

Financial Conduct Authority

Recovering the costs of the Office for Professional Body Anti-Money Laundering Supervision: consultation on fee-rate for 2019/20

A response by
CILEx Regulation

30 August 2019

Introduction

This response represents the views of CILEx Regulation, the regulatory body for Chartered Legal Executives, CILEx Practitioners and legal entities. Chartered Legal Executives (Fellows) are members of the Chartered Institute of Legal Executives (CILEx). CILEx Practitioners are authorised by CILEx Regulation to provide reserved legal activities. CILEx is the professional body representing around 20,000 members and is an Approved Regulator under the Legal Services Act 2007 (LSA). Fellows and CILEx Practitioners are authorised persons under the LSA. CILEx Regulation regulates all grades of CILEx members.

CILEx Regulation is also a regulator of entities through which legal services are provided. It authorises entities based upon the reserved and regulated activities.

CILEx Regulation and CILEx provide an alternative route to legal qualification and practice rights allowing members and practitioners, who do not come from the traditional legal route to qualify as lawyers and own their own legal practice. With the implementation of the practice and entity rights, CILEx Regulation has demonstrated its emphasis on economic growth, as it aims to capture a wider range of individuals and entities within its regulatory remit.

CILEx became an approved supervisory authority for money laundering on 6 February 2015. Its authorised entities are supervised by CILEx Regulation as the independent regulator of CILEx members, CILEx Practitioners and entities.

CILEx Regulation is a member of the Legal Sector Affinity Group and the AML Supervisors forum. We support the aims of reinforcing a risk-based approach across all sections of the anti-money laundering and counter-terrorist finance regime.

Its authorised entities and a small number of individuals working as sole practitioners are supervised for money laundering compliance.

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Response to the FCA consultation

1. We have engaged with OPBAS on the fee setting proposals and continue to believe that the model on which the fees are based needs to be both straightforward and fair. Assuming the overall desire to retain the broader public interest of maintaining professional membership, then the proposed model for charging fees needs to recognise the differing sizes and risks of the various supervised populations and ensure that all professional body supervisors are contributing on a proportionate basis.
2. Our response to the question is as follows.

Questions

Q1: Do you have any comments on our proposed variable fee of £44.36 per supervised individual?

3. Whilst the position of the FCA remains not to publish details of costs and use of resources for OPBAS, then it is difficult to make any meaningful comment on the proposed variable fee for 2019/20.
4. The OPBAS budget for 2019/20 as set requires a 25% increase on the 2018/19 out turn and the proposed variable fee is being increased by 22.4%. Whilst this will not impact on the fee that CILEx Regulation would pay given the small size of our supervised population, we welcome an explanation as to why this significant increase is necessary.
5. As stated previously, our position remains that there should be a transparency on costs and understanding of the ongoing plans for OPBAS through 2019/20. As a

legal services regulator we are required to account for the costs of regulation and supervision to the membership of our professional body, as well as to the Legal Services Board.

6. We believe that it is important that there is clarity on costs especially in view of wider discussions around long term funding of other activities that are associated to addressing economic crime.
7. Any questions relating to this consultation response can be directed to David Pope, Entity Authorisation & Client Protection Manager (david.pope@cilexregulation.org.uk).