

CILEx Regulation
AML Supervision Strategy
2025-2027

November 2025

INTRODUCTION

1. This document sets out CRL's strategy as a Supervisory Authority under the MLRs for 2025-2027.
2. 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. CRL recognises it has a critical role in protecting the UK's legal services sector from criminal exploitation.
3. 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 the Solicitors Regulation Authority (SRA), HMRC and the Financial Conduct Authority (FCA). Whilst there is a broader requirement for CILEX and CRL to work together to encourage the CILEX community to comply with their AML obligations, CRL acts as AML supervisor for a relatively small number of entities and individuals when compared to the total regulated CILEX population.
4. In particular, the MLRs requires a Supervisory Authority to:
 - adopt a risk-based approach to the exercise of its supervisory functions
 - carry out a risk assessment identifying and assessing the international and domestic risks of money laundering and terrorist financing
 - effectively monitor its own sector to take necessary measures for the purpose of securing compliance with the MLRs
 - base the frequency and intensity of its onsite and offsite supervision on the risk profiles prepared for its supervised sector.

CRL CORPORATE STRATEGY 2025-2027

5. CRL's mission is to be a high performing and responsive regulator that protects and promotes consumers' interests through strong evidence-based regulation. Its purpose is to ensure high standards of professional conduct and competence, protecting and promoting the public and consumer interests, enhancing respect and understanding for CRL qualifications and maintaining the integrity and trust of the legal profession
6. The CRL AML Strategy has been aligned with its Corporate Strategy 2025-2027 which has four strategic priorities:
 - **Standards and Public interest** – promote high quality professional practice that enables the individuals and entities that we regulate to meet our standards, so they are able to adapt to changes in the delivery of legal services and utilise the benefits of innovation and law tech which meet the needs of consumers.
 - **Access to justice and consumer empowerment** – champion fair access to all in the legal services market. We will continue to improve the information available to consumers to improve accessibility to legal services, so they are able to make informed choices and have confidence in the legal professionals they engage with.

- **Independence and sustainability** - promote the value and importance of independent, specialist regulation, ensuring CRL is able to work without fear or favour and its independence is protected.
- **Be an authoritative, inclusive and capable organisation** - The organisation is resilient and has the capacity and capability quickly to adapt to changes in the external environment. Continue to champion fair access for all in the legal services market.

STRATEGIC OBJECTIVES

7. CRL's AML strategy is built around four core objectives:
 - (1) promoting a culture of compliance across the regulated community
 - (2) ensuring effective, risk-based supervision and enforcement
 - (3) supporting firms and individuals with clear guidance and tools, and
 - (4) contributing to national and international efforts to combat financial crime.
8. In line with the Financial Action Task Force's (FATF) 2025 revisions CRL reinforces proportionality in its risk-based approach to AML supervision, focusing resources on areas of greatest vulnerability. It conducts regular sectoral risk assessments to identify emerging threats and trends, including misuse of client accounts, inadequate due diligence, and exposure to politically exposed persons (PEPs). The UK National Risk Assessment 2025 highlights key risks relevant to CRL, including the misuse of client accounts, which continue to be exploited for laundering illicit funds. Our supervision is proportionate, targeted, and informed by intelligence from law enforcement and other regulators.
9. We expect all regulated firms and individuals to comply fully with AML obligations, including conducting customer due diligence, maintaining appropriate records, and reporting suspicious activity. CRL monitors compliance through desk-based reviews, thematic assessments, and on-site inspections. Breaches of AML regulations are treated as serious misconduct and may result in disciplinary action, including referral to the Disciplinary Tribunal.
10. CRL provides comprehensive guidance to help firms understand and meet their AML responsibilities. This includes templates for policies and procedures, sectoral risk assessments, and advice on financial sanctions compliance. It also publishes an annual AML Supervision Report to share insights, trends and best practice. CRL's goal is to empower firms to build resilient AML frameworks that are tailored to their risk profiles.
11. CRL actively collaborates with other AML supervisors, government bodies and law enforcement agencies. It is a member of the Legal Sector Intelligence Sharing Expert Working Group (ISEWG), which facilitates the exchange of intelligence and supports coordinated responses to financial crime. CRL also contributes to national initiatives such as the UK's National Risk Assessment and preparations for the FATF mutual evaluation.