



SRA response

HM Treasury Call For Information: Anti-Money Laundering Supervisory Regime

Published on 03 June 2016

View the closed consultation: [HM Treasury Call For Information: Anti-Money Laundering Supervisory Regime](https://www.gov.uk/government/consultations/call-for-information-anti-money-laundering-supervisory-regime/call-for-information-anti-money-laundering-supervisory-regime)
[<https://www.gov.uk/government/consultations/call-for-information-anti-money-laundering-supervisory-regime/call-for-information-anti-money-laundering-supervisory-regime>]

Introduction

- 1.

The Solicitors Regulation Authority (SRA) is the regulator of solicitors and law firms in England and Wales, protecting consumers and supporting the rule of law and the administration of justice. The SRA does this by overseeing all education and training requirements necessary to practise as a solicitor, licensing individuals and firms to practise, setting the standards of the profession and regulating and enforcing compliance against these standards.

- 2.

We welcome the opportunity to respond to Her Majesty's Treasury (HMT) call for evidence on the anti-money laundering (AML) supervisory regime.

Part 1: Executive summary

- 3.

The call for evidence raises three fundamental questions about the AML supervision regime as follows:

- which bodies are appropriate AML supervisors;
- how can government be sure that AML is supervised effectively; and
- what tools and sanctions should supervisors be able to wield?

Which bodies are appropriate AML supervisors?



- 4.

The supervision of the regulated sector for the prevention of money laundering necessitates that they have sufficient resources and independence. AML supervisors should be independent from interference or control from any representative body operating on behalf of the profession. Without separate bodies for representation and regulation we do not believe that there can be fully effective AML supervision. Public confidence is key and it is essential that vested interests are not able to, or are perceived as being able to, influence regulatory activities in this highly important area.

- 5.

We are clear that regulation is more effective in building public confidence and in creating a competitive market when it is independent from the organisations representing the profession. Consumers have greater trust in professionals who are regulated by an independent regulatory body, rather than by the profession itself. Research shows almost seven in ten adults from England and Wales say that they are more likely to trust a profession that is independently regulated (68%), while only one in ten (10%) say that they are more likely to trust a profession that regulates itself¹ [\[#note1\]](#). An independent regulator is one that is more likely to make good decisions on behalf of the consumer and the integrity of the market as a whole, rather than for the good of the profession it regulates; something which is particularly important in AML supervision.

- 6.

In order to be able to supervise AML and counter financing of terrorism (CFT) a regulator needs to be able to dedicate sufficient resources to this high-risk area and participate in the sharing of information and intelligence with law enforcement and other regulators. It would be helpful if those organisations which cannot dedicate sufficient resources and funding to intelligence gathering, investigation, prosecution and sanctions (where appropriate) as well as risk assessment of their relevant sector, could be enabled to work collaboratively with other regulators to support the supervision of their regulated community for money laundering purposes.

How can government be sure that AML is supervised effectively?

- 7.

In our view, the number of AML regulators is much less important than whether each regulator is effective and has sufficient capability to share intelligence. Treasury should create a framework to set out



what makes an effective AML supervisor, with clear criteria for achievement of that status, and those who consistently do not meet the standard should no longer be eligible to be a supervisor.

- 8.

One criterion should be that all AML supervisors must regulate to Better Regulation principles, i.e. in a manner which is proportionate, accountable, consistent, transparent and targeted. The Treasury can play an active role in determining whether supervisors are regulating AML in an effective manner. In addition to removing supervisory status from an organisation, the Treasury may want to agree, for example, improvement plans, or support a collaborative approach between large and small regulators within a sector.

What tools and sanctions should supervisors be able to wield?

- 9.

All AML regulators should be resourced with knowledgeable and experienced staff supported by relevant processes to enable them to investigate, and where appropriate prosecute AML related offences, report suspicious activity to the UK Financial Intelligence Unit (FIU) and maintain a meaningful intelligence-sharing function. AML supervisors should have a toolkit of sanctions which are sufficient to deter and punish AML offences.

- 10.

Currently, each of the regulators work to different rules when undertaking AML supervision and may apply their own sanctions. AML supervisors should have robust fining powers to deter their regulated community from breaching AML regulation and this should be consistent across each sector to reduce the likelihood of regulatory arbitrage. Supervisors should have the ability to prosecute individuals with a view to strike off or suspend individuals in the case of serious offences. There should also be an alignment of the standard of proof (to the civil standard of proof) necessary to prosecute disciplinary offences between supervisors, rather than the different standards of proof which are currently in operation.

Part 2: responses to individual questions

1. Should the government address the issue of non-comparable risk assessment methodologies and if so, how? Should it work with supervisors to develop a single methodology, with appropriate sector-specific modifications?



- 11.

Risk assessments are undertaken by regulators to determine the entire risk posed by a firm, of which AML is one facet. AML will present a different regulatory risk to each supervisor, and therefore it is not appropriate for HMT to mandate a comparable risk assessment. For example, for the FCA a risk of a systematically important bank failing is likely to be a higher risk than the failure of an estate agent to HMRC. Similarly the level of risk posed by a firm being involved with money laundering should be assessed separately by each supervisor. HMT may of course want to develop and share a best practice methodology as a development tool.

- 12.

There could however be some merit in standardisation of some aspects of AML regulation for different sectors (legal, accountancy) so there is one common standard in terms of breaches of and subsequent sanctions of AML within that sector.

2. How should the government best support supervisors - and supervisors to support each other - to link their risk-assessments to monitoring activities and to properly articulate how they do so?

- 13.

Many supervisors undertake monitoring of AML/CTF as part of a wider regulatory requirement and it can be difficult to link directly to monitoring activities in individual instances. A greater understanding and appreciation of this approach and how this means that AML/CTF risk assessment feeds into monitoring, without the need to identify every individual instance in which such a risk has separately led to monitoring would assist supervisors. The SRA is committed to effective supervision of AML, but this takes place in the wider context of regulating solicitors for many conduct and business-related issues, and in doing so, we are able to build up a greater picture of risks and weaknesses. It is not always possible to consider AML/CFT risks in isolation as they must form a part of the wider risk-assessment undertaken on firms. A separation of AML/CTF risk assessment from the wider risk assessment could lead to less effective supervision and monitoring and increased regulatory burden but with the lesser benefit of being able to more accurately identify when AML/CTF risk assessments have specifically led to monitoring activities.



- 14.

Sector-specific risk assessments could be a useful tool and might support greater cross-sector intelligence sharing. They could also be supported by data from the suspicious activity reports (SARs) database and intelligence from law enforcement relating to individual sectors.

3. Should the government monitor the identification and assessment of risks by supervisors on an ongoing basis? Should the supervisors monitor each other's identification and assessment of risks? How might this work?

- 15.

We would not advocate monitoring the assessment of risks per se, but we do believe there is a role for government at a high level in collating and comparing risks internationally as well as between sectors and related areas of work. Much of this sharing of knowledge and risk assessment already takes place on an informal basis, but we believe there could be a role for government in codifying and disseminating it. A quarterly risk register, such as many businesses produce to identify and mitigate risks might be a useful document for HMT to produce.

4. Should smaller supervisors be encouraged to pool AML/CTF resources into a joint risk function and would this lead to efficiencies? If so, how should they be encouraged?

- 16.

Those organisations which cannot dedicate sufficient resources and funding to intelligence gathering, investigation, prosecution and sanctions (where appropriate) as well as risk assessment of their relevant sector, could be enabled to work collaboratively with larger regulators to support the supervision of their regulated community for money laundering purposes. Alternatively, supervisors that do not have their own appropriate resources are not effective supervisors in the first place and may not meet the criteria for this status.

5. How should the ability of the supervisors and law enforcement agencies to share information on risks be improved?



- 17.

An easy and efficient way of improving information sharing would be to permit supervisors access to the SAR database, or to access SAR data through the UK FUI. This would be a cost effective way of sharing information which already exists and which the regulated sector has expended considerable effort in submitting. It would also assist regulators in building up an intelligence picture of their regulated community.

6. To promote discussions between the supervisors, should attendance at the AMLSF and submission of an annual return to the Treasury be made compulsory for supervisors? How could the government ensure that this happened?

- 18.

We strongly support compulsory attendance and participation of supervisors at the AMLSF. The forum itself could be used more effectively to fill some of the gaps in information sharing and we would advocate a review of its remit to establish what more it could achieve. We believe that gathering and sharing intelligence of money laundering risks and methodologies is an important part of being a community of supervisors and attendance at the AMLSF is a key part of this.

- 19.

We believe the current annual report process could be streamlined and refined in order to make the process less burdensome. Requiring an annual return, rather than a report would be more useful through collecting only the necessary information, and cutting out some of the narrative. These annual returns could then be collated by government into a useful annual supervision report. All supervisors should be compelled to complete the annual return as a condition of their remaining a supervisor, with sanctions for late submission, or non-compliance.

7. Could the Money Laundering Advisory Committee (MLAC) have a greater role in driving improvements in the supervisory regime?

- 20.



MLAC is a hugely important group that brings together senior individuals from government, law enforcement and regulators involved in AML compliance. The discussions held within MLAC and the decisions taken should be more widely disseminated in order to better inform regulators and the regulated community about the direction of travel. MLAC might benefit from a greater focus, which could be either policy-development or supervision issues, but to try to do both risks the committee losing focus.

8. Should the government instigate a formal mechanism for assessing the effectiveness of all the supervisors of AML/CTF activities with the power to compel action to address any shortcomings? If so, should this be carried out by the Treasury directly, through another body such as the National Audit Office, or through creating a new body, perhaps along the same lines as the Legal Services Board, which oversees legal services supervisors or the Financial Reporting Council which promotes high quality corporate governance and reporting? Are there other ways of ensuring effectiveness that should be considered?

- 21.

Creating a new body with the remit of assessing the effectiveness of AML supervisors would likely place a considerable regulatory burden on supervisors and the regulated community, the cost of which would likely be passed on to consumers. That said, a mechanism for assessing the effectiveness of supervisors would be useful, however the challenge comes in enforcing recommendations to supervisors. Simply publishing recommendations, and details of any supervisor that has chosen not to implement them could be a powerful mechanism to provide increased transparency and to encourage the adoption of proposals. MLAC could take a role in overseeing this. There is a risk of simply creating more red tape and a tick box approach to assessing effectiveness if a quantitative rather than a qualitative assessment regime is imposed on top of the current regulatory system.

- 22.

We would not advocate extending the role of the Legal Services Board to include supervision of AML regulators, as its core role and key strength is in driving better regulation and promoting competition rather than imposing detailed regulation. Any additional role could push up costs and whilst being unlikely to have a meaningful impact on reducing the risk of ineffective AML regulators.



9. Would an overarching body be able to add value by maintaining a more strategic view of the entire AML/CTF landscape and identifying cross-cutting issues which individual supervisors might struggle to identify? Should such a body have the authority to guide and compel the activities of the supervisors, up to and including the power to revoke approval for bodies to be supervisors?

- 23.

It is in the interests of the regulated community as well as consumers that AML/CTF supervision operates effectively. It is clear therefore, that government should have some mechanism for influencing and improving the effectiveness of AML supervisors, which could be done through existing systems and increased transparency. We believe that the issue could be tackled by increased involvement by Treasury and Home Office, rather than through setting up a new over-arching supervisor, with the associated cost that would impose. Adding an additional layer of regulation between the current AML supervisors and government is unlikely to improve the effectiveness of information exchange and supervision.

10. Should the government seek to harmonise approaches to penalties and powers? For example, should supervisors have access to a certain minimum range of penalties and powers and what should these be? Should there be a common approach for deciding on penalties and calculating fines based on variables such as turnover that are scalable to the size of the business?

- 24.

There is currently a great deal of disparity of fining powers between regulators and even within the same sector. The SRA's regulatory and disciplinary powers and procedures are different for traditional law firms and Alternative Business Structures (ABS)^{[2](#)}^[#note2]. At present, s44D of the Solicitors Act 1974 limits our 'in-house' fining powers for solicitors and traditional law firms to £2,000. If we consider that a greater fine is appropriate we must refer the case to the Solicitors Disciplinary Tribunal (SDT), which has unlimited fining powers.

- 25.



In contrast to the limit on our powers to fine traditional law firms only up to £2,000, for ABS we can impose greater fines under the Legal Services Act 2007 of up to £50 million for a manager or an employee of an ABS and can fine the ABS itself up to £250 million.

- 26.

Ultimately, fining powers should be brought into alignment and be able to be administered by the SRA (subject to suitable processes and checks). The structure of the business is not relevant as many traditional firms dwarf ABSs. Swifter settlement by the SRA without tribunal involvement would reduce the overall regulatory burden, benefitting all regulated businesses. This would also reduce delay, uncertainty and cost from those facing the disciplinary process and would support fast, fair and firm regulatory action.

- 27.

In addition to the need to increase the SRA's fining powers, we believe that there should be consistency of fining powers across AML sectors to prevent firms 'shopping around' for regulators with lower levels of sanctions, including fining powers. Harmonising penalties and fining powers by regulated sector would decrease the potential for regulatory arbitrage and ensure that a firm is punished in a consistent and appropriate manner irrespective of who their regulator happens to be.

- 28.

Although we would not advocate a fixed scale of fines across regulators based on the turnover of the firm, we would advocate a collaborative and agreed approach to fining across those supervising the same sector. We would suggest that a collectively agreed fining framework including aggravating and mitigating factors as well as a recommended fining scale. This should help to increase consistency between similar regulators, and HMT could monitor, through the submission of the annual report, how fining powers are being used in practice.

11. Should the government seek to establish a single standard for supervisors' disciplinary and appeals functions?

- 29.

We believe that the standard of proof and burden of proof used for disciplinary proceedings relating to money laundering offenses should be consistent across all supervisors. Regulatory bodies use different standards of proof, for example within the legal sector some regulators must prove cases on the balance of probabilities



whereas others must prove beyond all reasonable doubt. These assorted standards should be brought into line to require proof to the civil standard (i.e. the balance of probabilities). The higher standard of proof places the profession's interests first, and adds regulatory burden by creating higher costs and increasing the time taken to both prepare and hear cases. The higher standard also incentivises firms to resolve their case at the Solicitors Disciplinary Tribunal (SDT) where it is more likely to be overturned and often removes the possibility of an early settlement which would reduce costs. We believe that the criminal standard at which cases are heard at the SDT should be changed to the civil standard and this has recently been echoed by several external reports.

- 30.

The Insurance Fraud Taskforce final report³ [\[#note3\]](#) recently recommended that the Government considers reviewing the standard of proof in cases heard by the SDT. Under the current approach the SDT applies a criminal standard of proof to cases brought before it which is more generous to solicitors than the in-house civil standard used by the SRA. In the words of the report this "means [the SRA's] enforcement actions may not act as a credible deterrent".

- 31.

In addition, the Brady Review into claims management regulation also considered the standard of proof at which cases are heard by the SDT and raised concerns in the final report: "While the SDT has unlimited fining powers, it considers cases on the basis of the criminal standard of proof, meaning the case must be proven beyond all reasonable doubt. That makes it difficult to impose high financial penalties and more importantly means that those who are dishonest on the balance of probabilities (the civil standard of proof) can continue to practice. This undermines the strength of the regulator, and means its enforcement actions may not act as a credible deterrent."⁴ [\[#note4\]](#)

12. Does the inability of some supervisors to directly compel attendance of relevant persons to answer questions, or to enter premises reduce their ability to effectively supervise, or is liaison with law enforcement agencies an appropriate mechanism? If so, how could government address this?

- 32.

The enforcement powers given to all supervisors should be the same. The SRA has various enforcement powers derived from



statute relating to its role as a regulator of legal services, however not all supervisors have these same powers. The ability to compel attendance of relevant persons to answer questions would be a useful tool for supervisors to have, so long as it is used judiciously. Entering premises can be challenging if the individuals have chosen not to cooperate. In cases where there is likely to be resistance to entering premises, liaison with law enforcement is likely to be the more productive and safer option. We do recognise that law enforcement resources are limited and therefore the involvement of law enforcement is not always feasible. The Treasury should consider the disparity of AML supervisors' powers, with a view to bringing them all to a common and minimum standard.

13. Should all supervisors have powers to compel supervised businesses to submit comprehensive and up-to-date information to aid risk assessment?

- 33.

Yes, within reason. Government and supervisors should be mindful of the burden placed on businesses by data requests, the cost of which is passed on to consumers, and balance this burden with the need for information to aid risk assessment.

14. Is there a need for supervisors themselves to undergo training and/or continuous professional development? If so, what form might this take and should it be government-recognised?

- 34.

Those involved with supervising AML activities undertake continuous professional development through dealing with cases and attending fora. Whilst there are numerous courses aimed at the regulated community, there appears to be a gap in the market for training aimed at supervisors. We believe it would be useful for government to set up or recognise a course aimed at personnel within supervisors with a focus on AML activities. We would not however advocate mandatory attendance on a government-approved course, as it would be difficult to determine which staff should be required to attend and there might be better ways of disseminating this information. It would also add a considerable amount of cost.

- 35.



In addition, we have concerns about the vast differences in the quality of AML courses in general. If government are minded to recognise a course for supervisors, they might usefully consider extending this to recognising good courses for the regulated sector, perhaps through use of a kite mark for high-quality training.

15. Is there a need for relevant persons in the supervised populations across all sectors to undergo training and/or continuous professional development to aid their understanding of AML/CFT issues?

• 36.

We agree that relevant persons should undertake appropriate AML training as per the requirement in the Money Laundering Regulations. In addition, solicitors are required to undertake appropriate continuous professional development (CPD). We have recently consulted on our approach to CPD [5](#) [\[#note5\]](#) and from November 2016 solicitors will be required to reflect on the quality of their practise and address any identified learning and development needs. An annual declaration will be required from solicitors that they have done this. We would generally expect solicitors to consider whether there are any gaps in their AML knowledge and to take steps to address this. More broadly, there is already a training requirement in the Money Laundering Regulations, which we believe the majority of solicitors firms provide. Concerns about AML training should not be addressed through amending the existing requirement, as we believe this is sufficient.

16. What safeguards should be put in place to ensure that there is sufficient separation between the advocacy and AML/CFT in professional bodies? To what extent are the appropriate safeguards already in place?

• 37.

Rather than putting in place safeguards to ensure sufficient separation between regulation and representation in AML supervision, we would advocate actual separation between the two.

17. Should the government mandate the separate of representative and AML/CTF supervisory roles? What impacts might this have on the professional bodies themselves?



- 38.

Yes. We believe that AML supervision is most effective when undertaken by an independent body, which is not also responsible for representing the sector. Independent regulation is commonly understood and accepted as independent of both the profession and of Government. A regulator cannot command full public confidence if it is part of the body that represents the profession, nor can it do so without being held accountable to the public. In fact, public confidence and public accountability is key to the regulation of any profession or market whereas a representative body is accountable only to its members.

18. How does the UK approach to professional body supervision compare to other countries' regimes? and

19. How could inconsistencies between the JMLSG guidance and the FCA's Financial Crime Guide best be resolved? Should the two be merged? Or should one be discontinued and if so, which one and why?

- 39.

No comments.

20. What alternative system for approving guidance should be considered and what should the government's role be? Is it important to maintain the principle of providing legal safe harbour to businesses that follow the guidance?

- 40.

The current system of approving guidance is time-consuming and inefficient. Although it may be useful to get the comments from some members of MLAC, for much of the specialist guidance, those outside the sector will be unable to comment. The current approach also duplicates effort if multiple members of MLAC pick up on the same point.

- 41.

In place of the current system, we would suggest a more streamlined approach, whereby Treasury is responsible for offering comments on guidance, prior to approval. This would not prevent guidance authors from seeking comments from other supervisors,



but would cut out a great deal of the time and bureaucracy associated with the current process.

- 42.

It is essential that the principle of safe harbour is maintained for those following approved guidance. A key reason for supervisors to produce the guidance is to provide professionals with assurances that following it will offer safeguards against prosecution. Without this assurance the regulated sector might disregard guidance leading to a general drop in AML compliance, and in addition regulators might be less inclined to produce it.

21. Should the government produce a single piece of guidance to help regulated businesses understand the intent and meaning of the Money Laundering Regulations, leaving the supervisors and industry bodies to issue specific guidance on how different sectors can comply? If so, would this industry guidance need to be Treasury approved? Should it be made clear that the supervised population is to follow the industry guidance?

- 43.

A general piece of AML guidance, to which specialist guidance could be bolted on, would be helpful, and we would be supportive of this idea. A general piece of guidance would be more efficient than all of the supervisors creating and updating guidance, would increase consistency between sectors and would act as a single, definitive document on AML regulations and compliance. If Treasury was minded to implement this model, we suggest that the general guidance as well as supervisors' specialist guidance would need to be approved in order to maintain safe harbour for those who comply with it.

22. Should supervisors be required to publish details of their enforcement actions and enforcement strategy, perhaps as part of the Treasury's annual report on supervisors, or in their own reports? What are the benefits and risks of doing so?

23. Should the government publish more of the detail gathered by the annual supervisor's report process? For example, sharing good practice or weaknesses across all supervisors?

- 44.



The SRA has a published enforcement strategy and publication policy for our regulatory activities, however these are not AML/CFT specific. It would not be appropriate for a supervisor with combined regulatory functions to have a separate and distinct obligations in relation to AML/CFT. Supervisors already abide by the principles of better regulation and there is no need for HMT to impose further regulatory obligations.

- 45.

We believe that some additional publication of information by Treasury would be useful and would facilitate increased transparency, in particular some of the monitoring and supervision data provided as part of the annual report process. This would allow comparison between sectors and supervisors of the effectiveness of AML monitoring and compliance. Individual publication of information by supervisors would be less useful, as it would likely be inconsistent in format and publication date, making it more difficult to compare between sectors and regulators.

24. Should supervisors be required to undertake thematic reviews of particular activities or sections of their supervised populations, as the FCA currently does? If so, how often should such reviews be undertaken?

- 46.

The SRA recently undertook a thematic review of solicitors and firms' AML policies and procedures. The review involved visiting 252 firms ranging in size in order to determine good and bad practice. The exercise was well received and a full report was published in March 2016. This type of thematic review is extremely useful in determining the compliance of regulated individuals, but is resource intensive. We suggest that this would be a useful exercise for all regulators to undertake on an intermittent basis to fit with their individual regulatory timetables and assessment of risk in their respective sectors.

25. What is the best way to facilitate intelligence sharing among supervisors and between supervisors and law enforcement? What safeguards should be imposed?

26. As one means of facilitating better sharing of intelligence among supervisors and law enforcement, could the government mandate that all supervisors should fulfil the conditions for, and become members of, a mechanism such as FIN-NET? Are there other suitable mechanisms, such as the Shared Intelligence System (also hosted by the FCA)?



- 47.

Information sharing already occurs between supervisors through appropriate legal gateways. The sharing of sensitive and confidential data by supervisors must not be undertaken without the appropriate mechanism for doing so. Broader knowledge is shared amongst supervisors currently through a variety of groups and boards. Individual intelligence sharing arrangements between law enforcement and other regulators are supported by memoranda of understanding.

- 48.

A simple and effective way to facilitate the sharing of information between law enforcement and supervisors would be to permit them access to the SAR database. This would provide supervisors with valuable information about their regulated community at little extra cost and help them target their resources appropriately. The information gathered through SARs could be extremely helpful to supervisors in targeting their investigation and enforcement work, and this opportunity is currently being missed.

- 49.

In addition we agree that mandating the use of an intelligence-sharing system would allow all supervisors to input and view information on a safe platform. This could also usefully operate as a more immediate alert system than data-sharing through MoUs, which can be cumbersome and time-consuming.

27. Should the government require all supervisors to maintain registers of supervised businesses? If so, should these registers cover all registered businesses or just certain sectors? Should such registers be public? What are the likely costs and benefits of doing so?

- 50.

Yes. We believe it would be difficult to appropriately supervise businesses without maintaining a register. The registers of supervised populations do not necessarily need to be segregated by those undertaking AML regulated activities and other supervised activities.

28 How can credit and financial institutions be best encouraged to take a proportionate approach to their relationships with



customers and avoid creating burdensome requirements not strictly required by the regulations?

29. Does failure of AML/CTF compliance pose a credible systematic financial stability risk? If so, does this mean that the FCA should devote more resource to the largest banks which have the greatest potential to have systematic effects?

30. How should the FCA address the perception found by the Cutting Red Tape Review that is overly focused on process and ensure that its AML/CTF supervision is focused proportionately on firms which post the greatest risk?

- 51.

No comments.

31. Is the number of supervisors in itself a barrier to effective and consistent supervision? If so, how should the number be reduced and what number would allow a consistent approach?

- 52.

The number of supervisors is much less important than whether the existing supervisors are acting effectively and have the appropriate sanctions to act as a deterrent. All AML supervisors should be acting in line with better regulation principles (proportionate, accountable, consistent, transparent and targeted) in their regulatory activities. All supervisors should be operating effective investigation and disciplinary processes which operate independently from the profession.

32. If this is an issue, are there other ways to address it? For example would supervisors within a single sector benefit from pooling their AML/CFT resources and establishing a joint supervisory function?

- 53.

If an AML supervisor is not acting effectively, then establishing an arrangement to joint-supervise with another supervisor does not tackle this problem. Instead, they should no longer be permitted to supervise AML/CFT activities and government or another supervisor should take over this function. A pooled regulator for each sector does have some merit in standardising sanctions, sharing intelligence and improving risk assessment.

Notes

1. www.sra.org.uk/documents/SRA/research/independence-polling-headline-findings-january-2016-comres.pdf
[<https://jobs.sra.org.uk/globalassets/documents/sra/research/independence-polling-headline-findings-january-2016-comres.pdf>]
2. Liberalising measures in the Legal Service Act 2007 allowed, for the first time, non-lawyers to own and manage law firms licensed by legal services regulators to deliver reserved legal activities.
3. www.gov.uk/government/publications/insurance-fraud-taskforce-final-report [<http://www.gov.uk/government/publications/insurance-fraud-taskforce-final-report>]
4. www.gov.uk/government/publications/claims-management-regulation-review-final-report [<http://www.gov.uk/government/publications/claims-management-regulation-review-final-report>]
5. www.sra.org.uk/solicitors/resources/cpd-accreditation
[<https://jobs.sra.org.uk/solicitors/resources-archived/continuing-competence/>]