

Direction 167 issued under Part 3 of Schedule 4 to the Legal Services Act 2007 to the ICAEW

1. This is a direction issued pursuant to paragraph 19(3) of Schedule 4 to the Legal Services Act 2007 (the Act).
2. Unless stated otherwise, words in this direction are used as they are defined in the Act.
3. In accordance with paragraph 19(3) of Schedule 4 to the Act, the Board has directed that the following alterations by the ICAEW to its regulatory arrangements be treated as exempt alterations for the purposes of paragraph 19(2)(c) of Schedule 4:

ICAEW Professional indemnity insurance regulations and guidance ("PII Regulations")

Proposed exempt changes

4. Drafting amendments to clarify the run-off requirements of firms that cease public practice under PII Regulation 2.8.
5. Minor drafting amendments to regulation 1.2 to reflect the latest amendments to the regulations and the date from which they apply.

Other changes notified to the LSB

6. The ICAEW has also notified the LSB of amendments and additions to the guidance for the Professional Indemnity Insurance Committee, (the "PII Committee") for its consideration of applications for dispensation from the requirements of the PII Regulations.
7. In particular, new guidance is in place to assist the PII Committee to consider applications to waive or relax the requirement to hold qualifying insurance in accordance with PII Regulation 5.3(d). The new guidance does not contain rules or otherwise change the meaning of PII Regulation 5.3, which has not been amended. Further, the ICAEW has confirmed that the new guidance does not alter the PII Committee's key objective, which is to ensure that appropriate insurance arrangements are in place to protect consumers. On this basis, the amendments and additions to the guidance are out of scope of the LSB's approval process for changes to regulatory arrangements and are not considered further for the purposes of this direction.

Reasons for exemption direction

8. The amendments to the PII regulations do not represent a change in regulatory policy or approach but serve to clarify the PII regulations for firms.
9. Currently PII regulation 2.8 which applies to firms, cross refer to PII regulation 2.7, which applies to individuals. This has the potential to cause ambiguity. The amendments to regulation 2.8 remove this cross reference while maintaining the existing run-off requirements for firms. The ICAEW seeks to provide additional clarity within guidance at paragraphs 6.28-6.30.
10. A copy of the alteration was submitted to the Board on 09 March 2021.
11. This direction is effective from 20 April 2021.

For and on behalf of the Legal Services Board
20 April 2021