firm is required to provide the full set of bank statements for the reporting period. Any account numbers appearing regularly in the statements must be explained if they are not identified as being one of the firm's bank accounts. We also challenge any unusual payments.

The requirement to submit policies and procedures drafted during the reporting period allows CILEx Regulation to check their content and provide feedback. Equally where legislative changes would have necessitated a redrafting, and the firm has not provided us with a new or amended policy/ procedure, that will be raised with the firm.

In all cases the firms receive feedback on the content of the Annual Return and where necessary to take remedial steps, the completion of which is monitored.

In addition to this, regulated firms holding client money must provide an Accountant's Report undertaken by an independent auditing accountant. This a requirement of Rule 10 of the [CILEx Accounts Rules](#).

All regulated firms need to complete the Annual Return on the anniversary of the firm's authorisation by CILEX. To supplement this and to capture economic crime data for a consistent time period, we have introduced a mandatory requirement for all regulated firms to complete an annual AML Statement. This was developed from an AML Statement we were already requiring the unregulated firms we supervise for AML compliance to complete.

The AML Statement is a questionnaire covering the April to March reporting period and includes the firm's arrangements in relation to the sanction's regime and wider fraud prevention.

All regulated law firms are required to complete an AML Statement, not just those that we have identified as falling within the definition of being a 'Tax adviser', Independent Legal Professional' or 'Trust or Company Service Provider'. This is because we recognise that all law firms have a duty to uphold the requirements of the Proceeds of Crime Act 2002 and the Terrorism Act 2000. It also acts as a tool for managers to check whether services provided during the reporting period have brought the firm within the definition of 'Tax adviser', 'Independent Legal Professional' or 'Trust or Company Service Provider' (the AML Statement provides guidance on the definitions).

The AML Statement continues to evolve, not only to cover the sanctions regime, recognising firms' obligations under the Sanctions and Anti-Money Laundering Act 2018, but this year has been expanded to cover fraud and wider economic crime, responding to advice from OPBAS.

CILEX ACCA Probate Entities are not required to complete the AML Statement.

## Risk Profiles

Because it is small, CRL does not publish data on the risk profiles of its supervised population (though it is provided to HM Treasury as part of the Annual AML / Counter Terrorism Financing (CTF) Supervision Return).

Our analysis from the AML Statements provided by those firms in the supervised sector and supporting information is broadly consistent with the previous year for the supervised firms:

Risk factor		
Services	<p>The firms in our supervised sector provide specialist services rather than providing a wide range of services, with most firms providing probate and or estate administration services. Whilst estate administration can be viewed as being a higher risk activity because higher value transactions are processed, careful checks on the source of funds and clients / beneficiaries can greatly reduce the risks. Furthermore, the fact that the service must be linked to the estate of a deceased person limits the opportunity for money laundering.</p> <p>Only one of the firms in our supervised sector is currently authorised for conveyancing. The scope of conveyancing has been restricted to transactions directly linked to probate estate administration the firm is dealing with.</p> <p>One firm offers TCSP services but has not created any new companies in the last two years. So again, is lower risk.</p> <p>One probate firm although not holding client money, does provide tax advice so has been brought within supervision, though the risk of money laundering is limited.</p>	<p><b>Low Risk</b></p> <p>Currently no firms are providing high risk services such as:</p> <ul style="list-style-type: none"> <li>• International legal services.</li> <li>• Conventional conveyancing.</li> <li>• High volume TCSP work</li> </ul>
Clients	<p>Most firms in our supervised sector deal solely with individuals on a face-to-face basis. The one firm dealing with corporate clients is dealing with local SME firms recovering B2B debts. The supervised sector has not dealt with any PEPs or individuals subject to the sanctions regime in the last year.</p>	<p><b>Low Risk</b></p> <p>The firms are not dealing with:</p> <ul style="list-style-type: none"> <li>• High volumes of complex layered corporate ownership structures</li> <li>• High volume of cases where there is no face-to-face contact with the client.</li> <li>• PEPs</li> <li>• Sanctioned individuals</li> </ul>
Geography	<p>In the last year, the supervised sector dealt with no clients from outside the UK and in many cases the clients were located within 20 miles of the firm's office. There was no evidence of any matters involving individuals linked to high-risk jurisdictions,</p>	<p><b>Low Risk</b></p> <p>The firms are not dealing with</p> <ul style="list-style-type: none"> <li>• Overseas clients</li> <li>• High risk jurisdictions.</li> </ul>
Transactions	<p>All the supervised firms have controls in place to restrict the amount of cash that can be provided by clients as payments, increasing the traceability of funds. There is a mixed approach to source of funds checks which is an area that needs improvement.</p>	<p><b>Medium risk</b></p> <p>All firms restrict cash payments but have a mixed approach to source of funds checks</p>
Training	<p>Whilst all firms in the supervised sector provide AML training the quality of that training is not known nor whether it fully covers terrorist financing and proliferation financing.</p>	<p><b>Medium risk</b></p> <p>More detail is needed on the scope and quality of training.</p>



## Supervisory Inspections

### CRL Firms

CRL requests information from its applicant firms to enable it to conduct desk-based reviews of their compliance with the regulations. The information requested includes sight of the required policies and procedures, including their own risk assessment. The firms can utilise the templates provided on the [CRL website](#). CRL asks all firms to supply a copy of their firm level risk assessment so it can identify whether the firms understand the potential risks. Guidance is provided if there are any weaknesses in the assessment. CRL ensures that all BOOMS are checked against external databases.

All CRL Firms are required to complete an Annual Return (see further page 6) each year and an AML Statement confirming the extent to which they have complied with AML requirements over 2023-2024. The responses to the Annual Return and the AML Statement are reviewed at the same time, an analysis prepared and feedback provided to the CRL firm. The purpose is to ensure that the risk mitigations put in place by the CRL firm are appropriate and proportionate for the risks identified. These reviews inform development of the risk profile (page 7) which is updated annually. Because of the timing of the review of the Annual Returns, to date only one AML supervised practice has been reviewed applying this modified assessment process. In addition, CRL has frequent interaction with CRL firms on an individual basis responding to queries from the firm, clients and third parties.

CRL's assessment is that in combination the Annual Return, AML Statement and other interactions provide assurance that the interests of consumers are protected and 'enables an accurate assessment of each member of the supervised population's level of risk by building a holistic view of the effectiveness of their controls'<sup>3</sup>. CRL has taken the view that these controls broadly align to desk based reviews as characterised in the OPBAS definition<sup>4</sup> where during the reporting period CRL has completed:

- for a regulated firm, an Annual Return risk assessment and carried out an AML Statement risk assessment covering the entirety of the reporting period,
- for a non-regulated firm, an AML Statement, risk assessment and analysis of supporting documents such as Client / Matter Risk Assessment forms, client care documents and training logs, and also risk assessed a AML Statement covering the entirety of the reporting period.

Desk based reviews are not carried out on:

- newly authorised firms which have not completed an Annual Return risk assessment during the reporting period, or
- firms leaving CRL regulation which are not required to complete an Annual Return because they follow a different process as part of the transfer / closure protocol.

The table records the number of firms which completed an Annual Return during the reporting period April 2023 to March 2024, as well as an AML Statement risk assessment.

<b>.Inspections - Desk Based Reviews</b>	2020/21	2021/22	2022/23	2023/24
Desk based reviews conducted	25	28	21	20
Number assessed as 'compliant' rating	18	21	17	4
Number assessed as 'generally compliant' rating	7	7	4	7
Number assessed as 'not compliant' rating	0	0	0	9
Informal action following desk-based review	7	7	4	16
Formal action following desk-based review	0	0	0	0

<sup>3</sup> P.25 [OPBAS Sourcebook](#)

<sup>4</sup> Ibid 'a range of information (such as annual returns, a sample of client files, client due diligence and websites)'

The three non-compliant firms within the scope of the money laundering regulations are being dealt with in the following ways:

1. an action plan has been agreed with CRL to resolve compliance issues.
2. an onsite inspection visit has been scheduled in November 2024 for a detailed review of compliance processes.
3. because it is one of the three unregulated sole traders (see below), additional guidance will be provided to bring the firm into compliance.

Further failure to resolve compliance issues will result in a referral for enforcement action.

Reflecting the current risk profile of CRL supervised firms, there were no routine onsite inspection visits in 2023/24, though they are scheduled for 2024/25 reporting year. Where serious concerns are raised which require further investigation, the firm will have an onsite inspection at short notice, or in exceptional circumstances, with no notice.

### Unregulated sole traders

CRL currently provides AML supervision for three CILEX members providing services as sole practitioners (in their own name) which bring them within the scope of [regulation 12](#) MLRs. Whilst these individuals are regulated by CRL, the activities of their firms are not and in contrast with CRL regulated firms CRL has no authority to carry out onsite inspections at these firms. They are required to complete an annual AML Statement and submit examples of documentation they use in the provision of their services. These are not desk-based reviews.

### BOOMs

All individuals seeking to be a BOOM as defined by [regulation 26](#) in a CRL firm must apply to CRL to be an Approved Manager in that firm (see [CILEx Authorisation Rules](#) and the [CILEx Regulation Licensing Rules](#)).

As part of such an application the applicant is required to declare all prior conduct. The individual's suitability is determined against the 'Fit and Proper Test'.

All applicants must provide CRL with an up-to-date Standard Disclosure and Barring Service certificate. Where the certificate declares any convictions, cautions reprimands or warnings these will be considered with additional detail supplied by the applicant. Any application disclosing conviction for a Relevant Offence as defined by [schedule 3](#) MLR is refused.

Following authorisation, CRL firms are required to disclose in their Annual Return any incidents of prior conduct<sup>5</sup> by Approved Managers<sup>6</sup> (which includes BOOMs) must be declared. Where this is declared or identified through other sources a referral is made to the Enforcement Team so a determination can be made of the individual's continued suitability to be an Approved Manager. Where a Relevant Offence has been declared, the Approved Manager's authorisation is revoked.

## Areas of risk identified from supervisory activities

- As reported in CRL's Sectoral Risk Assessment (October 2024), the following risks have been identified:
- The quality of source of funds checks carried out by supervised firms need to be made more robust. Some firms have treated as low risk funds received through a high street bank and have not carried out their own checks to identify the true source of the funds and the clients source of wealth.
- Whilst some firms maintain records of AML training that includes all relevant members of staff and covers the wider aspects such as proliferation funding, other firms did not have proper training records as required by [Regulation 24](#).

<sup>5</sup> Rule 11 [Enforcement Rules](#)

<sup>6</sup> Rule 1(2) [Authorisation Rules](#) 'a person who is approved by CILEx Regulation to manage or participate in the management of an Authorised Entity'

- Firms need to evidence regular monitoring of AML risks throughout the matter (not just at the outset and /or at the end of the matter). This needs to be evidenced in the Client/ Matter Risk Assessment.
- Firms need to demonstrate they have extended their Regulation 18 PWRA to include proliferation financing.
- The verification checks carried out where the firm is not meeting the client face-to-face basis needs to be more comprehensive. Risk Assessment forms should detail specifically the electronic verification that has been used and explain how this identification links to the individual they are dealing with.

## Financial Sanctions

CRL fully understands the responsibility to safeguard the UK and protect the reputation of the CILEX profession and the wider legal system by upholding the financial sanctions and Anti-Money laundering regimes. The CILEX Code of Conduct requires Chartered Legal Executives, CILEX members and firms to operate to the highest ethical standards and to demonstrate this to the public.

Its work related to ensuring compliance with the financial sanctions regime is led by the MLRO and discussed with the Executive Team. The CRL Board is provided with updates on actions taken as part of the Director of Operations (now Director of Regulation) report, which is published on the CRL website.

All changes to the sanctions regime brought in by [OFSI](#) have been communicated directly to CRL regulated firms and information has been added to the [Financial Sanctions](#) page on the CRL website. This has included messages related to:

- Financial Sanctions are not just focused on Russia
- Fees for the provision of legal services
- The requirements under the [General licences](#)
- Ban on providing trust services to those connected with Russia
- Ban on legal advisory services

The [financial sanctions sectoral risk assessment](#) has been updated to reflect the changes in the regime and additional risks.

Financial sanctions information is collected in the AML Statement required for firms from 2024.

CRL expects the firms' approach to sanctioned individuals and entities to be addressed in firm level risk assessments and procedures.

## Enforcement Action

Incidents of non-compliance CRL has identified have continued to be less serious and have been corrected by guidance and follow up checks. The initial review of policies and other assessments prior to authorisation continue to help reduce non-compliance and provide a clear incentive to remedy potential non-compliance.

Whilst it receives enquiries from law enforcement about CILEX members, CRL did not receive any intelligence or other contact from law enforcement agencies relating to money laundering or breaches of financial sanctions. CRL received no intelligence during the year which resulted in the submission of any Suspicious Activity Reports (SARs).

CRL firms are very aware of importance of mitigating AML risks and are in regular contact with CRL on a range of AML related issues.

There was no enforcement action related to AML non-compliance during 2023/24. During the year CRL monitored the progress of cases related to CILEX members: one was rejected by another AML supervisor and then by CRL following an investigation; another remains the subject of continuing investigation by law enforcement. CRL is currently investigating allegations of breach of AML requirements following findings of misconduct made by another legal regulator.

<b>Disciplinary measures for contraventions of the Regulations</b>	2020/21	2021/22	2022/23	2023/24
Suspension / Fine / Reprimand /Undertaking / Warning / Action Plan	0	0	0	0
Referrals to Law Enforcement for ML/TF related matters	0	0	0	0

## Collaboration

CRL attended meetings to discuss best practice, share information and gain sector intelligence.





Beyond its interactions with the NCA and NECC at LSAG and AMLSF meetings, CRL has had limited interaction with law enforcement but ensures that all NCA material that can assist firms is flagged to them, including their webinars and podcasts.

JMLIT reports and NCA material are shared with the Entity and Enforcement team.

CRL provides links on its website to external websites and resources to aid its AML supervised community. These include:

- [CRL AML webpage](#)
- [CRL Financial sanctions webpage](#)
- [LSAG AML Guidance](#)
- [National Risk Assessment 2020](#)
- [FATF - The UK's measures to combat money laundering](#)
- [The National Crime Agency](#)
- [How to report suspicious activity](#)
- [Reporting breaches of the MLRs](#)
- [OFSI](#)

## CILEX Activity

As the named Professional Body in the regulations, CILEX retains a residual role in achieving AML compliance even though the 'business of regulation' is delegated to CILEX Regulation in accordance with the Legal Services Act 2007 and the LSB's Internal Governance Rules. CILEX is represented at the LSAG, AMLSF, LISEWG, OFSI Legal Sector Engagement Forum Representatives

CILEX has published a comprehensive suite of information on its [website](#) covering AML, Proliferation Financing and Financial Sanctions which is regularly updated.

## Areas for development 2024-25

During 2024/25, CRL will :

- Carry out onsite inspections of CRL firms.
- Use the outcome of onsite inspections to inform a review of the AML Statement with a view to incorporating further targeted questions for key areas and refining the risk scores.
- Advise OPBAS of any changes related to the CILEX review of its regulatory arrangements.
- Continue to monitor the CRM system to identify new and existing members who through changes to service provision are now providing services to their own clients that bring them within the scope of the MLR.
- Collaborate with CILEX in promoting the prevention and detection of economic crime to CILEX members, CRL firms and the wider community to include an awareness campaign and the provision of CPD courses and webinars focusing on AML and economic crime.