

The Right Honourable David Lidington MP  
Lord Chancellor and Secretary of State for Justice  
Ministry of Justice  
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**LEGAL SERVICES  
BOARD**

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23 June 2017

Dear Lord Chancellor

**Recommendation for the Institute of Chartered Accountants in England and Wales to be designated as an approved regulator and a licensing authority, extended to all reserved legal activities**

I am writing on behalf of the Legal Services Board (the Board) with their formal recommendation that the Institute of Chartered Accountants in England and Wales (ICAEW) be designated as an approved regulator and licensing authority with respect to all reserved legal activities.

On 20 July 2016, the ICAEW made two separate applications to the Legal Services Board (the Board) under the Legal Services Act 2007 (the Act). The first was an application under Part 2 of Schedule 4 to the Act for the Board to recommend to the Lord Chancellor that an order be made designating the ICAEW as an approved regulator. The second was an application under Part 1 of Schedule 10 to the Act for the Board to recommend to the Lord Chancellor that an order be made designating the ICAEW as a licensing authority. Both applications are for extending the scope of reserved legal activities to: conduct of litigation; rights of audience; reserved instrument activities; notarial services and administration of oaths. In relation to the first three of these activities, the ICAEW's applications confirm that it would restrict the scope of its regulation to taxation services. The ICAEW was designated as an approved regulator and licensing authority for probate in 2014.

The Board's Rules for Applications for Approved Regulator and Qualifying Regulator designation<sup>1</sup> giving effect to paragraphs 13(2) and 13(3) of Schedule 4 to the Act set out the matters on which the Board must be satisfied when granting an application for designation as an approved regulator. The Board has considered the application and is

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<sup>1</sup>[http://www.legalservicesboard.org.uk/what\\_we\\_do/consultations/closed/pdf/Qualifying\\_Regulator\\_status/20110328\\_Rules\\_for\\_applications\\_Approved\\_Regulator\\_Qualifying\\_Regulator\\_designation\\_1\\_April.pdf](http://www.legalservicesboard.org.uk/what_we_do/consultations/closed/pdf/Qualifying_Regulator_status/20110328_Rules_for_applications_Approved_Regulator_Qualifying_Regulator_designation_1_April.pdf)

satisfied that the criteria for granting an approved regulator designation application have been met.

The Board's Rules for Licensing Authority Designation Applications<sup>2</sup> giving effect to paragraphs 11(2) and 11(3) of Schedule 10 to the Act set out the matters on which the Board must be satisfied when granting an application for designation as a licensing authority. The Board has considered the application and is satisfied that the criteria for granting a licensing authority designation application have been met.

Therefore, the Board agreed on 14 June 2017 to recommend to the Lord Chancellor that the ICAEW (under paragraph 16(2) of Schedule 4 to the Act) be designated as an approved regulator for the reserved legal activities for which it had applied. Furthermore, the Board agreed that the proposed regulatory arrangements be approved for use by the approved regulator when the Lord Chancellor exercises his authority under paragraph 18(1) of the same Schedule.

Having agreed to make the above recommendation, the Board also agreed to recommend to the Lord Chancellor that the ICAEW (under paragraph 14(2) of Schedule 10 to the Act) be designated as a licensing authority for the same reserved legal activity. The Board further agreed that the licensing rules which are contained within the ICAEW's regulatory arrangements, be approved when the Lord Chancellor exercises his authority under Paragraph 16(1) of the same Schedule.

Schedule 10 to the Act sets out the process for an applicant to apply to the Board for designation as a licensing authority. Paragraph 1(3)(b) of that Schedule indicates that a body may make a licensing authority application for a reserved legal activity, if it has first made an application under Part 2 of Schedule 4 to the Act (designating approved regulators) for the Board to recommend that an order be made by the Lord Chancellor designating the body as an approved regulator in relation to that activity. The designation as a licensing authority can therefore only proceed if you agree to designate the ICAEW as an approved regulator.

There are a number of documents that support the recommendations. Due to the volume, only electronic copies of the following documents have been provided to your officials, but paper copies can also be provided on request.

- The ICAEW's application and supporting documents which sets out the proposals and how they comply with the requirements of the Act and our rules and guidance;
- the ICAEW's final Legal Services Regulations which form the proposed regulatory arrangements and licensing rules;
- advice from the Mandatory Consultees (as defined in the Board's Rules for both approved regulator and licensing authority) designation<sup>3</sup> and the ICAEW's written representations in relation to that advice; and

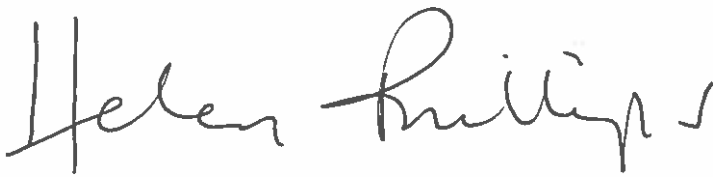
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<sup>2</sup> [http://www.legalservicesboard.org.uk/what\\_we\\_do/regulation/pdf/designating\\_la\\_rules\\_v2\\_june\\_2011\\_final.pdf](http://www.legalservicesboard.org.uk/what_we_do/regulation/pdf/designating_la_rules_v2_june_2011_final.pdf)

<sup>3</sup> See the above footnotes.

- the Board's decision notice.

Yours sincerely,

A handwritten signature in black ink that reads "Helen Phillips". The signature is written in a cursive style with a long horizontal stroke at the end.

Dr Helen Phillips  
Interim Chair, Legal Services Board

