



Bird & Bird Case Study

Law firms and money laundering - Bird and Bird's approach to the new legislation

Bird & Bird is an international law firm that has grown through its core IP practice, focusing on corporate and commercial legal services to related industry sectors such as e-commerce, information technology, communications, media, sport, banking & financial services, life sciences and aviation and aerospace. In revenue terms it sits just outside the UK's top 20; its turnover for 2006-07 was £115.6m - an increase of around a fifth on the previous year.

The 157-partner firm was founded in London in 1846 and now operates a total of 14 offices across Europe and Asia.

Charles Proctor is a partner in Bird & Bird's Banking & Financial Services team, based in the firm's UK office. Charles has worked as a banking lawyer for over 25 years and has particular expertise in banking regulatory work. He also fulfils the role of Money Laundering Reporting Officer at Bird & Bird.

In Charles's view, the main challenge presented by new money laundering legislation that came into force in December 2007 is *"the need to demonstrate an enhanced level of compliance in response to more rigorous requirements. This is particularly the case in relation to the specific obligation to verify 25 percent shareholders."*

Bird and Bird have used various D&B products over the years, and, in December 2007, began using its UK Anti Money Laundering Report and its International KYC report.

Charles explains: *"The D&B AML reports are specifically tailored towards compliance with the Third Directive. The report has the advantage that much of the work which would otherwise fall on our staff is covered by the D&B material. D&B's use of reliable and independent sources, coupled with its leading reputation in this sphere, allows us to place a high level of reliance on these reports."*

AML legislation has become complex and it is necessary to embed a culture of compliance. As Charles noted, *"There is a constant need to repeat the anti-money laundering message across the firm to ensure awareness and compliance. At the same time, the regulations have to be applied in a proportionate way so that the objectives are met at a reasonable cost."*

The requirement to verify a potential client's identity before commencing a business relationship is not surprisingly a potential sticking point for law firms. In Charles's view, *"the new legislation 'accelerates' the verification requirement. This would pose serious problems if we were reliant on manual processes. However, access to the D&B UK and international KYC products means that - for corporate clients - the requirement is automatically met at the point of client acceptance."*

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