

CHANGING REGULATORS

DECISION IN PRINCIPLE (DiP) FORM 2023/24

**THIS GUIDANCE IS FOR PRACTICES CURRENTLY REGULATED BY THE SRA or
CILEx SEEKING TO CHANGE TO CLC REGULATION:**

- 1. The 'switch' model (from SRA to CLC regulation) is where a SRA firm delivering conveyancing and/or probate services moves its entire business to CLC regulation. The firm agrees a 'switch day' with each regulator. Firms seek to 'switch' their lender accounts on the date of switch.*
- 2. The Hive-off model – a SRA practice sets up a CLC practice to deliver conveyancing and/or probate services, the SRA practice continues to deliver other legal services such as family law, litigation, and company commercial services. The SRA firm may either (i) run down its conveyancing services over a transition period; or (ii) continue to deliver some (or all) its current conveyancing services. Firms seek to hold both an SRA and CLC account with Lenders for a 'transitional' period to manage the operational transfer.*
or
- 3. A new CLC business when the current SRA business intends to cease trading.*

BACKGROUND AND HIGH LEVEL SUMMARY

The services we regulate: The CLC is the regulator of choice for businesses intending to offer conveyancing services (sometimes referred to as reserved instrument activities) and probate activities. Please let us know if you wish to provide these, or any other services, because CLC Practices may only deliver those legal services which the CLC has expressly licensed them to provide. Many of the practices we regulate also offer other types of legal services, such as

Will writing

Court of Protection Services

Lasting Powers of Attorney

Estate Planning

Administration of Estates

Administration of Oaths

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CLC Practices may only provide non-contentious work. A service is treated as contentious when it becomes likely that an application will be made to court, and at that stage a CLC Practice must cease acting.

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To be granted a CLC Practice Licence applicants must satisfy the CLC Practice Licensing Outcomes **BEFORE** they are able to progress an application to become regulated by the CLC, owners of existing practices must satisfy the CLC the existing Practice is well managed with motivated Registered Managers and dedicated staff, has identified the risks to the business and has policies and processes which appropriately mitigate those risks. The information provided will help to indicate how well the business is likely to perform under CLC's regulatory arrangements.

WHO CAN APPLY?

The *licensable body (under its intended new ownership)* must have:

- A practising address in England and Wales (or Wales)
- A designated *Head of Legal Practice* who is an *Authorised Person* in relation to *Reserved Legal Activities, or in a Recognised Bod a CLC Lawyer*.
- A *Head of Finance and Administration (HoFA)*.

Legal services must be provided or supervised by *Authorised Persons* licensed by an *Approved Regulator*, such as the *CLC* or Solicitors Regulation Authority. Any non-*reserved legal activities* must be provided or supervised by appropriately experienced and/or qualified persons.

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ANNUAL REGULATORY FEES

[PUBLISHED FEES INFORMATION](#)

PII

[PUBLISHED PII INFORMATION](#)

FORMS AND GUIDANCE

[PUBLISHED INFORMATION](#)

CQS MEMBERSHIP

Conveyancing firms regulated by the CLC can access lender panel work with no additional accreditation beyond their regulated status. CQS membership for a CLC-regulated firm would amount to an unnecessary burden on specialist conveyancing firms under tailored regulation.

CQS was established by the Law Society to improve lender confidence in firms represented by the Law Society and facilitate access to lender panel work for its members. It is a scheme operated by a representative body for solicitors. We are not clear about the value of the benefits it provides to lenders or firms' clients. Firms transferring into CLC regulation are expected to terminate their CQS membership.

CLC Practice Licensing Outcomes

1. The CLC is able to license this business model.
2. The plan for the business indicates that it will provide legal services which protect the interests of clients.
3. The business can operate in a sustainable way.
4. The business has in place compliant governance arrangements to:

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- a. keep Client Money safe;
 - b. protect the interests of the business; and
 - c. protect the interests of clients.
5. The business has clear lines of accountability for Registered Managers.
 6. The business has suitable (trustworthy, qualified, skilled, experienced) Registered Managers.

IMPORTANT INFORMATION FOR PERSONS AND BODIES WITH A MATERIAL INTEREST

It is very important that a body providing legal services can meet its regulatory responsibilities. Having an accurate picture of those who control Licensed Bodies is an important part of the CLC recognising any risks to this. Therefore, all Persons' and Bodies intending to hold a material interest must be declared as they are subject to our approval.

The individual completing this form should notify any registered Officers of the (investing) body that as a BOOM (Beneficial Owner/Officers/Managers) of the body intending to hold a material interest the CLC requires them to be identified and that they will need to undergo a suitability test; including criminality and sanctions checks, and where appropriate disciplinary checks with other regulatory bodies and verification of funds. Managers are listed on the CLC's Public Register.

Confirmation from the CLC that a body and its Officers have passed the suitability test is required **before** completion of the investment/merger/acquisition can be executed. Also applies to new practice, switching and hive-off applications. The CLC [ABS Framework](#) requires the CLC to be satisfied that owners are fit to own.

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Where the beneficial owner is a corporate body the suitability test will broadly reflect the approach taken in respect of Licensed Body applications. **This may include governance arrangements, financial arrangements, and application of the fit and proper test to its Officers (Members/Directors) and owners.** The CLC needs to be satisfied that the proposed owner arrangements do not demonstrate there is a significant risk of undue or improper influence risk.

SUITABILITY TESTS

The CLC must be satisfied that each manager (Individual and/or the body with a restricted interest) is suitable ([S72 and S90, Legal Services Act](#)) and the provisions of [LSA Schedule 13, s6\(1\)](#) set out what the CLC must approve. In summary the CLC is seeking to satisfy itself of the following:

- a. the person's (or body) holding of that interest does not compromise the regulatory objectives,
- b. the person's (or body) holding of that interest does not compromise compliance with the duties imposed by section 176 by the licensed body or persons to whom sub-paragraph (2) applies, and
- c. the person (or body) is otherwise a fit and proper person to hold that interest.

In making its determination the CLC will have particular regard to—

- a. the person's (or body) probity and financial position,
- b. whether the person (or body) is disqualified as mentioned in section 100(1), or included in the list kept by the Board under paragraph 51,

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- c. the person's (or body) associates, and) any other matter which may be specified in licensing rules.

The CLC will raise an objection to any one of the individuals and/or bodies not unsuitable. *The CLC's object will set out its reasons in a* warning notice (applies to new applicants and notifications concerning existing incoming parties into CLC licensed bodies).

In reference to the [CLC's ABS Framework](#), Warning notices can be served in the scenarios outlined at 8.17 (objecting to the material interest or issuing subject to conditions) or 13.2 (enforcement for non-compliance with regulatory arrangements).

PLEASE READ ALL SECTIONS OF THIS DOCUMENT.

- Sections 1 to 5
- Annex 1: Documentation table
- Annex 2: Definitions

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SECTION 1: PERSONS OR BODIES INTENDING TO HOLD A MATERIAL INTEREST

It is very important that a body providing legal services can meet its regulatory responsibilities. Having an accurate picture of those who control Licensed Bodies is an important part of the CLC recognising any risks to this. Therefore, all Persons' and Bodies intending to hold a material interest must be declared as they are subject to our approval.

The individual completing this form should notify any registered Officers of the (investing) body that as a BOOM (Beneficial Owner/Officers/Managers) of the body intending to hold a material interest the CLC requires them to be identified and that they will need to undergo a suitability test, including criminality and sanctions checks, and where appropriate disciplinary checks with other regulatory bodies and verification of funds. Managers are listed on the CLC's Public Register.

Confirmation from the CLC that a body and its Officers have passed the suitability test is required **before** completion of the investment/merger/acquisition can be executed. Also applies to new practice, switching and hive-off applications.

The CLC [ABS Framework](#) requires the CLC to be satisfied that owners are fit to own. The CLC needs to be satisfied that the proposed owner arrangements do not demonstrate there is a significant risk of undue or improper influence risk.

2. SUITABILITY TESTS

Persons and Bodies intending to hold a material interest.

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The CLC must be satisfied that each manager (Individual and/or the body with a restricted interest) is suitable ([S72 and S90, Legal Services Act](#)) and the provisions of [LSA Schedule 13, s6\(1\)](#) set out what the CLC must approve. In summary the CLC is seeking to satisfy itself of the following:

- a. the person's (or body) holding of that interest does not compromise the regulatory objectives,
- b. the person's (or body) holding of that interest does not compromise compliance with the duties imposed by section 176 by the licensed body or persons to whom sub-paragraph (2) applies, and
- c. the person (or body) is otherwise a fit and proper person to hold that interest.

In making its determination the CLC will have particular regard to—

- the person's (or body) probity and financial position,
- whether the person (or body) is disqualified as mentioned in section 100(1), or included in the list kept by the Board under paragraph 51,
- the person's (or body) associates, and) any other matter which may be specified in licensing rules.

The CLC will raise an objection to any one of the individuals and/or bodies not unsuitable. *The CLC's object will set out its reasons in a warning notice* (applies to new applicants and notifications concerning existing incoming parties into CLC licensed bodies).

In reference to the [CLC's ABS Framework](#), Warning notices can be served in the scenarios outlined at 8.17 (objecting to the material interest or issuing subject to conditions) or 13.2 (enforcement for non-compliance with regulatory arrangements).

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SECTION 2. APPLICATIONS FOR A LICENCE OR AUTHORISATION FROM MATERIAL OWNERS, BOOMS AND KEY PERSONNEL

Applicants should familiarise themselves with the [CLC Licensing Framework](#). The universal guidance is for individuals intending to apply for:

- a. A CLC Conveyancing Licence
- b. A CLC Probate Licence
- c. A CLC Conveyancing and Probate Licence
- d. To change the scope of a current CLC Licence (add Conveyancing or Probate to an existing licence)
- e. To applying for a licence following an expired or suspended licence.
- f. As Head of Legal Practice (HoLP)
- g. As Head of Finance and Administration (HoFA)
- h. To become a CLC Registered Manager

1. [MAKING AN APPLICATION TO THE CLC FOR A LICENCE OR AUTHORISATION.](#)

CLC Licence applications include all first qualifying licence, and dual/cross licence applications (Solicitors and CILEX Practitioners only) to become a Licensed Conveyancer and/or Licensed Probate Practitioner. CLC Authorisations include applications to become a HoLP, HoFA and Registered Manager of a CLC regulated practice. More about how the CLC applies its regulatory frameworks can be found in the [CLC Lawyer Licensing Framework](#). Separate requirements apply for CLC lawyers applying after a licence has [expired](#), or following a period of [suspension or disqualification](#).

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ITEM 1: DEMONSTRATING ELIGIBILITY TO MAKE AN APPLICATION.

In accordance with the [CLC Lawyer Licensing Framework](#) ('the Framework') under point 1(c) applicants must, if they have not held a licence before, satisfy the CLC they are:

- (c) a fit and proper person to practise as a CLC lawyer (see item [8.22 of the Licensed Body \(ABS\) Licensing Framework](#) for an overview of the type of factors considered when applying the fit and proper test); and
- (d) must:
 - (i) either have passed the CLC's Qualifying Examination, [or CLC approved equivalent [Exemptions](#)] and completed the CLC's Practical Training requirements; or
 - (ii) demonstrate to the satisfaction of the CLC, and in accordance with such terms and conditions as may be prescribed, that they have the relevant educational and professional qualifications and experience in the provision of reserved legal activity or activities the subject of the application.

The CLC's qualifying exams are the SQA L4 and L6 Diplomas in [Conveyancing](#) and/or [Probate Law and Practice](#).

The CLC's practical training requirement is captured in the Statement of Practical Experience (SoPE) in either [Conveyancing](#) or [Probate](#). The practical training requirement directs prospective licence applicants to obtain 1200 hours qualifying work experience, which must be undertaken whilst in full or part time employment of a qualifying employer and under legal supervision by an Authorised Person. These requirements are published on the CLC website under [Practical Work Experience](#).

Absence of satisfactory evidence (point 1 (c) and/or 1 (d) is a material omission to an application and the CLC will treat the application as incomplete.

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Prospective applicants that have not held a CLC licence before, must satisfy the CLC that they are:

- 1 (C) a fit and proper person to practise as a CLC lawyer (see item [8.22 of the Licensed Body \(ABS\) Licensing Framework](#) for an overview of the type of factors taken into account when applying the fit and proper test); comprising identity, financial, sanctions and criminality screening checks. and regulatory and disciplinary checks. More information about the types of checks carried out is in the CLC [Guidance for Applicants](#).

The CLC uses the screening agent Giant to carry out the checks in category 1(C).

Prospective applicants will be invoiced by the CLC for the fees charged by Giant to complete the checks. Fees must be paid within 10 working days. Applicants should also be on notice to receive and promptly respond to any information requests received from Giant. Not responding within 10 working days will invalidate the eligibility tests.

Prospective applicants that have not held a CLC licence before, must satisfy the CLC that they are:

- 2 (C) a fit and proper person to practise as a CLC lawyer (see item [8.22 of the Licensed Body \(ABS\) Licensing Framework](#) for an overview of the type of factors taken into account when applying the fit and proper test); comprising identity, financial, sanctions and criminality screening checks. and regulatory and disciplinary checks. More information about the types of checks carried out is in the CLC [Guidance for Applicants](#).

The CLC uses the screening agent Giant to carry out the checks in category 1 (C).

Prospective applicants will be invoiced by the CLC for the fees charged by Giant to complete the checks. Fees must be paid within 10 working days. Applicants should also be on notice to

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receive and promptly respond to any information requests received from Giant. Not responding within 10 working days will invalidate the eligibility tests.

Where adverse information is reported in a Giant report the CLC will request from the prospective applicant additional documents such as, DBS Certificates, IVA and CVA and Bankruptcy Supervisor reports, Court findings, and employment tribunal records. The CLC reserves the right to make enquiries to any bodies and agencies that it considers appropriate to validate a prospective applicant is Fit and Proper.

Adverse findings that have not been declared to the CLC in 1(C) will be treated as a material omission to an application and will render the prospective application incomplete. The application will not progress to Application Acceptance and Determination.

Unless there are exceptional circumstances the CLC will not be satisfied that the individual is a fit and proper person and will refuse the candidate if they have:

- 1 convictions for offences involving dishonesty; or deceived or sought to deceive others, e.g. academic authorities, employers or members of the public; or
- 2 repeatedly failed in their Duty to the Court and have unsettled County Court Judgements (CCJs), or other Court Judgements against them,
- 3 failed to disclose to the CLC where they have been the subject of:
 - a. criminal, employment and regulatory investigations, allegations, and findings; or
 - b. financial sanctions such as CCJs, IVs, CVS and bankruptcy.

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The CLC will treat a Licence application as having been made on the day on which the applicant has complied fully and finally with Items 1(c) and 1(d).

The CLC will email applicant confirming its acceptance of the application and will then invoice applicants for the application administration fee. Fees should be paid in 14 days of receipt of the invoice.

We will notify all (individual) applicants of our licence determination (individuals) within 42 days of receiving a complete application. If, because of the complex nature of the application or because we require additional information, additional time is needed to make the determination we will notify applicants of this before the end of the original 42-day determination period. We will inform applicants of the reasons for the extension, and its additional period, which will not exceed a further 42 days. The CLC will not routinely contact applicants in the 42-day determination period. Applicants that are not contacted in this time should consider that their application is progressing satisfactorily.

2. GRANTING AN APPLICATION.

The CLC notifies applicants of their licensing decision by email. When a licence is granted the CLC will invoice for the annual licence fee payable. The invoice will be calculated from the first day of the calendar month. The licence will be issued and dated within 5 working days after payment has been received. The fees payable are those prescribed by the CLC's [Fees Framework](#).

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3. REFUSING AN APPLICATION.

In any case where it decides to issue a Licence subject to conditions, to refuse an application for a Licence or to refuse an application for the removal or amendment of a condition on a Licence the CLC will notify the individual of the refusal of the application and of the grounds on which it has been refused.

Under section 29(1)(a) of the Adjudication Act 1985 when the CLC refuses an application for a licence an individual may appeal that decision to the Adjudication Panel within one month of being notified of that refusal. That time runs from the date of receiving the CLC licensing refusal letter.

The *respondent* must submit an appeal to the CLC within 28 days of being notified of the determination by email.

More information about [How to Appeal](#)

4. OUTCOMES-FOCUSED LICENSING DECISIONS

The Licensing Framework seeks to ensure that only those individuals able and committed to delivering the CLC's Code of Conduct's Outcomes for Clients are awarded a Practising Licence. To achieve this, the CLC will only license individuals able and willing to act in a principled manner and deliver the CLC Code of Conduct's Outcomes by complying with its Overriding Principles:

- a. Act with independence and integrity;
- b. Maintain high standards of work;
- c. Act in the best interests of Clients;
- d. Comply with your duty to the court;

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- e. Deal with regulators and ombudsmen in an open and co-operative way;
and
- f. Promote equality of access and service.

SECTION 3: SPECIFIC REQUIREMENTS

5. QUALIFYING PRACTICAL TRAINING REQUIREMENTS

A. QUALIFYING WORK EXPERIENCE

Qualifying work experience amounts to 1200 hours of supervised work either in full or part time employment completed over a period of 24 months within the past 36 months under supervision of a qualifying Authorised Person in the employment of a Qualifying Employer.

B. QUALIFYING EMPLOYERS

A Qualifying Employer is a business that:

1. is regulated by a statutory regulator (such as the CLC, CILEx Regulation, the SRA) in England and Wales; and
2. is licensed to provide conveyancing or probate services to the public in England and Wales; and
3. has a registered main office in England and Wales;

OR

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1. a Government body, Local Authority, Utilities Company, or national charity (when the work of the licence applicant has been supervised by an Authorised Person in their capacity as in-house legal counsel).

Where supervision cannot be obtained through the standard qualifying work experience route, i.e. in full or part time employment, or in a Qualifying Business. Prospective licence applicants should secure other appropriate supervision arrangements from another appropriate business or Authorised Person. These arrangements should be agreed with the CLC **BEFORE** the period of practical experience begins. Sole Practitioners should contact the CLC to discuss what options may be available to them.

Please email **licensing@clc-uk.org** with a detailed explanation of your circumstances. We will confirm in writing whether the arrangements have been accepted. Please wait to receive confirmation that this arrangement has been accepted before commencing the 1200 hours of practical experience. Applicants must submit this written confirmation with their SoPE as part of the licence application.

C. QUALIFYING AUTHORISED PERSONS

A Qualifying Authorised Person is an "Authorised Person" i.e. a licensed conveyancer/probate practitioner, a solicitor or a CILEX Lawyer (Conveyancing/Probate Practitioner and Fellow), licensed by a regulatory body in England and Wales to offer conveyancing/probate services directly to the public.

- They should hold a current and valid licence, free of conditions.
- They may not certify a SoPE when they are the subject of any regulatory or disciplinary investigations, allegations or proceedings during the period of supervision.

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- They are the individual that is providing legal supervision to the licence applicant during the period of their qualifying employment.
- They should be employed by the Qualifying Employer. This means being either a) as a direct line manager or b) a delegated legal supervisor. This excludes peer working arrangements, such as consultants operating as agents verifying each other's SoPEs.
- **Only in exceptional and pre agreed circumstances should the Authorised Person be a relative or spouse of the applicant.**

Supervision by a relative or spouse must be agreed with the CLC **BEFORE** the period of practical experience commences. The applicant should email licensing@clc-uk.org setting out the exceptional circumstances. We will confirm in writing whether it is agreed that the circumstances are exceptional and that the proposed supervision arrangements are satisfactory.

6. INVALID SOPES

Reference to Recognised Body applications, where the principal Authorised Person must be a CLC lawyer. A SoPE will be treated as a material omission to an application when: –

- the Authorised Person certifying the SoPE is not considered to be a Qualifying Authorised Person.
- When the supervision has not been conducted in the employment of a Qualifying Employer

7. COMPLETING THE CLC PRACTICAL TRAINING REQUIREMENTS WHILST LIVING OUTSIDE OF ENGLAND AND WALES.

CLC trainees can complete the Practical Training requirements whilst living outside of England and Wales when they are employed by business that is a body:

- a. licenced by a Regulator in England and Wales to provide conveyancing and or probate legal services in England and Wales; and

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- b. registered with a primary trading address in England or Wales; and
- c. indemnified under a regulatory Professional Indemnity Insurance scheme approved by a regulator of legal services in England and Wales.

Additional requirements

- d. Licence applicants will be asked to provide a letter (on headed paper or from an organisational email address) from their employer to verify the supervision arrangements.
- e. licence applicants living outside England and Wales will be required to complete criminality checks based in the jurisdiction of their residing country. These checks will incur additional fees charged by the screening agency, Giant Group, and are payable by the applicant and may take longer than UK based checks to complete.
- f. The validity of a CLC licence held whilst living outside of England and Wales is dependent on verified current employment by a body that meets points 1, 2 and 3 above.
- g. CLC lawyers are required under the Notifications Code to ensure the CLC has always up to date employment contact details.

8. [APPLYING AFTER A PERIOD OF DISQUALIFICATION OR SUSPENSION:](#)

Reference to Recognised Body applications, where the principal Authorised Person must be a CLC lawyer. The CLC's overriding principle when approving applications to apply for a licence is that the applicant must intend to work in a supervised and not supervisory capacity for the licence duration. When a lawyer has been subject to regulatory action and/or a disciplinary sanction they will be asked to provide details of what action they have taken to improve their legal and regulatory knowledge and steps to de-risk their practise. Read our specific requirements for applying after:

- a. [an Expired Licence](#)
- b. [a period of suspension or disqualification](#)
- c. [Ongoing Competency/CPD rules](#) and [CPD Record Template](#)

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9. DUAL AND CROSS QUALIFYING PROFESSIONALS

Reference to Recognised Body applications, where the principal Authorised Person must be a CLC lawyer. The CLC encourages qualified lawyers with relevant specialist experience to consider converting to CLC regulation. The following qualified lawyers can apply to transfer to CLC regulation with no further training or occupational requirement:

- a. **FCILEx lawyers including those with CILEx practitioner rights in Conveyancing and or Probate and/or approved as COLP or HoLP**, (with valid practising certificates free from conditions); **that have completed appropriate conveyancing and probate electives.**
- b. **Solicitors:** (with valid practising certificates free from conditions); **that have completed appropriate conveyancing and probate electives, and/or approved as COLP or HoLP.** Solicitors are required to provide an employer declaration of 1,200 hours of relevant practical experience completed within the last two years.

Transferring lawyers will need to provide information about their most recent year's Ongoing Competency (CPD)

To evidence (at the point of applying) that they have met the [CLC's standard annual Ongoing Competency/CPD requirements](#). This enables cross qualifying professionals and lawyers to:

- a. demonstrate their legal knowledge is up to date and comparable to CLC lawyers.

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- b. provide a copy of their most recent training record detailing the types of activities that they have completed to keep their legal, occupational and professional skills up to date.

10. APPLYING TO BE A CLC REGISTERED MANAGER.

Individuals should apply to be a CLC 'Registered Manager' when they are an individual at a **CLC regulated practice (Recognised Body and Alternative Business Structures (ABS))** when they have been appointed in a:

- a. limited company, as a director (shareholding and no-shareholding) registered at Companies House; or
- b. Limited Liability Partnership, as an LLP member registered at Companies House; or
- c. partnership, as a person held out as a partner either equity or salaried when listed as a partner on the Practice's headed paper or website; or
- d. Sole Proprietor, and is by default a Sole Practitioner under CLC rules; or
- e. Private or Corporate Investor of a CLC practice or parent company, is a Beneficial Owner or registered officer at Companies House)

Except for 'e', the above appointees must, as a result of their care and control accountabilities in the business, be listed on the CLC Public Register as a Registered Manager. Applicants in category 'e' will be authorised as a Registered Manager but will not be listed on the CLC Public Register. The details will be held on the CLC's internal system.

11. ADVERSE INFORMATION

Reference to Recognised Body applications, where the principal Authorised Person must be a CLC lawyer. **Licence applicants**, unless there are **exceptional circumstances** the CLC will not be

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satisfied that an individual is a fit and proper person and will refuse the licence application if they have:

- a. convictions for offences involving dishonesty; or
- b. deceived or sought to deceive the CLC in the information provided in their application, or in respect of their dealings with others, e.g. academic authorities, employers or members of the public.

It is also unlikely that the CLC will consider Fit and Proper any individuals that are subject to an ongoing criminal investigation/action, regulatory investigations, allegations, proceedings, including unclouded appeal processes, by any enforcement or regulatory body are not able to pursue a licensing application until the outcome of the adverse event is known. This extends to:

1. Solicitors, FCILEx lawyers, Legal Professionals or FCA regulated Financial Controllers:
 - a. with unspent suspensions/disqualifications; or
 - b. that have been removed from the Solicitors roll/CILEx or FCA register as a result of disciplinary findings.
2. Owners, Directors, Members, Partners, HoLP and HoFA of CLC regulated practices that have been formally notified that the practice is in continued non-compliance and or subject to disciplinary allegations, investigations or proceedings.

HoLP and HoFA applicants, unless there are exceptional circumstances the CLC will not have full confidence and will refuse an applicant if they:

- have been convicted of a criminal offence; or

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- have failed to disclose information to a regulatory body when required to do so or has provided false or misleading information; or
- have been formally disciplined, sanctioned, or barred by a regulatory body; or
- have failed to comply with the reasonable requests of a regulatory body.

Please also refer to CLC website for clarification on threshold level [HoLP and HoFA Experience](#)

SECTION 4: PREPARING YOUR DOCUMENTATION AND SUPPORTING EVIDENCE

- Tell us about the exiting business. Businesses should be prepared to provide.
- A short 1-2 page synopsis explaining the investment (including any financing arrangements), ownership, governance models
- Regulatory inspection and monitoring reports about the existing business.
- Allegations, investigating, and disciplinary information relating to any of the investors, owners, or key personnel.
- Financial information including last (i) three years management accounts, (ii) an up-to-date copy of the most recent balance sheet; and (iii) loan and financing agreements or statements.
- Its current professional indemnity insurance (PII) certificate together with the last three years PII Claims history (provided by the insurer)
- An organisational chart, detailing investors (private and corporate), the key personnel listing lawyers (with regulatory id) and non-lawyers, and key functions, such as HOLP/HOFA/COMPLAINTS/MLRO/CFO/COO etc; and
- A detailed business continuity plan.

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Important Note. The BCP should be explicit about the arrangements necessary to manage all aspects of any transaction in any event that triggers the following:

- The absence of the Authorised Person/HoLP/HoFA
- Short unplanned absences
- Medium and long-term planned absences
- Rapid closure (triggered by death, external events and foreclosure)
- Orderly managed closure (triggered by retirement, company wind up, planned closure)
- **Eventualities should include:**
 - Incapacity, dealing with family emergencies, bereavements, death of key personnel or owners.
 - External events that could trigger a rapid wind-up that means the proper conclusion of legal services is not possible, such as failure to secure PII cover

In all instances Registered Managers should plan a course of action and nominate responsible individuals from the trigger event through to the conclusion of any post closure responsibilities. Including specific arrangements for, but not limited to, access to banking facilities/funds to pay for cover and other professional services/ access to and licences for digital systems/files and storage/insurance etc.

*We will also ask for copies of the businesses current policies and procedures, including a completed practice wide **AML risk assessment** and detailed business continuity plan. (Including arrangements for planned and unplanned cover and closure processes)*

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SECTION 5. THE APPLICATION PROCESS.

12. THE SWITCH/HIVE OFF PROCESS

Tell us about your practice. We will ask you to provide some standard information about the business for us to review. Most applications follow the steps below. We will discuss this with you when we meet.

Step 1. An expression of interest. Applicants should email the licensing team on licensing@clc-uk.org outlining key information about the current business and the legal services intended to switch or hive off to CLC regulation.

Step 2. Meet with us. Applicants are invited to attend a virtual Microsoft Teams meeting with the CLC Licensing Team. It's important that owners and Registered Managers attend this meeting because we will be discussing the investment and governance elements of your application and the associated authorisations and licences required for any key personnel.

We will discuss the financial and regulatory viability and sustainability of the proposed business. In addition, we will explain the following documents and their importance in the application process together with what we expect from you.

A. Sources of and evidence of investment and financing. Corporate or personal. Including details of the repayment terms or any conditions that would apply because of financial non-performance. You must also explain any relationship the proposed CLC business may have with other existing businesses through common ownership or financing. We will be seeking to establish the appropriate AML checks and whether any due diligence is required on any related business or its

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owners/officers. We may request to see copies of the following types of legal agreements:

- Corporate investment, loan, intercompany financing agreements
- Share Purchase/Share Holders agreements
- Exit/retirement packages
- Agree Payment Plans, such as those relating to HMRC arrangements.
- The contracts of employment for the key personnel
- Current employment contracts including restrictive covenants relating to key personnel, in particular the HoLP/HoFA.

This is an entirely confidential discussion but for the meeting to be useful you must come prepared to share information.

B. Application Synopsis: You will be asked to upload a 2–3-page synopsis explaining the investment, ownership, governance and operating models for the business including **financial, technological and operational provisions** to execute the start-up and those that manage the regulatory requirements in the event of a planned or unplanned closure/wind up. The synopsis should be a comprehensive summary about the investment model, the operating parameters of the business and its accountable qualified and unqualified key personnel. (Whist trading and in the event of the business having to ceasing trading – including planned for and unplanned for closure events)

The CLC expects that business owners can identify the particular risks associated to the following areas of the business, its:

- Investment, governance and operating model and any limitation or risk to the business/clients because of its resources

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- Any operational aspects
- Sources of work and ability to manage volumes of work through the transition
- The nature of the legal services the business intends to provide, transactions types, especially higher risk areas of practice
- The client base, nature and characteristics of clients
- Post closure regulatory requirements – applicants are advised to prepare a risk analysis for un-planned closure identifying typical scenarios for ***rapid response events*** such as, failure to secure PII, death, terminal ill health, hospitalisation, dissolving business relationships, early foreclosure of investment.

C. Replies to the CLC’s Licensing Outcomes: 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 Registered Managers of business complete understanding of the risks associated to the business and how to operate a compliant legal services business. **Please familiarise yourself with** <https://www.clc-uk.org/lawyers/risk-agenda/>

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 reference to properly maintaining consumer protection and regulatory compliance. Typically, we would expect the HoLP/HoFA/MLRO and Practice Registered Managers to contribute to the drafting this document.

Useful information.

<https://www.clc-uk.org/lawyers/informed-choice/>

<https://www.clc-uk.org/lawyers/anti-money-laundering-toolkit/>

<https://www.clc-uk.org/cybercrime-fraud-toolkit/>

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<https://www.clc-uk.org/the-customer-charter/>

<https://www.clc-uk.org/clc-customer-charter/>

<https://www.clc-uk.org/handbook/the-handbook/#Code-of-Conduct>

- D. An organisational chart**, you will be asked to upload an organisational chart which should include, non-operational individuals with a material interest and specify individual roles, such as HoLP, HoFA, GDPO, MLRO, together with other key responsibilities such as, complaints handling or specific areas of practice. You must also specify which individuals are licensed or regulated professionals, including the name of the regulator and the individuals regulatory ID, for example SRA: 1234, ICAEW: 1234 and the date that their first licence was granted.
- E. Transaction and Financial forecast** (a break down by month for the first 12 months of trading). This must be submitted in excel using the following tab format. Each tab must include the assumption used for to make any average calculations.
- **Tab 1:** Fee Structure
 - **Tab 2:** Transaction volumes by types, including referral and conversion rates
 - **Tab 2:** income/fee by type for 12-month forecasts, including any referral costs
 - **Tab 4:** full 12-month profit and loss/or balance sheet
- F. Policies and Procedures.** The CLC is only seeking to verify that your client facing policies and procedures are compliant. We do not need you to submit any employer related documentation. The application form will ask for specific polices such as a Business Continuity Plan, AML policy and a separate completed practice wide AML risk assessment.

Applicants that are not able to provide sufficient detail in the above documents, when explaining 'how to implement appropriate systems, controls and management processes to

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ensure the business can operate in a complaint way' risk being rejected on the basis that there is insufficient evidence.

Step 3. PII. You should ensure you have begun discussions to obtain a quotation for professional indemnity insurance cover (PII) from an Insurer which is a signatory to the CLC Participating Insurance. The CLC encourages firms to seek quotes from more than one insurer. Click on the names to find out more about each scheme.

[Howdens CLC Scheme](#)

[Marsh JLT CLC Scheme](#)

[Miller CLC Scheme](#)

Important information please read and download the relevant policies and documents.

[CLC Professional Indemnity Insurance Terms \(effective 1st July 2016\)](#)

[Participating Insurers Agreement \(sample agreement\)](#)

[CLC Professional Indemnity Insurance Framework](#)

[CLC Professional Indemnity Insurance Code](#)

Step 4. Complete and submit all digital applications through the online platform, DocuSign, attaching all relevant supporting information. DocuSign will email applicants from dse@eumail.docusign.net with a unique link to access the digital application form and helpful instructions about how to complete it. **After 28 days the link to the digital application will expire and the CLC will treat the application as withdrawn.**

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Step 5. Completing the final preparations before the practice licence can be issued. If approved, applicants will be required to complete the final steps before the licence can be generated and issued:

1. Ask the PII broker to confirm to the CLC in writing:
 - a. the annual turnover figure provided for the purpose of calculating the annual premium;
 - b. that the premium has been paid or that a third-party financier agreement is in place for the payment of the premium; and
 - c. obtain the certificate of insurance from the PII broker (expiry date of 30 June) ***the PII must incept before the practice licence can be issued.**
2. Pay the upfront portion of the annual Practice licence and contribution to the compensation fund together with any fees associated to individual licences.
3. Complete and return a Direct Debit Mandate for the remaining amount owed for the annual Practice Licence Fee.
4. Provide copies of all branding and marketing materials, including letter heads and email footers.
5. Complete and sign a **Cooperation Inspection Agreement** and any final declarations associated to the key personnel.
6. Sign up to and have approved the CLC's Secure Badge. Which must appear in a prominent place on the Practice's website. *We will email you with instructions.*

SECTION 6. FEES AND PROCESSING

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13. APPLICATION FEES

All licence applications are subject to a non-refundable screening fee. The CLC reclaims the fee charged by Giant by invoicing applicants as part of the Fit and Proper test (1 C). The charge is non-refundable.

When an application is accepted a non-refundable administration fee will be charged. Fees should be paid within 10 working days of receiving the CLC invoice. When fees have not been paid within the standard 42-day review period (applied to individual application), the CLC will treat application as withdrawn on the 43rd day.

Invoices are payable by debit or credit card held in ANY name. [FEES Table](#)

14. ADDITIONAL FEES WHEN THERE ARE ADVERSE FINDINGS.

The CLC reserves the right to charge additional fees, up to 14 hours' charges at £80.00 p.h on applications containing adverse findings.

15. SCREENING CHECKS

Screening checks include check on the following areas, identify, regulatory, employment, sanctions, financial, and criminal, including a standard Criminal Records Check and Disclosure and Barring Service Check: The CLC uses Giant Group to carry out this screening. The Giant Group will contact applicants separately. Applicants must upload ONE **certified** proof of photo ID and TWO proofs of residency. Giant Group will also ask for a consent form to be completed in order to activate the DBS checks.

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Not completing this process will at a minimum delay, but likely invalidate an application. The below checks are carried out as part of the CLC DBS checks:

- Spent and unspent convictions
- Cautions, reprimands and warnings received in England and Wales that are held on the Police National Computer
- Identity
- Adverse Financial, CCJ and bankruptcy
- Sanctions
- Directors
- FCA
- Standard DBS

When adverse information is resulted in a DBS check, the CLC will request a copy of the DBS certificate results from the applicant. The DBS will issue a paper copy of the certificate, and applicants must provide an electronic copy of ALL pages of the certificate within 3 working days of the CLC requesting a copy.

When an applicant is not on the electoral roll Giant Group may request further documentation as proof of residency. Queries relating to the documents needed to complete the standard screening checks should be made directly to Giant Group.

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16. MANDATORY ID&V DOCUMENTATION

When applying to become a CLC Lawyer, one of the ID documents **must** be a current and valid certified copy of a Passport. This is a mandatory requirement because CLC will only issue a licence in an individual's legal name as stated on their Passport.

17. PROCESSING TIME

The CLC endeavours to process most individual applications within 42-days and Practice application in 90-days. Individual applications submitted as part of a practice application (to be licensed as a CLC Recognised Body or as an ABS) will be considered and processed with the practice application timescale.

18. 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, We Work, 120**

Moorgate , London EC2M 6UR, Main Line: 020 3859 0904

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19. [READ OUR PRIVACY POLICY](#)

SECTION 5. LICENSING DECISIONS

20. [FIT AND PROPER TEST](#)

Applicants must satisfy the CLC that they are a fit and proper person to practise as a CLC lawyer (see item 8.22 of the Licensed Body (ABS) Licensing Framework for an overview of the type of factors considered when applying the fit and proper test). Licensed individuals must be able and willing to act in a principled manner and deliver the CLC Code of Conduct's Outcomes by complying with its Overriding Principles: -

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

21 [LICENSING DECISIONS](#)

Include (i) **refusal to grant** (ii) **intended to refuse** (iii) **intended to approve**, and (iv) **approved**, i.e. granted. For more information view [the CLC Lawyer Licensing Framework](#)

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- a. When minded to refuse the granting of a licence, the CLC will notify the applicant of the grounds of its concerns and invite the applicant to make representations to address the concerns or to resubmit improved documentation within one month of the date of the notification.

Applicants may be required to take specific steps the CLC deems conducive to safeguarding the interests of consumers or other regulatory objectives. This may include completing specific educational requirements, or arranging for independent verification of their work, such as an external audit and file reviews. Requirement must be met at the applicant's own time and cost. Refusal to undertake any specified activity will lead to the CLC's refusal to Grant the licence.

- b. When refusing to grant a licence, the CLC will notify the applicant of the grounds on which the rejection was made and the applicants right for the determination to be reviewed.

22. STATUTORY RIGHT TO APPEAL

Under section 29(1)(a) of the Adjudication Act 1985 when the CLC refuses an application for a licence an individual may appeal that decision to the Adjudication Panel within one month of being notified of that refusal. That time runs from the date of receiving the CLC licensing refusal letter.

The **respondent** must submit an appeal to the CLC within 28 days of being notified of the determination by email.

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The ***Adjudication Panel*** (with a quorum of 3) will determine when it is appropriate to impose sanctions – such as disqualification of the Body or a ***Manager***, licence revocation or imposition of a penalty.

No member of the ***Adjudication Panel*** is a member of the **CLC** Council or an ***employee*** of the **CLC**.

Wherever possible the ***applicant*** making the appeal will be provided with the decision of the ***Adjudication Panel*** within 42 days of receipt of the request for the appeal. The CLC reserves the right to extend this to 90 days where needed.

View the [Adjudication Panel Procedure Rules 2015](#) and the [Adjudication Panel Rules 2015](#) . The Adjudication Panel decision is final. There is no further stage of appeal open to applicants.

23. APPOINTING REPRESENTATION

Rule 10(1) and (2) of the [Adjudication Panel Procedure Rules 2013](#) provide:

(1) A party may appoint a representative (whether legally qualified or not) to represent that party in the proceedings. (2) If a party appoints a representative, that party must send or deliver to the Adjudication Panel and to each other party written notice of the representative's name and address.

24. HOW TO SUBMIT AN APPEAL.

Appellants should complete and submit a Notice of Appeal to Licensing@clc-uk.org .

Please ensure that the Appellants name and licence application type is clearly stated in the subject heading of the email. Download the [Notice of Appeal](#)

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25. POST APPROVAL PROCESS

When a CLC licence is approved, i.e. granted, it will not be issued to the licensee until the Finance Team confirm to the Licensing Team receipt of payment for the appropriate annual licence fees. [Annual Fees Table](#).

Important information:

If you are applying to become a CLC Lawyer (Licensed Conveyancer, Licensed Probate Practitioner) or making any changes to an existing CLC licence, the new licence will be issued in your legal name as it appears in your Passport. This applies to any newly issued licences.

- a. Any request to defer the issue of an approved (new and reapplying) licence must be made when the licence application is submitted, as this will change the way we calculate the cost of the annual licence fee.
- b. The CLC calculates the annual licence fee from the 1st day of the calendar month in which an application is approved. This fee will be the pro-rata annual licence fee payment and will be automatically invoiced. Once invoiced, this fee is not changeable and is non-refundable.
- c. The annual licence fee must be paid by 31 October in the current licensing year.
- d. The licence will incept from the date that the licence is generated and issued.

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26 REVOCATION OF LICENSES ISSUED BY FRAUD OR ERROR

Should the CLC consider that it has issued a licence that was obtained by Fraud or Error. Under [Administration of Justice Act 1985 S28](#) and by [APR 2015](#), Revocation of licences and recognitions obtained through fraud or error 18.—(1) Where—

- (a) it is considered that a licence was issued to any person as a result of error or of fraud on his part, and
- (b) the CLC decide that there is any question of the Adjudication Panel exercising their powers under section 28(1) of the 1985 Act, the CLC must refer the matter to the Adjudication Panel.

18 (2) Where—

- (a) it is considered that recognition was granted to any Recognised Body as a result of error or of fraud on its part, and
- (b) the CLC decide that there is any question of the *Adjudication Panel exercising their powers under paragraph 7(1) of Schedule 6 to the 1985 Act*, **the CLC must refer the matter to the Adjudication Panel.**

18 (3) A reference under this rule must—

- (a) be made in writing,
- (b) state that it is made under this rule, and
- (c) set out the allegation and a summary of the facts relied on to support it.

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18 (4) A copy of such a reference must be served on the respondent, together with a copy of these Rules.

18 (5) On such a reference, the Adjudication Panel must hold a hearing to determine the allegation. *In the case of a Panel's decision to revoke a licence on the basis of fraud or error under section 28, the AJA does not provide for a right of appeal to the First-Tier Tribunal.*

27 OUR PUBLICATION POLICY

Read the [CLC's publication policy](#).

28 YOUR RIGHT TO COMPLAIN

We work to high standards when it comes to processing your personal information. If you have any queries or concerns, you can contact us at privacy@clc-uk.org . If you remain dissatisfied, you can make a complaint about the way we process your personal information to the [Information Commissioner's Office](#).

End.

Annex 1: Documentation table

Annex 2: Definitions

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Annex 1

Below is a list of the documents you will be asked to upload when you complete the digital form. Please have this information ready to upload before you start to complete the form.

Section ID	Document Type	Source
A5	Evidence to show how any predecessor business is formed.	Applicant to source.
A6	Evidence to show how the CLC NewCo will be formed.	Applicant to source.
A8	Schedule of Insurance (PII) for the SRA/CILEX/predecessor business.	Applicant to source.
A11	PII Claims Record for the SRA/CILEX/predecessor business.	Applicant to source.
A12	Policy quote from a CLC Participating Insurer.	Applicant to source.
B3	<p>An excel sheet to show a summary/breakdown of the typical level of transaction volumes (by type) carried out by the SRA business over the past 3 years.</p> <ul style="list-style-type: none"> • <i>Tab 1: Fee Structure</i> • <i>Tab 2: Transaction volumes by types, including referral and conversion rates</i> • <i>Tab 2: income/fee by type for 12 month forecasts, including any referral costs</i> 	Applicant to source.

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	<ul style="list-style-type: none"> <i>Tab 4: full 12 month profit and loss/or management accounts</i> 	
C1	Copy of the most recent approved regulatory inspection.	Applicant to source.
C4	When there is a SRA/CILEX/predecessor business or Material Interest. Completed SRA-CILEX/CLC Regulatory Information Exchange.	Template available to download from the Guidance for CLC Practice applicants. Appendix 1.
C5	When there is a predecessor business - Last three years' management accounts and the most recent Balance Sheet.	Applicant to source.
C7	<p>If applicable, evidence that any predecessor or material interest business, or its owners has been:</p> <ol style="list-style-type: none"> 1. Refused Professional Indemnity Insurance 2. Is the subject of any insolvency event 3. Is subject to any pending, ongoing or previous investigation by any statutory, regulatory or governing body 	Applicant to source.
D2	Organisational chart showing any predecessor business and the proposed CLC NewCo, including non-operational individuals with a material interest specifying individual roles.	Applicant to source.
E1-E4	Policy documents, such as AML Business Wide and matter level Risk Assessment	Applicant to source.

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	<p>AML policies and procedures</p> <p>Business Continuity Plan</p> <p>Terms of Engagement</p> <p>Complaints policy</p>	
F1	<p>2-3 page synopsis explaining the proposed</p> <ul style="list-style-type: none"> a) investment; b) ownership; and c) governance models; and d) operating systems, including any changes <i>within the first year of CLC regulation</i> to key personnel (as listed in D1);and e) explain any anticipated changes to historic transaction volumes (as set out in B3) because of changing regulator. 	Applicant to source.
G1	<p>Responses to demonstrate how the proposed CLC business will meet each CLC Licensing Outcome.</p>	<p>CLC Licensing Outcomes available to download from the Guidance for CLC Practice Applicants.</p> <p>Appendix 3.</p>

Mandatory templates

Appendix 1: [The CLC Licensing Outcomes](#)

Appendix 2: [SRA/CLC Regulatory Information Exchange Template](#)

Appendix 3: [Owners and Manager's Information Template](#)

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Annex 2

1.DEFINITIONS

1.1 'Reserved legal activities' are as defined in s.12 and Schedule 2 of the Legal Services 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. The CLC currently licenses and regulates. Conveyancing Services which are included reserved instrument activities and probate activities and in the administration of oaths.

1.2 An 'approved regulator' is a body which is authorised to regulate providers of legal services and includes the Law Society, Bar Council, The Chartered Institute of Legal Executives, The Council for Licensed Conveyancers, The Chartered Institute of Patent Attorneys, The Institute of Trademark Attorneys, The Association of Law Costs Draftsman, The Master of Faculties, The Institute of Chartered Accountants in England and Wales.

1.3 An 'authorised person' is a person who has been authorised by an approved regulator to carry out reserved legal activities, for example: -

- a) Licensed Conveyancer
- b) Licensed Probate Practitioner
- c) Solicitor
- d) A Fellow of the Chartered Institute of Legal Executives with CILEx Practitioner rights

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1.2 A **'non-authorised person'** is a person who has not been authorised by an approved regulator to carry out reserved legal activities

1.3 A **'beneficial owner'** is an individual or company which has all the benefits and entitlements of a legal owner, even if not named or registered as the legal owner.

1.4 A person or legal Practice holds a **'material interest'** in a Licensed Body if the person, legal Practice (or any of the person's associates or the person and any of the person's associates together):

- a) holds at least 10% or more shares in the body (or in a parent undertaking);
- b) 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;
- c) 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;
- d) is a partner having at least 10% interest in the capital or profits of the partnership; and includes any ultimate beneficial owner of more than 10%.

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1.5 Registered Manager, is an individual notified to the CLC because they are

- i** held out as a Partner (equity or salaried),
- ii** an appointed Member, LLP
- iii** an appointed Director (shareholding and non-shareholding), LTD, or
- iv** nominated officer of a corporate investor; or
- v** individual investor.

These individuals are listed on the CLC Public Register. Some investors or nominate officers of Corporate investors will be treated as Registered Managers and subject to standard due diligence (financial, disciplinary, sanctions and criminality checks) but will not be listed on the CLC's Public Register.

10.8 An '**insolvency event**' is defined as:-

- 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.

10.9 An '**individual voluntary arrangement**' (**IVA**) is an agreement between a debtor and their creditors. The agreement sets out how creditors will be repaid and normally entails

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setting up monthly payments over a certain period of time, such as five or six years.

Alternatively, if an asset such as property can be sold, the agreement may specify that a lump sum is raised and distributed to creditors of the debtor.

10.10 'Lenders panel' comprises of lawyers who have been approved by lenders to carry out legal work on their behalf in relation to property purchases and re-mortgages.

END