

Money Laundering Regulations Compliance Policy

1. Introduction

- 1.1 The current UK Money Laundering Regulations require the firm to follow procedures to prevent criminals from being able to use the firm's services to launder money or to finance terrorism.
- 1.2 The Money Laundering Regulations apply fully only if the firm is handling certain types of "regulated" work. Litigation work, which is the main area of work handled by the firm, and certain other work which does not involve any financial or real property transaction, is not regulated. Nevertheless, the firm has decided that the procedures set out in this compliance policy should be applied.
- 1.3 Personal data received from clients is protected by data protection law. It must be used or processed only for the purposes of preventing money laundering.
- 1.4 Main obligations are:
 - 1.4.1 To carry out client due diligence;
 - 1.4.2 To monitor transactions, including the source of funds;
 - 1.4.3 To recognise and report suspicious transactions, and avoid tipping off a suspect about a report.

2. Client Due Diligence (CDD)

- 2.1 The Money Laundering Regulations require the firm to carry out client due diligence when carrying out regulated work. This involves:
 - 2.1.1 Client identification.
 - 2.1.2 Identifying the person who instructs the firm on behalf of an entity (such as a person who represents a company) and checking that person is authorised so to act.
 - 2.1.3 Identifying any beneficial owners where the client is a company or trust.
 - 2.1.4 Assessing risk.
 - 2.1.5 Ongoing monitoring of the business relationship, including where necessary the source of funds.
 - 2.1.6 Checking the company name, company number or other registration, and the address of its registered office.

3. Cash

- 3.1 It is the firm's general policy not to accept cash.

4. Client Identification

- 4.1 Identification of a client includes, where considered necessary, obtaining evidence which supports identity and address.
- 4.2 Client identification will ideally be carried out before accepting instructions, for example during a conflict check, but may be carried out later in order not to delay the progress of a case and where there is little risk of money laundering.
- 4.3 In certain circumstances, it may be necessary to check the identity of the person from whom the instructions are received, confirm that that person is authorised to act, and clarify the ownership of the actual party for whom the firm is to act.

5. Risk Assessment

- 5.1 Enquiries should be made about the client, the source of any funds and, if appropriate, the purpose and nature of the transaction so that an assessment can be made of the risk of money laundering.
- 5.2 If it is not the client who will be the paying party, the actual paying party should be identified.
- 5.3 Is there a risk of acting as escrow holder if so requested?
- 5.4 Continue to assess risk throughout a client relationship.
- 5.5 The type of work involved in the transaction may determine the risk and approach taken in CDD. Litigation and arbitration, which covers more than 99% of the firm's work, is generally considered to be a low risk.
- 5.6 Factors such as the length of the business relationship and whether the circumstances of the matter fit in with the known profile of the client may affect the risk assessment.
- 5.7 Is there a sanctions risk? Consider the firm's sanctions policy.
- 5.8 **Enhanced due diligence** may be necessary in cases where there is a high risk of money laundering. This includes:
 - 5.8.1 Where the firm is dealing with a person established in a high risk country.
 - 5.8.2 Where the client is a politically exposed person.
 - 5.8.3 Where the client has provided false identification documentation or information.
 - 5.8.4 Where the corporate structure of the client is unusual or excessively (and unnecessarily) complex.
- 5.9 **Simplified due diligence** may be appropriate for low risk clients and matters, for example if a client is well known and reputable, or well regulated.

- 5.9.1 This approach may be adopted when the firm is instructed by financial businesses which are regulated by the Financial Conduct Authority, public bodies, and regulated professional firms, such as lawyers.
- 5.9.2 In such low-risk cases, assurances from the person instructing the firm may be acceptable rather than insisting on identifying documents, particularly where there is a long-standing business relationship.
- 5.9.3 Simplified due diligence will not appropriate in circumstances where there is some doubt about the information provided by the client or the instructing party, or if there is some suspicion of money laundering.

6. Ongoing Monitoring

- 6.1 The firm is required to carry out ongoing monitoring of business relationships. This involves scrutiny of transactions, verifying the source of funds, and ensuring that due diligence documents are up to date.
- 6.2 Ongoing monitoring also requires staying alert to suspicious circumstances which may suggest money laundering or the provision of false CDD material. The higher risk the client and/or the transaction presents, the more rigorous should be the ongoing monitoring.

7. Reporting Suspicious Activities

- 7.1 Anything that does, or should, give grounds to suspect that money laundering is taking place, or is being attempted, should be reported to the firm's MLRO. Failure to do so is a serious criminal offence.
- 7.2 Information received from a client, or from a client representative, for the purposes of legal advice may be covered by legal advice privilege, and that may prevent disclosure. Any such disclosure issues will be considered by the firm's MLRO.
- 7.3 Even if information from the client is privileged from disclosure, it will still be an offence to be involved in a money laundering transaction, in which case the firm may have to cease to act for that client if to continue would involve the firm in facilitating money laundering.
- 7.4 If there are valid grounds to suspect money laundering, it is important that those suspicions are reported only to the firm's MLRO. The person suspected, even if the suspected person is a client, must not be tipped off.
- 7.5 If there is a suspicion of money laundering, the firm's MLRO will consider it and decide whether to report the matter to the National Crime Agency.
- 7.6 A report of suspicions of money laundering, even an erroneous report, will not be considered a breach of any duty of confidentiality.

8. Reasonable Grounds for Suspicion

- 8.1 Where any party, not only a client, proposes to pay a significant sum in cash.
- 8.2 A rapid transfer of funds in/out of the firm's client account.
- 8.3 Where there is no immediately obvious or apparent commercial purpose to the transaction, or where the intended transaction appears to provide no economic benefit to the client.
- 8.4 Where the proposed transaction is very unusual.
- 8.5 Where a client shows no concern about the costs involved in a transaction.
- 8.6 Where a client is unnecessarily secretive, for example about providing client identification information.
- 8.7 Where a client provides funds from an unusual source.
- 8.8 Where a client is based in, or the dispute relates to events in, a high-risk country.
- 8.9 Where a client or a counter-party to a transaction or litigation is believed to have sympathies with a terrorist group.
- 8.10 Where there is a cancelled transaction or litigation, with a request that funds paid on account of future costs are returned, particularly where the request is to return funds to a different account from which the funds paid on account originated.
- 8.11 Where, during due diligence, it becomes apparent that some assets of a client company represent criminal property.
- 8.12 Is there a suspicion of sham litigation?

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