

Who the AML regulations apply to

16 March 2021

There are two sets of legislation solicitors and law firms must understand and adhere to.

The [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](https://www.legislation.gov.uk/uksi/2017/692/made)

[\[https://www.legislation.gov.uk/uksi/2017/692/made\]](https://www.legislation.gov.uk/uksi/2017/692/made) set out the main AML requirements for firms. This legislation has been amended significantly by:

- the [Money Laundering and Terrorist Financing \(Amendment\) Regulations 2019](http://www.legislation.gov.uk/uksi/2019/1511/made/data.pdf) [\[http://www.legislation.gov.uk/uksi/2019/1511/made/data.pdf\]](http://www.legislation.gov.uk/uksi/2019/1511/made/data.pdf) which came into force on 10 January 2020. This implemented broad changes to the regulations.
- the [Money Laundering and Terrorist Financing \(Amendment\) \(EU Exit\) Regulations 2020](https://www.legislation.gov.uk/uksi/2020/991/pdfs/uksi_20200991_en.pdf) [\[https://www.legislation.gov.uk/uksi/2020/991/pdfs/uksi_20200991_en.pdf\]](https://www.legislation.gov.uk/uksi/2020/991/pdfs/uksi_20200991_en.pdf) made narrow changes mainly to the requirements around trust registration.

The other main pieces of legislation to be aware of are the [Proceeds of Crime Act 2002](https://www.legislation.gov.uk/ukpga/2002/29/contents) [\[https://www.legislation.gov.uk/ukpga/2002/29/contents\]](https://www.legislation.gov.uk/ukpga/2002/29/contents) (POCA) and the [Terrorism Act 2000](https://www.legislation.gov.uk/ukpga/2000/11/contents) [\[https://www.legislation.gov.uk/ukpga/2000/11/contents\]](https://www.legislation.gov.uk/ukpga/2000/11/contents) (TACT), which set out the main requirements to report suspicious activity to the National Crime Agency and related offences.

Which legal services do these regulations apply to?

Not all firms and freelancers are in scope of the AML requirements. There are three areas of AML activity we supervise which might bring your firm into the scope of the regulations if you are offering them to third parties by way of business.

Independent legal professionals if you provide legal or notarial services on behalf of customers (including planning, executing or assisting) in financial or real property transactions concerning:

- the buying and selling of real property or business entities
- the managing of client money, securities or other assets
- the opening or management of bank, savings or securities accounts
- the organisation of contributions necessary for the creation, operation or management of companies
- the creation, operation or management of trusts, companies, foundations or similar structures

Trust and company service providers (TCSP) if you provide any of the following services:

- forming companies or other legal persons
- acting, or arranging for another person to act:
 - as a director or secretary of a company
 - as a partner of a partnership
 - in a similar capacity in relation to other legal persons
 - providing a registered office, business address, correspondence or administrative address or other related services for a company, partnership or any other legal person or legal arrangement
- acting, or arranging for another person to act, as:
 - a trustee of an express trust or similar legal arrangement
 - a nominee shareholder for a person other than a company whose securities are listed on a regulated market

Tax advisers if you provide material aid, assistance or advice in connection with the tax affairs of others, whether provided directly or through a third party.

If your firm provides any of the above services, it is in scope of the regulations and must comply with the requirements. This includes getting relevant persons at your firm (beneficial owners, officers and managers) approved by us and undertaking work that is in scope in a way that is compliant with the regulations. AML requirements only apply to services that are in scope. Other activities, such as criminal litigation, do not require supervision.