

# Additional Practising Regulations for the United Kingdom, Jersey, Guernsey and Dependencies and the Isle of Man

## Annex 1 to The Chartered Certified Accountants' Global Practising Regulations 2003

### 1. Application

The regulations contained in this annex form part of The Chartered Certified Accountants' Global Practising Regulations 2003, and shall apply to all members and to all persons who otherwise agree to be bound by them.

### 2. Interpretation

(1) In these regulations, unless the context otherwise requires:

*ACCA student* means a registered student who is undertaking the ACCA Qualification examinations;

*agent*, in relation to a person, means any person (including an employee) who acts on that person's behalf;

*appropriate qualification* means a qualification in accordance with section 1219 of the Companies Act 2006 of the United Kingdom;

*approved regulator* means a body designated as an approved regulator by Part 1 of Schedule 4 or under Part 2 of that Schedule (or both) and whose regulatory arrangements are approved for the purposes of the Legal Services Act 2007 of the United Kingdom in respect of one or more reserved legal activities;

*Audit Directive* means Directive 2006/43/EC of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts;

*audit qualification* means an audit qualification to the practising certificate issued by the Association to individuals holding the Association's recognised professional qualification and referred to in regulation 6 of Appendix 1, which authorises the individual to hold himself out as an auditor and to carry on audit work;

*audit report* means a report on accounts or financial statements which is described as an audit report or having been made by an auditor or is given in true and fair terms or which states that the accounts present fairly the financial position;

*audit working papers and investigation reports* means:

- (a) any documents which are or have been held by a statutory auditor, an EEA auditor or a third country auditor and which are related to the conduct of an audit conducted by that auditor,
- (b) any report of an inspection into the conduct of an audit by a statutory auditor, an EEA auditor or a third country auditor, or
- (c) any report of an investigation into the conduct of a statutory auditor, and EEA auditor or a third country auditor;

*auditing certificate* means an auditing certificate issued by the Association to firms and referred to in regulation 5 of Appendix 1;

*auditor* means a person who signs or holds himself out as being available to sign an audit report whether or not that report is required by statute;

*authorised person* has the meaning given in section 18 of the Legal Services Act 2007 of the United Kingdom;

*contentious probate business* means probate business done in, or for the purposes of, proceedings begun before a court or before an arbitrator appointed under the Arbitration Act 1950;

*controller* has the meaning given in paragraph 8(4) of Schedule 10 of the Companies Act 2006 of the United Kingdom;

*EEA auditor* means an individual who is approved in accordance with the Audit Directive by an EEA competent authority to carry on audit work;

*EEA competent authority* means a competent authority within the meaning of article 2.10 of the Audit Directive of an EEA state other than the United Kingdom;

*EEA state* means a state which is a Contracting Party to the Agreement on the European Economic Area signed at Oporto on 2 May 1992 (as it has effect from time to time);

*exempt regulated activities* has the meaning given in The Chartered Certified Accountants' Designated Professional Body Regulations 2001;

*group* means a parent undertaking and its subsidiary undertakings;

*group auditor* means a person appointed as auditor to conduct an audit of group accounts;

*insolvency licence* means the licence issued by the Association which authorises the holder in accordance with section 390(2) of the Insolvency Act 1986 of the United Kingdom to act as an insolvency practitioner, and referred to in regulations 5 and 6 of Appendix 4;

*insolvency practitioner* means a person acting as such in accordance with section 388 of the Insolvency Act 1986 of the United Kingdom;

*Legal Ombudsman* means the scheme established by the Office for Legal Complaints under Part 6 of the Legal Services Act 2007 of the United Kingdom to resolve complaints about legal services according to the scheme rules;

*Legal Services Board* means the body responsible for legal services regulation constituted under section 2 and Schedule 1 of the Legal Services Act 2007 of the United Kingdom;

*licensable body* has the meaning given in section 72 of the Legal Services Act 2007 of the United Kingdom;

*major audit* means a statutory audit conducted in respect of:

- (a) a company any of whose securities have been admitted to the official list (within the meaning of Part 6 of the Financial Services and

Markets Act 2000 of the United Kingdom); or

(b) any other person in whose financial condition there is a major public interest;

[non-contentious probate business means any probate business which is not contentious probate business;](#)

*non-member* means a person who is not registered as a student, affiliate or member of the Association;

[probate activities has the meaning given in paragraph 6 of Schedule 2 of the Legal Services Act 2007 of the United Kingdom;](#)

*public interest entity* means:

(a) an issuer whose transferable securities are admitted to trading on a regulated market;

(b) a credit institution within the meaning given by Article 4(1)(1) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, other than one listed in Article 2 of Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and investment firms; or

(c) an insurance undertaking within the meaning given by Article 2(1) of Council Directive 1991/674/EEC of the European Parliament and of the Council on the annual accounts and consolidated accounts of insurance undertakings;

*qualified person* means:

(a) in relation to an individual a person qualified to hold:

(i) a practising certificate with an audit qualification; or

(ii) a corresponding qualification to audit accounts under the law of an EEA state, or part of an EEA state, other than the United Kingdom; and

(b) in relation to a firm:

(i) a firm that is eligible to be appointed as an auditor; or

(ii) a firm that is eligible for a corresponding appointment as an auditor under the laws of an EEA state, or part of an EEA state, other than the United Kingdom;

*recognised professional qualification* means a qualification declared as such for the purpose of Part 2 of Schedule 11 of the Companies Act 2006 of the United Kingdom;

*regulated work* means work conducted under an insolvency licence, ~~or~~ an auditing certificate, [or a legal activities certificate;](#)

[reserved legal activities has the meaning given by section 12\(1\) and Schedule 2 of the Legal Services Act 2007 of the United Kingdom;](#)

*senior statutory auditor* means a person acting as such in accordance with section 504 of the Companies Act 2006 of the United Kingdom;

*statutory auditor* has the meaning given by section 1210 of the Companies Act 2006 of the United Kingdom;

*supervisory body* has the meaning given by section 1217(1) of the Companies Act 2006 of the United Kingdom;

*third country* means a country or territory that is not an EEA state or part of an EEA state;

*third country auditor* means a person, other than a person eligible for appointment as a statutory auditor, who is eligible to conduct audits of the accounts of bodies corporate incorporated or formed under the law of a third country in accordance with the law of that country;

*third country competent authority* means a body established in a third country exercising functions related to the regulation or oversight of auditors;

*UK competent authority* means the Financial Reporting Council Limited.

(2) For the purposes of these regulations, unless the context otherwise requires, a reference to the Companies Act 2006 of the United Kingdom or any of the provisions of that Act shall, in relation to the carrying on of public practice in Northern Ireland, the eligibility, the qualifications and other conditions in relation thereto and the functions of the Association as a supervisory body (or corresponding concept) in Northern Ireland, be deemed to be a reference to the corresponding legislation or provision of the law of Northern Ireland.

(3) Words importing the masculine gender include the feminine and words in the singular include the plural and vice versa.

(4) Any reference to a statutory provision shall include where the context permits the subordinate legislation made from time to time under that provision and any reference to a statutory provision or regulation shall include that provision or regulation as from time to time modified or re-enacted so far as such modification or re-enactment applies or is capable of applying to such reference.

(5) The Interpretation Act 1978 of the United Kingdom shall apply to these regulations in the same way as it applies to an enactment.

### 3. Meaning of public practice

#### (1) Activities

Public practice has the meaning described by regulation 4 of the Global Practising Regulations.

#### (2) Supervision for anti-money laundering

Members who provide accountancy services within the terms of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 by way of business, including those that fall outside the meaning described by regulation 4 of the Global Practising Regulations (for example book-keeping) will be subject to supervision for compliance with the anti-money laundering provisions under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. In such cases, eligible members should consider obtaining a practising certificate from the Association in order to be supervised by the Association. Alternatively, members must register with HM Revenue and Customs or another body recognised for such purposes.

### 4. Restrictions on carrying on public practice

#### (1) Members

- (a) A member holding an insolvency licence may not carry on an activity constituting public practice which is outside the practice of acting as an insolvency practitioner unless he holds a practising certificate.
- (b) A member who holds an insolvency licence who does not carry on an activity constituting public practice which is outside the practice of acting as an insolvency practitioner, but who is a partner or director of a firm where such an activity is carried on, is not required to hold a practising certificate.

*(2) Members and firms*

- (a) Firms that wish to accept an appointment as statutory auditor, or to be held out as available to accept such an appointment, and members who intend to be responsible for a firm's statutory audit work are required to comply with the requirements of Appendix 1.
- (b) Firms that wish to carry on reserved legal activities, or to be held out as available to carry on such activities, and individuals who intend to be responsible for a firm's reserved legal activities work, are required to comply with the requirements of Appendix 5.

## 5. Qualifications

*(1) Qualifications required to hold a practising certificate*

To be qualified to hold a practising certificate, members will need to meet the requirements of regulation 7 of the Global Practising Regulations.

*(2) Qualifications required to obtain an audit qualification*

To be qualified to hold an audit qualification, an individual must meet one of the following requirements:

- (a) where the audit qualification is to relate to the United Kingdom, the requirements of regulation 6 in Appendix 1;
- (b) where the audit qualification is to relate to Jersey, Guernsey and Dependencies, or the Isle of Man:
  - (i) comply with the relevant requirements in Appendix 3 of these regulations; or
  - (ii) have previously held an equivalent certificate issued by the Association. However, individuals will be required, prior to the audit qualification being granted, to demonstrate adequate competence in audit work by providing to the Association details of recent audit experience and recent audit-related CPD.

(3) To be qualified to carry on a reserved legal activity in England and Wales, an individual must meet the requirements of regulation 4 in Appendix 5.

*(34) Professional competence*

Members are reminded that they are required to attain professional competence appropriate to the professional services that they intend to provide. As described in section 130 of the Code of Ethics and Conduct, members must maintain professional knowledge and skill at the level required to ensure that clients or employers receive competent professional service.

## 6. Restriction on carrying on exempt regulated activities

No member, nor any firm in relation to which he is a sole proprietor, partner or director, may carry on, or purport to carry on, exempt regulated activities in the United Kingdom unless he or, as the case may be, it is registered by the Association to carry on exempt regulated activities or is otherwise authorised, or exempted from the need for authorisation, in respect of such exempt regulated activities for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom. However, any member, or firm, satisfying the eligibility requirements contained in regulation 3 of the Designated Professional Body Regulations can register to conduct exempt regulated activities in accordance with and from the effective date of those regulations. The exempt regulated activities must be the only regulated activities carried out, other than regulated activities in relation to which the member or firm is an exempted person. Exempt regulated activities are as defined in the Designated Professional Body Regulations.

## 7. Professional indemnity insurance

*(1) Practising certificates*

Regulation 9 of the Global Practising Regulations applies to applicants for and holders of practising certificates.

*(2) Continuity following cessation*

Regulation 9(5) of the Global Practising Regulations applies to persons subject to regulation 7(1) in respect of their ceasing to engage in public practice, insolvency work, [reserved legal activities](#), exempt regulated activities or investment business services or investment advice.

*(3) Insurance mediation*

Regulation 9 of the Global Practising Regulations sets out the limits of indemnity in respect of all holders of practising certificates. In addition, firms wishing to carry on insurance mediation activities must comply with the special requirements set out in regulation 4(3) of The Chartered Certified Accountants' Designated Professional Body Regulations 2001.

## 8. Continuing professional development

Firms which carry on ~~exempt~~ regulated activities must require the individuals who are partners or directors or agents of the firm who are not members but who carry on ~~exempt~~ regulated activities in the United Kingdom on behalf of the firm to comply with Membership Regulation 4(4) as if they were members.

## 9. Conduct

*(1) Accountants' reports*

Members reporting on an entity which is a member of a regulatory body shall comply with the requirements of that regulatory body and adhere to any guidance issued by it for the preparation and presentation of their reports.

*(2) Exempt regulated activities*

~~Members and firms conducting exempt regulated activities under the Designated Professional Body Regulations shall comply with the~~

~~Association's Code of Ethics and Conduct in the conduct of that work.~~

## **10. Disclosure of information**

~~In the case of firms eligible to conduct exempt regulated activities under the Designated Professional Body Regulations, Individuals and firms must supply the Association with all the necessary information to enable the Association to comply with its obligations to the Financial Conduct Authority and other bodies in its capacity as a designated professional body with respect to any legal and regulatory requirements in accordance with regulation 15 of the Global Practising Regulations.~~

## **11. Monitoring**

Individuals holding practising certificates shall be subject to monitoring by the Association in accordance with regulation 14 of the Global Practising Regulations.

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## Appendix 5

# Legal Activities Regulations 2018

### 1. Application

- (1) The regulations contained in this Appendix form part of Annex 1 to The Chartered Certified Accountants' Global Practising Regulations 2003, and shall apply to all members and to all persons who otherwise agree to be bound by them.
- (2) These regulations apply to the reserved legal activity of probate, and extend to non-contentious probate business only.
- (3) These regulations extend to England and Wales only.

### 2. Restrictions on carrying on public practice

- (1) Where public practice is carried on in the name of a firm, or otherwise in the course of a firm's business, and that public practice involves reserved legal activities, or the holding out of the firm as being available to carry on such activities, no member shall be a sole proprietor, partner or director of that firm, or a member or designated member of a limited liability partnership, unless the firm holds a legal activities certificate issued by the Association and is thereby authorised by the Association to carry on the reserved legal activities authorised by the issue of that certificate.
- (2) A firm required by regulation 2(1) to hold an appropriate legal activities certificate may instead hold another certificate or authorisation from another approved regulator which is in the opinion of the Admissions and Licensing Committee equivalent.

### 3. Where public practice is carried on

Where the public practice consists of accepting engagements for reserved legal activities, or holding oneself out as available to do so, it shall be taken to be carried on in England and Wales, whose laws apply to the engagements, or would apply to the potential engagements, in question.

### 4. Eligibility for legal activities authorisation

#### *Members*

(1) Members responsible for a firm's engagements to provide reserved legal activities shall be required to obtain the relevant legal activities qualification or qualifications in accordance with regulation 6 in addition to complying with regulation 5 of the Global Practising Regulations as regards their practising certificate. A legal activities qualification will convey to the holder the necessary authorisation to carry on that reserved legal activity.

#### *Non-members*

(2) Non-members responsible for engagements to provide reserved legal activities in a firm holding an appropriate legal activities certificate shall be required to obtain the relevant legal activities qualification or qualifications in accordance with regulation 6(2), or otherwise demonstrate their authorisation to carry on those reserved legal activities. A legal activities qualification will convey to the holder the necessary authorisation to carry on that reserved legal activity.

(3) In addition to complying with regulation 4(2), non-members shall be required to provide undertakings to be bound by the following regulations as if they were members of the Association:

- (a) the Global Practising Regulations;
- (b) the continuing professional development requirements of Membership Regulation 4(4);
- (c) the Authorisation Regulations, including the requirement at Authorisation Regulation 3(1)(a) to pay such fees as Council may from time to time require when applying for a legal activities authorisation;
- (d) the Charter, bye-laws and regulations of the Association insofar as they are appropriate and applicable (other than those relating to members' rights to attend and vote at meetings of the Association and obligations to pay subscriptions); and
- (e) the disciplinary procedures of the Association and penalties which may be imposed under such provisions insofar as such penalties could be applicable to a person who is not a member of the Association.

### 5. Eligibility for a firm's legal activities certificate

A firm's legal activities certificate will convey to the holder the necessary authorisation to carry on the reserved legal activity or activities to which the certificate relates. A firm shall be eligible for authorisation to carry on a reserved legal activity if:

- (1) each of the individuals responsible for the firm's reserved legal activities holds a legal activities qualification, or, in the case of non-members of the Association, holds an equivalent authorisation; and
- (2) it is controlled by authorised persons within the meaning of regulation 7; and
- (3) it is fit and proper within the meaning of regulation 8; and
- (4) it holds the necessary PII and FGI in accordance with regulation 9; and
- (5) it has made arrangements for the continuity of its practice in accordance with regulation 11; and
- (6) it undertakes to be bound by the Global Practising Regulations including this Annex 1, the Complaints and Disciplinary Regulations, the Membership Regulations and the Charter and bye-laws insofar as they are applicable to it.

### 6. Legal activities qualifications

#### *(1) Qualifications required to hold a practising certificate*

To be qualified to hold a practising certificate, members will need to meet the requirements of regulation 7 of the Global Practising Regulations.

#### *(2) Qualifications required to carry on a reserved legal activity*

To be qualified to carry on a reserved legal activity, an individual must:

- (a) if he is a member of the Association, have successfully completed a course of training and assessment in the reserved legal activity, as prescribed by the Association, and provided the Association with evidence of his skill and competence in the reserved legal activity in a manner prescribed by the Association; or
- (b) if he is not a member of the Association, be a member of another member body of the International Federation of Accountants, and be entitled to practise accountancy; and
  - (i) have successfully completed a course of training and assessment in the reserved legal activity, as prescribed by the Association, and provided the Association with evidence of his skill and competence in the reserved legal activity in a manner prescribed by the Association; or
  - (ii) hold, or be eligible to hold, authorisation to carry on the reserved legal activity with another approved regulator; or
  - (iii) be otherwise authorised to carry on the reserved legal activity under the Legal Services Act 2007 of the United Kingdom.

(3) *Waiver*

In exceptional circumstances, to the extent permitted by the Legal Services Act 2007 of the United Kingdom and the Legal Standards Board, the requirements of regulation 6(2) may be waived, varied or suspended at the direction of the Admissions and Licensing Committee in its absolute discretion.

## 7. Meaning of firm controlled by authorised persons

- (1) Firms controlled by authorised persons are authorised for carrying on reserved legal activities in accordance with regulation 5.
- (2) A firm shall only be regarded as controlled by authorised persons for the purposes of regulation 5 where:
  - (a) all of the partners or all of the directors and shareholders of the firm, or all of the members and designated members of a limited liability partnership, are authorised persons; and
  - (b) if the firm's affairs are managed by a board of directors, committee or other management body, all of that body are authorised persons.
- (3) References in regulation 7(2) above to a person being authorised are, in relation to an individual, to his being qualified to carry on reserved legal activities in accordance with regulation 6(2).

## 8. Fit and proper persons

- (1) Regulation 8 of the Global Practising Regulations applies to members. Additionally, where authorisation to carry on a reserved legal activity is concerned, this regulation 8 shall apply to the Admissions and Licensing Committee's determination.
- (2) In determining whether a person is "fit and proper", the Admissions and Licensing Committee:
  - (a) may take into account whether that person has contravened any provision of law relating to the carrying on of reserved legal activities;
  - (b) shall take into account whether that person has contravened any law or regulation or undertaken any practices or conduct referred to in relevant law, regulation or guidance issued by a body with responsibility for the regulation of the activities of the holder of the certificate or of the Association in its regulation of such activities;
  - (c) may take into account any matter which relates to him or it and any matter relating to any person who is or will be employed by or associated with him or it for the purposes of or in connection with public practice.

## 9. Professional indemnity insurance

(1) *Legal activities certificates held by firms*

Regulation 9 of the Global Practising Regulations applies to applicants for, and firms holding, legal activities certificates.

(2) *Limits*

Firms wishing to hold, or continue holding, a legal activities certificate that authorises the firm to carry on the reserved legal activity of probate must effect professional indemnity insurance with minimum limits of indemnity of £100,000 in respect of each and every claim.

(3) *Continuity following cessation*

Regulation 9(5) of the Global Practising Regulations applies to persons subject to regulation 9(1) in respect of their ceasing to engage in public practice. In addition, firms that have effected a higher level of indemnity in respect of probate activities should ensure that such cover remains for a period of six years after they cease to engage in probate activities.

## 10. Continuing professional development

- (1) Firms holding a legal activities certificate must require all those responsible for the firm's reserved legal activities who are partners or directors or, in the case of a limited liability partnership, members or designated members, or agents, who are not members but who are responsible for the firm's reserved legal activities to comply with Membership Regulation 4(4) as if they were members. This includes compliance with regulation 10(2) below.
- (2) Individuals authorised to carry on one or more reserved legal activities must maintain competence in those reserved legal activities, and obtain an appropriate proportion of CPD units in each of those areas.

## 11. Continuity of practice

Regulation 11 of the Global Practising Regulations shall be applicable to all firms holding a legal activities certificate.

## 12. Notification

- (1) Firms holding a legal activities certificate must comply with regulation 12 of the Global Practising Regulations.
- (2) Additionally, firms shall give written notice forthwith of the commencing of proceedings against any authorised person of the firm or any actions for damages, injunctions or restitution orders connected with regulated work carried on by the individual in question.

### 13. Conduct of reserved legal activities

- (1) In the conduct of reserved legal activities, authorised individuals and firms holding a legal activities certificate shall comply with all applicable laws and regulations, including:
- (a) all applicable sections of the Association's Rulebook, including the Code of Ethics and Conduct; and
  - (b) the Legal Services Act 2007 of the United Kingdom.

### 14. Monitoring

Authorised individuals and firms holding a legal activities certificate shall be subject to monitoring by the Association in accordance with regulation 14 of the Global Practising Regulations.

### 15. Complaints handling by firms

- (1) Firms holding a legal activities certificate shall establish procedures to deal with complaints.
- (2) The firm's procedures to deal with complaints shall require that:
- (a) at the beginning of an engagement (and existing clients, at the next appropriate opportunity), clients are notified, in writing, of
    - (i) the client's right to complain to the firm, including how to complain and the name of the individual to be contacted in the event of a complaint; and
    - (ii) the client's right to complain to the Legal Ombudsman at the end of the firm's complaints-handling process if the client is not satisfied with the outcome; and
    - (iii) the point at which a complaint may be made to the Legal Ombudsman, and how to contact the Legal Ombudsman; and
    - (iv) the client's right to complain to the Association if the complaint does not fall within the Legal Ombudsman Scheme Rules;
  - (b) complaints received are acknowledged promptly;
  - (c) complaints made orally are acknowledged in writing, stating the firm's understanding of the nature of the complaint;
  - (d) complaints are investigated by a person of sufficient experience, seniority and competence who, where possible, was not directly involved in the particular act or omission giving rise to the complaint;
  - (e) complaints are investigated in a fair, prompt, constructive and honest manner;
  - (f) records are maintained of the way in which each complaint is handled;
  - (g) the client is notified promptly, in writing, of the outcome of the investigation of the complaint and, if the client is not satisfied with the outcome, of:
    - (i) the client's right to complain to the Legal Ombudsman, the time limit for doing so, and how to contact the Legal Ombudsman; and
    - (ii) the client's right to complain to the Association if the complaint does not fall within the Legal Ombudsman Scheme Rules;
  - (h) any appropriate remedial action is promptly taken;
  - (i) if, after eight weeks following the making of the complaint, the client has not been notified, in writing, of the outcome of the investigation, the client is informed, in writing, of
    - (i) the client's right to complain to the Legal Ombudsman, the time limit for doing so, and how to contact the Legal Ombudsman; and
    - (ii) the client's right to complain to the Association if the complaint does not fall within the Legal Ombudsman Scheme Rules.

### 16. Investigation of complaints

- (1) Authorised individuals and firms holding a legal activities certificate shall cooperate with any investigation by the Legal Ombudsman and promptly comply with any decision or remedy ordered by the Legal Ombudsman.
- (2) Authorised individuals and firms holding a legal activities certificate must comply with the Association's investigation arrangements, which may be performed by another approved regulator, and shall be subject to the Association's disciplinary procedures and processes in accordance with the requirements of The Chartered Certified Accountants' Complaints and Disciplinary Regulations 2014.

### 17. Disclosure of information

Authorised individuals and firms holding a legal activities certificate must supply the Association with all necessary information to enable the Association to comply with its obligations to the Legal Services Board, the Legal Ombudsman and other bodies in its capacity as an approved regulator under the Legal Services Act 2007 of the United Kingdom.