

**Direction 126 issued under Part 3 of Schedule 4 to the Legal Services Act 2007 to the Council for Licensed Conveyancers ('CLC')**

1. This is a direction issued pursuant to paragraph 19(3) of Schedule 4 to the Legal Services Act 2007 (the Act).
2. Unless stated otherwise, words in this direction are used as they are defined in the Act.
3. In accordance with paragraph 19(3) of Schedule 4 to the Act, the Legal Services Board (the Board) has directed that the following alterations to regulatory arrangements be treated as exempt alterations for the purposes of paragraph 19(2)(c) of Schedule 4:

*Alterations to the following regulations in order to implement the Insurance Distribution Directive ('IDD'):*

- *The Acting as Ancillary Insurance Intermediaries Code;*
- *CLC Regulatory Arrangements – Glossary of Terms;*
- *Professional Indemnity Insurance Code*
- *CLC Recognised Body Recognition Framework;*
- *The Licensed Body (ABS) Licensing Framework;*
- *CLC Lawyer Licensing Framework.*

**Background**

4. The CLC is a Designated Professional Body (DPB) under Part XX of the Financial Services and Markets Act 2000 ("FSMA"). As a result the CLC is able to regulate firms which are exempt from authorisation by the Financial Conduct Authority ("FCA") to carry out activities that may involve providing, facilitating or arranging insurance products for their clients.
5. The Insurance Mediation Directive (IMD) is being repealed and replaced by the IDD. European Union Member States are required to implement the IDD by 1 July 2018. It is the intention of the CLC that the rules will come into force on 1 October 2018 when the requirements of the IDD will come into force.
6. The FCA has a principle oversight role in approving changes in DBPs' regulatory arrangements to implement the IDD, in accordance with relevant provisions of FSMA. In order to comply with the FCA's statutory authority on this matter, the CLC sought approval from the FCA on its proposals. On 19 June 2018, the FCA approved the proposed rule changes in accordance with s332(5) of the FSMA 2000. The CLC has sent a copy of the approval to us.
7. The LSB also has an approval role, as the CLC regulates firms undertaking some reserved legal activities and the proposed changes are regulatory arrangements which fall under section 21 of the Act. The LSB therefore needs to approve these under Schedule 4.

**Reason for exemption direction**

8. The amendments to CLC's regulations do not represent a change in regulatory policy or approach, they are to implement the IDD. The LSB has taken into account that the rule changes proposed by the CLC were approved by the FCA. This has provided assurance to the LSB that the changes are compliant with the IDD.

9. This direction is to be deemed made on and to be effective from 26 June 2018.

**For and on behalf of the Legal Services Board**  
**26 June 2018**