

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

Held on Thursday 18 March 2010 from 13:00 to 13:50

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

Attendees

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Chris Kenny	Legal Services Board (LSB)
Fran Gillon	Legal Services Board (LSB)
Chris Baas	Legal Services Board (LSB)
Luke McInerney	Legal services Board (LSB)
Alison Crawley	Solicitors Regulation Authority (SRA)
Imelda Moffat	Institute of Chartered Accountant England and Wales (ICAEW)
Simon Blandy	Council for Licensed Conveyancers (CLC)
Mandie Lavin	Bar Standards Board (BSB),
Gemma Burnett	ILEX Professional Standards (IPS),
Geraint Davies	Ministry of Justice (MoJ)
Andrew Upton	Institute of Chartered Accountants of Scotland (ICAS)
Keven Bader	Institute of Trademark Attorneys (ITMA)
Alanna Linn	Legal Services Consumer Panel
Dianne Hayter	Legal Services Consumer Panel

Background

This was the seventh meeting of the ABS Implementation Group.

Agenda

1. Minutes
2. Matters arising
3. Update on progress towards ABS implementation
4. Discussion prior to publication of final LSB guidance on licensing rules
5. Any Other Business

Minutes

1. The minutes from the previous meeting were considered.
2. No amendments were proposed.

Matters arising out of the minutes

3. No significant matters arose out of consideration of the minutes from the previous meeting of the ABS Implementation Group.
4. It was noted that the LSB had circulated the calculation methodology for the application fee amongst the ABS Implementation Group (action point raised at paragraph 20 of the last minutes).
5. The minutes were then approved.

Update on progress towards ABS implementation

The SRA

6. The SRA are now in the position of awaiting the issuance of guidance and rules from the LSB. Currently the SRA are working on the code of conduct with the view of shaping it towards an outcomes based approach.
7. SRA intend to launch a consultation in May 2010 regarding the licensing and supervisory rules for ABS and how they work.

ILEXPS

8. ILEXPS noted that they are preparing to apply for undertaking legal services in conveyancing, as well as considering becoming a Licensing Authority through an ABS working party; however there is no set timeline for any determination yet.
9. They contacted members prior to the LSB's open forum in Bristol and asked if there was one planned for either London or Birmingham. The LSB said that there were no immediate plans but that both locations were on the list of future venues.

ICAEW

10. ICAEW have identified issues regarding overlapping professional regulation. They have begun meeting with specialist groups to raise the profession's awareness of ABS. They have held their first discussion with farming interests groups and will be meeting an accountancy media group shortly.

The BSB

11. The BSB reported that they have issued 14 waivers to their rules in advance of the three applications that they have submitted to the LSB.
12. The BSB have recently undertaken a successful road-show programme which, due to its popularity, was oversubscribed. Related to the road-show event, the BSB have begun to collate information on frequently asked questions in response to questions received from the road-show. The BSB are also collating answers for many business queries that they have received. The BSB is also looking for

suppliers for a survey on the profession to inform the consultation they are planning in June/July.

The CLC

13. The CLC are continuing to working on issues surrounding licensing rules and intend to take these to the Council shortly.

ITMA (for IPREG)

14. ITMA flagged that they were concerned about the potential impact of ABS and their need to become an LA. In particular, they were unsure that if they applied as an AR whether they could share resources with other ARs. IPREG, ITMA and CIPA met with Fran and Chris from the LSB to discuss some of these issues. IPREG are also planning on canvassing firms to find out how many already have structures that are ABS-like.

ICAS

15. ICAS gave an update on the status of the Legal Services Bill which is currently scheduled for a mid April discussion in the Scottish Parliament. ICAS advised that the Scottish Legal Society were not happy with elements of the Bill and are intending to convene a general society meeting next week. The Law Society of Scotland has arranged a referendum amongst its members to garner their views and ascertain what support exists amongst members for the Bill.

16. ICAS mentioned the general point that big firms will likely benefit disproportionately compared to smaller firms. The ICAS noted that there is some worry in Scotland about an influx of English firms into the Scottish market and that this development may have a negative effect on small firms (especially those operating on the high street).

17. The Consumer Panel questioned whether any consumer advocacy groups such as Consumer Focus in Scotland have had input into the debate surrounding the Bill. ICAS advised that consumer groups in Scotland want the Scottish Bar more engaged in the Bill from the perspective of consumer protection.

The MoJ

18. The MoJ provided an update on their activities regarding ABS and noted that a draft order to commence Schedule 10 (designation of approved regulators as licensing authorities) is currently being prepared with the aim to lay it before Parliament prior the election.

Discussion prior to publication of final LSB guidance on licensing rules

The LSB

19. Consultation on licensing rules received around 43 responses which have been analysed. LSB next week will consider these and LSB's views on the suggestions. The LSB reported that it received mainly positive responses and an overall consensus from respondents, excepting compensation issues which a number of diverse opinions were expressed.
20. LSB will send – in confidence – the consultation responses and guidance on licensing authorities in advance of the LSB Board Meeting on 24th March to ABS Implementation Group participants. Feedback and comments on any significant outstanding issues is encouraged by the 23rd March.

ACTION POINT: LSB to circulate documents to ABS implementation group members prior to publication

21. The LBS briefly outlined that the Board Papers covered off the key issues in terms of transitional approaches, including LDPs on a 12 month track and that the special bodies regime up to 18 months.
22. The LSB advised that application rules were finalised last month and now MoJ have these in hand. The Lord Chancellor has to consent to the prescribed fee..

The SRA asked how does the 'fit and proper' test apply. The LSB responded by advising that the governance rules within the ABS and unlimited penalty provisions has clarified this point. LSB will also convene a special meeting with the SRA and other interested groups to clarify the detail of this.

ACTION POINT: LSB to arrange a special meeting to discuss ownership tests.

23. The SRA also raised the question as to whether the LSB will recommend rules for s.15. The LSB advised that this matter is on the 'to do list' but we also need to think further as to how this interacts with the reserved/unreserved issue. Alison from the SRA mentioned that she has done some prior thinking on the issue and to this end will be happy to supply the LSB with some emails that touch on the subject.

ACTION POINT: SRA to provide background emails.

24. Concurrent with the discussion about s.15 it was noted that nothing needs to be in place until s.13 is 'switched on'.

Any Other Business

25. The chair noted that the next Open Forum on ABS would run on the 12 May. The Consumer Panel will talk to the LSB about future Consumer Panel participation in the scheduled open forums.