Law Society of Northern Ireland

# Supervisor's Annual Report – Anti-Money Laundering

## October 2026

*Regulation 46A -*

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

Law Society House | 96 Victoria Street | Belfast BT1 3GN

Tel: 02890 231614 | Fax: 02890 232606 | Email: Regulation@lawsoc-ni.org | Website: www.lawsoc-ni.org

## Foreword

Money laundering, the process by which the proceeds of crime are converted into assets which appear to have a legitimate origin, is not simply a theoretical threat. Northern Ireland is directly impacted by the risks of money laundering.

Current estimates suggest that over £100bn is laundered through or within the UK each year and Northern Ireland is not immune to the proceeds of crime. The Northern Ireland Organised Crime Task Force's latest Annual Report & Threat Assessment for 2024/25 identifies multiple instances of money laundering, notably linked to drugs, human trafficking or tax evasion.

Solicitors in Northern Ireland are at the forefront of advising and assisting members of the public in the provision of legal services. Whether 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.

The latest 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.

The Society recognises the effective AML work undertaken by solicitor firms in



**Mark Borland**
**President, Law Society of Northern Ireland**

Northern Ireland to ensure that the proceeds of crime are not introduced into the wider economy.

The Society as the current 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.

During the 2025/26 reporting period for this Report, the Government announced its decision on AML supervision reform to create a Single Professional Services Supervisor. Specifically, responsibility for AML supervision of the Solicitor profession and of all UK legal, accountancy and trust or company service providers (TCSPs) will transfer to the Financial Conduct Authority (FCA).

Once implemented the FCA will become the AML supervisor for solicitor firms in Northern Ireland in place of the Society. This is the same position for all other UK legal, accountancy and TCSP professional bodies and their supervised populations. This supervisory model option was not supported by the Society nor any of the legal/accountancy sector professional body supervisors in their responses to the Government's earlier consultation on the reform.

While the reform remains subject to passing of the necessary legislation, inevitably a significant proportion of the Society's AML work during the reporting period has involved responding to the Government's decision, including:

- Updating members on the reform directly and via a new dedicated section on the Members dashboard of the Society's website.
- Responding to the Government's follow up consultation on the powers, duties and accountability mechanisms the FCA will need.
- Ongoing engagement with Government, FCA, PBSs, other supervisors and key stakeholders.
- Meeting with the new FCA AML Supervision Reform Programme team and participating fully in its ongoing reform project discovery phase.

Looking ahead to the next reporting period, the Society will continue to prioritise using the transition period to engage with Government and FCA as they develop their plans to highlight the specific jurisdictional and legal sector considerations for Northern Ireland and preparing member firms for the change.

However, the proposed reform is a change of AML supervision under the MLRs only. Solicitor firms' obligations under the MLRs continue unchanged and after implementation the Society will continue as regulator of all other professional conduct for its members.

Also, pending implementation, the Society's obligations and AML supervision functions under the MLRs as the professional body supervisor of solicitors in Northern Ireland, continue under oversight by the Office for Professional Body AML Supervision (OPBAS).

As evidenced in this, the Society's sixth published annual report on its AML Supervision, the Society has continued to play an active and effective 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.

The Society, through its Professional Conduct Committee, oversees a robust monitoring and inspection regime, adopting a risk-based approach 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 Supervision policy, each of our 418 relevant Firms in scope of the MLRs has been assigned an individual risk profile and rating by the Society which is kept under continuous review.

In the reporting period there has been a further increase in the proportion of relevant Firms assessed by the Society as high risk from 18% of relevant Firms in 2024/25 to 19% in 2025/26.

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 inspections and during the reporting period the Society:

- Completed more DBRs and Onsite assessments of relevant Firms, 231, than in the prior 2024/25 reporting period, 214, representing an 8% increase.
- Completed DBRs and Onsite assessments across all High, Medium and Low risk categories.

The Society assessed 87% of DBRs and Onsite assessments with a compliant or generally compliant AML outcome, with 13% non-compliant and formal actions taken by the Society.

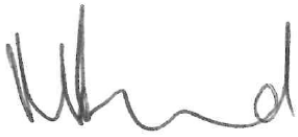
There was therefore an increase (8%) in the total number of completed DBR and Onsite assessments of relevant Firms in the period and an increase (11%) in compliant or generally compliant outcomes. This demonstrates the effectiveness of the Society's supervisory approach.

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

The Society has continued its active engagement with other professional body supervisors and supervisory authorities and participation in the UK AML supervision regime. This has included the Society's Head of AML Policy taking up the position of Chair of the UK AML Supervisors' Forum made up of Government, statutory and professional body supervisors and law enforcement and other stakeholder representatives. 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 reporting period and areas of focus going forward have also been included.

During the transition period the Society remains committed in 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.



**Mark Borland**
**President**
**October 2026**

## 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 current professional body supervisor 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 in its role to support the overall policy objective of a balanced and effective anti-money laundering, counter terrorist financing and counter proliferation financing (together '**AML**')[1] 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 supervisory regime, mindful of the legal framework.

This is the Society's sixth annual report published as part of its responsibilities as an AML professional body supervisor (**PBS**) and its duty to report annually information on its AML supervisory activities under Regulation 46A of the MLRs.

For this purpose, the Society is reporting on the period 6 April 2025 to 5 April 2026 ('**the reporting period**').

In common with all PBSs, the Society is overseen in its AML supervision by the Office for Professional Body Anti-Money Laundering Supervision (OPBAS).

## 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 429. Of these, 97% were in scope of the MLRs through providing the services of an

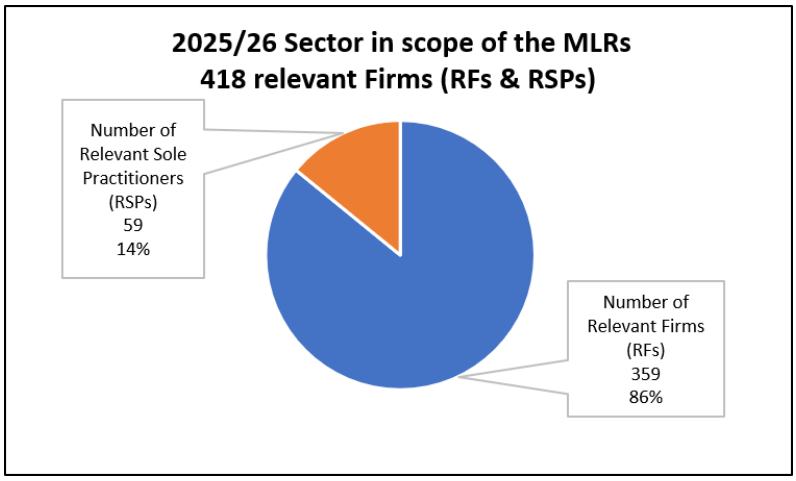
[1] In this Report, AML – Anti-money laundering measures include those to counter terrorist financing (CTF).

'independent legal professional' (as defined in the MLRs) either as one of 359 'Relevant Firms' or 59 'Relevant Sole Practitioners' (as also defined).

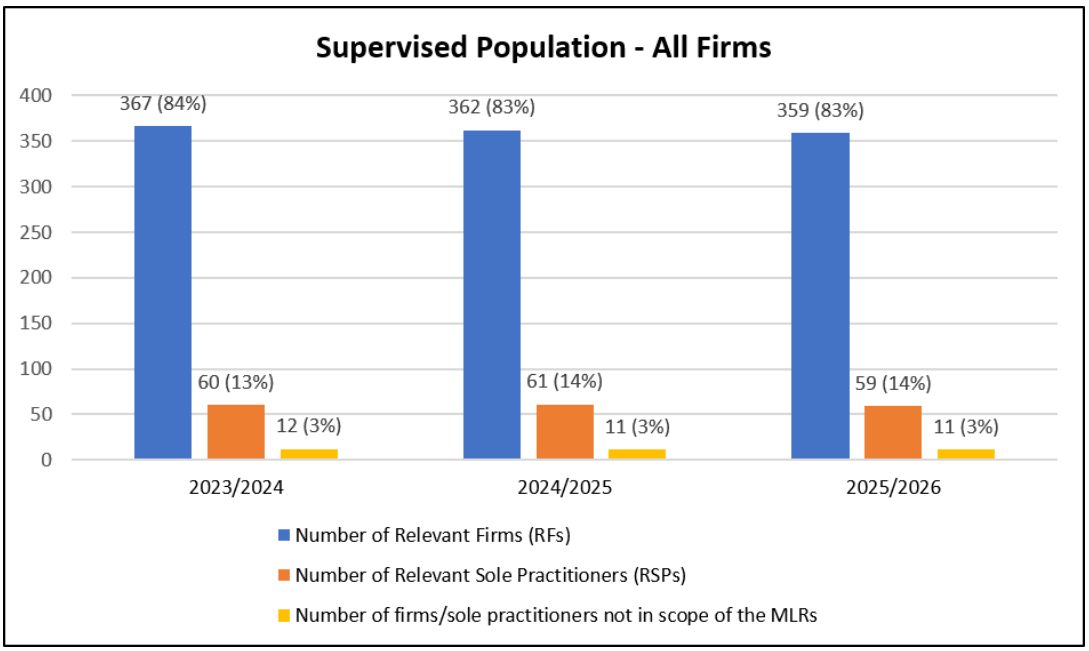
The remaining 11 solicitor firms (3%) supervised by the Society were not in scope of the MLRs through the legal services they provided. These firms are categorised as Non-Relevant Firms for the purposes of the MLRs and do not therefore form part of the Society's 'own sector' as defined in the MLRs.

The total number of solicitor firms in the Society's supervised population again decreased in the reporting period. However, as previously, most firms remain Relevant Firms (RFs) or Relevant Sole Practitioners (RSPs) (together referred to as 'relevant Firms' in this report) in scope of the MLRs, with the respective proportions likewise remaining the same.

Graph 1.1 – The Society's Supervised sector in scope of the MLRs – Solicitor Firms




Graph 1.2 – The Society's Supervised Population – All Solicitor Firms



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

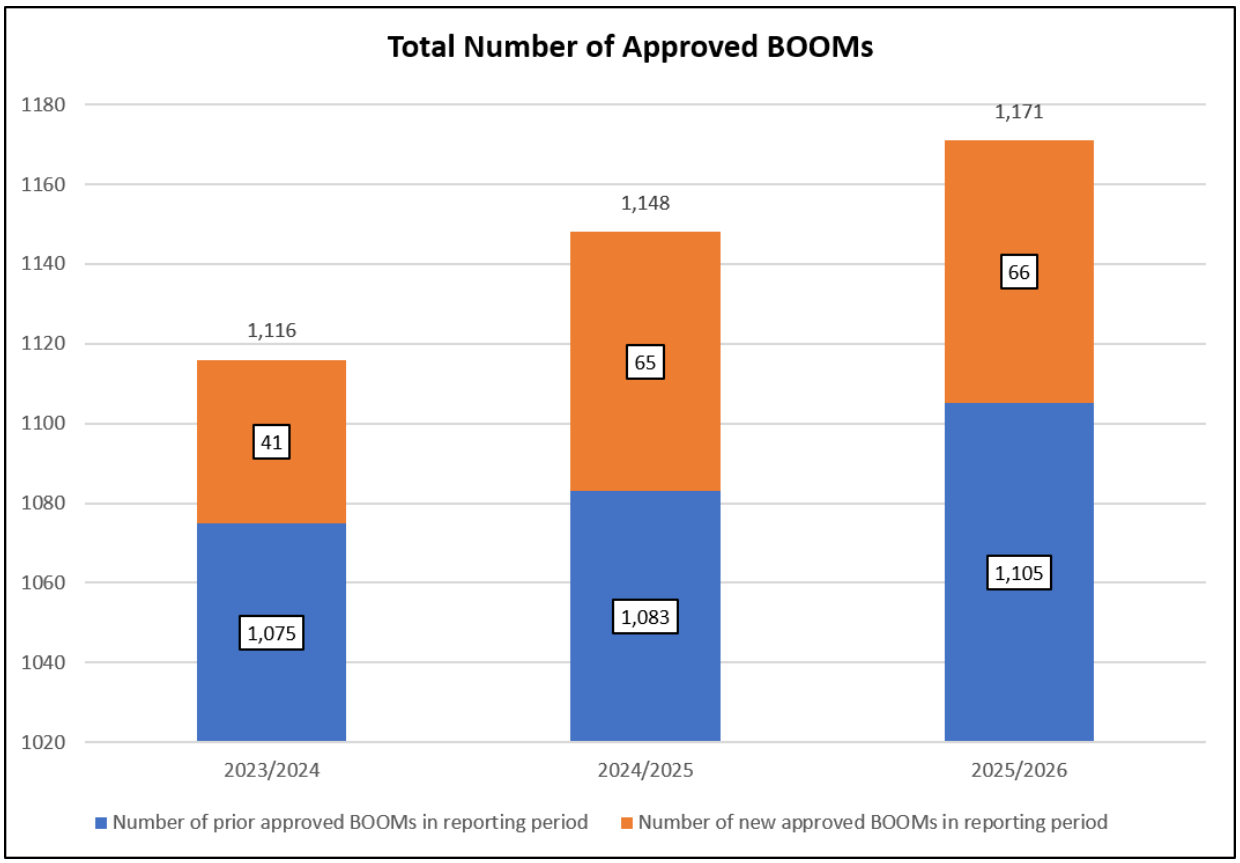
Regulation 26 of the MLRs requires all individual beneficial owners, officers or managers (BOOMs) (as defined) of relevant Firms to be approved by the Society prior to appointment. The Society's Regulation 26 approvals process includes the requirement for a criminal record check from AccessNI to be obtained and furnished to the Society by the applicant on first application or reapplication as appropriate.

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'.

Notwithstanding a further decrease in the total number of relevant Firms supervised by the Society, from 423 in 2024/25 to 418, there was another increase in the total number of approved BOOMs in the Society's sector from 1,148 in 2024/25 to 1,171.

66 new BOOM applications and 25 reapplications were approved by the Society in the reporting period, with no applications/reapplications rejected. Also, no BOOM approvals were invalidated by disciplinary in the reporting period.

Graph 2 – Beneficial Owners, Officers or Managers (BOOMs)



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

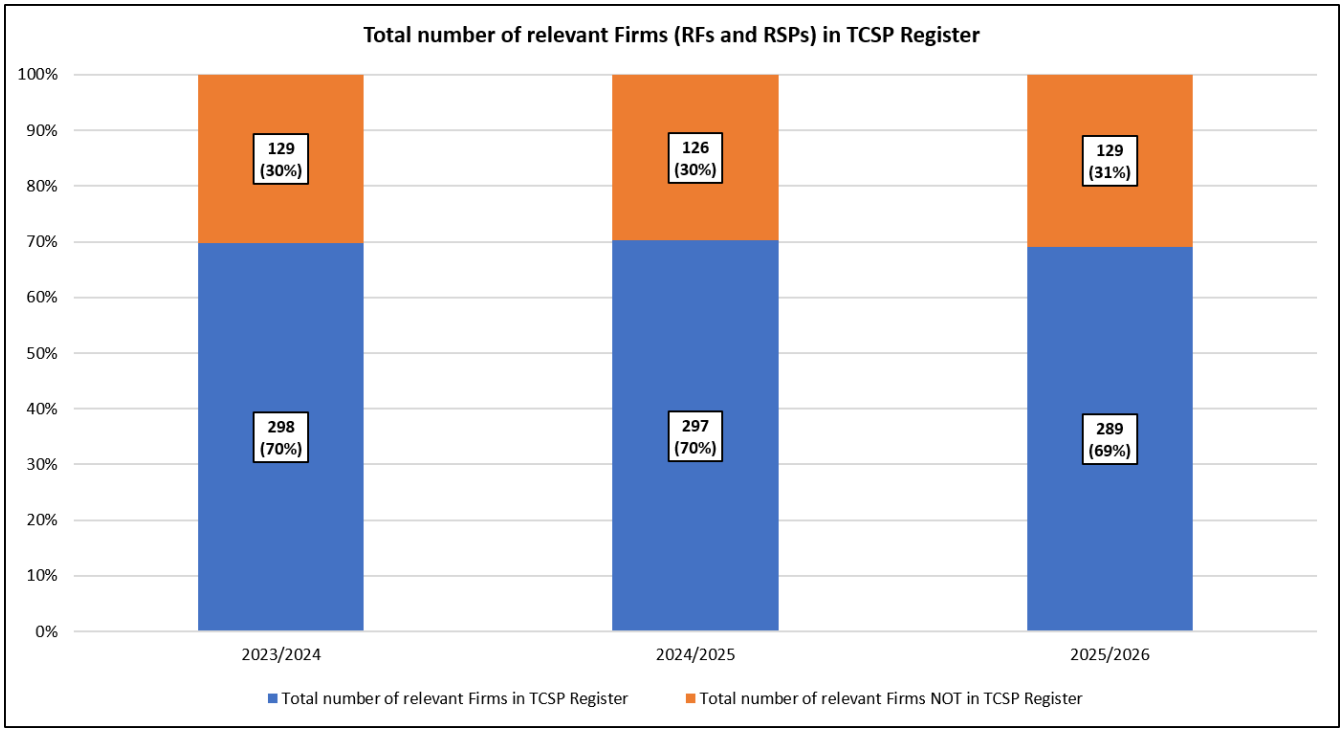
Regulation 56 of the MLRs requires that firms providing any of the trust or company services set out in Regulation 12(2) of the MLRs must first be included in the Register of Trust or Company Service Providers (TCSPs) maintained by HMRC (the TCSP Register). Firms in the Society's sector must apply through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

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

In the reporting period 69% of all relevant Firms, comprising 253 RFs and 36 RSPs, were also included in the TCSP Register and therefore permitted to provide any of the trust or company services set out in Regulation 12(2) of the MLRs.

The percentage of relevant Firms also included in the TCSP Register is in keeping with previous reporting periods.

Graph 3 – Trust or Company Service Providers (TCSPs)



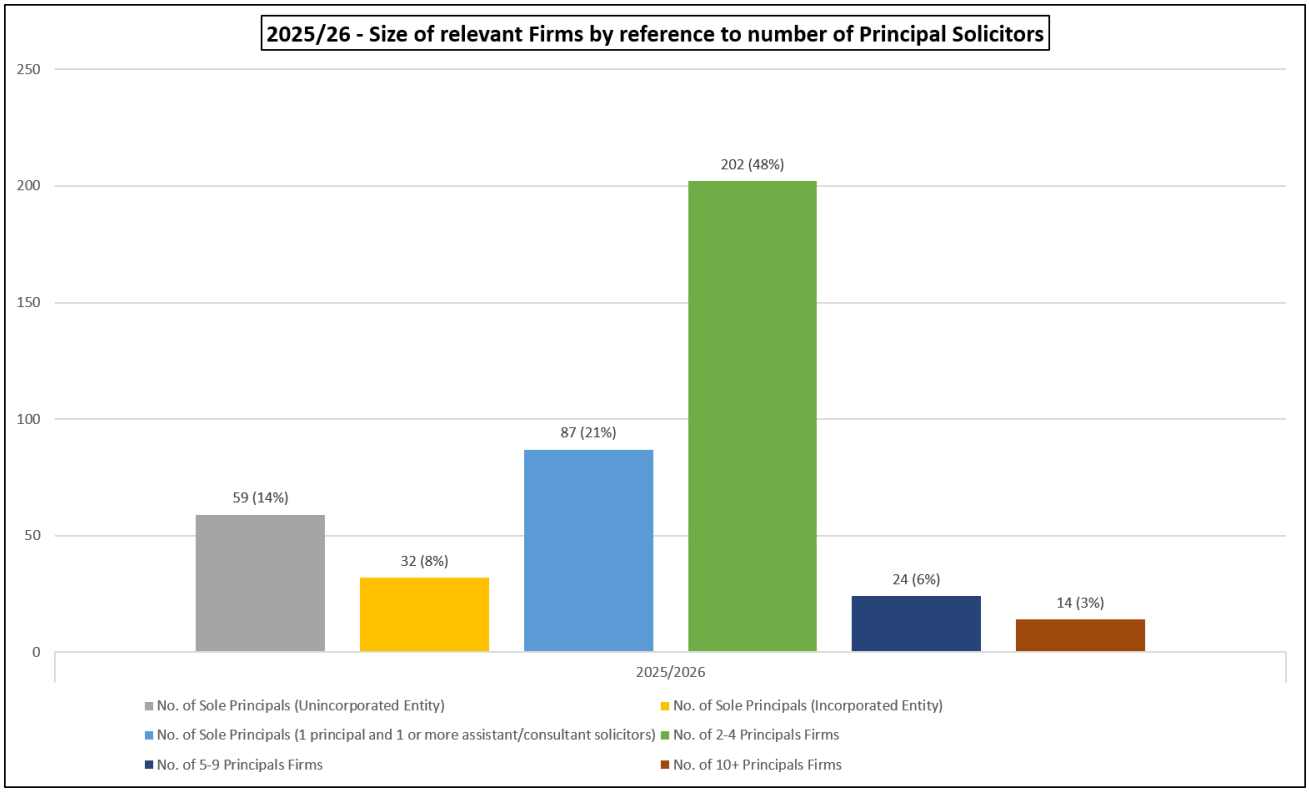

### *2.4 Size/Entity Type of relevant Firms*

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 (21%) or firms with 2 to 4 principal solicitors (48%).

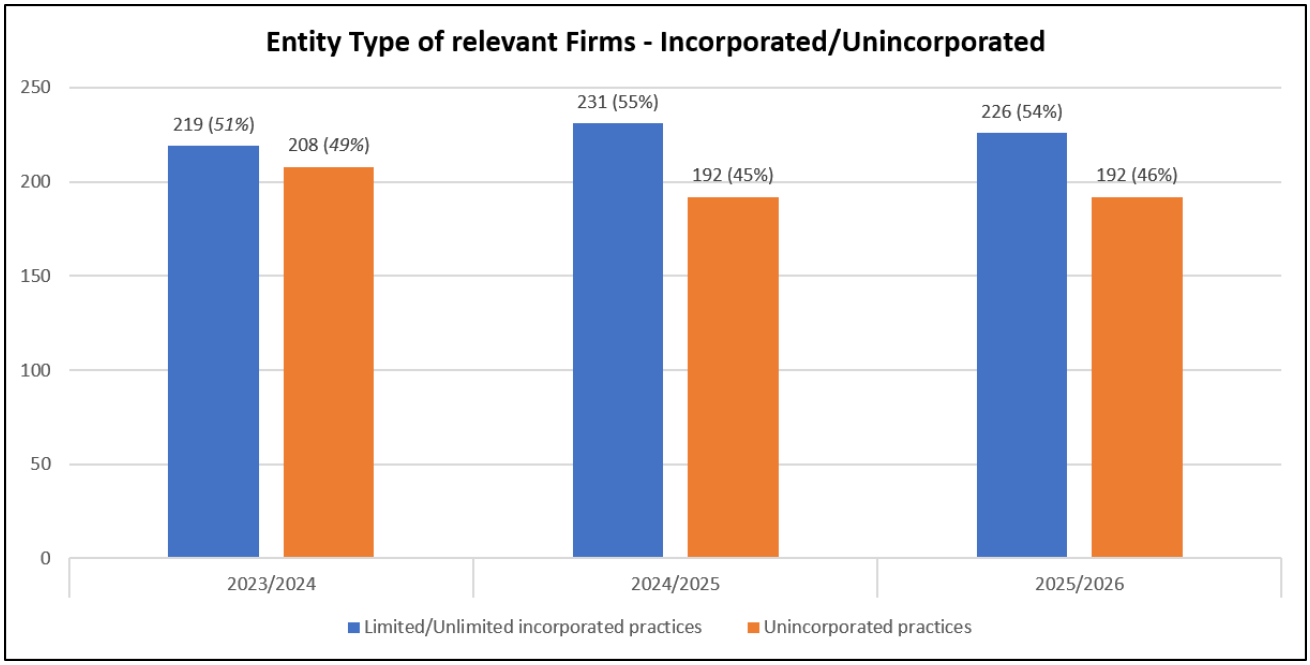
The majority (54%) of relevant Firms remain incorporated practices.

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. Eleven of these certificates were issued in the reporting period.

Graph 4.1 – Size of relevant Firms




Graph 4.2 – Entity Type 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' directory on its website, available at https://lawsoc-ni.org/using-a-solicitor, to provide their contact details and list the legal services that they provide.

Further, AML information relating to relevant Firms is obtained by the Society, through the Society's AML/CTF Annual Return (Firms) process, which Return requires to be completed by all supervised firms providing legal services throughout the Society's stated relevant period.

Information obtained from the c.400 responses submitted by relevant Firms in the reporting period included:

- The geographical reach of the work of the Society's members remains mainly local but extends to national and international.
- All firms reported providing legal services for UK individuals, 76% for UK private companies, 45% for UK partnerships and 19% for UK trusts.
- 43% reported providing legal services for Republic of Ireland (ROI) individuals, 17% for ROI private companies, 25% for other EU individuals, 4% for other EU private companies, 19% for other international individuals and 5% for other international private companies.
- 82% reported that they did not provide legal services outside of the Northern Ireland jurisdiction.
- 9% reported providing legal services in England and/or Wales, less than 1% in Scotland, 14% in ROI, 1% in other countries in the EU and less than 1% outside the EU.
- Among the most reported legal services provided were Residential conveyancing (84%) and Commercial conveyancing (71%). Other main reported legal services provided continue to include Personal injury/accident claims (87%), Wills, Probates & Intestacy (85%), Family Law – General (76%), Family Law – Children (64%) and Criminal Law (62%).
- 93% reported that returning/longstanding clients were very often or often included in their firm's client relationship profiles.
- 83% reported that remote/non face to face clients were never or rarely included in their client's relationship profiles.

These findings are consistent with those from the Society's completed AML/CTF Annual Return (Firms) processes in prior reporting periods.

## 3. Risk Assessment & Risk Profiles

The 2025 National Risk Assessment (NRA) of Money Laundering and Terrorist Financing (2025 NRA) was published in the reporting period. The 2025 NRA is the fourth comprehensive assessment of money laundering and terrorist financing risk in the UK, jointly developed by HM Treasury and the Home Office (HMT/HO) and is available here.

The Society, as the sole AML PBS for solicitors in Northern Ireland, fully contributed to HMT/HO's 2025 NRA process. On publication, the Society used its communication channels to highlight the 2025 NRA and to make it available to its sector.

The 2025 NRA again assessed legal service providers, including solicitors, at High risk of money laundering and Low risk of terrorist financing. The legal services assessed at highest risk remained conveyancing, trust or company services and misuse and exploitation of client accounts. Furthermore, those solicitors who offer a combination of legal services were confirmed to be at greatest risk in the sector.

The Society has taken the 2025 NRA into account as per its methodology for identifying and assessing the international and domestic risks of money laundering and terrorist financing to which its sector is subject and as required by the MLRs.

Following publication of the 2025 NRA, the Society commenced its latest review and update of its AML Sector Risk Assessment in the reporting period, which is scheduled for publication. Findings of the Society's AML Sector Risk Assessment for solicitor firms in its sector align with those in the 2025 NRA assessment of risks for legal service providers.

In the reporting period the Society 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 AML Supervision policy.

The Society continued to maintain individual written risk profiles for each of the 418 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.

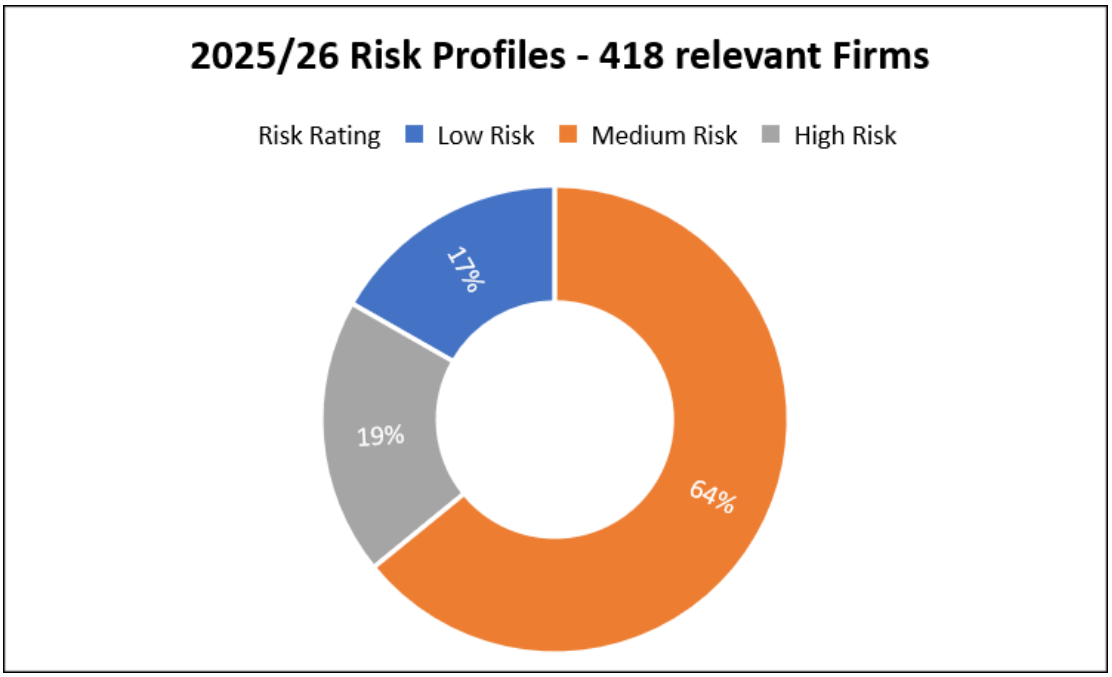
The Society's review of risk profiles of relevant Firms is an ongoing process which was monitored throughout the reporting period with adjustment of risk rating when required.

During the reporting period the Society:

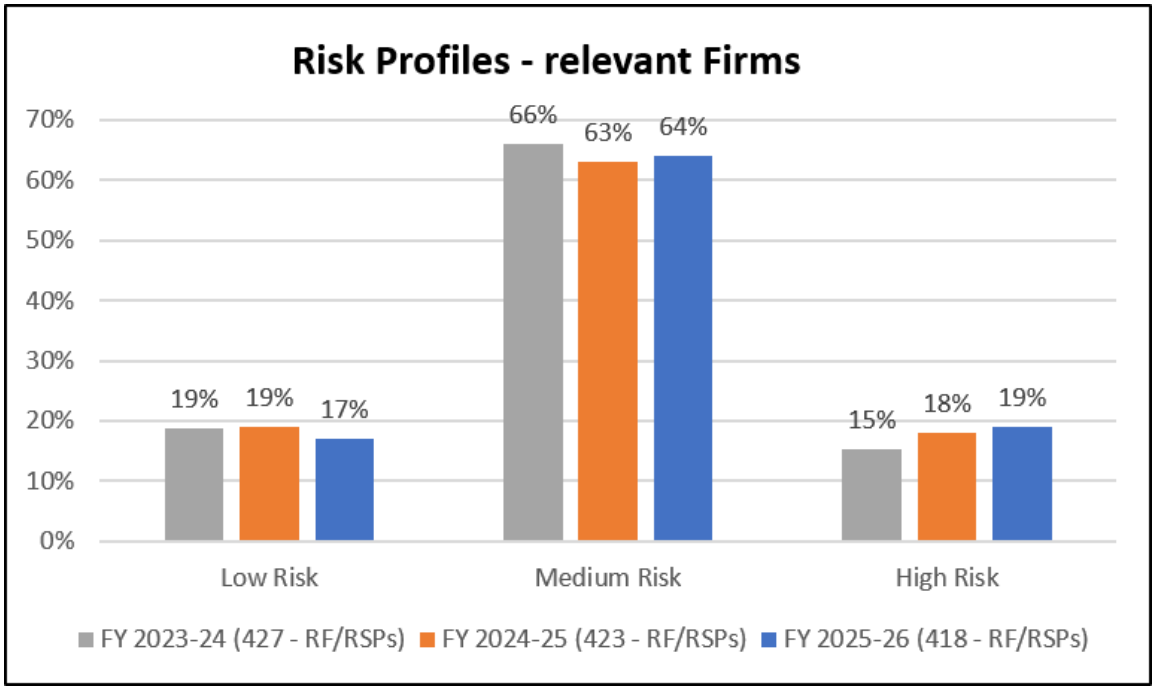
- Completed its further review and appraisal of each individual risk profile for each relevant Firm during its annual AML Risk Review meeting.
- Held scheduled quarterly AML Risk Review meetings of the Society's Professional Conduct Department at which the risk profiles of appropriate firms are given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

The proportion of relevant Firms assessed by the Society as High risk again increased slightly in the reporting period from 18% of relevant Firms in 2024/25 reporting period to 19%.

Graph 5.1 – Risk Assessment & Risk Profiles (2025/26)



Graph 5.2 – Risk Assessment & Risk Profiles (Year on Year)




## 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 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 DBRs
- Onsite inspections by the Society's compliance officers – to include discrete AML onsite inspections
- Pre-visit questionnaires for both DBRs and onsite inspections
- 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 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 AML Sector Risk Assessment.

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

The Society's programme of DBRs and onsite assessments involve AML 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 practice.

In addition, discrete AML DBRs and onsite inspections continue within the Society's integrated supervisory approach.

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 an appropriately sized sample of the firm's case files 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 to 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 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 supervision and receives reports on relevant Firms' compliance with their obligations under the MLRs.

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

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 452 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.

The Society's Disclosure (Whistleblowing) Policy is publicly displayed on the Society's website in its Reporting Concerns section 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.

In the reporting period direct reporting of concerns to the Society's Regulation (Professional Conduct) Department continued to be available by:

1. Email to the Society's dedicated Professional Conduct Department mailbox: Regulation@lawsoc-ni.org
2. Telephone: 028 9023 1614
3. Post: Regulation (Professional Conduct) Department, Law Society House, 96 Victoria Street, Belfast, BT1 3GN

## 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 45.

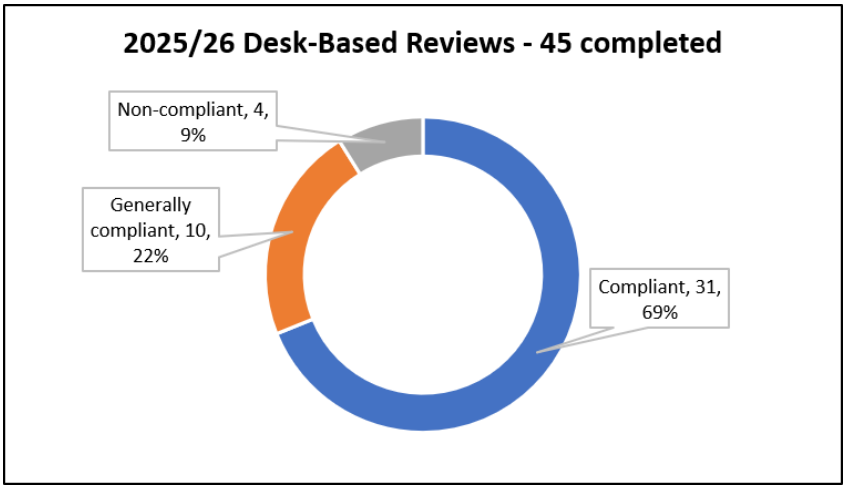
Of these completed DBRs, 31 (69%) of firms were found to be compliant, 10 (22%) generally compliant and 4 (9%) non-compliant.

The number of onsite visits of relevant Firms in the reporting period was 186.

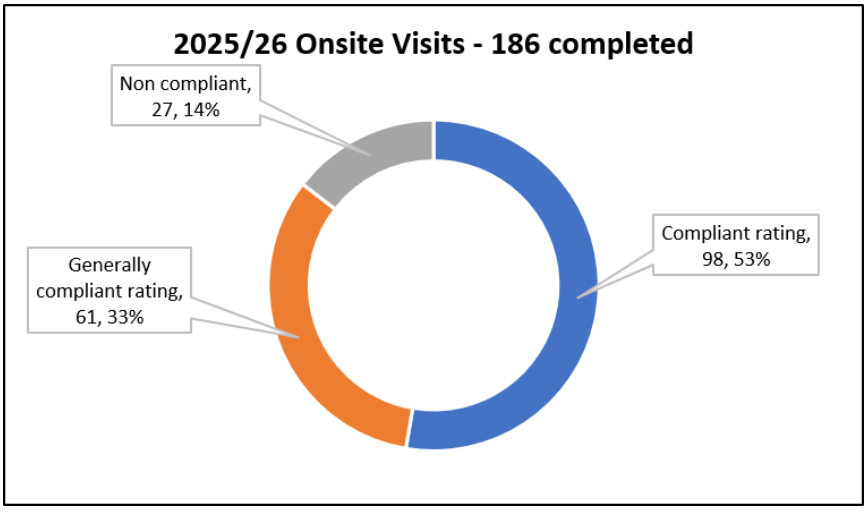
Of these completed onsite visits, 98 (53%) of firms were assessed to be compliant, 61 (33%) generally compliant and 27 (14%) non-compliant.

The Society completed a further 3 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 6.1 – Completed DBRs - Outcomes




Graph 6.1 – Completed Onsite Visits - 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 'non-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 45 completed DBRs, 14 (31%) required further action to be taken as a result of a generally compliant or non-compliant rating.

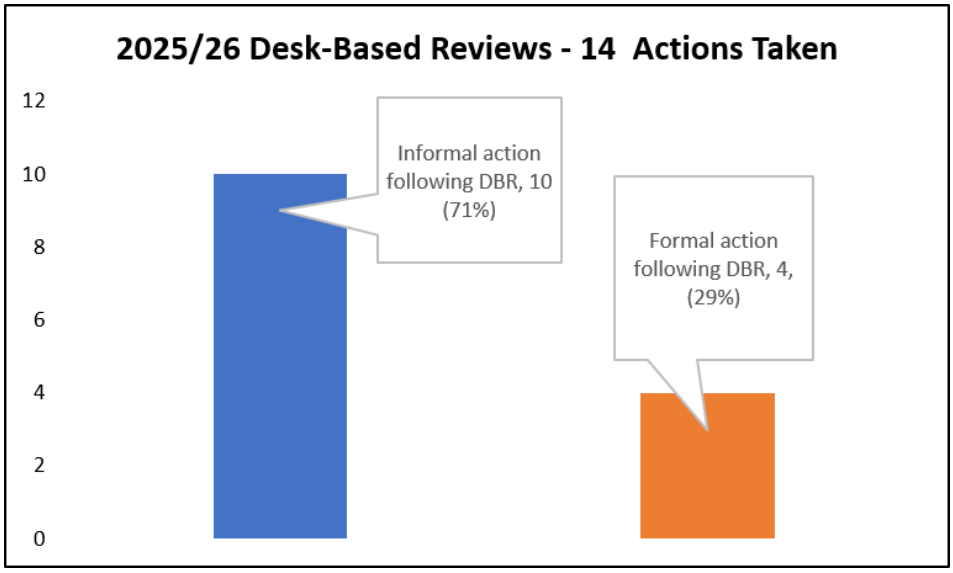
Of the 186 completed onsite visits, 88 (47%) required further action to be taken as a result of a generally compliant or non-compliant rating.

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

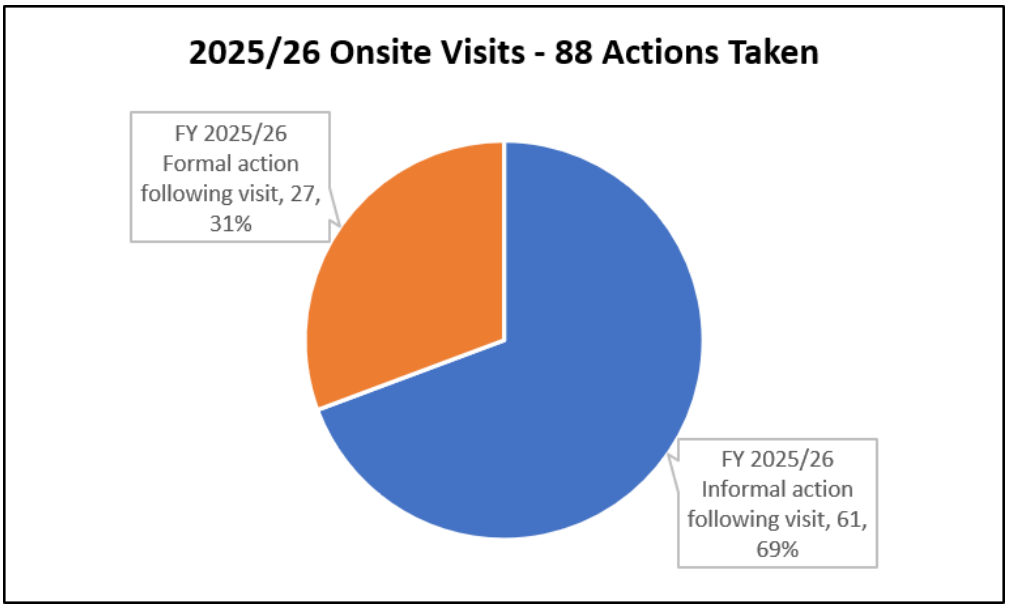
'Informal actions' refer to guidance or reminder letters being issued to firms. 'Formal actions' include warning letters issued, directed specific follow-up DBR or onsite inspection, such as a standalone AML/CTF DBR or onsite inspections, directed revisits or referrals made to the Solicitors' Disciplinary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

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

Graph 7.1 Completed DBRs – Actions Taken




Graph 7.2 Completed Onsite Assessments – Actions Taken




### *5.3 Completed DBRs & Onsite Assessments – Analysis*

In the reporting period:

- The Society has increased the total number of completed DBRs and onsite visit assessments of relevant Firms, from 214 in 2024/25 to 231 in the reporting period.

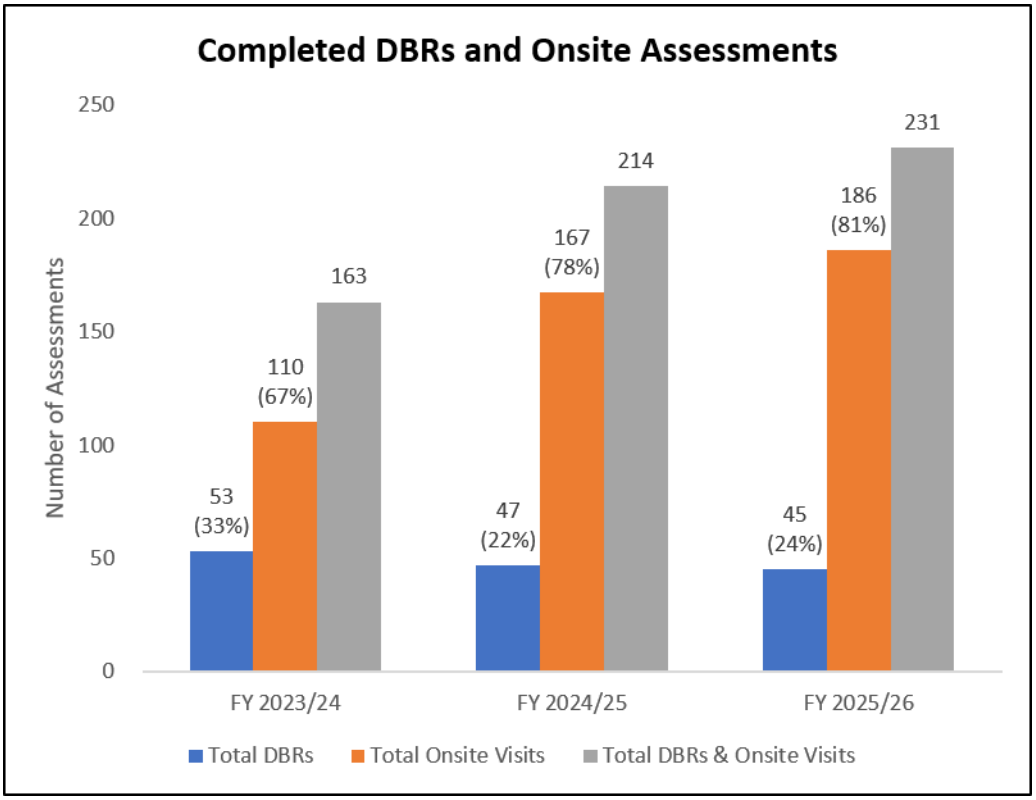
  This was an 8% increase in the total of completed DBRs and onsite assessments of relevant Firms from 2024/25 and follows a 31% increase from the 2023/24 to 2024/25 reporting periods.

- The Society has continued to complete DBR and onsite visit assessments across all High, Medium and Low risk categories. Also, 59% of completed discrete AML DBR/onsite visits were of High risk firms, an increase from 54% of completed discrete AML DBR/onsite visits in the last 2024/25 reporting period.

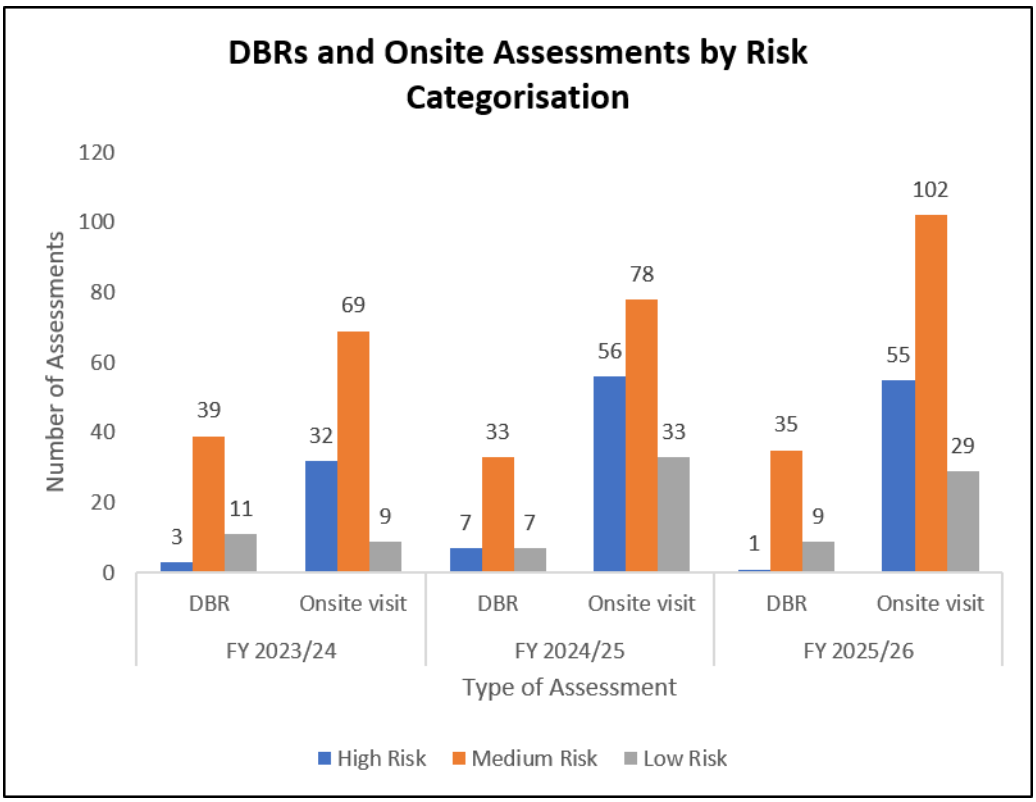
- 87% of completed DBR and onsite visit assessments resulted in compliant or generally compliant AML outcome, with 13% non-compliant with formal actions taken by the Society. In 2024/25, 76% of completed DBR and onsite visit assessments resulted in a compliant or generally compliant AML outcome, with 24% non-compliant with formal actions taken by the Society.

- There was therefore an increase (8%) in the total number of completed DBR and onsite assessments of relevant Firms in the period and an increase (11%) in compliant or generally compliant outcomes in the reporting period.

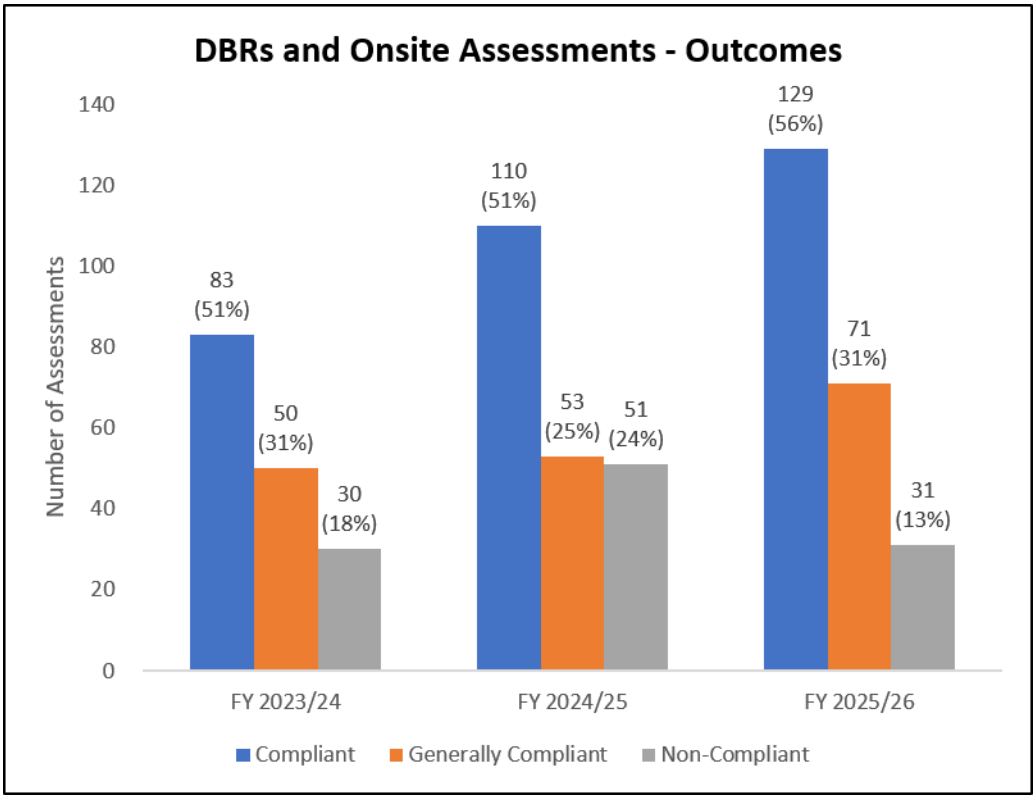
Graph 8.1 Analysis - Completed DBRs and Onsite Assessments



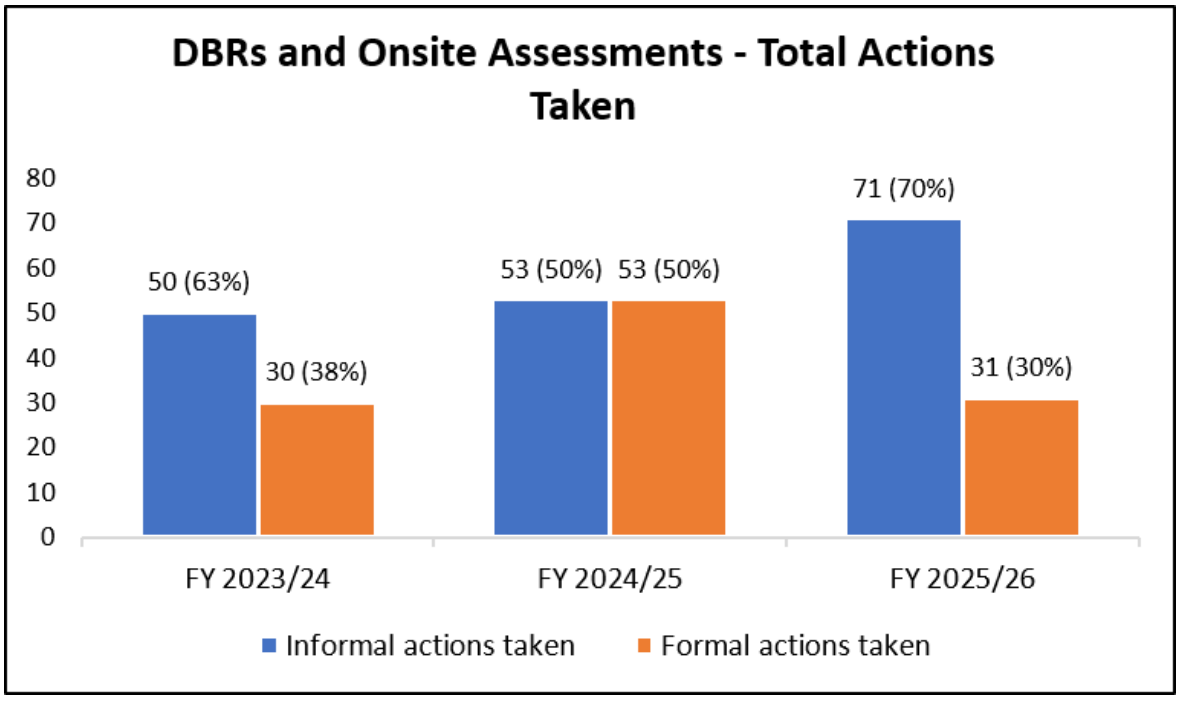

Graph 8.2 Analysis - DBRs and Onsite Assessments by Risk Categorisation



Graph 8.3 Analysis - DBRs and Onsite Assessments – Outcomes




Graph 8.4 Analysis - DBRs and Onsite Assessments – Total Actions Taken



### *5.4 Case Studies – Supervision*

*Case Study 1*

*Supervision action – Firm A*

*Summary:*

*Several AML breaches in relation to client due diligence (CDD) and source of funds (SoF) checks were identified at an initial integrated desk-based review (DBR) of a solicitor firm. After reporting to the Society's main regulatory committee, the Professional Conduct Committee (**PCC**), further escalated supervisory actions were directed.*

*Following corrective actions and improvements by the firm under supervision by the Society, compliance was obtained, with further information and guidance provided by the Society to support ongoing compliance.*

*Details:*

*The Society's compliance officer carried out a Home Charter (residential conveyancing) DBR of Firm A. It was noted that the firm's AML measures were inadequate for the size and nature of the firm, with queries raised on five of thirteen client files reviewed regarding out-of-date CDD, a lack of documentary evidence of CDD checks being undertaken, including in relation to SoF checks.*

*The compliance officer's DBR report together with the firm's response to the queries raised were considered by PCC. PCC agreed that the firm had not carried out adequate CDD checks, including scrutiny of SoF, and documenting of same. PCC directed follow up joint Home Charter and discrete AML onsite inspection be undertaken by way of formal action.*

*At the subsequent joint Home Charter and AML onsite inspection, the firm engaged positively. It was noted by the Society's compliance officers that the firm's AML documentation required updates to meet the requirements of the MLRs. During the inspection, these updates were made. File reviews by the compliance officers resulted in one AML query however more satisfactory responses were provided.*

*The respective compliance officers' reports together with the firm's responses were considered by PCC which agreed that the firm had made improvements and demonstrated compliance with the MLRs. However, as the firm's Firm Wide Risk Assessment (FWRA) was only recently created, PCC directed a follow up formal action of a discrete AML onsite inspection be undertaken after a further period, to review operation of the updated FWRA in practice.*

*The AML onsite inspection took place in November 2025, at which the firm again engaged positively. It was noted that the firm's AML documentation met the requirements of the MLRs. File reviews by the compliance officer resulted in two AML queries with satisfactory responses provided.*

*On consideration of the inspection report and the firm's responses PCC welcomed the firm's improvement and the compliant inspection outcome. The firm was reminded of relevant regulations and directed to the Society's AML resources to support ongoing compliance.*

*Case Study 2*

*Supervision action – Firm B*

*Summary:*

*A firm received an integrated onsite Home Charter inspection by the Society's compliance officer. The inspection outcome and firm's responses were reported to PCC who noted the AML breaches identified in relation to CDD and SoF checks.*

*PCC directed that a follow up joint Home Charter and discrete AML onsite inspection be undertaken and the firm was informed of this formal action.*

*At the subsequent joint Home Charter and AML onsite inspection in the reporting period it was noted that issues regarding the firm's AML/CTF compliance remained. It was also noted that while the firm's AML documentation was largely in order, it was not always being applied effectively. The outcome of the joint Home Charter and AML onsite inspection was reported to PCC which was concerned to note the unsatisfactory responses to file queries and that certain AML compliance issues remained.*

*PCC directed a joint Home Charter and AML onsite inspection revisit be undertaken with accompanying warning letter issued to the firm that, in the event of any recurrence, further regulatory action may be necessary if an improvement is not demonstrated. This warning letter was issued and formal action notified to the firm, with the directed revisit to follow in the next reporting period.*

*Details:*

*The Society's compliance officer carried out an onsite Home Charter review of Firm B. It was noted that the firm's AML measures were inadequate for the size and nature of the firm, with queries raised on several client files reviewed regarding a lack of documentary evidence of CDD checks being undertaken. These included in relation to SoF checks, including satisfactory CDD not being completed on third party gifted deposit monies in conveyancing transactions and sole reliance being placed on bank statements.*

*The compliance officer's inspection report together with the firm's responses to the queries raised were considered by PCC which agreed the non-compliant AML findings. PCC directed a follow up joint Home Charter and discrete AML onsite inspection be undertaken by way of formal action.*

*The joint Home Charter and AML/CTF onsite inspection took place in the reporting period. File reviews by the compliance officer resulted in further AML queries with unsatisfactory responses received from the firm. It was evident that while the firm had produced compliant AML/CTF documentation, this was not always being followed in practice by the firm's staff.*

*The respective compliance officers' reports together with the firm's responses were considered by PCC. PCC agreed that the firm had not demonstrated full compliance with the MLR and was concerned to note that certain AML compliance issues remained. As a result, PCC directed a joint Home Charter and discrete AML onsite inspection revisit be undertaken. PCC also directed a warning letter to be issued to the firm that, in the event of any recurrence, further regulatory action may be necessary if an improvement is not demonstrated. The directed revisit to follow in the next reporting period.*

## 6. Enforcement

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

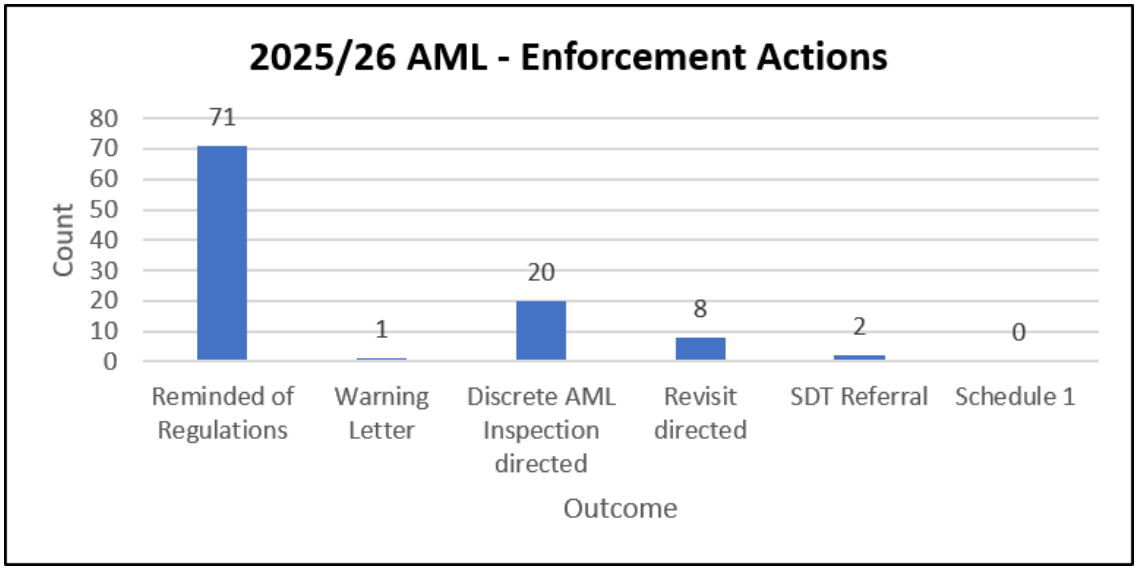
The Society's enforcement powers range from:

Informal:
- Advice/guidance being provided.
- Correspondence issued reminding solicitors of their AML obligations.

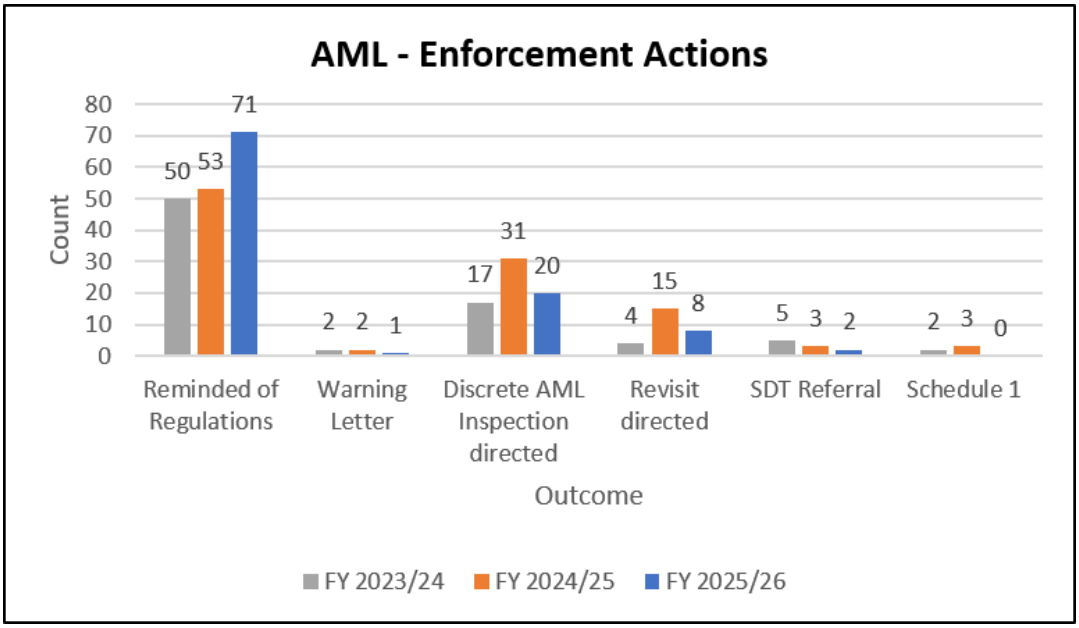
Formal:
- Warning letters being issued.
- Directed specific follow-up DBRs/onsite visits or revisits
- Or, in more serious cases:
    - Intervention by the Society in a firm, including taking control of all client monies through application by the Society of Schedule 1 of the Solicitors (Northern Ireland)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

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 9.1 – AML – Enforcement Actions



Graph 9.2 – AML – Enforcement Actions (Year on Year)




The Solicitors Disciplinary Tribunal for Northern Ireland (the Tribunal) 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 Tribunal 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.

Substantive hearings of the Tribunal take place before a Panel which requires at least two lay members and one legal Chair to be constituted and requires a majority of lay membership overall.

Under Article 51 of the said Order, the Tribunal 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.

More information about the Tribunal is available from its website, here.

Following previous referrals of solicitors to the Tribunal by the Society for AML matters and breaches of the MLRs; in the reporting period the Tribunal admonished and imposed fines totalling £11,250 against 11 individual solicitors from 7 firms and admonished and restricted from practising on their own account another individual solicitor.

### *6.1 Case Study - Enforcement*

*Case Study 3*

*Enforcement action – Firm C*

*Summary:*

*The Society referred all of a firm's principal solicitors to the independent Solicitors Disciplinary Tribunal for Northern Ireland (the Tribunal) for non-compliance with obligations under Regulations 28 & 40 of the MLRs despite previous reminder and warning letters being issued to the firm after earlier supervisory assessments by the Society.*

*The case was heard by the Tribunal in March 2026, and the Tribunal found the allegations proven amounting to professional misconduct. The Tribunal ordered that each of firm's three principal solicitors be admonished and a fine of £1,000 imposed on each of them. They were also ordered to pay the costs of the Society and a contribution to the costs of the Tribunal.*

*Details:*

*The Society's Home Charter monitor carried out an integrated Home Charter onsite inspection of Firm C. On inspection twelve client files were reviewed and on six of those files, there was little documentary evidence that AML checks had been carried out in relation to both CDD checks and regarding the SoF received from clients. Bank statements relied on did not account for the full amounts received, and it was noted that reliance was placed on bank statements obtained from clients with no independent verification of the SoF. There also appeared to be reliance placed on the fact that the clients were long standing and known to the firm.*

*The Society's compliance officer's inspection report together with the firm's responses to the queries raised were considered by PCC.*

*PCC noted that following a non-compliant outcome from an earlier Home Charter DBR of the firm for similar AML breaches, PCC had directed at that time for the firm to be reminded of the importance of their obligations under the MLRs. PCC had also directed that a discrete AML onsite inspection and follow up Home Charter onsite inspection be undertaken.*

*In the resulting correspondence the Society had provided information and guidance concerning the firm's AML obligations including carrying out CDD and SoF checks for both new and existing clients. The firm's principals were informed that CDD could not be waived because of personal or longstanding relationships and that reliance should not solely be placed on the fact that funds have come from a bank. They were further informed that documentary evidence of compliance would be expected on all files in any future inspections, including those that had been directed. They were signposted to the Society's AML resources on its website for further information and guidance together with*

*the HM Treasury approved single sector Legal Sector Affinity Group AML Guidance for the Legal Sector (the LSAG Guidance).*

*At the subsequent AML onsite inspection recurrent similar AML compliance issues were identified and reported to PCC. In the circumstances PCC had directed a formal warning letter be issued, with further inspections directed.*

*On consideration of the most recent Home Charter onsite inspection report and the firm's responses to the queries raised, PCC took into account the previous assessment outcomes and actions taken. Given the recurrence of the same AML non-compliance issues notwithstanding the previous correspondence issued by the Society, and reminders, information and guidance therein, PCC resolved to refer the firm's three principal solicitors to the Tribunal.*

*The case was heard by the Tribunal in March 2026, and the Tribunal found the allegations proven. The Tribunal made an order that each of firm's three principal solicitors be admonished and a fine of £1,000 imposed on each of them. They were also ordered to pay the costs of the Society and a contribution to the costs of the Tribunal.*

*Case Study 4*

*Enforcement action – Firm D*

*Summary:*

*The Society referred a solicitor to the Tribunal for non-compliance with obligations under Regulations 24, 28 & 40 of the MLRs following an AML onsite inspection of the solicitor's sole principal practice, Firm D.*

*Following a subsequent Accounts onsite inspection of Firm D, another referral was made by the Society to the Tribunal regarding the solicitor's non-compliance with obligations under Regulations 28 & 40 of the MLRs*

*It was agreed that both these referrals against the solicitor would be heard with an earlier referral to the Tribunal concerning the solicitor and their then partner principal solicitor which referral also concerned non-compliance with obligations under Regulations 19, 28 & 40 of the MLRs.*

*The Tribunal heard the three cases in October 2025, and the Tribunal found the allegations proven amounting to professional misconduct.*

*In relation to the earlier referral, the Tribunal ordered that each of the then two partner principal solicitors be admonished and a fine of £1,000 imposed on each of them. They were also ordered to pay the costs of the Society and the Tribunal, to be borne equally between them.*

*In relation to the latter two referrals, the Tribunal ordered that the solicitor be admonished and fines of £1000 imposed on them in respect of each referral. The solicitor was also ordered to pay the costs of the Society and the Tribunal for each matter.*

*Details:*

*PCC directed that an AML onsite inspection of Firm D take place following an AML non-compliant outcome of a Home Charter DBR of the firm. Following the DBR, the firm's sole principal solicitor was reminded of their obligations under the MLRs.*

*At the AML onsite inspection, AML non-compliance was identified regarding a lack of documentary evidence of compliance with the MLRs relating to CDD checks and SoF/Source of Wealth (SoF/SoW) checks.*

*The report of the AML onsite inspection was considered by PCC which noted the previous reminder issued and the solicitor' earlier referral with their then partner solicitor to the Tribunal for similar AML breaches. PCC resolved that the solicitor be referred to the Tribunal.*

*A subsequent Accounts onsite inspection of Firm D was undertaken by the Society's accountant. At that inspection, ten files were reviewed with queries raised on several of these. It was again noted that there was a lack of documentary evidence of compliance with the MLRs relating to CDD checks and SoF/SoW checks.*

*PCC considered the inspection report, taking into account the solicitor's compliance history and all previous correspondence issued by the Society reminding them of their obligations under the MLRs. PCC resolved that the solicitor be further referred to the Tribunal.*

*The Tribunal heard the three cases in October 2025, and the Tribunal found the allegations of breaches of the MLRs proven amounting to professional misconduct.*

*In relation to the earlier referral, the Tribunal ordered that each of the then two partner principal solicitors be admonished and a fine of £1,000 imposed on each of them. They were also ordered to pay the costs of the Society and the Tribunal, to be borne equally between them.*

*In relation to the latter two referrals, the Tribunal ordered that the solicitor be admonished and fines of £1000 imposed on them in respect of each referral. The solicitor was also ordered to pay the costs of the Society and the Tribunal for each matter.*

## 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 | AML breaches reported to PCC 2025/26 | AML breaches reported to PCC 2024/25 |
|---|---|---|
| Inadequate SoF/SoW checks/procedures | 53% | 43% |
| Inadequate CDD procedures | 22% | 21% |
| Inadequate Record keeping | 12% | 11% |
| No FWRA | 7% | 17% (combined in 2024/25) |
| Inadequate FWRA | 5% | |

Inadequate SoF/SoW checks/procedures included:

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

Inadequate CDD procedures included:

- CDD not undertaken at all or undertaken incorrectly
- Overfamiliarity with (longstanding) clients resulting in no/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 Practical Example*

Following file reviews at an onsite inspection of Firm E, several queries regarding SOF/SOW checks, CDD and record-keeping were raised by the Society's compliance officer. These included both of the following conveyancing matters in which most of the funds were obtained by the clients through third-party gifts:

- *File 1*: Part of the purchase monies appeared to have been gifted from the client's stepfather. The firm was asked to confirm whether CDD details were obtained for the stepfather and whether SoF/SoW checks were undertaken to understand how he had accumulated the gifted funds.

The firm provided details of the proofs of identity and single statement of the stepfather's bank account they obtained. However, no history to the account was available and no further details had been provided as to how the funds were saved/accumulated.

- *File 2*: The firm received purchase monies from a client in November 2025, part of which were noted to be a gift from the client's brother. The client's bank statement indicated the funds being received by the client in September 2025; however, no evidence was identified within the file concerning how the funds were accumulated by the client's brother.

The firm replied that a copy of the brother's bank statement had been viewed, no further details of how the funds were accumulated had been provided.

Enquiries were also raised on another file in which the only evidence of SoF checks on the client's purchase monies received by the firm were copies of bank statements on file. The firm was asked to confirm details of their scrutiny of the SoF. The firm responded that the funds were accumulated through profits, Credit Union savings and the client's mother's Estate; however limited details regarding the profits and savings were provided.

On report of the joint inspection to the Professional Conduct Committee, the Committee was concerned to note the AML non-compliance issues identified and directed several formal enforcement actions to be taken.

Regarding third party funding the single sector Legal Sector Affinity Groups AML Guidance for the Legal Sector confirms that a relevant person should consider obtaining evidence relating to the third party's underlying SoF, in the same way they would on the client themselves.

In the above matters, for File 1 & 2, SoF checks should have been performed on the third-party providing part of the funds for the transaction, not limiting these checks to obtaining bank statements from a UK bank account.

A large cash deposit can be a potential reason to consider the transaction higher risk requiring enhanced attention paid to it. In File 3, the almost £140k transferred by the client were accumulated through three different sources and each source should have been checked by the solicitor evidenced, documented and recorded; also ensuring that the combination of all verified funds did amount to the sum retained by the client.

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

On review the Society considers that the three most common underlying issues behind non-compliance found in the reporting period were:

- Lack of understanding of risk
- Lack of knowledge/understanding of regulations
- Long-standing relationship with client leading to insufficient checks

Overall, the Society found AML non-compliance found across all sizes of relevant Firms, with provision of conveyancing services remaining the most common service area for such non-compliance.

### *7.3 Good Practice*

As noted already, 87% of relevant Firms that received a completed DBR or Onsite assessment in the reporting period were assessed to be compliant or generally compliant, an improved increase from 76% in the last reporting period.

It remained the Society's evidenced experience in the reporting period that the majority of relevant Firms continued to focus on the importance of compliance with their obligations under the MLRs.

Further, the Society through the Professional Conduct Committee was again pleased to commend several firms in the reporting period on their improved compliance found after directed supervisory inspection or revisit. Firms demonstrated having taken into account information and guidance directed by the Society and improving their policies and procedures accordingly.

Evidence of good practice found on supervisory assessment included:

- Previously identified AML non-compliance issues addressed and improvements noted at directed follow up discrete AML onsite inspections.
- 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.
- All necessary SoF/SOW checks undertaken and documented including on third parties contributing to the funds as appropriate.
- CDD evident either on file or on a central register – which is certified, dated and kept up to date, with ongoing review demonstrated.
- Record-keeping includes keeping a copy of any documents and information obtained to satisfy CDD requirements and accurate and comprehensive records of decisions made and reasoning.
- 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.
- A tailored Firm Wide Risk Assessment (FWRA) which is proportionate to the firm and kept under review and updated.
- FWRAs 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.
- 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
- Staff training covered all aspects on Regulation 24 of the MLRs

## 8. Actions Taken in Response

The Society has continued AML 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 resources and CPD recordings on the Members dashboard of the Society's website
- Responding to AML queries received from the Society's sector
- Continuing Professional Development (CPD) training in AML online and in-person
- Including AML topics within the Society's Compulsory Risk Management CPD required to be completed by all solicitors in private practice
- Continuing enhancements to the Society's dedicated AML section on the Members dashboard of the Society's website
- AML information, guidance and updates shared as appropriate via the Society's weekly 'E-nfomer' e-zing and quarterly 'The Writ' digital magazine publication.
- AML Podcasts and maintaining digital AML CPD Collections
- Publication of its Supervisor's Annual Report – AML (Regulation 46A Report).

The Society has communicated key themes through its AML CPD training events in the reporting period.

For example, the Head of Professional Conduct and the Monitoring Manger delivered a CPD presentation – Monitoring and Inspection – Common Regulatory Themes Arising (May 2025). This presentation highlighted outcomes, common issues and themes arising from the Society's supervisory activities.

The Society's Head of AML Policy also supported the Chair of the Professional Conduct Committee in the preparation and delivery of the Chair's in-person 'Practical AML' presentation at the Society's annual Conveyancing Conference (October 2025).

The Society continued to emphasise to its sector the import of the HMT approved Legal Sector Affinity Group AML Guidance for the Legal Sector (the LSAG Guidance) as the principal AML legal sector guidance to support solicitors in preventing ML and TF and ensuring AML compliance. This was particularly so given the publication of the latest update to the LSAG Guidance (2025) at the beginning of the reporting period.

## 9. Staff Training

The Society's Professional Conduct Department Team remain subject to continuous training in carrying out the Society's AML supervisory functions.

Bespoke AML training arranged for the Team in the reporting period included an in-person Suspicious Activity Reports (SARs) Best Practice Workshop delivered by a member of the UKFIU Engagement Team.

This welcomed new initiative was based around UKFIU's SARs Best Practice Workshops for reporters but tailored for supervisors and those reviewing SARs/AML controls of supervised firms. The interactive activities included a focus on what makes good quality SARs.

Further members of the Monitoring Team also attended the Solicitors Regulation Authority (SRA) Compliance Officers Conference (October 2025). This was an invaluable opportunity for sharing of information and best practice on AML supervision with colleagues in another legal professional body supervisor.

Appropriate staff continued to participate fully in UK wide AML groups and forums such as the Legal Regulators AML forum, Legal Sector Affinity Group (LSAG) of legal PBSs, AML Supervisors' Forum, FIN-NET and Northern Ireland regional Intelligence Sharing Expert Working Group (ISEWG). All Team members were in turn kept abreast of developments and outcomes from these meetings through stated updates at the regular risk review meetings, bi-monthly meetings and AML Hub subgroup meetings.

During the reporting period the Head of AML Policy was pleased to Chair the AML Supervisors' Forum.

The Society's AML training for the Team also included access for the Team to all the Society's new AML/CTF CPD training events and webinars and existing digital recordings available in the reporting period.

All staff also have full access to the AML resources on the Members dashboard of the Society's website and receive all Society communications through the Society's communication channels.

Additionally, all available CPD training materials, including links to digital recordings and accompanying presentations from previous reporting periods are documented and consolidated on the Society's internal network drive, for ease of access for the Team.

Staff continued to document and record of all their AML and other training, in their individual Personal Training Plans in accordance with the Society's ISO 9001:2015 accreditation.

## 10. Suspicious Activity Reporting

The Society continued to discharge its duties under the MLRs to report suspicious activity during the reporting period.

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) in the NCA.

The Society maintains an Internal SARs Policy and the Society's Head of Professional Conduct is its appointed MLRO. Each member of staff is responsible for submitting suspicious reports directly to the Society's Money Laundering Reporting Officer (the MLRO) in accordance with the Society documented internal reporting procedure.

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 process.

Analysis of the c.400 responses received from relevant Firms shows that:

- There was a 2% increase in the total number of relevant Firms that reported submitting one or more SARs to UKFIU from the previous reporting period.
- There was a 13% increase in the total number of external SARs reported to be submitted to UKFIU by relevant Firms from the previous reporting period.
- 68% of external SARs submitted to the NCA by relevant Firms were reported to be Defence Against Money Laundering (DAML) SARs.

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).

This comprehensive data on SARs reporting obtained by the Society also informs its supervision strategy, allocation of its resources and types of supervisory actions taken.

Also, during the reporting period, the Society continued to support relevant Firms in the submission of and improving quality of SARs its information and guidance provided.

The Society continues its dedicated SARs Regime section on Members dashboard of its website with emphasis on the critical importance of SARs, guidance on the application of the SARs regime, and guidance on how to submit a SAR.

The Society also continued to share UKFIU publications and resources materials via its communication channels.

This included the consolidated and updated Suspicious Activity Reports (SARs) Best Practice Guidance documents published by UKFIU in the reporting period, comprising:

- Chapter 1 - Using the SAR Portal
- Chapter 2 - Submitting a SAR
- Chapter 3 - Understanding DAMLs and DATFs

The Society shared this new SARs Best Practice Guidance from UKFIU with its sector, added it to its Members dashboard and, as per UKFIU instructions, highlighted that the 3 new chapter documents replaced all previous UKFIU guidance documents which are now to be disregarded.

The Society also continued to highlight 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 Report
- UKFIU digital communications.

The Society also continued to liaise with UKFIU regarding provision of bespoke CPD training webinar on SARs for its supervised population. Its annual CPD session – Bringing SARs to Life – was delivered by a UKFIU Senior Reporting Officer in June 2025, with targeted communications in advance to all solicitor firms' MLROs in the Society's sector.

Also, in another new initiative, the Society delivered two in-person CPD sessions aimed at solicitor firms' MLROs and Compliance Officers (but were open to and supporting any solicitors in their AML compliance). To ensure these courses were as relevant and topical

as possible, separate sessions were held for those operating within firms of 1 - 2 Principals, and firms of 2+ Principals.

## 11. Sanctions Work

The Society has continued its approach to financial sanctions compliance during the reporting period, taking into account the specific context of this jurisdiction, including:

- Reviewing relevant information and data obtained from its supervised population via the Society's AML/CTF Annual Return (Firms) process and related Exemption Declaration and Abbreviated Return process.
- Incorporating such information and data obtained into its ongoing annual/quarterly risk reviews of individual risk profiles of all firms in its supervised population.
- Consider such information and data obtained by the Society's monitors during subsequent integrated supervisory activity, where applicable.
- Engage directly with firms MLROs in its supervised population regarding any exposure to sanctioned individuals and entities, where necessary.

The Society also took into account the Office of Financial Sanctions Implementation (OFSI) Legal Services Threat Assessment Report (published 03 April 2025) in its approach.

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.

Following closure of the OFSI Consolidated List in January 2026, the Society took the opportunity to review and update its website content on sanctions. The Society developed FAQs to support solicitor firms in their compliance.

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 to prioritise subscribing directly to the UK sanctions email alerts, given the frequent updates to same.

## 12. Analysis and Continuous Improvement

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

As noted above the Society has increased the total number of completed DBR and Onsite assessments of relevant Firms from 214 in the previous 2024/25 reporting period, to 231 in this reporting period. This represents a further 8% increase in the total of completed DBR and Onsite assessments of relevant Firms from the previous 2024/25 reporting period.

The Society has continued to complete DBR and onsite visit assessments across all High, Medium and Low risk categories. Also, 59% of completed discrete AML DBR/onsite visits were of High risk firms, an increase from 54% of completed discrete AML DBR/onsite visits in the last 2024/25 reporting period. This continues to demonstrate 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.

87% of completed DBR and onsite visit assessments in the reporting period resulted in compliant or generally compliant AML/CTF outcome, with 13% non-compliant with formal actions taken by the Society. In the previous 2024/25 reporting period 76% of completed DBR and onsite visit assessments resulted in a compliant or generally compliant AML/CTF outcome, with 24% non-compliant with formal actions taken by the Society.

Accordingly, there was both an increase (8%) in the total number of completed DBR and onsite assessments of relevant Firms in the period and an increase (11%) in compliant or generally compliant outcomes in the reporting period which the Society considers demonstrates effectiveness and impact of the Society's supervisory strategy since last year through, for example, improved and ongoing high levels of AML/CTF compliance within its sector.

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 5% of existing risk ratings were increased on review following supervisory assessment - 4% Medium to High and 1% Low to Medium and none from Low to High.

The Society considers that these demonstrate ongoing good compliance of relevant Firms continuing effectiveness of the Society's risk review process, with the majority of existing risk ratings unchanged following supervisory activity including onsite inspections and DBRs.

Also, where changes to risk ratings did occur, these were mainly from Medium to High-risk ratings as previously.

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

During the reporting period the Society has continued its review of its Sector Wide Risk Assessment taking into account the 2025 NRA and scheduled to be published.

Following publication of HMT's response to its Improving the effectiveness of the MLRs Consultation (July 2025) and the coming into force of The Money Laundering and Terrorist Financing (Amendment) Regulations 2026 the Society has contributed to the further ongoing review and update by the UK Legal Sector Affinity Group of the current published LSAG Guidance (April 2025).

The Society has continued to support its members in their AML compliance. The Society has maintained its effective risk-based approach to its AML supervision and enforcement, principally through its programme of both integrated and discrete AML DBRs and onsite inspections.

The Society had reported on the commencement of project work through its AML Hub subgroup to develop dedicated Firm Wide Risk Assessment (FWRA) resources in response to issues identified with FWRAs on assessment by the Society and previous rise in the number of non-compliant cases reported to the Professional Conduct Committee concerning such assessments.

This project work led to development of a FWRA template by the Society in this reporting period (October 2025) as a resource for solicitor firms in its sector to support the Society's supervised population understanding of the ML/TF risks they face and reflect these accurately in their risk assessments.

The Society has delivered key guidance and training materials responding to key themes including updates to the Society's website such as the above noted updated guidance on the SARs regime.

The Society also progressed its engagement with relevant Firms' MLROs with delivery of two in-person CPD sessions targeted at firms' MLROs and Compliance Officers (but were open to and supporting any solicitors in their AML compliance). To ensure these courses were as relevant and topical as possible, separate sessions were held for those operating within firms of 1 - 2 Principals, and firms of 2+ Principals.

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

## 14. Relevant Resources

The Society's relevant AML 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:

- AML/CTF Supervision Reform
- Legal Sector Affinity Group (LSAG) AML Guidance for the Legal Sector 2025 (approved by HM Treasury)
- AML Risk Assessment by firms/sole practitioners, including the Society's template FWRA
- Guidance for Electronic ID & Verification (EID&V)
- Suspicious Activity Reports (SARs) Regime resources
- High Risk Third Countries & Enhanced Due Diligence
- The Society's AML/CTF Sector Risk Assessment

- AML Aide-Memoire: Knowing your client and understanding where their money comes from.
- 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 2024-25 (December 2025) *https://www.gov.uk/government/publications/anti-money-laundering-and-countering-the-financing-of-terrorism-supervision-report-2024-25*

***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 – Progress and themes from OPBAS's 2024/25 supervisory work: Anti-Money Laundering Supervision by the Legal and Accountancy Professional Body Supervisors (March 2026) https://www.fca.org.uk/publication/corporate/opbas-report-progress-themes-supervisory-work-2024-25.pdf

- OPBAS Suspicious Activity Report (SAR) project: Phase 2 (September 2025) https://www.fca.org.uk/publication/correspondence/opbas-suspicious-activity-report-phase-two.pdf

- 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) and UK Financial Intelligence Unit (UKFIU)***

- The NCA SAR Portal
  https://sarsreporting.nationalcrimeagency.gov.uk/

- UKFIU Guidance Library – UKFIU SARs Best Practice Guidance
  https://www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance/suspicious-activity-reports#UKFIUGuidanceLibrary

    - Chapter 1 - Using the SAR Portal
    - Chapter 2 - Submitting a SAR
    - Chapter 3 - Understanding DAMLs and DATFs

- SARs in Action magazine
  https://www.nationalcrimeagency.gov.uk/who-we-are/publications?search=SARs+in+Action&limit=100

- SARs Reporter Booklets
  https://www.nationalcrimeagency.gov.uk/who-we-are/publications?search=SARs+Reporter+Booklet&limit=100

- SARs Annual Report
  https://www.nationalcrimeagency.gov.uk/who-we-are/publications?search=SARs+Annual+Report&limit=100&tag=

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

- The UK Sanctions List
  https://www.gov.uk/government/publications/the-uk-sanctions-list

- 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 actively participates in the Northern Ireland regional Intelligence Sharing Expert Working Group 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.

Following publication of the 2025 NRA in the reporting period, the Society undertook a series of engagements to highlight its publication including:

- Publication on the Society's website with accompanying feature article on the Society's Website News section.
- A dedicated article in the Society's membership quarterly 'The Writ' digital magazine publication with reminder in subsequent publication of The Writ.
- Signposting the 2025 NRA in the Practical AML presentation at its flagship annual Conveyancing Conference 2025 (October 2025).
- Highlighting the 2025 NRA in the Society's bespoke AML CPD series.
- A dedicated section in the Society's last Regulation 46A Report.

As noted, the Society also commenced its review and update of its own Sector Risk Assessment of the ML/TF risks to which relevant Firms in its sector are subject taking into account the 2025 NRA, with the updated assessment to be published.

However, the Society's assessment of risk to date in the services offered by solicitor firms in its own sector remains aligned with the 2025 NRA (and the 2020 NRA before it) for legal service providers of High risk of ML and Low risk of TF. Further, the legal services assessed as the highest risk services most at risk of exploitation for ML purposes remain, **conveyancing**, **trust and company services provision** and **misuse and exploitation of client accounts**.

Relevant Firms are reminded that key findings from the 2025 NRA 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.

- 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.'

## 16. Areas of Focus

During the reporting period the Government announced its decision on AML supervision reform to create a Single Professional Services Supervisor. Specifically, responsibility for AML supervision of the Solicitor profession and of all UK legal, accountancy and trust or company service providers (TCSPs) will transfer to the Financial Conduct Authority (FCA).

Once implemented the FCA will become the AML supervisor for solicitor firms in Northern Ireland in place of the Society. This is the same position for all other UK legal, accountancy and TCSP professional bodies and their supervised populations.

At the time of writing Government continues to progress the the necessary primary legislation change for the reform - the Financial Services and Markets Bill [HL] - through Parliament. The FCA also started its preparatory work during the reporting period and subject to the Government's new legislation being passed, the FCA expect a phased transition to begin by late 2028 and complete around 2030.

Inevitably, a significant proportion of the Society's AML policy work during the reporting period has involved responding to these developments, including:

- Updating members on the reform directly and via a new dedicated section on the Members dashboard of the Society's website.
- Responding to the Government's follow up consultation on the powers, duties and accountability mechanisms the FCA will need.
- Ongoing engagement with Government, FCA, PBSs, other supervisors and key stakeholders.
- Meeting with the new FCA AML Supervision Reform Programme team and participating fully in its ongoing reform project discovery phase; involving multiple attendances at various national, bilateral, strategic and operational level workshops/forums and responding to comprehensive information requests.

Looking ahead to the next reporting period, the Society will continue to prioritise using the transition period to engage with Government and FCA as they develop their plans to highlight the specific jurisdictional and legal sector considerations for Northern Ireland and preparing member firms for the change.

However, the proposed reform is a change of AML supervision under the MLRs only. Solicitor firms' obligations under the MLRs continue unchanged and after implementation the Society will continue as regulator of all other professional conduct for its members.

Also, pending implementation, the Society's obligations and AML supervision functions under the MLRs as the professional body supervisor of solicitors in Northern Ireland, continue under oversight by the Office for Professional Body AML Supervision (OPBAS).

Accordingly, the Society will in the next reporting period continue to focus on:

- Publication of the Society's latest Sector Wide Risk Assessment
- Building on the success of the Society's targeted CPD provision for member firms' MLROs/MLCOs in 2025, with planned delivery of interactive in person workshop
- Increasing its AML supervisory resources, with planned recruitment to the new position of AML Associate to add to its AML Hub subgroup
- 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;
- Ongoing updates to the Society's website and other AML information and guidance resources;
- Continuing AML supervision in accordance with its supervision strategy
- Continuing to bring enforcement action as required;
- Continuing relevant data capture and analysis
- Monitoring emerging areas of risk and trends, and responding as required;
- Continuing to provide AML staff training to the Society's regulatory team;
- 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, such as the Society's Head of AML Policy Chairing 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 any follow up actions.