



*Outcomes-focused
Regulation -*

Quick Start Guide

Principled Behaviour

Wherever possible, detailed prescriptive rules have been replaced with more flexible and higher-level principles to enable flexibility and promote competition. The new Code of Conduct specifies the 20 Outcomes you need to deliver and the 6 Overriding Principles (OPs) of behaviour you need to demonstrate in order to achieve them:

OP 1. Act with independence and integrity

OP 2. Maintain high standards of work

OP 3. Act in the best interests of Clients

OP 4. Comply with your duty to the Court

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

OP 6. Promote equality of access.

Those who deliver the Outcomes across all service areas will be left to get on with their business with minimum supervision from us. We will identify the entities, individuals and activities which pose the greatest risk to the Outcomes and focus our attention and resources upon them.

Identifying risks to the Outcomes

We try to keep our information requirements of the regulated community to a pertinent minimum. Data is collected, analysed and risk-assessed through the online Management Information System. Information from a range of sources informs our risk register: inspection findings; complaints; Accounting Reports information; negligence claims; and information from other stakeholders such as lenders, police and clients. The higher the risk profile the more intensive our relationship with you.

We will support those who alert us to their own regulatory failings and will provide support and guidance where needed.

We inspect all businesses within six months of them becoming operational as a CLC-regulated entity. This enables us to determine if the arrangements declared at application are being applied and how successfully positive Outcomes are being delivered. All applicants are required to sign the Co-Operation with Inspection Declaration to enable this process. Inspections will only be carried out later in an entity's licence where a potential issue has been identified (though we reserve the right to a small number of random inspections). Inspections may take the form of a desktop or on-site visit.

Responding to risks to the Outcomes

Where a risk is identified we will seek to address it with you through informal or regulatory (CLC staff using delegated powers) action. Should this be determined insufficient due to the severity of the risk, or has proved unsuccessful, or the entity commits minor regulatory breaches on a regular basis, we are likely to take formal enforcement action. No formal enforcement action is taken lightly. It will only be taken where it is proportionate to the seriousness, circumstance and impact of the risk on an individual client, clients in general and the reputation of the legal profession.

New licensing provisions

Indefinite licences will be issued. The annual licence renewal process will be discontinued though we will continue to collect an annual regulatory fee and information submission.

Where granted, the terms of a licence will be specified through endorsements. Authorisations will specify the reserved legal activities you are authorised to provide; Permissions specify non-reserved activities which you are permitted to deliver (and which will be regulated by us). Conditions will be applied to a licence where risks to the Outcomes can be mitigated through the entity/individual taking specified steps. Where the risks to the Outcomes are too significant to tolerate - even if conditions were to be applied - the licence will not be granted.

We are offering an opt-out from the CLC Master Policy. Should you seek cover (from an Authorised Insurer) on the open market we will need to be satisfied it is equal to that which would be provided under the Master Policy.

Applicants will be required to complete a Compatibility Statement identifying how their proposed arrangements seek to deliver the Outcomes set out in the Code of Conduct. Where they have concerns they must identify steps taken to address them. We require information on proposed arrangements - such as complaints-handling and preventing/dealing with conflicts of interest - to ensure the Outcomes are capable of being delivered.

We will carry out extensive data verification and quality assurance of information provided by an applicant. This will include checking the source of funding, arrangements, and Business Plans as well as verification of the data provided in an individual's fit and proper declarations, such as bankruptcy and Criminal Record Bureau checks, alongside others. Provision of adverse information does not automatically preclude a candidate being approved for a role or an applicant body being issued with a licence; any identified risks will be assessed to determine whether they can be appropriately mitigated.