



**Law Society  
of Northern Ireland**

# **Supervisor's Annual Report – Anti-Money Laundering**

**October 2025**

*Regulation 46A -*

*The Money Laundering, Terrorist Financing and Transfer of Funds  
(Information on the Payer) Regulations 2017*

## Foreword

Solicitors in Northern Ireland are at the forefront of advising and assisting members of the public in the provision of legal services. Whether you are purchasing a first home, forming a new company, seeking to resolve contentious legal matters or seeking advice on a recent accident, a solicitor remains the trusted point of contact in legal transactions.

Given the trusted position that solicitors have and the value, nature and combination of the professional services that they provide, it is unfortunate but not surprising, that the risks of criminals seeking to exploit their services are inherent for solicitors.

Money laundering is a global issue which impacts local communities. Legal professionals are among the vital gatekeepers to the legitimate economy. The Society recognises that effective Anti-Money Laundering and Counter Terrorist Financing (AML/CTF) work undertaken by solicitor firms in Northern Ireland is essential to ensure that the proceeds of crime are not introduced into the wider economy.

The Society as the sole AML professional body supervisor for solicitors in Northern Ireland, is committed to fulfilling its statutory functions as an effective professional body supervisor and supervisory authority under the current Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the MLRs) and to assisting firms in meeting their obligations under the said regulations.



Colin Mitchell

President, Law Society of Northern Ireland

Together with other AML professional body supervisors, the Society is overseen in its AML/CTF supervision by the Office for Professional Body Anti-Money Laundering Supervision (OPBAS).

The most recent UK National Risk Assessment of Money Laundering and Terrorist Financing 2025 concluded that legal service providers continue to be assessed at high risk of money laundering. Conveyancing, trust or company services and misuse and exploitation of client accounts continue to be assessed as the highest risk services and solicitors that offer a combination of legal services are at the greatest risk in the legal sector. It is imperative therefore that all solicitor firms are aware of and adhere to their AML/CTF obligations.

The Society has continued to play an active role in assisting our members to identify and manage risks related to money laundering and terrorist financing and to support them in their compliance with their obligations under the MLRs.

A primary objective for the Society is to ensure the effective regulation of solicitors in Northern Ireland by adopting a risk-based approach to supervision. The Society, through its Professional Conduct Committee, oversees a robust monitoring and inspection regime to ensure compliance, to educate and to promote best AML/CTF practice.

In accordance with the Society's Methodology for its Risk-Based Approach to AML/CTF Supervision policy, each of our 423 relevant Firms in scope of the MLRs has been given an individual risk profile and rating by the Society which is kept under continuous review.

During this 2024/25 reporting period the Society:

- Completed its further review and appraisal of each individual risk profile for each relevant Firm during its annual AML Risk Review meeting.
- Held scheduled quarterly AML Risk Review meetings of the Society's Professional Conduct Department and bi-monthly regulatory review meetings with the Professional Conduct Department's Monitoring team, which meetings also inform the risk review process.

In the reporting period there has been a further increase in the proportion of relevant Firms assessed by the Society as high risk from 15% of relevant Firms in 2023/24 to 18% in 2024/25.

Outcomes from the Society's risk reviews have informed allocations of the Society's resources and its proactive AML/CTF and integrated supervision. The Society has continued its combined approach of using both desk-based reviews (DBRs) and onsite assessments

and during the reporting period the Society:

- Completed more DBRs and Onsite assessments of relevant Firms, 214, than in the prior 2023/24 reporting period, 163, representing a 31% increase.
- Completed a higher percentage of DBRs and Onsite assessments of High risk relevant Firms than in 2023/24.
- Completed more DBRs and Onsite assessments across all risk categories of relevant Firms than in 2023/24.

The Society assessed 76% of DBRs and Onsite assessments with a compliant or generally compliant AML/CTF outcome, with 24% non-compliant and formal actions taken by the Society.

While acknowledging a 6% increase in non-compliant outcomes in the reporting period from 2023/24, taking into account the 31% increase in the total number of completed DBRs and Onsite assessments of relevant Firms in the period, the Society considers these findings demonstrate continued high levels of AML/CTF compliance by relevant Firms in its sector. This demonstrates the effectiveness of the Society's supervisory approach.

The Society has continued AML/CTF outreach work across its sector through education programmes and various communication channels. The Society has communicated key themes through its AML/CTF CPD training events in the reporting period, adapting its CPD training provision as appropriate to key themes identified.

Following the launch of the Society's new website in the reporting period, several relevant AML/CTF sections on the Members Dashboard have been comprehensively reviewed and updated, including for Suspicious Activity Reporting and new Electronic Identification and Verification guidance approved by the Professional Conduct Committee. The Society has also addressed its other identified areas for focus in the reporting period.

The Society has continued its active engagement with other professional body supervisors and supervisory authorities. Members of the Society's Professional Conduct Team met with colleagues in the Solicitors Regulation Authority following attendance at their Compliance Officers Conference to share information and best practice on AML supervision. The Society's active participation in relevant AML groups and forums continues to provide invaluable channels for information and intelligence sharing.

Case studies of the Society's supervision and enforcement action together with details of the Society's many other AML/CTF supervisory activities in the 2024/25 reporting period have been included in this, the Society's fifth published annual report on its AML Supervision.

The Society remains committed to its role to support the overall policy objective of a balanced and effective AML/CTF regime to keep criminals' money out of the economy, strengthen the defences of the financial system, and ensure the UK remains a secure and attractive place to do business.

However, at the time of writing, Government has just announced its decision to reform the UK AML/CTF supervision regime after its 2023 Consultation, including that responsibility for AML/CTF supervision of the Solicitor profession will transfer to the Financial Conduct Authority.

This change will take time to put into effect, and the Society will use this transition period to ensure that the outcome meets the requirements of our member firms, which will now be an obvious area of focus for the Society.

The Government's announcement can be found [here](#).

In the meantime, the risks of money laundering remain ever present, and the Society does not underestimate the challenges faced by solicitor firms.

The Society continues to support its members to set their own risk management strategies, help them recognise and assess risk and assist them to put in place effective risk mitigations.



**Colin Mitchell**  
**President**  
**October 2025**

## 1. Introduction

The Law Society of Northern Ireland ('the Society') is the professional body and statutory regulator for solicitors in Northern Ireland.

Under the Solicitors (Northern Ireland) Order 1976, the Society acts as the regulatory authority governing the education, accounts, discipline and professional conduct of solicitors in order to maintain the independence, ethical standards, professional competence and quality of services offered to the public.

The overriding principle applied by the Society in exercising its regulatory function is to regulate in the public interest, with the aim of protecting the public.

The Society is also the professional body supervisor (PBS) and sole supervisory authority under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ('the MLRs') for solicitors in Northern Ireland.

The Society is committed to its role to support the overall policy objective of a balanced and effective anti-money laundering and counter-terrorist financing (AML/CTF or together AML) regime to keep criminals' money out of the economy, strengthen the defences of the financial system, and ensure the UK remains a secure and attractive place to do business through a proportionate AML/CTF supervisory regime, mindful of the legal framework.

This is the Society's fifth annual report published as part of its responsibilities as an AML/CTF professional body supervisor and its duty to report information on its AML/CTF supervisory activities under Regulation 46A of the MLRs.

For this purpose, the Society is reporting on the period 6 April 2024 to 5 April 2025 ('the reporting period').

In common with all AML professional body supervisors, the Society is overseen in its AML/CTF supervision by the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) and in the preparation of this Report, the Society has taken into account OPBAS feedback on previous reports.

## 2. Demographic of the Society's Supervised Population

### 2.1 Firms

The vast majority of solicitor firms supervised by the Society provide legal services in scope of the MLRs.

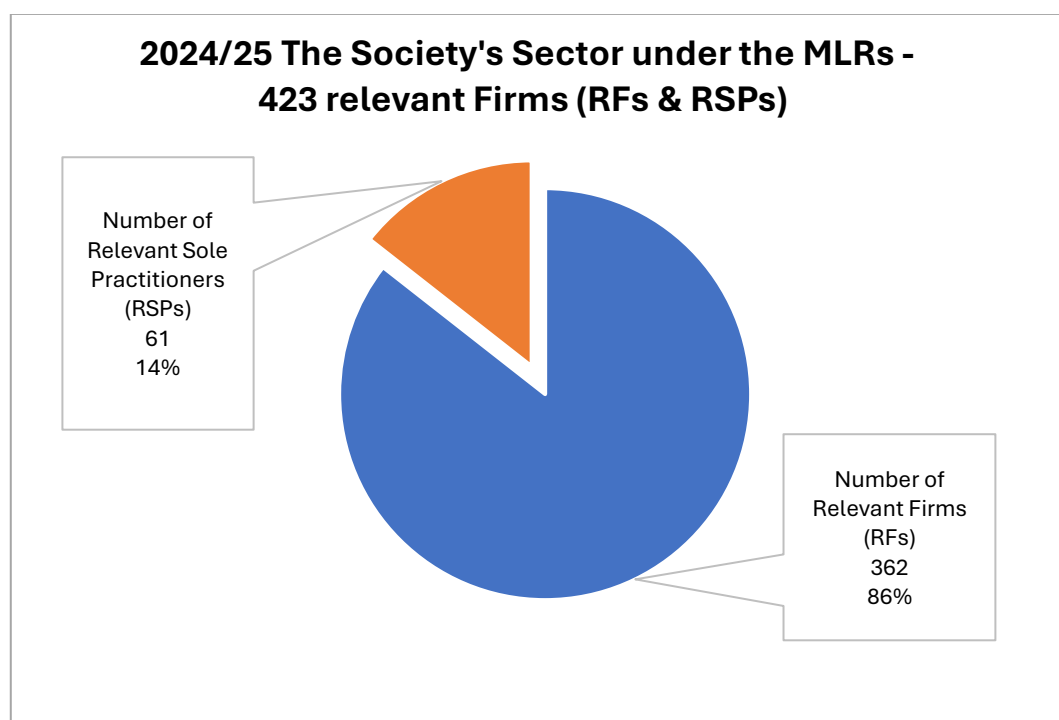
In the reporting period the total number of all solicitor firms supervised by the Society was 434. Of these, 97% were in scope of the MLRs through providing the services of an 'independent legal professional' (as defined in the MLRs) either as one of 362 'Relevant Firms' or 61 'Relevant Sole Practitioners' (as also defined).

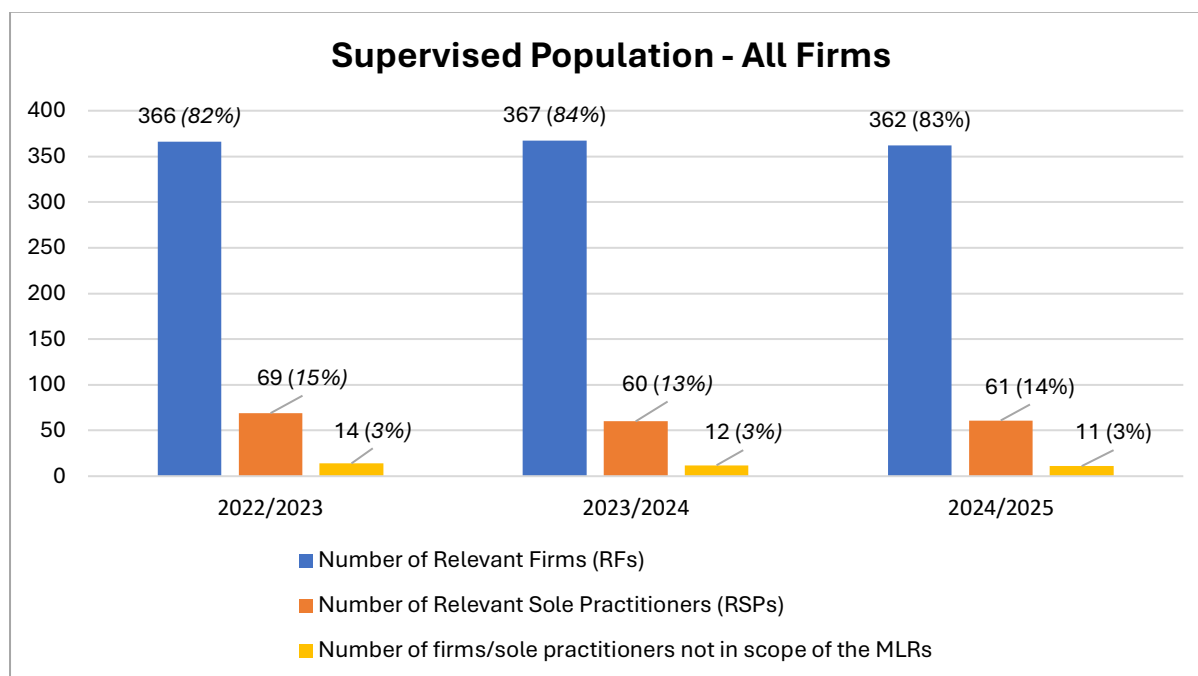
The remaining 11 solicitor firms (3%) were not in scope of the MLRs through the legal services they provided. These firms are categorised as Non-Relevant Firms for the purposes of the MLRs and do not therefore form part of the Society's 'own sector' as defined in the MLRs.

While the total number of solicitor firms in the Society's supervised population has decreased over consecutive reporting periods, it has consistently remained the position that the vast majority of firms are Relevant Firms (RFs) or Relevant Sole Practitioners (RSPs) (together referred to as 'relevant Firms' in this report) in scope of the MLRs.

The proportions of Relevant Firms, Relevant Sole Practitioners and Non-Relevant Firms in the Society's supervised population have likewise remained similar throughout.

Graph 1 – The Society's Supervised Population – Solicitor Firms





## 2.2 Beneficial Owners, Officers or Managers (BOOMs)

Regulation 26 of the MLRs requires all individual beneficial owners, officers or managers (BOOMs) (as defined) of relevant Firms to be approved by the Society prior to appointment. A criminal record check from AccessNI must be obtained by the applicant and furnished to the Society as part of the Society's Regulation 26 approvals process.

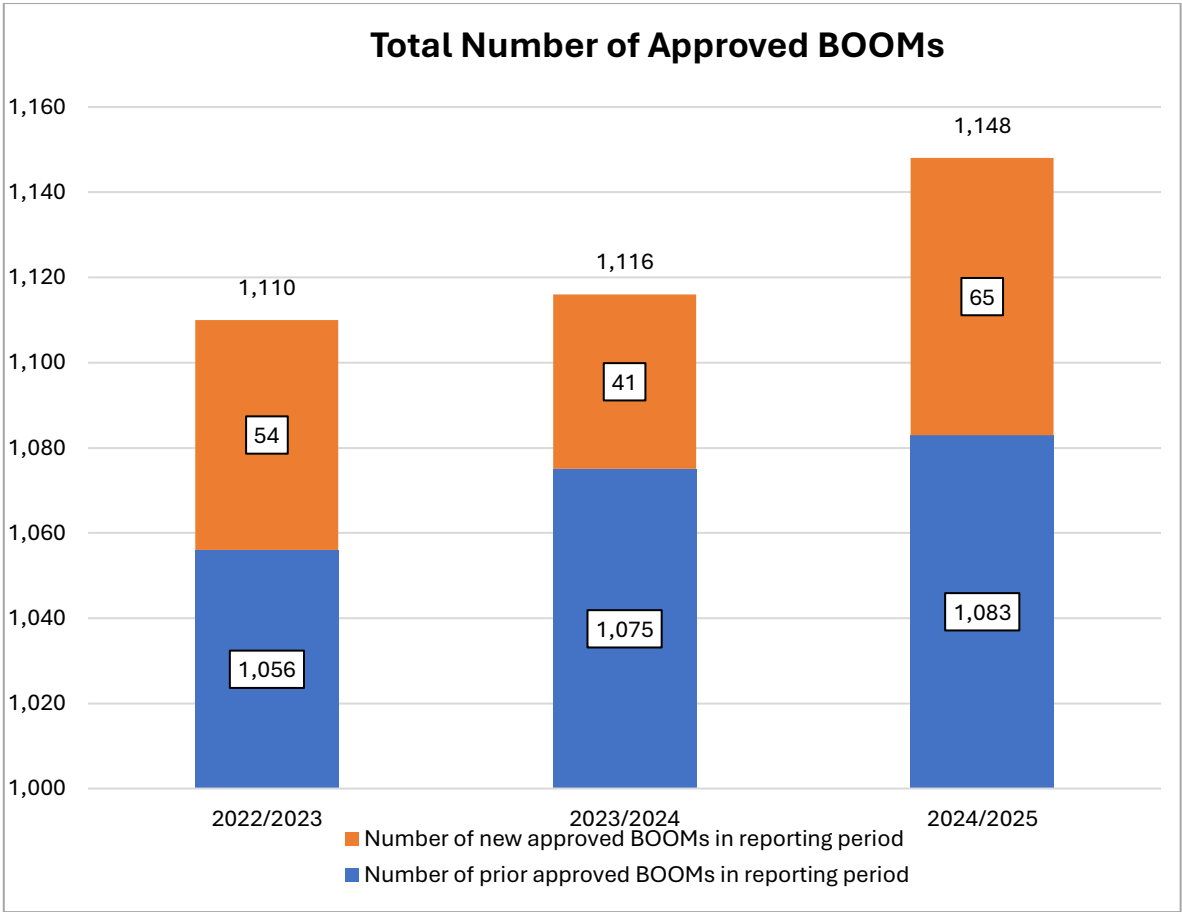
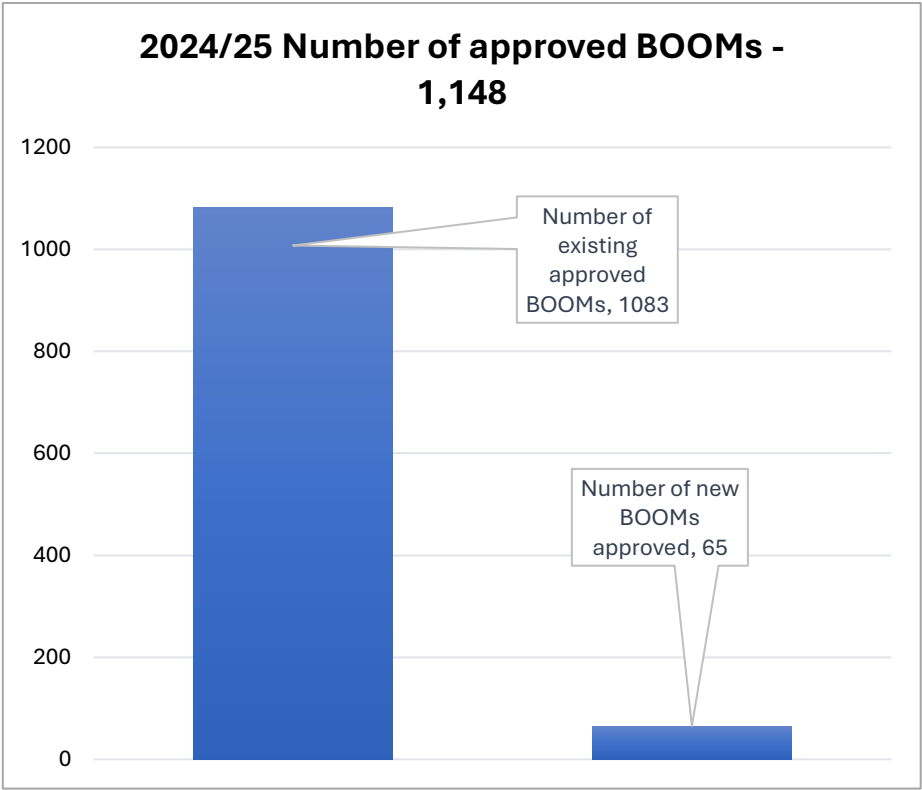
Under the MLRs, the Society must grant an application for approval under Regulation 26 unless the applicant has been convicted of an offence listed in Schedule 3 of the MLRs, 'a relevant offence'.

While the total number of relevant Firms supervised by the Society again decreased in the reporting period from 427 relevant Firms in 2023/24 to 423 in 2024/25, there has been a continued increase in the total number of approved BOOMs in the Society's sector from 1,116 BOOMs in 2023/24 to 1,148 in 2024/25.

65 new BOOM applications were received, and no BOOM applications were rejected by the Society in the reporting period.

The Society also reviewed and made changes to its Regulation 26 approvals process in the reporting period. These changes included provision for renewals of existing approvals and an additional requirement for previously approved persons to re-apply for Regulation 26 approval on their moving to become a BOOM of a different relevant Firm or on their setting up a new relevant Firm.

Graph 2 – Beneficial Owners, Officers or Managers





### 2.3 Trust or Company Service Providers (TCSPs)

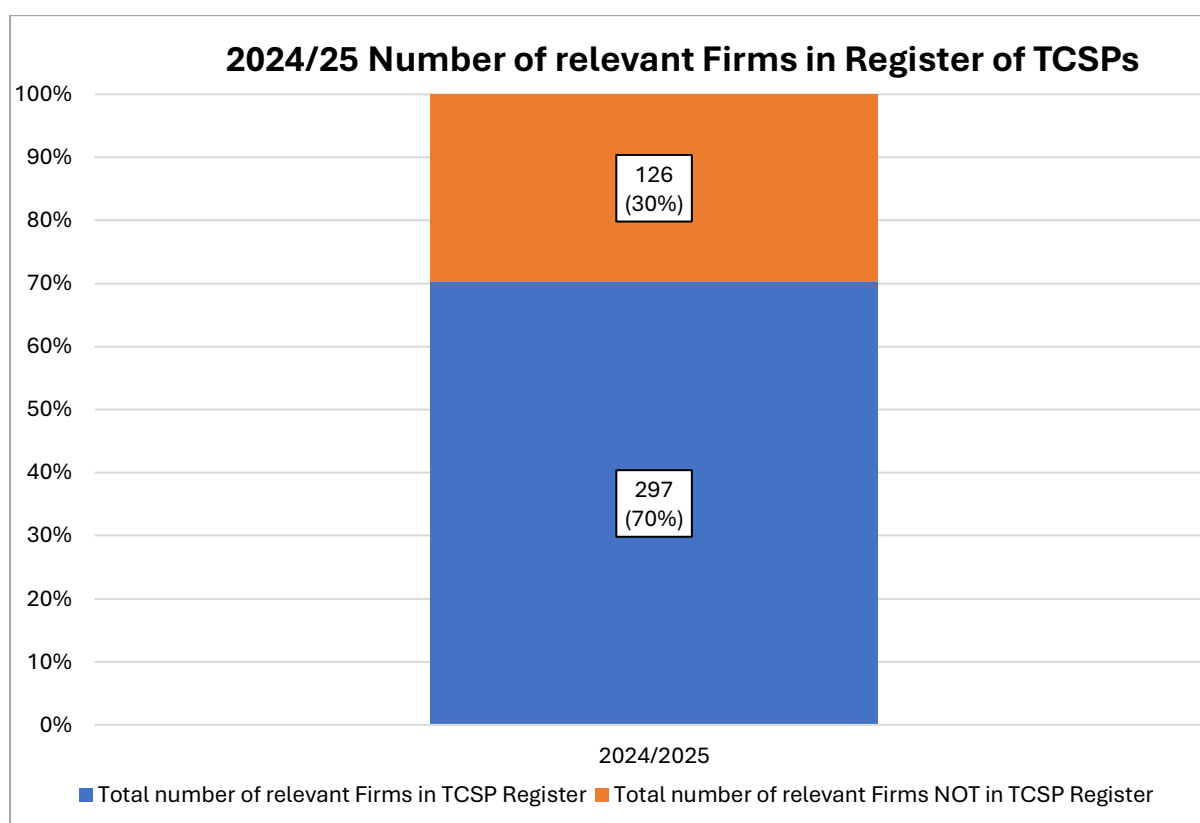
Regulation 56 of the MLRs requires that firms providing any of the trust or company services set out in Regulation 12(2) of the MLRs must first be included in the Register of Trust or Company Service Providers (TCSPs) maintained by HMRC. Firms in the Society's sector must apply through the Society for inclusion in the said Register of TCSPs.

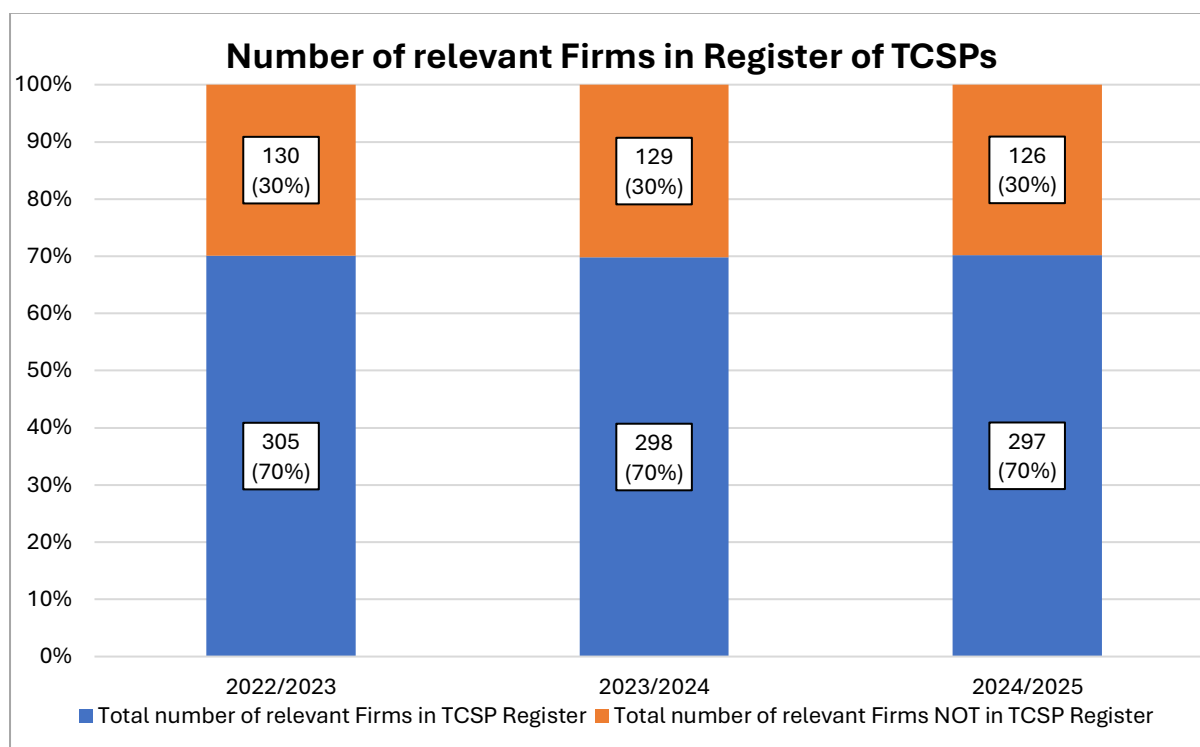
Such TCSP service provision is typically ancillary to relevant Firms' principal legal services provision in the Society's sector.

In the reporting period 70% of all relevant Firms, comprising 258 RFs and 39 RSPs, were also included in the Register of TCSPs maintained by HMRC. They were therefore permitted to provide any of the trust or company services set out in Regulation 12(2) of the MLRs.

This percentage of relevant Firms also included in the Register of TCSPs maintained by HMRC is again consistent with previous reporting periods.

Graph 3 – Trust or Company Service Providers (TCSPs)





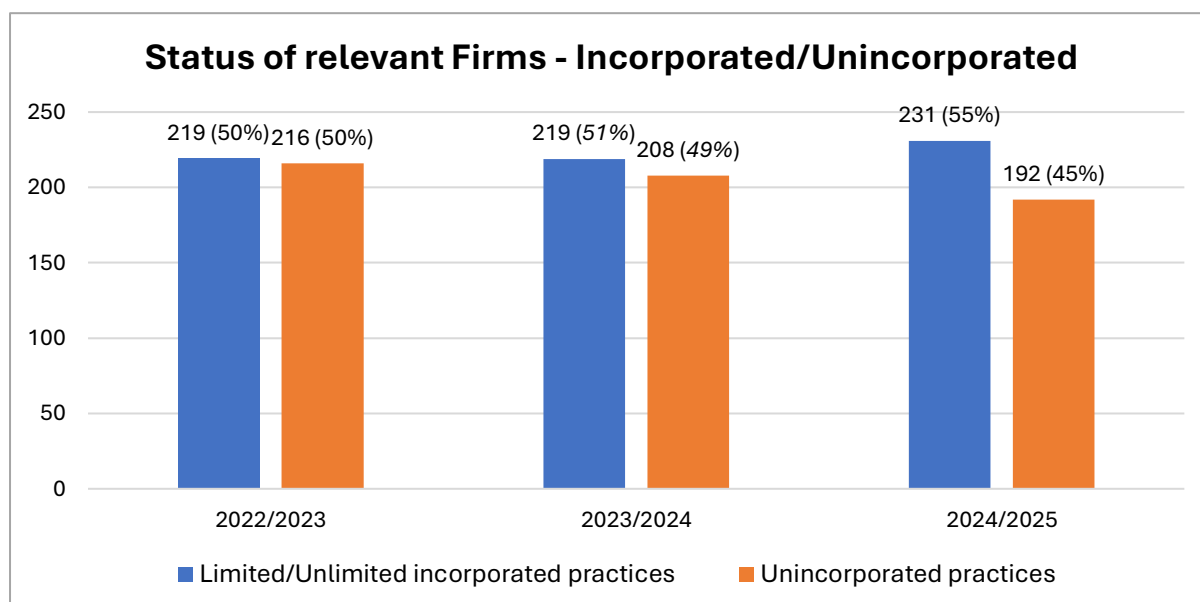
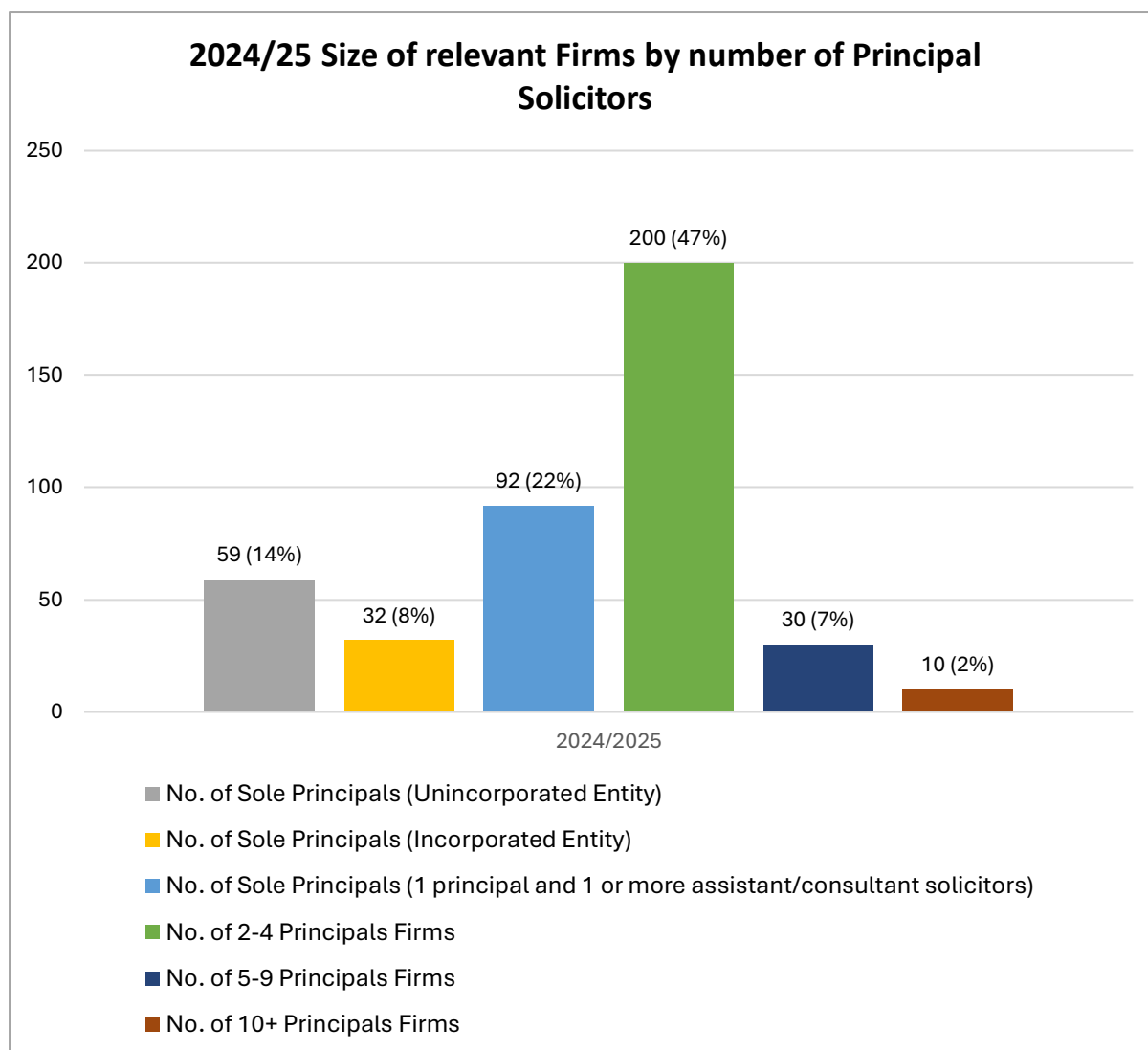
## 2.4 Size/Status of relevant Firms

Most relevant Firms in the Society's sector are either sole principal firms (both unincorporated and incorporated) (22%), sole principal firms with 1 or more assistant/consultant solicitors (22%) or firms with 2 to 4 principal solicitors (47%).

The increasing trend by firms away from the traditional partnership model towards incorporation has continued, with 55% of relevant Firms now being incorporated practices.

Incorporated practices must separately comply with the Society's Solicitors' (Incorporated Practice) Regulations 2007 and first obtain a certificate of recognition from the Society under those regulations.

Graph 4 – Size/Status of relevant Firms



## 2.5 Types of Legal Services

All firms supervised by the Society provide a comprehensive range of legal services both in scope and out with the MLRs. Firms use the Society's 'Find a Solicitor' Solicitors' Directory on its website, available [here](#), to provide their contact details and list the legal services that they provide.

Further, AML/CTF information relating to relevant Firms was obtained through the Society's AML/CTF Annual Return 2023/24 (Firms) (the Society's AML/CTF Annual Return) issued to and required to be completed by all relevant Firms that provided relevant services throughout the Society's 2023/24 reporting period.

415 relevant Firms responded to the Society's AML/CTF Annual Return. Information obtained from these responses included:

- The geographical reach of the work of the Society's members remains mainly local but extends to national and international.
- 99.5% reported providing legal services for UK individuals, 77% for UK private companies, 40% for UK partnerships and 19% for UK trusts.
- 43% reported providing legal services for Republic of Ireland (ROI) individuals, 18% for ROI private companies, 24% for other EU individuals, 4% for other EU private companies, 19% for international individuals and 5% for international companies.
- 80% reported that they did not provide legal services outside of the Northern Ireland jurisdiction.
- 10% reported providing legal services in England and/or Wales, 1% in Scotland, 16% in ROI, 1% to other countries in the EU and less than 1% outside the EU.
- Among the most reported legal services provided were Residential conveyancing (85%) and Commercial conveyancing (74%). Other main reported legal services provided included Personal injury/accident claims (87%), Wills, Probates & Intestacy (85%), Family Law – General (77%), Family Law – Children (65%) and Criminal Law (62%).
- 93% reported that returning/longstanding clients were very often or often included in their firm's client relationship profiles.
- 84% reported that remote/non face to face clients were never or rarely included in their client's relationship profiles.

These findings are in keeping with submissions of the Society's AML/CTF Annual Return by relevant Firms in previous reporting periods.

The previously reported observations in 2022 by specialist consultancy Hook Tangaza, following their in-depth study of the solicitor profession in Northern Ireland undertaken on behalf of the Society, remain appropriate as follows:

*'that [the Society's] sector remains predominantly a **network of small businesses**, spread throughout the province, focussed on **providing essential services to the communities** in which they are based. From house purchases and commercial transactions, to wills, probate and family matters, solicitors play a critical role in the functioning of life in Northern Ireland'.*

### 3. Risk Assessment & Risk Profiles

Throughout the reporting period HM Treasury and Home Office (HMT/HO) undertook their fourth National Risk Assessment (NRA) of Money Laundering (ML) and Terrorist Financing (TF) risks affecting the United Kingdom in accordance with their obligations under the MLRs. The final NRA was subsequently published in July 2025 (the 2025 NRA) and is available [here](#).

As sole AML professional body supervisor for solicitors in Northern Ireland, the Society contributed fully to the HMT/HO 2025 NRA process during the reporting period. This included responding in-depth to the HMT/HO Supervisor Questionnaire, participation in various HMT/HO workshops/briefings and arranging for appropriate participation from its sector, including arranging for attendance at relevant HMT/HO private sector workshops.

In the reporting period the Society has continued to keep under review its methodology for identifying and assessing the international and domestic ML/TF risks to which its sector is subject.

Following publication of the 2025 NRA the Society will take it into account the 2025 NRA in its ongoing review and update of its own Sector Risk Assessment of the ML/TF risks to which relevant Firms are subject. In the meantime, the Society has used its communication channels to highlight publication of the 2025 NRA and to make it available to its sector.

In the reporting period the Society has continued to review its developed written individual risk profiles for each relevant Firm in its supervised sector in accordance with its Methodology for the Society's Risk-Based Approach to Anti-Money Laundering and Counter Terrorist Financing (together AML) Supervision policy. The Society has also reviewed implementation of its said Methodology after it was updated in the prior reporting period.

The Society continued to maintain individual written risk profiles for each of the 423 relevant Firms in its sector.

In summary, in accordance with the Society's Methodology, each relevant Firm is given an individual risk profile and rating by the Society which is kept under continuous review. This profile is formulated, inter alia, by obtaining and risk scoring information from the Society's AML/CTF Annual Return, as well as from cross departmental intelligence sharing, which is informed by previous regulatory action, monitoring inspections, Solicitors' Disciplinary Tribunal (SDT) findings, and complaints referrals.

The individual risk profiles given to new firms include assessment of the information obtained from the prospective new firm during completion of the Society's application process. This profile is kept under review as appropriate inspections in relation to all aspects of the new firm's professional conduct – being supervisory activity to cover compliance with Solicitors' Accounts, Home Charter (residential conveyancing) and

AML/CTF requirements - are completed within 12 months of their establishment in accordance with the Society's developed policy.

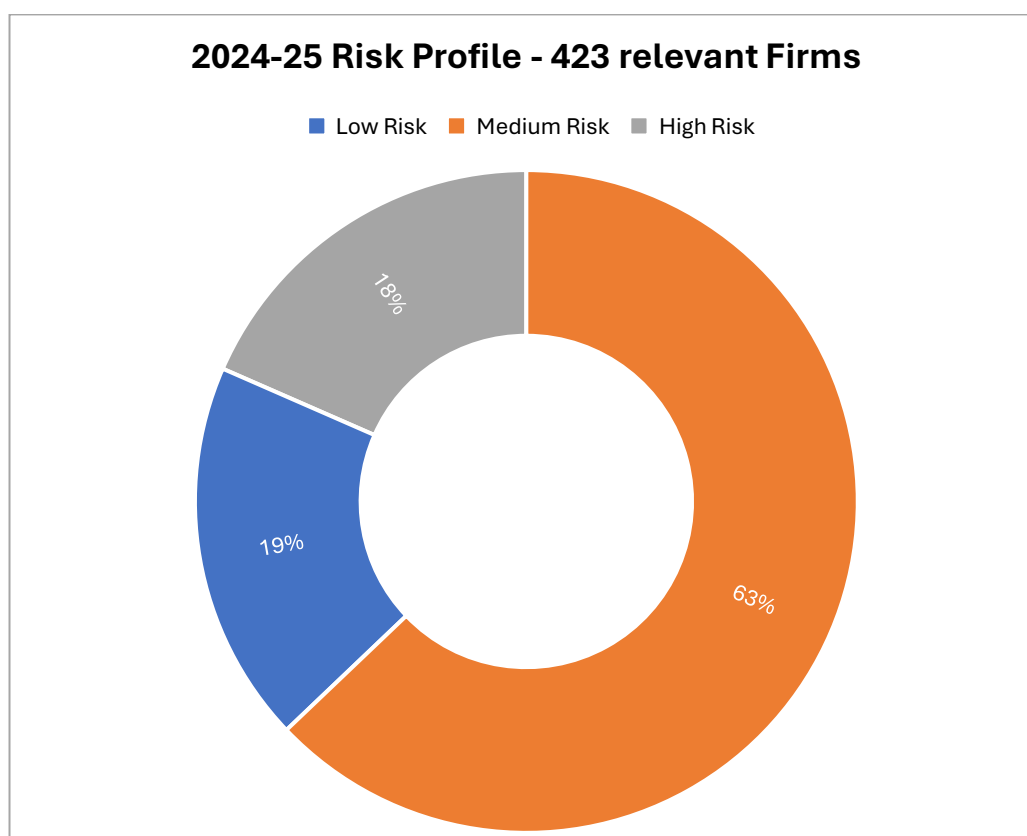
The Society's review of risk profiles of relevant Firms is an ongoing process which was monitored throughout the reporting period with adjustment of risk rating when required.

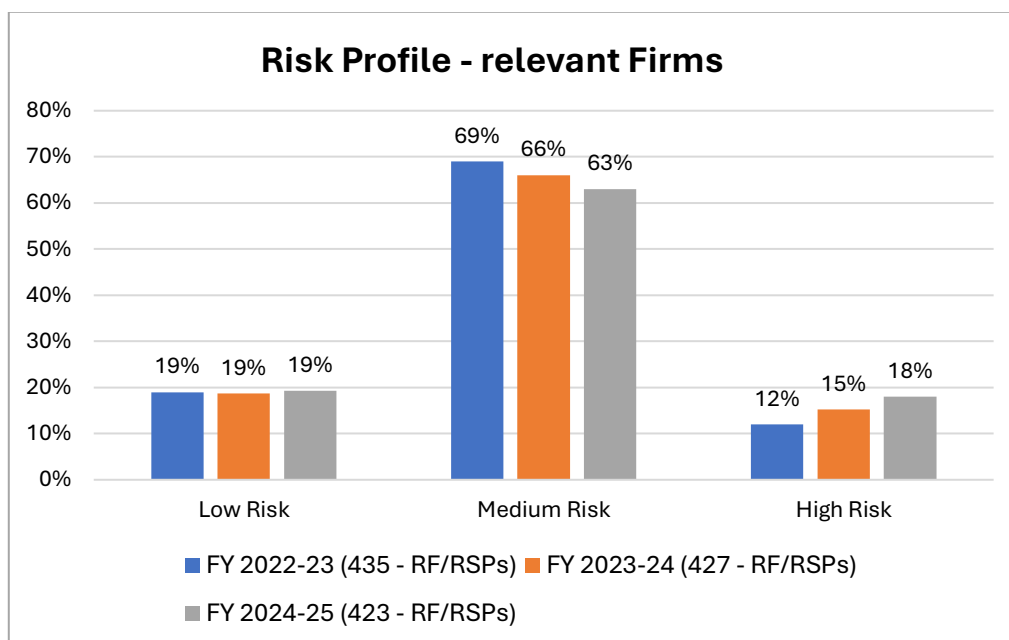
During the reporting period the Society:

- Completed its further review and appraisal of each individual risk profile for each relevant Firm during its annual AML Risk Review meeting.
- Held scheduled quarterly AML Risk Review meetings of the Society's Professional Conduct Department and bi-monthly regulatory review meetings with the Professional Conduct Department's Monitoring team, which meetings also inform the risk review process.

In the reporting period there has been a further increase in the proportion of relevant Firms assessed by the Society as high risk from 15% of relevant Firms in 2023/24 to 18% in 2024/25.

Graph 5 – Risk Assessment & Risk Profiles





#### 4. Monitoring and Enforcement of Compliance

In accordance with the Society's risk-based approach to its supervision, outcomes from the Society's risk reviews informed allocation of the Society resources and its proactive AML/CTF and integrated supervision.

The Society has continued to deploy a range of supervisory measures in order to monitor and ensure compliance with the MLRs, including:

- Desk-based reviews (DBRs), including discrete AML/CTF DBRs
- Onsite inspections by the Society's compliance officers – to include discrete AML/CTF onsite inspections
- Enhanced pre-visit questionnaires for both DBRs and onsite inspections issued in advance
- Information returns such as the Society's AML/CTF Annual Return
- Raising queries through correspondence
- Reports to the Society's relevant regulatory Professional Conduct Committee
- Issuing guidance and/or regulatory notices
- Issuing reminders of regulations and directional warning letters to drive improvement.

Where deficits are identified, the Society engages with firms to enable them to meet best practice standards and propose remedial action(s) as necessary. Effective, proportionate and dissuasive enforcement action will also be taken by the Society as required.

Further, the Society continues to identify key AML/CTF themes and trends at bi-monthly meetings with the Professional Conduct Department's monitoring team, and annual and quarterly AML Risk Review meetings. This assists in identifying emerging threats and

trends which are disseminated as appropriate. This information also informs the Society's ongoing review of its Sector Risk Assessment as noted above.

#### **4.1 Desk-Based Reviews (DBRs) and Onsite Assessments**

The Society's programme of DBRs and onsite assessments involve AML/CTF supervision in conjunction with regulatory inspection. Integrated supervisory DBR or onsite inspections undertaken by the Society – being those taking account of solicitors' accounts, financial services, and Home Charter (residential conveyancing) practice also review firms' AML/CTF practice.

In addition, discrete AML/CTF DBRs and onsite inspections continue within the Society's integrated supervisory approach. The Society's AML Hub subgroup also meets to consider relevant Firms' Firm Wide Risk Assessments and Policies, Controls and Procedures as appropriate.

DBRs and onsite inspections involve reviewing a variety of information. This includes relevant documents, which are provided by the firm, together with the firm's responses to an extensive DBR or pre-visit questionnaire as appropriate. The Society's compliance officers then review the information and responses received and raise further queries as required.

On inspection compliance officers will review a sample of the firm's case files (usually between 10-15, depending on the size of the firm) and will further raise queries relating to the relevant Firms' client due diligence (CDD) and source of funds/ source of wealth (SOF/SOW), record-keeping and policies, controls and procedures.

At applicable DBRs and onsite inspections, firms are also asked to provide the compliance officers with their Firm Wide Risk Assessment & Policies, Controls and Procedures, which are subject to review and consideration as appropriate.

The Society's compliance officer will relay inspection findings with the firm's principal solicitor(s). The compliance officer's resulting fact-based report is then referred to the Society's Professional Conduct Committee for consideration.

The Professional Conduct Committee considers matters referred to it at scheduled meetings which take place approximately every 6 weeks. There are standing items on the meeting agenda to consider the results of monitoring inspections such as DBRs and onsite inspections, and AML/CTF policy matters.

The Professional Conduct Committee operates under delegated authority from the Society's Council. It is the Society's main regulatory committee and is responsible for professional practice, conduct and discipline of solicitors and recognised bodies. It is also responsible for overseeing the Society's AML/CTF supervision and receives reports on relevant Firms' compliance with their obligations under the MLRs.



The Society also reviews the independent statutory Annual Accountants' Reports that are required to be delivered to the Society by every solicitor firm in Northern Ireland. The Society continued to scrutinise all these Annual Accountants' Reports as part of its supervision in the reporting period and 445 such Reports were reviewed.

#### **4.2 Reporting Breaches of the MLRs**

In relation to requirements relating to reporting actual or suspected breaches of the MLRs, the Society has in place a Disclosure (Whistleblowing) Policy.

During the reporting period the Society launched its new website. When doing so the Society retained its Reporting Concerns: Whistleblowing Policy in a prominent position on the new website and available to both its supervised population and the public, at <https://lawsoc-ni.org/about-the-law-society/our-role/reporting-concerns-disclosure-whistleblowing-policy>.

The Whistleblowing Policy explains how a member of the public, solicitors and other people working in the legal sector may raise a concern with the Society about a serious wrongdoing, risk to the public or professional misconduct of which they become aware, whether through their work in a solicitor firm or with a solicitor. This includes individuals under a contract of employment, trainees and agency staff, as well as external suppliers and clients.

As per the Policy and the Society's website, the Society's Whistleblowing procedure is clearly differentiated from the Society's client and professional conduct complaints processes.

In addition, as per the policy, Regulation 25 of the Society's Solicitors Practice Regulations 1987 (As Amended) provides that a solicitor shall notify relevant matters to the Society.

Also during the reporting period, the Society continued with the use of a dedicated Professional Conduct Department mailbox ([Regulation@lawsoc-ni.org](mailto:Regulation@lawsoc-ni.org)) for members to email any concerns or queries they had.

### **5. Supervision**

#### **5.1 Completed DBRs & Onsite Assessments – Outcomes**

The Society continued its combined approach of using both DBRs and onsite visits during the reporting period allocating resources under its risk-based approach and in accordance with the Society's Methodology for its Risk-Based Approach to AML Supervision policy.

DBRs undertaken by the Society make use of its supervisory tools to achieve the same outcome as a supervisory onsite visit.

The number of DBRs of relevant Firms completed in the reporting period was 47.

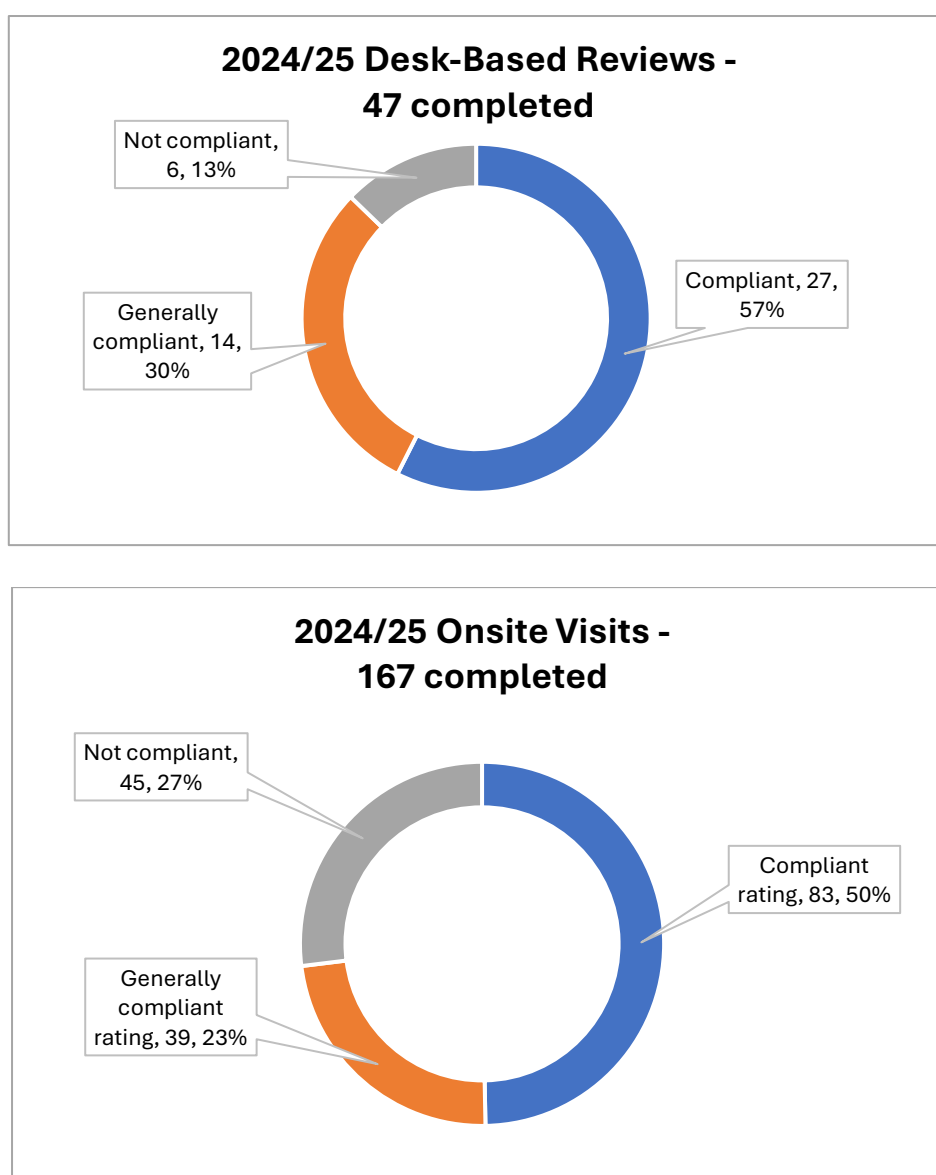
Of these completed DBRs, 27 (57%) of firms were found to be compliant, 14 (30%) generally compliant and 6 (13%) not compliant.

The number of onsite visits of relevant Firms in the reporting period was 167.

Of these completed onsite visits, 83 (50%) of firms were assessed to be compliant, 39 (23%) generally compliant and 45 (27%) not compliant.

The Society completed a further 5 onsite assessments of solicitor firms not in scope of the MLRs, providing appropriate touchpoints to confirm that ongoing categorisation as a Non-Relevant Firm for the purposes of the MLRs remained applicable.

Graph 6 – Completed DBRs & Onsite Assessments - Outcomes



Each supervisory assessment is dealt with on a case-by-case basis, subject to its facts and circumstance, and regarding the Society's risk-based approach. Factors considered in the categorisation of an assessment outcome, include:

- Regulations engaged
- Nature and materiality of breaches noted
- The impact of the breach(es) on the integrity of the AML/CTF regime
- Frequency and intensity of breach(es)
- Speed of rectification
- Compliance history

Circumstances giving rise to a 'Not compliant' outcome in the reporting period included:

- Inadequate record-keeping with copies of documents obtained to satisfy Client Due Diligence (CDD) requirements not retained and could not be produced at time of assessment
- Supporting or vouching CDD documents and information, including Source of Funds/Source of Wealth (SoF/SoW) checks only obtained and dated after the monies received into and transacted through the solicitor's client account or after the file query raised at time of assessment
- Inadequate records retained including the necessary copies of any documents and information obtained to satisfy CDD requirements
- Reasons for and decisions made regarding CDD and SOF/SOW not always recorded/documented
- CDD checks for long standing clients not reviewed, updated and/or documented
- Firm wide risk assessment did not include all risk factors set out in Regulation 18 of the MLRs and not adequately tailored to the firm.

## **5.2 Completed DBRs & Onsite Assessments – Actions Taken**

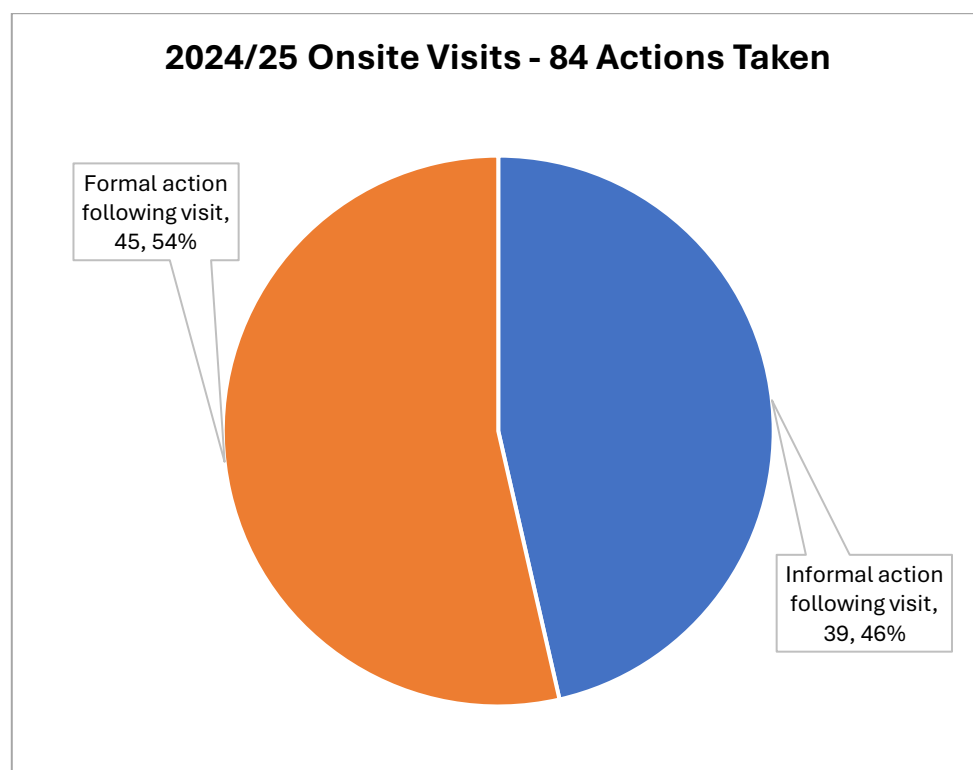
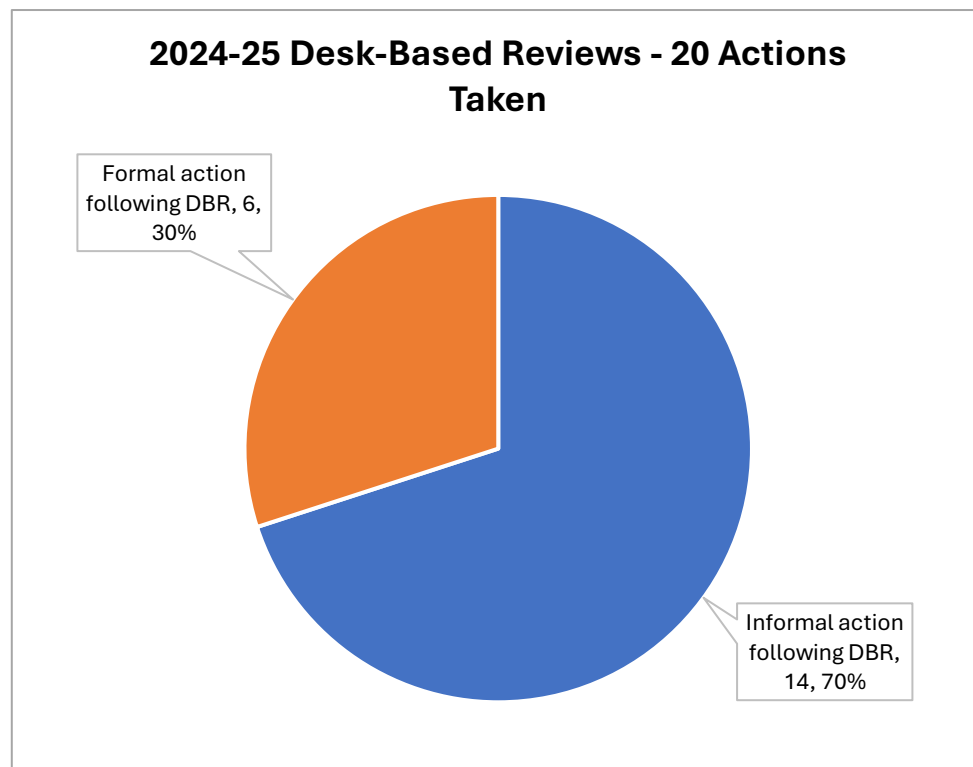
Of the 47 completed DBRs, 20 (42%) required further action to be taken as a result of a generally compliant or not compliant rating.

Of the 167 completed onsite inspections, 84 (50%) required further action to be taken as a result of a generally compliant or not compliant rating.

For both DBRs and onsite inspections the majority of further actions required to be taken were informal as opposed to formal actions.

'Informal actions' refer to guidance or reminder letters being issued to firms. 'Formal actions' include warning letters issued, directed specific follow-up DBR or onsite inspection, such as a standalone AML/CTF DBR or onsite inspections, directed revisits or referrals made to the Solicitors' Disciplinary Tribunal (SDT).

When undertaking DBRs the Society can avail of all its supervisory tools to achieve equivalent outcomes as for onsite inspections.

Graph 7 Completed DBRs & Onsite Assessments – Actions Taken

### 5.3 Completed DBRs & Onsite Assessments – Analysis

During the reporting period, the Society:

- Completed more DBRs and Onsite assessments of relevant Firms, 214, than in the prior 2023/24 reporting period, 163.

This was a 31% increase in the total of completed DBRs and Onsite assessments of relevant Firms from 2023/24.

- Undertook proportionately more onsite visits than DBRs.

DBRs comprised 22% and onsite visits 78% of completed supervisory assessments of relevant Firms during the reporting period. In the prior 2023/24 reporting period, DBRs comprised 33% and onsite visits 67% of completed supervisory assessments.

- Completed a higher percentage of DBRs and Onsite assessments of High risk relevant Firms.

29% of completed DBRs and Onsite assessments were of relevant Firms categorised as High risk at the time of assessment, 52% were of firms categorised as Medium risk at the time of assessment and 19% were of firms categorised as Low risk at the time of assessment. In the prior 2023/24 reporting period, 22% of completed DBRs and Onsite assessments were of High risk firms, 66% of Medium risk firms and 12% of Low risk firms.

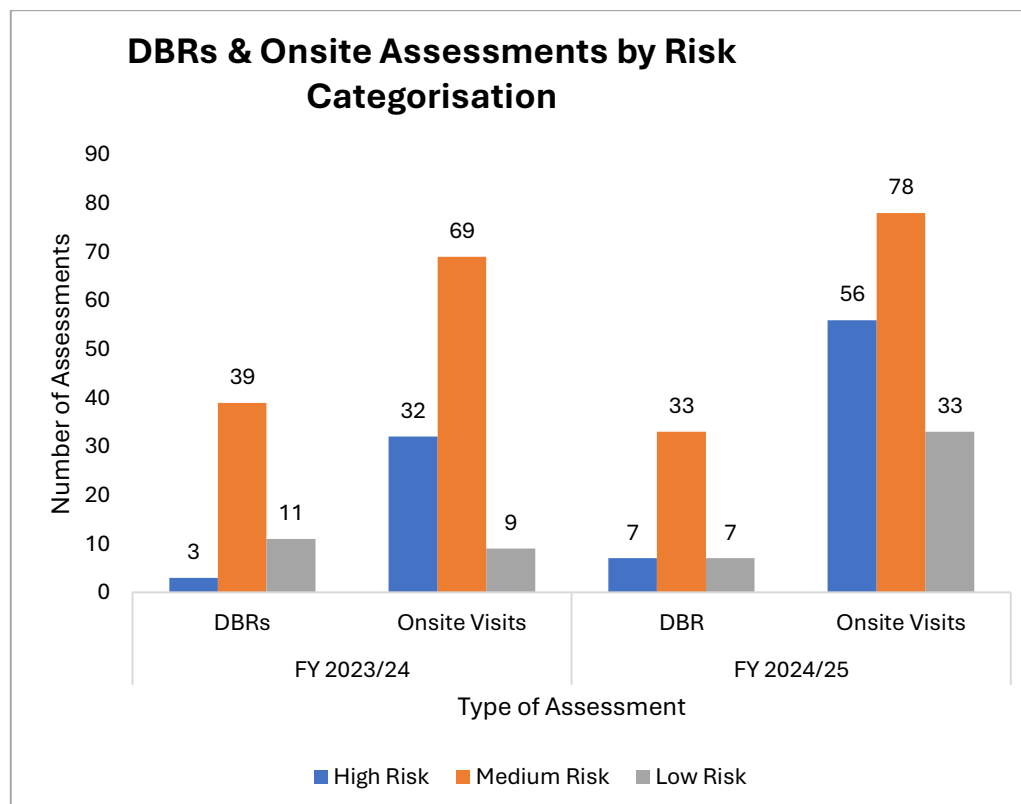
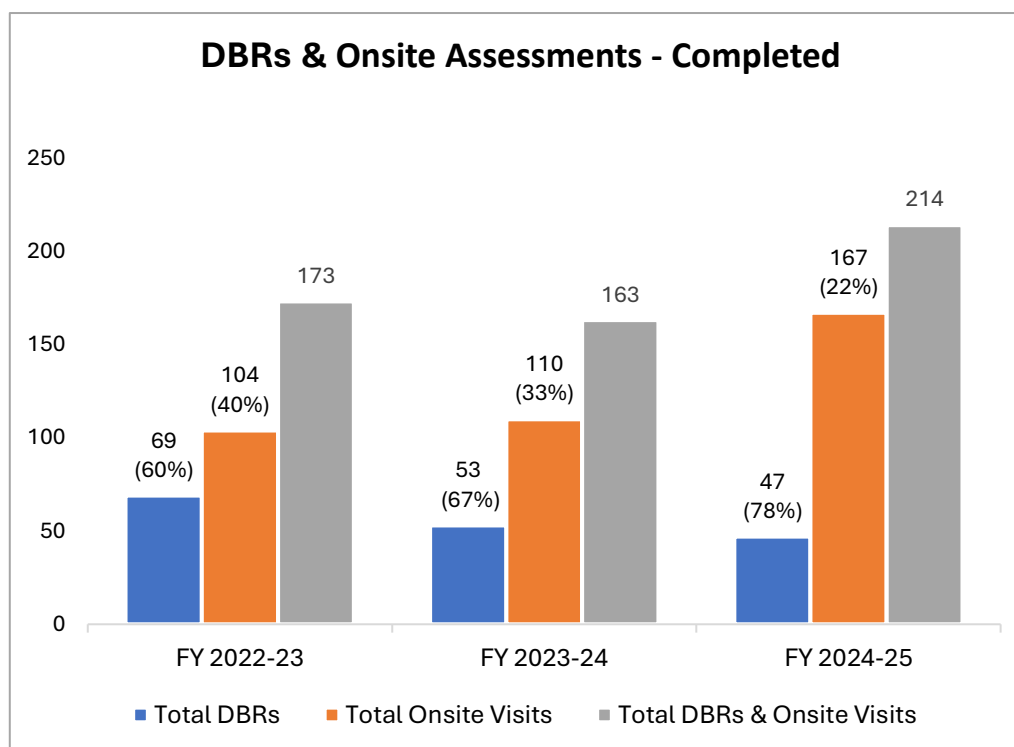
- Completed more DBRs and Onsite assessments across all risk categories of relevant Firms.

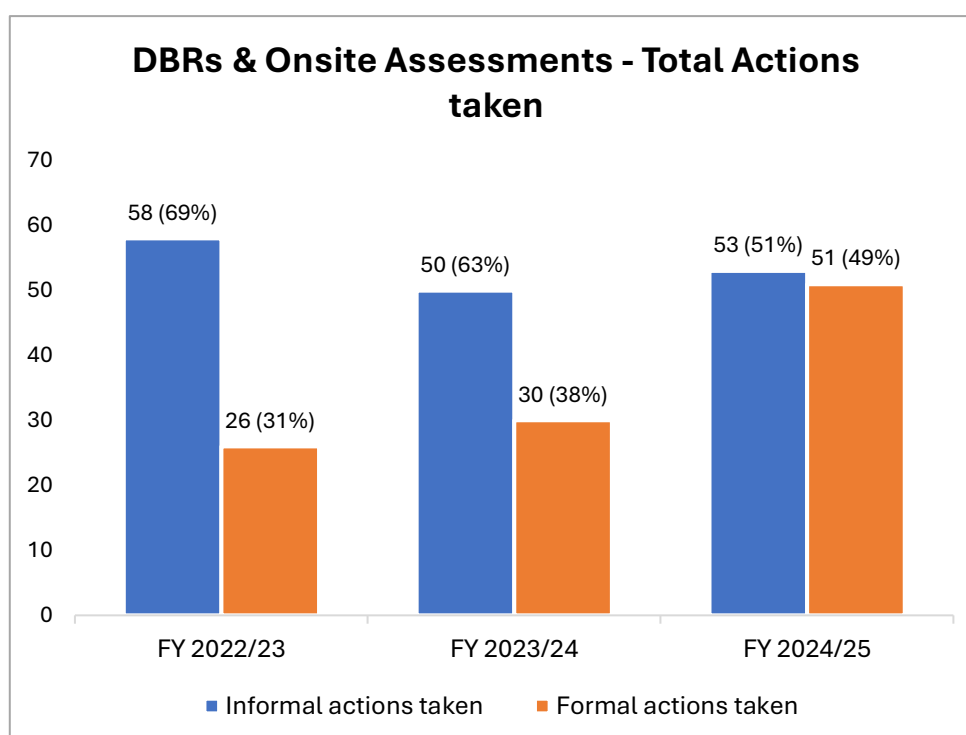
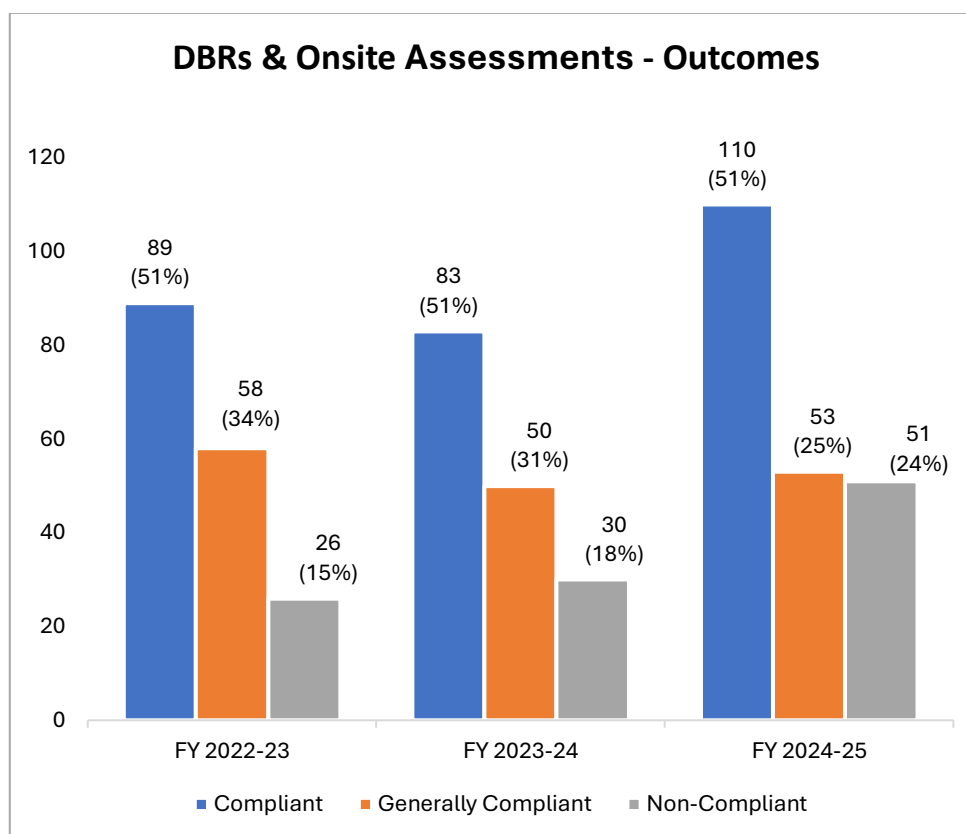
Overall, the total number of completed DBRs and Onsite assessments of relevant Firms categorised as High risk at the time of inspection increased from 35 in 2023/24 to 63 in 2024/25 (an 80% increase), increased from 108 to 111 for Medium risk firms and increased from 20 to 40 in 2024/25 for Low risk firms.

- Assessed 76% of DBRs and Onsite assessments with a compliant or generally compliant AML/CTF outcome, with 24% non-compliant and formal actions taken by the Society.

While acknowledging a 6% increase in non-compliant outcomes in the reporting period from 2023/24, taking into account the 31% increase in the total number of completed DBRs and Onsite assessments of relevant Firms in the period, the Society considers these findings demonstrate continued high levels of AML/CTF compliance by relevant Firms in its sector.

- Took more informal and formal actions as appropriate. While proportionately the outcomes of onsite visits again gave rise to more formal actions being taken than DBRs.

Graph 8 Completed DBRs & Onsite Assessments – Analysis



## 5.4 Case Studies – Supervision

### Case Study 1

#### Supervision action – Firm A

##### Summary:

*In February 2024 a firm with a medium individual risk profile received an onsite integrated Accounts visit by the Society's compliance officer. The outcome of the inspection was reported to the Society's main regulatory Professional Conduct Committee (the Committee) who noted a number of AML/CTF breaches in relation to client due diligence (CDD) and source of funds (SoF) checks.*

*The Committee directed that a follow up onsite discrete AML/CTF visit be undertaken and the firm was informed of this formal action.*

*At the subsequent AML/CTF inspection in April 2025 (shortly after the 2024/25 reporting period) it was noted that the firm had updated their AML/CTF documentation and same now met the requirements of the MLRs and that fewer file queries had been raised.*

##### Details:

*In February 2024, the Society's compliance officer carried out an onsite integrated Accounts visit of Firm A. It was noted that the firm's AML/CTF measures were inadequate for the size and nature of the firm, with queries raised on five of ten client files reviewed regarding a lack of documentary evidence of CDD checks being undertaken, including in relation to SoF on three matters.*

*The compliance officer's Inspection Report together with the firm's response to the queries raised were considered by the Committee during the reporting period. The Committee agreed that the firm had not carried out adequate CDD checks, including scrutiny of SoF, and documenting of same. The Committee directed a further discrete AML/CTF onsite visit by way of formal action.*

*An AML/CTF onsite inspection took place in April 2025, at which the firm engaged positively. It was noted that the firm's AML/CTF documentation had been updated and met the requirements of the MLRs. File reviews by the compliance officer resulted in 2 AML/CTF queries however more satisfactory responses provided.*

*The firm were directed to the relevant resources and legislation to ensure ongoing compliance.*



## Case Study 2

### Supervision action – Firm B

#### Summary:

*A firm with a high individual risk profile was subject to an integrated Home Charter (residential conveyancing) desk-based review (DBR), followed by an onsite Home Charter inspection conducted by the Society's compliance officer. The outcome of the inspection was referred to the Society's main regulatory Professional Conduct Committee (the Committee) who noted a number of AML/CTF breaches in relation to client due diligence (CDD) and source of funds (SoF) checks, as well as AML documentation required by the MLRs.*

*The Committee directed that a follow up onsite AML/CTF inspection be undertaken and the firm was advised of this outcome. At the subsequent AML/CTF inspection, the firm demonstrated significant improvement in its AML/CTF compliance. Consistent and robust measures had been implemented, resulting in a satisfactory inspection outcome.*

#### Details:

*The Society's Home Charter compliance officer carried out a DBR of Firm B. Due to non-compliance with both the MLRs, and Home Charter Scheme, the Committee directed that a follow-up onsite integrated Home Charter inspection be carried out. At the conclusion of the DBR process, the firm was issued correspondence outlining the areas of non-compliance, as well as the relevant resources and guidance to support improved compliance.*

*The Society's Home Charter compliance officer carried out an onsite inspection of Firm B as directed. On inspection it was noted that the firm's AML/CTF measures were inadequate for the size and nature of the firm, with several files checked having no evidence of CDD or SoF checks having been undertaken.*

*The compliance officer's Inspection Report together with the solicitors' response to the queries raised were considered by the Committee. It was noted by the Committee that the firm was non-compliant with regards to CDD and SoF checks, with a lack of documentary evidence noted for both. As a result, the Committee directed that a discrete onsite AML/CTF inspection take place within a set period in relation to the breaches noted. At the conclusion of the inspection process, further relevant resources and guidance were also provided to the firm.*

*In February 2025, the Society's AML compliance officer carried out an onsite AML/CTF inspection of Firm B as directed. The inspection noted significant improvements compared to the earlier monitoring activity. Following the correspondence and guidance issued by the Society, the firm had taken proactive steps to enhance its compliance with AML/CTF requirements in the interim.*

*During the inspection, the firm's Money Laundering Reporting Officer (MLRO) informed the Society's AML Compliance Officer that a third-party specialist had been engaged by the firm to assist in addressing issues identified during previous monitoring and the firm had undertaken a comprehensive revision of its approach to AML/CTF.*

*It was evident on inspection that the firm had implemented recommendations and had made substantial improvements to its AML-CTF compliance. These included the development of an AML/CTF checklist and risk assessment applicable to both new and existing clients. All files checked contained evidence of CDD and SOF/SOW. The firm also held detailed records of their decision-making processes for each reviewed file.*

*With a robust Firm-Wide Risk Assessment and appropriate Policies, Controls, and Procedures now in place, the firm has established a sustainable framework to ensure consistent compliance and better mitigate the risks of money laundering and terrorist financing.*

*The satisfactory inspection outcome was noted by PCC together with the firm's demonstrable progress. The firm was notified of the outcome and commended by PCC for their improvements in this area.*

## 6. Enforcement

Where, as a result of its supervisory measures, the Society considers that relevant Firms or solicitors have failed to comply with the MLRs, it can take enforcement action.

The Society's enforcement powers range from:

Informal:

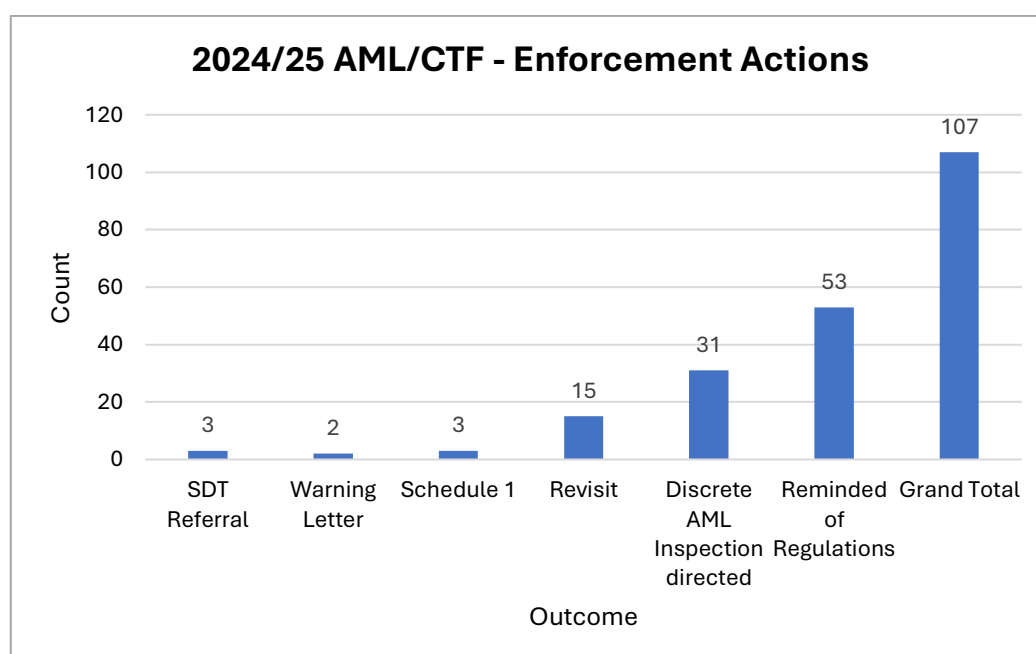
- Advice/guidance being provided.
- Letters issuing which remind solicitors of their AML/CTF obligations.

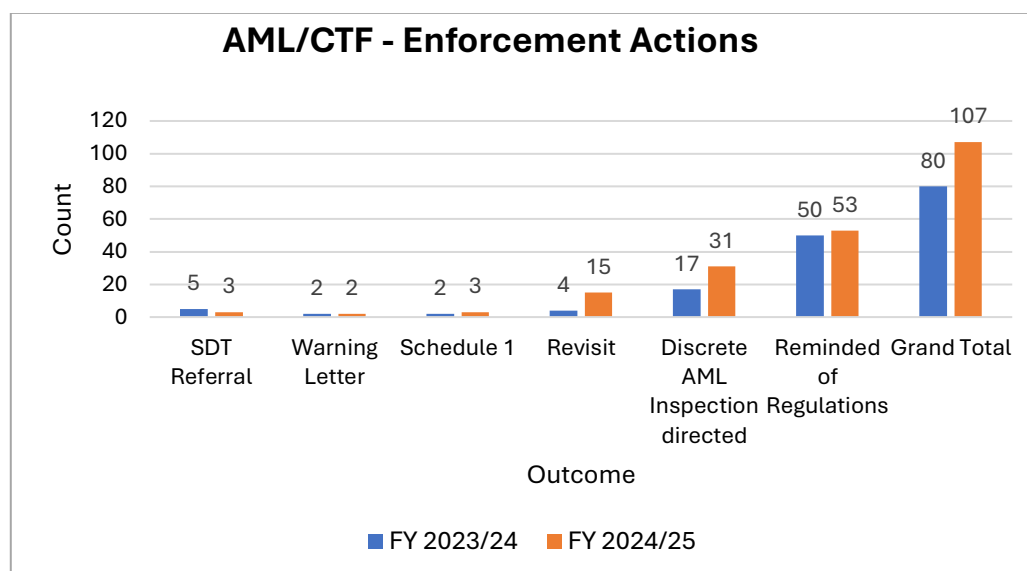
Formal:

- Warning letters being issued.
- Directed specific follow-up DBRs or onsite visits or revisits
- Or, in more serious cases:
  - Intervention by the Society in a firm, including taking control of all client monies through application by the Society of Schedule 1 of the Solicitors (Northern Ireland) Order 1976, and/or
  - Referring the solicitor and/or relevant Firm to the Solicitors Disciplinary Tribunal.

In the reporting period the Society through its Professional Conduct Committee applied a number of enforcement actions both informal and formal as set out in the following graph.

**Graph 9 – AML/CTF – Enforcement Actions**





The Solicitors Disciplinary Tribunal (SDT) is an independent statutory tribunal which determines complaints that arise against solicitors in Northern Ireland. The functions of the Tribunal and its procedures are set out in Articles 43 to 54 of the Solicitors (NI) Order 1976.

The SDT is governed by the Solicitors (Disciplinary Proceedings) Rules (Northern Ireland) 1990.

The Tribunal consists of a panel made up of senior solicitors and lay members, all appointed by the Lady Chief Justice.

Upon commencement of the Legal Complaints and Regulation Act 2016 in September 2025, the SDT requires at least two lay members and one legal Chair to constitute the Panel and requires a majority of lay membership overall.

Under Article 51 of the said Order, the SDT has powers to admonish and impose fines (up to £3,000.00), suspend or place conditions on solicitors' practising certificates or remove solicitors from the Roll.

In the reporting period the SDT admonished and ordered 3 fines for a total sum of £4,000 against 3 individuals concerning 2 separate firms following referrals to the SDT by the Society for AML/CTF matters and breaches of the MLRs.

## 6.1 Case Study - Enforcement

### Case Study 3

#### Enforcement action – Firm C

##### Summary:

*Formal action taken against solicitor firm categorised (at time of assessment) as High risk and found to be non-compliant at an integrated onsite visit by the Society's Home Charter compliance officer.*

*Following a report of non-compliance following on an integrated onsite visit, the firm's principal solicitor was referred to the independent Solicitors Disciplinary Tribunal (SDT) for breach of the Society's Solicitors Practice Regulations 1987 (as amended) and non-compliance with obligations under Regulations 28 & 40 of the MLRs. In doing so, the firm's previous non-compliance history was considered.*

##### Details:

*In December 2023, the Society's Home Charter compliance officer carried out an onsite integrated Home Charter (residential conveyancing) inspection of Firm C. This visit had been directed after a previous Home Charter DBR assessment of the firm. Following that DBR, the Society had also issued correspondence reminding the solicitor of their obligations to comply with the MLRs.*

*At the onsite visit sample of ten client matter files were reviewed and on three of those files, there was a lack of documentary evidence that sufficient AML/CTF checks had been carried out in relation to the source of funds received from the client and supporting documents obtained. Bank statements obtained did not account for the full amounts received without any record of further enquiries being made. On other files the firm had relied on bank statements to show the money came from UK bank accounts without further appropriate scrutiny and/or verification of the source of the funds in the circumstances.*

*The Society's compliance officer's Inspection Report together with the solicitor's response to the queries raised were considered by the Society's main regulatory Professional Conduct Committee in the reporting period. The Committee also considered that the solicitor had been reminded of their obligations to comply with the MLRs following the prior Home Charter DBR and had been referred to the SDT in similar circumstances following previous onsite integrated Accounts visits.*

*The Committee resolved to make a further separate referral to the SDT, which referral is ongoing.*

## 7. Key Themes

The Professional Conduct Department continues to host bi-monthly monitoring meetings to identify trends and themes which emerge from the Society's supervision activity. These meetings are attended by the Head of Professional Conduct, the Head of AML Policy, the Monitoring Manager and the Society's Compliance Officers. Through that forum, and through matters heard by the Professional Conduct Committee, common types of non-compliance with AML/CTF obligations are identified.

### 7.1 Types of Non-Compliance

Breaches that are more serious in nature are reported to the Professional Conduct Committee. A review of the breaches reported to the Professional Conduct Committee in the reporting period identified the following main types of non-compliance:

Non-compliance Type	As a Percentage of all AML/CTF breaches reported to the Society's PCC in the 2024/25 reporting period
Inadequate Source of Funds/Source of Wealth (SoF/SoW) checks/procedures	43%
Inadequate Customer Due Diligence (CDD) procedures	21%
Inadequate (&/no) firm wide risk assessment (FWRAs)	17%
Inadequate Record-keeping	12%

Inadequate SoF/SoW checks/procedures included:

- Overfamiliarity with (longstanding) client resulting in no or incomplete checks.
- Relying on bank statements as a source of funds/wealth check without further enquiry or only limited enquiry.
- Checks made not accounting for all monies received.
- Accepting funds to complete transactions without making or documenting requisite SoF/SoW checks.

Inadequate CDD procedures included:

- No evidence of any CDD undertaken at all
- CDD undertaken incorrectly
- Overfamiliarity with (longstanding) client resulting in no or incomplete CDD checks
- Digital/electronic identification and verification (EID&V) tools used incorrectly.

Inadequate FWRAs included:

- Did not consider all risk factors set out in Regulation 18 of the MLRs
- Did not take into account required information including the Society's Sector Risk Assessment
- Use of templates for FWRAs not adequately tailored or updated to reflect the sector risk areas or relevant risk areas for the firm.

Inadequate Record-keeping included:

- Checks made but not documented/recorded on files
- Records only produced on further enquiry by the Society at the time of assessment during onsite inspection/DBR
- Records incomplete or lacking sufficient detail.

## **7.2 Common Themes Behind Non-Compliance**

Common themes behind where non-compliance with AML/CTF obligations was found included that:

- Provision of conveyancing services remains the most common service area for non-compliance
- Lack of knowledge/understanding of regulations
- Long-standing relationship with client leading to insufficient checks
- Lack of understanding of risk
- Non-compliance with AML/CTF obligations was found across all sizes of Firms.

## **7.3 Good Practice**

As noted already, 76% of relevant Firms that received a completed DBR or Onsite assessment in the reporting period were assessed to be compliant or generally compliant.

Further, the Society through the Professional Conduct Committee was pleased to be able to commend several firms during the reporting period for their approach to AML/CTF compliance including improvements noted following directed discrete AML onsite visits or re-visits. Case Study 2 above refers in this regard.

Evidence of good practice found on supervisory assessment included:

- Compliance officer's discussions with different members of staff on assessment, including the firm's MLRO, senior and junior solicitors and support staff confirmed the AML/CTF culture in firms was consistent and robust
- Responses to queries raised on client matter files reviewed satisfactorily addressed queries raised in full, with all necessary vouching documentation provided and in a timely manner
- Staff training covered all aspects on Regulation 24 of the MLRs
- CDD checks undertaken reflect the FWRA and individual client/matter risk assessment
- Appropriate SoF/SOW checks undertaken on third parties contributing to the funds
- Client and matter risk assessment checklists on files – completed and reviewed throughout a transaction
- CDD evident either on file or on a central register – which is certified, dated and kept up to date

- Firms' policies, controls and procedures (PCPs) cover all requirements of Regulation 19 of the MLRs, are proportionate to the size and nature of the practice, are comprehensive and up to date
- Assessment of client/matter risk demonstrates an assessment of whether the client's financial circumstances, main business activities, and source of wealth and source of funds align with the background and wider profile of the client
- FWRA demonstrate consideration of all risk factors including clients, geographic, products/services provided, transaction and delivery channels and consider all relevant sources including the Society's Sector Risk Assessment.
- A tailored firm wide risk assessment which is proportionate to the firm and kept updated/under review
- Record-keeping includes keeping a copy of any documents and information obtained to satisfy the CDD requirements and accurate and comprehensive records of decisions made and reasoning.

92% of relevant Firms that responded to the Society's AML/CTF Annual Return in the reporting period reported appointing a Money Laundering Compliance Officer (MLCO). This maintained high percentage figure is considered by the Society to be indicative of relevant Firms' continued focus on the importance of compliance with their obligations under the MLRs.

The primary professional focus of the MLCO falls on the internal systems and controls that their firm puts in place to help detect, monitor and report money laundering activities. Not all firms are required to appoint an MLCO. Sole practitioners are not required to do so, and other firms are only required to appoint an MLCO where it is appropriate having regard to the size and nature of the business.

## **8. Actions Taken in Response**

The Society has continued AML/CTF outreach work across its sector through education programmes and various communication channels.

This included:

- Individual firm engagement and support on DBR and Onsite assessment
- Guidance through correspondence, including directing relevant Firms to available AML/CTF resources and CPD recordings on the Society's website
- Responding to AML/CTF queries received from the Society's sector
- Continuing Professional Development (CPD) training in AML/CTF online and in-person
- Including AML/CTF topics within the Society's Compulsory Risk Management CPD required to be completed by all solicitors in private practice,
- Enhanced dedicated AML/CTF section on the Members Dashboard of the Society's website



- Guidance/training materials relating to ML and TF risk and compliance with the MLRs shared via the Society's weekly E-nformer e-zing issued to members and AML/CTF updates in the Society's 'The Writ' digital magazine publication
- AML/CTF Podcasts and maintaining digital AML/CTF CPD Collections
- Publication of its Supervisor's Annual Report – AML (Regulation 46A Report).

The Society has communicated key themes through its AML/CTF CPD training events in the reporting period including the following:

- A series of AML webinars was arranged in April & October 2024 and April 2025 which covered a range of AML topics including, key AML compliance principles for legal practitioners and putting them into practice and AML in focus with update on recent developments.
- The Society hosted a bespoke Risk Management webinar in January 2025 which included separate presentations on AML/CTF and managing risk in legal practice.
- Professional Conduct Department webinars on Monitoring & Inspections and Knowing Your Regulatory Obligations.
- Ongoing delivery of the Society's Practice Management Course which is required to be undertaken by all newly appointed Principal Solicitors within 6 months of their appointment. Topics covered include an overview of the role of the Society including Regulation, Risk Management, Client Communications, AML/CTF and Solicitor Accounts.

The Society adapted its CPD training provision in the reporting period as appropriate to key themes identified. For example, the Society's Risk Management 2025 CPD training included a presentation on the effective assessment, mitigation and management of risks through AML/CTF policies, controls and procedures.

Also, the Society's Head of AML Policy delivered an in-person presentation to over 400 conveyancing solicitors at the Society's annual Conveyancing Conference (October 2024) on AML Onboarding. This covered, inter alia, key requirements including AML risk assessments, CDD including SoF/SoW and record-keeping.

## **9. Staff Training**

The Society's Professional Conduct Team are subject to continuous training.

Each team member documents and records their training, to include AML/CTF training in their 'Personal Training Plan' maintained in accordance with the Society's ISO 9001:2015 accreditation.

The team have full access to the AML/CTF resources on the Members Dashboard of the Society's website, the Society's above noted CPD training provision and receive all communications issued through the Society's communication channels. In the reporting period all available CPD training materials, including links to digital recordings and

accompanying presentations, were documented and consolidated on the Society's internal network drive, for ease of access for staff.

Relevant team members continued to attend appropriate AML/CTF relevant fora, such as the Legal Regulators AML forum, Legal Sector Affinity Group (LSAG), AML Supervisors' Forum, main Legal Intelligence Sharing Expert Working Group (ISEWG), Northern Ireland regional ISEWG meetings and FIN-NET members' meetings.

Updates and learnings from these forums/groups and details of other AML/CTF developments are cascaded to the team at appropriate team meetings including at the regular risk review meetings, bi-monthly meetings and AML Hub meetings as appropriate. AML updates are also shared at biannual Professional Conduct Departmental meetings.

The Society also arranges for in house AML/CTF training to staff as appropriate, with anonymised evaluation forms completed on conclusion. During the reporting period the Society continued its AML Information Sessions provided by the Head of AML Policy, for new and returning staff members to the Professional Conduct Department.

Additionally in the reporting period, the Society arranged for team members to attend the Solicitors Regulation Authority (SRA) Compliance Officers Conference and thereafter to meet with members of the SRA's AML Directorate (November 2024). This was very beneficial for sharing of information and best practice on AML supervision with colleagues in another legal professional body supervisor. Further members of the team are scheduled to attend in the next reporting period.

Also new in the reporting period, the Society approached the National Crime Agency - UK Financial Intelligence Unit (UKFIU) to arrange for UKFIU to deliver a first in-person Suspicious Activity Reports (SARs) Best Practice Workshop to members of the Professional Conduct Department Team. This 3-hour workshop took place shortly after the reporting period (May 2025) and was based around UKFIU's SARs Best Practice Workshops for reporters but tailored for supervisors and those reviewing SARs/AML controls of supervised firms.

## **10. Suspicious Activity Reporting**

The Society continued to report suspicious activity to the National Crime Agency (NCA) during the reporting period in accordance with its obligations under the MLRs.

If the Society in the course of carrying out any of its supervisory functions, or otherwise, knows or suspects, or has reasonable grounds for knowing or suspecting, that a person is or has engaged in money laundering or terrorist financing, the Society will submit a Suspicious Activity Report (SAR) to the UK Financial Intelligence Unit (UKFIU) positioned within the NCA.

The Society maintains an Internal SARs Policy. Each member of staff is responsible for submitting suspicious reports directly to the Society's Money Laundering Reporting Officer (the MLRO). The Society maintains an internal reporting procedure to ensure a formal and secure method by which members of staff will submit internal suspicion reports to the MLRO, which will be acknowledged and recorded.

During the reporting period the Society's Head of Professional Conduct was its appointed MLRO. In the event that they were unavailable, the nominated Deputy MLRO was contactable by staff.

The Society also continued to monitor levels of suspicious activity reporting by relevant Firms through comprehensive data obtained from the Society's AML/CTF Annual Return.

Analysis of the 415 responses received from relevant Firms and collated within the reporting period and compared with the last reporting period shows that:

- There was a decrease in the percentage of relevant Firms submitting one or more SARs to the NCA from 8% of respondents in 2023/24 to 6% in this reporting period.
- The volume of external SARs submitted by relevant Firms' MLROs also decreased in the reporting period, however, when compared with the volume of internal SARs reported to firms' MLROs, the proportion of external SARs submitted increased slightly.
- 90% of external SARs submitted to the NCA by relevant Firms were reported to be Defence Against Money Laundering (DAML) SARs compared to 70% reported in 2023/24.
- 10% of external SARs submitted to UKFIU by relevant Firms were reported to be information SARs compared to 30% reported in 2023/24.

In addition, the Society continues to monitor firms SARs' reporting through its AML integrated supervision including selection case files for review from responses the Pre-Visit Questionnaire (PVQ).

Such SARs data obtained by the Society also informs its supervision strategy and allocation of its supervisory resources. Amendments to the MLRs provide AML supervisory authorities with the power to require their sector to supply them with a copy of any SAR submitted to the NCA as part of their supervisory assessments, should it serve their supervisory functions.

During the reporting period, the Society continued to support relevant Firms in the submission of and improving quality of SARs.

The Society provided dedicated new guidance and outreach to its sector. Following the launch of the Society's new website, the Society comprehensively reviewed and updated its dedicated SARs Regime section on its members' only password protected Members Dashboard.

This included messaging on the critical importance of SARs and the quality intelligence resource for law enforcement SARs are, guidance on the application of the SARs regime, types of SARs, and guidance on how to submit a SAR.

It also included links to the NCA online SAR Portal and to UKFIU further information on how to make a SAR using the SAR Portal and to access the UKFIU developed SAR Portal guidance, to encourage information provision to NCA as soon as practicable.

The Society has also highlighted and linked to comprehensive SAR information and guidance available from UKFIU, the Legal Sector Affinity Group (LSAG) Guidance on SARs and other recommended UKFIU resources including UKFIU's:

- SARs Reporter Booklet
- SARs in Action magazine
- SARs Annual Statistical Report
- UKFIU digital communications.

The Society again arranged for bespoke CPD training webinar on SARs – entitled Bringing SARs to Life – to be delivered by a UKFIU Senior Reporting Officer to its members in June 2024. Communications for this SARs CPD webinar included targeted email correspondence with all solicitor firms' MLROs in the Society's sector.

The Society was pleased to note as a result a fourfold increase in the number of attendees at the SARs CPD webinar from the previous equivalent CPD training event delivered by UKFIU. Evaluation responses after the event rated its usefulness at 4.4. (out of 5) and 97% of responders confirmed that they that would recommend this webinar to a colleague.

Unfortunately, the SARs CPD webinar could not be recorded as per UKFIU requirements, and it was not possible to make a digital recording of the webinar available

## **11. Sanctions Work**

During the reporting period the Society has continued its work due to the change in sanctions context in the UK and ongoing new sanctions.

The Society continues to update and signpost to its supervised population via appropriate e-zines and its dedicated Financial Sanctions section on the Members Dashboard of its website with relevant available guidance and resources from the Office of Financial Sanctions Implementation (OFSI). These included OFSI communications during the reporting period relating to:

- Changes/updates to the UK Sanctions List
- Additions/amendments to OFSI's Consolidated List of asset freeze targets
- Amendments/extensions/updates and new General Licences, including expiration and replacement of the Legal Services General Licence

- Launch of and additions to OFSI FAQs additional guidance, including relating to the new Legal Services General License

The Society continues to emphasis to its supervised population that they should avail themselves of the guidance resources issued by OFSI, to regularly refer to the UK's Sanctions List and Consolidated List of asset freeze targets and to prioritise subscribing directly to the UK sanctions email alerts, given the frequent updates to the relevant Lists and Licences.

The Society also extended to its supervised population the opportunity to take part in OFSI's survey on 'Threats and vulnerabilities to financial sanctions compliance in the UK' (April 2024).

Guidance on sanctions related risks has also been included in the Society's AML/CTF Continuing Professional Development (CPD) programme for its supervised population in the reporting period.

Regarding its supervision, the Society continued:

- Reviewing existing data from information returns submitted by firms and relevant information available to the Society from appropriate supervisory activity
- Reviewing its annual information returns required to be submitted by all firms in its supervised population, the Society's AML/CTF Annual Return and/or Exemption Declaration and Abbreviated Return, to obtain relevant information and data.
- Incorporating this enhanced information and data obtained into its existing ongoing quarterly risk reviews of individual risk profiles of firms in its supervised population.

Such information and data obtained is considered by the Society's monitors during subsequent integrated supervisory activity.

The Society will also take into account publication of the OFSI Legal Services Threat Assessment Report published just prior to the end of the reporting period.

## **12. Analysis and Continuous Improvement**

The Society keeps under ongoing review the discharge of its AML/CTF supervisory functions and the effectiveness and impact of its AML/CTF Society's supervisory strategy.

As noted above the Society has increased the total number of completed DBR and Onsite assessments of relevant Firms from 163 in the previous 2023/24 reporting period, to 214 in this reporting period. This represents a 31% increase in the total of completed DBR and Onsite assessments of relevant Firms from the previous 2023/24 reporting period.

The Society has increased the total number of completed DBR and onsite visit assessments across all High, Medium and Low risk categories while increasing the

proportion of assessments undertaken of firms categorised as High risk at the time of assessment. This demonstrates effective allocation of resources, while ensuring effective assessment of relevant Firms in the Society's sector categorised as Low risk to ensure that they are not placed onto an extended supervisory cycle without adequate touchpoints.

At the end of the reporting period, a number of further DBRs and onsite inspections had also been undertaken in the reporting period but were pending reports to the next meeting of the Professional Conduct Committee. Also, a further number of DBRs commenced in the reporting period remained ongoing. Taking these live DBRs and onsite inspections into account, a total of 45% of all relevant Firms in the Society's sector received at least one form of integrated or discrete supervisory DBR or Onsite assessment. This represents a 7% increase in the corresponding figure for the prior 2023/24 reporting period.

The increase in completed DBRs and Onsite assessments reflects the increased resource the Society continues to dedicate to its AML/CTF supervision. 2024/25 was the first full reporting period since recruitment by the Society of an additional dedicated AML Compliance Officer in the prior reporting period. This recruitment has enabled more supervisory assessments and enhanced the Society's effective, proportionate and dissuasive enforcement action through more use of the directed discrete AML/CTF assessments by the Professional Conduct Committee.

In this 2024/25 reporting period, 76% of completed DBR and onsite visit assessments resulted in compliant or generally compliant AML/CTF outcome, with 24% non-compliant with formal actions taken by the Society. In the previous 2023/24 reporting period 82% of completed DBR and onsite visit assessments resulted in compliant or generally compliant AML/CTF outcome, with 18% non-compliant with formal actions taken by the Society.

While acknowledging the 6% increase in non-compliant outcomes in the reporting period, taking into account the 31% increase in the total number of completed DBR and onsite assessments of relevant Firms from the prior reporting period, the Society considers these findings demonstrate continued high levels of AML/CTF compliance by relevant Firms in its sector and the effectiveness of the Society's supervisory approach.

The Society continues to keep under review the changes to risk ratings of the individual risk profiles of relevant Firms subject to supervisory activity during the reporting period. Analysis shows that only 3.5% of existing risk ratings were increased on review following supervisory activity - 2.2% Medium to High, 0.4% Low to High and 1.0% Low to Medium.

These percentages are in keeping with equivalent review in the prior reporting period and the Society considers that this demonstrates previous improvements in the effectiveness of the Society's risk review process have been maintained, with the majority of existing risk ratings unchanged following supervisory activity including onsite inspections and DBRs.

Also, where changes to risk ratings did occur, relatively speaking the largest number of changes occurred in the increase from Medium to High risk ratings as previously.

### **13. Progress on Areas of Focus in the Reporting Period**

Areas of focus previously identified by the Society for the reporting period and corresponding completed actions have included:

The Society has kept under review implementation of its updated Methodology for its Risk-Based Approach to AML Supervision policy and impact on the Society's supervision strategy. As per the above analysis on the increase of DBR and Onsite assessments across all risk categories, the Society considers evidences the effectiveness of the Society's said Methodology.

The Society has delivered key guidance and training materials responding to key themes including updates to the Society's website.

During the reporting period, following the launch of the Society's new website, the Society comprehensively reviewed and updated its dedicated SARs Regime section on the Members Dashboard of its website.

Following publication of the latest Legal Sector Affinity Group Guidance (LSAG) update to its single sector AML Guidance for the Legal Sector 2025 (the LSAG Guidance) in April 2025, the AML Guidance section on the Members Dashboard of its website, was comprehensively reviewed and updated to include making available the latest LSAG Guidance.

The Society has highlighted the use of Electronic Identification and Verification (EID&V) to support compliance with CDD requirements. Also, in response to seeing greater use of EID&V tools, the Society published updated EID&V guidance which was approved by the Professional Conduct Committee publishing new Guidance for EID&V on the Members Dashboard of its website.

The AML Hub has undertaken project work on Firm Wide Risk Assessments (FWRAs) commenced in response to the issues identified with FWRAs and developed dedicated FWRA resources to include a FWRA template that has recently been approved by Professional Conduct Committee and to be made available on the Members Dashboard of its website.

The Society has reviewed and made changes to its Regulation 26 approvals process in the reporting period.

Also, in the reporting period the Society planned new in-person bespoke CPD training events aimed at solicitor firms' MLROs, tailored to MLROs of 1-2 principal firms and separately to MLROs of 2+ principal firms. Unfortunately, due to unforeseen



circumstances, the events were cancelled and have since been rescheduled and confirmed for the 2025/26 reporting period.

The Society has continued with all other areas of focus previously identified.

## 14. Relevant Resources

The Society's relevant AML/CTF resources are available to the Society's members, on logging into the Members' Dashboard of the Society's website at: <https://lawsoc-ni.org/members/regulation-compliance/anti-money-laundering-counter-terrorist-financing>

These include:

- Legal Sector Affinity Group (LSAG) AML Guidance for the Legal Sector 2025 (approved by HM Treasury)
- Guidance for Electronic ID & Verification (EID&V)
- High Risk Third Countries & Enhanced Due Diligence
- Suspicious Activity Reports (SARs) Regime resources
- The Society's AML/CTF Sector Risk Assessment (September 2021)
- AML Aide-Memoire: Knowing your client and understanding where their money comes from.
- Firm Wide Risk Assessment Resources
- [AML/CTF CPD Collection](#) and [AML/CTF Podcasts](#)

### ***From HM Treasury***

- The National Risk Assessment of Money Laundering and Terrorist Financing 2025 (July 2025)  
<https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2025>
- The National Risk Assessment of Proliferation Financing 2021  
<https://www.gov.uk/government/publications/national-risk-assessment-of-proliferation-financing>
- Money Laundering Advisory Notice: High Risk Third Countries  
<https://www.gov.uk/government/publications/money-laundering-advisory-notice-high-risk-third-countries--2>
- HM Treasury – Anti-Money Laundering and Counter-Terrorist Financing: Supervision Report 2023-24 (March 2025)  
<https://www.gov.uk/government/publications/anti-money-laundering-and-counter-terrorist-financing-supervision-report-2023-24>



***From Office for Professional Body Anti-Money Laundering Supervision (OPBAS)***

- OPBAS website.  
<https://www.fca.org.uk/about/how-we-operate/who-work-with/opbas>
- OPBAS Report – Anti-Money Laundering Supervision by the Legal and Accountancy Professional Body Supervisors: Progress and themes from our 2023/24 supervisory work (September 2024)  
<https://www.fca.org.uk/publication/opbas/opbas-report-progress-themes-supervisory-work-2023-24.pdf>
- Suspicious Activity Report (SAR) Work  
<https://www.fca.org.uk/about/how-we-operate/who-work-with/opbas#section-suspicious-activity-report-sar-work>
- Conveyancing Risk Work  
<https://www.fca.org.uk/about/how-we-operate/who-work-with/opbas#section-conveyancing-risk-work>
- Professional Enablers Strategy  
<https://www.fca.org.uk/about/how-we-operate/who-work-with/opbas#section-professional-enablers-strategy>

***From National Crime Agency (NCA)***

- The NCA SAR Portal  
<https://sarsreporting.nationalcrimeagency.gov.uk/>
- NCA Suspicious Activity Reports (SARs) guidance and related publications.  
<https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance/suspicious-activity-reports>
- Requesting a defence from the NCA under POCA and TACT (May 2024 v7.0)  
<https://www.nationalcrimeagency.gov.uk/who-we-are/publications/717-requesting-a-defence-under-poca-and-tact/file>
- Guidance on submitting better quality SARs (June 2023 v9.0)  
<https://nationalcrimeagency.gov.uk/who-we-are/publications/650-guidance-on-submitting-better-quality-suspicious-activity-reports-sars-v9-0/file>
- SAR Glossary Codes and Reporting Routes (April 2023 v3.0)  
<https://nationalcrimeagency.gov.uk/who-we-are/publications/648-glossary-codes-and-reporting-routes-april-2023/file>
- Submitting a SAR within the Regulated Sector (January 2023 v11.0)  
<https://nationalcrimeagency.gov.uk/who-we-are/publications/633-submitting-a-suspicious-activity-report-sar-within-the-regulated-sector-1/file>

- SARs in Action magazine  
<https://www.nationalcrimeagency.gov.uk/who-we-are/publications?search=SARs+in+Action&limit=100>
- SARs Reporter Booklet  
<https://www.nationalcrimeagency.gov.uk/who-we-are/publications?search=SARs+Reporter+Booklet&limit=100>
- NCA Publications Library  
[https://www.nationalcrimeagency.gov.uk/who-we-are/publications?limit=100&sort=created\\_on&direction=desc](https://www.nationalcrimeagency.gov.uk/who-we-are/publications?limit=100&sort=created_on&direction=desc)

#### ***From Office of Financial Sanctions Implementation (OFSI)***

- The UK Sanctions List  
<https://www.gov.uk/government/publications/the-uk-sanctions-list>
- OFSI Consolidated List of Financial Sanctions Targets  
<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>
- UK Sanctions  
<https://www.gov.uk/guidance/uk-sanctions>
- UK Financial Sanctions Guidance  
<https://www.gov.uk/government/publications/financial-sanctions-faqs>
- OFSI General Licences  
<https://www.gov.uk/government/collections/ofsi-general-licences>
- OFSI Legal Services Threat Assessment Report (April 2025)  
<https://www.gov.uk/government/publications/ofsi-threat-assessment-reports>

#### ***From the Financial Action Task Force (FATF)***

- FATF Guidance for a Risk-Based Approach – Legal Professionals (June 2019)  
<https://www.fatf-gafi.org/en/publications/fatfrecommendations/documents/rba-legal-professionals.html>
- FATF Guidance for a Risk Based Approach - Trust and Company Service Providers (June 2019)  
<https://www.fatf-gafi.org/media/fatf/documents/reports/RBA-Trust-Company-Service-Providers.pdf>

## 15. Emerging Areas of Risk/Trends

The Society keeps under review emerging areas of risk and trends.

The Society uses information and data gathered from its supervisory work to review improvements in understanding of risk by its supervised population. The Society has regular meetings with the Police Service of Northern Ireland and is an active participant in the Legal Sector Intelligence Sharing Expert Working Group and Northern Ireland regional Intelligence Sharing Expert Working Group. These Groups are facilitated by OPBAS and their memberships' comprise other relevant professional body supervisors (PBSs), AML supervisory authorities and law enforcement.

The Society is also a member of the inter-organisational sharing platforms Shared Intelligence Services (SIS) and Financial Crime Information Network (FIN-NET).

Active participation in such information and intelligence sharing channels enables the Society to identify and assess emerging areas of risk.

The Society takes this opportunity to highlight publication of the UK's fourth National Risk Assessment (NRA) of Money Laundering (ML) and Terrorist Financing (TF), jointly developed by HM Treasury and the Home Office and published in July 2025 ([the 2025 NRA](#)).

The NRA is the UK's stock-take of money laundering and terrorist financing risks. The 2025 NRA is the first update since 2020 and draws on information collected by the government, supervisors, law enforcement agencies, and the private sector and takes account of the latest developments and information

Key findings for the legal sector include:

- **Legal Service Providers** continue to be assessed at **High risk of ML** and **Low risk of TF**.
- **Trust or Company Service Providers (TCSPs)** continue to be assessed at **High risk of ML**. However, **TCSPs** have been assessed at an **increased** (from Low to) **Medium risk of TF**.
- There has been no significant change in vulnerabilities to ML risk for Legal Service Providers since the 2020 NRA.
- Conveyancing, trust or company services and misuse and exploitation of client accounts continue to be assessed as the highest risk services.
- Solicitors (and other Legal Service Providers) that offer a combination of legal services are at the greatest risk in the legal sector.
- Sham litigation, identified as an emerging area of risk in the 2020 NRA, is not currently assessed to be a widespread or common issue.
- Compliance by legal professionals with their obligations under the MLRs is considered as a risk mitigation. The 2025 NRA acknowledges the investment by the majority of firms in ensuring their services are not used for criminal purposes and the low levels of non-compliance by firms.

- However, it is reported that 'where legal professionals are complacent, take a 'tick box' approach to compliance, or lack sector specific knowledge and/or training on the money laundering threat, the risk of the services provided being exploited increases.'
- The NRA 2025 reports that the increased risk of TF for TCSPs from Low to Medium has been caused by an increased understanding of how the TCSP sector is exposed to organisational TF risks and there is no information to show a change in scale of TF through the TCSP sector since 2020.
- The TF risks relate to trusts, partnerships and companies which are formed in the UK for legitimate reasons but are at risk of benefiting from proceeds generated from businesses who operate in locations where there are higher terrorist activity risks, or areas under the control of terrorist groups.

The 2025 NRA has confirmed that the threat of money laundering within the legal sector remains high, showing little movement since 2020, and solicitors must remain vigilant to this threat. For those providing TCSP services the change to Medium risk of terrorist financing will also be of note.

All solicitor firms should review the 2025 NRA and consider how its findings apply to their practice, the services that they provide and their client base and update their own firm-wide risk assessments and corresponding policies, controls and procedures as appropriate.

Following publication of the 2025 NRA the Society is undertaking a review and update of its own Sector Risk Assessment, taking into account the 2025 NRA and emerging areas of risk/trends. Once reviewed, the Society's updated Sector Risk Assessment will be published to its sector.

In the meantime, the Society also reminds relevant Firms of previously identified areas/trends which continue:

- Risk factors arising from Northern Ireland's unique status in the EU Customs Union and the UK and land border with the EU.
- Cyber security and Technology
- Financial Sanctions
- Proliferation Financing

Relevant Firms are reminded that following amendments to the MLRs must now also take appropriate steps to identify and assess the risks of proliferation financing to which their businesses are subject.

It is important to remember that these requirements regarding the written PF risk assessment are mandatory. Therefore, even if the risks of proliferation financing may be assessed as low by a firm, it is not possible to take a risk-based decision to not comply with these requirements.

## 16. Areas of Focus

At the time of writing (October 2025), Government has just announced its decision to reform the UK AML supervision regime after its 2023 Consultation, including that responsibility for AML/CTF supervision of the Solicitor profession will transfer to the Financial Conduct Authority.

This change will take time to put into effect, and the Society will use this transition period to ensure that the outcome meets the requirements of our member firms, which will now be an obvious area of focus for the Society.

The Government's announcement can be found [here](#).

In addition, and pending said implementation, the Society will in the next reporting period focus on:

- Reviewing and updating the Society's Sector Wide Risk Assessment, taking into account the 2025 NRA.
- Addressing HMT's proposal on amendments to the MLRs following its Consultation on Improving the Effectiveness of the MLRs and any necessary changes to guidance arising therefrom.
- Continuing to support its members in their AML/CTF compliance through effective monitoring and enforcement.
- Ongoing delivery of key guidance/training materials relating to ML/TF risk and compliance with the MLRs to its sector, responding to the main types of non-compliance and themes behind such non-compliance
- Ongoing updates to the Society's website resources;
- Continuing engagement with firms' MLROs regarding their obligations under the suspicious activity reporting regime;
- Continuing supervision in accordance with its supervision strategy
- Continuing to bring enforcement action as required;
- Continuing enhancement of data capture and analysis,.
- Continuing to provide AML/CTF staff training to the Society's regulatory team;
- Monitoring emerging areas of risk and trends, and responding as required;
- Ongoing review of the Society's applicable internal AML/CTF policies as appropriate
- Continuing the Society's active involvement in AML information sharing groups and forums and collaboration with other AML supervisory authorities. In this regard the Society's Head of AML Policy is shortly due to take up the position of Chair of the UK AML Supervisors Forum.
- Continuing the Society's appropriate contribution to applicable whole system activities including the Cross-System Professional Enablers Strategy 2024-2026 and anticipated preparations for the next Financial Action Task Force (FATF) assessment of the UK's AML/CTF system.