



## BACKGROUND INFORMATION ON ICAEW'S APPLICATION

Our application has been prepared with care and reference to a number of stakeholders. It has also drawn on our long effective experience as a statutory audit regulator and our more recent experience in probate. It demonstrates our ability to uphold the rule of law and promote the highest regulatory standards. We have considerable in-house expertise as a result of many years of regulatory oversight.

We believe expanding the scope of our regulation of legal services will promote competition in the provision of legal services and therefore improve access to justice. It will also result in more competitive costs of legal services for consumers which is obviously in the public interest.

### ICAEW's current regulation

As a world-leading professional accountancy body, we provide leadership and practical support to over 146,000 members worldwide. We work with governments, regulators and industry in the UK and abroad to ensure the highest standards are maintained.

Over the last 25 years, we have undertaken responsibilities as a regulator under statute in the areas of audit, insolvency and investment business. In August 2014 we were designated as an approved regulator and licensing authority for the reserved legal activity of probate.

We started accrediting firms for probate activities in September 2014. This designation has given ICAEW members the opportunity to participate in the UK legal services market and extend their service offering. They can now provide professional services to their clients relating to probate in addition to estate administration.

Our designation as a licensing authority has also enabled our members to form alternative business structures (ABSs), a new business model permitted under the Legal Services Act 2007 (the Act). It allows lawyers and non-lawyers to work together in multi-disciplinary partnerships for the first time. It also permits non-lawyer management and ownership of law firms.

### The application to regulate further reserved legal activities

The number of applications for authorisation and licensing for probate we received during our first year of regulation has far exceeded our expectations. Following this success, we conducted research on:

- the current services provided by our member firms; and
- the potential for further expansion and growth which the remaining reserved legal activities could provide.

This research identified areas of work carried out by accountancy firms that;

- will be complemented by the remaining reserved legal activities so that they would be an adjunct to such areas of work and therefore have a natural link to the traditional accountancy practice;
- be areas that ICAEW has the capacity expertise, and capability to regulate; and

- provide a strong argument that it will be in the interest of consumers for accountancy firms to provide such services.

Taxation is the area of work that fitted the above criteria and provided the strongest business case for an application by ICAEW to regulate all the remaining reserved legal activities.

The research shows accountancy firms already provide tax services relevant to all reserved legal activities. For example, 18 out of the top 20 accountancy firms conduct tax investigation work and provide services relating to tax evasion/fraud and financial crime as part of their litigation support/forensic services.

Therefore we propose to make an application to the Legal Services Board (LSB) under the Act to become an approved regulator and licensing authority for the further reserved legal activities of;

- conduct of litigation;
- rights of audience;
- reserved instrument activities;
- notarial services; and
- administration of oaths.

All of the services above will be restricted to the service area of taxation.

These further reserved activities will be an adjunct to our members' taxation services. They will complement our current regulated area of probate as they will enhance members' areas of business relating to personal wealth, tax and financial planning. The increased competition in the legal services market will also be in the public interest and benefit consumers as it should reduce fees due to the provision of services by one entity.

**Please note the proposed changes to our regulatory governance structure outlined in section 3 of our draft application have now been implemented.**