

Minutes of the meeting of the CLLS Professional Rules & Regulation Committee (the Committee) held on Thursday 12 December 2019 at 4:00pm

Location: Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, EC4Y 1HS

Present:

Jonathan Kembery (Freshfields Bruckhaus Deringer LLP) (Chair) (**JAK**)

Raymond Cohen (Linklaters LLP) (Co-Vice Chair) (**RMC**)

Clare Wilson (Herbert Smith LLP) (Co-Vice Chair) (**CW**)

Mike Pretty (DLA Piper UK LLP) (**MP**)

Annette Fritze-Shanks (Allen & Overy LLP) (**AFS**)

Julia Adams (Slaughter and May) (**JA**)

Jo Riddick (Macfarlanes LLP) (**JR**)

Iain Miller (Kingsley Napley LLP) (**IM**)

Fergal Cathie (Clyde & Co LLP) (**FC**)

Tracey Butcher (Mayer Brown) (**TB**)

Sonya Foulds (Cleary Gottlieb Steen and Hamilton LLP) (**SF**)

Sarah Boland (Freshfields Bruckhaus Deringer LLP) (Committee Secretary) (**SB**)

David Hobart (Chief Executive, City of London Law Society) (**DH**)

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1. Minutes and matters arising

1.1 The previous meeting's minutes were accepted as approved.

2. Overseas Practice Rules

2.1 RMC reported that good progress had been made with the SRA. There was now an agreed CLLS compliance note to send to member firms with additional guidance on how the Overseas Rules operate.

2.2 The Committee approved the compliance note for circulation.

2.3 There was a third case study still in draft form which was to be provided for comment to Juliet Oliver (**JO**). The Committee was invited to provide any further comments on this case study to RMC.

2.4 JAK explained that JO intended also to re-engage next year on the apparent divergence between individual and firm reporting responsibilities in the Overseas Rules and the meaning of 'manager' in this context. This work had been shelved prior to the launch of the StaRs.

2.5 **ACTION:** JAK to email the compliance note to the CLLS list of COLPs for member firms and to ask for Edward Sparrow to email the compliance note to senior partners of member firms. Mailing to be the other side of the festive break.

3. DAC6

- 3.1 It was agreed that, if there was a role for a committee in the CLLS to address issues regarding DAC6, the relevant committee was the Tax Committee.

4. AML5

- 4.1 JR reflected that AML5 was intended to be transposed by 10 January 2020. Assuming that to be the case, there were consequent changes to the CDD approach that firms would need to adopt.
- 4.2 It was also recorded that there was uncertainty in relation to the scope of the requirement for partners to be DBS checked – in particular, whether the requirement applied to all existing partners or just those applying for the first time or moving firms.
- 4.3 ACTION: JAK to circulate the minutes of the last quarterly SRA meeting where this issue had been addressed to some extent and to ensure that this was raised again at the next SRA quarterly meeting in February 2020.

5. Hong Kong ILP proposals

- 5.1 JAK summarised the history of the proposals. In 2016 Hong Kong introduced LLPs followed by more recent proposals to enable law firms to be operated by means of a company. This raised obvious questions around tax transparency in particular.
- 5.2 ACTION: If a number a City firms were considering this, RMC suggested establishing a sub-group of relevant experts to share insight on the regulatory proposals.

6. SRA Standards and Regulations

- 6.1 JAK reflected that the SRA had produced what appeared to be in excess of 50 ‘new’ guidance documents. It was not clear necessarily on the face of the new guidance materials whether they were substantively new or not.
- 6.2 Discussion took place in relation to new Rule 6.2 in the Code for Authorised Persons and the accompanying guidance which, it was agreed, would benefit from clarity – in particular with respect to the approach to running ‘virtual trees’.
- 6.3 The approach with respect to the guidance on confidential information raised similar issues – in particular with respect to sharing information with foreign offices and the guidance on *Bolkiah*. It appeared also that there may have been a more substantive change in the SRA’s approach with respect to information barriers than was expected.
- 6.4 ACTION: consideration to be given to the splitting of the guidance documents between the members of the Committee so that comments could be received on all documents including as to extent to which any guidance is new.
- 6.5 ACTION: to arrange a meeting with the SRA during the week commencing 16 December 2019, if possible, to discuss the above matters.

7. Brexit – Irish practising certificate position

- 7.1 RMC confirmed that nothing had changed since the last update. The Law Society was going to wait until the outcome of the general election to see what steps would be required.

8. Governance of the Committee

8.1 JAK confirmed that Clive Black had requested a meeting between the Law Society and the Committee with the proposed date of 21 February 2020.

8.2 It was noted that JAK needed to revert to the Committee on the proposed 2020 work plan and (with FC) on the Committee's terms of reference.

9. AOB

9.1 There being no further business, the Chair brought the meeting to an end.