

**REPORT TO:** CILEx Regulation Board

**FOR:** DISCUSSION/DECISION

**DATE:** 8 February 2017

**REPORT TITLE:** ENTITY AND ABS

**SUBMITTED BY:** David Pope, Entity Authorisation and Client Protection Manager

**PURPOSE OF REPORT:**

- 1 To provide an update on entity regulation and to invite the Board to agree the timetable for the draft ABS application.

**KEY ISSUES FOR CONSIDERATION:**

**Entity**

- 2 As at 26 January we have six authorised entities. Further details of applications in the pipeline are set out at Appendix 1.
- 3 We have been working with Sue Chandler, Consumer Engagement and Policy Officer, to consider how best to implement recommendations from the Client Care Letter research carried out jointly with the other regulators last year. We are using the report to provide new risk management papers on the CILEx Regulation website covering:
  - Key principles for improving client care letters (for example layout, tone, personalisation);
  - What should be included in a client care letter (technical and regulatory requirements); and
  - What information could be provided to consumers prior to engagement (starting to build on CMA recommendations)

We will promote these through the Journal and social media.

- 4 CILEx has been working with Legal Eye, a compliance management company, on extending their existing Quality Standards scheme, which is available to SRA and CLC firms, to the firms of CILEx members. This standard is not linked to being an Authorised Entity as it is being made available to unregulated firms, with a view to helping improve standards. We have asked for a copy of the assessment that is carried out to fully understand the basis of the Quality Standard.

**ABS:**

- 5 Since the ABS Working Group meeting on the 15 November we have had a number of discussions and meetings with the Legal Services Board, the last

of which was on 11 January, which have been beneficial to us in understanding how we need to present the application.

- 6 Details of the work we now need to complete are set out at Appendix 1 and we will provide an oral update at the meeting.
- 7 We have refined the previous timetable as follows:
  - **W/E 10 Feb** – Draft application to be completed
  - **W/C 13 Feb** – Draft to ABSWG (NB: this is half term)
  - **W/C 20 Feb** – Telecom/meeting with ABSWG (telecom to assist WG members in attending).
  - **W/C 27 Feb** – office to make any changes recommended
  - **W/C 6 March** – Submit draft application to LSB -Legal Services Board have indicated they will require 2 weeks to review and provide feedback.
  - Possibly **W/C 20 March** – ABS WG Telecom to be arranged for feedback.

### **Anti-Money Laundering:**

- 8 The UK is to undergo a Mutual Evaluation Review (MER) by the Financial Action Taskforce from September 2017 to October 2018. This will result in a published assessment from FATF on the UK's Anti-Money laundering and Counter Terrorist Financing Regime. HM Treasury and the Home Office have begun preparations for this assessment, and will be providing evidence to FATF's assessors on our technical compliance with FATF standards.
- 9 David attended a preparatory meeting on the 24 January along with the other AML supervisors to meet with the lead FATF assessor. This enabled us to understand any additional work that may be involved through to October 2018. Further details are set out Appendix 1.

### **RECOMMENDATION:**

- To agree proposed timetable for submission of the draft ABS application.

### **Appendix 1: Confidential: Update on Business Development**