

AML & SANCTIONS COMPLIANCE POLICY (2025 UPDATE)

Incorporating the 14 May 2025 OFSI Sanctions Requirements for Letting Agents

1. PURPOSE OF THIS POLICY

This policy sets out how the firm complies with:

- Money Laundering Regulations (MLR 2017, as amended)
- Proceeds of Crime Act 2002 (POCA)
- Terrorism Act 2000
- **UK Financial Sanctions regime (OFSI requirements)**
- 2025 regulatory updates affecting estate and letting agents

It applies to **all sales and lettings services**, all employees, contractors, introducers, and anyone acting for or on behalf of the business.

2. KEY 2025 REGULATORY UPDATES (REFLECTED IN THIS POLICY)

This policy includes the following 2025 changes:

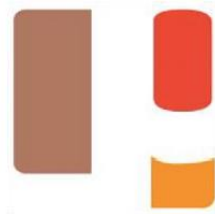
A. Mandatory Sanctions Checks – Effective 14 May 2025

Letting agents must now **conduct sanctions checks on ALL tenants and landlords**, regardless of rent amount.

B. Mandatory Sanctions Reporting

Letting agents are now legally required to report to OFSI when they **know or suspect** a sanctions match or breach.

C. Increased Criminal Liability



Non-compliance with financial sanctions may lead to fines and/or imprisonment (up to **7 years** under sanctions legislation).

D. Changes to MLRs (Draft 2025 Updates)

- Clarified CDD triggers for letting agents
- Adjusted definitions for high-risk and complex transactions
- Continued requirement to identify beneficial owners

3. BUSINESS RISK ASSESSMENT (BRA)

The firm conducts an **annual Business Risk Assessment** covering:

- Customer risk
- Transaction/property risk
- Geographical/sanctions risk
- Service risk (sales vs lettings)
- Delivery channel risk (e.g., remote onboarding)

2025 updates added to BRA:

- Mandatory sanctions risk assessment for *every tenancy*
- Additional risk indicators for sanctioned individuals, frozen assets, and third-party payments
- Consideration of updated UK National Risk Assessment (2025)

The BRA is approved by senior management and reviewed annually.

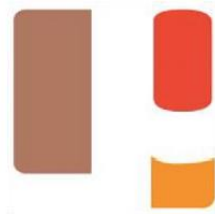
4. CUSTOMER DUE DILIGENCE (CDD)

CDD must be performed **before entering a business relationship**.

4.1 For Sales

Verify:

- Buyer identity
- Seller identity
- Beneficial owners
- Funds used for purchase (Risk-based)



4.2 For Lettings

Letting agents must perform **CDD where required under MLRs** (e.g., rent \geq €10,000 PCM equivalent, or where EDD is triggered).

5. SANCTIONS CHECK REQUIREMENTS (Updated for 14 May 2025)

5.1 Who Must Be Checked

Sales & Lettings:

- Sellers
- Buyers
- Landlords
- Tenants
- Guarantors
- Company directors
- All beneficial owners
- Any third-party fund contributors

5.2 When Checks Must Be Done

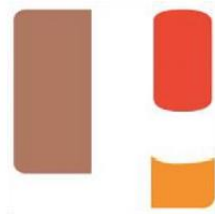
- **At onboarding** (before instructions or tenancy agreements)
- **When circumstances change** (new documents, changes in control, changes in tenancy)
- **Annually** for ongoing management relationships
- **Immediately** when new sanctions lists are released (automated screening recommended)

5.3 Approved Method of Checking

The firm will use one of the following:

- OFSI Consolidated List
- Approved AML/Sanctions screening software

Manual checks must be recorded with screenshots and date/time stamps.



6. SANCTIONS MATCH PROCEDURE (MANDATORY 2025)

If a screening returns a *possible*, *probable*, or *confirmed* match:

6.1 Immediate Actions

1. **STOP** the transaction or onboarding immediately.
2. **Do not communicate suspicion to the customer** (tipping-off offence applies under POCA).
3. **Notify the MLRO immediately** using the internal sanctions referral form.

6.2 MLRO Duties

The MLRO must:

- Review the match
- Verify against OFSI guidance
- Seek legal input where required
- **Submit an OFSI report without delay** if suspicion meets the threshold
- Consider making a SAR to NCA if financial crime is suspected

6.3 Freezing Assets

If a positive match is confirmed, the firm must:

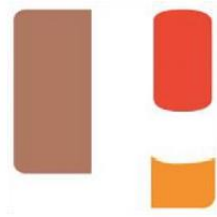
- Freeze any payments or deposits
- Not release funds
- Not proceed with the tenancy or sale
- Await OFSI's instructions

7. ENHANCED DUE DILIGENCE (EDD)

EDD applies when:

- A customer or beneficial owner is a PEP
- A sanctions match is suspected
- The transaction is unusually large or complex
- The customer is from a high-risk jurisdiction
- Corporate or trust structures obscure ownership

EDD Measures Include:



- Additional identity verification
- Verifying **source of funds** and **source of wealth**
- Senior management approval
- Ongoing monitoring

8. SUSPICIOUS ACTIVITY REPORTING (SARs)

8.1 Internal Reporting

Staff must report any suspicion to the MLRO using the internal SAR form.

Suspicion examples:

- Unexplained third-party payments
- Reluctance to provide ID
- Complex structures without legitimate purpose
- Attempt to avoid sanctions checks

8.2 External Reporting

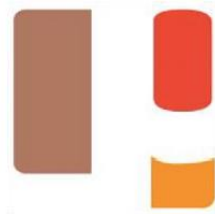
If the MLRO determines a SAR is required, they will submit it to the **National Crime Agency (NCA)**.

No member of staff may notify the customer.

9. RECORD KEEPING

Records must be kept for **5 years** from end of relationship or completion of transaction:

- ID and verification documents
- Sanctions check logs
- Risk assessments
- Internal sanctions reports
- SARs and MLRO decisions
- Training records



10. TRAINING (Updated 2025)

All staff must complete:

- AML training at induction
- Annual AML & Sanctions training
- Additional training when laws or internal processes change
- MLRO receives enhanced specialist training

Training includes:

- How to run sanctions checks
- How to identify potential sanctions matches
- How to avoid tipping off
- How to identify suspicious activity

11. INTERNAL MONITORING & AUDIT

The firm conducts periodic internal audits covering:

- CDD completeness
- Sanctions check accuracy
- EDD procedures
- SAR effectiveness
- Record-keeping compliance

Annual external audit is recommended for high-risk agencies.

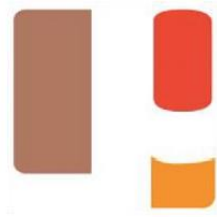
12. GOVERNANCE & RESPONSIBILITIES

Senior Management

- Ensures sufficient AML/Sanctions resources
- Approves policy and BRA annually

MLRO

- Oversees AML and sanctions compliance
- Receives and investigates internal reports



- Submits OFSI/NCA reports
- Maintains sanctions and AML registers

Deputy MLRO

- Supports and covers MLRO duties as needed

All Staff

- Must comply with this policy
- Must conduct sanctions checks
- Must report suspicions promptly

13. POLICY REVIEW

This AML & Sanctions Policy is reviewed:

- Annually
- After legal/regulatory changes
- After internal incidents or audit findings