



The
Specialist
Property
Law
Regulator

Handbook

For Licensed Conveyancers, Licensed Bodies
and Recognised Bodies

Sets out the regulatory responsibilities for Licensed Conveyancers

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Words presented in bold/italicised font – such as ***Compensation Fund*** above – are defined in the Glossary of Terms provided at the rear of this Handbook.



Introduction -

Outcomes-focused Regulation

The Legal Services Act

The **2007 Act** introduced **Regulatory Objectives** championing the interests of consumers of legal services:

- Protecting and promoting the public interest;
- Supporting the constitutional principle of the rule of law;
- Improving **access to justice**;
- Protecting and promoting the interests of consumers;
- Promoting competition in the provision of services;
- Encouraging an independent, strong, diverse and effective legal profession;
- Increasing public understanding of the citizen's legal rights and duties; and
- Promoting and maintaining adherence to the **professional principles**.

The objectives focus upon the principled behaviour of legal services providers and the interests of the consumer and the public. They are therefore best supported through regulation based in **principles** and focused upon positive **Client Outcomes**.

Outcomes-focused and principles-based regulation

Our **regulatory arrangements** must uphold the **Regulatory Objectives** and are therefore concentrated on delivery of high standards alongside the 3 Cs of **client**, competition and choice.

The **Code of Conduct** is the parent document of the **CLC Handbook and Frameworks**; it sits above all other Codes in our **regulatory arrangements** and must be complied with at all times in the delivery of all its authorised **reserved legal activities** and permitted non-**reserved legal activities**, as specified in the **CLC licence**. It specifies the **Outcomes** you as members of the **CLC** regulated community are expected to deliver. The following behaviours are considered essential to delivery of these **Outcomes**:

1. Act with independence and integrity.
2. Maintain high standards of work.

3. Act in the best interests of **Clients**.
4. Comply with duty to the court.
5. Deal with regulators and ombudsmen in an open and co-operative way.
6. Promote equality of access and service.

These six **Overriding Principles** are derived from the **Regulatory Objectives** set out above. The six have equal ranking and permeate our entire **regulatory arrangements**; you/the body you own or manage must act in this principled way at all times. The **Overriding Principles** are underpinned by **Principles** and **Specific Requirements**:

Outcomes – delivery of a positive result for **clients**; it is the end result of the applications of a **principle** or **specific requirement**;

Principle – an essential quality; a characteristic, behaviour or ethic, which must be demonstrated so that positive **outcomes** are generated for **clients**;

Specific requirement – a strict direction for conduct.

Should a circumstance present an apparent conflict between a **principle** and another regulatory requirement you should opt for that which delivers the most positive **Outcome** for the **Client** concerned whilst maintaining independence, integrity and high standards of work. If in doubt, contact the **CLC** for advice.

Minimising prescription

Our **regulatory arrangements** are intended to ensure that **clients** receive a service tailored to their needs; and legal service providers develop new and different ways of delivering services to their **clients**. We will always look to provide **principles** rather than **specific requirements** wherever possible in order that we promote, not just allow, competition and choice. More prescriptive, '**specific requirements**' are present only where they are required in the public interest and to protect the consumer. Such non-principled regulatory requirements will be applied in a principled-based way wherever possible so that any penalty imposed is proportionate to a breach.

In providing you with flexibility we are also giving you responsibility - of good governance, quality assurance and risk management. **Guidance** (separate link attached in Codes) is there to provide useful information to the regulated community and in the case of **Example Policies or Procedures** to provide a possible route to the positive **outcomes** sought, but importantly, not the only route. If you are able to generate the same or better **outcomes** another way you are free to do so.

Applicability of Codes

All the Codes underpin the ***Code of Conduct*** and are in place to support the delivery of that Code's ***Outcomes***. The relevant ***Code of Conduct Principles*** and ***Specific Requirements*** are referenced in each Code so each one can be referenced as a standalone document where needed. The Universal Codes pertain to all ***Regulated Services*** which a body provides. All individuals/bodies regulated by the ***CLC*** must comply with these Codes. The Codes identified as Specific – located in the rear of this Handbook – are relevant only to those bodies specified, or those providing the identified services.

We retain the discretion to waive a particular requirement of the ***regulatory arrangements***. A body may apply for a modification of its ***licence*** to this end or we may apply a waiver due to particular circumstances.

Words presented in bold italicised font – such as ***Regulated Services*** above - are defined in the Glossary of Terms provided at the rear of this handbook.

Frameworks & Policies

We currently operate the following 7 Frameworks:

- ***Compensation Fund*** Operating Framework;
- ***Continuing Professional Development*** Framework;
- ***Licensed Body (ABS)*** Licensing Framework;
- ***Licensed Conveyancer*** Licensing Framework;
- ***Professional Indemnity Insurance*** Operating Framework;
- ***Recognised Body*** Recognition Framework; and
- Student Training Framework.

These define our operating parameters, setting out the process which will be followed in the relevant instances e.g. the ***Compensation Fund*** Operating Framework sets out the rules by which the ***CLC*** manages its compensation scheme. We have provided links to the ***Compensation Fund***, ***Continuing Professional Development*** and ***Professional Indemnity Insurance*** Frameworks within the ***CLC*** Handbook for your reference. The remaining frameworks are available to view on the ***CLC*** website (along with the 3 provided here and our Fees Framework) and are not provided in the Handbook as they are the frameworks under which you applied to be regulated by us, and through which your ***licence*** or ***certificate*** was granted.

Policies mandate the performance of our activities. They set out the principles and values which will be applied in our approach to the relevant instances. The ***CLC*** Regulation and ***Enforcement*** Policy is provided in the Handbook due to its relevance to all of the ***CLC*** regulated community and to the ***regulatory arrangements*** set out in this Handbook.

The Regulation section of the Policy explains what we as a regulator of legal services are seeking to achieve and how our regulatory philosophy is put into practice. The ***Enforcement*** section explains how

we identify and respond to non-compliance with our regulatory requirements and the factors which determine the form our response takes.

This Handbook and its accompanying **Frameworks** come into force on October 6th 2011, on which date the CLC Rules and Guidance Notes which they replace cease to have effect, save and except as the same still subsist or are capable of taking effect. The CLC can still take action in respect of any breach of the CLC Rules and Guidance Notes, which occurred before 6th October 2011.

The Regulations for the Appointment and Service of Council Members 2011, the Discipline and Appeals Committee Rules 2009, the Discipline and Appeals Committee (Procedure) Rules 2011, the Adjudication Panel (No 2) Rules 2011, the Approved Regulator (Disciplinary Procedure) Rules 2011, the Licensing Authority (Disciplinary Procedure) Rules 2011 and the CLC Fees Framework 2011 continue in full force and effect, unaffected by the coming into force of the CLC Handbook and its accompanying Frameworks.

Welcome to the **CLC**!

Regulatory Arrangements - Universal



Code of Conduct

Introduction

This ***Code of Conduct*** was made in accordance with s.20 of the ***Administration of Justice Act 1985*** and s.83 of the ***Legal Services Act 2007***.

All individuals and bodies regulated by the ***CLC*** must comply with this Code and its associated ***regulatory arrangements***. In this Code “you” refers to individuals and bodies (and the ***employees*** and ***managers*** within them) regulated by the ***CLC***. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code. Your main driver should be the delivery of positive ***client outcomes***. The Code comprises ***principles*** and ***specific requirements***, which taken together deliver positive ***Outcomes*** for your ***Clients*** and, particularly in relation to ***Overriding Principle 6***, for others you deal with.

To effectively secure the protection of, and the provision of choice for, the consumer of legal services, you must at all times comply with the following ***Overriding Principles***:

1. Act with independence and integrity;
2. Maintain high standards of work;
3. Act in the best interests of your ***Clients***;
4. Comply with your duty to the court;
5. Deal with regulators and ombudsmen in an open and co-operative way;
6. Promote equality of access and service.

These are underpinned by ***principles*** of behaviour which must be demonstrated and ***specific requirements*** which must be complied with in order that the ***Overriding Principles*** are supported.

Disciplinary proceedings may be taken against you if the ***CLC*** believes there has been a breach of this Code, meaning that ***clients*** do not receive the standard of legal services they should reasonably expect to receive. The ***CLC***’s response will be informed by the ***CLC***’s Regulatory and ***Enforcement*** Policies.

In exceptional circumstances the **CLC** may waive a provision, or provisions, of the **regulatory arrangements** for an individual, body or circumstance for a particular purpose, or purposes, and with the **conditions** specified in the waiver.

Overriding Principle 1. Act with independence and integrity

Outcomes - you must deliver the following **Outcomes**:

- 1.1 **Clients** receive good quality independent information, representation and advice;
 - 1.2 **Clients** receive an honest and lawful service;
 - 1.3 **Client money** is kept separately and safely.
-

Principles - delivery of these **Outcomes** requires you to act in a principled way:

- a) You do not allow your independence to be compromised.
- b) You act honestly, professionally and decently.
- c) You do not conduct yourself in a manner which may result in a breach of the law nor in any other manner which may bring the legal profession into disrepute.
- d) You **carry on Reserved Legal Activity** only through a person entitled to **carry on** that activity.
- e) You do not give false or misleading information relating to the provision of **Regulated Services**.
- f) You do not allow fee arrangements to prejudice your independence or professional judgement.
- g) You do not conduct business under a misleading name.
- h) You keep **Client money** safe.
- i) You do not publicise your business through unsolicited communications in person or by telephone.
- j) Your advertising is clear, accurate and fair.
- k) You keep **Client money** entirely separate from your money or the money of the entity.
- l) You do not take unfair advantage of any person, whether or not a **Client** of the business.

Specific Requirements - you must also comply with the following **specific requirements**:

- m) You comply with **anti-money laundering and prevention of financing terrorism legislation**.
- n) When acting as a **CLC** licensee, you accept instructions only to act in a matter which is regulated by the **CLC**.
- o) All business **communications**, websites and office premises display information confirming the entity is regulated by the **CLC** and the names of the **Managers** (identifying those who are **Authorised Persons**).

Overriding Principle 2. Maintain high standards of work

Outcomes- you must deliver the following **Outcomes**:

- 2.1 **Clients** are provided with a high standard of legal services;
- 2.2 **Client** matters are dealt with using care, skill and diligence;
- 2.3 Appropriate **arrangements**, resources, procedures, skills and commitment are in place to ensure **Clients** always receive a high standard of service.

Principles - delivery of these **Outcomes** requires you to act in a principled way:

- a) You provide the level of service appropriate for, and agreed with, the **Client**.
- b) You keep your skills and legal knowledge up-to-date.
- c) You ensure all individuals within the entity are competent to do their work.
- d) You supervise and regularly check the quality of work in **Client** matters.
- e) You comply fully with any undertaking given by you.
- f) You **systematically** identify and mitigate risks to the business and to **Clients**.
- g) You promote ethical practice and compliance with regulatory requirements.
- h) You enable staff to raise concerns which are acted on appropriately.
- i) You maintain proper governance, management, supervision, financial, and risk management **arrangements** and **controls**.
- j) You administer oaths, affirmations and declarations properly.
- k) You deliver services in accordance with timetables reasonably agreed with the **Client**.

Specific Requirements - you must also comply with the following **specific requirements**:

- l) **Control** of an entity is from a permanent fixed address in England or Wales.
- m) A **Manager** who is an **Authorised Person** is responsible for ensuring that all of the entity's **employees** are properly supervised.
- n) You make provision for alternative supervision **arrangements** in case of illness, accident or other unforeseen event.
- o) You maintain proper records to evidence your **arrangements** and **controls** and how they are applied.

Overriding Principle 3. Act in the best interests of your Clients

Outcomes - you must deliver the following **Outcomes**:

- 3.1 Each **Client's** best interests are served;
- 3.2 **Clients** receive advice appropriate to their circumstances;
- 3.3 **Clients** have the information they need to make informed decisions;
- 3.4 **Clients** are aware of any referral arrangements and that they are consistent with your responsibilities both to them and to the **CLC**;
- 3.5 **Clients** are aware of any limitation or any condition resulting from your relationship with another party;
- 3.6 **Clients'** affairs are treated confidentially (except as required or permitted by law or with the **Client's** consent).

Principles - delivery of these **Outcomes** requires you to act in a principled way:

- a) You only accept instructions and act in relation to matters which are within your professional competence.
- b) You keep the interests of the **Client** paramount (except as required by the law or the **CLC's regulatory arrangements**).
- c) You do not act for a **Client** where you judge it is not in their best interests for you to do so.
- d) You do not accept instructions from a person nor continue to act for a **Client** whose interests conflict directly with your own, the entity's, or another **Client**.
- e) You disclose **client** information only as the **Client** has instructed (or as required by the **CLC's regulatory arrangements** or by law), keeping effective records of any disclosures you make.
- f) You only recommend a particular person, business or product when it is in the best interests of the **Client**.
- g) You cease acting in a matter if the **Client** so instructs or, in the absence of such instructions where it is reasonable to do so.
- h) You provide the **Client** with information which is accurate, useful and appropriate to the particular **Client**.
- i) You only provide **Regulated Services** whilst you have **CLC**-approved **professional indemnity insurance** in force.
- j) You provide the **Client** with all relevant information relating to any fee arrangements or fee changes.

- k) You advise **Clients** of the name and status of the person dealing with their matter and the name of the person responsible for overall supervision.
- l) You consult **Clients** on key decisions in a timely way.
- m) You **promptly** advise **Clients** of any significant changes to projected **costs**, timelines and strategies.

Specific Requirements- you must also comply with the following **specific requirements**:

- n) Where the entity represents parties with different interests in any transaction each party is at all times represented by different **Authorised Persons** conducting themselves in the matter as though they were members of different entities.
- o) You ensure there are adequate indemnity arrangements in respect of **claims** made against you for work carried out by you before you have ceased to practice by **purchasing professional indemnity insurance** for a minimum of 6 years from the expiry of the period of **professional indemnity insurance** stated in your evidence of insurance or policy document.
- p) If you seek to exclude or limit liability, you do so only to the extent that such exclusion or limitation is above the minimum level of cover provided by **CLC**-approved **professional indemnity insurance**; you must obtain the written informed consent of the **Client** for such exclusion or limitation to be effective.
- q) When offering and providing services which are not regulated by the **CLC**, you advise your **Client** of this and inform them in writing that the activity is not covered by **CLC**-approved **professional indemnity insurance** or the **CLC**-administered **Compensation Fund**.
- r) Before or when accepting instructions, you inform **Clients** in writing of the terms on which the instructions are accepted, a complete, accurate estimate of fees and **disbursements** to be charged and if and when they are likely to change.
- s) You **promptly** inform the **Client** in writing of the existence and amount of any sum payable (whether directly or indirectly) as a result of receipt of that **Client's** instructions.
- t) With the exception of **disbursements**, you do not delay completion because fees are outstanding to you.
- u) You discuss and agree with the **Client** how **costs** will be paid, whether directly by the **Client**, by public funding, through an insurance policy or otherwise.

Overriding Principle 4. Comply with your duty to the court

Note: this Principle will only be applicable if the *CLC's* application to regulate *advocacy* and *litigation* services is successful

Outcomes - you must deliver the following **Outcomes**:

- 4.1 You act in the interests of justice;
- 4.2 You act in good faith towards **Clients**.

Principles - delivery of these **Outcomes** requires you to act in a principled way:

- a) You promote and protect the **client's** best interests.
- b) You do not compromise your professional standards or independence.
- c) You assist the court in the administration of justice.
- d) You do not knowingly or recklessly mislead or deceive the court, or allow the court to be misled.
- e) You ensure that the Court is informed of all relevant decisions and legislative provisions (whether this has a favourable or unfavourable effect on the case you are advancing).
- f) You comply with any Court Order (unless an application for a stay is pending or the Order has been revoked by the Court).
- g) You advise your **Client** to comply with Court Orders and of the consequences of failing to do so.
- h) You properly protect sensitive evidence.
- i) You safeguard the well being of children and other vulnerable persons.

Specific Requirement - you must also comply with the following specific requirement:

- j) You ensure that the court is made aware of any relevant legal or factual matters which are likely to have a material effect on the outcome of the proceedings.

Overriding Principle 5. Deal with regulators and ombudsmen in an open and co-operative way.

Outcome - you must deliver the following **Outcome**:

Principles - delivery of these **Outcomes** requires you to act in a principled way:

- a) You are open and honest in your dealings with us.
- b) You comply with the **CLC Code of Conduct** and the **CLC's** other **regulatory arrangements**.
- c) You comply **promptly** and fully with a **CLC** direction or request.
- d) You comply with any **authorisation**, **permission** or **condition** endorsed on your **licence**, **Recognised Body Certificate** or **Licensed Body Licence**.
- e) You co-operate with any **CLC** investigation.
- f) You co-operate with any **Legal Ombudsman** investigation.
- g) You comply **promptly** and fully with any **Legal Ombudsman** Order.
- h) You co-operate with other regulators and ombudsmen.

Specific Requirements - you must also comply with the following **specific requirements**:

- i) You make the **Compensation Fund** contribution determined by the **CLC**.
- j) You **systematically** identify, monitor and manage risks to the delivery of this Code's **outcomes**.
- k) You **promptly** notify insurers in writing of any facts or matters which may give rise to a **claim** under **CLC**-approved **professional indemnity insurance**.
- l) You **promptly** notify the **CLC** in writing of any facts or matters which may give rise to a **claim** under its **Compensation Fund**.
- m) As a **CLC** licensee operating in an entity regulated by another regulator you must comply with that regulator's regulations at all times in a way which is reasonably consistent with this Code.
- n) You obtain permission from the **CLC** before offering **Reserved legal activities**:
 - as a new business;
 - in an entity regulated by another **Approved Regulator**; or
 - through an entity with a **Manager** who is not a **Licensed Conveyancer**.
- o) You notify the **CLC** of any material breach of this Code, whether by you, the entity or any other person.
- p) You notify the **CLC** of a change as set out in the **CLC's** Notification Code.

Overriding Principle 6. Promote equality of access and service.

Outcomes - you must deliver the following **Outcomes**: -

- 6.1 The service is accessible and responsive to the needs of individual **Clients**, including those who are vulnerable;¹
- 6.2 No-one - **Client, employee**, colleague, job applicant, trainee or other party - you deal with feels discriminated² against (whether directly or indirectly), victimised or harassed;
- 6.3 You accept responsibility where the service you provide is not of the expected standard and provide appropriate redress for the **Client** where necessary;
- 6.4 Handling of **complaints** takes proper account of **Clients'** individual needs, including those who are vulnerable;
- 6.5 **Complaints** are dealt with impartially and comprehensively.

Principles - delivery of these **Outcomes** requires you to act in a principled way:

- a) You comply with **Equalities legislation**.
- b) You make reasonable adjustments to prevent persons with disabilities from being placed at a substantial disadvantage.
- c) You provide equal opportunities for all partners, **employees** or applicants in employment and training.
- d) You make all reasonable efforts to ensure your service is accessible and responsive to **Clients**, including those with vulnerabilities.
- e) The **complaints** procedure is clear, well-publicised and free.
- f) You treat **complaints** seriously and provide appropriate redress options.
- g) You deal with **complaints** fairly and within 28 days.
- h) You identify and address systemic **Client Complaints** issues.

Specific Requirements - you must also comply with the following **specific requirements**:

- i) Any allegation of (direct or indirect) discrimination, victimisation and harassment is investigated thoroughly, resulting, where appropriate, in disciplinary action.
- j) From the outset you advise **Clients** in writing of their right to make a **complaint**, how to make it, to whom, and the timeframes involved.

k) You advise **Clients** in writing of their right to have their **complaint** escalated to the **Legal Ombudsman** and provide them with contact details and timeframes of that body.

l) You keep a record of **complaints** received and any action taken as a result.

¹ a **Client** may be vulnerable because of a range of characteristics, including (but not limited to): basic skills: literacy and numeracy; complexity and confusion: difficulty of accessing and understanding large amounts of information; disability or other impairment; mental health issues; distress or sudden change in circumstances e.g. bereavement, divorce, illness or loss of employment; low income; age; caring responsibilities; limited knowledge of, or limited skills in, use of English; balance of power: lack of competition and or choice; or inexperience or lack of knowledge of a particular subject. Vulnerability can only be assessed on a case-by-case basis.

² On the grounds of age, disability, gender reassignment, marital and civil partnership status, pregnancy and maternity, race, religion or faith, sex or sexual orientation.

Accounts Code

In this Code ‘you’ refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

In the case of an **Authorised Person** who no longer holds a **Licence** or **Certificate of Recognition**, this Code applies as if that **Licence** or **Certificate of Recognition** were still in force until such time as any relevant part of this Code has been fully and appropriately complied with.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- **Clients receive an honest and lawful service (Outcome 1.2);**
- **Client money is kept separately and safely (Outcome 1.3);**
- **Appropriate arrangements, resources, procedures, skills and commitment are in place to ensure Clients always receive a high standard of service (Outcome 2.3);**
- **Each Client’s best interests are served (Outcome 3.1).**

Appropriate handling of **Client Money** helps you delivery these **Outcomes** and requires you to act in a principled way:

1. **Act with Independence and Integrity. (Overriding Principle 1)**
2. **Maintain High standards of Work. (Overriding Principle 2)**
3. **Act in the Best Interests of your Clients. (Overriding Principle 3)**
4. You keep **Client Money** Safe. (CoC P1h)
5. You promote ethical practice and compliance with regulatory requirements.(CoC P2g)

6. You maintain proper governance, management, supervision, financial and risk management **arrangements** and **controls**. (CoC P2i)

You must also comply with the following **specific requirements**:

7. You keep **Client money** entirely separate from your money or the money of the entity. (CoC P1k)
8. You comply with anti-money laundering and prevention of financing terrorism legislation. (CoC P1m)
9. You:
 - 9.1.1 ensure that your partners, **employees** and directors (including partners, **employees** and directors who are not **Authorised Persons**) comply with this Code;
 - 9.1.2 use each **Client's money** only for that **Client's** matters;
 - 9.1.3 only pay money into, and withdraw money from, the **Client Account** and the **Office Account** for purposes related to the provision of services regulated by the **CLC**;
 - 9.1.4 establish and maintain proper accounting systems, procedures, processes and internal **controls**, to ensure compliance with this Code;
 - 9.1.5 ensure there is no debit balance on the **client** side of a **client** ledger account nor a credit balance on the office side of a **client** ledger account;
 - 9.1.6 remedy any breach of these requirements **without delay**;
 - 9.1.7 account to the **Client** as soon as possible after completion of any transaction or after a retainer has been terminated.

Payment into Client Account

- 10.1. Subject to the provisions of the 10.4 and 11.1 requirements, upon receiving **Client Money** you pay it into a **Client Account without delay**.
- 10.2 Money held in a **Client Account** is available immediately, even at the sacrifice of interest, unless the **Client** otherwise instructs.
- 10.3 Money held in **Separate Designated Accounts** is not aggregated with money held in other **Client Accounts**.
- 10.4 Only **Client Money** is paid into or held in a **Client Account** except:
 - 10.4.1 such money belonging to you as an **Authorised Person** as may be necessary for the purpose of opening or maintaining the **Client Account**;

- 10.4.2 money to replace any sum which for any reason has been or is about to be withdrawn from the account in breach of 12.5, such money then becoming **Client Money**;
- 10.4.3 where you receive money and are in doubt as to whether it is wholly **Office Money** you pay such money into a **Client Account** and within one calendar month of receipt ascertain and withdraw such part as is **Office Money**.

Money to be withheld from Client Account

- 11.1 Notwithstanding the provisions of this Code, you do not pay into a **Client Account** money:
- 11.1.1 which a **Client** instructs you to withhold from such an account, such instruction being either on a **Durable Medium** from the **Client** or acknowledged by you on a **Durable Medium** to the **Client**; or
- 11.1.2 which has been withheld from **Client Account** with the written authorisation of the **CLC** (authority is given only in very exceptional circumstances).

Withdrawal and Transfer from Client Account

- 12.1 Subject to requirement 12.3, there must be withdrawn from a **Client Account**:
- 12.1.1 **Without Delay** following discovery, money that has been incorrectly paid into it;
- 12.1.2 as soon as possible and in any event within one calendar month of receipt, **Office Money** paid into it in accordance with requirement 10.4.3;
- 12.1.3 **Without Delay Office Money** no longer necessary to maintain a **Client Account**;
- 12.1.4 within 28 days of the date on which a bill of **costs** is sent to a **Client**, money held on account of **Costs** and **Disbursements**, provided it is made clear to the **Client** or the paying party on a **Durable Medium** either before or at the time the bill of **costs** is sent that such money will be applied towards or in payment of that bill of **costs**. (The work for which the money is applied under this requirement must have been completed, whether at the end of a matter or at an interim stage (with the **Client's** agreement)).
- 12.2 In addition to the withdrawals referred to in requirement 12.1 and subject to requirement 12.3, there may only be withdrawn from **Client Account** money:
- 12.2.1 properly required for payment to or on behalf of a **Client**;
- 12.2.2 properly required for payment of a Disbursement on behalf of a **Client**;
- 12.2.3 properly required in full or partial reimbursement of money already expended by you out of the **Office Account** on behalf of a **Client**;

- 12.2.4 properly required in full or partial reimbursement of money for which you have incurred a liability to make a payment out of **Office Account** on behalf of a **Client**;
- 12.2.5 which is transferred to another **Client Account** ;
- 12.2.6 Where the **CLC** has given written authority for a specific payment to be made to a nominated payee or where the **CLC** has approved a scheme for automated payments direct from **Client Account**.
- 12.3 Withdrawals out of **Client Account** under requirements 12.1.4, 12.2.3 and 12.2.4 are specific sums relating to **Costs** or **Disbursements**. Round sum withdrawals on account of **Costs** or **Disbursements** are not permitted.
- 12.4 Money withdrawn under 12.1 and 12.2 does not exceed the total of the money held to the credit of both the **Client** and the **Client Account** in which the money is held.
- 12.5 You replace **Without Delay** any shortfall to a **Client** or to a **Client Account** by payment into **Client Account** under 10.4.2.
- 12.6 Undrawn **Costs** or **Disbursements** must not remain in **Client Account** either in anticipation of future errors which could result in a shortage on that account or any current shortage on that account and are not available as a set off against any general shortage on **Client Account**.
- 12.7 Any withdrawal in your favour is recorded in both the **client** and office columns of the appropriate **client** ledger account in accordance with requirement 13.
- 12.8 Subject to requirement 12.9 a withdrawal from **Client Account** is made as follows:-
- 12.8.1 cheques or other written instructions for withdrawal from **Client bank** account are signed by an **Approved Person**;
- 12.8.2 where CHAPS terminals or other electronic systems are used to withdraw monies from **Client bank** account and authority has not been given in accordance with requirement 12.8.3, such systems are operated by an **Approved Person**;
- 12.8.3 where payments are authorised electronically, such authority is only given by an **Approved Person**.
- 12.9 Authority in accordance with requirement 12.8 is not required for the transfer of money from one **Client Account** to another **Client Account** at the same **Bank** or **Building Society** except where either is a **Separate Designated Account**. (Authority for any such transfer is required in accordance with requirement 12.8).
- 12.10 A transfer of money from the ledger account of one **Client** to that of another **Client** is only made if it would have been permissible under this Code for the money to be withdrawn from **Client**

Account in the case of the first **Client** and for the money to be paid into **Client Account** in the case of the second **Client**.

- 12.11 A withdrawal from a **Client Account** in your favour is by way of a cheque to you or by way of a transfer to your **Office Account**.
- 12.12 Withdrawals in cash from a **Client Account** are not permitted.
- 12.13 Except with the prior written authority of both **Clients** no sum in respect of a **Private Loan** from one **Client** to another is paid out of funds held for the lender:
 - 12.13.1 to the borrower directly; or
 - 12.13.2 by a payment from one **Client Account** to another; or
 - 12.13.3 by a transfer from the ledger account of the lender to that of the borrower;
- 12.14 All monies held in the **Client Account** are paid to the **Rightful Recipient** as soon as there is no longer any proper reason to retain these funds.

Accounting Records

- 13.1 You update **Accounting Records** at least once a week and ensure they are properly written up to show clearly all dealings with:
 - 13.1.1 **Client Money** received, held or paid, including **Client Money** withheld from a **Client Account** under 11.1; and
 - 13.1.2 **Office Money** and any other monies received, held or paid in any **Office Account**.
- 13.2 **Accounting Records** are sufficient to:
 - 13.2.1 show and explain accurately every transaction relating to each **Client**;
 - 13.2.2 disclose at any time total indebtedness to each **Client** and also each **Client's** total indebtedness to you/the entity.
- 13.3 All dealings with **Client Money** are appropriately recorded:
 - 13.3.1 In a **client** cash account or in a record of sums transferred from one **client** ledger account to another; and
 - 13.3.2 on the **client** side of a separate **client** ledger account for each **Client** or for each **Client** matter;
 - 13.3.3 with sufficient narrative on the ledger and cash account to explain each entry.

- 13.4 If **Separate Designated Accounts** are used:
- 13.4.1 a combined cash account must be kept in order to show the total amount held in **Separate Designated Accounts**; and
 - 13.4.2 a record of the amount held for each **Client** must be made either in a deposit column of a **client** ledger account, or on the **client** side of a **client** ledger account kept specifically for a **Separate Designated Account**, for each **Client**;
 - 13.4.3 upon receipt of information that interest has been credited to the **Separate Designated Account**, corresponding entries must be made in the Accounting Records.
- 13.5 The current balance on each **client** and office ledger account is shown, or is readily ascertainable, from **Accounting Records** kept in accordance with this Code.
- 13.6 All dealings with **Office Money** relating to any **Client** must be appropriately recorded in an office cash account and on the office side of the appropriate **client** ledger account.
- 13.7 When acting for both lender and borrower in a mortgage transaction between them, separate **client** ledger accounts for both **Clients** need not be opened provided that the funds belonging to each **Client** are clearly identifiable and the lender is an institutional lender which provides mortgages in the normal course of its activities.
- 13.8 You retain on a **Durable Medium** a central record or file of copies of all bills of **costs** distinguishing in each bill between **Costs**, paid **Disbursements** and **Disbursements** not yet paid at the date of the bill and VAT.

Reconciliations

- 13.9 At least once in each calendar month you:
- 13.9.1 prepare a **bank** reconciliation statement by comparing the balance on the **client** cash account with the balances shown on the **client bank** statements and passbooks (after allowing for all unpresented items) of all **Client Accounts** and **Separate Designated Accounts** and any **Client Money** held by you/the entity in cash;
 - 13.9.2 as at the same date prepare a listing of all the balances shown by the **client** and office ledger accounts and compare the total of the **client** ledger credit balances with the balance on the **client bank** reconciliation statement; and
 - 13.9.3 prepare a reconciliation statement showing the cause of the differences (if any) shown by each of the above comparisons.
- 13.10 The steps required under requirement 13.9 are:

13.10.1 prepared to a date not more than five weeks after the date to which they were last prepared; and

13.10.2 completed within 7 days of the date to which they are prepared.

13.11 Records maintained in accordance with requirements 13.1 to 13.9 are kept separate from those for any other business. Where the accounts of more than one business are maintained on the same system, they are capable of being reproduced independently by the system.

13.12 You have immediate and unrestricted access to the **Accounting Records**.

Retention of Records

13.13 You retain on a **Durable Medium** for at least six years from the date of the last entry all documents or other records required by requirement 13.1 to 13.9.

13.14 You retain for at least two years:

13.14.1 all paid cheques, unless any relevant **Bank** or **Building Society** has agreed it will retain such cheques or copies of the cheques on a **Durable Medium** on your behalf for that period; and

13.14.2 originals or copies of all other authorities for the withdrawal of money from the **Client Account**.

13.15 All statements and passbooks, as printed by the **Bank** or **Building Society** for **Client Accounts**, **Separate Designated Accounts**, accounts in which **Client Money** has been held and any **Office Account** is retained for at least six years from the date of the last entry.

Misappropriation of Clients' Money

13.16 Upon discovery of any misappropriation of **Client Money** you notify the **CLC Without Delay**. (The shortfall caused by the misappropriation must be rectified **Without Delay** by payment into **Client Account** in accordance with requirement 10.4.2).

CLC Monitoring

14.1 In order to monitor compliance with the **CLC's** Code, at the time and place determined by the **CLC**, you produce all information held on a **Durable Medium** relating to the business (to include his **Accounting Records**, papers, files and financial accounts) as would be reasonably required to enable the preparation of a report.

14.2 For the purposes of requirement 14.1, you hold **Accounting Records** on a **Durable Medium** and produce/make these available to the **CLC's** appointee in the manner required by the **CLC**.

14.3 The **CLC** is entitled to seek verification from your **Clients**, staff and **Banks** or Building Societies. If necessary, you provide written permission for such information to be given.

- 14.4 If you do not give the **CLC** permission to remove original documents from your premises, you provide us with photocopies on our request.

Deposit Interest

- 15.1 When holding **Client Money** in a **Client Account** or which should have been paid into a **Client Account**, subject to 15.3 you must account to the **Client** for any interest earned or which should have been earned on such money.
- 15.2 If the **CLC** directs pursuant to paragraph 22 of Schedule 8 to the **1990 Act** that such a sum should be paid, you pay to the **Client** the amount directed within fifteen days of the **CLC** sending notification of that direction.
- 15.3 You provide sufficient information in writing to enable the **Client** to give informed consent in writing if it is felt appropriate to depart from requirement 15.1. This includes expressly drawing the **Client's** attention to any contracting out provision which may be contained in **terms of engagement**.

Accountant's Reports

- 16.1 If you have at any time during an **Accounting Period** held or received **Client Money** you procure the delivery by the **Reporting Accountant** to the **CLC** of an Accountant's Report for that period.
- 16.2 The **Accountant's Report** is delivered to the **CLC** within six months of the end of the **Accounting Period** except that, where on the date of coming into force of this Code, the **Accounting Period** has already ended. The form of the **Accountant's Report** to be delivered shall be that prescribed by this Code.
- 16.3 If you have two or more places of business and choose separate **Accounting Periods** for these, you provide a separate **Accountant's Report** for each place of business.
- 16.4 You immediately notify the **CLC** of any changes to the identity, address and other relevant details of the **Reporting Accountant**.
- 16.5 Subject to Requirement 16.7 the **Reporting Accountant** is qualified to sign and give an **Accountant's Report** on behalf of an **Authorised Person** if he is a member of an accountancy body recognised by the **CLC** and holds a current practising certificate issued by that body when he signs the report.

Requirements to be qualified to certify Accountant's Reports

- 16.6 The **Accountant's Report** is certified by a member of one of the following accountancy bodies:
- (a) the Institute of Chartered Accountants in England and Wales;
 - (b) the Institute of Chartered Accountants of Scotland;

- (c) the Institute of Chartered Accountants in Ireland;
 - (d) the Association of Chartered Certified Accountants;
 - (e) the Association of Authorised Public Accountants.
- 16.7 The **Accountant's Report** is not certified by an accountant who:-
- 16.7.1 either at any time between the beginning of the **Accounting Period** to which the **Accountant's Report** relates and the signing of the **Accountant's Report** they were a partner, **employee** or officer in the entity to which the **Accountant's Report** relates or was employed by the same employer as the **Authorised Person** for whom the **Accountant's Report** is given; or
 - 16.7.2 they have been disqualified by the CLC and have been given by the **CLC** notice of disqualification which has not been withdrawn.
- 16.8 You ensure that your **Reporting Accountant's** rights and duties are stated in **terms of engagement**, which include the terms set out in the Schedule. The **terms of engagement** and a copy are signed by both you and the **Reporting Accountant** and you retain the copy.
- 16.9 The **Reporting Accountant** examines your **Accounting Records** and other relevant documents at your office, not their own, and does not remove any original records from the premises.
- 16.10 You provide the **Reporting Accountant** with details of all accounts kept or operated by you in connection with your entity at any **Bank** or **Building Society** at any time during the **Accounting Period** to which the **Accountant's Report** relates, including **Client Accounts**, **Office Accounts** and accounts which are not **Client Accounts** but which contain **Client Money**.
- 16.11 The **Reporting Accountant** examines your **Accounting Records** to ensure compliance with this Code and carries out the checks and tests as prescribed on the **CLC** website and Management Information System.
- 16.12 The **Reporting Accountant** signs and delivers to the **CLC** the **Accountant's Report** together with the completed checklist in the form prescribed by the **CLC**.

General Saving Provisions

- 17.1 When acting on a **Client's** instructions, you have the general right on the grounds of **Client** privilege to decline to produce any document the **Reporting Accountant** requests for examination purposes. Where such a refusal occurs, the **Reporting Accountant** must qualify his **Accountant's Report** and include an explanation for such qualification.

Reporting Accountant's Terms of Engagement - Schedule 1

- 18.1 The terms on which you instruct a **Reporting Accountant** include the following:-

- 18.2 'In accordance with the **CLC** Accounts Code you are instructed:
- 18.2.1 to conduct tests and checks prescribed by the **CLC**;
 - 18.2.2 to sign and deliver to the **CLC** the **Accountant's Report** together with the completed checklist in accordance with requirement 16.11; and provide me with a copy;
 - 18.2.3 to report directly to the **CLC** without prior reference to me/this firm/this company if, in the course of carrying out work in preparation of the **accountant's report**, you discover evidence of theft or fraud affecting **client money** or information which is likely to be of material significance in determining whether I am/this entity is a **fit and proper person** to hold **client money**;
 - 18.2.4 to report directly to the **CLC** should your appointment be terminated following the issue of, or the indication of intention to issue, a qualified **Accountant's Report** or following the raising of concerns prior to the preparation of an **Accountant's Report**;
 - 18.2.5 to retain these **terms of engagement** for at least two years after termination of the retainer and to produce them to the **CLC** on request; and
 - 18.2.6 following any report made to the **CLC** under 18.2.2- 18.2.4, to provide to the **CLC** on request any further relevant information in your possession or in the possession of your firm.
- 18.3 By accepting instructions under requirement 16 of the Accounts Code you agree that:-
- 18.3.1 the **CLC** will rely upon the content of your Report,
 - 18.3.2 a duty of care is owed by you to the **CLC**; and
 - 18.3.3 your liability to the **CLC** will be limited to the loss and costs suffered by the **CLC** arising from items which you have negligently or fraudulently failed to specify in your Report.
- 18.4 To the extent necessary to enable you to comply with the preceding paragraphs, I/We waive my/the firm's/the company's right of confidentiality. This waiver extends to any report made, document produced or information disclosed to the **CLC** in good faith in accordance with these instructions, even though it may subsequently transpire that you were mistaken in your belief that there was cause for concern'.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's** Accounts **Guidance**.



Anti-Money Laundering & Combating Terrorist Financing Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the CLC must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcome**:

- **Client matters are dealt with using care, skill and diligence. (Outcome 2.2)**

Combating Money Laundering (AML) and Terrorist Financing (CTF) helps you deliver this **Outcome** and act in a principled way:

1. **Act with independence and integrity. (Overriding Principle 1)**
2. You comply with anti-money laundering and prevention of financing terrorism legislation. (**CoC P1m**)
3. You **systematically** identify and mitigate risks to the business and to **Clients**. (**CoC P2f**)
4. You promote ethical practice and compliance with regulatory requirements. (**CoC P2g**)
5. You maintain proper governance, management, supervision, financial and risk management **arrangements** and **controls**. (**CoC P2i**)

You must also comply with the following **specific requirements**:

6. You have appropriate management **arrangements** and systems and **controls** in place to comply with anti-money laundering regulations.

7. You ensure that management **arrangements**, systems and **controls** enable the identification, assessment, monitoring and management of AML/CTF risk and are appropriate to the nature, scale and complexity of your activities.
8. You carry out regular reviews of the adequacy of management **arrangements**, systems and **controls**.
9. You ensure that, in order to meet your responsibilities under the AML/CTF Legislation your management **arrangements**, systems and **controls** include:-
 - (a) an appropriate AML/CTF policy ;
 - (b) appropriate and regular training for **employees** (of which a record must be kept) in relation to AML/CTF to enable **employees** to recognise and deal with transactions and other activities which may be related to AML/CTF;
 - (c) appropriate internal reporting procedures;
 - (d) management and retention of records of **CDD** and information about, suspicion reports received by the business;
 - (e) appropriate measures to ensure that AML/CTF is taken into account in the day to day operation, including the application of appropriate **CDD** for:-
 - (i) dealing with existing **clients**;
 - (ii) the taking on of new **clients**;
 - (iii) dealing with **Beneficial Owners**;
 - (iv) incorporating changes in the services provided;
 - (f) appropriate **CDD** measures to ensure that procedures for identifying and verifying new **clients** and **Beneficial Owners** do not unreasonably deny access to the services to potential **clients** who can not reasonably be expected to produce detailed evidence of identity.
10. You :-
 - (a) appoint a Nominated Officer with responsibility to receive suspicion reports and make reports to the **National Crime Agency (NCA)**;
 - (b) appoint a **manager** (who may or may not be the Nominated Officer) with responsibility for ensuring the business complies with this Code;

(c) ensure that the Nominated Officer or **manager** has an appropriate level of authority and independence , and access to resources and information sufficient to enable them to carry out that responsibility.

11. Records are stored on **Durable Medium**.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's** Anti-Money Laundering and Combating Terrorist Financing **Guidance**.



Complaints Code

In this Code ‘you’ refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The ***Code of Conduct*** requires you to deliver the follow ***Outcomes***:

- You accept responsibility where the service you provide is not of the expected standard and provide appropriate redress for the *Client* where necessary (***Outcome 6.3***);
- Handling of *complaints* takes proper account of *Clients’* individual needs, including those who are vulnerable (***Outcome 6.4***);
- *Complaints* are dealt with impartially and comprehensively (***Outcome 6.5***).

Effective handling of ***complaints*** helps you deliver these ***Outcomes*** and requires you to act in a principled way:

1. **Maintain high standards of work. (*Overriding Principle 2*)**
2. **Promote equality of access and service. (*Overriding Principle 6*)**
3. You make all reasonable efforts to ensure your service is accessible and responsive to ***Clients***, including those with vulnerabilities. (***CoC P6d***)
4. The ***complaints*** procedure is clear, well-publicised and free. (***CoC P6e***)
5. You treat ***complaints*** seriously and provide appropriate redress options. (***CoC P6f***)

6. You deal with **complaints** fairly and within 28 days. (CoC P6g)
7. You identify and address systemic **Client complaints** issues. (CoC P6h)
8. You operate a procedure which is appropriate to the needs of **clients** and which allows **complaints** to be made by any reasonable means.
9. You deal with **complaints** constructively and impartially, basing decisions upon a sufficient investigation of the circumstances.
10. Where redress offers are accepted, these are actioned within 28 days.
11. You treat fairly members of staff who are the subject of a **complaint**.

You must also comply with the following **specific requirements**:

12. From the outset you advise **Clients** in writing of their right to make a **complaint**, how to make it, to whom, and the timeframes involved. (CoC P6j)
13. You advise **Clients** in writing of their right to have their **complaint** escalated to the **Legal Ombudsman**, and provide them with contact details and timeframes of that body. (CoC P6k)
14. You keep a record of **complaints** received and any action taken as a result. (CoC P6k)
15. **Complaints** are investigated under the supervision of one of your senior **managers**/members.
16. You respond in writing to **complaints** within 7 days. Where a full response cannot be given in this timeframe, you acknowledge receipt of the **complaint**, give the reason for the delay and commit to responding fully within 28 days of receipt of their initial **complaint**.
17. The response includes:
 - a clear explanation of your assessment of the **complaint**;
 - your decision on it,
 - offer of remedial action and/or redress where a **complaint** is upheld;
 - information on your **complaint**-handling review procedure (if applicable), its timeframes and how it can be accessed;
 - information on the complainant's right to refer the **complaint** to the **Legal Ombudsman**, its timeframes and contact details.
18. Should your procedure make provision for review of how a **complaint** was handled it must be carried out in a timely manner and not inconvenience the complainant.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's Complaints Guidance**.



Conflicts of Interest Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the CLC must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The ***Code of Conduct*** requires you to deliver the following ***Outcomes***:

- Each ***Client's*** best interests are served; (***Outcome 3.1***)
- ***Clients*** have the information they need to make informed decisions; (***Outcome 3.3***)
- ***Clients*** are aware of any limitation or any condition resulting from your relationship with another party. (***Outcome 3.5***)

The prevention, detection and mitigation of ***conflicts of interests*** help you deliver these ***Outcomes*** and act in a principled way:

1. **Act with Independence and Integrity. (*Overriding Principle 1*)**
2. **Act in the best interests of your *Clients*. (*Overriding Principle 3*)**
3. You keep the interests of the ***Client*** paramount (except as required by the law or the **CLC's regulatory arrangements**). (***CoC P3b***)
4. You do not act for a ***Client*** where you judge it is not in their best interest for you to do so. (***CoC 3c***)

5. You do not accept instructions from a person nor continue to act for a **Client** whose interests conflict directly with your own, the entity's, or another **Client**. (CoC P3d)

You must also comply with the following **specific requirements**:

6. Where the entity represents parties with different interests in any transaction each party is at all times represented by different **Authorised Persons** conducting themselves in the matter as though they were members of different entities. (CoC P3n)
7. Before or when accepting instructions to act for a second **Client** you inform each **Client** in writing that the body has been asked to act for another **Client** in the same matter and you explain the relevant issues and risks to them.
8. You only act for both **Clients** if each **Client** has provided informed written consent that you may act for another **Client** in the matter.
9. You do not act, or do not continue to act, for a **Client** where your ability to give independent advice is in any way restricted. This may arise if:
 - (a) you owe separate duties to act in the best interests of two or more **clients** in relation to the same or related matters, and those duties conflict, or there is a significant risk that those duties may conflict; or
 - (b) your duty to act in the best interests of any **client** in relation to a matter conflicts, or there is a significant risk that it may conflict, with your own interests in relation to that or a related matter.
10. If a conflict arises which was or should have been foreseen, you do not charge either **Client** a fee for the work undertaken (other than for **disbursements** properly incurred).
11. As an exception to requirement 6, and provided no conflict of interest arises, if you are a body with only one **Authorised Person** you may act for more than one **Client** where one of the **Clients** is a lender providing mortgages in the normal course of its business activities.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's Conflicts of Interest Guidance**.



Continuing Professional Development Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- ***Clients* are provided with a high standard of legal service (*Outcome 2.1*);**
- ***Client* matters are dealt with using care, skill and diligence (*Outcome 2.2*);**
- **Appropriate *arrangements*, resources, procedures, skills and commitment are in place to ensure *Clients* always receive a high standard of service (*Outcome 2.3*);**
- **Each *client's* best interests are served (*Outcome 3.1*).**

Keeping your legal knowledge up-to-date and relevant helps you deliver these **Outcomes** and requires you to act in a principled way:

1. **Maintain High Standards of Work. (*Overriding Principle 2*)**
2. **Act in the Best Interests of your *Clients*. (*Overriding Principle 3*)**
3. You keep your skills and knowledge up-to-date. (**CoC P2b**)
4. You ensure all individuals within the entity are competent to do their work. (**CoC P2c**)

5. You promote ethical practice and compliance with regulatory requirements. (**CoC** P2g)
6. You only accept instructions and act in relation to matters which are within your professional competence. (**CoC** P3a)
7. You provide equal opportunities for all partners, **employees** or applicants in employment and training. (**CoC** P6c)

You must also comply with the following **specific requirements**:

8. In each year in which you hold a **licence** you complete **Continuing Professional Development** in such courses, lectures, seminars or other programmes or other activities approved by the **CLC**.
9. You are able to demonstrate that the subject matter of the course or activity is relevant to your professional development or area of practice and to help you deliver positive **Outcomes** to your **Clients**.
10. Each year you inform the **CLC** - in such form as the **CLC** may from time to time prescribe - whether or not you have complied with the **CLC**'s requirements for **continuing professional development** as they apply to you.
11. You keep an up-to-date **training record**. You provide the **CLC** with this record upon its request.
12. You attend, and pay to attend, a specific course that the **CLC** has directed you to attend (as an alternative to disciplinary action).

Dealing with *Non-Authorised Persons* (third parties) Code

In this Code ‘you’ refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code. In the context of this Code the **Non-Authorised Person** refers to the party on the other side of a transaction.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- ***Clients* receive an honest and lawful service; (*Outcome 1.2*)**
- ***Clients* are provided with a high standard of legal services; (*Outcome 2.1*)**
- ***Client* matters are dealt with using care, skills and diligence; (*Outcome 2.2*)**
- **Each *Client*’s best interests are served; (*Outcome 3.1*)**
- ***Clients* are aware of any limitation or any condition resulting from your relationship with another party. (*Outcome 3.5*)**

Demonstrating probity in your dealings with **Non-Authorised Person** third parties helps you deliver these **Outcomes** and act in a principled way:

1. **Maintain High Standards of Work. (*Overriding Principle 2*)**
2. **Act in the Best Interests of your *Clients*. (*Overriding Principle 3*)**
3. You do not conduct yourself in a manner which may result in a breach of the law nor in any other manner which may bring the legal profession into disrepute. (**CoC P1c**)

4. You do not take unfair advantage of any person, whether or not a **Client** of the business. (CoC P1l)
5. You promote ethical practice and compliance with regulatory requirements. (CoC P2g)
6. You keep the interests of the **Client** paramount (except as required by the law or the **CLC's regulatory arrangements**). (CoC P3b)

You must also comply with the following **specific requirements**:

7. You do not have dealings with any **Non-Authorised Person carrying on reserved legal activities** including conveyancing (unless there is clear evidence that person is an **exempt person** (see schedule 3 **2007 Act**).
8. You report to the **CLC** (without submitting your transaction file) where a **Non-Authorised Person** is **carrying on reserved legal activities**, including conveyancing, which appears to be or to have been a breach of s.14-16 **2007 Act**.

Dealing with Non-Authorised Persons

9. You :-
 - (a) avoid extending your duty of care to persons who are not **Clients** by seeking to ensure that, to your knowledge, you do not provide legal advice (in the circumstances provided by Hedley Byrne v Heller [1964] AC 465) on which they may seek to rely;
 - (b) not accept any undertaking which a non-Authorised Third Person may offer in the course of a transaction;
 - (c) incorporate special provisions into the draft contract to take account of the problems which arise because the other party has no **Authorised Person** acting (see below);
 - (d) ensure that any power of attorney is valid, properly granted and effective for all relevant purposes;
 - (e) advise the **client** in writing that you are dealing with a **Non-Authorised Person** Party and explain all the steps which are being taken to protect the **client's** position.

Acting for the Lender

10. You do not give the unqualified agent additional assistance in a way which might establish a **Authorised Person/client** relationship either with the **Non-Authorised Person** or with the borrower, or leave you open to a negligence claim either from your lender **client** or from the borrower.

11. You comply with s. 69 Law of Property Act 1925, by allowing mortgage advances to be paid only to those properly entitled to receive them.
12. You ensure that on completion, any payments are sent to a named **bank** or **building society** account held by you, an **Authorised Person, licensed body** or their **clients**, and not to some intermediate party.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's Dealing with Non-*Authorised Persons*** (third parties) Code & **Guidance**.



Disclosure of Profits & Advantages Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- ***Clients receive good quality independent information, representation and advice; (Outcome 1.1)***
- ***Clients receive an honest and lawful service; (Outcome 1.2)***
- ***Clients have the information they need to make informed decisions; (Outcome 3.3)***
- ***Clients are aware of any referral arrangements and that they are consistent with your responsibilities both to them and to the CLC. (Outcome 3.4)***

Transparent referral arrangements help you deliver these **Outcomes** and act in a principled way:

1. **Act with independence and integrity. (Overriding Principle 1)**
2. **Maintain high standards of work. (Overriding Principle 2)**
3. **Act in the best interests of Clients. (Overriding Principle 3)**
4. You do not allow your independence to be compromised. (**CoC** P1a)
5. You act honestly, professionally and decently. (**CoC** P1b)

6. You do not conduct yourself in a manner which may result in a breach of the law nor in any other manner which may bring the legal profession into disrepute. (**CoC** P1c)
7. You promote ethical practice and compliance with regulatory requirements. (**CoC** P2g)
8. You keep the interests of the **Client** paramount (except as required by the law or the **CLC's regulatory arrangements**). (**CoC** P3b)
9. You only recommend a particular person, business or product when it is in the best interests of the **Client**. (**CoC** P3f)
10. You provide the **Client** with all relevant information relating to any fee arrangements or fee changes. (**CoC** P3j)
11. Where the entity represents parties with different interests in any transaction each party is at all times represented by different **Authorised Persons** conducting themselves in the matter as though they were members of different entities. (**CoC** P3n)
12. Where you enter into an arrangement, including any fee sharing agreement, with an introducer, the agreement is in writing.
13. You periodically review referral arrangements/fees to deliver the **Outcomes** identified at the outset of this Code.
14. You inform the **Client** in writing of the existence of the referral arrangement no later than when accepting instructions, or when introducing a **Client** to another person.
15. You advise the **Client** that they have a choice of provider.
16. You inform the **Client** of the nature of the arrangement (including any payment made), with whom it is made, and any impact (including any legal costs they are charged).



Equality Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- **The service is accessible and responsive to the needs of individual *Clients*, including those who are vulnerable; (*Outcome 6.1*) ¹**
- **No-one – *Client, employee, colleague, job applicant, trainee, or other party* – you deal with feels discriminated against (whether directly or indirectly), victimised or harassed. (*Outcome 6.2*) ²**

Accessible employment and business **arrangements** help you deliver these **Outcomes** and requires you to act in a principled way:

1. **Promote Equality of Access & Service. (Principle 6)**
2. You comply with relevant **Equalities legislation**. (**CoC P6a**)
3. You make reasonable adjustments to prevent persons with disabilities from being placed at disadvantage. (**CoC P6b**)
4. You provide equal opportunities for all partners, **employees** or applicants in employment and training. (**CoC P6c**)
5. You make all reasonable efforts to ensure your service is accessible and responsive to **Clients**, including those with vulnerabilities. (**CoC P6d**)

You must also comply with the following specific requirement:

6. Any allegation of (direct or indirect) discrimination, victimisation and harassment is investigated thoroughly, resulting, where appropriate in disciplinary action. (**CoC** P6i)

¹ a **Client** may be vulnerable because of a range of characteristics, including (but not limited to): basic skills: literacy and numeracy; complexity and confusion; difficulty of accessing and understanding large amounts of information; disability or other impairment; mental health issues; distress or sudden change in circumstances e.g. bereavement, divorce, illness or loss of employment; low income; age; caring responsibilities; limited knowledge of, or limited skills in, use of English; balance of power; lack of competition and choice; or inexperience or lack of knowledge of a particular subject. Vulnerability can only be assessed on a case-by-case basis.

² On the grounds of age, disability, gender reassignment, marital and civil partnership status, pregnancy and maternity, race, religion or faith, sex or sexual orientation.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's** Equality **Guidance**.



Estimates & *Terms of Engagement* Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The ***Code of Conduct*** requires you to deliver the following ***Outcomes***:

- ***Clients receive good quality independent information, representation and advice; (Outcome 1.1)***
- ***Client matters are dealt with using care, skill and diligence; (Outcome 2.2)***
- ***Clients have the information they need to make informed decisions. (Outcome 3.3)***

Providing timely Estimates and ***Terms of Engagement*** which are easy to understand helps you deliver these ***Outcomes*** and to act in a principled way:

1. **Act with independence and integrity. (*Overriding Principle 1*)**
2. **Maintain high standards of work. (*Overriding Principle 2*)**
3. **Act in the best interests of your *Clients*. (*Overriding Principle 3*)**
4. You act honestly, professionally and decently. (***CoC P1b***)
5. You do not give false or misleading information relating to the provision of ***Regulated Services***. (***CoC P1e***)

6. You **promptly** advise **Clients** of any significant changes to projected **costs**, timelines and strategies. (CoC P3m)
7. Where the entity represents parties with different interests in any transaction each party is at all times represented by different **Authorised Persons** conducting themselves in the matter as though they were members of different entities. (CoC P3n)

You must also comply with the following **specific requirements**:

Estimates

8. Any estimate of **costs** is stored on a **Durable Medium** and states:-
 - 8.1 the name of the **Client**, and the nature of the transaction;
 - 8.2 the basis on which fees for abortive work will be payable;
 - 8.3 the proposed fees and other expenses (such as **bank** transfer fees) payable to you (such fees and other expenses are deemed to be inclusive of VAT unless VAT is separately itemised);
 - 8.4 any disbursement likely be incurred on the basis of the instructions received (such **disbursements** are deemed to be inclusive of VAT unless VAT is separately itemised);
 - 8.5 where the total sum payable as estimated under paragraph 8.3 is likely to be exceeded that the Body will advise the **Client** of that fact and provide an explanation and a revised estimate;
 - 8.6 in respect of paragraphs 8.3 and 8.4:
 - 8.6.1 unless otherwise stated fees will be deemed to be inclusive of the costs of post, telephone calls, facsimile communications and email;
 - 8.6.2 unless separately specified, the estimate of proposed fees payable to the body will be deemed to include fees for:-
 - representation of the lender;
 - service of notices on a landlord or management company.
 - 8.6.3 the **Client** is advised where it is not possible to provide an estimate of fees and **disbursements** because the relevant information is not available.
9. If it becomes apparent that the total sum payable as estimated under paragraph 8 is likely to be exceeded or that the relevant information has become available, as soon as practicable you:-
 - 9.1 advise the **Client**; and
 - 9.2 provide the **Client** with a written explanation on a **Durable Medium**.

10. Any fees, expenses, **disbursements** and VAT to be charged in respect of an abortive transaction are notified to the **Client** on a **Durable Medium** as soon as those matters can reasonably be calculated whether or not an invoice is delivered at this time.

Terms of Engagement

11. You provide **Clients** with **Terms of Engagement** with a request that the **Client** confirms their agreement to the terms.
12. The **Terms of Engagement** summarise the nature of instructions and with sufficient clarity so as to be readily understandable to the **Client**.
13. The **Terms of Engagement** include:-
- 13.1 your name, address, telephone and other contact details;
- 13.2 if not included in paragraph 13.1, the name of one of your **Managers**;
- 13.3 the name of the individual having day-to-day conduct of the matter and where applicable the name of the individual responsible for its overall supervision;
- 13.4 if the matter is to be conducted by a team, the identity of that team and the name of its leader(s);
- 13.5 the name of the individual to whom any **complaint** should be made;
- 13.6 an explanation of the procedure to be adopted where the **Client** is dissatisfied with the services or conduct of any of your **Managers** or **employees**. This information must also include the **Client's** right to complain to the **Legal Ombudsman** at the conclusion of the **complaint** process, the time limits for doing so and full details about how to contact the **Legal Ombudsman** (see **Complaints Code**).
- 13.7 the following wording:-
- “If you make a valid **claim** against us for a loss arising out of work for which we are legally responsible, and we are unable to meet our liability in full, you may be entitled to **claim** from the **Compensation Fund** administered by the Council for **Licensed Conveyancers** (from whom details can be obtained”).
- 13.8 You keep a copy of, and any evidence that the **Client** has agreed, the estimate and **Terms of Engagement** on a **Durable Medium**. Should you require information on how to meet your responsibilities under this Code, please see the **CLC's** Estimates and **Terms of Engagement Guidance**.



Management & Supervision *Arrangements* Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- ***Clients* are provided with a high standard of legal services (*Outcome 2.1*);**
- ***Client* matters are dealt with using care, skill and diligence; (*Outcome 2.2*)**
- **Appropriate *arrangements*, resources, procedures, skills and commitment are in place to ensure *Clients* always receive a high standard of service. (*Outcome 2.3*)**

Appropriate management and supervision ***arrangements*** help you deliver these **Outcomes** and require you to act in a principled way:

1. **Maintain high standards of work. (*Overriding Principle 2*)**
2. You ensure all individuals within the entity are competent to do their work. (**CoC** P2c)
3. You supervise and regularly check the quality of work in ***Client*** matters. (**CoC** P2d)
4. You ***systematically*** identify and mitigate risks to the business and to ***Clients***. (**CoC** P2f)
5. You promote ethical practice and compliance with regulatory requirements. (**CoC** P2g)

6. You enable staff to raise concerns which are acted on appropriately. (**CoC** P2h)
7. You maintain proper governance, management, supervision, financial and risk management **arrangements** and **controls**. (**CoC** P2i)
8. You maintain proper records to evidence your **arrangements** and how they are applied. (**CoC** P2o)

You must also comply with the following **specific requirements**:

9. A **Manager** who is an **Authorised Person** is responsible for ensuring that all of the entity's **employees** are properly supervised. (**CoC** P2m)
10. You make provision for alternative supervision **arrangements** in case of illness, accident or other unforeseen event. (**CoC** P2n)
11. You **systematically** identify, monitor and manage risks to the delivery of this Code's [the **Code of Conduct**] **Outcomes**. (**CoC** P5j)

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's** Management and Supervision **Arrangements Guidance**.



Notification Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcome**:

You act in accordance with your regulatory responsibilities. (Outcome 5.1)

Making sure both you and the **CLC** are aware of any notifiable changes helps you identify any potential threats to the delivery of all **Code of Conduct Outcomes** as well as helping you deliver the **Outcome** above. This requires you to act in a principled way:

1. **Deal with regulators and ombudsmen in an open and co-operative way. (Overriding Principle 5)**
2. You notify the **CLC** of any material breach of this Code [**Code of Conduct**], whether by you, the entity or any other person. (**CoC** P5o)
3. You notify the **CLC** of a change as set out in the **CLC's** Notification Code. (**CoC** P5p)
4. You have systems and **controls** to enable you to identify any notifiable changes.

These responsibilities require you to notify us of any of the following changes:

5. To the extent it is reasonable to do so, you notify us no less than 14 days before a proposed change of business or registered office address, but in any event within 14 days of any change occurring.
6. You notify us within 14 days of any change in **manager** and/or management **arrangements**.
7. You notify us within 14 days of a change in structural **arrangements**.

8. In respect of the body you notify us within 7 days if:

- A winding-up order or administration order is passed;
- A resolution for voluntary winding-up is passed; or
- An administration receiver is appointed.

CLC Licensed Conveyancers

9. You notify us ***promptly*** if you:-

- have been a director of a ***company*** which has gone into liquidation on the grounds of insolvency;
- in your own right or as a director of a ***company*** have had an administrator or receiver appointed
- have been a ***licensed conveyancer*** in, or ***Manager*** of, an entity which has had its authorisation refused, revoked or made subject to ***conditions***;
- have been charged, cautioned or convicted of a criminal offence, or if there is a case pending;
- have been the subject of any disciplinary proceedings by a professional or regulatory body;
- have been the subject of an adverse order or finding of a civil court or employment tribunal;
- have been disqualified as a director;
- have been declared bankrupt or have entered an Individual Voluntary Arrangement;
- have been disqualified from acting in any capacity for a legal services, financial or other provider;
- are aware of any other information which could reasonably be expected to have a bearing on whether you are fit and proper.

Recognised Bodies

10. You notify us ***promptly*** after you have received information where any of the provisions identified in requirement 9 apply to a ***Manager*** of the body.

11. You notify us ***promptly*** of a change in ownership¹ of the body.

12. You notify us ***promptly*** after you have received information that a person employed or paid by the ***Recognised Body*** to provided ***reserved legal activities***:

- has been charged, cautioned or convicted of a criminal offence, or if there is a case pending;
- has been the subject of any disciplinary proceedings by a professional or regulatory body;

¹ As per item 33 of the Recognised Body Recognition Framework

- has been the subject of an adverse order or finding of a civil court or employment tribunal;
- has been disqualified as a director;
- has been declared bankrupt or has entered an Individual Voluntary arrangement;
- has been disqualified from acting in any capacity for a legal services, financial or other provider;
- is the subject of any other information which could reasonably be expected to have a bearing on whether that person is fit and proper.

Licensed Bodies (ABS)

13. To the extent it is reasonable to do so, you notify us no less than 14 days before a proposed change in the person occupying the role of ***HoLP*** or ***HoFA***, but in any event within 7 days of any change occurring.
14. You notify us ***promptly*** after you have received information about any ‘fit and proper’ issue concerning the ***owner(s)***, the ***HoLP***, ***HoFA***, other ***Managers*** or ***Authorised Persons***:
 - has been a director of a ***company*** which has gone into liquidation on the grounds of insolvency;
 - in their own right or as a director of a ***company*** has had an administrator or receiver appointed
 - has been an ***Authorised Person*** in, or ***Manager*** of, an entity which has had its authorisation refused, revoked or made subject to ***conditions***;
 - has been charged, cautioned or convicted of a criminal offence, or if there is a case pending;
 - has been the subject of any disciplinary proceedings by a professional or regulatory body;
 - has been the subject of an adverse order or finding of a civil court or employment tribunal;
 - has been disqualified as a director;
 - has been declared bankrupt or has entered an Individual Voluntary Arrangement;
 - has been disqualified from acting in any capacity for a legal services, financial or other provider;
 - is the subject of any other information which could reasonably be expected to have a bearing on whether that person is fit and proper.
15. You notify us ***promptly*** if you employ a person disqualified by a ***Licensing Authority***.
16. You notify us ***promptly*** if a ***Non-Authorised Person*** proposing to hold a ***material interest*** of 10% or more, or the holder of a ***material interest*** proposing to acquire an additional kind of interest, fails to give notification of such intended change after having been made aware of their duty to notify.

Should you require information on how to meet your responsibilities under this Code, please see the ***CLC’s Notification Guidance***.

Professional Indemnity Insurance Code

In this Code ‘you’ refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The ***Code of Conduct*** requires you to deliver the following ***Outcomes***:

- Each ***Client’s*** best interests are served; (***Outcome 3.1***)
- You act in accordance with your regulatory responsibilities. (***Outcome 5.1***)

Providing ***clients*** with access to appropriate redress helps you deliver these ***Outcomes*** and requires you to act in a principled way:

1. **Act in the best interests of your *Clients*. (*Overriding Principle 3*)**
2. **Deal with regulators and ombudsmen in an open and co-operative way. (*Overriding Principle 5*)**
3. You only accept instructions and act in relation to matters which are within your professional competence. (***CoC P3a***)
4. You only provide ***Regulated Services*** whilst you have **CLC**-approved ***professional indemnity insurance*** in force. (***CoC P3i***)
5. You ensure there are adequate indemnity ***arrangements*** in respect of ***claims*** made against you for work carried out by you before you ceased to practice by purchasing ***professional indemnity***

insurance for a minimum period of 6 years from the expiry of the period of **professional indemnity insurance** stated in your evidence of insurance or policy document. (CoC P3o)

6. If you seek to exclude or limit liability, you do so only to the extent that such exclusion or limitation is above the minimum level of cover afforded by **CLC**-approved **professional indemnity insurance**; you must obtain the written informed consent of the **Client** for such exclusion or limitation to be effective. (CoC P3p)

You must also comply with the following **specific requirements**:

7. When providing services which are not regulated by the **CLC**, you advise your **Client** of this and inform them in writing that the activity is not covered by **CLC**-approved **professional indemnity insurance** or the **CLC**-administered **Compensation Fund**. (CoC P3q)
8. You **promptly** notify insurers in writing of any facts or matters which may give rise to a claim under **CLC**-approved **professional indemnity insurance**. (CoC P5k)

Professional Indemnity Insurance

9. When providing **CLC-regulated services** you must have **professional indemnity insurance** in place at all times, which complies with the minimum requirements of Article 3 IMD, either through the **CLC's Master Policy** or with another **Authorised Insurer** (see requirement 11), provided the **CLC** is satisfied that in all its conditions and extent it is at least equivalent to the cover provided under the **CLC's Master Policy**.
10. You must:
 - 10.1 Pay the applicable annual premium for **Master Policy** cover;
 - 10.2 Comply with the Insurance terms as apply to you;
 - 10.3 Comply with the Self Insured Excess policy (set out at 14) and such other policies as the **CLC** may issue;
 - 10.4 Produce a current **Evidence of Insurance** when requested by the **CLC**;
 - 10.5 Permit the **Authorised Insurers** or the **Brokers** to notify the **CLC** should any circumstances arise whereby the **Authorised Insurers** or the **Brokers** consider that the body has failed to comply with their responsibilities as a **CLC** body or when any **Evidence of Insurance** is avoided.

Professional Indemnity Insurance other than through the CLC's Master Policy

11. If on application:

- 11.1 you satisfy the **CLC** that any **Professional Indemnity Insurance** policy obtained other than through the **CLC's Master Policy** is in all its conditions and extent at least equivalent to the cover provided under the **CLC Master Policy** then you will be exempted from the obligation to comply with requirement 10.1 whilst the **Professional Indemnity Insurance** policy (and any agreement with the cover provider) remains in force and is complied with; or
- 11.2 to the extent it is not in its conditions and extent at least equivalent to the cover provided under the **CLC Master Policy**, you obtain a **Supplemental Policy** from an **Authorised Insurer** so that the **CLC** is satisfied that the combined effect of the original and **supplemental policy** is in all its conditions and extent at least equivalent to the cover provided under the **CLC Master Policy** you will be exempted from complying with requirement 10.1 whilst the **Professional Indemnity Insurance** policy (and any agreement with the cover provider) and **supplemental policy** remain in force and is complied with.

European Union (EU) Bodies – if you are a European Lawyer

12. If on application:
 - 12.1 you satisfy the **CLC** that the **EU body** (of which you are a **Manager**) has **EU Professional Cover** equivalent to the **CLC Master Policy** in all its conditions and cover then the **EU body** will be exempted from obligation to comply with requirement 10.1 whilst the **EU Professional Cover** (and any agreement with the cover provider) remains in force and is complied with;
 - 12.2 you satisfy the **CLC** that the **EU body** (of which you are a **Manager**) has **Partial EU Professional Cover** then the **EU body** and its **Managers** shall be exempted from the obligation to comply with regulation 10.1 whilst the **Partial EU Professional Cover** (and any agreement with the cover provider) and a **Supplemental Policy** remain in force and is complied with.

Claims

13. In the event of a **Master Policy claim** you produce any information the **CLC** deems appropriate within five **working days** of the **CLC's** information request.

Self Insured Excess

- 14.1 Should your self-insured Excess exceed:
 - (1) £3,500 or
 - (2) the sum of the following:
 - (i) 5% Fees (as defined in the **Master Policy**) where the Fees are no more than £200,000; plus
 - (ii) 3% Fees on Fees between £200,001 and £500,000; plus

- (iii) 2% Fees on Fees between £500,001 and £1,000,000;
- you report this to the **CLC**. The **CLC** will need to be satisfied that the body will avoid additional exposure of the **CLC's Compensation Fund** to unpaid excesses.
- 14.2 If you are satisfied that the body you manage has the ability to meet additional liability over and above this you may make a specific application to the **CLC** to increase the self-insured Excess where Fees are greater than £1,000,000.
- 14.3 Your application outlines how the body intends to meet the obligation to avoid additional exposure of the **CLC's Compensation Fund** to unpaid excesses.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's Professional Indemnity Insurance Guidance**



Transaction Files Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- Each **Client's** best interests are served; (**Outcome 3.1**)
- **Clients' affairs** are treated confidentially (except as required or permitted by law or with the **Client's** consent). (**Outcome 3.6**)

Appropriate standards of document provision help you deliver these **Outcomes** and require you to act in a principled way:

1. **Act in the best interests of your Clients. (Overriding Principle 3)**
2. You disclose **client** information only as the **Client** has instructed (or as required by the **CLC's regulatory arrangements** or by law), keeping effective records of any disclosure you make. (**CoC OP3e**)

You must also comply with the following **specific requirements**:

File

3. When a request for a transaction file, or part of it, is made on behalf of a **Client**, lender or third party you must determine the ownership of the various papers in the file and provide the person making the request only with the documents they own or are entitled to, or entitled to only with the **Client's** permission.

4. Where the **Client**'s permission is required you must not provide the papers to the person making the request until you have obtained the **Client**'s consent or been served with a court order in appropriate terms.

Joint retainers – joint *Clients*

5. Originals are handed to one **Client** only with the consent of the other **Client**.
6. You provide each **Client** with a copy without charge.
7. You release copies to third parties only with the consent of all **Clients**.

Joint retainers –*Client* and lender

8. You may charge a lender for a copy of a document if you require the borrower **Client**'s consent to provide the lender with a copy.

Retention of file contents

9. You retain the contents of files relating to all matters for a minimum of six years, except those relating to:
 - other **conveyancing** matters (other than the sale of property) for a minimum of fifteen years
 - wills for a minimum of six years after the testator has died, and
 - **probate** matters for a minimum of six years from the end of the executor's year.
10. Consideration should be given on a case by case basis as to the appropriate date of destructions for the contents of files relating to:
 - deeds of gift
 - gifts of land
 - transfers at an undervalue
 - right to buy where funds came from someone other than the purchasing tenant(s)
 - lifetime gifts.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's Transactions File Guidance**



Undertakings Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The ***Code of Conduct*** requires you to deliver the following ***Outcome***:

- ***Client matters are dealt with using care, skill and diligence. (Outcome 2.2)***

Transparency and probity in ***undertakings*** helps you deliver these ***Outcomes*** and requires you to act in a principled way:

1. ***Maintain high standards of work. (Overriding Principle 2)***
2. You comply fully with any ***undertaking*** given by you. (***CoC*** P2e)
3. You only accept instructions and act in relation to matters which are within your professional competence. (***CoC*** P3a)
4. You keep the interests of the ***Client*** paramount (except as required by the law or the **CLC's regulatory arrangements**). (***CoC*** P3b)

You must also comply with the following ***specific requirements***:

5. You deliver services in accordance with timetables reasonably agreed with the ***Client***. (***CoC*** P2k)
6. You consult ***Clients*** on key decisions in a timely way. (***CoC*** P3l)
7. You ***promptly*** advise ***Clients*** of any significant changes to projected ***costs***, timelines and strategies. (***CoC*** P3m)

8. All **Managers** are equally responsible for the performance of **undertakings** given in a body's name and remain responsible for their performance even after they have left the body or it has been dissolved.
9. You do not breach an **undertaking**. Only the person entitled to the benefit of the **undertaking** or the Court may release you/the body from an **undertaking**.
10. You do not avoid liability on an **undertaking** by asserting that to comply with it would be a breach of duty owed to the **Client**.
11. Where you have given an **undertaking** to redeem a mortgage or charge you redeem it immediately following completion of the transaction occasioning the redemption.
12. In an **undertaking** to pay money out of the proceeds of sale of a property it is not implied that the **undertaking** is intended to take effect only if you receive the proceeds of sale.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's Undertakings Guidance**

Regulatory Arrangements - Specific



Acting as Insurance Intermediaries Code

Introduction

The **CLC** is a Designated Professional Body under Part XX of **FSMA** and as such it must make arrangements to regulate **CLC** Bodies in the provision of **Regulated Activities** in relation to which the **General Prohibition** does not apply as a result of section 327 **FSMA**.

Acting as Insurance Intermediaries Code

In this Code 'you' refers to bodies regulated by the **CLC**; all bodies regulated by the **CLC** which act as insurance intermediaries must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code. These requirements do not apply to a person authorised by the Financial Conduct Authority in accordance with s.31 **FSMA**.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- **Clients receive good quality and independent information, representation and advice (Outcome 1.1);**
- **Each Client's best interests are served (Outcome 3.1);**
- **Clients receive advice appropriate to their circumstances (Outcome 3.2);**
- **Clients have the information they need to make informed decisions (Outcome 3.3);**
- **Clients are aware of any referral arrangements and that they are consistent with your responsibilities both to them and to the CLC (Outcome 3.4);**
- **Clients are aware of any limitation or any condition resulting from your relationship with another party (Outcome 3.5);**

- You act in accordance with regulatory responsibilities (*Outcome 5.1*).

Demonstrating integrity and providing appropriate standards of work when acting as an Insurance Intermediary helps you deliver these **Outcomes** and requires you to act in a principled way:

1. **Act with independence and integrity. (Overriding Principle 1)**
2. **Maintain high standards of work. (Overriding Principle 2)**
3. **Act in the best interests of your *Clients*. (Overriding Principle 3)**
4. **Promote equality of access and service. (Overriding Principle 6)**
5. You act honestly, professionally and decently. (**CoC P1b**)
6. You do not give false or misleading information relating to the provision of **Regulated Services**. (**CoC P1e**)
7. You keep the interests of the **Client** paramount (except as required by the law or by the **CLC's regulatory arrangements**). (**CoC P3b**)
8. You only recommend a particular person, business or product when it is in the best interests of the **Client**. (**CoC P3f**)
9. You provide the **Client** with information which is accurate, useful and appropriate to the particular **client**. (**CoC 3h**)
10. You provide the **Client** with all relevant information relating to any fee arrangements or fee changes. (**CoC P3j**)
11. You advise **Clients** of the name and status of the person dealing with their matter and the name of the person responsible for overall supervision. (**CoC P3k**)
12. When providing services which are not regulated by the **CLC**, you advise your **Client** of this and inform them in writing that the activity is not covered by **CLC**-approved **professional indemnity insurance** or the **CLC**-administered **Compensation Fund**. (**CoC P3q**)
13. You co-operate with other regulators and ombudsmen. (**CoC P5h**)

You must also comply with the following **specific requirements**:

14. Subject to Requirement 16 and provided it complies with this Code you are only permitted to provide **Regulated Activities** as specified by the **CLC** by resolution and which are incidental to **Regulated Services** provided to a **Client**.

15. To effectively oversee **Regulated Activities** you appoint a **Manager** as the person who:-
- 15.1 is responsible for ensuring the body has procedures and practices to enable it to comply with this Code;
- 15.2 will supply to the **CLC** or its agents information as required by the **CLC**; and
- 15.3 will notify the **CLC** immediately and in any event no later than seven days after each such appointment is made.
16. You advise the **CLC** if there is an order or direction of the Financial Conduct Authority under sections 328 or 329 **FSMA** in force in respect of the body. Where such order is in force the **CLC** may withdraw permission without notice.
17. The manner of the provision of any service in the course of **carrying on** a **Regulated Activity** is incidental to the provision by you of **Professional Services**.
18. The **Regulated Activities** you **carry on** are not of a description, or relate to an investment of a description, specified in an order made by HM Treasury under section 327(6) **FSMA**.
19. The **Regulated Activities** are the only **Regulated Activities** carried on by the body (other than **Regulated Activities** in relation to which it is an **FSMA Exempt Person**).
20. You do not **carry on**, nor hold the body out as **carrying on**, a **Regulated Service** other than one which is permitted by this Code or one in relation to which it is a **FSMA Exempt Person**.
21. You do not **carry on** any Insurance Mediation Activity unless the body is included in the **Insurance Intermediaries Register**.
22. The body and all of its **Managers** at all times comply with **FSMA**, secondary legislation made under **FSMA** and the **IMD**, so far as they apply to them.
23. The body and all of its **Managers** comply with the terms and provisions of the **CLC's** Acting as an Insurance Intermediary Code.

Acting as Insurance Intermediaries

Insurance Intermediaries Register

24. You only act as an insurance intermediary if you are registered on the Financial Conduct Authority's (FCA) **Insurance Intermediaries Register**. The **CLC** is responsible for supplying details of bodies to the FCA.
25. Unless trading as a Sole Practitioner, you nominate one of your **Managers** to be listed on the Register as the main contact, with all correspondence relating to Insurance Intermediary Activities is addressed to that individual.

26. You check that the body is listed on the **Insurance Intermediaries Register** before conducting any activity covered by paragraph 4 of the **Guidance**.
27. You inform us within 5 working days of any changes being made to your entry in the FCA's register.

Notifications provided to clients

28. You provide two types of notification on a **Durable Medium** (e.g. in writing, by fax or by email):

(i) at the outset of instructions (and in any event before the contract of insurance is concluded);

(ii) before a contract of insurance is concluded

Notes:

- a) Some of the provisions are unlikely to vary from one matter to another and can be provided in standard terms.
- b) A clear statement of the basis on which a particular product has been chosen must be made.
- c) The **CLC** understands there are relatively few providers of Title Indemnity Policies. It is unlikely therefore that any advice on products can be given on the basis of a fair analysis. It is much more likely they will be made from a limited number of insurance undertakings or a single insurance undertaking.

(iii) information may be provided orally if the **Client** requires it or if immediate cover is required. To comply with Distance Marketing Regulations that information must be provided on a **Durable Medium** as soon as possible.

Passporting

29. If you wish to establish a branch or provide **Insurance Mediation Activities** in another EC State you complete the **FSMA** passporting process (**FSMA**, paragraph 21, part IV, schedule 3).
30. You do not provide **Insurance Mediation Activities** in another EC state unless you have given the FCA the necessary notice of the body's intention to do so.

Terms & Information Provision

Providing *Regulated Activities* (including acting as an Insurance Intermediary)

31. All information under paragraphs 32 and 33 must be provided in a way which is fair, clear and not misleading, no less prominent than any other information provided to the **Client** at the same time and in English or in any other language agreed by the you and the **Client**.
32. Before providing **Regulated Activities**, you provide the following information on a **Durable Medium** to the **client**:
 - 32.1 your name, address, telephone and other contact details;
 - 32.2 if not included in 32.1, the names of the **managers**;
 - 32.3 the name of the individual having day-to-day conduct of the matter and where applicable the name of the individual responsible for its overall supervision;
 - 32.4 if the matter is to be conducted by a team, the identity of that team and the name of its leader(s);
 - 32.5 the name of the individual to whom any **complaint** should be made;
 - 32.6 an explanation of the procedure to be adopted where the **Client** is dissatisfied with the services received or conduct delivered; this must include the name and address of the **CLC** and the **Legal Ombudsman** (see further information provided in the **CLC's Complaints Code and Guidance**).
 - 32.7 the following wording:-

"If you make a valid **claim** against us for a loss arising out of work for which we are legally responsible, and we are unable to meet our liability in full, you may be entitled to **claim** from the **Compensation Fund** administered by the Council for **Licensed Conveyancers** (from whom details can be obtained").
 - 32.8 the following wording:-

"[this firm is/we are] not authorised by the Financial Conduct Authority. However, we are included in the register maintained by the Financial Conduct Authority so that we can **carry on Insurance Mediation Activities**, which is broadly advising on, selling and administration of insurance contracts. This

part of our business, including arrangements for **complaints** or redress if something goes wrong, is regulated by the Council for **Licensed Conveyancers**. The register can be accessed via the Financial Conduct Authority website at <http://www.fsa.gov.uk/register/home.do>.

33. Before concluding any contract of insurance, or the renewal or the amendment of a contract of insurance, you provide the **Client** with the following information, if you have not already done so, on a **Durable Medium**:-
- 33.1 whether the body has any holding, direct or indirect, representing more than 10% of the voting rights or of the capital in an insurance undertaking;
 - 33.2 whether an insurance undertaking or parent of any insurance undertaking has a holding, direct or indirect, representing more than 10% of the voting rights or of the capital in the body;
 - 33.3 whether the body has given or will give advice:-
 - 33.3.1 on the basis of a fair analysis of the market; or
 - 33.3.2 from a limited number of insurance undertakings; or
 - 33.3.3 from a single insurance undertaking;
 - 33.4 if paragraph 33.3.2 or 33.3.3 applies you must disclose whether the body is contractually obliged to conduct Insurance Mediation Activity in this way;
 - 33.5 if the contract of insurance has not been selected on the basis of a fair analysis of the market that the **Client** can ask for a copy of the list of insurance undertakings from which the body selects or with which it deals in relation to the contract provided;
 - 33.6 based on the information provided by the **Client**, a statement, reflecting the complexity of the contract proposed:-
 - 33.7.1 sets out the **Client's** demands and needs;
 - 33.7.2 confirms whether or not advice on the contract has been given to the **Client**;
 - 33.7.3 explains the reasons for giving advice on the contract where such advice is given to the **Client**.
34. You may provide the information at paragraphs 32 and/or 33 orally only if:
- 34.1 the **Client** requests it; or

34.2 the **Client** requires immediate cover;

but in both cases you must provide the information on a **Durable Medium** immediately after the conclusion of the contract.

35. When informing the **Client** that advice is given on the basis of a fair analysis, in accordance with paragraph 33.3.1, you must:

35.1 give advice on the basis of an analysis of a sufficiently large number of insurance contracts available on the market, to enable it to make a recommendation, in accordance with professional criteria, as to which insurance contract would be adequate to meet the **Client's** needs; and

35.2 explain to the **Client** that it has done so.

Accounting to the Client

36. You account to the **Client** for any pecuniary award or other advantage received by you from a person other than your **Client** arising out of you **carrying on** a Regulated Activity (s.327(3) FSMA).

Other

37. Where appropriate you refer, and if appropriate, take legal advice on the effect of IMD, **FSMA**, secondary legislation, and the **Guidance**.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC's** Acting as Insurance Intermediaries **Guidance**



Acting for Lenders and Prevention and Detection of Mortgage Fraud Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies providing **conveyancing services** regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- **Clients receive an honest and lawful service; (Outcome 1.2)**
- **Clients money is kept separately and safely; (Outcome 1.3)**
- **Client matters are dealt with using care, skills and diligence; (Outcome 2.2)**
- **Appropriate arrangements, resources, procedures, skills and commitment are in place to ensure Clients always receive a high standard of service; (Outcome 2.3)**
- **Clients' affairs are treated confidentially (except as required or permitted by law or with the Client's consent). (Outcome 3.6)**

Prevention and detection of mortgage fraud and acting properly in the interests of lenders helps you deliver these **Outcomes** and requires you to act in a principled way:

1. **Act with Independence and Integrity. (Overriding Principle 1)**
2. **Maintain High Standards of Work. (Overriding Principle 2)**
3. **Act in the best interests of your Clients. (Overriding Principle 3)**

4. You **systematically** identify and mitigate risks to the business and to **Clients**. (CoC P2f)
5. You promote ethical practice and compliance with regulatory requirements. (CoC P2g)
6. You enable staff to raise concerns which are acted on appropriately. (CoC P2h)
7. You maintain proper governance, management, supervision, financial and risk management **arrangements** and **controls**. (CoC P2i)
8. You keep the interests of the **Client** paramount (except as required by the law or the **CLC's regulatory arrangements**). (CoC P3b)
9. You disclose **client** information only as you have been instructed (or as required by the **CLC's regulatory arrangements** or by law), keeping effective records of any disclosures you make. (CoC P3e)

You must also comply with the following **specific requirements**:

Part A – Acting for Lenders

10. When acting for a Lender, you take all necessary steps to ensure that the **conveyancing services** provided by it do not fall below the reasonably competent standard which should be expected.
11. You take all relevant steps to comply with the general and particular mortgage instructions contained in the current edition of Parts 1 & 2 of the Lenders' Handbook for England & Wales issued by the Council of Mortgage Lenders ("the CML Handbook").
12. If you suspect a **client** of not being completely honest or transparent about any element of a proposed mortgage transaction, you must consider whether you should continue to act for the Lender and/or the **Client**.
13. You do not disclose confidential information to the Lender after you have ceased to act for a **Client**.

Identity of the Client

14. You establish and obtain proof of the identity of **Clients** in line with the requirements of the CML Handbook and the **Anti-Money Laundering Legislation and Combating the Financing of Terrorism Legislation**. You must advise the Lender if a Borrower **Client** is unable, reluctant or unwilling to provide this verification.
15. Any system or product you use must be sufficiently robust to provide the necessary degree of certainty and include data from a range of sources, across time and incorporate qualitative checks that assess the strength of the information supplied. Your evidence base and level of verification must be composite and comprehensive.

Identity of the Property

16. You are certain you have correctly identified the property which is to be mortgaged and that the documents of title with which you have been presented accurately relate to and reflect that property, particularly where its name or its boundaries or other significant features have been changed.

Transactions

17. In registered title property transactions, you obtain Official Copies of the title and a copy of the Official Plan produced by the Land Registry.
18. You do not complete a mortgage transaction without first obtaining the results of Land Registry, Land Charges or Company Searches, as appropriate.
19. You carry out a Bankruptcy Search (which must be current at completion) in the registered names of and any other names used by a Borrower or by which he is otherwise known.
 - 19.1 Where an entry is revealed against the name of the Borrower (or the mortgagor or guarantor) you must certify that the entry does not relate to the Borrower (or the mortgagor or guarantor) if you are able to do so from your own knowledge or enquiries; or if, after obtaining office copy entries or making other enquiries of the Official Receiver, you are unable to certify that the entry does not relate to the borrower (or the mortgagor or guarantor) you make a report to the Lender.
 - 19.2 You obtain clear bankruptcy searches against all parties to any deed of gift or transaction at an apparent undervalue (paragraph 5.15.4 CML Handbook).
20. You complete a mortgage for a registered title and the application for registration at the Land Registry lodged before the end of the priority period provided by the Land Registry Search. Any search application to create a fresh priority must be made in sufficient time before the expiry of the existing priority period to enable a substantive application to be lodged within the appropriate period if another "hostile" application is revealed.
21. You complete a mortgage over an unregistered title within the priority period provided by the Land Charges Searches. You register your application with the Land Registry within 2 months of the date of completion.
22. Where the Borrower is a **Company** you register the charge at Companies House within 21 days (a period which may only be extended by order of the Court).
23. When acting for a Seller or Buyer, Official Copies and Official Plan you must check no additional charges have been registered.

24. When acting for a Seller, you check the Title Entries on receipt from the Land Registry (and before issue to the Buyer's conveyancer) to ensure that any additional charges are noted and addressed at the outset. This will avoid causing problems in discharging **undertakings**.

Mortgage Redemption

25. To ensure compliance with the **CLC's Undertakings** Code and with Clause 17 of Part 1 of the CML Handbook, you:-
- 25.1 ask a **client** at the outset of any sale or remortgage transaction whether there are any mortgages secured against the property and, if so, obtain details (including relevant mortgage account numbers);
- 25.2 specifically ask those **clients** whether, in addition to the principal mortgage account, they have any other loans with different account numbers with the same Lender (which may be secured against the property) or any other mortgages with any other Lenders and, if so, obtain details (including relevant mortgage account numbers);
- 25.3 request an illustrative redemption statement from the Lender at the outset of the transaction giving details of mortgage account numbers, and verify the outstanding amount(s) shown on those statements with your **clients**;
- 25.4 when obtaining either an illustrative or a final redemption figure from a Lender, request a statement of the total amount required to redeem all loans and monies secured by the Lender's charge over the property. Failure to ask for details of all loans and monies secured by the Lender may mean that the redemption figure will only relate to those accounts where details have been provided;
- 25.5 ensure any discharge **undertaking** given specifies both the identity of the lender and the date of each charge it is intended to discharge in reply to any requisitions on title or otherwise.

Mortgage Instructions

26. You:-
- 26.1 check the Lender's mortgage offer and instructions carefully and ensure that they match the details of the transaction exactly or otherwise report any discrepancies to the Lender, having first obtained instructions from his Borrower **client** so to do or, if the **client** refuses to consent, to cease acting for the Lender;
- 26.2 question and clarify any unusual or uncertain instructions before proceeding;
- 26.3 cease to act for the Lender if his interests or the interests of anyone working within your body or the interests of the Borrower come into conflict with those of the Lender; and

26.4 comply with Part B - the Mortgage Fraud Code.

Part B - Mortgage Fraud

27. You immediately cease to act for a **client** in any circumstances where you are aware or suspect that the **client** is attempting to perpetrate fraud. If you decide to terminate the retainer, you must observe Principle 3 g) of the **Code of Conduct** unless to do so would constitute a "tipping off" offence under the Proceeds of Crime Act 2002 or the Terrorism Act 2000.
28. You maintain your duty of confidentiality to your **client** after ceasing to act for that **client** except where:
- a. a court orders such matters to be disclosed,
 - b. a warrant permits a police officer or other authority to seize confidential documents, or
 - c. there is compelling evidence that the **client** was using its services to further a criminal or fraudulent purpose, in which case disclosure should be made to the police.
29. In acting in the best interests of the Lender you may be required to pass on or report information to the Lender. Where the Borrower **client** declines consent to its disclosure, a conflict of interest will arise between the duty of confidentiality to the Borrower **client** and the duty to act in the best interests of the Lender. You must therefore cease to act for the Lender (and consider carefully whether you can continue to act for the Buyer).

Identity of the Client and Client's Circumstances

30. You:-
- 30.1 establish the **client's** identity in line with the **CLC's** Anti-Money Laundering Code and the current Money Laundering Regulations, obtaining proof of that identity to establish that a **client** is who he says he is and that he lives at the address given;
- 30.2 advise the Lender if, in any case, a **client** is unable, reluctant or unwilling to provide this verification;
- 30.3 identify all the other owners of the property and other persons who might have an interest in or rights over the property (if any) and ensure that the **client's** current co-owner/partner is, where applicable, the co-owner/partner referred to on the title of the property;
- 30.4 obtain confirmation of instructions direct from the **client** (and from all other interested parties) wherever possible, particularly where he or they communicate through an intermediary and
- (i) obtain detailed instructions ;
 - (ii) satisfy itself that the **client** is not subject to duress or undue influence and

- (iii) satisfy itself that the **client** is entering into the transaction knowingly;
- 30.5 be satisfied that the **client**'s economic position, wealth and lifestyle correspond with the mortgage that he is proposing to enter into and there are no facts which suggest the potential for mortgage fraud (e.g. that he has not overstated his income in the mortgage application or that he does not have substantial arrears on an existing mortgage account); and
- 30.6 check all signatures to reduce any risk of forgery of the signatures of other interested parties (e.g. a husband who forges his wife's signature).

Linked Transactions

31. Having obtained the **client**'s instructions to do so, you notify the Lender of any sub-sale or back-to-back element in any transaction and ensure you have the Lender's written consent before proceeding. If the **client** refuses to consent to that disclosure, you cease acting for the **client** and the Lender.

Identity of the other lawyers

32. You check the identity of the **Licensed Conveyancers** or Solicitors acting for the other party by reference to the **CLC** or the Records Department of the Law Society of England & Wales respectively.

Proceeds of Sale

33. You pay particular attention to instructions given for the distribution of the net proceeds of a sale or remortgage:
- 33.1 If the property or the mortgage is held in joint names, the net proceeds of sale must be sent to an account in the joint names of all **clients** or a cheque must be written to all parties jointly.
- 33.2 The net proceeds are sent to all the parties except as otherwise instructed by all the parties in writing.

Variations in Price, Incentives and other Material Considerations

34. When acting for a Buyer and a Lender, you, with the **client**'s consent, notify a Lender immediately where:-
- 34.1 there is an alteration to the purchase price or the details are different from the details set out in the mortgage offer (other than as permitted by the Lender).
- 34.2 you become aware of any other information which you would reasonably expect the Lender to consider important in deciding whether, or on what terms, it would make the mortgage advance available to the Buyer.

35. You do not complete the mortgage until the Lender has confirmed that it is happy to proceed and, if applicable, the terms upon which it is willing so to do.
36. You establish and maintain proper systems, procedures, processes and internal controls for approval of Certificates of Title prior to submission to the Lender.
37. You remain mindful of your duty to act in the best interests of the Lender as your **client**.

General

38. You do not witness any signature unless the person signing does so in your presence. You ensure that any signed document which has been witnessed other than by a conveyancer has been properly signed in the presence of a witness.
39. You verify the signatures of **clients** (and any other interested parties) on all documents connected with a transaction.

Warning Signs

40. You question the probity of unusual instructions and are particularly circumspect if any one or more of the circumstances set out in the “Summary of Warning Signs” Guidelines apply to a transaction where you are acting.

Should you require information on how to meet your responsibilities under this Code, please see the **CLC’s** Acting for Lenders and Mortgage Fraud **Guidance**.



Licensed Body (ABS) Code

Outcomes-focused

Only those bodies able and willing to deliver the ***Code of Conduct's Outcomes*** are licensed as ***CLC*** Licensed Bodies.

Delivering these ***Outcomes*** requires all Licensed Bodies and their stakeholders to act in a principled way in accordance with the 6 ***Overriding Principles***:

1. **Act with independence and integrity;**
2. **Maintain high standards of work;**
3. **Act in the best interests of your *Clients*;**
4. **Comply with your duty to the court;**
5. **Deal with regulators and ombudsmen in an open and co-operative way;**
6. **Promote equality of access and service.**

This Code is in place to help ensure Licensed Bodies meet these responsibilities.

Licensed Body Code

In this Code 'you' refers to Licensed Bodies regulated by the ***CLC***, except where 'you' is provided under the heading of a designated role in which case the 'you' refers to that role. Any stakeholders in the ***Licensed Body*** must not act or fail to act, nor permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Governance and operational arrangements

Principles

1. You ensure all persons with a **material interest**, **managers** and **employees** understand and comply with their regulatory responsibilities and do not compromise the body's duty to the Court or **Client**.
2. You enable the **Head of Legal Practice (HoLP)** and **Head of Finance and Administration (HoFA)** to discharge their regulatory responsibilities.
3. You enable **Authorised Persons** to comply with their own regulatory responsibilities.
4. You ensure persons with a **material interest** are unable to exert **improper influence** on the body.
5. You **systematically** prevent, identify and address **improper influence**, allowing independence to be maintained and the rule of law to be upheld.
6. You provide a mechanism by which staff can identify regulatory concerns to the **HoLP**, and any finance-related concerns to the **HoFA** also.
7. You operate **complaints**-handling procedures which consider **complaints** about both lawyers and non-lawyers.

Specific Requirements

8. You have a designated **HoLP** and **HoFA** and have applied for/obtained **CLC** approval of these individuals.
9. Your **HoLP** and **HoFA** have experience and qualifications appropriate to the body's profile.
10. Your **HoLP** and **HoFA** are members of the senior management team or Board, or report to the senior management team or Board.
11. You provide the **HoLP** and **HoFA** with access to the **Licensed Body's managers** and staff and the **CLC** whenever necessary and their views are taken into account and the recommendations taken forward wherever possible.
12. You specifically authorise the **HoLP** and **HoFA** to dissent from collective responsibility when reporting to the **CLC**.
13. You ensure **Non-Authorised Persons** who propose to hold a **material interest** of 10% or more, or a **material interest** holder proposes to acquire an additional kind of interest, notify both the body and the **CLC**.

14. You ensure the **HoLP** is notified of any 'fit and proper' issue concerning the **owner(s)**, the **HoLP**, **HoFA**, other **Managers** or **Authorised Persons**.

Specific Requirements – Non-Authorised Persons with Material interest

15. You are a 'fit and proper' person and declare to the **HoLP** any factors affecting this.
16. You do not attempt to exert **improper influence** over the body or individuals within it.
17. If you intend to acquire an additional kind of **material interest** you inform both the **Licensed Body** and the **CLC**.

Business arrangements

Specific requirements

18. You have at least one **Authorised Person**, authorised to provide each **reserved legal activity** the body delivers.
19. You do not employ any person disqualified from being employed by a **Licensed Body** or any person not fit and proper.
20. You do not share **Client** information with other parts of the business without the **Client's** permission.

Head of Legal Practice

Principles

21. You understand the regulatory responsibilities of the body.
22. You act upon regulatory responsibility concerns raised by staff.
23. You keep up-to-date with legislative and regulatory requirements through targeted Continuous Professional Development.
24. You ensure **Authorised Persons** employed by the body are fit and proper.
25. You report to the **CLC** any governance concerns including **improper influence**.

Specific Requirements - of the Individual

26. You are an **Authorised Person** in relation to one or more of the **reserved legal activities**.
27. You are a '**fit and proper**' person and declare to the **Licensed Body** and the **CLC** any factors affecting this.

Specific Requirements – of responsibility

28. You ensure the **Licensed Body** complies with **CLC regulatory arrangements** and any **licence authorisations, permissions** and **conditions, promptly** reporting any breach to the **CLC**.
29. You ensure **Authorised Persons** are able to comply with their regulatory responsibilities, **promptly** reporting to the **CLC** any breach of this.
30. You ensure all **Non-Authorised Person employees, managers** or **material interest** holders do not cause or substantially contribute to the **Licensed Body** or any of its **employees, managers** or **Authorised Persons**, breaching its/their regulatory responsibilities, **promptly** reporting to the **CLC** any failures to comply.
31. You ensure persons proposing to acquire a **material interest** in the body, or who have already done so are aware of their duty to notify.
32. You ensure you are informed **promptly** of any circumstance identified under the **CLC** Notification Code.

Head of Finance & Administration

Principles

33. You protect **client money** and assets at all times.
34. You understand the regulatory responsibilities of the body.
35. You keep up- to-date with legislative and regulatory requirements through targeted Continuous Professional Development.

Specific Requirements – of the individual

36. You are a **'fit and proper' person** and declare to the **HoLP** any factors affecting this.

Specific Requirements – of responsibility

37. You ensure the body complies with the **CLC's** treatment of money requirements, **promptly** reporting any breach of these.
38. You **promptly** report to the **CLC** when the body is in financial distress or is at significant risk of becoming financially distressed.
39. You provide administrative **arrangements** to support the maintenance of high standards of work.
40. You ensure that proper records are maintained to evidence the body's management and supervision **arrangements** and how they are applied.



Litigation & Advocacy **Supplementary Code**

Note: this Code will only apply if the CLC's application to extend its regulatory scope is successful.

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies providing **litigation** and **advocacy** services regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

All **CLC Litigation** Lawyers and Advocates are required to comply at all times with the **Principles** and **Specific Requirements** set out under the **Code of Conduct's Overriding Principle 4 of Comply with your duty to the Court** when providing **litigation** and **advocacy** services. This Code provides you with responsibilities supplementary those identified in the **Code of Conduct**, which are aimed at helping you deliver the **Outcomes** identified below.

Outcomes-Focused

The **Code of Conduct** requires you to deliver the follow **Outcomes**:

- You act in the interests of justice; (**Outcome 4.1**)
- You act in good faith towards **Clients**. (**Outcome 4.2**)

Providing **clients** with a high standard of **litigation** and **advocacy** helps you deliver these **Outcomes** and requires you to act in a principled way:

1. You avoid unnecessary expense or waste of the court's time.
2. You do not offer or make payments to a witness.¹
3. You do not say something which is merely scandalous or which seeks only to insult, vilify or annoy a witness or other person.
4. Wherever possible you do not name in open court any person if by doing so their character is, or is likely to be, impugned.

5. You do not devise facts to assist in advancing the **client's** case.
6. You advise the **Client** that your duties to the court override your responsibilities to them.
7. You do not pressurise a witness; in particular you do not do anything which gives rise to a significant risk that a witness will give evidence which is not truthful.
8. You deal sensitively with the evidence of child witnesses and other vulnerable persons, and hold it securely.
9. You may refuse to act as an advocate under a conditional fee agreement or where you are offered a fee which you can reasonably be expected to consider inappropriate.
10. If 9 is applicable, you inform the **client** in advance why you are ceasing to act and ask the **client** to agree to you passing their instructions onto another advocate.
11. When appearing as an advocate you do not assert any person is guilty of a crime, fraud or misconduct, unless you consider the assertion is reasonably supported and is material to your **client's** case.
12. If you become aware that you have inadvertently misled the court, you, with your **client's** agreement, immediately inform the court; if the **client** does not agree to this, you stop acting for them.
13. You do not call into question the character of a witness unless you have given them the opportunity to answer the allegation under cross-examination.

¹ Except reasonable expenses and reasonable compensation for loss of time attending court

Recognised Body Code

Outcomes-focused

Only those bodies able and willing to deliver the *Code of Conduct's Outcomes* are recognised as ***CLC Recognised Bodies***.

Delivering these *Outcomes* requires all Recognised Bodies and their stakeholders to act in a principled way in accordance with the 6 *Overriding Principles*:

1. **Act with independence and integrity;**
2. **Maintain high standards of work;**
3. **Act in the best interests of your *Clients*;**
4. **Comply with your duty to the court;**
5. **Deal with regulators and ombudsmen in an open and co-operative way;**
6. **Promote equality of access and service.**

This Code is in place to help ensure ***Recognised Bodies*** meet these responsibilities.

Recognised Body Code

In this Code 'you' refers to ***Recognised Bodies*** regulated by the ***CLC***, except where 'you' is provided under the heading of a designated role in which case the 'you' refers to that role. Any stakeholder in the ***Recognised Body*** must not act or fail to act, nor permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

Governance and operational arrangements

Principles

1. You ensure all ***managers*** and ***employees*** understand and comply with their regulatory responsibilities and do not compromise the body's duty to the Court or Client.

2. You enable the **Managers** to discharge their regulatory responsibilities.
3. You enable **Authorised Persons** to comply with their own regulatory responsibilities.
4. You **systematically** prevent, identify and address **improper influence**, allowing independence to be maintained and the rule of law to be upheld.
5. You provide a mechanism by which staff can identify regulatory concerns, and any finance-related concerns to any **Manager**.
6. You operate **complaints**-handling procedures which consider **complaints** about the **Recognised Body** and any of its **Managers** or **employees**.

Specific Requirements

7. You have at least one **Manager** who is a **Licensed Conveyancer** and have applied for/obtained CLC approval of any such individual.
8. At least one **Manager** has experience and qualifications appropriate to the body's profile.
9. At least one **Manager** is a member of the senior management team.
10. You provide at least one **Manager** with access to the **Recognised Body's managers** and staff and the CLC whenever necessary and their views are taken into account and the recommendations taken forward wherever possible.
11. You specifically authorise at least one **Manager** to dissent from collective responsibility when reporting to the CLC.
12. You ensure the at least one **Manager** is notified of any 'fit and proper' issue concerning any **owner**, or Authorised Person.

Business arrangements

Specific requirements

13. You have at least one Authorised Person, authorised to provide each **reserved legal activity** the **Recognised Body** delivers.
14. You do not employ any person disqualified from being employed by a CLC Body or any person who is not fit and proper.

Manager

Principles

15. You understand the regulatory responsibilities of the **Recognised Body**.

16. You act upon regulatory responsibility concerns raised by staff.
17. You keep up- to-date with legislative and regulatory requirements through targeted Continuous Professional Development.
18. You ensure Authorised Persons employed by the body are fit and proper.
19. You report to the CLC any governance concerns including ***improper influence***.

Specific Requirements - of the Individual

20. You are an Authorised Person in relation to one or more ***reserved legal activity***.
21. You are a 'fit and proper' person and declare to the ***Recognised Body*** and the CLC any factors affecting this.

Specific Requirements – of responsibility

22. You ensure the ***Recognised Body*** complies with CLC ***regulatory arrangements*** and any ***authorisations, permissions*** and ***conditions*** on its Certificate of Recognition, ***promptly*** reporting any breach to the CLC.
23. You ensure Authorised Persons are able to comply with their regulatory responsibilities, ***promptly*** reporting to the CLC any breach of this.
24. You ensure that no ***Non-Authorised Person employee*** causes or substantially contributes to the ***Recognised Body*** or any of its ***employees***, breaching any regulatory responsibility, ***promptly*** reporting to the CLC any failures to comply.
25. You ensure you are informed ***promptly*** of any circumstance identified under the CLC Notification Code.
26. You protect client money and assets at all times.
27. You provide administrative arrangements to support the maintenance of high standard of work
28. You ensure the ***Recognised Body*** complies with the CLC's treatment of money requirements, ***promptly*** reporting any breach of these.
29. You ensure that proper records are maintained to evidence the ***Recognised Body***'s management and supervision arrangements and how they are applied
30. You ***promptly*** report to the CLC when the body is in financial distress or is at significant risk of becoming financially distressed.

Other

CLC Frameworks relevant to the CLC regulated community:

- a) ***Compensation Fund*** Operating Framework
- b) ***Continuing Professional Development*** Framework
- c) ***Professional Indemnity Insurance*** Operating Framework

CLC Regulation and Enforcement Policy

Regulatory approach

Introduction – as both an **Approved Regulator** and **Licensing Authority** the **CLC** must, so far as is reasonably practicable, act in a way which is compatible with the **regulatory objectives**:

- a) protect and promote the public interest;
- b) support the constitutional principle of the rule of law;
- c) improve **access to justice**;
- d) protect and promote the interests of consumers;
- e) promote competition in the provision of legal services;
- f) encourage an independent, strong, diverse and effective legal profession;
- g) increase public understanding of the citizen's legal rights and duties;
- h) promote and maintain adherence to the **professional principles**.

The key elements of the **CLC's** promotion of these objectives are:

- An **Outcomes**-focused and evidence and risk-based approach to our work;
- Working with the regulated community to maintain and improve high standards of professional behaviour;
- Helping the regulated community to help themselves – helping to change behaviours through provision of advice, support and **guidance**;
- Applying our resources where they are needed most and resolving issues informally wherever possible/appropriate;
- Enabling those we regulate to innovate and compete;
- Anticipating potential regulatory problems and addressing or preventing them wherever possible.

This section explains what we are seeking to achieve as a regulator of legal services and how we seek to put the above into practice.

1. Regulatory Aims

1.1 The **CLC** has three key regulatory aims:

- those we regulate deliver high standards of service to consumers and to the wider public;
- there are high standards of conduct among those we regulate; and
- there is an effective and proportionate regulatory framework in operation.

1.2 To achieve these aims we must:

- promote a wide, shared understanding amongst the regulated community of the **Outcomes** we require them to deliver;
- operate **regulatory arrangements** which deliver the intended **Outcomes**;
- ensure each member of the regulated community has the right people, systems, skills and knowledge to meet their regulatory responsibilities;
- operate a regulatory approach which is accountable, consistent, proportionate targeted, and transparent.

2. The Principles of our Regulatory Philosophy

2.1 Accountable - we are accountable to a range of stakeholders, not least clients and the regulated community itself, and so we try our best to ensure our regulatory activities demonstrate accountability to all those with a vested interest. To this end, our **Code of Conduct** sets out the **Outcomes** our **regulatory arrangements** seek to deliver to clients.

2.2 Consistent - all regulatory decisions are based on evidence applying the civil standard of proof ('balance of probabilities'). We review our compliance monitoring approach and the responses it generates to ensure they are consistently applied.

2.3 Proportionate - an issue which gives rise to, or is likely to give rise to, a risk to the delivery of the **Outcomes** will be discussed with the individual/body. Their capacity and/or willingness to address the issue will help inform our response. Our response will be proportionate to the seriousness, circumstance and impact – actual or potential – of the risk to an individual client, clients in general and the legal profession.

2.3.1 We support those who alert us to their own regulatory failings. We provide support and **guidance** where needed. As long as clients are not at risk and the body/individual is addressing the failure(s) in a reasonable way we are less likely to take formal **enforcement** action. Regulatory action will be considered for those who commit relatively minor regulatory breaches on a regular basis and who fail to respond to more informal resolution approaches.

- 2.3.2 Whenever possible/appropriate we work informally with regulated entities to address any risks, but where serious issues are apparent or suspected, we will take formal **enforcement** action to safeguard the interests of the public and clients.
- 2.4 Targeted - our **risk-based** approach identifies those bodies/activities that pose the greatest risk to the delivery of the **Outcomes**. This enables us to focus our attention and resources on those most likely to harm the interests of the public and legal services consumers.
- 2.4.1 We believe in a right-touch, not light-touch, approach to regulation. We maintain contact with all members of the regulated community, but seek to focus our resources on those demonstrating higher risks. Those who comply with the **CLC's Overriding Principles**, who deliver the required **Outcomes** and engage positively with us will be left to get on with their business with minimum supervision.
- 2.5 Transparent - we make every effort to ensure that the regulated community and other stakeholders are kept informed about our regulatory philosophy; the aims and the requirements of the **regulatory arrangements**; and any threats to their effective operation.
- 2.5.1 We are continuously increasing the emphasis placed upon education and awareness-raising to help the regulated community to help themselves.
- 2.5.2 The respondent will have the opportunity to make representations to the determining committee prior to a determination being made. Where the need for **enforcement** action has been determined we will provide the relevant body and/or individual with clear reasons for the decision at the time the action is determined.
- 3. **Regulation in practice - how our regulatory philosophy is reflected in our work**
- 3.1 Licence determination - we require all **applicants** to provide us with a range of information so we are able to determine any risk presented to the delivery of the **CLC Code of Conduct's Outcomes** should we license the individual/body. The information provided will be verified to ensure the risk can be reliably calculated. This process will also include a formal interview for the new **applicant**.
- 3.1.2 The information enables us to determine whether a **licence** should be granted, granted with **conditions**, or declined. **Licence conditions** will be imposed where additional safeguards are needed to address a potential risk. Where the severity of the risk posed could not be countered through **conditions**, the **licence** will be declined.
- 3.1.3 We inspect all entities new to **CLC** regulation. An inspection may be carried out remotely or through a site visit, depending upon the nature of the entity and any risks identified in the initial analysis. All new entities are required to attend an Induction Day which provides an introduction to the **CLC's** regulatory requirements alongside examples of good practice.

3.2 Risk Assessment - our regulatory relationship with a member of the regulated community is informed by an assessment of the risks they or their activities pose to the **Code of Conduct's Outcomes**. To be confident of our resource allocations we must identify and measure the capacity for, or, actual harm, and of the likelihood of an occurrence of actual harm, to these. This includes consideration of factors such as:

- reliability of the evidence provided;
- the body's regulatory responsibility **arrangements**;
- seriousness of the act or omission and the likely impact on consumers, **CLC's** regulated community and public confidence;
- if the breach is/was deliberate or vexatious;
- seriousness of the information provided and the likely impact on a client, clients in general, the **CLC's** regulated community and public confidence;
- the body's activities and/or **client** type;
- Information about the entity's finances;
- foreign ownership (our scope for data verification may be limited in some instances);
- past compliance performance;
- risk-management systems, including anti-money laundering **arrangements**;
- management competence and inclination to address issues;
- qualifications and experience of the **Head of Legal Practice** and the **Head of Finance and Administration**;
- **conflicts of interests arrangements**;
- **improper influence arrangements**;
- **complaints**-handling **arrangements**;
- recognised external accreditation.

3.2.1 The **CLC** regulatory risk register contains a range of information including **CLC** inspection findings; **complaints**; Accounting Reports information; negligence **claims**; and information from other stakeholders, such as lenders, police or clients. Members of the regulated community are allocated an overall regulatory **risk profile** according to the information held. Those with a higher rating will have a more intensive regulatory relationship with the **CLC** than lower-risk entities.

3.3 Monitoring - we collect information to help us monitor how effectively our **regulatory arrangements** are operating. Much of this is obtained from regulated community returns. We analyse the information received and carry out a risk assessment of the data provided.

3.3.1 We aim to keep information requirements to a pertinent but meaningful minimum e.g. we do not ask those we regulate to supply us with unnecessary information, or the same information twice. We are continuously determining the proportionality of the frequency/size of our information submission requests. Returns are simpler and quicker to complete through online submissions; as well as more timely, so we are able to respond more quickly to identified risks.

- 3.3.2 When a potential risk is identified we will investigate. This may include an inspection, which may be carried out remotely or through a site visit. Our monthly monitoring reports check that an inspection has been justified and conducted impartially. We conduct an interview with the entity at the end of the inspection and provide a full written report identifying our findings and any improvements we recommend. Wherever possible, we provide support and **guidance** to address the risks identified.
- 3.4 **Guidance, support and advice** - we try our best to ensure that our **guidance**, support and advice provision is authoritative, appropriate and helpful as well as easy to access and understand. We provide advice and toolkits on specific issues, as well as general **guidance**. Wherever possible/appropriate we will approach an identified compliance issue with advice provision rather than regulatory or formal **enforcement** action.
- 3.4.1 We obtain information from a range of sources, including the regulated community and economic and market-specific information. Where a thematic risk is identified we will tailor our **guidance**, advice, events and publication provision to help explain - and where possible, mitigate - any inherent or emerging risks which may affect or threaten the regulated community as a whole.
- 3.4.2 Our ongoing commitment to education means we will provide more awareness-raising materials such as case studies, expected standards and best practice examples.

Enforcement Approach

Introduction

This section explains how the **CLC** identifies and responds to non-compliance with its regulatory requirements - as identified in the **Code of Conduct** and other **regulatory arrangements**. It seeks to provide the regulated community and other stakeholders with **guidance** on examples of regulatory breaches, how the **CLC** identifies these non-compliance issues and the framework within which it will respond to these. Its aim is to encourage appropriate conduct and deter inappropriate behaviour so that **clients** receive the standard of legal services that they should reasonably expect to receive.

The **CLC's Code of Conduct** requires those we regulate to comply with its **Overriding Principles** to:

- act with independence and integrity;
- maintain high standards of work;
- act in the best interests of their **clients**;
- comply with your duty to the court;
- deal with regulators and ombudsmen in an open and co-operative way;
- promote equality of access and services;

in order that positive **Outcomes** are delivered, particularly for **Clients**.

The vast majority of the **CLC's** regulated community act in a way which is consistent with these principles.

However, where this is not the case, we will take **enforcement** measures.

We aim to deliver effective, fair and consistent **risk-based** regulation. Our approach to **enforcement** will be targeted particularly on those areas we judge to most threaten the **regulatory objectives** through the risk they pose to the delivery of positive **outcomes**, particularly for **clients**.

Depending upon the nature of the matter our approach may be to seek informal resolution or may involve regulatory action. The **CLC** will, wherever possible, try to achieve an informal resolution, to provide a more timely and satisfactory **outcome** for **clients** and saving both the resources of the licensee and the **CLC**. We will engage in dialogue with the **respondent**, encouraging good practice through **guidance** and support.

Where an informal approach has been unsuccessful or is not judged appropriate because of the actual (or perceived risk of) detriment to **clients**, the **CLC** will initiate the disciplinary powers available.

All **enforcement** processes will be exercised in a way which is transparent, accountable, consistent, proportionate and targeted in keeping with the Regulator's Compliance Code and the **Legal Services Act 2007**.

4. What is meant by Enforcement?

- 4.1 We must ensure the regulated community meets the needs of **clients** by complying with both the law and our regulatory requirements. Where they fail in these responsibilities we will hold them to account. Actions taken to encourage compliant behaviour or to punish non-compliance are known as **enforcement**. **Enforcement** action will be based upon reliable evidence, clear standards and the ability to appeal **enforcement** decisions. It is our aim that our **enforcement** approach is helpful, open, accountable and transparent. Our **enforcement** activities will be proportionate, consistent and targeted at cases where action is needed. This does not mean that less serious breaches will go unchecked, it means they will receive a proportionate response so that less serious breaches do not receive the same penalties as more serious or repeated breaches.
- 4.2 The **enforcement** tool applied in a matter will be proportionate to the risks identified to the **regulatory objectives** in the form of a threat to the delivery of the positive **outcomes** identified in our **Code of Conduct**, due to non-compliance with our **regulatory arrangements**.
- 4.3 Regulation and **enforcement** will be proportionate and flexible enough to encourage economic progress within the regulated community. We will not seek to cause unnecessary expense to an individual; any penalty imposed will be fair.

- 4.4 Informal resolution is desirable to the regulated community, its clients and the **CLC** and its appropriateness to an issue will always be considered. We will check to see that any agreed course of action is implemented. We will usually seek to take this route before considering regulatory or disciplinary action. Where this is not appropriate – due to the immediate, serious and/or widespread nature of the issue - or it has not achieved the desired outcome we will determine what further action is needed. We will be open to the individual/body providing fresh evidence not previously available, or to them proposing a compliance remedy.
- 4.5 We will assess the evidence applying the civil standard of proof ('balance of probabilities) and in determining our response we will take account of the impact on a **client, clients** in general and on the **respondent**. The **respondent** will be afforded the opportunity to make representations.
- 4.6 We have a range of **enforcement** tools at our disposal should an informal response not be appropriate. We will only exercise our disciplinary powers if the act or omission of a regulated body or individual was a serious breach. The seriousness of an act or omission will be judged on the impact, actual or potential, of the risk to delivery to the **Code of Conduct's Outcomes**.
- 4.7 Each of the following **enforcement** tools may be used in isolation, simultaneously, or consecutively where the usage of one tool has not generated compliance (e.g. if **licence conditions** are not complied with, other **enforcement** action may be used):
- 4.7.1 Refer to an appropriate regulator - we are likely to refer the conduct of a **manager** or **employee** to the appropriate regulator where we have reason to believe that the individual's behaviour is in breach of their regulatory responsibilities.
- 4.7.2 Reprimand - we are likely to issue a reprimand when an act or omission needs particular attention drawn to it, with the intention that the behaviour of the individual/body is changed.
- 4.7.3 Licence Conditions - we are likely to require the entity to take a specific actions where an act, omission or an arrangement needs to be rectified. Where this requires expenditure we will take into account the operational costs of that body. We will make every effort to ensure the condition/direction is understood by the body.
- 4.7.4a Financial penalties - we are likely to direct the payment of a fine (by the body and/or an individual concerned with it i.e. an **employee** or **owner**) exceeding £50,000 only in serious circumstances. This will be used to penalise inappropriate behaviour demonstrated by a specific act or omission and to deter future non-compliance (by both the individual/body and others). The level of the penalty will take into account the size/resources of the body so it is proportionate whilst also at a level likely to give **clients** and the public confidence that issues which cause them detriment are dealt with appropriately. Should a number of breaches be separately investigated we may determine it appropriate for a separate penalty to be imposed in each case.

- 4.7.4b We will not create a perverse incentive by providing details of the exact criteria/procedure which will be applied in setting the level of the fine. It will be determined on a case by case basis but we will always seek to ensure it is fair and proportionate and does not exceed the maximum levels (specified within this Policy).
- 4.7.4c We do not benefit financially from any penalties imposed. Fines received from **licensed conveyancers** or Recognised Bodies are paid into Her Majesty's Treasury; those received from Licensed Bodies go into the Government's Consolidated Fund.
- 4.7.5 **Material interest conditions/objections/divestiture** - where there are concerns that a material interest holder in **Licensed Body** may be demonstrating **improper influence** – i.e. an **owner** is influencing, or attempting to influence the decisions of the **Licensed Body** or the conduct of **Authorised Persons** in a way which would constitute a breach of their regulatory duties - we will take action. Where there are mild concerns this is likely to take the form of **conditions**; where the concerns are more serious we are likely to object to the interest and this may ultimately result in divestiture.
- 4.7.6 **Withdrawal of approval** – we are likely to withdraw our approval of a **Licensed Body's Head of Legal Practice** or **Head of Finance and Administration** where the individual has become demonstrably inappropriate for the role e.g. an event has occurred which impacts upon their fit and proper status or they repeatedly fail to meet their regulatory responsibilities.
- 4.7.7 **Disqualification** - we are likely to disqualify an individual from a role within a **Licensed Body** or a **licensed conveyancer** from holding a **licence** only in exceptional circumstances and where the seriousness of the act or omission means that no other **enforcement** action is judged adequate to address it.
- 4.7.8a **Licence suspension or revocation** - the decision to suspend or revoke a **licence** will not be taken lightly. We will only use this measure where, due to the seriousness and/or persistence of the act or omission – or the body has changed its structure/provision arrangements so it is no longer licensable - no other **enforcement** action is judged adequate to address the identified issue.
- 4.7.8b We will need to be satisfied that clients' interests are protected and this may include a/all **Client's** case being transferred to another firm. (Suspension is likely to lead to the enforced closure of the CLC Body unless the reason for the suspension is cured very quickly, in which case intervention and its case management processes will take place).
- 4.7.8c **Licence** suspension does not automatically mean **licence** revocation. A **licence** may be suspended because a significant threat to **clients** has been identified. Where this is found not to be the case or where we (or the First Tier Tribunal) are satisfied that a risk is no longer presented the **licence** is unlikely to be revoked. Where this is the case, the body may be subject to a more intensive regulatory relationship in order that we are confident that the risks to **clients** is minimised.

4.7.9a **Intervention** - ***intervention*** is an extreme measure and will only be used where no other ***enforcement*** action is judged adequate to address the identified issue due to the seriousness and persistence of the act or omission or if the body's viability is threatened or it becomes insolvent. As with all ***enforcement*** actions, we will carefully assess the proportionality of the proposed response. We can revoke an intervention direction following the body's request (but only where all relevant information corroborates that to do so would not cause a risk to the ***Code of Conduct's Outcomes***).

4.7.9b Where ***intervention*** has been necessary the body's ***licence/certificate*** is automatically suspended.

5. Scope of the CLC's Enforcement Powers

5.1 We may take ***enforcement*** action against:

- ***CLC*** Bodies;
- ***licensed conveyancers***; and
- ***Owners, Managers*** and ***employees*** of ***CLC*** Bodies.

5.2 In this Policy we use the term "***respondent***" and "the regulated community" to refer to any of those listed at 5.1.

5.3 **Information sources** - information on possible breaches of regulatory responsibilities is obtained from a number of sources, including:

- A body proactively admitting non-compliance by act or omission – all bodies we regulate must advise us if they are failing to comply with the ***CLC's regulatory arrangements***. We will support those who alert us to their failings. We are unlikely to take formal disciplinary action as long as ***clients*** are not at risk and the entity is addressing the failures identified in a reasonable way;
- Information from stakeholders, including ***complaints*** from ***clients*** or information from lenders, police and findings of other regulatory or professional bodies etc;
- Overall regulatory ***risk profile*** according to the ***CLC's*** risk register. The register holds a range of regulatory information including ***CLC*** inspection findings, ***complaints***, Accounting Reports information and negligence ***claims***.

5.4 **Regulatory breaches** – The following are examples of allegations of breaches which may lead to ***enforcement*** proceedings (this list is not exhaustive and is not ranked):

- Persons no longer '***fit and proper***';
- Failures in governance ***arrangements***;
- Fraud and dishonesty;
- ***Improper influence***;
- Failure to comply with the ***CLC's regulatory arrangements***;

- Ineffective **complaints**-handling procedures;
- Failure to provide the **CLC** with information, or provision of false, incomplete or misleading information;
- Failure to pay any **CLC** annual fee or contribution.

5.5 Risk - We take a **risk-based** approach to regulation. That means that in determining what (if any) action to take when non-compliance is brought to our attention we will determine the impact that risk is likely to have on the **Overriding Principles** and the **Outcomes** they seek. We will take into account some or all of the following:

- the seriousness of the act or omission and the likely or actual impact on an individual **client, clients** in general and the regulated community;
- the intended **outcome** for **clients** in taking action compared with the impact of not taking action;
- the effect the particular breach is likely to have on:
 - the reputation of the rest of the profession; and
 - public confidence in those services and on the **CLC's Regulatory Arrangements**;
- the extent to which the act or omission is a one-off occurrence or is part of a series of similar matters or appears to be deliberate or vexatious;
- the period of time over which the act or omission has occurred;
- management competence and willingness to comply;
- the existence of good systems for managing risks;
- evidence of recognised external accreditation;
- whether the resource requirements needed are proportionate to achieving the desired results; and
- any other matters that it appears appropriate to take into account.

5.6 Decision-making – enforcement decisions taken by the **CLC** will be informed by all available, relevant and reliable evidence, and will be based upon criteria published on our website. Decisions will be taken on the evidence applying the civil standard of proof ('balance of probabilities'). Account will be taken of the impact on **clients**, the impact on the **respondent** and the reliability of the available evidence. The **respondent** will be afforded the opportunity to reply; we will be open to the individual/body providing fresh evidence not previously available, or to them proposing a compliance remedy. **Enforcement** decisions made will be regularly and **systematically** scrutinised to ensure that criteria are being consistently applied.

5.7 Review/appeal of decisions - the **respondent** may ask for any decision to be reviewed by the **Adjudication Panel**. The **respondent** will also be entitled to appeal. Depending on the nature of the decision made, and who makes it, the appeal may be heard by the High Court, the First Tier Tribunal or the Upper Chamber (see Table at 3.3.1). In the case of informal, regulatory or disciplinary action taken by **CLC** staff the matter will be referred to their line **manager** or another

Director (with no prior involvement in the matter) who will review the decision. All requests for appeal must be made within 28 days of the determination.

- 5.8 Stay –the **Adjudication Panel**, may provide that an order or direction is not to have effect pending the hearing and determination of a review or an appeal taking into account the **CLC**'s statutory duty to act in a way which is compatible with the regulatory objectives (in particular those relating to the consumer interest and the public interest) and to have regard to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.
- 5.9 Decision-makers – all staff with delegated powers and all members of the **Adjudication Panel** receive training to ensure that decisions are made consistently and to assist in the determination of appropriate sanctions. The Committees are made up of lay members and members of the regulated community.
- 5.10 Matters which may be excluded – Other than in exceptional circumstances, we do not generally investigate these issues:
- Conduct which does not relate to the provision of legal services regulated by the **CLC**;
 - Disputes between an employer and **employee**;
 - Partnership disputes, unless the interests of **clients** are adversely affected or there is a finding of a court or tribunal;
 - Non-payment of fees incurred in the course of providing services regulated by the **CLC**, unless there is a judgment against the regulated person for non-payment relating to their legal practice;
 - Allegations from lending institutions of a failure to hand over deeds or papers to which the lender is entitled, unless the lender has already made a successful application to the court;
 - An isolated report of misconduct from a regulated person about a **licensed conveyancer** or **CLC** body, unless there is an allegation of serious misconduct, or it is made on the instructions of a **client**, or is made to protect the interests of an identifiable **client** who has an interest in the outcome;
 - Allegations of misconduct made more than twelve months after the alleged misconduct could reasonably have come to light;
 - Where there is a clear alternative legal remedy available which has not yet been pursued. Allegations of discrimination or dishonesty are not excluded.

6. **Enforcement Tools**

- 6.1 **Enforcement** can take many forms. The framework for responding to issues of non-compliance varies, depending on the identified risk, from the informal to the application of the **CLC**'s statutory powers.

6.2 Informal/Regulatory Action Approach – delegated powers of **CLC** staff:

Enforcement tool	Authority	Review of Decision
An Undertaking on terms agreed with the CLC to take or cease taking a particular action	CLC staff: Legal Practice Inspector, CLC Authorised Officer or other CLC employee of equivalent or senior position	<ul style="list-style-type: none"> • Director of Operations • Director of Policy & Standards, or other CLC employee of equivalent or senior position (provided any review is not determined by an employee who made the determination which is the subject of the review)
Inspection or re-inspection		
Reminder of responsibilities		
Provision of information and advice		

6.3 Approach using statutory powers in **1985 Act** and **2007 Act**

6.3.1 The **CLC** may take a wide range of formal **enforcement** proceedings and (depending on the nature of those proceedings) this may result in one or more of the following for the individual or body (this list is not exhaustive):

Enforcement tool	Statutory Authority	Determination made by	Appeal determined by	Further appeal determined by
Licence terminated	1985 Act s.18(3)	Lacks mental capacity	No statutory provision	
Licence/certificate	1985 Act s.26(2)(a)	CLC Adjudication Panel	High Court	

Revoked	1985 Act s.28 fraud or error	CLC Adjudication Panel		No statutory provision
	2007 Act s101	CLC Adjudication Panel	First Tier Tribunal	
Intervention	Sch 5 1985 Act	Any Director with the agreement of not less than one other member of the Senior Management Team	High Court	
	Para 10-12 of Sch 5 1985 Act		High Court	
	Sch 14 2007 Act		First Tier Tribunal	
Disqualified from holding a licence/ role	s.26(2)(b) 1985 Act	CLC Adjudication Panel	High Court	
	s.99 2007 Act	CLC Adjudication Panel	First Tier Tribunal	
Divestiture of owner	2007 Act, Sch. 13, Part 5	CLC Adjudication Panel	First Tier Tribunal	
Licence/Certificate suspended	1985 Act s.18	immediate on bankruptcy or intervention		No statutory provision
	1985 Act s.24(5)	CLC Adjudication Panel	High Court	
Licence/Certificate suspended	1985 Act s.26(2)(c)	CLC Adjudication Panel		
	2007 Act s101	CLC Adjudication Panel	First Tier Tribunal	
Withdrawal of approval of HoLP or HoFA	Para 11-12 sch 11 2007 Act	CLC Adjudication Panel	First Tier Tribunal	
Licence/Certificate	1985 Act	CLC Staff: CLC Authorised Officer	CLC Adjudication	

made subject to conditions	s.15(1)		n	
	s.16(2)		Pane	
	s.17(1)		I	
	1985 Act s.26(2)(d)	CLC Adjudication Panel	High Court	
	2007 Act Sch. 11 (6)	CLC Adjudication Panel	First Tier Tribunal	
Payment of a penalty	1985 Act s.24A(1) and Adjudication Panel Rules 2013	CLC Adjudication Panel	High Court	
	1985 Act s.26(2)(e) and Adjudication Panel Rules 2013	CLC Adjudication Panel		
	2007 Act s. 95	CLC Adjudication Panel	First Tier Tribunal	Upper Chamber
Reprimand	1985 Act s.26(2)(f)	CLC Adjudication Panel	High Court	
Payment of the costs of preliminary investigation (to include the costs of any inspection) incurred by the CLC	1985 Act s.24A(2)	CLC Adjudication Panel		
	1985 Act s.26(2A)	CLC Adjudication Panel	High Court	

Abbreviations

HoLP – Head of Legal Practice; **HoFA** - Head of Finance & Administration;

7. **Enforcement Process**

- 7.1 Informal approach – staff investigation and advice: in the event of the **CLC** becoming aware that a member of its regulated community may have failed to comply with our standards, we shall carry out an informal inquiry to enable us to decide whether there is a case which requires further investigation. If we are satisfied there is not an issue no action will be taken. If there is judged to be an issue but it is less serious, we will take informal action and offer advice, support and **guidance** to help address the issue.
- 7.2 Regulatory action – staff delegated powers: if we are satisfied further investigation is required, the support offered has not been accepted, or the individual/body commits relatively minor breaches on a regular basis and fails to respond to our informal resolution approaches, we shall consider whether it is likely that the case can be resolved by regulatory action. We may direct the **licensed conveyancer** or body to provide information to assure us that their regulatory requirements are being complied with. This may be in a written report or may require the **respondent** to attend the **CLC's** offices to explain how the issues identified will be resolved and the steps needed to ensure they do not recur.
- 7.3 Dependent on the circumstances of the individual case, we may take the view that the **Outcomes** can best be delivered by agreeing with the regulated person the terms of an **undertaking** to provide information, to take specific action or to cease taking a specific action. Failure to comply with the **undertaking** will in itself be a breach of the **CLC's regulatory arrangements** which will lead to an investigation, and possibly disciplinary proceedings.
- 7.4 Disciplinary action – Committee hearing: disciplinary proceedings may be initiated where steps taken under paragraphs 7.1-7.3 have failed to achieve the intended **outcome**, or it is not appropriate because of the actual or likely impact on a **client**, or **clients**, or because of the serious nature of the issue. Decisions will be informed by all available, relevant and reliable evidence. Decisions will be based on the application of published guidelines or criteria set out in the Enforcement Policy. The **respondent** will be afforded the opportunity to make oral and/or written representations to the Committee.
- 7.5 The **CLC** may:
- require a regulated entity to provide specific information;
 - authorise an inspection of a body;
 - refer the matter to the **CLC Adjudication Panel**.
- 7.6 [removed]

7.7 The **Adjudication Panel** will decide which of the following options is appropriate to the case:

- a) to dismiss the allegation;
- b) to hear and determine the allegation;
- c) [removed]

7.8 [removed]

7.9 [removed]

In the case of an individual ***Licensed Conveyancer*** or a ***Recognised Body***, after it has carried out a preliminary investigation and determined that the allegation should be referred for hearing and determination, the **Adjudication Panel** may make one or more of the following orders:

7.9.1

- a ***licensed conveyancer***:
 - Revoke the ***licence*** of a ***licensed conveyancer***;
 - Disqualify a ***licensed conveyancer*** from holding a ***licence*** (either permanently or for a specified period);
 - Suspend a ***licence***;
 - Direct the issue of a ***licence*** subject to ***conditions*** it may specify;
 - Direct the payment of a fine which is fair and proportionate, and does not exceed £50 million;
 - Reprimand the ***licensed conveyancer***;
- a ***Recognised Body*** or sole ***practitioner*** practice regulated by the ***CLC***
 - Revoke the recognition of the entity;
 - Direct the payment of a fine which is fair and proportionate, and does not exceed £250 million;
 - Reprimand the entity;
 - Direct the issue of a ***certificate of recognition*** subject to ***conditions*** it may specify;
- a ***Manager*** or ***employee*** who is not a ***licensed conveyancer***
 - Direct the payment of fine which is fair and proportionate, not exceeding £50 million;
 - Require the ***CLC*** to take such steps as it may specify in relation to the ***Manager*** or ***employee***;

- Require the **CLC** to refer to an appropriate regulator any matter relating to the conduct of the **Manager** or **employee**;
- 7.9.2 The **Adjudication Panel** may direct the payment of costs by any party to proceedings including the **CLC**. Such costs may include the costs incurred in a preliminary investigation.
- 7.9.3 A **respondent** may appeal to the High Court against a decision of the **Adjudication Panel** which may make such order as it thinks fit.
- 7.9.4 [removed]
- 7.9.5 In the case of Licensed **ABS Body**, or an **employee** or **manager** within, or **owner**, of the Licensed **ABS Body**, the Adjudication Panel (with a quorum of 3) may make one or more of the following orders:
- a **Licensed Body**:
 - Reprimand the body;
 - Direct the issue of a **licence** subject to **conditions** it may specify;
 - Direct the payment of a fine which is fair and proportionate, not exceeding £250 million;
 - Suspend the **licence** of the body;
 - Revoke the **licence** of the body;
 - Intervene;
 - a **Licensed Body owner**:
 - Place **conditions** on the **owner's material interest**;
 - Object to the **owner's material interest**, and initiate the application to the High Court to divest the **owner** of their **material interest**;
 - Direct the payment of a fine which is fair and proportionate, not exceeding £50 million;
 - a **Head of Legal Practice (HoLP)** or **Head of Finance & Administration (HoFA)**:
 - Require the **CLC** to take such steps as it may specify in relation to the **HoLP** or **HoFA**;
 - Direct the payment of a fine which is fair and proportionate, not exceeding £50 million;
 - Withdraw approval of the individual for the role;
 - Disqualify the individual from a role within a **Licensed Body**;

- a **manager** or **employee**:

- Direct the payment of a fine which is fair and proportionate fine, not exceeding £50 million;
- Require the **CLC** to take such steps as it may specify in relation to the **manager** or **employee**;
- Require the **CLC** to refer to an appropriate regulator any matter relating to the conduct of the **manager** or **employee**;
- Disqualify the individual from a role in the **Licensed Body**.

7.9.6 Any determination made by the Adjudication Panel may be appealed to the First Tier Tribunal. The CLC or the **respondent** may appeal against a determination of the First Tier Tribunal to the Upper Chamber on a point of law.

8. Publication

8.1 Publication of investigation **outcomes** – the **CLC** will publish the statistics mapping the outcome of investigations so that the levels of compliance in the regulated community can be understood.

8.2 Publication of determinations - publishing the **enforcement** action we have taken acts as an incentive for the regulated community to apply the **professional principles** outlined in the **Code of Conduct**. It also provides the public with confidence that the regulatory activities of the **CLC** are responsive and proportionate.

8.3 We will publish details of the final determinations of the **Adjudication Panel** where there has been found a case to answer and an appeal has not been made within the 28 days or has not been successful. The **respondent** will be named where a penalty exceeds £5000 or an individual has been disqualified or our approval of them withdrawn, or a **licence** has been suspended or revoked. We will not publish determinations concluding no case to answer, unless the individual/body has asked for it to be published. In exceptional circumstances we may publish details of the progress of an investigation which has given rise to significant public concern.

8.4 The **CLC** is registered as a data controller under the Data Protection Act 1998 and must comply with the rules of good information handling.

9. Equalities Considerations

9.1 It is our intention that the application of this policy is fair and equitable and does not disadvantage anyone because of their age, disability, gender reassignment, marital and civil partnership status, pregnancy and maternity, race, religion or faith, sex or sexual orientation. Members of the regulated community subject to **CLC enforcement** action are asked to advise the **CLC** of any **specific requirements** they have which need to be taken into consideration. These will be accommodated as far as is reasonably practicable and on a case-by-case basis.

- 9.2 The **CLC** will monitor its **enforcement** action to ensure there is no disproportionate impact on any sections of the regulated community.

10. Policy Consultation, Review & Evaluation

- 10.1 The **CLC** will carry out an investigation in accordance with its **complaints** policy into any **complaint** received from an individual or body about the way in which the **CLC** has exercised its functions in relation to that individual or body (except where a referral is or has been made to the **Adjudication Panel** due to the options of review/appeal applicable).
- 10.2 This policy came into effect in October 2011 and has been reviewed in July 2013. We shall consult with stakeholders to evaluate its effectiveness within 2 years of its initial application. Where the policy is failing to generate the relevant **outcomes** - identified in the **Code of Conduct** it will be amended as appropriate. In the meantime, we welcome any feedback on the policy's content, implementation and effectiveness.
- 10.3 This policy is available for reference and downloading from the **CLC** website. A copy of the policy will be available to all those involved in disciplinary enquiries and proceedings.

CLC Regulatory Arrangements - Glossary of Terms

1985 Act (AJA)/ Administration of Justice Act	the Administration of Justice Act 1985 which created the CLC and provided it with its powers to regulate licensed conveyancers
1990 Act (CLSA)/ Court & Legal Services Act	the Courts & Legal Services Act 1990 which amended parts of the 1985 Act and entitles the CLC to apply to regulate probate, litigation and advocacy services in addition to conveyancing services
2007 Act (LSA)	the Legal Services Act 2007 which created the Legal Services Board , the Office for Legal Complaints (Legal Ombudsman), authorised Approved Regulators to regulate Authorised Persons and enabled the development of new forms of legal practice known as Alternative Business Structures and the licensing of these bodies by Licensing Authorities
Access to Justice	the recognition of, and response to, potential and actual, consumer needs. This may take the form of provision of a greater range of services and methods of accessing these services, lower prices, extended opening hours, accessibility, online provision, or other factors
Accounting Records	includes all documents or records on a Durable Medium necessary for the operation of any system of book-keeping
Accounting Period	the period for which the accounts of the CLC Body are ordinarily made up, provided however that it must begin at the end of the previous Accounting Period and cover twelve months (except with the prior written consent of the CLC)
Accountant's Report	a report signed by the Reporting Accountant in such form as determined by the CLC relating to Client Money held or received by each body in respect of each Accounting Period
Adjudication Panel	established:

	<ul style="list-style-type: none"> • in relation to make determinations relating to Licensed Bodies and relating to owners, Managers and employees of Licensed Bodies; • to determine applications for review in relation to regulatory and enforcement decisions made by a CLC Authorised Officer save for those appeals which are reserved to the Discipline and Appeals Committee; • to determine allegations of misconduct referred to it.
Advocacy	referred to at schedule 2 of the 2007 Act as rights of audience and includes the right to appear before and address a court, including the right to call and examine witnesses
Advocacy Licence	a licence issued by the CLC to provide advocacy services, under Part 1 of Schedule 8 of the 1990 Act
Aged Balance	<p>(a) a sum outstanding to the credit of an individual ledger account;</p> <p>(b) where there has been completion of a legal transaction or it has become abortive; and</p> <p>(c) there has been no movement on the account for a period in excess of 12 months except for monies held in accordance with the terms of an undertaking (in which case the 12 month period will begin from the date on which such monies are released)</p>
Alternative Business Structure (ABS)	a body which provides legal services to the public and in which a non-lawyer is a manager and/or owner as provided at s.72 of the 2007 Act ; for licensing purposes these bodies are referred to as Licensed (ABS) Bodies
AML/CTF Legislation - Anti Money Laundering and Combating the Financing of Terrorism Legislation	<p>legislation directed to the prevention of Money Laundering and Combating the Financing of Terrorism , and in particular, the:</p> <ul style="list-style-type: none"> • Proceeds of Crime Act 2002 (as amended); • Terrorism Act 2000 (as amended); and • Money Laundering Regulations 2007 - SI 2007/2157 (the ML Regulations)
Applicant	<p>as determined by the particular context:</p> <ul style="list-style-type: none"> • any person who intends to apply, or is currently applying, for registration as a CLC student or for a CLC Licence; • a body which intends to apply, or is currently applying, for registration as a CLC Recognised Body; • a body which intends to apply, or is currently applying, for a Licensed Body (ABS) licence

Approved Person	<p>under the Accounts Code this means a:</p> <ul style="list-style-type: none"> • an Authorised Person; or • provided the CLC Body is in compliance with 9.1.4 of the Accounts Code, any other appropriately skilled, trained and competent person of integrity who has been authorised on Durable Medium by the CLC Body
Approved Regulator	<p>as defined at s.20 of the 2007 Act: the CLC, the Law Society, the General Council of the Bar, the Master of Faculties, the Institute of Legal Executives, the Chartered Institute of Patent Attorneys, the Institute of Trade Mark Attorneys, the Association of Law Costs Draftsmen, the Institute of Chartered Accountants in Scotland, the Association of Chartered Certified Accountants and any such other bodies as are authorised to regulate providers of Reserved Legal Activities</p>
Arrangements	<p>methods of organisation including systems, procedures, controls, functions, roles, and processes</p>
Articles	<p>prescribes a company's regulations: setting out the relationships between shareholders and directors of the company as required by s.18 of the Companies Act 2006</p>
Associate	<p>under the Licensed (ABS) Body Framework 'associate' in relation to a Non-Authorised Person with a material interest with: –</p> <ul style="list-style-type: none"> • a shareholding in a body; or • an entitlement to exercise or control the exercise of voting power in a body, <p>means:</p> <ol style="list-style-type: none"> a) their spouse or civil partner; b) their child or step-child (if under 18 years of age); c) the trustee of a settlement* under which they have a life interest in possession; d) an undertaking of which they are a Director; e) an employee; f) a partner (except where the shareholding or entitlement is a partnership in which the Non-Authorised Person is a partner, another partner); g) if 'the person' means an undertaking – a director, a subsidiary undertaking (or a director or employee of it); h) a person they have agreement or arrangement with respects to the acquisition, holding or disposal of shares or other interests; i) a person they have agreement or arrangement with under which

	<p>they undertake to act together in exercising their voting power (in relation to a body which does not have general meetings at which matters are decided by the exercise of voting rights this refers to the right under the body's constitution to direct overall policy/alter its constitution);</p> <p>with 3% or more material interest.</p> <p>By 'settlement'* we mean any disposition or arrangement under which property is held on trust (or a comparable obligation)</p>
Authorisations (licence)	specify the reserved legal activities which a body is authorised by the CLC to provide
Authorised Insurers	<p>has the meaning given by s. 21(5) of the 1985 Act or s. 64(5) of the 2007 Act:-</p> <p>a) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 (c.8) to effect or carry out contracts of insurance of a relevant class;</p> <p>b) a European Economic Area (EEA) firm of the kind mentioned in paragraph 5(d) of Schedule 3 to that Act, which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to effect or carry out contracts of insurance of a relevant class; or</p> <p>c) a person who does not fall within paragraph (a) or (b) and who may lawfully effect or carry out contracts of insurance of a relevant class in a member State other than the United Kingdom</p>
(CLC) Authorised Officer	the Licensing and Casework Manager employed by the CLC, or another officer of the CLC of equivalent or senior status
Authorised Person(s) /Parties	<p>a person authorised by an Approved Regulator to carry on reserved legal activities e.g:</p> <ul style="list-style-type: none"> ○ a licensed conveyancer; ○ a solicitor; ○ a Fellow of the Institute of Legal Executives
(FSMA) Authorised Person	arrangers or sellers of insurance products regulated by the Financial Conduct Authority (previously the Financial Services Authority)
Bank	an institution, body, financial intermediary, or financial institution which has permission under Part 4 of the Financial Services and Markets Act 2000 to accept deposits

Beneficial Owner	the individual or company which has all the benefits and entitlements of a legal owner, even if not named or registered as the legal owner
Brokers	under the Professional Indemnity Insurance Code and Operating Framework this refers to the agent who sources the contract of insurance for the CLC's Master Policy
Building Society	a branch situated in England and Wales of a building society incorporated (or deemed to be incorporated) under the Building Societies Act 1986
Candidate	<ul style="list-style-type: none"> under the Student Training Framework this refers to a student registered with the CLC who sits or intends to sit a CLC Qualifying Examination. under the Licensed Body Code and Licensing Framework this refers to persons nominated by the body to assume the role of the Head of Legal Practice or Head of Finance and Administration
Carrying on (a Reserved Legal Activity)	under the Code of Conduct this means that Authorised Persons must personally carry out or supervise the Reserved Legal Activity provided
Certificate of Recognition	a certificate issued by the CLC to a body corporate recognising it as a Recognised Body - under s.32 of the 1985 Act - suitable to undertake the provision of Regulated Services authorized by the CLC
Claim	under the Professional Indemnity Insurance Code and Operating Framework and Compensation Fund Operating Framework, unless otherwise stated, this means a request of payment due under the terms of a professional indemnity insurance policy (including the CLC's Master Policy) or the CLC's Compensation Fund
Claimant	<p>under the Compensation Fund Operating Framework this means any person making a claim for payment of a grant from the CLC's Compensation Fund and includes</p> <ul style="list-style-type: none"> the personal representative where the person entitled to make a claim Claimant has died, or the trustee in bankruptcy where the person entitled to make a claim has been made bankrupt
(the) CLC	the Council for Licensed Conveyancers established under s.12 of the 1985 Act
(CLC) Body	<p>an entity regulated by the CLC:</p> <ul style="list-style-type: none"> an Alternative Business Structure (also called a Licensed Body) regulated by the CLC acting as a Licensing Authority; or

	<ul style="list-style-type: none"> a Recognised Body regulated by the CLC acting as an Approved Regulator
Client	<p>any person or persons for whom a Licensed Conveyancer or CLC body acts in the provision of Regulated Services; this may also include a person or persons who may seek the provision of Regulated Services;</p> <p>Client also includes any person for whom a Licensed Conveyancer or Body acts in the provision of Regulated Activities (and may also include a person who may seek the provision of Regulated Activities)</p>
Client Account	a current or deposit account (but not a share account) at a branch (or the head office) located in England or Wales of a Building Society or Bank in each case in the name of the CLC regulated body and in the title of which account the word ' Client ' appears
Client Money/Monies	any money held or received for a Client by a CLC regulated person or body incidental to the provision of legal services regulated by the CLC
Code of Conduct/CoC	the parent document of our regulatory arrangements , outlining the Overriding Principles which the regulated community must comply with and the Outcomes which they must deliver
Communications	unless otherwise specified, communications sent by or on behalf of a CLC regulated individual or body by post, a telecommunication system or by other means whilst in an electronic form
Complaint	an oral or written expression of dissatisfaction which alleges that the complainant has suffered (or may suffer) financial loss, distress, inconvenience or detriment
Company	has the meaning given by s. 1(1) of the Companies Act 2006
Compensation Fund	as set out at s.21(2) of the 1985 Act , the fund out of which grants and other payments are made by the CLC for the purposes of relieving or mitigating losses incurred by persons in consequence of the negligence, fraud or other dishonesty, or failure to account, on the part of a CLC Body
Composite licence	<p>authorisations on a licensed conveyancer's licence which give authority to the regulated individual to carry on additional reserved legal activities e.g. probate, litigation*, advocacy*</p> <p>*only applicable if the CLC's application to regulate these services is</p>

	successful
Condition (licence)	where a risk is identified to the regulatory outcomes a condition is imposed on a licence to eliminate that risk or reduce it to an acceptable level
Conflict(s) of Interest	situation in which an individual or body has an interest, or a party they are representing has such an interest, sufficient to appear to influence the objective exercise of their regulatory responsibilities, in particular the separate duties to act in the best interests of two or more clients in relation to the same or related matters
Continuing Professional Development	the means by which members of the regulated community maintain, improve and broaden their knowledge and skills, keeping themselves up to date with the latest development in the profession and its markets and so enabling them to meet their full potential and provide Clients with high levels of service
Control (of an entity)	the strategic management, risk management, accounting and financial controls (including supervisory and audit functions) and from which services which consist of or include the carrying on of reserved legal activities are provided
Controls	strategic management, risk management, accounting and financial arrangements (including supervisory and audit functions) which eliminate or reduce to acceptable levels risks to positive Outcomes
Conveyancing Licence	a licence issued by the CLC to provide conveyancing services
Conveyancing (Services)	as defined at s.11(3) of the 1985 Act , includes the preparation of transfers, conveyances, contracts and other documents in connection with, and other services ancillary to, the disposition or acquisition of estates or interests in land
Costs	<p>in relation to costs to Clients this includes fees, charges, expenses and remuneration charged to the Client by the CLC regulated person or body and any Value Added Tax element</p> <p>includes fees as defined by s.39(1) of the 1985 Act - “fees” includes charges, disbursements, expenses and remuneration</p>
Customer Due Diligence (CDD)	<p>includes all of:</p> <ul style="list-style-type: none"> o “Customer Due Diligence measures” (as defined by

	<p>regulation 5 ML Regulations);</p> <p>o “Ongoing Monitoring” (as defined by Regulation 8(2) ML Regulations);</p> <p>o “Enhanced Customer Due Diligence measures” (as described in regulation 14 ML Regulations);</p> <p>o “Enhanced Ongoing Monitoring” (as referred to in regulation 14 ML Regulations)</p>
Disbursements	<p>any payment made, or for which a liability to pay has been incurred, by a CLC regulated individual or body to a third party on behalf of a Client; disbursements are deemed to include: stamp duty land tax; Land Registry fees; Local Authority and any other applicable search fees</p>
Discipline and Appeals Committee (DAC)	<p>committee established under s.25 of the 1985 Act to hear and determine appeals and cases referred to it by the Adjudication Panel</p>
Divestiture	<p>the procedure set out at Part 5 schedule 13 of the 2007 Act by which the CLC may apply to the High Court for an order for sale of all or some of the shares held by the holder of a material interest in a CLC Licensed Body who is not an authorised person</p>
Durable Medium	<p>the method by which information is stored in a way accessible for future reference (for no less than the period prescribed by the CLC) and which allows the unchanged reproduction of the information stored</p>
Employee	<p>(depending on the context) an individual employed by a CLC body, by an entity regulated by another legal regulator or by a local authority or other employer</p>
Enforcement	<p>action taken by the CLC in response to a CLC regulated individual or body acting in breach of their/its regulatory responsibilities</p>
Equalities Legislation	<p>the Equality Act 2010 and any other relevant legislation such as the Human Rights Act 1998</p>
European Lawyer	<p>a European Lawyer as defined in the European Communities (Lawyer’s Practice) Regulations 2000 (SI 2000 No 1119) who is not an Authorised Person</p>
EU Home Professional	<p>the professional rules which authorise the European Lawyer and the EU body of which the European Lawyer is a Manager to practise in a state</p>

Rules	within the European Union (but not England and Wales)
EU Body	an entity providing reserved legal activities in respect of which Control is maintained from a permanent fixed address within the European Union (but outside England and Wales)
EU Professional Cover	professional indemnity insurance cover provided to the EU Body in accordance with its EU Home Professional Rules which the CLC is satisfied is in all respects equivalent in its conditions and extent to that which would be provided under the CLC Master Policy
EU Professional Cover – Partial	professional indemnity insurance cover provided to the EU Body in accordance with its EU Home Professional Rules which the CLC is satisfied is only partially equivalent in its conditions and extent to that which would be provided under the CLC Master Policy (and is likely to require a Supplemental Policy to accompany it)
Evidence of Insurance	evidence that the insured individual or body has appropriate PII cover
Example Approach/Policy/Procedure	guidance documents sometimes provide a possible route to the positive outcomes sought, but importantly are not the only route; if a member of the regulated community is able to generate the same or better outcomes another way they are encouraged to do so
Exempt Person – FSMA	as defined in s.417(1) FSMA, in relation to a Regulated Activity, a person who is exempt from the General Prohibition in respect of that activity
Exempt Person – 2007 Act	as defined in Schedule 3 and paragraph 13 and 18 of Schedule 5 of the 2007 Act , a person who is exempt from being an Authorised Person in relation to a reserved legal activity
Fit & Proper Person	the CLC requires that all: <ul style="list-style-type: none"> • applicants; • authorised persons; • owners or managers of an Alternative Business Structure; are able to demonstrate that they are suitable for the role for which they are applying, this includes a fit and proper test to determine their probity and financial history
Financial Services and	the statute which provides the framework within which the regulator for the financial services industry, the Financial Conduct Authority (previously

Markets Act 2000 (FSMA)	the Financial Services Authority) , operates
General Prohibition	the prohibition imposed by s.19 of the FSMA which states that no person may carry on a Regulated Activity in the United Kingdom, or purport to do so, unless he is (a) an Authorised Person ; or (b) an Exempt Person
Guidance	many of our regulatory Codes are underpinned by guidance which identify considerations to be borne in mind when seeking to deliver the identified outcomes ; the guidance provided is not mandatory
Head of Finance & Administration (HoFA)	the officer in a Licensed Body (ABS) designated responsible for the body complying with their accounts responsibilities as set out in our regulatory arrangements; the individual does not have to be an Authorised Person ; it is preferable, though not mandatory, for the individual to be a manager
Head of Legal Practice (HoLP)	the officer in a Licensed Body (ABS) designated responsible for the body complying with its responsibilities as set out in our regulatory arrangements ; the individual must be an Authorised Person ; it is preferable, though not mandatory, for the individual to be a manager
Improper influence	when a person – usually the owner - attempts to influence the decisions of the Licensed (ABS) Body or the conduct of Authorised Persons in a way which would constitute a breach of licensing requirements and of regulatory duties
Insolvency (event)	<ul style="list-style-type: none"> (a) resolution for a voluntary winding up of the body is passed without a solvency declaration (under s.89 of the Insolvency Act 1986); (b) the body enters administration under the meaning of Schedule B1, para 1(2)(6) of that Act; (c) an administrative receiver within s.251 of that Act is appointed; (d) a meeting of creditors – which has the effect of converting a members’ voluntary winding up into a creditor’s voluntary winding up – is held in relation to the body under s.95 of that Act; (e) an order winding up the body is made.
Insurance Intermediaries Register	the record maintained by the Financial Conduct Authority (previously the Financial Services Authority) under s.347 FSMA
Insurance Mediation Activities	the activities of introducing, proposing or carrying out other work preparatory to the conclusion of contracts of insurance, or of concluding such contracts, or of assisting in the administration and performance of such contracts, in particular in the event of a claim
Insurance Mediation Directive (IMD)	Directive No 2002/92/EU

Intended licence	under the Student Training Framework this means the <i>licence</i> that an <i>applicant</i> is intending to train to acquire: a. a <i>conveyancing licence</i> ; and/or b. a <i>probate licence</i> ; and/or c. a <i>litigation licence</i> ; and/or d. an <i>advocacy licence</i>
Intervention	a legal process whereby an agent is appointed to organise the formal closure of the business
Legal Activity/Activities	as defined at s.12 of the 2007 Act summarised as follows: (a) a <i>reserved legal activity</i> , and (b) any other activity which consists of one or both of the following— (i) the provision of legal advice or assistance in connection with the application of the law or with any form of resolution of legal disputes; (ii) the provision of representation in connection with any matter concerning the application of the law or any form of resolution of legal disputes
Legal Ombudsman	the independent complaints-handling body to which clients must be signposted; the Ombudsman will deal with service-related <i>complaints</i> , referring conduct-related complaints it receives regarding our regulated community to the CLC
Legal Services Board/LSB	the oversight body which supervises <i>Approved Regulators'</i> and <i>Licensing Authorities'</i> regulation of legal activities
Licence	a <i>licence</i> to practise as a <i>Licensed Conveyancer</i> issued by the CLC under Part II of the 1985 Act (and includes where the context permits a <i>conveyancing licence</i> , a <i>probate licence</i> , a <i>litigation licence</i> and an <i>advocacy licence</i>)
Licence Authorisations, Conditions, Permissions and Terms	please see <i>authorisation, conditions, permissions</i> and <i>terms</i>
Licensable Body	a body which could apply, or has applied, to the CLC to become a <i>Licensed (ABS) Body</i>
Licensed Body/Bodies	an <i>Alternative Business Structure</i> licensed by the CLC
Licensed Conveyancer	a person who holds a <i>Licence</i> issued by the CLC to provide <i>conveyancing</i> and other legal services regulated by the CLC
Licensing Authority	as defined at s.73 of the 2007 Act , an <i>approved regulator</i> which is designated as a <i>licensing authority</i> under Part 1 of Schedule 10 and whose licensing rules are approved to license and regulate <i>Alternative Business Structures</i>
Limited Liability Partnership/LLP	a body corporate formed by being incorporated under the Limited Liability Partnerships Act 2000, recognised by the CLC under s.32 of the 1985 Act to provide <i>Reserved legal activities</i>
Litigation	referred at Schedule 2 of the 2007 Act , as the “conduct of litigation” and includes:

	<p>(a) the issuing of proceedings before any court in England and Wales,</p> <p>(b) the commencement, prosecution and defence of such proceedings, and</p> <p>(c) the performance of any ancillary functions in relation to such proceedings (such as entering appearances to actions)</p>
Litigation Licence	a licence issued by the CLC to provide litigation services
LLP member	a member of a Limited Liability Partnership
Local Authority	a body listed in s.23 of the Local Government Act 2003
LSB	Legal Services Board
Manager	<p>means a person who is:</p> <p>(a) if the body is a company and its affairs are managed by members, a member;</p> <p>(b) if the body is a company and (a) does not apply, a director of the body;</p> <p>(c) if the body is a partnership, a partner;</p> <p>(d) if the body is a Limited Liability Partnership, an LLP member;</p> <p>(e) if the body is an unincorporated body (other than a partnership), a member of its governing body; and</p> <p>(f) a licensed conveyancer if sub-paragraphs (a)-(e) do not apply and the affairs of the body are not managed by another licensed conveyancer.</p>
Master Policy	the CLC's professional indemnity insurance policy authorised by the CLC under s.21 of the 1985 Act
Material Interest	<p>a person holds a material interest in a Licensed (ABS) Body if the person*:</p> <ul style="list-style-type: none"> • holds at least 10% or more shares in the body (or in a parent undertaking); • is someone able to exercise significant influence over the management of the body (or a parent undertaking) due to their entitlement to exercise, or control the exercise of voting rights; • is entitled to exercise or control the exercise, of voting powers in the body (or a parent undertaking), which, if it consists of voting rights, constitutes at least 10% or more of the voting rights; • as a partner having at least 10% interest in the capital or profits of the partnership; <p>and includes any ultimately beneficial owner of more than 10%.</p> <p>*'The person' means:</p> <p>(a) the person;</p> <p>(b) any of the person's associates; or</p> <p>(c) the person and any of the person's associates taken together.</p>
Memorandum of Association	<p>the meaning given by s.8 of the Companies Act 2006 i.e. a memorandum stating that the subscribers -</p> <p>a) wish to form a company under the 2006 Act; and</p>

	b) agree to become members of the company and in the case of a company that it is to take at least one share each
Memorandum of Understanding	under the Licensed Body Framework , this defines the relationship between, and the objectives of, the Licensing Authorities (LAs) and other regulators in the regulation of Alternative Business Structures
ML Regulations	Money Laundering Regulations 2007 (SI 2007/2157)
National Crime Agency (NCA)	the law enforcement agency (replaced SOCA) which has harm reduction responsibilities and which targets criminal activities such as fraud, money laundering and identity theft
Nominated Officer	a person in a CLC body to receive internal reports (disclosures) of known or suspected money laundering and with responsibility to assess whether a Suspicious Activity Report should be made
Non-Authorised Person	As set out at s.111 of 2007 Act , a person who is not : a) an Authorised Person in relation to an activity which constitutes a reserved legal activity ; b) a registered foreign lawyer (within the meaning of s.89 of the 1990 Act); c) a person entitled to pursue professional activities under a professional title to which the Directive applies in a state to which the Directive applies (other than the title of barrister or solicitor in England and Wales); d) a body which provides professional services such as provided by persons within (a) or lawyers of other jurisdictions, and all the managers of which and all the persons with an interest in which – i) are within (a) to (c), or ii) are bodies in which persons within (a) to (c) are entitled to exercise, or control the exercise of, more than 90% of the voting rights.
Office Account	an account in the name of a CLC regulated individual or body for holding Office Money
Office Money	money which belongs to a CLC regulated individual or body and any other money which is not Client Money and includes: (a) money held or received in connection with running the body e.g. PAYE, or VAT on the firm's fees; (b) interest on Client Accounts (other than on Separate Designated Accounts); (c) payments received in respect of fees for which a bill has been delivered and the bill is recorded in the office columns of the appropriate client ledger account; (d) payments received in respect of disbursements already paid or for which a liability to pay has been incurred and the payment or liability is recorded in the office columns of the appropriate client ledger account; (e) money received from a Client as a debt owed which is recorded in the office columns of the appropriate client ledger account

Outcomes	delivery of a positive result for <i>clients</i> ; it is the end result of the application of a <i>principle</i> or <i>specific requirement</i> the <i>CLC's regulatory arrangements</i> are focused upon these <i>Outcomes</i> which all whom we regulate must deliver
Outsourcing (outsource)	Business functions contracted out to third party non- <i>Authorised Persons</i> which support the delivery of <i>reserved legal activities</i>
Overriding Principles	the <i>principles</i> that all individuals and bodies regulated by the <i>CLC</i> must comply with at all times in their delivery of legal services: <ol style="list-style-type: none"> 1. Act with independence and integrity; 2. Maintain high standards of work; 3. Act in the best interests of your Clients; 4. Comply with your duty to the court; 5. Deal with regulators and ombudsmen in an open and co-operative way; 6. Promote equality of access and service.
Owner	please see <i>Material Interest</i> and <i>Beneficial Owner</i> definitions
Parent Undertaking	as defined in s.1162 of the Companies Act 2006, (2) An undertaking is a parent undertaking in relation to another undertaking, a subsidiary undertaking, if— (a) it holds a majority of the voting rights in the undertaking, or (b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors, or (c) it has the right to exercise a dominant influence over the undertaking— (i) by virtue of provisions contained in the undertaking's articles, or (ii) by virtue of a control contract, or (d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking. (3) For the purposes of subsection (2) an undertaking shall be treated as a member of another undertaking— (a) if any of its subsidiary undertakings is a member of that undertaking, or (b) if any shares in that other undertaking are held by a person acting on behalf of the undertaking or any of its subsidiary undertakings. (4) An undertaking is also a parent undertaking in relation to another undertaking, a subsidiary undertaking, if— (a) it has the power to exercise, or actually exercises, dominant influence or control over it, or (b) it and the subsidiary undertaking are managed on a unified basis. (5) A parent undertaking shall be treated as the parent undertaking of undertakings in relation to which any of its subsidiary undertakings are, or are to be treated as, parent undertakings; and references to its subsidiary undertakings shall be construed accordingly. (6) Schedule 7 [of the Companies Act 2006] contains provisions explaining expressions used in this section and otherwise supplementing this section.

	(7) In this section and that Schedule references to shares, in relation to an undertaking, are to allotted shares.
Permissions (licence)	specify the non- reserved legal activities a body is permitted to provide
Practical Training	<p>you are engaged in the provision of Legal Activities associated with your Intended Licence(s) which must:</p> <ul style="list-style-type: none"> • be for the equivalent of 1,200 chargeable hours which must be documented; • at all times be subject to the supervision of a Qualified Person; and • in the opinion of the CLC, be current, relevant and of an adequate standard
Principles	an essential quality; a characteristic, behaviour or ethic, which must be demonstrated so that positive outcomes are generated for clients
Private Loan	a loan other than one provided by an institution which provides loans in the normal course of its activities
Probate (Services)	as defined at s.119 of the 1990 Act , services limited to the drawing or preparation of any papers on which to found or oppose a grant of probate or grant of letters of administration and the administration of the estate of a deceased person
Probate Licence	a licence issued by the CLC to provide probate services
Professional Indemnity Insurance (PII)	the insurance cover all bodies are required to have in place to indemnify them for civil liability incurred arising out of regulated services provided
Professional Principles	<p>the professional principles are set out in Part 1 of the 2007 Act:</p> <ul style="list-style-type: none"> (a) that authorised persons should act with independence and integrity; (b) that authorised persons should maintain proper standards of work; (c) that authorised persons should act in the best interests of their clients; (d) that persons who exercise before any court a right of audience, or conduct litigation in relation to proceedings in any court, by virtue of being authorised persons should comply with their duty to the court to act with independence in the interests of justice; and (e) that the affairs of clients should be kept confidential
Professional Services	under the Acting as Insurance Intermediaries Code, services which do not constitute carrying on a regulated activity , and the provision of which is supervised and regulated by the CLC
Promptly	within 2 working days
Qualified Person	under the Student Training Framework this means an individual who has for a cumulative period of five years in the seven years prior to the start of the period of supervision in question been authorised by an approved regulator to carry on the reserved legal activity the subject of your Intended Licence and has carried on that reserved legal activity as his or her principal form of practice during that five year period

Qualifying Examinations	the methods of assessment and examination in accordance with the CLC 's syllabus from time to time in force
Recognised Body	a body corporate or incorporate recognised by the CLC under s.32 of the 1985 Act to provide regulated services to the public
Recognised Course	a course, lecture, seminar or other programme or activity approved or run by the CLC
Registered Student	a person who has registered as a student with the CLC in accordance with its Student Training Framework
Regulated Activities	under the Acting as Insurance Intermediaries Code, any of the activities specified under Part II (Specified Activities) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended which is carried on by way of business in relation to an investment of a kind specified in Part III (Specified Investments) of the same Order
Regulated Services	all of the legal activities – both Reserved Legal Activities and non-reserved - which the CLC authorises/permits the Licensed Conveyancer or body within the terms of the licence to provide and which are therefore be regulated by the CLC
Regulatory Arrangements	the sum of Codes, Guidance, Frameworks and Policies which set out the responsibilities of the regulated community and our approach to regulation
Regulatory Objectives	<p>the regulatory objectives are set out in Part 1 of the 2007 Act:</p> <ul style="list-style-type: none"> (a) protecting and promoting the public interest; (b) supporting the constitutional principle of the rule of law; (c) improving access to justice; (d) protecting and promoting the interests of consumers; (e) promoting competition in the provision of services*; (f) encouraging an independent, strong, diverse and effective legal profession; (g) increasing public understanding of the citizen's legal rights and duties; (h) promoting and maintaining adherence to the professional principles. <p>* services provided by Authorised Persons</p>
Reporting Accountant	an accountant qualified in accordance with requirements 16.5-16.7 of the Accounts Code, instructed by the CLC regulated individual or body to prepare and sign an Accountant's Report
Reserved Legal Activity/ Activities (RLA)	As defined by s.12 and Schedule 2 of the 2007 Act . Currently, there are six reserved legal activities : the exercise of a right of audience (advocacy), the conduct of litigation , reserved instrument activities, probate activities, notarial activities and the administration of oaths
Respondent - Enf	under the Enforcement Policy this means a CLC regulated individual or body in respect of which a misconduct allegation has been made, or a potential compliance breach identified
Respondent Body – CF	under the Compensation Fund Operating Framework this means a CLC regulated individual or body in respect of which a compensation claim is

	made
Review Panel	as provided in the Alternative Business Structures (Procedure) Rules to review determinations made by the Adjudication Panel where the Adjudication Panel has made a determination in respect of a matter which has not previously been determined by Authorised Officer (ie Adjudication Panel has made a first instance determination)
Rightful Recipient	the person beneficially entitled to receive monies held by the CLC regulated individual or body or any sum vested in the CLC under paragraph 6 or 6A(3) of schedule 5 to the 1985 Act
Risk-based/risk profile	our regulatory approach is based on the assessment of the risk to delivery of positive outcomes which an applicant or CLC regulated individual or body presents; this will inform the risk profile we hold on them which in turn informs our regulatory relationship with them risk is measured in terms of a combination of the probability of a perceived threat or opportunity occurring and the extent of its impact in determining what (if any) action we will take
Separate Designated Account	an interest bearing account (but not a share account) at the branch (or the head office) located in England or Wales of a Building Society or Bank in each case in the name of the CLC regulated individual or body, and in the title of which account the word ' Client ' and a reference to the identity of the Client or the matter concerned must appear
Sole Practitioner	the sole manager of a CLC Recognised Body
Special Bodies	the definition provided in s.106 of the 2007 Act : <ul style="list-style-type: none"> • An independent trade union; • A not-for-profit body; • A community interest company; • A low-risk body; and • A body of such other description as may be prescribed by an order made by the Lord Chancellor
Specific Requirement	a strict direction for conduct which must be complied with
Supplemental Policy	a contract of professional indemnity insurance , made between the Authorised Insurers and a body or an EU Body , which provides cover as modified in accordance with the Professional Indemnity Insurance Code and Operating Framework, or as otherwise determined by the CLC
Systematically	arrangements are in place to ensure processes are carried out in an orderly fashion
Terms (licence)	specifies by way of endorsements, the authorisations, permissions and conditions of a CLC licence

Terms of Engagement	a statement on a <i>Durable Medium</i> of all terms upon which instructions are accepted
Training Record	a written record of <i>recognised courses</i> attended or undertaken for the purposes of the <i>Continuing Professional Development</i> Code in such form as the <i>CLC</i> may from time to time prescribe
Undertaking	an unequivocal declaration of intention addressed to someone who reasonably places reliance upon it; it need not be in writing nor contain the word “undertake” to be enforceable
Without Delay	in normal circumstances, either on the same day or on the next Working Day
Working Day	any day from Monday to Friday (inclusive) which is not Christmas Day, Good Friday or a statutory bank holiday
other expressions shall, except where otherwise stated, have the meanings given to them by the <i>1985 Act</i> , the <i>1990 Act</i> and the <i>2007 Act</i>	
unless the contrary intention appears, words importing the masculine gender include the feminine, words in the singular include the plural and words in the plural include the singular	



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