**Firm Risk Assessment Template**

***Notes:***

* [R.18](http://www.legislation.gov.uk/uksi/2017/692/regulation/18/made) of the Money Laundering Regulations 2017 requires that all regulated persons (i.e. independent legal professionals) undertake a firm level risk assessment. This template aims to serve as a useful guide to aid firms in complying with this requirement.
* Your Firm level risk assessment must be made available to the Law Society of Scotland (as your AML Supervisor) upon request.
* The factors outlined within this template should be considered when assessing the inherent AML risk of your firm.
* *Inherent AML Risk is not the same as actual AML risk, and is the risk inherent in your business before any mitigating factors or controls (policies, training, CDD etc.) are deployed. This document should be completed on that basis – i.e. do not note any controls your firm deploys to mitigate its AML risk. Robust AML controls should be evidenced through documented AML policies, procedures, record keeping etc.*

***The factors outlined below are non-exhaustive– there may be other important risk factors which should be taken into account, dependent upon the size and nature of your firm.***

**Name of Firm: xxxxx**

**Name of MLRO : xxxxx**

**Date: xxxxx**

**Last Reviewed: xxxxx** *(it is recommended that this assessment is reviewed/updated where necessary on an annual basis)*

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| **General Overview of Firm** | * No. of partners/staff
* Is there a high staff turnover at the firm?
* Turnover
* Type of Firm – E.g. Niche corporate firm, specialist services, full service, high volume conveyancer
* Types of Work undertaken – regulated/non-regulated? Mostly Property? Litigation? Wills/Executry? Trust & Company Service Provision Etc.
* Type of clients
* Geographical location of the firm – rural, urban, high levels of crime?
* International element to your business?

**Note a general paragraph regarding the overall size and nature of your firm here.** |
| **Review of the UK National Risk Assessment, LSS Scottish Legal Sectoral Risk Assessment & UK Legal Sectoral Guidance** | * R.18 stipulates that all firms must read and review these publications, and **assess these risks in the context of their own business.**
* Does the firm undertake areas of work which are highlighted in these reports as of higher AML Risk? How much of this work does the firm undertake?

[**https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2017**](https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2017)*(Chapter 7, pages 49-53)*[**https://www.lawscot.org.uk/media/359827/scottish-legal-sectoral-assessment-of-ml-and-tf-risks-2018.pdf**](https://www.lawscot.org.uk/media/359827/scottish-legal-sectoral-assessment-of-ml-and-tf-risks-2018.pdf)***<https://www.lawscot.org.uk/media/359780/hmt-approved-aml-guidance-for-the-uk-legal-sector-march-2018.pdf>*** *(This guidance may give you some further context re. risk factors etc.)***Assess your firm in the context of the risk factors set out in the above documents - its clients, activities etc. Note your assessment here** |
| **SPECIFIC INHERENT AML RISK FACTORS**  |
| **Customer Risk** | *A (non-exhaustive) list of questions to ask yourself in completing this section:** High turnover of clients *(higher risk)* or a stable existing client base? (lower risk)
* High proportion of one-off clients/deals? *(higher risk)*
* Mostly F2F or non-F2F contact with clients? *(non- F2F= higher risk)*
* Act for clients across both criminal and civil matters *(higher risk)*
* Does the firm have clients who are subject to simplified due diligence, such as public authorities or FCA registered financial institutions *(lower risk)*
* Does the firm have a significant number of non-UK/EU clients (where AML regulation may not be as tight) or any high risk jurisdictions? *(higher risk)*
* Does the firm have Politically Exposed Persons (PEPs) on its client list *(higher risk)*
* Does the firm have clients who run high cash turnover businesses or high value goods businesses, or operate in higher risk sectors? *(higher risk)*
* Does the firm undertake work for corporate clients who have complex or multiple layers of ownership, or have links to international/offshore jurisdictions? *(higher risk)*

**Note your assessment against the above factors here****Ensure you reach an overall conclusion - does your client base pose a high, medium or lower inherent AML risk based on the factors above, or any others you are aware of?** |
| **Geographical Risk** | *A (non-exhaustive) list of questions to ask yourself in completing this section:** Does the firm operate out-with the UK/EU (where AML regulation may not be so tight) and/or in areas with potentially higher levels of corruption? *(higher risk)*
* Does the firm receive funds in from jurisdictions out-with the UK/EU (where AML regulation may not be so tight) *(higher risk)*
* Does the firm have a specific client-base, niche or undertake work for clients from outwith the UK/EU (where AML regulation may not be so tight) *(higher risk)*

**Note your assessment against the above factors here****Ensure you reach an overall conclusion – do geographical risk factors pose a high, medium or lower inherent AML risk based on the factors above, or any others you are aware of?** |
| **Products or Services offered** | *A (non-exhaustive) list of questions to ask yourself in completing this section:** Does the firm offer any services which may attract a higher level of risk such as large volume/high value conveyancing, tax mitigation strategies, work involving offshore jurisdictions or the creation and/or management of specialist entities? *(higher risk)*
* Does the firm receive requests to do work out-with its usual area of coverage *(higher risk)*
* Does the firm undertake work which may be of lower AML risk (executry/wills)
* Does the firm conduct work not subject to AML supervision, litigation for example (lower risk)

**Note your assessment against the above factors here****Ensure you reach an overall conclusion – do the products or services your firm offer pose a high, medium or lower inherent AML risk based on the factors above, or any others you are aware of?** |
| **Transaction Types** | *A (non-exhaustive) list of questions to ask yourself in completing this section:** Are there any features in transactions delivered by the firm which may represent higher risk?
* For example, is the firm regularly involved in transactions which are undertaken at short notice, within short timescales, quick turnaround, or high volumes? *(higher risk)*
* Is the firm involved in more complex work involving trust or other legal entity company formation, management or service provision? *(higher risk)*
* Is the firm involved in more complex, high value property transactions? *(higher risk)*
* Does the firm undertake work for clients where the source of funds or the parties to the transaction frequently change? *(higher risk)*
* Does the firm undertake transactions involving new sources of finance - (non FCA regulated) crowd funding platforms or bitcoin/cryptocurrencies?
* Does the firm undertake transactions which are longer term in nature, or where funds are locked in for substantial periods of time (lower risk)
* Does the firm undertake transactions which are publically funded? (lower risk)

**Note your assessment against the above factors here****Ensure you reach an overall conclusion – do features of the transactions undertaken by your firm pose a high, medium or lower inherent AML risk based on the factors above, or any others you are aware of?** |
| **Delivery channels** | *A (non-exhaustive) list of questions to ask yourself in completing this section:** Does the firm always meet all clients F2F? (lower risk)
* Does the firm conduct a large % of its business on a non-F2F basis? (higher risk)
* Does the firm always meet/hold a relationship with the underlying client? (lower risk)
* Does the firm undertake work which is conducted through intermediaries or other 3rd parties? (higher risk)

**Note your assessment against the above factors here****Ensure you reach an overall conclusion – do the delivery channels deployed by your firm pose a high, medium or lower inherent AML risk based on the factors above, or any others you are aware of?** |

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| **Overall Conclusion** | * Given your responses to each of the above risk factors, what is your overall conclusion/summary regarding the inherent AML risk applicable to your firm?
* Does the size and nature of your firm put it at a higher, medium or lower risk of being used for the purposes of money laundering? Why?

**Note your overall conclusion here** |