



**FCA Consultation – ‘FCA regulated fees and levies: Rates proposals 2020/21’  
CP 20/06\*\* April 2020**

**A response by  
The Chartered Institute of Legal Executives**

**May 2020**



## 1. Introduction

- 1.1. The Chartered Institute of Legal Executives (CILEx) is the professional association and governing body for Chartered Legal Executive lawyers, other legal practitioners and paralegals. CILEx represents around 20,000 members, which includes approximately 7,500 fully qualified Chartered Legal Executive lawyers.
- 1.2. CILEx is the Professional Body Supervisor (PBS) listed in the Money Laundering Regulations 2017 for Chartered Legal Executives in England and Wales. CILEx has delegated the responsibility of the application of money laundering-related rules to its independent regulator CILEx Regulation Ltd.
- 1.3. This is because CILEx is a designated Approved Regulator under the Legal Services Act 2007. A requirement under the Legal Services Act 2007 is to ensure that representation and regulatory matters are separated so that regulation can be carried out independently. CILEx Regulation is the independent regulator of members of CILEx, those who are not members, but who are authorised to undertake reserved legal activities, and who do so in their own entities.
- 1.4. CILEx is keen to continue to highlight these regulatory arrangements and the practical consequences which apply to us, and other Supervisory Authorities in the legal sector, through the Legal Services Act, as well as the regulatory approach and its prevailing direction in the sector. As we have previously stated in past consultations, the Professional Body Supervisors (PBSs) vary in structure, size of regulated community and modus operandi. That PBSs therefore only contribute a proportionate level of their processes and resources to OPBAS, as reflects their relative size and actual level of regulatory risk, and do not carry disproportionately large burdens, remains a priority and that carries over into the thinking about the proposed fees structure.

## **2. General points**

- 2.1. CILEx understands the government's rationale for its regime of financial regulation, appreciating that what it is intended to bring to AML supervision in terms of proper focus on dealing with the corrosive effect of increasing amounts of money laundering affecting the country, its economy and its international standing must be welcomed. CILEx has therefore engaged with OPBAS in relation to its various fee setting proposals and is a member of the Legal Sector Affinity Group and the AML Supervisors' Forum, committed to supporting a realistic, risk-based approach to regulating an AML regime.
- 2.2. Against this backdrop, we will therefore be focusing on just Question 2 of the consultation, relating as it does to its statutory position as a PBS under the Regulations.

## **3. Responses to specific question**

Question 2: Do you have any comments on the proposed FCA 2020/21 minimum fees and periodic fee rates for fee payers other than authorised firms?

- 3.1. Whilst we continue to support the proposal to maintain the minimum fee at £5,000 and welcome the reduction in the variable fee rate, as stated in related consultation responses CILEx remains concerned that there is a lack of transparency as what is actually being funded in terms of the operations and running costs for OPBAS as the FCA does not publish any detail of this information. It is therefore challenging to offer any meaningful feedback on the proposed variable fee for 2020/21.
- 3.2. This is important because it is practitioners themselves, and ultimately their clients, who bear the costs of regulation. Legal sector regulators are required to be clear that their costs and charges are both proportionate and only cover reasonable and proper regulatory activities. It is not possible to make that

judgement in respect of OPBAS's operating model; that transparency is not there.

- 3.3. This will become an even more important principle to get right vis-à-vis the evolving discussions of longer-term funding of other processes aimed at addressing economic crime.

**For further details**

Should you  
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further  
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