



CLC Response Anti-Money Laundering supervisory review: consultation.

Introduction

About the Council for Licensed Conveyancers (CLC)

As an Approved Regulator and Licensing Authority under the Legal Services Act 2007, the CLC is authorised to license and regulate individuals (licensed conveyancers and probate practitioners) and CLC practices, including ABS, in the provision of conveyancing and probate services, as well as other non-reserved legal activities. It currently licenses 1,300 individuals and 230 practices (45 of which are ABS).

Section 1:

Question 1 – Do the draft regulations deliver the government’s intention that OPBAS help, and ensure, PBSs comply with their obligations in the MLRs? In particular, are further legislative amendments required to ensure legal PBSs can raise funding for the OPBAS fee?

The purpose of the draft regulations is to give effect to the Government’s policy to create an oversight body to supervise the AML supervisors listed at Schedule 1 to the MLR 2017. The way in which the draft regulations are framed means that there is no clear distinction between the FCA and OPBAS. The net effect is that the FCA is taking an oversight role in much the same way as it has in relation to the Designated Professional Body provisions under Part XX Financial Services and Markets Act 2000 (FSMA), and that OPBAS is a unit within the wider FCA, rather than an independent regulator in its own right..

The establishment of an oversight body will result in an increase in regulatory fees driven by:

- (i) The set up and running costs of OPBAS, though how this will be apportioned between the AML Supervisors (and those they regulate) has yet to be determined*
- (ii) Expected increase in costs of each of the AML supervisors in engaging with OPBAS (see further response to Q6 below).*

The CLC believes that OPBAS should be set objectives in the regulations, similar to those for the FCA in FSMA. When it carries out its periodic reviews of OPBAS (see regulation 28), the Treasury should explicitly consider whether it should recommend that OPBAS is closed on the basis that it has achieved its objectives, or otherwise serves no useful function.

The CLC does not anticipate any further legislative amendments are required to enable the CLC to raise funding for the OPBAS fee. However, the CLC would require sufficient notice of any proposed

levy to be able to ensure such cost is factored into the regulatory fees payable by CLC practices in the following licence year (commencing 1 November).

Section 2:

Questions 2, 3, 4 and 5 are not applicable.

Section 3:

Generally

The CLC has reached no firm conclusion about the resources required, given the short period since the FCA Consultation on its draft Guidance has been published. The responses below are its preliminary view. The CLC may make further changes dependent on its experience as the new arrangements are implemented.

Question 6 – Do you expect to increase or decrease resources in your supervisory team to support engagement with OPBAS going forward? If so, please provide estimated average annual costs or savings. Please round your answer to the closest £100.

Senior management time will be required to understand the additional requirements and expectations, and how they can be managed. It is anticipated that this will be provided from current members of the CLC's senior management team.

Question 7 – Do you expect to invest more, less or the same in your supervisory teams to align your approach with OPBAS's guidance going forward? If more, or less, please provide the estimated annual additional cost or saving? Please round to the closest £100.

Senior management time will be required to align the CLC's approach with OPBAS' guidance. As above, it is anticipated that this will be provided from existing members of the supervisory team.

In addition, the CLC's monitoring and supervision team will need to understand and implement changes in the CLC's supervisory approach so it is aligned with OPBAS' guidance. It is anticipated that this will require an increase in the capacity of the team.

There may also be some adjustment to the approach taken by the CLC's licensing team. This is unlikely to be as significant as for the monitoring and supervision team.

Question 8: In addition to the areas identified above, are there any other costs or benefits associated with complying with OPBAS or simplified AML guidance for businesses you would like the government to take into account? If yes, please outline these and provide estimated costs or savings. Please round your answer to the closest £100.

The CLC has to determine on a risk based approach the policy for determining the extent to which additional criminality checks need to be carried out on current beneficial owners, managers and sole practitioners (regulation 26). This may result in additional costs being incurred by CLC practices.