

Regulatory Alert

Amendments to the UK Anti-Money Laundering Regulations

Of Particular Interest To: All UK Firms

IN BRIEF

The UK's anti-money laundering framework is set out in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) (the "MLRs"). On 9 June 2026, HM Treasury made the Money Laundering and Terrorist Financing (Amendment) Regulations 2026 (SI 2026/621), together with an Explanatory Memorandum, introducing a wide-ranging set of targeted amendments to that framework.

Most provisions come into force on 30 June 2026, with two cryptoasset measures deferred to 1 February 2027 and 25 October 2027. The amendments deliver the Government's response to its 2024 consultation "Improving the effectiveness of the Money Laundering Regulations". They are intended to make the regime more risk-based and proportionate, close specific gaps, and maintain the UK's alignment with Financial Action Task Force ("FATF") standards ahead of FATF's next mutual evaluation of the UK.

SUMMARY OF KEY CHANGES

The instrument makes a broad but targeted set of changes across the Anti Money Laundering ("AML") and Counter Terrorist Financing ("CTF") regime. Its main effects are as follows:

- It moves the customer due diligence ("CDD") and enhanced due diligence ("EDD") framework further towards a risk-based approach. This includes a revised trigger for unusually complex or unusually large transactions, focusing firms on identifying transactions that appear to lack an apparent economic or lawful purpose.
- It narrows the scope for mandatory EDD on higher risk countries. Until now, mandatory EDD applied to any "high-risk third country", which included jurisdictions on both the FATF "Call for Action" and "Increased Monitoring" lists. It will now apply only to jurisdictions on the FATF "Call for Action" list. Firms should therefore review how jurisdictions subject to FATF increased monitoring are treated within their own risk-based frameworks.
- It converts the MLRs' monetary thresholds from euros to sterling. Most convert directly, so €10,000 becomes £10,000. A few do not, in cases where a straight conversion would risk falling below FATF standards: €15,000 becomes £12,000, and several €1,000 thresholds become £800.

- It strengthens the regime for cryptoasset businesses and brings it into line with the incoming financial services regime for cryptoassets under the FSMA 2000 (Cryptoassets) Order 2026 (SI 2026/102).
- From 1 February 2027, cryptoasset exchange and custodian wallet providers will be required to carry out correspondent banking-style EDD on relationships with third-country counterparties, including obtaining senior management approval and prohibiting relationships with shell banks.
- From 25 October 2027, a modified version of Part 12 of FSMA will introduce a change in control regime for registered cryptoasset businesses, including notification and approval requirements.
- It reforms the Trust Registration Service (“TRS”) to close known gaps, most notably by capturing certain trusts based outside the UK that hold UK land, while also introducing a de minimis exemption for low value, low risk trusts.
- It brings the sale of off the shelf firms within the scope of regulated trust or company service provider (“TCSP”) activity.
- It excludes reinsurance contracts from the definition of an insurance undertaking, so far as a firm is effecting or carrying out reinsurance.
- It improves information sharing and cooperation between AML/CTF supervisors and other public bodies, including the Registrar of Companies (Companies House) and the Financial Regulators Complaints Commissioner.

The instrument also lets credit institutions onboard customers of an insolvent bank before completing full CDD, subject to safeguards. Separately, it places a new 30-day duty on firms supervised by the Financial Conduct Authority (“FCA”) to report any material change or inaccuracy in information they have already given to the FCA.

NEXT STEPS

Most provisions take effect on 30 June 2026. Before then, firms should review and update their risk assessments, policies, procedures and training, and reset their monetary thresholds to sterling. EDD triggers will also need updating to reflect the new “Call for Action” definition and the revised test for unusually complex transactions.

Cryptoasset businesses should start building their correspondent due diligence frameworks ahead of 1 February 2027, and their change in control processes ahead of 25 October 2027. Trustees and their advisers should revisit their TRS position, register any newly caught trusts that hold UK land by 1 September 2027, and remove from the register any trusts that now fall within the de minimis exemption. Firms should also keep an eye on updated Joint Money Laundering Steering Group (JMLSG) and sector guidance, and on the FATF “Call for Action” list, which changes from time to time.

Clients are encouraged to update their risk assessments for any exposure to the areas covered above.

USEFUL LINKS

- [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#)
- [The Money Laundering and Terrorist Financing \(Amendment\) Regulations 2026 \(SI 2026/621\)](#)
- [Explanatory Memorandum to SI 2026/621](#)
- [HM Treasury consultation and response, Improving the effectiveness of the Money Laundering Regulations](#)
- [FATF High-Risk Jurisdictions subject to a Call for Action / Jurisdictions under Increased Monitoring](#)