



Hello and welcome to the Relationship Management monthly report for July 2017 for the South West.

We hope you find the report useful and encourage you to share it with your members and colleagues.

If you have any comments or suggestions regarding the future development of our monthly report, please let us know.

Thank you for reading.

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### AML Update - the new Money Laundering Regulations 2017

**Webinar** 11 July, 12:00 - 13:00

The new 2017 Money Laundering Regulations means fundamental changes to the anti-money laundering procedures at law firms, including changes to customer due diligence (CDD), a central register for beneficial owners, changes in the rules for PEPs and a focus on risk assessments. Jonathan Fisher, QC takes you through the key changes.

[Find out more and book your place](#)

## Bring your whole self to work - being you

**The Law Society, London** 12 July, 13:30 - 17:00

In conjunction with the Lawyers with Disabilities Division, the Law Society is hosting a panel discussion followed by informal networking on the theme of bringing your whole self to work - being you.

Whether someone is a parent or carer, has a non-obvious disability or long-term health condition or has a sexuality other than heterosexual, there are lots of aspects of people's lives that are not necessarily apparent. Yasmin Sheikh, vice chair of the Law Society Lawyers with Disabilities Division, will lead a panel discussion on topics such as:

- Why people do not feel able to disclose their personal information in the workplace - whether that be a non-visible disability or their family situations;
- How to have conversations in the work-place that allow you to be yourself and which enable your organisation to support you

[Find out more and book your place](#)

## Competition Section seminar: Fairness and due process in UK antitrust proceedings

**The Law Society, London** 18 July, 18:00 - 20:15

This seminar will help you gain a better understanding of the CMA's enforcement work, and the rationale behind its policies and procedures. It will aim to give practitioners an insight into why the CMA runs its investigations in the way it does, to assist in navigating the CMA's processes and explaining them to clients. It will look at the importance of the public law framework in which the CMA operates, its historical foundations and the practical implications for your casework.

[Find out more and book your place](#)

For a full list of events, further detail and to book, please visit our [events page](#).



## Save the date - Presidents and Secretaries Conference 2018

The next Presidents and Secretaries conference will take place at the Law Society in Chancery Lane from 11<sup>th</sup> – 12<sup>th</sup> May 2018. Be sure to save these dates in your diary.

Further details and information on next year's conference will continue to be shared in later editions of this newsletter.

## 'CoLin' wins online courts hackathon for Law Society and Wavelength Law

'CoLin', a digital system designed to help people understand their legal problems and connect them with appropriate help such as local solicitors, has powered through to victory at the online courts hackathon run by Legal Geek and HM Courts and Tribunals (HMCTS).

[Read more](#)

## The Queen's Speech - what it means for the profession

The Queen's speech for the 2017 parliament has set out a comprehensive agenda with much that will be received positively by the solicitor profession,

However, Government plans to continue with reforms to modernise the court system and

reduce personal injury claims met with a more mixed response.

Read the article in full [here](#).

David Liddington says prison legislation isn't needed, read the article in full [here](#).

### Governance update - shaping up to help our members

The society is making progress on the review. It has set up a time limited implementation board. They will settle an appropriate structure of sub-boards, sub-committees and committees along with terms of reference for each.

Council will consider proposals in July and if approved the Implementation Board and the current Board and committee structure will cease by February 2018 and new governance arrangements will then be in place.

The new governance arrangements will focus on horizon scanning, policy, strategic direction and oversight of delivery. Four emerging key themes of work for next year will be

- Brexit
- education,
- communicating more effectively
- business transformation.

Paul Tennent the Interim CEO will remain in post during this period.

More news on the review of the role of Council to provide confidence that it reflects the demographic of our profession to follow in July.

We would like to hear what you think, let us know at [representation@lawsociety.org.uk](mailto:representation@lawsociety.org.uk).

### SRA overhauls the Handbook

The SRA recently announced that it would be proceeding with changes to the SRA Handbook, which it consulted on last summer. This overhaul of the Handbook makes major changes, including removing restrictions on where solicitors can practise, two separate codes of

conduct for solicitors and firms, and a shorter Handbook.

The SRA believes the changes will offer solicitors more freedom and flexibility in the way they chose to practise. However, the Law Society is [concerned that the changes will leave clients and consumers with less protection](#) and could result in a 'two-tier' solicitors profession. We will be sending out a members briefing on the changes. In the meantime, you can read materials we developed last year: [a briefing for members on the changes](#), [the research we conducted](#); and [our response to the SRA](#).

The SRA will be consulting on further Handbook proposals in autumn 2017. The new requirements will likely take effect no earlier than autumn 2018.



### Interested in regulatory news and updates?

Are you interested in regulatory issues like entry to the solicitors profession, PII, SRA consultations, enforcement and ethics?

Then keep an eye on the Law Society's [Regulatory Affairs Board Digest](#) - your round-up of key regulatory news and updates on the work of the Regulatory Affairs Board, updated each week.

And while you're at it, take a look at the [regulation of the profession](#) page information and guidance from the Law Society on regulatory changes.

If you have any questions, feedback or comments about regulation changes, please [get in touch with our Regulatory Affairs team](#).

### Professional Ethics under Pressure

Can lawyers be competitive and act ethically? How do individuals and firms strike a balance between rule of law and reputation?

A panel of experts from the financial, energy, legal and telecommunications sectors discussed these issues and more at a recent event chaired by Robert Bourns, President of the Law Society, and jointly hosted with the Institute of Business Ethics. We've put together a highlights film from the event, [free to view on our Professional Development Centre](#). More ethics advice and guidance from the Law Society is [available here](#).

### Solicitor firms lead on social mobility

Solicitors firms make up nearly a third of organisations in the top 50 UK employers which have done the most to improve social mobility in the workplace. This is according to what is believed to be the world's first ever social mobility employer index unveiled by the government today.

Read the article in full [here](#).

Read and sign up to The Law Society Diversity and Inclusion charter [here](#).

See the top 50 employers [here](#).

### New Lord Chancellor is sworn in

Newly announced lord chancellor David Lidington has received a warm welcome from the Law Society of England and Wales today. David Lidington was elected Conservative MP for Aylesbury in 1992. He is a former Europe minister and was previously the leader of the House of Commons.

Read the article in full [here](#).

### Update on Brexit

We bring you the latest articles and news on Brexit as talks begin.

The Law Society believes that Brexit negotiations must have a clear focus on ensuring British trade and that the export of legal services is not undermined.

Key issues for the legal sector include:

- recognition and enforcement of judgments

- the EU-wide arrest warrant, a vital tool in fighting crime
- maintaining legal certainty throughout the Brexit process
- practice rights continued to the mutual advantage of all.

UK lawyers are currently able to service the cross-border needs of both businesses and individuals whether from satellite offices in the EU, or via 'fly-in, fly-out' services.

Read the article in full [here](#).

You may also wish to read the following articles:

[City firms fear talent drain due to Brexit](#)

[In-house solicitors on why spending on external legal advice on Brexit may be a waste of money](#)



### New SQE gets go ahead for September 2020 amid concerns

The new Solicitor Qualifying Exam SQE will go ahead from September 2020, the SRA are again consulting on the proposals, see [here](#).

The consultation is open until 26 July and can be found [here](#).

The Law Society has produced a briefing document to provide a broad summary of the SQE, describing the key points to be aware of in this latest consultation. The briefing can be downloaded [here](#).

Read the latest news and comment on the proposals here:

[Society calls for SQE clarity as consultation opens](#)

[Super exam may hit trainees](#)

[Concerns that provider could be bother trainer and examiner](#)

## General Data Protection Regulations (GDPR) - guidance for the profession

You will be aware that new Data Protection rules come into force in May 2018.

The Law Society is in the process of putting together guidance for law firms on what the new rules entail and how to prepare for the new regime in a post Brexit world.

We will share this with you when it becomes available.

Meanwhile read Anna Drozd's [blog](#) on the four reasons why you should comply.

## 9 things you need to know about the new AML regulations

*Pearl Moses*

The [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on Payer\) Regulations 2017](#) came into force on the 26th of June. The regulations are not as long as the title sounds (or as scary) but failure to take note of the changes can expose firms to prosecution or disciplinary action. Firms with Lexcel should renew their AML policies to ensure compliance with the new regulations.

### 1 Risk assessment

Firms doing work in the regulated sector will have to carry out a risk assessment and provide that risk assessment to the Solicitors Regulation Authority (SRA) on request.

The Money Laundering Regulations 2007 (MLR) required firms to keep policies relating to risk assessment. The 2017 Regulations are much more prescriptive. Firms must now:

- Set out the procedure (undertaken by a relevant person) to analyse the business's

potential exposure to money laundering or terrorist financing.

- Demonstrate and document that risk assessments are conducted, kept up to date and take into account risk factors including those relating to their customers, countries or geographic areas, products, services, transactions or delivery channels.

### 2 Policies and procedures

Revised reporting, record keeping and monitoring processes are now required, meaning that the relevant person in a firm must produce a written AML risk report that is then translated into written policies.

### 3 Group level and internal controls

Firms which are parent undertakings will be required to apply their policies, controls, and procedures to their subsidiaries and branches in the UK and overseas. Subsidiaries and branches in EEA states must comply with the national law while subsidiaries and branches in third countries with less strict regimes must follow equivalent measures to those required by the regulations.

Firms will also be required to establish and maintain group controls and procedures for data protection and the sharing of information for the purposes of preventing money laundering and terrorist financing.

For internal purposes a firm must:

- Appoint a member of the board or management body to be responsible for compliance.
- Screen employees and other agents that carry out work relevant to the firm's AML procedures.
- Establish an independent audit function to assess the efficacy of the firm's policies and procedures and to make recommendations to monitor compliance with the regulations.

These requirements are proportionate depending on the size and nature of the firm's business— not all firms will need to have all of these controls in all circumstances.

### 4 Customer due diligence

The circumstances in which simplified customer due diligence (CDD) is permissible will become more restricted—in a significant departure from the Money Laundering Regulations 2007 'automatic' simplified due diligence for certain transactions will end. Instead, a relevant person will need to consider both customer and geographical risk factors in deciding whether simplified due diligence is appropriate.

The exemption from enhanced CDD is not automatic, and the decision to apply simplified CDD should be backed up by documentation. The Law Society has warned that some of these situations will create an undue burden on firms, particularly in the case of pooled client accounts.

### 5 Enhanced due diligence

Another major change is the creation of a list of high risk jurisdictions which, if involved in a transaction, will make enhanced due diligence (EDD) and additional risk assessment compulsory.

Firms must also identify and verify the identity of a person purporting to act on behalf of the customer

Relevant persons will still be able to rely on the CDD carried out by a third party if that third party is either subject to the MLR 2017 or an equivalent regime. However, the conditions for doing so are more prescriptive.

### 6 Measures for local politically exposed persons

The parts of MLR 2007 which applied only to foreign politically exposed persons (PEPs) will now also apply to local PEPs and include domestic individuals occupying prominent public positions. This will broaden the scope of application of enhanced due diligence checks.

Firms will need to review their existing client portfolio to identify any domestic PEPs and to apply enhanced due diligence accordingly.

### 7 Training

Regular training to relevant employees and agents is crucial to ensure they are made aware of the law relating to money laundering, terrorist financing and data protection. Firms will be able

to refer to the revised Law Society AML practice note for more information on how to satisfy these requirements (the note will be published by the end of June).

### 8 Approval requirements for beneficial owners

Beneficial owners, officers or managers of a firm must apply to the SRA for approval by 26 June 2018. They will be approved unless the person has been convicted of a relevant offence.

### 9 Record keeping and data retention

Firms will be required to retain records of CDD documents and supporting evidence for at least five years after the end of the business relationship or occasional transaction.

At the end of five years, there is a requirement to delete personal data (unless express consent is given to retain that data) or if the firm is otherwise required to retain the personal data (ie for the purposes of court proceedings).

You will need to amend your systems and procedures to ensure that, unless an exemption applies, such personal data is deleted

### Your 'to do' list

How should you start? First steps:

- Initiating and documenting a risk-based assessment of money laundering
- Training staff on how to access the beneficial ownership registry
- Updating policies and procedures to reflect the changes
- Adding an audit function to test procedures
- A review of all new policies by senior management

**Pearl Moses is Head of [Risk & Compliance](#) at the Law Society. To join the Service or for bespoke advice, email: [riskandcompliance@lawsociety.org.uk](mailto:riskandcompliance@lawsociety.org.uk).**



President, Robert Bourns, held an election roundtable with a number of prominent South West firms at Porter Dodson earlier June. He outlined some of the priorities the Law Society would be seeking to raise with the new government.



#### Rejecting un-remunerative publicly funded criminal work

This practice note is aimed at all solicitors undertaking publicly funded criminal legal aid work, COLPs and COFAs of firms and other entities providing those services.

It is intended to assist solicitors in identifying circumstances which may warrant a refusal to undertake legal aid work and, in doing so, to ensure compliance with the Solicitors Regulation Authority's Code of Conduct.

[Read more](#)



Planning for gypsy, traveller and showpeople sites in Wales

The Law Society's Planning and Environmental Law Committee recently responded to a Welsh government consultation on a draft circular on planning for gypsy, traveller and showpeople sites.

The committee's response generally supported the draft circular's content, and provided feedback on a number of points. The committee agreed that data from local authority gypsy and traveller accommodation assessments should inform development plans, and that regional working could be of use in determining provision.

Read the full response [here](#).

#### Independent Review of Employment Practices in the Modern Economy

The Independent Review of Employment Practices in the Modern Economy is reviewing the ways in which employment practices need to change in order to keep pace with modern business modes. We support the review, as the time is ripe for government and public policy makers to build upon the current employment law framework to ensure that it is in tune with the evolving economy.

The Law Society's submission concentrates on the two key legal aspects of the review:

- How to streamline the definitions around employment status, so it is easier for people to understand what rights apply to them;
- How enforcement can be improved so vulnerable people can gain redress if unscrupulous employers operate outside the employment law framework.

Read the full response [here](#).



SRA Open Consultations

### A new route to qualification: New regulations

The SRA is consulting on its proposed regulations to provide the regulatory framework for qualification as a solicitor via the Solicitors Qualifying Examination, and on its proposals for recognition of the knowledge and competences of qualified lawyers which will form part of the new regulatory framework. These will come into effect no earlier than September 2020.

**Closing date for responses** 26 July 2017

[Find out more](#)

### Consultations for Government that you may be interested in responding to...

#### Consultation on sentencing guidelines: child cruelty

This consultation seeks views on new guidelines for offences of cruelty to a child, causing or allowing a child to die or suffer serious physical harm and failing to protect a girl from the risk of FGM.

**Closing date for responses** 13 September

[Find out more](#)

#### Regulatory performance assessment

The consultation seeks views on the proposed performance assessment framework the LSB intends to use for its regulatory oversight.

Following a review of previous process and a consultation with regulators the LSB has identified opportunities for improvement in areas as follows:

- The regulatory performance standards could be more representative of the key areas of regulatory risk (for example, they could cover authorisation and education and training) and there was scope to remove

duplication and ambiguity amongst the indicators outlined under each standard

- There is an opportunity to be more systematic and to utilise an ongoing approach to gathering information and evidence about the regulators' performance
- The assessment process could be more proportionate, risk-based and targeted. It was also noted that greater clarity was needed as to whether the process assesses performance against minimum standards required for effective regulation or 'gold-plated' regulation, and
- The grading scale could more accurately reflect the regulators' current performance rather than the progress the regulators' have made and intend to make.

**Closing date for responses** 25 September

[Find out more](#)

For further information regarding any of the consultations please contact Lauren Rabiotti, Executive Adviser, Legal and Regulatory Policy - [lauren.rabiotti@lawsociety.org.uk](mailto:lauren.rabiotti@lawsociety.org.uk)