

Ministerial Approval of JMLSG Guidance Revisions

Of particular interest to: All UK Firms

In Brief

On **27 August 2025**, HM Treasury granted **Ministerial approval** for the recent revisions to the **Joint Money Laundering Steering Group (JMLSG) Guidance**. These revisions were the subject of public consultation in **January 2025**, finalised and published in **July 2025**, and have now been formally **endorsed for implementation**.

Summary

HM Treasury has approved amendments to **Part I of the JMLSG Guidance**, designed to strengthen clarity and practical application in relation to:

- **Internal controls**
- **Customer due diligence (CDD)**
- **Intermediary and multiparty relationships**

The approved amendments cover the following areas:

1. Court-Appointed Deputies and Powers of Attorney (Paragraphs 5.3.97A and 5.3.99) -

This addresses onboarding and due diligence for court-appointed deputies, professional power of attorneys, and agents acting on behalf of customers.

- Firms must verify the **identity** and **authority** of court-appointed deputies (e.g. local authorities or solicitors).
- Where deputies nominate authorised officers, firms should adopt a **risk-based and anti-fraud approach** to verifying their authority and identity.
- These requirements extend to newly appointed deputies dealing with account closures.
- Where an attorney or deputy acts in a **professional capacity** (e.g. solicitor), CDD should be conducted on their **professional role** rather than their personal details.

2. Group Relationships and Intra-Group Due Diligence (Paragraphs 5.3.138A and 5.3.138B) - The revision relates to regulated financial services firms **subject to ML Regulations (or equivalent) and the appropriate level of due diligence to apply to group companies**.

- **5.3.138A:** A firm must adopt a **risk-based approach** when determining the level of CDD in dealings with another regulated entity within its group. **Simplified due diligence (SDD)** may be applied where the group company is subject to the UK MLRs or an equivalent framework.
- **5.3.138B:** Where group entities operate in non-equivalent or higher-risk jurisdictions but apply **group-wide AML policies equivalent to UK standards**, CDD/Enhanced Due Diligence (EDD) requirements may be adjusted in line with risk.

3. Intermediaries and Multiparty Relationships (Paragraphs 5.6.36 to 5.6.38) - The revision addresses multiparty relationships and intermediaries

- **5.6.36:** Firms must clearly identify and document the **actual customer** and any **underlying parties**.
- **5.6.37:** Where the customer is a regulated intermediary acting for another party, and the firm assesses the risk as **low**, SDD may be applied to both the intermediary and the underlying client.
- **5.6.38:** If the firm takes **instructions directly from the underlying customer** or acts on their behalf (e.g. as custodian), CDD must be performed on that customer. Where the risk is low, SDD may be applied.

4. Outsourcing and Intra-Group Arrangements (Paragraphs 2.16 to 2.24) - The revision focuses on the increasing use of **outsourcing** and **intra-group arrangements** in financial services and the need to address associated AML/CTF risks.

- **2.16:** Outsourcing, whether to domestic service providers or overseas group entities, introduces additional AML/CTF risks which must be managed.
- **2.17:** Firms may delegate CDD tasks to agents or outsourcing partners but **remain fully responsible** for compliance.
- **2.18:** Regulatory obligations cannot be contracted out; firms must ensure outsourced providers maintain effective AML/CTF systems.
- **2.19:** Outsourced operations must apply **equivalent AML/CTF controls** and escalate suspicious activity to the UK MLRO.
- **2.20:** Firms must also comply with **local AML laws** in outsourced jurisdictions and address any conflicts with UK requirements.
- **2.21:** Outsourcing can sometimes **increase AML/CTF risk** when services are provided from countries with weaker rules than the UK, therefore firms that outsource must monitor those risks on an ongoing basis and assess the AML/CTF risks linked to the outsourcing.
- **2.22:** UK AML/CTF and sanctions obligations remain binding even when outsourcing to group entities, domestically or abroad.
- **2.23:** The **MLRO or equivalent senior manager** must have explicit authority to address AML/CTF risks arising from intra-group outsourcing.
- **2.24:** Firms should implement **risk-based mechanisms** (e.g. SLAs, KPIs, training, audits, escalation protocols) to control intra-group outsourcing risks.

Conclusion

The Ministerial approval of these JMLSG revisions reflects the UK's commitment to strengthening the effectiveness of the AML/CTF framework. It is essential that firms promptly review and align their policies, procedures, and training with the updated guidance to ensure **ongoing compliance and supervisory confidence**.

Useful Links

[JMLSG Guidance – Part 1](#)

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