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18 September 2014

Dear Vanessa,

Warning notice issued under Part 3 of Schedule 4 to the Legal Services Act 2007

I have copied to you the formal warning notice served on The Bar Council, as approved regulator, in respect of the Bar Standards Board's (BSB) entity application. This letter gives some further detail about why we have issued the warning notice.

As you are aware, following BSB's submission to LSB of its application to alter its regulatory arrangements to enable it to regulate entities on 25 June 2014, LSB extended the initial decision period for considering the application to 22 September 2014. This means that by 22 September 2014, LSB must either approve the application (in whole or in part) or issue a warning notice under paragraph 21(1)(b) of Schedule 4 to the Legal Services Act 2007 (the Act) stating that it is considering refusing the application.

LSB has decided to issue a warning notice as BSB's proposals for hearing appeals against its regulatory decisions about entities cannot yet be finalised. BSB has proposed amendments to a Practice Direction of the Civil Procedure Rules (CPR) which require the consent of the President of the Queen's Bench Division and the approval of the CPR Committee. The changes would enable the High Court to hear appeals against regulatory decisions made by BSB in relation to entities (an extension to the appeals which go to the High Court already). We understand that the changes cannot be made before 22 September 2014. This means that, at present, the application does not meet the requirements of the Act that BSB's proposed regulatory arrangements make appropriate provision and so LSB cannot approve the arrangements.

As BSB is progressing amendments relating to the CPR, we will not issue a decision notice at this stage as we recognise that, while the changes cannot be resolved by 22 September 2014, it is likely that this would be achievable within a reasonably short time thereafter, on the assumption that the necessary approval is obtained.

While the warning notice provides LSB with 12 months to make a decision about the application, we anticipate making a final decision much sooner than this and will be working closely with your team to try to ensure that this is the case. We also consider that the warning notice should allow

BSB more time to progress and finalise other arrangements required for it to authorise and regulate entities from early 2015, for example the proposed fees for entities.

Paragraph 22(2) of Schedule 4 to the Act allows LSB to invite advice from relevant persons about the application; however, at this stage we do not think it will be necessary to seek any such advice.

Our teams will, I am sure, continue to work closely and effectively together in resolving the outstanding issues.

I have sent a copy of this letter to Stephen Crowne at The Bar Council, along with the warning notice.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Chris Kenny', followed by a horizontal line and a small vertical tick at the end.

Chris Kenny
Chief Executive

chris.kenny@legalservicesboard.org.uk