

**Minutes of the fourteenth meeting of the
Alternative Business Structures (ABS) Implementation Group**

Held on Thursday 3 March 2011 from 13:00 to 14:00

Legal Services Board, Victoria House, Southampton Row, London, WC1B 4AD

Attendees

Luke McInerney	Legal services Board (LSB)
Fran Gillon	Legal services Board (LSB)
Chris Baas	Legal services Board (LSB)
Alanna Linn	Legal Services Consumer Panel
Imelda Moffat	Institute of Chartered Accountant England and Wales (ICAEW)
Gemma Burnett	ILEX Professional Standards (IPS)
Sarah Willison	Solicitors Regulation Authority (SRA)

Background

This was the fourteenth meeting of the ABS Implementation Group.

Agenda

1. Minutes
2. Matters arising
3. LSB to update on impact assessment workshop
4. LSB to update on schedule 13
5. LSB to update on consequential amendments
6. LSB to update on orders and commencements
7. ARs to update on state of play and current activities
8. Any Other Business

Apologies

Apologies were received from Chris Kenny (LSB), Michael Stacey (LSB), Surinder Sawali (MoJ) and Charlotte Barbour (ICAS)

Minutes

1. The minutes from the previous meeting were considered.
2. Minutes were agreed.

Matters arising out of the minutes

3. No matters arose.

LSB to Update on Impact Assessment workshop

4. The LSB held two workshops to help the development of the impact assessment for commencement of Part 5 of the LSA 2007. The first workshop was held on 10 February and focused on technical aspects of the impact assessment. The second workshop was held on 18 February.
5. Discussion at the technical workshop focused on the proposed model for ABS up take as well as costs identified for ABS and overall regulation. The second workshop held on 18 February focused on the equality impacts of ABS.
6. In light of these workshops it was decided not to use a model to attempt to forecast conversion rates for firms to ABS. Instead, participants noted that it would be more useful to focus on describing what an uptake scenario may look like (ie. low, medium, high) and provide further details concerning risks and benefits. Form the session it was also decided that cost would more specifically focus on the marginal cost of regulating ABS entities.
7. A revised impact assessment has been forwarded to the MoJ. It is intend that a final impact assessment will be ready by 31 March.

LSB to update on schedule 13

8. The consultation has now closed. The LSB received around 5 responses with generally people being relatively content with the approach taken.
9. The LSB will go to the 28 March Board meeting to obtain approval of making our rules.

LSB to update on orders and commencements

9. Aside from the Designation Orders there are five other orders to update on:
 - Maximum Financial Penalty: - this has been set at £250m for entities and £150m for individuals.
 - Section 69 Order:- next week to have a revised draft of the order.
 - Appellate body (s.80 order): - Tribunal Procedure Committee met last Tuesday and hopefully we will have a green light to go ahead with the order.
 - Rehabilitation of offenders order:- The MoJ are looking at this and consider that this is a priority.
 - Part 5 of Commencement Order .

ARs to update on state of play and current activities

SRA

10. SRA consultation on sole practice closes on 8 March. Two responses have been received to date.
11. The second handbook consultation closed on 13 January with 102 responses.

12. Many of the responses concentrate on how OFR will work and operate in practice. Many respondents want to see more guidance and prescriptive rules. The SRA are, however, trying to push against this and will probably instead be publishing a transitional manual to facilitate transition to the new handbook.
13. Some respondents do not like the new CoLP and CoFA roles and arrangements.
14. Some respondents commented on the issue of conflict of interest in relation to the buyer-selling and buyer-lending scenarios. The SRA intend to make some minor revisions to this section to reflect respondent's comments.
15. Single compensation fund for ABS and other bodies was generally supported by respondents.
16. A policy response will be published soon.
17. On the MoU, the SRA are seeking another meeting among ARs in April to progress the few outstanding matters (mainly concerning provisions for FSA).
18. Section 69 consequential orders – SRA discussing with the LSB about this issue.

ILEX

19. Working on licensing application currently.

ICAEW

20. The ICAEW are considering applying to be an AR (or LA) for probate activities. The issue has received board's approval.
21. The momentum of activities at the present will be mainly on the AR side of things which is still being investigated by the ICAEW.

Other Business

10. The LSB is currently looking into the issue of whether a body can apply to the LSB Board for an ABS license (Sch.12 paras 2-4).
11. The LSB will be consulting on this issue and will go to the LSB Board in March about this issue.
12. It was agreed that in light of the waning participation in the ABS Implementation Group forum that the meetings will be held via telephone conference at the usual time and date. Further details of this will be circulated closer to the next meeting.
13. With there being no further business the meeting came to a close.