

AML officers: what they need to know

What's the difference?

- Money Laundering Compliance Officer – overall responsibility for anti-money laundering (AML) compliance
 - 2017 regulations
- Money Laundering Reporting Officer - responsibility for making suspicious activity reports
 - Proceeds of Crime Act 2002
- 90% of firms combine the roles
- Can delegate functions, not responsibility

Do we have to?

- MLCO
 - Needs to be board-level
 - Does not need to be a solicitor
- MLRO
 - **All** firms within scope
 - ‘Nominated officer’ for purposes of the PoCA 2002
 - Does not need to be a solicitor or board-level– **but** needs to be empowered to do the role
- Need to tell us who in mySRA

What do they need?

- **Authority** to make decisions which the whole firm will follow
- **Independence** to take action which may be unpopular or appear unprofitable
- **Resources**, including time, to carry out their roles

- Not just time served
- Must be able to stop and start the work of others:
 - **Stop** acting for this client
 - **Start** training, risk assessing etc
- Carry the rest of senior management with them
- If separate people, a unified front

Independence

- May need to make unpopular decisions – or those which may seem unprofitable
- Be guided by the law and regulations
- Not reliant on personal knowledge
- An objective view of risk: politically exposed persons and overseas clients
- Apply proper scrutiny – even when awkward or slow

Resources

- Time
- Support and delegation
- Any and all information in the firm:
 - Management information
 - Due diligence
 - Staffing records

Overloading

- Very common for MLCO/MLROs to hold more than one role
- COLP, COFA, staff partner, MD or senior partner, complaints partner etc
- Real responsibilities – and real consequences
- How much is too many?

Not a strict requirement but strongly recommended

- Division of labour
- Succession planning
- Absence cover
- The 'under-a-bus' principle

New AML officers: Day 1

MLCO

MLRO

Is the firm in scope?

How/where are SARs stored?

Who are my key colleagues?

Registered for SARs online?

Has the SRA been told?

New AML officers: Week 1

MLCO

MLRO

Check our PCPs

How do people report to me?

Do we have a risk assessment?
Is it compliant?

Do I know how to make a SAR?

Who is going to be my deputy?

New AML officers: Month 1

MLCO

MLRO

Are our policies up to date?

What SARs have been made recently?
Any in progress?

Are our policies compliant?

Do people know who I am and where
to find me?

How many hats am I wearing, and is it too many?

New AML officers: Year 1

MLCO

MLRO

Assess and address training needs

Review SARs and ISARs

Make arrangements for an audit or review

Any trends?
Strengths and vulnerabilities?

Onwards and upwards

- LSAG Guidance – first port of call in most cases
- Workplace Culture Thematic Review – approachability, learning from mistakes, etc
- AML decisions are for you to make – but help is available
 - SRA Professional Ethics helpline
 - TLS Practice Advice Service
- SRA Review: Three Pillars of AML Success
- Talk to each other – regional forums exist