

Application by the CLC regarding an exemption for the Adjudication Panel



Information requirements: request by an approved regulator for the LSB to direct an alteration to their regulation arrangements is exempt under Part 3 of Schedule 4 to the Legal Services Act 2007 (the Act)

Summary

A request by an approved regulator for the LSB to direct that an alteration is to be treated as an exempt alteration under Part 3 of Schedule 4 to the Act must include the information set out in this proforma, which summarises the requirements in the Applications To Alter Regulatory Arrangements Rules 2021 (the Rules).¹

Use of this proforma for making requests for an exempt alteration is optional to assist applicant approved regulators.

An approved regulator must comply with the Rules and have regard to the Guidance in making a request to the LSB. In case of conflict between the Rules, Guidance and the Act, the provisions of the Act prevail.

The approved regulator submitting a request for an exemption direction takes responsibility for the accuracy and completeness of the information provided.

A request for exemption is to be used in circumstances where an approved regulator considers its alterations are suitable for exemption from the full approval process, having regard to the Rules and Guidance.

The LSB will assess the request and make a decision within 28 days of receipt, subject to any reasonable extension. Where an exemption direction is given by the LSB it will give notice to the approved regulator and published it on the LSB website.

Where the LSB does not direct that an alteration is exempt it will notify the approved regulator in writing of its reasons. The approved regulator may need to submit an application under the Rules for approval of alterations to regulatory arrangements.

¹ The information requirements in rule 17 of the Rules are summarised here.

Publication

We will ordinarily publish requests for exemption on our website, along with any extension of time notice, third party correspondence received as well as the exemption direction itself.

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- IX. A summary of any evaluation and monitoring of impact of the alteration once it has effect, and if not why.

The minimum level of information we expect from approved regulators is set out in the above bullet points. However, additional information may be provided, for example by reference to the Guidance. The LSB may also request further information.

Submission

We would prefer to receive requests electronically, but a hard copy is also welcome. Completed requests should be sent to:

Email: schedule4approvals@legalservicesboard.org.uk

Posted applications should be sent to:

Legal Services Board
3rd floor, The Rookery
2 Dyott Street
London
WC1A 1DE

Proforma for a request for exemption direction

Required Content
I. Summary/Overview
Briefly summarise the proposed alteration
The Adjudication Panel (the 'Panel') is an independent body whose role is to make disciplinary determinations and hear appeals against regulatory decisions taken by the CLC. The last major review of its Rules took place in 2015. In the meantime the legal, consumer and regulatory landscape has changed, and the demands on the Panel have grown. We are consulting on changes at present, and in the meantime need to appoint additional members. Under the existing Rules the Panel is allowed 9 members including the Chair. The CLC is seeking permission to extend the number to support the ability to for the Chair to empanel in a timely manner given the increasingly caseload. We appreciate that such changes would usually require a full application. Further we are consulting on changes to the Adjudication Panel rules that will require full application. We wish to bring this forward under the Exemption provisions as we believe it to be a non-contentious and efficient proposal that supports our regulatory objectives. As such, the CLC is formally requesting an exemption, so that any new and/or additional panel members can be recruited immediately. This will bring a range of benefits (see below).
II. Summary of proposed alteration, its purpose intent, effect, and impact
Summarise each alteration, its purpose, intent, effect and impact. Why is the alteration necessary? Please ensure that this section can be read and understood by those without detailed prior knowledge of the proposals or regulatory arrangements.
Background - The CLC currently follows the Adjudication Panel Rules (2015) which set out rules of the Panel's composition, payment, delegation, tenure of office and other terms. This sits alongside the Adjudication Panel Procedure Rules 2013 (as amended in 2015) and Adjudication Panel Standing Orders that set out the procedure of Adjudication Panel hearings and hearing management. The Rules contain the existing formal provisions whereby the Council delegates the functions given to the Investigation Committee and Disciplinary and Appeals Committee in the legislation to the Panel. After a busy and changeable 7 years of activity the CLC and the independent Council believe this is a suitable time to update the Rules on the Panel to reflect a different delivery and operating environment.

Membership –

The Rules (section 3) that the CLC shall appoint a maximum of 9 members: 1 Adjudication Chair; up to 2 Deputy Chairs; and up to 6 Panel Members. None of whom shall be a member of the Council of the CLC. See:

<https://www.clc-uk.org/wp-content/uploads/2017/12/20150825-CLC-Adjudication-Panel-Rules-2015.pdf>

Process and Findings -

The CLC is coming to the conclusion of an exercise to recruit to the Adjudication Panel. This process has identified additional candidates who the Panel would like to appoint to aid their ability to cover in a timely manner the increased volume of work. Therefore the CLC would like to bring forward the change of size of the Panel to ensure there is the breadth of skills and increased in availability for hearings and the other matters that fall to the Panel.

Due to the workload of the Panel (at present, and forecast) there is a consensus that obtaining more members will increase its capacity and ability to operate more effectively, and convene more conveniently and frequently (these last two are key points).

On a practical point, being able to onboard new panellists together would be extremely efficient and also effective.

The requested change is minimal – to change the reference to 6 panel members to 8 panel members.

Existing / Future Composition -

It is important to note that if/whether replacement members or additional members (above the current limits) are appointed this will not change the overall balance of the Panel, i.e. there will still be a requirement, regardless of any changes, to have a **lay majority** on the panel, as set out in the Rules. We are not proposing to change that.

III. Details setting out why the alteration is appropriate for exemption

Focus on the significance, impact and risk of the proposed alteration.

Risks – if the exemption is approved:

The CLC believes that such a measure is appropriate for exemption, as there is no negative impact of this change.

Risks – if the exemption is not granted:

The delay that would be involved if the exemption is not granted would impact on the efficient running of the Panel and would also mean a further recruitment process would be needed. This would entail additional cost and resources. Furthermore, a full rule change application for this non-contentious and no-risk change would be a disproportionate use of CLC and LSB resources.

The main risk is that a gap in capacity (that could otherwise be filled shortly) will lead to an accumulation of cases, and a subsequent and unnecessary delay to the whole life cycle of cases. From preliminary investigations, through to hearings, and the drafting and delivering of case findings. This is not in the interest of consumers or the profession.

IV. The alteration

Provide full details of each alteration, and the regulatory arrangements it will amend, if any. This can be done by way of a schedule of changes, a track change word document or any other method the Approved Regulator considers appropriate. Include information on any alteration to the regulatory arrangements that will be altered under the request, approved over the past 2 years.

The CLC proposes an alteration to the total number of members that can be appointed to the Panel, i.e. to change the limit currently in the Rules.

Please see **Annex A** for a tracked change copy of the proposed changes (Section 3:Membership of the Panel).

To note - We are not proposing making changes to the text on the Deputy Chair at present, until the end of the current consultation process (where that issue is also covered).

V. Impact on regulatory objectives

A summary of an assessment under rule 9 of the Rules, of the impact of the alteration on the regulatory objectives, and measures to mitigate any adverse impacts, and if not, why that is not prejudicial to the regulatory objectives overall.

Significance & Impact – if approved:

As set out in Section 28 of the Legal Services Act 2007 the CLC must, so far as is reasonably practicable, act in a way which is compatible with 8 regulatory objectives.

In regard to this application, we believe an exemption will allow the **majority** of our objectives to be delivered more rapidly, with the accumulated benefits **brought forward** more sooner than they would have been. And with no negative consequences as a result.

The 6 relevant objectives it will benefit are listed below. (The priority ones in this case are in bold).

-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 by 'authorised persons' as defined in the Act

-promoting and maintaining adherence to the professional principles.

Impact –

The only effect will potentially be positive, as it will reduce the risk of overstretch, and delay. It will also help support the CLC and the Panel to further synchronise with:

- expectations – of rising demand
- of changing consumer rights – in a faster moving social media age
- wider regulatory practise and precedent - i.e. some other regulatory disciplinary panels have no restriction on panel membership.

VI. Timeframe for implementation

If approved, we would intend to onboard the recruited new Panel member(s) immediately as we have identified candidates. Leading to the benefits noted.

VII. Consultation

A summary of any consultation undertaken or if not why. Include any earlier consultations on the regulatory arrangements being altered, and any issues identified in that consultation that the alteration proposed in the request may address.

As noted above, the CLC is currently undertaking a wider consultation to further improve the efficient and effective running of the Panel. This followed an earlier dialogue with members of the regulated community and the independent Council, and independent Panel, prior to the public release of recommendations.

These included the related proposals on appointing new members on the Panel.

VIII. Impact assessment

Regulated community/consumers

A summary of an assessment of the impact of the alteration, including on persons with protected characteristics, and if not why. This is likely to include information on the number or proportion of regulated persons and consumers that will be affected by the alteration.

From our assessment of the proposal there is no negative impact from these proposals (including on persons with protected characteristics).

It is possible that, due to additional resources and wider experience brought to the Panel, that there could be a positive impact for:

- all segments of the regulated community
- all consumers
- the effectiveness and reputation of the legal sector more generally, across all groups.

The CLC is confident that:

- the measure supports equal and independent access to justice.
- all equality, diversity and inclusion considerations will continue to be taken into account in determining Panel membership (to ensure that it retains the appropriate balance of skills, experience, independence and knowledge).

If there are adverse impacts, information on any mitigating measures and if there are none, why this is reasonable, proportionate, and not prejudicial to the regulatory objectives overall. We expect this assessment to include information, if relevant, on how the alteration advances equality of opportunity between persons who share relevant protected characteristics and persons who do not.

There are no adverse impacts we note with appointing any new members of the Panel.

The CLC would be keen to engage in any discussion if any are noted, or emerge during the review of this application, or subsequently.

IX. A summary of any evaluation and monitoring of impact of the alteration once it has effect, and if not why

The CLC, and the Panel, will ensure that any impacts will be monitored during the recruitment, induction/training and later stages of this programme (once the additional Panel members have fully commenced their work).

We would be able to update the LSB via any specific meetings on this during the process. Alongside our regular updates to the LSB, and other regulators (to continue learning lessons, and sharing them where appropriate).

Proposed Changes to the Rules (Tracked Changed Version - See Section 3 – Membership)

The CLC's Adjudication Panel Rules 2015

Made on 25 August 2015 by the Council for Licensed Conveyancers with the approval of the Legal Services Board pursuant to sections 24, 24A, 25 and 26 and paragraph 5 of schedule 3 and paragraphs 3 and 4 of schedule 6 to the Administration of Justice Act 1985, Part II of schedule 8 to the Courts and Legal Services Act 1990 and section 20 and Part 3 of schedule 4 to the Legal Services Act 2007.

1. Citation, Commencement, Interpretation and Saving

1.1 These Rules may be cited as the CLC's Adjudication Panel Rules 2015 and shall come into effect on 1 September 2015 on which date the CLC's Adjudication Panel Rules 2013 shall cease to have effect save that:

- (a) no prior decision of the Investigating Committee, the Discipline and Appeals Committee nor the Adjudication Panel shall be invalidated by this repeal,
- (b) any case referred for determination in accordance with the Discipline and Appeals Committee Rules 2009, the CLC's Adjudication Panel (No 2) Rules 2011 or the Adjudication Panel Rules 2013, which has not been finally determined on the coming into force of these Rules, shall continue and shall be determined in accordance with these Rules, and
- (c) the terms of office of the Adjudication Chair and members of the Adjudication Panel appointed in accordance with the CLC's Adjudication Panel Rules 2011, the CLC's Adjudication Panel (No 2) Rules 2011 or the Adjudication Panel Rules 2013 shall continue in effect until expiry of their terms of office unaffected by the coming into force of these Rules. These persons shall be deemed to be appointed in accordance with these Rules.

1.2 In these Rules: -

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;

"the 1985 Act" the Administration of Justice Act 1985;

"the 1990 Act" the Courts and Legal Services Act 1990;

"the 2007 Act" the Legal Services Act 2007;

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"the Adjudication Chair" the chair of the Adjudication Panel;

"the Adjudication Procedure Rules" the rules made by the CLC currently in force for the conduct of disciplinary proceedings referred to the Adjudication Panel for determination;

"the Adjudication Panel" the committee established by the CLC by which the functions conferred on the Investigating Committee and the Discipline Appeals Committee under Part II of the 1985 Act are to be discharged;

"the CLC" the Council for Licensed Conveyancers established under section 12 of the 1985 Act;

"CLC Body" a Licensed Body or a Recognised Body;

"CLC Lawyer" a Licensed Conveyancer or a Licensed CLC Practitioner;

"CLC Lawyer Member" an individual appointed as a member to the Adjudication Panel who is or has at any time held a licence to practise as a CLC Lawyer, or any individual who is or has at any time been a Manager of a CLC Body;

"CLC's Rules" the CLC's Code of Conduct and any other codes or rules made by the CLC;

"Company" has the meaning given by section 1(1) of the Companies Act 2006;

"Disciplinary Order" in the case of a CLC Lawyer an order made against him pursuant to section 24A or 26 of the 1985 Act (other than an order which provides only for the payment of costs by him);

"Lay Member" a person appointed as a member of the Adjudication Panel, who is not eligible to sit as a CLC Lawyer Member;

"Licensed Body" a body regulated by the CLC 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;

"Licensed CLC Practitioner" a person, other than a Licensed Conveyancer, holding a licence in force issued by the CLC under s.53 of the 1990 Act to provide probate and other legal services regulated by the CLC, but not conveyancing services;

“Licensed Conveyancer” a person who holds a licence in force issued by the CLC under Part II of the 1985 Act to provide conveyancing and other legal services regulated by the CLC;

“Limited Liability Partnership” 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 Reserved Legal Activities;

“LLP Member” a member of a Limited Liability Partnership;

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“Manager” in relation to a CLC Body, means a person who is

(a) a member of the CLC Body, if the CLC Body is a Company and its affairs are managed by its members;

(b) a director of the CLC Body, if the CLC Body is a Company and paragraph (a) does not apply;

(c) a partner, if the CLC Body is a partnership;

(d) a LLP member, if the CLC Body is a Limited Liability Partnership;

(e) a member of its governing body, if the CLC Body is an unincorporated body (other than a partnership); and

(f) a CLC Lawyer, if sub-paragraphs(a)-(e) do not apply and the affairs of the CLC Body are not managed by another CLC Lawyer;

“Panel Member” a person appointed as a member of the Adjudication Panel in accordance with rule 3.1;

“Party”

(a) the CLC (and includes the CLC’s Representative); or

(b) the Respondent;

“Recognised Body” a body corporate or incorporate recognised by the CLC either as a Conveyancing Services Body or as a CLC Practitioner Services Body under s.32 of the 1985 Act to provide Regulated Services to the public

“Regulated Services” all of the legal activities – both Reserved Legal Activities and non-reserved services - which the CLC authorises/permits the CLC Lawyer or CLC Body within the terms of the licence to provide and which are therefore be regulated by the CLC;

“Respondent” the CLC Lawyer, Manager, employee or CLC Body about whom the reference is made or treated as made;

“Standing Orders” the Standing Orders made for the Adjudication Panel by the CLC pursuant to paragraph 9(2) of schedule 3 to the 1985 Act.

Other expressions shall have the meanings given by the 1985 Act, the 1990 Act and the 2007 Act

2. Delegation of Powers

2.1 In accordance with paragraph 12(2) of schedule 8 to the 1990 Act the functions conferred on the Investigating Committee under Part II of the 1985 Act are to be discharged by the Adjudication Panel which for these purposes is a committee established by the CLC under paragraph 12 of schedule 8 to the 1990 Act.

2.2 In accordance with paragraph 12(2) of schedule 8 to the 1990 Act the functions conferred on the Discipline and Appeals Committee under Part II of the 1985 Act are to be discharged by the Adjudication Panel which for these purposes is a committee established by the CLC under paragraph 12 of schedule 8 to the 1990 Act.

2.3 The Adjudication Panel shall consider or deal with such other matters specifically delegated to or referred to them by the CLC, the Council of the CLC or by any other committee of the CLC.

2.4 The Adjudication Panel may arrange its own scheme of delegation provided that any Adjudication Chair, Deputy Chair or member participating in the preliminary investigation of a case does not act in relation to that case as a member of the Adjudication Panel determining that case.

3. Membership of the Adjudication Panel

3.1 The CLC shall in accordance with rule 4 appoint the Adjudication Chair, up to two Deputy Chairs and ~~up to six~~ up to eight Panel Members - none of whom shall be a member of the Council of the CLC.

3.2 The Lay Members shall exceed the number of CLC Lawyer Members.

3.3 If he resigns his office as Adjudication Chair, subject to these Rules, the Adjudication Chair may remain a member of the Adjudication Panel.

3.4 If the Adjudication Chair resigns his office or is suspended under rule 8.1, the CLC may in its absolute discretion appoint a new Adjudication Chair:

- (a) from among the Deputy Chairs or the Panel Members; or
- (b) in accordance with rule 4.

4.

Appointment of Adjudication Chair and Panel Members

4.1 The posts of the Adjudication Chair, Deputy Chairs and Panel Members shall be advertised in such manner as the CLC shall determine.

4.2 Other than as provided at rule 3.4, the appointment of the Adjudication Chair, Deputy Chairs and Panel Members shall be made by an appointment panel, comprising no less than three persons, chosen by the CLC after considering the advice of the Chief Executive Officer of the CLC.

4.3 A person shall not be eligible for appointment to the Adjudication Panel if:

(a) he is, or has been within the immediately preceding 18 months, the Chair or an employee or member of the CLC;

(b) he has been convicted of a criminal offence involving fraud, dishonesty, deception or violence or an indictable offence unless the conviction is spent within the meaning of the Rehabilitation of Offenders Act 1974;

(c) he is or has been an undischarged bankrupt, is or has been the subject of a bankruptcy restrictions order or has made a composition or arrangement with his creditors unless:

(i) the bankruptcy order is annulled either on the ground that he ought not to have been adjudged bankrupt, or that his debts have been paid in full, on the date of the annulment;

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(ii) in the case of a composition or arrangement with his creditors, he pays his debts in full on the date on deeds which payment is completed or on the expiration of five years from the date on which the terms of the composition or arrangement are fulfilled.

(d) if he lacks capacity (within the meaning of the Mental Capacity Act 2005) and powers in relation to sections 15-20 or section 48 of that Act have been exercised in relation to him;

(e) the CLC is satisfied that, in respect of the following, the circumstances of the particular case make that person ineligible for appointment to the Adjudication Panel:

(i) a Disciplinary Order has been made against him, unless more than six years have passed since the Order was made;

(ii) the CLC's power of intervention have been exercised against him or his practice in accordance with part 1 of schedule 5 to the 1985 Act, against a Recognised Body of which he is a Manager in accordance with schedule 6 to the 1985 Act or against a Licensed Body of which he is a Manager in accordance with schedule 14 to the 2007 Act unless in any case more than six years have passed since such powers were exercised; or

(iii) the CLC is satisfied that as a member of another profession an adverse determination has been made against him by a disciplinary tribunal or committee established to regulate the activities and the conduct of members of his profession (other than an order which provides only for the payment of costs by him), unless more than six years have passed since the Order was made and if he has been disqualified from holding a licence or practising certificate (as the case may be) for a period longer than six years, his licence or practising certificate has been restored.

5.

Tenure of Office

5.1 Subject in each case to rules 5.2, 6.1 and 9.1 the term of office of each Adjudication Chair, Deputy Chair and Panel Member appointed takes effect on the date specified in the letter of appointment for a term of office not exceeding four years.

5.2 An Adjudication Chair, Deputy Chair or Panel Member shall be eligible subject to review for re-appointment, once only, for a further term of office not exceeding four years.

6.

Vacancies

6.1 A vacancy in the office of Adjudication Chair, Deputy Chair and Panel Member shall

automatically occur and his right to hold office shall cease immediately:

- (a) on his death;
- (b) on receipt by the CLC of his written resignation;
- (c) on the expiry of his term of office as a Panel Member;
- (d) on his appointment as Chair or member of the CLC;
- (e) if appointed as a Lay Member, he becomes a CLC Lawyer or a Manager of a Recognised Body or a Licensed Body regulated by the CLC;
- (f) if, without the consent of a duly authorised individual, he fails to attend more than three consecutive meetings of the Adjudication Panel;
- (g) if he is convicted of a criminal offence involving fraud, dishonesty, deception or violence or an indictable offence;
- (h) if he is adjudged bankrupt, is the subject of a Bankruptcy Restrictions Order or makes a composition or arrangement with his creditors unless:
 - (1) the bankruptcy order is annulled either on the ground that he ought not to have been adjudged bankrupt, or that his debts have been paid in full, on the date of the annulment;
 - (2) in the case of a composition or arrangement with his creditors, he pays his debts in full on the date on which payment is completed or on the expiration of five years from the date on which the terms of the deeds of composition or arrangement are fulfilled.
- (i) if he lacks capacity (within the meaning of the Mental Capacity Act 2005) and powers in relation to sections 15-20 or section 48 of that Act have been exercised in relation to him;
- (j) if, being a CLC Lawyer Member,
 - (1) a Disciplinary Order is made against him;
 - (2) his licence is suspended; or
 - (3) the CLC's powers of intervention are exercised against him in accordance with Part I of Schedule 5 to the 1985 Act, against a Recognised Body of which he is a Manager in accordance with schedule 6 to the 1985 Act or against a Licensed Body of which he is a Manager in accordance with schedule 14 to the 2007 Act;
- (k) if as a member of another profession, an adverse determination is made against him by a disciplinary tribunal or committee (other than an Order which provides only for the payment of costs by him);
- (l) if he has failed to disclose to the CLC any matter referred to in rule 4.3 subparagraphs (b), (c), (d) or (e).
- (m) if he is removed from office under rule 9.1.

6.2 In the event that a vacancy occurs by reason of the operation of rule 6.1, the CLC shall inform the Adjudication Chair, or one of the Deputy Chairs (if the office of the Adjudication Chair has been vacated).

6.3 Where a vacancy occurs, the CLC will as soon as possible make an appointment in accordance with rule 4.

7.

Remuneration

7.1 The CLC will pay to the Adjudication Chair, Deputy Chairs and Panel Members attendance fees and expenses reasonably incurred, such fees to be determined by the CLC and to be reviewed periodically.

8.

Suspension of the Adjudication Chair, a Deputy Chair or a Panel Member

8.1 The Adjudication Chair, Deputy Chair or Panel Member is suspended with immediate effect in the event that: -

- (a) he is charged with any offence referred to in rule 6.1(g); or
- (b) he is served with a bankruptcy petition or issues a bankruptcy petition on his own behalf; or
- (c) he receives notice of any application against him for an order under rule 6.1(k).

8.2 Any suspension imposed under rule 8.1 shall automatically be revoked in the following circumstances: -

- (a) under sub-paragraph 8.1(a) in the event that the charge is dismissed, discharged, discontinued or otherwise withdrawn;
- (b) under sub-paragraph 8.1(b) if the bankruptcy petition is disposed of without a declaration of bankruptcy being made against him;
- (c) under sub-paragraph 8.1(c) in the event that the application is withdrawn or dismissed or the only order made is for the payment of costs.

9.

Removal of the Adjudication Chair, a Deputy Chair or a Panel Member

9.1 The Council of the CLC may by a majority remove the Adjudication Chair, a Deputy Chair or a Panel Member who has breached the Standing Orders or the Code of Conduct applicable to the Adjudication Chair, Deputy Chairs and Panel Members.

10.

Composition of hearings of the Adjudication Panel

10.1 In consultation with the CLC the Adjudication Chair shall direct the date, time and place for the hearing under the Adjudication Panel Procedure Rules 2013 in consultation with the CLC when the Adjudication Panel shall meet to determine proceedings.

10.2 The CLC shall as soon as reasonably possible send notice of the hearing to each member of the Adjudication Panel nominated by the Adjudication Chair to attend the hearing and to the appropriate Parties in the manner prescribed by the Adjudication Panel Procedure Rules 2013.

10.3 When the Adjudication Panel direct that a new hearing date be fixed to hear or continue to hear and determine the matter before them, the Adjudication Chair shall determine the date, time and place for the hearing in consultation with the CLC.

10.4 The CLC shall as soon as reasonably possible send notice of the hearing to every member of the Adjudication Panel who is to attend the hearing and to the appropriate Parties in the manner prescribed by the applicable procedure rules.

10.5 If a case has been part heard on the expiry of the term of office of one or more members of the Adjudication Panel under rule 6.1(c) (but for no other reason), that Panel Member may with the agreement of the Adjudication Chair be treated as remaining a member of the Adjudication Panel and hear the case until its conclusion even though for all other purposes that individual has ceased to be a Panel Member.

10.6 If an individual sitting as a member of the Adjudication Panel ceases to be a Panel Member under rule 6.1 (other than as a result of the operation of rule 6.1(c)) where a case has been part heard and as a result the hearing is not quorate, the Adjudication Chair may nominate another Panel Member to attend the hearing to enable the hearing of that case to continue until its conclusion provided he is satisfied that it is in the interests of natural justice.

11.

Standing Orders

11.1 Save as modified by these Rules and by the Adjudication Panel Procedure Rules 2013 as provided for under rule 10.1, proceedings of the Adjudication Panel shall be governed by the Standing Orders.

11.2 The CLC's regulatory arrangements (and any subsequent arrangements) shall have this order of precedence:

- (a) the Adjudication Panel Rules 2015;
- (b) the Adjudication Panel Procedure Rules 2013;
- (c) the Adjudication Panel Standing Orders ;
- (d) the Adjudication Panel Terms of Reference.

11.3 Where there is a conflict or inconsistency between the regulatory arrangements listed in rule 11.2, the provisions of those named higher in the list are preferred over those listed lower in the list.

11.4 Where there is a conflict or inconsistency between the provisions of any of the CLC's regulatory arrangements (other than those listed at rule 11.2) and the regulatory arrangements listed at rule 11.2, the provision of the CLC's regulatory arrangements (other than those listed at rule 11.2) is preferred.

11.5 Where there is a conflict or inconsistency between the provisions of any statute or statutory instrument and any of the CLC's regulatory arrangements, the provision of the statute or statutory provision is preferred.

12.

Penalty

12.1 The amount of any penalty required to be paid must be fair and proportionate, and

- (a) in the case of a penalty imposed on a CLC Body under paragraph 4(2)(b) of schedule 6 to the

1985 Act, alternatively under the CLC's Licensed Body (ABS) Licensing Framework, must not exceed £250 million; and
(b) in the case of a penalty imposed on a Manager or employee of a CLC Body under section 26(2) of and paragraph 4(2B)(a) of schedule 6 to the 1985 Act, alternatively under the CLC's Licensed Body (ABS) Licensing Framework, must not exceed £50 million.

13.

Disciplinary Powers of the CLC as an Approved Regulator

13.1 Rule 13 applies when the Respondent is regulated by the CLC acting as an Approved Regulator.

13.2 The Adjudication Panel must carry out a preliminary investigation of any case in which it is alleged that:

(a) a CLC Lawyer:

(i) has (whether as a CLC Lawyer or not) been convicted by any court in the United Kingdom of a criminal offence which renders him unfit to practise as a CLC Lawyer; or

(ii) has, while holding a licence in force under Part II of the 1985 Act, failed to comply with any condition to which that licence was subject; or

(iii) has failed to comply with any rules made by the CLC under Part II of the 1985 Act;

(b) a Recognised Body:

(i) has (while a Recognised Body) been convicted of a criminal offence which renders it unsuitable to be recognised under section 32 of the 1985 Act; or

(ii) has failed to comply with any rules applicable to it by virtue of section 32 of the 1985 Act; or

(iii) has (while a Recognised Body) failed to comply with a condition subject to which its recognition has effect;

(c) a Manager or employee of a Recognised Body who is not a CLC Lawyer has failed to comply with any rules applicable to him by virtue of section 32 of the 1985 Act;
with a view to determining whether such case ought to be referred for hearing and determination by the Adjudication Panel.

13.3 The Adjudication Panel may make the following orders or directions

(a) in respect to a CLC Lawyer

(i) an order revoking any licence held by the CLC Lawyer;

(ii) an order directing that the CLC Lawyer shall be disqualified (either permanently or during a specified period) from holding a licence under this Part;

(iii) an order suspending any licence held by the CLC Lawyer;

(iv) an order that any such licence shall have effect subject to such conditions as may be specified in the order;

(v) an order directing the payment by the CLC Lawyer of a penalty which must be fair and proportionate, and not exceed £50 million to be forfeited to Her Majesty;

(vi) an order reprimanding the CLC Lawyer;

(b) in respect of a Recognised Body

(i) an order revoking the recognition under section 32 of the 1985 Act of that Recognised Body;

(ii) an order directing the payment by that Recognised Body of a penalty which must be fair and proportionate, and not exceed £250 million, to be forfeited to Her Majesty;

(iii) an order reprimanding that Recognised Body;

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(iv) an order that the recognition of that Recognised Body under section 32 is to have effect subject to such conditions as may be specified in the order;

(c) in respect of the Manager or employee of a Recognised Body

(i) an order directing the payment by the Manager or employee of a penalty which must be fair and proportionate, and not exceed £50 million, to be forfeited to Her Majesty;

(ii) an order requiring the CLC to consider taking such steps as the Adjudication Panel may specify in relation to the Manager or employee;

(iii) an order requiring the CLC to refer to an appropriate regulator (as specified at paragraph 4(2C) of schedule 6 to the 1985 Act) any matter relating to the conduct of the Manager or employee.

13.4 The Adjudication Panel may make such order as it thinks fit as to the payment of costs by the CLC or the Respondent in accordance with s.24A(2), s.26(2A) or schedule 6 of the 1985 Act.

13.5 Unless otherwise directed by the First Tier Tribunal, a Respondent may within 28 days after the determination has been made under rule 13.3 appeal to the First Tier Tribunal.

14.

Disciplinary Powers of the CLC as a Licensing Authority

14.1 Rule 14 applies when the Respondent is regulated by the CLC acting as a Licensing Authority.

14.2 The Adjudication Panel may in respect of:

(a) a Licensed Body:

- (i) reprimand the body;
- (ii) direct the issue of a licence subject to conditions it may specify;
- (iii) direct the payment of a fine which is fair and proportionate, not exceeding £250million;
- (iv) suspend the licence of the body;
- (v) revoke the licence of the body;
- (vi) intervene;

(b) a Licensed Body owner:

- (i) place conditions on the owner's material interest;
 - (ii) object to the owner's material interest, and initiate the application to the High Court to divest the owner of their material interest;
 - (iii) direct the payment of a fine which is fair and proportionate, not exceeding £50 million;
- (c) a Head of Legal Practice (HoLP) or Head of Finance & Administration (HoFA):
- (i) require the CLC to take such steps as it may specify in relation to the HoLP or HoFA;
 - (ii) direct the payment of a fine which is fair and proportionate, not exceeding £50 million;
 - (iii) withdraw approval of the individual for the role;
 - (iv) disqualify the individual from a role within a Licensed Body;