



# Your obligations to report breaches of the AML regulations

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The guidance on this page concerns reporting serious breaches of the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (the MLRs) to us and your obligations to do so. This guidance does not explore submitting suspicious activity reports (SARs) to the National Crime Agency (NCA). For guidance on suspicious activity reporting, please see our [webinar \[https://rules.sra.org.uk/sra/news/events/on-demand-events/aml-reporting-concerns-suspicious-activity/\]](https://rules.sra.org.uk/sra/news/events/on-demand-events/aml-reporting-concerns-suspicious-activity/) on SARs and the [Legal Sector Affinity Group Anti-Money Laundering Guidance for the Legal Sector 2021. \[https://rules.sra.org.uk/globalassets/documents/solicitors/firm-based-authorisation/ltag-aml-guidance.pdf?version=49d62e\]](https://rules.sra.org.uk/globalassets/documents/solicitors/firm-based-authorisation/ltag-aml-guidance.pdf?version=49d62e)

The MLRs set out activities of work that could be targeted by money launderers.

Around two-thirds of the firms we authorise [fall within the scope \[https://rules.sra.org.uk/solicitors/resources/money-laundering/aml-regulations-apply/\]](https://rules.sra.org.uk/solicitors/resources/money-laundering/aml-regulations-apply/) of the money laundering regulations and for which we act as a 'professional body supervisor'. In this role, we have a duty to make sure that firms we supervise comply with the regulations and have appropriate controls in place.

## Am I required to report breaches of the Money Laundering Regulations?

You must report serious breaches of the money laundering regulations to us. Schedule 4 (12) of the regulations state that supervisors must collect information regarding 'the number of contraventions of these Regulations committed by supervised persons'.

Serious breaches are where there are:

- serious or persistent compliance failures involving safeguards designed to prevent money laundering
- clear risks of money-laundering activity taking place, or
- where there has been potential loss or harm to businesses or individuals.

Our [reporting and notification guidance \[https://rules.sra.org.uk/solicitors/guidance/reporting-notification-obligations/#vulnerable\]](https://rules.sra.org.uk/solicitors/guidance/reporting-notification-obligations/#vulnerable) gives further information on solicitors' wider obligations to report serious breaches of regulatory arrangements to us under paragraphs 3.9 of our Code of Conduct for individuals and 7.7 of our Code of Conduct for firms. This guidance includes information on disclosing to us confidentially.



Self-reporting breaches of the MLRs is considered a mitigating factor when we are investigating breaches. Please review our AML-specific enforcement [topic guide \[https://rules.sra.org.uk/sra/corporate-strategy/sra-enforcement-strategy/enforcement-practice/anti-money-laundering/\]](https://rules.sra.org.uk/sra/corporate-strategy/sra-enforcement-strategy/enforcement-practice/anti-money-laundering/) for further information on where we are likely to impose a sanction after a breach has been reported.

Reports are useful to us as they inform our supervisory activities and can bring to our attention serious breaches that we need to assess and potentially investigate. We recognise the need to balance these requirements with the possible burden that reporting places on firms of solicitors.

## **What sort of breaches should be reported?**

The principles of what could constitute serious breaches of the MLRs are as follows (this is not an exhaustive list):

- Intentional or reckless breaches of legal requirements in relation to applicable anti-money laundering legislation or regulation
- Systemic regulatory breaches associated with a failure of AML-related policies, controls or procedures
- The facilitation of business activities which bear the hallmarks of money-laundering activity (this does not replace the legal requirement to file a SAR where appropriate)

You do not need to report one-off breaches of the regulations which are limited in scope and impact.

## **How do I report breaches?**

If you wish to report breaches of the money laundering regulations to us, there are two avenues available:

### **Report email**

[Reports team \[https://rules.sra.org.uk/home/contact-us/\]](https://rules.sra.org.uk/home/contact-us/).

### **Red alert phone line**

[Red Alert line \[https://rules.sra.org.uk/solicitors/resources-archived/fraud-dishonesty/\]](https://rules.sra.org.uk/solicitors/resources-archived/fraud-dishonesty/).

Please advise us if you wish to disclose confidentially. We need to know this so we can assess the risk and decide what action we should take.

### **Should I still report suspicion?**

Any reports to us do not remove the legal requirement to file [a SAR with the NCA \[https://www.ukciu.gov.uk/saronline.aspx\]](https://www.ukciu.gov.uk/saronline.aspx) where appropriate.

If unsure when and where to report, please call our [Professional Ethics helpline \[https://rules.sra.org.uk/contactus\]](https://rules.sra.org.uk/contactus) for further guidance.