**Instructions**

* The Law Society has developed this sample Business Risk Assessment to assist solicitors in complying with their section 30A obligation to carry out a business risk assessment.
* This sample must be adapted by firms to suits their firm’s individual needs. No two Business Risk Assessments will be the same.
* See **Section 2 – 2018 Guidance** for comprehensive information about what section 30A requires.
* The statutory requirement to complete a Business Risk Assessment only applies to the AML-regulated legal services provided by solicitors’ firms. However, solicitors’ firms may wish to risk assess and develop PCPs to mitigate the ML/TF risk of sham/fraudulent litigation or debt collection.
* The factors outlined within this sample can be considered when assessing the inherent ML/TF risk to which your firm is exposed. Inherent ML Risk is not the same as actual ML 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 ML/TF risk in this document. Instead document your robust AML controls tailored to suit your firm’s inherent ML/TF risks in your PCPs (sample provided separately).
* 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.
* Business risk assessments must be reviewed and kept up to date in tandem with PCPs.
* **Colour key:**
* Text in black can be used in your firm’s Business Risk Assessment.
* **Text in blue can be adapted and developed by firms to suit their specific compliance needs.**

**FIRM NAME: MLRO NAME:**

**VERSION CONTROL:**

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| **General Overview of Firm & Legal Sector ML/TF Risk** | | |
| **General Overview of Firm** | Include a general paragraph regarding the overall size and nature of your firm and provide information about the following.   * No. of partners/staff * Is there a high staff turnover at the firm? * Type of Firm – E.g. Niche corporate firm, specialist services, full service, high volume conveyancing firm * Types of Work undertaken – regulated/non-regulated? Mostly Property? Litigation? Probate? Wills? * Type of clients * Geographical location of the firm – rural, urban, ~~high levels of crime~~? * International element to your business? * Any other ML/TF risks specific to your firm? | |
| **Credible sources of information about legal sector ML/TF risk** | Section 30A requires that regard is had to specific sources of information about risk factors particular to the legal sector. These are currently detailed in ‘Step 1 – Develop your knowledge of ML/TF risks inherent in legal services’ Section 2 – 2018 Guidance.  Include here:   * a list of the sources of information about legal sector ML/TF risk (and update should new risks emerge) * in general terms, your firm’s exposure to legal sector ML/TF risk set out in credible sources of information   You can provide detail below about specific inherent ML/TF risk factors to which your firm is exposed. | |
| **Specific Inherent ML/TF Risk Factors** | | |
| **Customer Risk Factors** | | **Information about the firm’s assessment of ML risk inherent in its customer base.**  Include here a note of your assessment of Customer Risk Factors. Ensure you reach an overall conclusion e.g. does your customer base pose a high, medium or lower inherent ML risk? Depending on your firm’s size and business, you may be able to categorise types of customers into varying categories of risk to be mitigated differently in your PCPs.  A (non-exhaustive) list of questions to ask yourself in completing this section:   * Do you provide your clients/customer with AML-regulated legal services? * High turnover of clients (higher risk) or a stable existing client base? (lower risk) * High proportion of one-off clients/deals? (higher risk) * Do you know your clients personally? If not, what additional steps do you take to mitigate the risks that this poses? * Mostly face-to-face or non- face-to-face contact with clients? (non-face-to-face = higher risk) * Act for clients across both criminal and civil matters? (higher risk) * Does the firm have clients who are eligible for simplified due diligence, such as public authorities? (lower risk) * Does the firm have a significant number of non-EU-based clients (where AML regulation may not be as tight) or any high-risk third countries? (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) * What is the source of clients – referrals, walk-in or from internet advertisements? |
| **Product/Service Risk Factors** | | **Information about the firm’s assessment of ML risk inherent in the products/services it provides.**  Include here a note of your assessment of Product/Service Risk Factors. Ensure you reach an overall conclusion e.g. do the products or services your firm provides pose a higher, medium or lower inherent ML risk? Depending on your firm’s size and business, you may be able to categorise types of products/services into varying categories of risk to be mitigated differently in your PCPs.  A (non-exhaustive) list of questions to ask yourself in completing this section:   * Consider whether any services you provide are attractive to money launderers such as: * the sale or purchase of real property * creation of trusts\*, companies\* and charities * management of trusts\* and companies\* * sham litigation (e.g. fraudulent debt collection/invoices) * Consider whether the services you offer could expose your client account to abuse or misuse? * 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 provide services outside of the EU as part of its usual area of coverage (higher risk) * Does the firm undertake work which may be of lower AML risk (executry/wills) * Does the firm provide non-AML-regulated legal services, criminal defence or litigation for example (lower risk) |
| **Countries/**  **Geographical Risk Factors** | | **Information about the firm’s assessment of ML risk inherent in its areas of practice/customer base.**  Include here a note of your assessment of Geographical Risk Factors. Ensure you reach an overall conclusion e.g. do geographical risk factors present a higher, medium or lower inherent ML risk? Depending on your firm’s size and business, you may be able to categorise clients/AML-regulated legal services into varying categories of geographical risk to be mitigated differently in your PCPs.  A (non-exhaustive) list of questions to ask yourself in completing this section:   * Could the jurisdictions in which your clients (or the beneficial owners of your clients) are based (or from which they operate their businesses): * have deficient anti-money laundering legislation, systems and practice * have high levels of acquisitive crime or higher levels of corruption * be situated in ‘offshore financial centres’ or tax havens * be subject to sanctions. * Does the firm provide AML-regulated legal services with non-EU aspects (because AML regulation may not be as tight) or with a nexus to any high-risk third countries? (higher risk) * Does the firm receive funds in from non-EU countries (where AML regulation may not be so tight) (higher risk) or from any high-risk third countries? (higher risk) * Does the firm have a specific client-base, niche or undertake work for clients from outside the EU (where AML regulation may not be so tight) (or from any high-risk third countries? (higher risk) |
| **Transaction Type Risk Factors** | | **Information about the firm’s assessment of ML risk inherent in the transaction connected to the legal services it provides.**  Include here a note of your assessment of Transaction Type Risk Factors. Ensure you reach an overall conclusion e.g. do transaction type risk factors present a higher, medium or lower inherent ML risk? Depending on your firm’s size and business, you may be able to categorise clients/AML-regulated legal services into varying categories of transaction type risk to be mitigated differently in your PCPs.  A (non-exhaustive) list of questions to ask yourself in completing this section:   * How frequently do you carry out higher risk transactions? Are there any features in transactions delivered by the firm which may represent higher risk? * Factors that might make a transaction higher risk include: * the size and value of the transaction * the payment type (for example cash or fund transfers from outside the EU into your client account) * transactions or products that are complex, facilitate anonymity or don’t fit a usual pattern. * 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 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 publicly funded? (lower risk) |
| **Delivery Channel Risk Factors** | | **Information about the firm’s assessment of ML risk inherent in the delivery channels through which it provides legal services.**  The way legal services are delivered can enhance or reduce ML/TF risk.  Include here a note of your assessment of Delivery Channel Risk Factors. Ensure you reach an overall conclusion e.g. do delivery channel risk factors present a higher, medium or lower inherent ML risk? Depending on your firm’s size and business, you may be able to categorise clients/AML-regulated legal services into varying categories of delivery channel risk to be mitigated differently in your PCPs.  A (non-exhaustive) list of questions to ask yourself in completing this section:   * Do you provide services to clients you have not met face-to-face? (higher risk) * Does the firm conduct a large percentage of its business on a non-face-to-face basis? (higher risk) * Does the firm always meet all clients face-to-face? (lower risk) * Does the firm always meet/have a relationship with the underlying client? (lower risk) * Does the firm undertake work which is conducted through intermediaries or other third parties? (higher risk) |
| **Overall Conclusion** | | Include here a note of your overall conclusion.  A (non-exhaustive) list of questions to ask yourself in completing this section:   * A note of the firm’s responses to risk factors, what is the overall conclusion/summary regarding the inherent ML/TF risk applicable to the firm? * Does the nature, scale and complexity of the AML-regulated legal services provided by the firm put it at a higher, medium or lower risk of being used for the purposes of money laundering? Why? |

**\***In relation to trusts and company services, the Society's regulatory obligations do not extend to bodies corporate providing trust and company services where such bodies corporate are owned and controlled by solicitors.  A separate requirement exists for trust and company service providers to register with the relevant competent authority for trust and company service providers, namely the Department of Justice and Equality’s Anti-Money Laundering Compliance Unit.  Further information is available at [www.antimoneylaundering.gov.ie](http://www.antimoneylaundering.gov.ie). See further [MOU with the Department of Justice and Equality on TCSPs](http://www.antimoneylaundering.gov.ie/en/AMLCU/AMLCU-MOU%20with%20Law%20Society.pdf/Files/AMLCU-MOU%20with%20Law%20Society.pdf).

*The Society accepts no responsibility for any compliance failures or loss incurred as a result of reliance on this sample adaptable Business Risk Assessment. Solicitors’ firms must always ensure they are in compliance with all of their statutory AML obligations. The Law Society is grateful to the Law Society of Scotland on whose template this sample document is based, adapted for the Irish legislative framework.*