

# Annex 1 – Rules for Approved Regulator Designation Applications

## A. DEFINITIONS

1. Words defined in these Rules have the following meanings:

<b>Act</b>	the Legal Services Act 2007
<b>Applicant</b>	a body who submits an Application
<b>Application</b>	an application to be designated as an Approved Regulator in relation to one or more Reserved Legal Activities that is submitted to the Board in accordance with these Rules
<b>Approved Regulator</b>	has the meaning given in section 20(2) of the Act
<b>Authorised Person</b>	has the meaning given in section 18 of the Act
<b>Better Regulation Principles</b>	the five principles of good regulation (being proportionality, accountability, consistency, transparency and targeting) as set out in both sections 3(3) and 28(3) of the Act
<b>Board</b>	the Legal Services Board
<b>Consultees</b>	the Mandatory Consultees and any Optional Consultee
<b>Consumer Panel</b>	the panel of persons established and maintained by the Board in accordance with section 8 of the Act
<b>Existing AR Applicant</b>	an Applicant who is already an Approved Regulator in respect of certain Reserved Legal Activities and who is submitting an Application to be designated as an Approved Regulator in relation to one or more additional Reserved Legal Activities
<b>ILEX</b>	the Institute of Legal Executives
<b>Mandatory Consultees</b>	the OFT, the Consumer Panel and the Lord Chief Justice
<b>OFT</b>	the Office of Fair Trading
<b>OLC</b>	the Office of Legal Complaints established in accordance with section 114 of the Act
<b>Ombudsman Scheme</b>	the scheme referred to in section 115 of the Act
<b>Optional Consultee</b>	any person (other than a Mandatory Consultee) who the Board considers it reasonable to consult regarding

	an Application
<b>Prescribed Fee</b>	the fee that must accompany an Application as described in Section D of these Rules
<b>Regulatory Arrangements</b>	has the meaning given in section 21 of the Act
<b>Regulatory Objectives</b>	has the meaning given in section 1 of the Act
<b>Reserved Legal Activity</b>	has the meaning given in section 12 of and schedule 2 to the Act
<b>Reserved Legal Services</b>	has the meaning given in section 207 of the Act
<b>Schedule</b>	the schedule to these Rules
<b>Transitioned Applications</b>	means any one of the following Applications, a form of which was originally submitted to the Ministry of Justice for approval prior to the date of these Rules coming into force: <ul style="list-style-type: none"> <li>a) an Application in respect of the exercise of a right of audience and the conduct of litigation in respect of associate prosecutor members of ILEX;</li> <li>b) an Application in respect of Probate Activities</li> </ul>

## **B. WHO DO THESE RULES APPLY TO?**

2. These are the Rules that apply if a body wishes to apply to the Board, under Part 2 of schedule 4 to the Act, for the Board:
  - a) to make a recommendation to the Lord Chancellor that an order be made that the body be designated as an Approved Regulator in relation to one or more activities which constitute one or more Reserved Legal Activities; and
  - b) to approve what the body proposes as its Regulatory Arrangements if such an order is made.
3. These Rules set out:
  - a) the required content of any Application to the Board and some guidance in relation to that content (**see Section C**);
  - b) the amount of the Prescribed Fee that must accompany any Application (**see Section D**);
  - c) the processes and procedures that the Board will undertake in considering the Application (**see Section E**);

- d) the manner in which the Applicant can make representations to the Board about its Application (**see Section F**);
  - e) the Board's criteria for determining Applications (**see Section G**); and
  - f) whom a body should contact if it has a question in relation to the Application process (**see Section H**).
4. The Board reserves the right to amend these Rules from time to time. If the amendments made to the Rules are, in the opinion of the Board, material the Board will publish a draft of the amended rules and will invite consultations in accordance with section 205 of the Act.

### **C. CONTENTS OF APPLICATION**

5. The Act requires the Board to consider certain factors and to consult with other parties in order to reach its determination. Accordingly, the Application must contain sufficient information to allow the Board to make a proper consideration of the Application and to provide sufficient information to the Consultees to enable them to consider the Application in a meaningful way. Attached as a Schedule to these Rules is:
- a) details of the administrative information that must be provided to enable processing of an Application (see Part 1 of the Schedule) and guidance on the possible evidence that could be provided to satisfy these requirements;
  - b) guidance on the kind of evidence which the Board may consider in determining whether an Applicant's proposed Regulatory Arrangements are sufficient to guarantee delivery of the Regulatory Objectives (see Part 2 of the Schedule); and
  - c) guidance on how the Board expects to treat Applications (see Part 3 of the Schedule).
6. The Board does not prescribe the form which an Application should take. The onus is on the Applicant to supply all materials completely and accurately in the format that it thinks fit.

### **D. PRESCRIBED FEE**

7. Any Application must be accompanied by the Prescribed Fee set out in Rule 8 below. The Prescribed Fee must be paid by electronic funds transfer to the following bank account: <sup>1</sup>

Bank:	NatWest
Sort code:	60-70-80

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<sup>1</sup> Bank details updated 2 August 2010

Account No: 10012680

Account Name: GBS Re Legal Services Board

Reference: *[Insert Applicant name]*/ AR Designation Application

8. The Prescribed Fee that must accompany an Application will depend on the type of Application being made. The different levels of the Prescribed Fee are as follows:
  - a) subject to Rule 8(c) below, if the Applicant is an Existing AR Applicant, the Prescribed Fee is £16,000;
  - b) if the Applicant is not an Existing AR Applicant the Prescribed Fee is £22,000;
  - c) if the Applicant is ILEX and the Application is one or more of the Transitioned Applications, the Prescribed Fee is £20.
9. The amounts specified in Rule 8(a) and Rule 8(b) are each the average costs that the Board anticipates it will incur in considering these different types of Application. In respect of the Prescribed Fee for an Existing AR Applicant this is based on a day rate of £562 over 28.5 business days. In respect of a Prescribed Fee for an Applicant who is not an Existing AR Applicant, this is based on a day rate of £562 over 39 business days
10. The Board reserves the right to charge an additional amount in excess of the amounts set out in Rule 8 in the following circumstances:
  - a) if the Board requests further information from the Applicant in accordance with Rule 14 and the Board's costs in processing this information exceeds the relevant amount specified in Rule 8. In these circumstances, any such additional costs will be charged at the day rate of £562;
  - b) the nature of the Application means that the Board has to seek external advice and the cost of this advice would mean that the Board's cost in processing the Application would exceed the relevant amount specified in Rule 8.

## **E. PROCESSES AND PROCEDURE**

### ***Sending the Application***

11. Subject to Rule 12 below, the Applicant must submit their Application (and, proof of transmission of the Prescribed Fee) either by email, post or courier to the relevant address shown below:
  - a) If by email to: [schedule4approvals@legalservicesboard.org.uk](mailto:schedule4approvals@legalservicesboard.org.uk)
  - b) If by post or courier to:

Address: Legal Services Board  
7<sup>th</sup> Floor Victoria House  
Southampton Row  
London WC1B 4AD

For the attention of: AR Designations Administrator

12. The Applicant must, unless otherwise agreed with the Board, submit their Application (and, proof of transmission of the Prescribed Fee) to the Board using the online tool at [www.legalservicesboard.org.uk](http://www.legalservicesboard.org.uk), once this has been developed.
13. On receipt of the Application and the Prescribed Fee, an acknowledgement email will be sent to the Applicant by the Board.
14. The Board will consider the Application and may ask the Applicant for such additional information as the Board may reasonably require.
15. The Board has the discretion to refuse to consider, or to continue its consideration of, an Application. The Board will exercise this discretion if it believes that it has not received all the information it requires.
16. Where the Board decides to refuse to consider, or to continue its consideration, of an Application it will give the Applicant notice of that decision and the reasons for it. Any such notice will be published by the Board on its website.
17. An Applicant may at anytime withdraw or amend their Application by giving notice to that effect to the Board.

### ***Obtaining advice***

18. On receipt of an Application, and all further information that the Board may require under Rule 14, the Board will send a copy of the Application (together with any further information received) to the Consultees.
19. The Board will specify to the OFT, the Consumer Panel and any Optional Consultee a time period in which each body must provide their advice on the Application to the Board. The Board intends to request that these bodies provide their advice within a time period which is reasonable, published and variable dependent on the volume and complexity of the Application received.
20. The OFT, the Consumer Panel and any Optional Consultee will then each consider the Application within the specified time period and will provide its advice to the Board.
21. In providing its advice to the Board, each Consultee may ask the Applicant (or any other person) to provide such additional information as may be required.
22. The Board will then provide the advice it receives from the OFT, the Consumer Panel and any Optional Consultee to the Lord Chief Justice and will specify to the Lord Chief

Justice a time period in which he must provide his advice on the Application to the Board. Again, the time period that the Board will specify will depend on the particular circumstances of the Application.

23. The Lord Chief Justice will then consider the Application and will provide his advice to the Board.
24. Once the Board has received the advice of the Lord Chief Justice, it will provide to the Applicant a copy of all the advice that has been given by the Consultees.

### ***Representations***

25. The Applicant has **28 days** beginning on the day on which a copy of the advice referred to in Rule 24 is given to the Applicant, or such longer period as the Board may specify in a particular case, to make representations to the Board about the advice. Any representations made by the Applicant must be made in accordance with Section F of these Rules.

### ***Publication of Advice***

26. As soon as practicable after the end of the period within which representations under Rule 25 may be made, the Board will publish on its website:
  - a) the advice received from the Consultees; and
  - b) subject to Rule 27, any written representations duly made by the Applicant (and the report of oral representations (if any) prepared under Rule 45).
27. Prior to the publication of any written representations (and the report of oral representations (if any) prepared under Rule 45) the Board will decide whether any parts of the representations shall remain private and, if so why, taking account of representations from the Applicant. The Board will so far as practicable exclude any material which relates to the private affairs of a particular individual the publication of which, in the opinion of the Board, would or might seriously and prejudicially affect the interests of that individual.

### ***The Board's Decision***

28. After considering the items listed in paragraph 14(1) of schedule 4 to the Act, the Board will decide whether to grant the Application.
29. If the Board decides to grant the Application, it will notify the Applicant and will recommend to the Lord Chancellor that an order be made.
30. If the Board decides not to grant the Application, the Board will write to the Applicant with the reasons for its decision.
31. The Board will publish on its website a copy of any decision that it gives to the Applicant.

32. Where an Application relates to more than one Reserved Legal Activity, the Board may grant the Application in relation to all or any of them.

### ***The Lord Chancellor's Decision***

33. The Lord Chancellor has up to 90 days from the date on which the Board makes its recommendation in accordance with Rule 29 to notify the Applicant of whether or not he will make an order in accordance with the recommendation.

34. Where the Board's recommendation relates to more than one Reserved Legal Activity, the Lord Chancellor may make an order in relation to all or any of them.

35. If the Lord Chancellor decides not to make an order in accordance with the Board's recommendation, the Lord Chancellor's notice to the Applicant must state the reasons for that decision. The Lord Chancellor will publish any notice given under Rule 33.

### ***Timing***

36. Under the provisions of the Act the Board has 12 months from the date of the Application to give its decision to the Applicant and its recommendation to the Lord Chancellor (if appropriate). The Board may extend this period up to a maximum of 16 months from the date of Application by giving notice to the Applicant. The Board may only give such a notice if it has first consulted with the Mandatory Consultees in relation to such an extension. Such notice will state the Board's reasons for extending the period and will also be published by the Board on its website.

37. Notwithstanding Rule 36, the Board will aim to deal with an Application within six months from the later of:

- a) the date of submission of the Application; and
- b) the final date of submission of any further information that the Board may request under Rule 14.

## **F. FORM OF REPRESENTATIONS**

### ***Written representations***

38. Subject to Rules 39 and 41, all representations made to the Board about advice received by the Board must be in writing and must be submitted to the Board either by email, post or courier to the relevant address set out at Rule 11.

39. The Applicant must, unless otherwise agreed with the Board, submit all representations to the Board using the online tool at [www.legalservicesboard.org.uk](http://www.legalservicesboard.org.uk), once this has been developed.

40. All representations must be received by the Board within the period set out in Rule 25. Representations out of this time will not be considered unless, exceptionally and at the sole discretion of the Board, they appear to raise matters of substance relevant to the Application which are not already under consideration.

### ***Oral representations***

41. The Board may, at its sole discretion authorise an Applicant to make oral representations about advice received by the Board. On grounds of cost, efficiency, transparency and consistency of treatment between Applicants, the Board will not normally accept oral representations unless the particular circumstances of the Applicant or the complexity of the issues merit an exception to the normal process in individual cases. If the Board grants such an exception, it will publish its reasons for doing so.

42. Should the Board authorise an Applicant to make oral representations, the representations will take place at a hearing to be held either by telephone, video conference or in person. The Board will give the Applicant not less than ten business days notice that there will be a hearing. If the hearing is to be held in person the notice will specify the place and time at which the hearing will be held. If the hearing is to be held by telephone or video conference, the notice will specify the time of the telephone call or video conference and also the arrangements for facilitating the telephone call or video conference.

43. Hearings conducted in person (rather than by telephone or video conference) will normally be open to the public. However, within the period ending four business days prior to the scheduled date of the hearing, the Applicant may submit to the Board a written request, with reasons, that aspects of the hearing be held in private. The Board will consider the reasons given and will then publish the reasons for any decision that it reaches. Where the hearing is held in private, the Board will only admit persons, other than representatives of the Applicant and the Board, after obtaining the agreement of the Applicant.

44. The Applicant must appear at the hearing, either in person, by telephone or by video conference (as the case may be), and may be represented by any persons whom it may appoint for the purpose. The proceeding of the hearing will be recorded on behalf of the Board and will be transcribed onto paper.

45. Where oral representations are made, the Board will prepare a report of those representations which will be based on the transcription of the hearing made in accordance with Rule 44. Before preparing the report, the Board:

a) must give the Applicant a reasonable opportunity to comment on a draft of the report;  
and

b) must have regard to any comments duly made by the Applicant.

46. Subject to complying with the timing requirements set out in Rule 36, the Board reserves the right to extend processes to take account of the need to transcribe and verify oral submissions.

47. The Board may from time to time adjourn the hearing.

48. For the avoidance of doubt, this Section F only applies to representations made to the Board by the Applicant in relation to the advice provided by the Consultees.

## **G. CRITERIA FOR DETERMINING APPLICATIONS**

49. In accordance with paragraphs 13(2) and 13(3) of schedule 4 to the Act, the Board will only grant an Application if it is satisfied:

- a) that, if the Lord Chancellor were to make an order designating the Applicant in relation to the particular Reserved Legal Activity, the Applicant would have appropriate internal governance arrangements in place at the time the order takes effect and, in particular that the exercise of the Applicant's regulatory functions would not be prejudiced by its representative functions and, so far as is reasonably practicable, regulatory decisions would be taken independently of representative ones;
- b) that, if such an order, were to be made, the Applicant would be competent, and have sufficient resources, to perform the role of Approved Regulator in relation to the Reserved Legal Activity at that time;
- c) that the Applicant's proposed Regulatory Arrangements make appropriate provision for the regulation of those it wishes to authorise. Details of the kind of evidence that the Board may consider in determining whether an Applicant's proposed Regulatory Arrangements make such provision can be found in Part 2 of the Schedule to these Rules;
- d) that the Applicant's proposed Regulatory Arrangements comply with the requirements of section 52 of the Act in that they must make such provision as is reasonably necessary to prevent regulatory conflicts;
- e) that the Applicant's proposed Regulatory Arrangements comply with requirements of section 54 of the Act in that they must make such provision as is reasonably practicable and, in all the circumstances appropriate: (a) to prevent external regulatory conflicts; (b) to provide for the resolution of any external regulatory conflicts that arise; and (c) to prevent unnecessary duplication or regulatory provisions made by an external regulatory body;
- f) that the Applicant's proposed Regulatory Arrangements comply with the requirements of section 112 of the Act in that they must make provision requiring each relevant Authorised Person: (a) to establish and maintain procedures for the resolution of relevant complaints; or (b) to participate in, or to make arrangements to

be subject to, such procedures established and maintained by another person, and provision for the enforcement of that requirement;

- g) that the Applicant's proposed Regulatory Arrangements comply with the requirements of section 145 of the Act in that they must make: (a) provision requiring each relevant Authorised Person to give ombudsmen all such assistance requested by them, in connection with the investigation, consideration or determination or complaints under the Ombudsman Scheme, as that person is reasonably able to give; and (b) provision for the enforcement of that requirement.

50. In addition, when considering an Application the Board will consider how consistent an Applicant's proposed Regulatory Arrangements are with the requirements of section 28 of the Act (duty to promote the Regulatory Objectives, pursue best regulatory practice etc).

## **H. FURTHER INFORMATION**

51. If you have any questions about the Application process or the preparation of an Application, you should contact the Board at:

Address:                      Legal Services Board  
                                     7<sup>th</sup> Floor Victoria House  
                                     Southampton Row  
                                     London WC1B 4AD

Email:                              [schedule4approvals@legalservicesboard.org.uk](mailto:schedule4approvals@legalservicesboard.org.uk)

Telephone:                      020 7271 0050

## SCHEDULE

### Part 1 - Administrative Information Needed to Enable Processing of an Application

What is required	Section of Act	Possible Evidence
1.	Background information	N/A
2.	A statement of the Reserved Legal Activity or Activities to which the Application relates	<p>Sch. 4, paragraph 3(3)(a)</p> <p>Specification of:</p> <ul style="list-style-type: none"> <li>• Which of the Reserved Legal Activities set out in section 12 and schedule 2 to the Act the Applicant proposes to regulate</li> <li>• The context within which the Applicant proposes to regulate such Activities (i.e. will the Applicant only be providing authorisation to provide the Reserved Legal Activities in limited circumstances?)</li> </ul>
3.	Details of the Applicant's proposed Regulatory Arrangements	<p>Sch. 4, paragraph 3(3)(b)</p> <p>Relevant documentation on how the Applicant proposes to establish and discharge its Regulatory Arrangements, as defined in section 21 of the Act i.e.:</p> <ul style="list-style-type: none"> <li>• Authorisation processes</li> <li>• Practice rules</li> <li>• Code of conduct</li> <li>• Disciplinary arrangements</li> <li>• Qualification regulations</li> <li>• Indemnification arrangements</li> <li>• Compensation arrangements</li> <li>• Licensing rules</li> <li>• Other related rules</li> </ul> <p>A clear explanation of how the Applicant's Regulatory Arrangements actively contribute to the achievement of the Regulatory Objectives and remove risks to their delivery</p>
4.	Such explanatory material (including material about the Applicant's constitution and activities) as the Applicant	<p>Sch. 4, paragraph 3(3)(c)</p> <p>Memorandum and articles of association or equivalent constitutional documentation</p> <p>Current details of legal entity structure, ownership, list</p>

	What is required	Section of Act	Possible Evidence
	considers is likely to be needed for the purposes of Part 2 of schedule 4		<p>of directors</p> <p>Statement of the non-regulatory activities the Applicant intends to carry out and how these will be managed in accordance with the requirements of the Act and such rules as the Board shall make from time to time</p> <p>A business plan for the activity to be regulated, demonstrating the proposed governance and funding arrangements and sensitivity analysis showing how it relates to different forecasts</p>
5.	Details of the authority which the Applicant proposes to give persons to carry on activities which are Reserved Legal Activities	Sch. 4, paragraph 3(5)(a)	See Item 3
6.	Details of the nature of the persons to whom <i>each aspect of</i> the authority is to be given	Sch. 4, paragraph 3(5)(a)	See Item 3
7.	Regulations (however they may be described) as to the education and training which persons must receive, and any other requirements which must be met by or in respect of them, in order for them to be authorised	Sch. 4, paragraph 3(5)(b)	<p>Details might include:</p> <ul style="list-style-type: none"> <li>• Split between general principles (i.e. duty to the Supreme Court) and specific activity (i.e. staff training, client money handling etc)</li> <li>• Split between mandatory elements and guidance</li> <li>• Explanation of any variation with the practices adopted by others currently regulating the activity</li> </ul>
8.	Rules (however they may be described) as to the conduct required of persons in carrying on any activity by virtue of the authority	Sch. 4, paragraph 3(5)(c)	Details of the activities within each relevant Reserved Legal Activity (e.g. conducting CPD eligible training, handling client money, supervising trainees, supervising lawyers or other disciplines)
9.	In deciding what advice to give, the <b>OFT</b> must, in particular, have regard to whether an order ... would (or would be likely to) prevent, restrict or distort competition within the market for reserved legal services to any significant extent	Sch. 4, paragraph 6(2)	The OFT is considering whether to issue its own guidance on the issues to which it is likely to have regard in giving advice
10.	In deciding what advice to give, the <b>Consumer Panel</b> must, in particular, have regard to the likely impact on consumers of the making of an order	Sch. 4, paragraph 7(2)	<p>Explanation of how the Regulatory Arrangements will:</p> <ul style="list-style-type: none"> <li>• Protect and promote the interests of consumers generally</li> </ul>

What is required	Section of Act	Possible Evidence	
		<ul style="list-style-type: none"> <li>Meet the specific requirements in terms of indemnification and complaint handling</li> </ul>	
11.	A <b>selected consultee</b> may give the Board such advice as the selected consultee thinks fit in respect of the Application	Sch. 4, paragraph 8	Information on any matters specified by a selected consultee
12.	The <b>Lord Chief Justice</b> must, in particular, have regard to the likely impact on the courts in England and Wales of the making of an order	Sch. 4, paragraph 9(3)	Information on any matters specified by the LCJ
13.	The Board may grant an Application in relation to a particular Reserved Legal Activity only if it is satisfied that, if an order were to be made designating the body in relation to that activity, the Applicant would have appropriate internal governance arrangements in place at the time the order takes effect	Sch.4, paragraph 13(2)(a)	See Item 4
14.	The Board may grant an Application in relation to a particular Reserved Legal Activity only if it is satisfied that, if such an order were to be made, the Applicant would be competent, and have sufficient resources, to perform the role of Approved Regulator in relation to the Reserved Legal Activity at that time	Sch. 4, paragraph 13(2)(b)	<p>Statement from authorised staff/officeholders in the organisation that there are sufficient resources, an explanation of how this has been assessed</p> <p>Documents signed off by an external accountant as being calculated, presented and supported to a standard that could pass a statutory audit</p> <p>Business Plan for coming year and 3 year forward look</p> <p>Risk management strategy</p> <p>Staff development and retention strategies</p>
15.	The Board may grant an Application in relation to a particular Reserved Legal Activity only if it is satisfied that, the Applicant's proposed Regulatory Arrangements make appropriate provision	Sch. 4, paragraph 13(2)(c)	Assessment of how the proposed Regulatory Arrangements are consistent with Better Regulation Principles

What is required	Section of Act	Possible Evidence
16.	Compliance with the requirement imposed by sections 52 and 54 (resolution of regulatory conflict)	Sch. 4, paragraph 13(2)(d)  A statement identifying regulators with whom conflict might arise and the work undertaken to date and proposed to avoid this, in particular in relation to the interaction between an individual regulated by one Approved Regulator and an employing entity regulated by another Approved Regulator
17.	Compliance with the requirements imposed by sections 112 and 145 (requirements imposed in relation to the handling of complaints)	Sch. 4, paragraph 13(2)(e)  Current or draft policies showing compliance with any rules made under sections 112 and 145 of the Act and any OLC guidance
18.	The rules made for the purposes of sub-paragraph 2(a) must in particular require the Board to be satisfied that the exercise of the Applicant's regulatory functions would not be prejudiced by any of its representative functions	Sch. 4, paragraph 13(3)(a)  Statement on how the arrangements comply with the principles of the Act and such rules as the Board may make from time to time
19.	The rules made for the purposes of sub-paragraph 2(a) must in particular require the Board to be satisfied that decisions relating to the exercise of the Applicant's regulatory functions would so far as reasonably practicable be taken independently from decisions relating to the exercise of the Applicant's representative functions	Sch. 4, paragraph 13(3)(b)  See Item 18

## Part 2 – Evidence in relation to Regulatory Arrangements

Principles (each principle may relate to more than one risk)	Risks	Relates to Regulatory Objectives (see section 1(1))	Relates to Regulatory Arrangement (see section 21(1))	Evidence to underpin approval of designation as an Approved Regulator
Clients money must be protected	Clients money is misused by regulated person or unprotected from entity failure	(d), (f), (h)	(h)	Approved Regulators must ensure that Authorised Persons must keep clients money separate from own  Approved Regulators must be able to compensate clients as per section 21(2)  May involve client account rules; insurance requirements; compensation fund or insurance <i>or alternatives</i>
Authorised Persons must act in clients' interests subject to duty to court	Authorised Persons do not or are unable to act in the clients interest	(a), (b), (d), (e), (h)	(g), (d)	Approved Regulators must demonstrate how regulated persons and entities are indemnified against losses arising from claims in relation to any description of civil liability incurred by them, or by employees or former employees of theirs, in connection with their activities as such regulated persons or entities  Approved Regulators must have a code of conduct that enshrines the primacy of acting in the client interest and subjugates other pressures, be they commercial or otherwise to that principle
Reserved Legal Services should only be delivered by regulated persons of appropriate skill and competence	Reserved Legal Services are not of the appropriate quality	(c), (d), (e), (h)	(a), (b), (c)	Approved Regulators must ensure that definitions of appropriate skill and competence are proportionate in order to ensure both value and professionalism  Easily accessible redress should be in place
Compliance with professional principles should be enshrined in regulation	Reserved Legal Services are not delivered in accordance with professional principles	(a), (d), (h)	(d), (f)	Approved Regulators must have a code of conduct that defines the professional principles that are compulsory for regulated community
Ditto above	Authorised Persons and entities do not	(a), (b), (c), (d), (e), (f), (g), (h)	(e)	Approved Regulator must have a disciplinary remit and processes that allow for setting standards and

<b>Principles (each principle may relate to more than one risk)</b>	<b>Risks</b>	<b>Relates to Regulatory Objectives (see section 1(1))</b>	<b>Relates to Regulatory Arrangement (see section 21(1))</b>	<b>Evidence to underpin approval of designation as an Approved Regulator</b>
	comply with regulation			managing compliance of Authorised Persons and entities, efficient investigatory systems and disciplinary powers in the event of breaches of the regulatory framework
Responsibilities for front line complaints handling and interactions with the OLC should be clear	Consumers do not receive timely complaint investigation or redress when justified	(a), (b), (c), (d), (h)	(c), (d), (h)	Approved Regulator must have rules specifying how rights to complain and redress can be accessed, including the right of access to the OLC at an appropriate stage
Regulatory Arrangements should advance the objective of supporting competition	Regulatory requirements act as a barrier to competition by restricting legitimate entry	(d), (e)	(c), (d)	Approved Regulator should be able to demonstrate that their rules are the minimum necessary to address the full set of objectives and do not have unintended consequences in terms of restricted entry
Representative and regulatory functions should be discharged and decisions made, so far as reasonably practicable, independently of each other	Decisions lack credibility and independence because of actual or perceived influence from the representative arm of an Approved Regulator	(a), (d), (f)	(c), (d)	Approved Regulators should have arrangements which implement the Act and such rules as the LSB make on the issue in relation to regulatory strategy, decisions and resourcing of the regulatory arm
Regulation should clearly support the rules of law	Commercial considerations undermine duty to the court	(b), (c), (d), (f)	(a), (c), (d)	Approved Regulators' rules and processes should unequivocally give priority to this duty
The legal professions make up should reflect the population it serves	Public confidence is lost if the profession appears to be a "closed shop"	(c), (d), (f)	(a), (b), (f)	Approved Regulators should be able to demonstrate processes which address diversity concerns
Consumers should be actively involved in decision making throughout their dealings with the profession	Consumers poor understanding restricts their ability to access justice	(a), (c), (d), (g)	(a), (d), (h)	Approved Regulators can demonstrate how their processes address public legal education

### **Part 3 – How the Board expects to treat Applications**

1. The Board expects carefully prepared documentation which the executives and/or honorary officers of the Applicant (and the Applicant's independent advisors when applicable) are prepared to put their name to in stating that the information supplied is accurate or, in the case of forecast data, is a best estimate based on good research and informed professional judgement. If the Applicant cannot demonstrate this level of executive and advisory confidence then it is not appropriate for an Application to be made.
2. The Board expects that some parts of this Schedule will be less relevant to an Applicant who is already an Approved Regulator which is applying to add an additional Reserved Legal Activity to its competences or to a new Applicant which has a strong record of regulatory performance in a related sector than to a wholly new organisation. Hence, the Board will take a proportionate view of risk in deciding precisely how much information to seek in any given case.
3. All documents supplied will be subject to publication and to the scrutiny of the Consultees whom the Act prescribes must consider Applications. Consequently Applicants should have regard to this in relation, in particular, to supplying information which might be commercially sensitive and/or contain personal data. The Board will consider limited requests for redaction of information from documents that are published on these grounds but will not be able to redact information from materials sent to the Mandatory Consultees. The Board requires successful Applicants to maintain a publicly accessible internet space containing all of the materials that are submitted by the Applicant in its Application.
4. The Board will normally expect to see evidence of consultation with other Approved Regulators and the OLC on matters (such as code of conduct) where there is likely to be an interaction between the Applicant and the existing Approved Regulators. The Applicant should also consult with members of, and representative bodies for, professions that may be affected by the Application and with the regulators of these professions. The Board will also normally expect the Applicant to consider, and if appropriate consult with, any other relevant stakeholders including consumers.
5. The Board reserves the right to retain advisors to consider the information supplied. The retention of such advisors may result in an increase to the Prescribed Fee as described in Rule 10. Applicants are encouraged to consider how in preparing, presenting and in certifying the information that they submit, they can minimise the need for the Board to take external advice.
6. The Board's decision will take account of professional guidance, Consultee responses received and on the overall competence, completeness and executive and advisor endorsement of the Applications received. The Board, as an oversight regulator, will not usually reanalyse the information supplied unless there are compelling reasons for doing so.

7. Board approval of a new body as an Approved Regulator, or of an Existing AR Applicant as an Approved Regulator in relation to an additional Reserved Legal Activity represents an assessment that:
  - a) the Applicant appears well prepared and appears to understand the roles and responsibilities granted to Approved Regulators under the Act; and
  - b) no valid objections have been made to the Applicant's Application by the Consultees.