

CLC PRACTICE LICENCE APPLICATION LICENSING OUTCOMES 2020/21

Please familiarise yourself with the CLC Licensing Outcomes. We will discuss how we expect applicants to provide replies to the CLC's Licensing Outcomes when we meet with you at the Licensing meeting.

Your replies should form the narrative to explain the context and logic behind the businesses policies and procedures. You will need to clearly demonstrate in your replies the owners and managers of business complete understanding of the risks associated to the business and how to operate a compliant legal services business.

Your replies should explain how the Practice's organisational structure and operating procedures will effectively identify and manage risk associated to the legal services provided, with particular reference to properly maintaining consumer protection and regulatory compliance. Typically, we would expect the HoLP/HoFA/MLRO and Practice Managers to draft this document.

Where possible, be explicit referring to functions and key personnel responsible for ensuring those functions are compliant.

We are looking for you to explain in practical terms how the business is going to ensure it is compliant. Your replies will provide context for your policies and procedures, which will sit under this document. The document must be completed in full.

Part A: Business Viability

Licensing Outcome	Factors (Risk areas Managed)	Applicant Information - You should provide information/evidence of document	
<p>The CLC is able to license this business model</p> <p>AND</p> <p>The plan for the business indicates that it will provide legal services which protect the interest of clients.</p>	<p>Proposed Activities</p> <p>Identified client base (market and referrals)</p> <p>Financial risk managed</p>	1.	a) Tell us how the business will establish and build reliable sources of work?
	<p>Source of Funds</p> <p>Income exceeds Costs end Yr1</p>	2.	a) What is the source (corporate/personal) and value of the business' set up funds and on what terms have these funds been provided on, i.e. specific repayment terms and any clauses <i>relating to outside investment</i>



CLC PRACTICE LICENCE APPLICATION LICENSING OUTCOMES 2020/21

	<p><i>Client referral strategy</i></p> <p><i>Employer liabilities (costed)</i></p> <p><i>Tax liabilities identified</i></p>		<p>that may be applied to the business or its owners as a result of financial under performance?</p> <p>AND</p> <p>b) Insure sufficient income to fund the first year's running costs.</p> <p>c) What is the total value of your sources of work? *can you provide evidence of this income, this may include historic payments, or agreements for referrals and volumes.</p> <p>d) What is the total annual cost of any regular:</p> <ul style="list-style-type: none"> • employer liabilities; • professional fees/charges; • loan repayments; <p>e) What will the business' tax liabilities be?</p>
	<p>Running costs identified</p> <p>Practice fees/contributions (costed)</p> <p>Professional fees/contributions (costed)</p>	3.	<ul style="list-style-type: none"> • Please provide a breakdown of the major items of expenditure included in the set up costs? This may include: • large ticket items (including IT, Case and Accounts Management Systems); • practice fees/contributions; • professional charges/costs; and • premise costs/rental.
	<p>Contingency</p> <ul style="list-style-type: none"> • Set up funds and source of work • Operational contingency, including planned and unplanned absences 	4.	<p>Explain the providons for:</p> <p>a) financial contingency (value, source, and terms) available to the business in circumstances when planned for income does not materialise, or is delayed in the first year of trading?</p> <p>b) Operational contingency, continuity of key personnel and the continued compliant provision of the legal service?</p>
	<p>Suitable Premises</p> <p>Client confidentiality</p>	5.	<p>a) Tell us how you will maintain client confidentiality, this may include physical, operational, and governance arrangements?</p>



CLC PRACTICE LICENCE APPLICATION LICENSING OUTCOMES 2020/21

	Conflict (if any managed)	6.	<p>a) Have you identified any potential conflict of interest? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>if yes, tell us how you intend to manage any conflicts, this may include physical, operational, and contractual mitigating steps?</p>
		7.	<p>a) Does the Practice intend to source business directly from other linked organisations, such as, property developers, that would involve the selling of products or services to each others' clients? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>If yes, please provide details of any circumstance in which the Practice may act for both parties and set out how the Practice intends to manage any conflict of interest.</p>
		8.	<p>a) Does the Practice intend to provide any service (reserved and non-reserved) where it has agreed to the sharing of fees with any third parties? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>If yes, please provide the name of person or organisation and the type of work the fee relates to - for any proposed sharing of professional fees with third parties.</p>
	Lender panel limitations (if any accounted for)	9.	<p>a) Do you anticipate any lender panel limitations? YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p>If yes, tell us how you intend to manage these limitations?</p>
Data Security Arrangements		a)	Which Client Management System will the business use?

Part B. Business Sustainability

Licensing Outcome	Factors (Risk areas managed)	Applicant information	
The business can operate in a sustainable way	Cover (locums)	1	<p>a) What cover arrangements are in place for key personnel, and key business functions to ensure business continuity is maintained during periods of planned annual leave and unplanned absence, such as sickness or periods of ill-health?</p> <p>*Note, Sole Practitioners MUST provide evidence of a contingency cover agreement for these circumstances.</p>



CLC PRACTICE LICENCE APPLICATION LICENSING OUTCOMES 2020/21

	<p>Succession and orderly closure planning.</p> <p><i>The owners and manager of regulated legal practices are obliged to make provisions for the project of clients in the event of the business closing due to a planned or unplanned closure.</i></p>	2	<p>a) What are the succession plans in place to manage the longer term sustainability of the business?</p> <p>b) What provisions will the business (in particular owners/managers/HoLP/HoFA) put in place to ensure that, should it cease to trade, appropriate financial, technological and operational provisions will ensure an orderly managed wind up and regulatory closure will be executed?</p> <p>c) Regulated law firms must hold client files for up to 15 years, even after the business has closed. Please explain what provision is in place to ensure continued and affordable access by the owner/managers) to client dead files?</p> <p>Important Notes:</p> <ul style="list-style-type: none"> • <i>Stating that the business has no plans to close is not an adequate answer.</i> • <i>Provisions should be detailed the Business Continuity Plan (BCP) and possibly within shareholders or employment contractual agreements (we may see these)</i> • <i>You should include the names of the accountable individuals for each requirements, financial, technological, and operations.</i> • <i>Case Management platform providers may need to clarify some details on continues access and costs of continued access.</i> • <i>If the business has been previously regulated) and has an existing bank of dead files, please provide details of the existing arrangements.</i>
	<p>Pll affordability – The annual premium and ensuring that an excess (x 2) can be afforded</p>	3	<p>a) What is the business’ strategy for managing (if any) costs incurred in relation to Pll excess payments having to be made?</p>



CLC PRACTICE LICENCE APPLICATION LICENSING OUTCOMES 2020/21

Part C. Money Handling Arrangements

Licensing Outcome	Factors (Risk areas managed)	Applicant information	
The business has in place compliant governance arrangements to keep Client Money safe	Satisfactory Banking arrangements (including mandate)	1	a) Tell us about your banking arrangements (including mandate) and set out all arrangements for the office and client accounts?
	Satisfactory Accounting system	2	a) Tell us about your accounting system, for example, will the business manage this bookkeeping and accountancy functions internally, OR externally, AND how will day to day accounting processes be supervised? *Please provide letters of agreement of services from any bookkeeping and accountancy arrangements.
	Separate Office and Client Account Arrangements	3	a) Are bookkeeping or accountancy arrangements connected in ANY way to another existing business, if so how will you ensure the businesses' are managed separately?
	Satisfactory financial oversight arrangements	4	a) Tell us how the business is going to supervise financial probity and security; on behalf of the business AND on behalf of the client?

Part D. Regulatory Compliance

Licensing Outcome	Factors (Risk areas managed)	Applicant information	
The business has in place compliant governance arrangements to protect the interest of the	Appropriate Polices in place	1	a) How does the business intend to train staff on fraud prevention, client confidentiality, vulnerable clients, and complaints handling?
	Fraud prevention arrangements	2	a) How will the business assess and manage risk in relation to Anti Money Laundering – AND explain what



CLC PRACTICE LICENCE APPLICATION LICENSING OUTCOMES 2020/21

business AND the interest of clients.			measures will be in place to reduce risk to the business AND risk to the client?
	Cybercrime prevention arrangements	3	a) How will the business assess and manage risk associated to Cybercrime – AND explain what measures will be in place to reduce risk to the business AND risk to the client?
	Client confidentiality arrangements Vulnerable client (identification and subsequent changes to service)	4	a) How will the business identify vulnerable clients? AND b) After a client has been identified as vulnerable, how will the business ensure its procedures will take proper account of the client needs?
	Complaints handling	5	a) Tell us about your complaints handling procedures?
		6	a) When the services provided is not of the expected standard, how will the business provide appropriate redress for clients?
	7	a) How will the business ensure its complaints handling procedures will take proper account of the client needs?	

Part E. Organisational Structure

Licensing Outcome	Factors (Risk areas managed)	Applicant information	
The business has clear lines of accountability (for managers)	Key investors Owners HOLP HOFA Non-Authorised Persons Directors, Partners, Members LLB	1	a) Please provide an organigram of the business structure.
		2	a) List the TITLES AND NAMES OF key personnel against their key accountabilities.
The business has suitable (trustworthy, qualified, skilled,	Experian Educational Certificates Practising Certificates	3	a) Fit and proper assessment is covered in the application form under disclosure/checks/searches – and carried out by Experian; AND b) Disciplinary Checks for 'other lawyers'.



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CLC PRACTICE LICENCE APPLICATION LICENSING OUTCOMES 2020/21

experienced) managers	CVs (Sole Practitioners) Letters of employment (Partner/Direct or/Member upgrades)		c) Applicants provide evidence of their Education and Training – meets the CLC Standards for Education and Training d) Applicants provided evidence of appropriate supervised experience (evidence of employment)
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NOTE: Using your personal data

Your details will be held by the CLC in accordance with the General Data Protection Regulations (GDPR). For the purposes of GDPR, if you provide any information to us, we will be the data controller.

For further information about how your information is used, how we maintain the security of your information, and your rights to access information we hold about you, please see our [privacy policy](#) which is kept under regular review. You can contact our Data Protection Officer via email at privacy@clc-uk.org or in writing to:

Council for Licensed Conveyancers

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