



**PROFESSIONAL
STANDARDS
DEPARTMENT**



Request for Exempt Alteration to ICAEW Disciplinary Bye- laws

27 August 2026

Exempt Alteration Request for proposed amendments to ICAEW Disciplinary Bye Laws

OVERVIEW AND SUMMARY OF PROPOSED ALTERATION, ITS PURPOSE, INTENT, EFFECT AND IMPACT

1. The proposed amendments to ICAEW's Disciplinary Bye Laws (DBLs) fall into three distinct areas. None of the amendments concern the provision of reserved legal services. The three areas are: changes required to align the DBLs with the new local audit framework for England; changes to enable the introduction of a constructive engagement process for low-level audit matters; and consequential updates arising from ICAEW's new organisational structure and associated naming conventions.
2. The first area of amendment is required to ensure that ICAEW's arrangements and rules are aligned with forthcoming legislation establishing a new local audit framework for England and the Local Audit Office. This legislation has received Royal Assent and is currently expected to come into effect on 1 October 2026. Although this change does not relate to reserved legal services, it is driving the overall timetable for the DBL amendments.
3. The amendment concerns the proposal of a new DBL 9A.1, which will accommodate the 'Transfer of Cases to the Local Audit Office (or relevant successor body). The legislation will allow the new Local Audit Office to assume enforcement responsibility for future complaints raising important public interest issues. This mirrors the FRC's current power to call in cases under the Accountancy Scheme. The draft legislation requires an External Registration Body to ensure its rules and arrangements allow for such intervention, and the proposed inclusion of new Disciplinary Bye Law 9A.1 accommodates this requirement.
4. The second area of amendment will allow ICAEW to introduce a new constructive engagement process. This process is intended to apply only to low-level audit matters and will not apply to matters involving reserved legal services. The four key reasons for introducing this process are to:
 - align with the FRC's desire to ensure better consistency between its enforcement work and the work of the Recognised Supervisory Bodies;
 - avoid disproportionate and inconsistent disciplinary outcomes for ICAEW firms and members, where the FRC would offer constructive engagement for comparable failings;
 - promote consistency between low level audit matters identified through ICAEW QAD inspections and complaints referred to the ICAEW Conduct Department via a complainant; and
 - help manage current pressure on the ICAEW Conduct Department and Conduct Committee arising from the continued increase in complaint numbers.

5. If ICAEW were to propose extending the process in future to matters within the reserved legal services area, it would make the appropriate application at that time.
6. The third area of amendment concerns several amendments to reflect the launch of ICAEW's new organisational structure, under which it has been agreed that the Professional Standards Department will change its name to align with other teams within the Institute. The new name will be the Regulation & Conduct division.
7. Amendments have been made across the document, primarily to definitions, to reflect the new department name, consequential role title changes and updated naming conventions, including the change from 'ICAEW Regulatory Board' to 'ICAEW Regulation & Conduct Board'. The Chief Officer role has also been renamed to align with the Regulation & Conduct structure.
8. A consequential amendment has also been made to the name of the 'Regulatory and Conduct Appointments Committee', which will now be referred to as 'Regulation & Conduct Appointments Committee'. While the committee is not referenced within the DBLs, and therefore falls outside the scope of this application, this change is noted for the Legal Services Board's information.

THE ALTERATION AND WHY IT IS APPROPRIATE FOR EXEMPTION

9. A Tracked Change Copy of DBLs, as well as a Schedule of Amendments, has been provided with this application. Both documents provide full details of the proposed amendments.
10. The DBLs were last substantively altered in 2022, effective in 2023, when the LSB [approved](#) ICAEW's application for alterations to its disciplinary framework.
11. We consider that the proposed alterations are appropriate for exemption because they are minor, low risk amendments falling within the scope of the Direction. In line with the LSB guidance, the proposed alterations are:
 - not prejudicial to the regulatory objectives;
 - unlikely to impact consumers or the regulatory community.

IMPACTS OF THE ALTERATION ON REGULATORY OBJECTIVES

12. The alteration is fully compatible with the regulatory objectives in section 1 of the Act and our duty under section 28(3) of the Act to have regard to the better regulation principles and best regulatory practice.

Transparent	Neutral/No Impact
Accountable	Neutral/No Impact
Proportionate	Positive
Consistent	Positive
Targeted	Neutral/No Impact

Protecting and Promoting the Public Interest	Neutral/No Impact
Supporting the Constitutional Principle of the Rule of Law	Positive
Improving Access to Justice	Neutral/No Impact

Protecting and Promoting the Interests of Consumers	Neutral/No Impact
Promoting Competition in the Provision of Legal Services	Neutral/No Impact
Encouraging an Independent, Strong, Diverse and Effective Legal Profession	Neutral/No Impact
Increasing Public Understanding of the Citizen's Legal Rights and Duties	Neutral/No Impact
Promoting and Maintaining Adherence to the Professional Principles	Neutral/No Impact
Promoting the Prevention and Detection of Economic Crime	Neutral/No Impact

SUMMARY OF SUPPORTING CONSULTATION, AND IF NOT, WHY

13. We do not consider that consultation is necessary or proportionate given the proposed amendments.

A SUMMARY OF ANY EVALUATION AND MONITORING OF THE IMPACT OF THE ALTERATION ONCE IT HAS EFFECT, AND IF NOT, WHY.

14. We do not consider that specific evaluation or monitoring is required for the proposed amendments. We will continue to oversee the operation of the DBLs through our normal governance, regulatory and disciplinary oversight arrangements and will address any implementation issues if they arise.

TIMEFRAME FOR IMPLEMENTATION

15. Subject to the LSB having no objection to the alteration, ICAEW intends to implement the alterations so that they become effective on 1 October 2026.

ANNEX

ICAEW Disciplinary Bye-Laws (Tracked changes)
Schedule of Proposed Amendments