

## The Patent Regulation Board and the Trade Mark Regulation Board

### Agenda

Thursday May 19 2022 at 12 noon

[Gatehouse Chambers \(Gray's Inn, 1 Lady Hale Gate, London WC1X 8BS\)](#)

1. Apologies - none
2. Notification of any conflicts of interest

#### **PART A – NON-CONFIDENTIAL ITEMS**

3. Minutes of 17 March 2022 meeting and matters arising
4. Action Log (FG)
5. Other activities (not covered elsewhere):
  - a. Sanctions – correspondence and meetings (FG)
  - b. 3 CEOs (FG)
  - c. Regulatory Forum: 18 March (Chair)
  - d. Board matters: Chair reappointment (FG)
  - e. Completion of Board appraisals (Chair)
6. LSB Performance Management Dataset (VS)

#### **PART B – CONFIDENTIAL ITEMS**

7. Complaints update (SE)
8. Progress on Review of Regulatory Arrangements (EL)
9. LSB engagement (FG)
  - a. Governance and Transparency Working Group update (SP)
  - b. Board to Board meeting 1 June (Chair)
  - c. LSB consultation on changes to regulatory performance framework (FG)
  - d. Data Group forward work plan update (FG)
10. IPReg website upgrade (SE) – no paper

**11. Red risks (FG)**

**12. Finance update (KD) – Board, CEO, SE, KD only**

**13. Regulatory Statement**

Confirmation that, except where expressly stated, all matters are approved by the Patent Regulation Board and the Trade Mark Regulation Board.

## IPReg Board Meeting Actions Log - New and Outstanding Actions

Date of Meeting in which action arose	Agenda Item	Action	Responsibility	Status	Notes/Update
March 2022 Board Meeting					
Mar-22	Progress on Review of Regulatory Arrangements	Develop research proposals with immediate next steps to be agreed prior to the May Board meeting if necessary	EL	Closed	We have reviewed the information provided in response to our consultation and consider that further information gathering (in addition to what is contained in the data group's forward plan) is not required at this time as we have sufficient information to support the application to the LSB. Subject to the Board's views (covered under item 8 - the Regulatory Arrangements Review update), we will therefore close this action.
Mar-22	IPReg Annual Report	Share the Annual Report with CIPA and CITMA and arrange for online publication	VS	Closed	Shared with CIPA and CITMA on 6 April and published on 7 April.
Mar-22	Queen Mary University London (QMUL) Accreditation Assessment	Inform QMUL of the accreditation decision and publish assessor report on website	VS	Closed	Reaccreditation letter issued to QMUL on 1 April, setting out that a 5 year reaccreditation is dependent upon QMUL providing a detailed, time-framed implementation plan (required by 1 July) and formal independent specialist review which confirms the assessment report's Mandatory Requirements and Recommendations have been delivered.
Mar-22	Recruitment of Joint Disciplinary Panel Members	Take forward JDP recruitment with Thewlis Graham	SE	Ongoing	

## IPReg Board Meeting Actions Log - New and Outstanding Actions

January 2022 Board Meeting					
Jan-22	Annual Renewal Process Update	Review annual return information categories similar to PAMIA questions	SE	Ongoing	Any changes will be put in place for 2023 renewal year
November 2021 Board Meeting					
Nov-21	Governance Matters	Chair and Board to programme in appraisals	Chair/Board	Closed	
Nov-21	Governance Matters	FG to develop an Escalation Policy/Procedure (similar to "Speak Up Guardian") and share with Team and Board	FG	Ongoing	
Nov-21	Governance Matters	FG to ask auditors to review financial controls and report to Board	FG	Ongoing	Audit taking place w/c 23 May
Nov-21	Governance Matters	Governance documents to be reviewed in 2 years' time	FG	Open – Nov-23	
July 2021 Board Meeting					
Jul-21	Compensation Arrangements	Develop risk profile	FG/SE/MB	Ongoing	To be developed over next 2 years
May 2021 Board Meeting					
May-21	Diversity - next steps - workshop feedback	Implement the diversity initiatives	FG	Ongoing	

## IPReg Board Meeting Actions Log - New and Outstanding Actions

May-21	Diversity - Inclusive Language	Adopt and publish Inclusive Language Policy	FG	Ongoing	
January 2021 Board Meeting					
Jan-21	Covid-19 – Impact on IPReg team	Report any relevant issues to LSB	FG	Closed	
July 2020 Board Meeting					
Jul-20	Risk registers	Discuss how cyber risks should be added to the risk register and arrange for IPReg to undertake the Cyber Essentials programme.	IPReg team and SF	Ongoing	
January 2020 Board Meeting					
Oct-19	LSB CEO Meeting	Invite Matthew Hill to Board meeting	FG	Open	Date TBC
April 2019 Board meeting					
Apr-19	Queen Mary University London (QMUL) - progress report	Continue to monitor and take action as required	Education Working Group	Closed	Please see QMUL reaccreditation item above



7 April 2022

Dear Fran,

## **LEGAL SECTOR EFFORTS TO ENFORCE THE SANCTION REGIME IN RESPONSE TO THE RUSSIAN INVASION OF UKRAINE**

The UK government condemns the Russian government's unprovoked and premeditated war against Ukraine. This is a horrific attack on a democratic, sovereign European nation and the world is taking action to hold Russia accountable. The UK continues to play a leading role in supporting Ukraine and, as you are aware, has imposed sanctions on Russia and Belarus. But the situation remains grave.

We only have to look at Russia – where corruption is rife and Government critics are silenced - to see why the rule of law is so important. I am proud that here in the UK the rule of law means that everyone has a right to access legal representation. The Government needs to defend these rights – in contrast to authoritarian jurisdictions. But clearly, legal services regulators also have a responsibility under the regulatory objectives to protect the public interest and rule of law, maintain adherence to professional principles and ensure an independent, strong, diverse and effective profession. This means regulators have a duty to safeguard the UK and protect the reputation of their profession and our legal system by upholding the sanctions and anti-money laundering regime. Over the recent weeks the legal professions have come under significant scrutiny against the backdrop of the Russian invasion of Ukraine. There has been criticism of firms and chambers for acting on behalf of clients linked to Russia. I have and will continue to defend the rights of all – including those subject to sanctions – to access legal advice. But I expect legal professionals to operate to the highest ethical standards and to demonstrate this to the public. Thankfully, I am confident that the overwhelming majority do so.

The legal sector is in fact critical to the operation of an effective sanctions regime and ensuring designated persons comply with the restrictions placed on them. Government and the public look to you as regulators to uphold the regime and give the highest confidence that it is being complied with.

I want to thank you all for your work stepping up awareness raising, compliance monitoring and starting to explore your supervision and enforcement strategies including additional powers you may require. I also welcome efforts to come together with the Legal Services Board to look at how to further improve the effectiveness of the supervisory system. Thank you for providing the Legal Services Board with updates on the work you have done so far and any prospective plans. I have asked the Legal Services Board to share these insights and where there are opportunities for improvement with the department, and we are now carefully considering how we might best support these efforts.

I am keen to hear from you directly on what you plan to do to strengthen enforcement of the sanctions regime and how government can best support you in your duties. I expect to see everyone playing their part and actively pursuing this agenda and I look forward to hearing about the progress of this work soon.

We must continue to act visibly on this issue to maintain confidence in the sector and the wider legal system, and to ensure we are standing strong with Ukraine.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Dominic Raab". The signature is fluid and cursive, with the first name "Dominic" and the last name "Raab" clearly distinguishable.

**RT HON DOMINIC RAAB MP**

22 April 2022

Rt Hon Dominic Raab MP  
Lord Chancellor and Secretary of State  
Ministry of Justice  
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Dear Lord Chancellor and Secretary of State

**Legal sector efforts to enforce the sanction regime in response to the Russian invasion of Ukraine**

Thank you for your letter of 7 April which sets out the vital role that the legal sector can play in upholding the sanctions and anti-money laundering frameworks.

By way of background, the Intellectual Property Regulation Board (IPReg) regulates trade mark and patent attorneys and the firms that they work in. The firms we regulate ordinarily hold small amounts of client money – usually money that has been paid on account for fees or money paid in advance for disbursements. IPReg is therefore not a Supervisory Authority under the anti-money laundering regulations and the regulated sector is considered low risk for money laundering.

We fully support the sector-wide work to ensure the effectiveness of the sanctions framework and have therefore focused considerable attention on increasing awareness of the framework and the importance of firms ensuring that they comply with it. We have also taken action to strengthen our enforcement work. Examples of our activities are:

*Awareness raising*

Activities that we have undertaken include:

- Publishing [Guidance](#) on our website on what we would expect firms to do when they are considering what action to take on issues relating to sanctions. That Guidance includes drawing registered individuals' attention to their whistleblowing obligations, which should in turn help to strengthen our enforcement activities;
- Putting information on our [website](#) which includes links to:
  - Gov.uk website information on sanctions;
  - The government's export support team helpdesk details;
  - OFSI guidance and blog;
  - The Consolidated List of financial sanctions targets and information about how to search it;
  - IPO and EPO websites for information about their actions and advice;
  - Practical Law free [toolkit](#) which provides further advice and guidance and information;
  - National Cyber Security Centre.



## *Strengthening supervision and enforcement*

Activities that we have undertaken include:

- Contacting all our firms who have non-lawyer owners or managers asking them for assurance that they have checked that those owners/managers are not financial sanctions targets. We are also considering whether we should require periodic confirmation of compliance from registrants;
- Introducing a sanctions check as part of our entity application and approval of individuals processes. This covers owners, managers and key role holders. We are also asking applicants to confirm how they comply with the sanctions framework;
- Emailing key role holders and attorneys to bring to their attention the need for a licence from OFSI if they are conducting certain transactions, to draw their attention to the OFSI guidance on sanctions breaches and to signpost the Practical Law free toolkit;
- Asking firms and sole traders to notify IPReg if they apply for a licence from OFSI.

We are in also close contact with the Chartered Institute of Patent Attorneys (CIPA) and the Chartered Institute of Trade Mark Attorneys (CITMA) who are the approved regulators under the Legal Services Act 2007. We have been able to ensure that we share useful links and information and that our messaging and guidance are consistent.

IPReg will continue to play its part to help maintain confidence in the sector and the wider legal system. We recognise that OFSI is responsible for monitoring compliance with financial sanctions and for assessing suspected breaches. It also has the power to impose monetary penalties for breaches of financial sanctions and to refer cases to law enforcement agencies for investigation and potential prosecution. It would be helpful if OFSI were able to notify IPReg in the event that one of its registered firms applied to OFSI for a licence. This would enable us to assess whether the application raised any regulatory concerns that we needed to investigate further.

I am copying this letter to colleagues at the LSB, MoJ, CIPA and CITMA.

Yours sincerely



**Fran Gillon**  
Chief Executive

By email only

Rt Hon Dominic Raab MP  
Deputy Prime Minister



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21 April 2022

Dear Deputy Prime Minister

## **LEGAL SECTOR EFFORTS TO REINFORCE THE SANCTION REGIME IN RESPONSE TO THE RUSSIAN INVASION OF UKRAINE**

Thank you for your letter of 7 April, and a similar letter to the LSB's Chief Executive, Matthew Hill. I am replying on behalf of the LSB.

I am very grateful for the support you set out for the work the LSB and the legal services regulators are doing to assist OFSI in ensuring the effective operation of the sanctions regime.

While there remains much to do, we have made a very good start. The LSB will shortly be writing to the regulators to establish central expectations of them in terms of their role in upholding the regime. That will cover such matter as assessing the exposure of their parts of the sector, raising and testing awareness of the sanctions regime, sharing information, monitoring compliance and, where necessary, taking appropriate enforcement action. We will continue to press and support with urgency and rigour.

You ask in your letter about how best the Government might support these efforts.

While we are confident that the existing legislation provides both a mandate and a range of powers to ensure the legal services sector plays its part in upholding the sanctions regime, there are a number of areas in which it would undoubtedly be helpful to put matters beyond doubt. They include information sharing, broader powers and remit.

### *Information sharing*

We have worked with regulators to establish a core "ask" on information sharing. In summary, the following are the types of information we all consider it helpful to be shared between the regulators, OFSI and any other relevant authorities (for example the NCA or intelligence agencies):

- Firms and individuals which have applied for/been granted/denied licences, for which activities and for what fees (OFSI)
- Known licence breaches/enforcement activity (OFSI)
- Assessment of fees as reasonable/otherwise (OFSI/Regulators)
- Concerns about particular authorised firms or individuals (OFSI/Regulators other crime and intelligence authorities)

- Thematic areas of practice that may present greater risk, emerging trends, and threats to the legal sector's compliance with the sanctions regime (OFSI/Regulators)
- Issues with poor reporting (eg on Suspicious Activity Reports) which might help target supervision/compliance activity (NCA, Regulators)
- Asset freeze breaches (OFSI)

We are clear that a great deal of this can be achieved through existing mechanisms, given sufficient will to make use of them. However, there is a strong case for legislating to put beyond doubt the ability of the various parties to share this information. In the meantime we will continue to do everything we can to further these aims within the existing framework.

#### *Broader powers*

We have collated the following requests from regulators for broader powers that could be instrumental in enabling compliance by their regulated communities. Although these early considerations will need to be developed further, they include:

- Greater fining powers to create a more credible deterrent against wrongdoing
- Greater powers to require information from firms about sanctions, money laundering and suspicious activity
- Legislation to require source of funds/wealth checks (beyond the existing limited circumstances)
- Powers to restrict individuals from acting as a money laundering reporting officer or money laundering compliance officer if the regulator does not consider them suitable
- Ability to set guidance on AML with approval from HMT rather than all twelve regulators and representative bodies.

#### *Remit*

Finally, while we are clear that the Legal Services Act 2007 strongly implies a remit for the legal services regulators in this area, it would again be helpful to put the matter beyond doubt. We consider that three of the Act's objectives – supporting the rule of law, ensuring a strong, diverse, independent and effective legal profession and ensuring adherence to the professional principles – combine to provide a strong and compelling mandate. However, we know from experience since the war in Ukraine began that some businesses and professionals have been challenging this view, giving rise to operational difficulties in enforcing the regime.

It might be helpful to the regulators, and would send a strong message to the profession, to consider how the remit might be clarified. We believe this might begin to address part of the central proposition of your letter which is the importance of being able to say with absolute certainty that while we will all defend to the end the right of anyone to a legal defence, the legal sector in this country does not enable criminals or warmongers to profit from their activities.

I look forward to our continuing correspondence on these matters.

Yours sincerely



Dr Helen Phillips

**Chair**

By email only



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21 April 2022

Dear colleague

**IMPLEMENTATION OF THE FINANCIAL SANCTIONS REGIME IN THE LEGAL SERVICES SECTOR: FEES FOR THE PROVISION OF LEGAL SERVICES AND ASSOCIATED LICENSING ARRANGEMENTS**

Thank you for your contribution at the roundtable held on Friday 1 April 2022. I am very grateful for the further constructive discussions we had concerning how we as a regulatory community should support the financial sanctions regime as it applies to legal services.

As promised, I am writing to set out our view of the central expectations of all regulators. This view is informed by the discussions we have all been having over the last few weeks.

*Remit*

Our starting point is that all legal services regulators have a role in ensuring that the sector does not act as an enabler when it comes to financial crime, sanctions or similar. We consider that the regulatory objectives set out in the Legal Services Act 2007 together provide a compelling mandate in this area. In particular, the objectives relating to supporting the rule of law, ensuring a strong, diverse, independent and effective sector, and upholding the professional principles work together to set a clear remit.

As you know, we have also suggested to Government that it might be helpful to put the remit beyond doubt for third parties; in the meantime, the Act provides sufficient cover as it stands.

*Understanding*

All regulators should have a good understanding of the financial sanctions regime and in particular the elements that apply specifically to legal services. As we discussed at the last roundtable, there are some common misconceptions of the regime that regulators will want to address. Among them is a perception that work on AML might automatically provide cover in relation to sanctions. In fact, the sanctions and AML regimes are distinct, both are important, and the distinction will need to be better reflected in regulators' approaches. A further misconception seems to be that the regime can be clearly connected to a particular country. The sanctions regime has a UK nexus and again regulators will need to reflect that in their approaches.

*Risk assessment*

We expect regulators to exercise diligence, analysis and enquiry in forming a view of risk/exposure in their parts of the sector. As above, it is unlikely to be enough to focus on the absence of clients with Russian business addresses; nor will it be enough to rely on AML risk assessments. It will also be necessary to keep risk assessments under review as circumstances change.

Regulators, as the experts in their parts of the sector, will no doubt wish to analyse the range of transactions carried out by professionals and firms within their footprint and establish the risks involved. There is likely to be a wide range of activity potentially carried out on behalf of sanctioned entities, often relating to the transfer of assets but also including advice on the sanctions regime and how it is applied.

We would also expect regulators to work with other authorities (including OFSI) to understand emerging themes and typologies and how they might play out in different settings.

### *Raising and testing awareness*

The legal services regulators play a key role in raising awareness among their regulated communities as to the various obligations that apply to them. Codes of conduct, handbooks and similar should make clear the expectation that legal professionals and firms should uphold the law and comply with all obligations placed upon them.

In the specific example of the sanctions regime, where we have reason to believe that awareness may be generally low, we would expect regulators to ensure that clear and specific messaging is displayed in a prominent place on your websites on how the financial regime applies to legal services, and in particular the requirement to apply for a licence where payment is sought for legal services from a designated person or entity subject to financial sanctions in the UK.

It is unlikely to be fully effective simply to link through to OFSI guidance, as the legal services specific elements of the regime are part of a much broader set of requirements. In addition, regulators will wish to ensure that messaging on the sanctions regime is not drowned out by (also important but distinct) messaging on AML.

Regulators that are likely to have the greatest exposure will no doubt wish to test the effectiveness of their messaging using surveys or other tools.

### *Compliance, enforcement etc*

While we recognise that the primary responsibility for the sanctions regime rests with OFSI, we expect legal services regulators to take active steps in support. Non-compliance with the sanctions regime is likely to impact on compliance with the legal services regulatory regime, and ought to attract appropriate consequences for authorised persons and/or firms.

I hope this is helpful as a starting point. We appreciate that many of you will have views on what we have set out. I would be grateful to receive those views over the next two weeks (**by Friday 6<sup>th</sup> May**) to help us refine our understanding and expectations. We will be in touch after that to arrange a date for the next round table.

On a related matter, I enclose a copy of the LSB's response to the DPM's recent letter on this topic.

I am copying this letter to all legal services regulatory bodies and to MoJ, OFSI and OPBAS.  
We will also make the correspondence available to Approved Regulators where applicable.

Yours sincerely

A handwritten signature in blue ink, consisting of a large, stylized 'M' followed by a horizontal line.

Matthew Hill  
**Chief Executive**

## Board Meeting 19 May 2022

### Decision Paper: IPReg Performance Management Dataset 2021-22

#### Agenda Item: 6

**Author:** Victoria Swan, Director of Policy ([victoria.swan@ipreg.org.uk](mailto:victoria.swan@ipreg.org.uk))

#### 1. Summary

1.1 This paper sets out the proposed 2021-22 IPReg performance management dataset (PMD). The dataset is an annual requirement of the Legal Services Board (LSB) and is part of the LSB’s regulatory performance assessment process (this is the fifth PMD requirement). The dataset covers the financial year, 1 April 2021 – 31 March 2022. For the purposes of transparency and accountability IPReg publishes the PMD.

1.2 The dataset does not indicate cause for concern such as recurrence of a single significant performance issue, a pattern of smaller performance issues, or a major inexplicable change (particularly a decrease) in regulatory community size. The dataset identifies both a reduction in the number of open cases from 20 to 12 and a reduction in the longest time period from initial complaint to final decision from 561 days to 286 days and in the median time period from 221 days to 124 days;

1.3 The current [Legal Services Board Consultation - Regulatory performance assessment framework](#) proposes removing the regulatory performance requirement of the PMD<sup>1</sup>.

#### 2. Recommendation

2.1 The PMD (Annex) is recommended for approval by the Board for submission to the LSB.

#### 3. Risks and mitigations

<b>Regulatory Objectives</b>	<p>This dataset helps us assess our own regulatory performance, the function of which seeks to ensure that none of the regulatory objectives:</p> <ul style="list-style-type: none"> <li>RO1 – Protecting and promoting the public interest</li> <li>RO2 – Supporting the constitutional principle of the rule of law</li> <li>RO3 – Improving access to justice</li> <li>RO4 – Protecting and promoting the interests of consumers</li> <li>RO5 – Promoting competition in the provision of services</li> <li>RO6 – Encouraging an independent, strong, diverse and effective legal profession</li> <li>RO7 – Increasing public understanding of the citizen’s legal rights and duties</li> <li>RO8 – Promoting and maintaining adherence to the professional principles</li> </ul> <p>are put at risk. The promotion of RO4 and RO5 particularly require a regulator cognisant of its performance strengths and issues.</p>
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<sup>1</sup> The LSB proposes instead to require regulators to proactively provide it with evidence to give assurance that the performance standards are being met, [item 42 of consultation document] “We consider that for well-led regulators, our proposal would typically require no more material than is available to regulator’s own boards or made publicly available e.g. on websites)....in line with this approach, we propose that we would no longer gather performance data ”.



<b>Strategic Priorities</b>	Delivery of IPReg’s strategic priorities requires effective regulatory performance (and by extension, monitoring). The Performance Management Dataset (PMD) is currently part of the regulatory performance monitoring requirements of the Legal Services Board. Going forward, presuming the current proposals of the LSB – please see item 10c of this agenda – are taken forward, there will not be a requirement for regulators to complete a PMD.
<b>Financial</b>	None, existing resources have been dedicated to compiling the dataset.
<b>Legal</b>	[REDACTED]
<b>Reputational</b>	IPReg engages constructively in the regulatory performance assessment process and chooses to publish it for transparency and accountability (publication is not an LSB requirement).
<b>Resources</b>	None, existing resources have been dedicated to compiling the dataset.

## 4. IPReg Performance Management Dataset 2021-22

4.1 Dataset requested: the LSB seeks performance data against the function-based standards 2-4 (Authorisation, Supervision, Enforcement) and capacity to deliver these using standard 5 (Governance and Leadership):

<b>1. Regulatory approach</b>	All regulators are responsible for developing and implementing regulatory arrangements and supporting guidance that are outcomes focused, based on evidence, address areas of risk, address consumers’ needs and enable economic growth whilst maintaining professional standards and protecting the public interest.
<b>2. Authorisation</b>	All regulators are responsible for having systems in place at the point of authorisation that ensure the regulated community meets their standards and can maintain professional principles, and those that have met the standard are accurately recorded on a publicly accessible register.
<b>3. Supervision</b>	All regulators are responsible for having systems in place which ensure their regulated community’s and education and training providers’ performance is monitored so that steps can be taken to improve performance or share good practice.
<b>4. Enforcement</b>	All regulators are responsible for ensuring they have systems in place to ensure they can take proportionate and prompt action where issues arise.
<b>5. Governance and Leadership</b>	All regulators ensure that they have the leadership, capability and capacity, and corporate governance to manage their organisation effectively; and have a culture that encourages and uses learning to improve performance, and that promotes a transparent and consumer-focused environment.

4.2 The LSB states the dataset will be published only where it has informed, or been considered in, a regulatory performance assessment. IPReg has published the last 3 performance management datasets and proposes to do the same with the 2021-22 dataset.

4.3 The Standards 2,4 and 5 datasets are the same irrespective of regulator. The dataset required of the ‘Supervision’ Standard is specific to, and was suggested by, each regulator at the



commencement of the performance management dataset (and IPReg suggested amending these indicators in light of CRM reporting). No dataset is requested under the 'Regulatory Approach' Standard given that it does not naturally lend itself to data collection and, arguably, is a sum of the dataset of the other standards.

4.4 Dataset compilation: much of the data gathering was through CRM reporting though manual recording systems were used with data such as the stakeholder events attended by Board members. The dataset covers the 1 April 2021 until 31 March 2022 time period.

4.5 No significant performance concerns: the dataset does not indicate cause for concern such as recurrence of a single significant performance issue, a pattern of smaller performance issues, or a major inexplicable change (particularly a decrease) in regulatory community size.

## **5. Recommendation**

5.1 The PMD (Annex) is recommended for approval by the Board for submission to the LSB.

## Board Meeting 19 May 2022

### Information paper: Complaints update

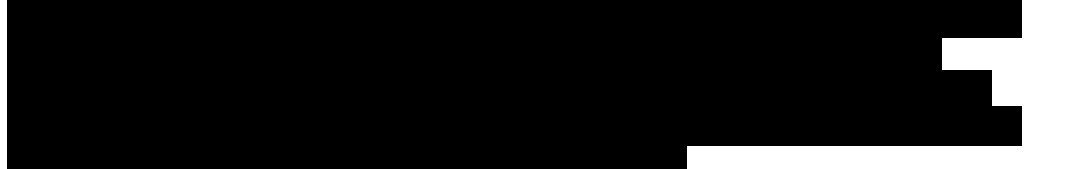
#### Agenda Item: 7

**Author:** Shelley Edwards, Head of Registration ([shelley.edwards@ipreg.org.uk](mailto:shelley.edwards@ipreg.org.uk)), Mark Barnett, Assurance Officer ([mark.barnett@ipreg.org.uk](mailto:mark.barnett@ipreg.org.uk)).

#### Summary

1. This paper stands as an update on complaints received and processed by IPReg.

#### Risks and mitigations

<b>Regulatory Objective(s)</b>	<ul style="list-style-type: none"> <li>• <u>Protecting and promoting the interests of consumers</u></li> <li>• <u>Increasing public understanding of the citizen’s legal rights and duties</u></li> <li>• <u>Promoting and maintaining adherence to the professional principles</u></li> </ul> <p>- Complaints handling and disciplinary action against regulated persons is designed to protect the public and uphold public confidence in the professions and in the provision of intellectual property legal services by regulated persons.</p> <p>Information given to complainants ie generally consumers of IP legal services, on receipt of a complaint, informs them of their rights (and obligations) when something has gone wrong.</p> <p>- Investigating alleged breach(es) of the Rules of Conduct (or any of our regulatory arrangements) may lead to a written finding of no misconduct and explanation given to both the complainant and the subject individual or firm, thereby increasing the public’s knowledge and understanding of what legal regulation is and how it works, and promoting adherence to the professional principles to regulated person (more so if ethical advice is also given).</p> <p>- Investigations leading to disciplinary action against a regulated person(s) will lead to a published decision which, in the case of a finding of breach and sanction, will protect the public and also act as a deterrent to the professions. Or where no breach is found, there will be transparency and clarity on what level of professional standards is regarded as reasonable and acceptable.</p>
<b>Financial</b>	None. Existing resources are dedicated to the oversight and administration of complaints received.
<b>Legal</b>	
<b>Reputational</b>	In common with all regulatory bodies, we can expect that complainants who are disappointed with the outcome of their regulatory complaint may make a corporate complaint about IPReg’s decision or processes. This reputational risk will be mitigated by the Corporate Complaint policy and procedure which is currently being developed. This will be published on the website and followed where applicable.

<b>Resources</b>	Whilst the overall number of complaints received about regulated persons is low (an average of around 7 complaints every year since 2010), the complaints that have been investigated and taken forward to CRC (and beyond) have been resource-intensive. The development and refinement of internal procedures, as well as the additional capacity to investigate and process cases in-house should assist. The need for external legal support should also be reduced due to increased internal capacity.
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## Recommendations

- The Board is asked to note this paper.

## Investigation Stages

### Under Investigation

Information has been received which is being investigated under Rule 5 Disciplinary Procedure Rules (“DPR”) to determine whether it amounts to a Complaint. If it does not amount to a Complaint<sup>1</sup>, the case will be closed. If it does amount to a Complaint, it moves to the Complaint Initiated stage.

### Complaint Initiated

Information has been received which suggests a breach of IPReg’s regulatory arrangements under Rule 5.3 DPR. Further investigation and liaison with parties may be required at this stage, including obtaining brief and concise observations on the complaint from the respondent.

### CRC

Case has been referred to or is being dealt with by the Complaints Review Committee under Rule 8 DPR. A case at this stage may be adjourned for further investigation, closed, dealt with summarily or referred to the JDP.

### JDP

Case has been referred to or is being dealt with by the Joint Disciplinary Panel / Disciplinary Board. under Rule 9.10 DPR.

### Appeal

The Disciplinary Board has made a decision following a disciplinary hearing, and this is under appeal or notice has been given that an appeal will be lodged under Rule 20 DPR.

## Cases by numbers

Category	Number	Notes
Complaints received in last month (since last meeting)	2	

<sup>1</sup> For example, because information provided does not support an allegation of a breach of any of IPReg’s regulatory arrangements, no evidence has been provided to support any allegations made, allegations have been made prematurely (e.g. the firm’s complaints procedure has not been exhausted), the matter is not within IPReg’s jurisdiction (more appropriate to be dealt with by police, LeO, other regulator or organisation) etc



	<p>[REDACTED]</p> <p>[REDACTED]</p>
	<p>[REDACTED]</p> <p>[REDACTED]</p>
	<p>[REDACTED]</p> <p>[REDACTED]</p>
	<p>[REDACTED]</p> <p>[REDACTED]</p>
	<p>[REDACTED]</p> <p>[REDACTED]</p>
	<p>[REDACTED]</p>

	[REDACTED]
	[REDACTED]

## Closed cases in last month (since last meeting)

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

## Recommendation

The Board is asked to note this information paper.

## Board Meeting 19<sup>th</sup> May 2022

### Governance and Transparency Working Group (GTG) Report

**Agenda Item:** 9a

**Author:** Samantha Peters, IPReg Lay Board Member

#### Summary

1. The Intellectual Property Regulation (IPReg) Board set up a Governance and Transparency Working Group (GTG) at its January 2022 meeting for the purpose of identifying potential improvements to the organisation's governance and transparency. The Working Group has met twice since the 17<sup>th</sup> of March IPReg Board meeting - on the 24<sup>th</sup> of March 2022 and on the 28<sup>th</sup> of April 2022. This report covers the work undertaken at these meetings.

#### Working Group Progress

2. The Working Group has now provisionally assessed IPReg against three corporate governance codes. These are the UK Corporate Governance Code, the FRC Board Effectiveness Guidance, and the Sports Council Governance Code. It also intends to assess IPReg against the Charity Governance Code.
3. The Working Group is part way through benchmarking IPReg against other legal services regulators. This exercise includes comparing IPReg's documented governance practices, board papers and minutes with those of other regulators. It also involves assessing IPReg's practices against any new initiatives adopted by the Faculty Office (FO) and Bar Standards Board (BSB) in the light of their recent Legal Services Board (LSB) governance reviews.
4. So far, these exercises have yielded a number of common themes. These include:
  - the need to develop IPReg's board papers and minutes,
  - the need to ensure we have well-documented governance policies and procedures which are easy to access and understand,
  - the importance of board evaluation and appraisal, and
  - the scope to enhance our annual report to aid external understanding of our decision-making practices.
5. The Working Group has started producing an Action Plan for the IPReg Board meeting in July 2022. In doing so, it has identified the importance of producing a plan which is practicable, deliverable, suited to our size and the structure of the team, as well as sensibly timetabled.

#### Recommendation(s)

- 6. The Board is asked to:
  - 6.1. Note the contents of this paper
  - 6.2. Note the GTG Action Log (Annex A).

## Risks and mitigations

<b>Regulatory Objective(s)</b>	Good governance enables the Board to discharge its objectives effectively and transparently. Therefore, any improvements to IPReg’s governance identified by this work should support the Board’s ability to deliver its regulatory objectives in a manner which is open, transparent, and accountable.
<b>Strategic objective(s)</b>	This Working Group is not included in the current strategic objectives or 2021/22 business plan. However, the action plan it produces will need to be incorporated in plans for both this year and future years, in keeping with recommended timelines.
<b>Financial</b>	The financial implications of this work concern the cost of Working Group meetings, which can be accommodated within the current budget. However, it is envisaged that there will be costs associated with the proposed work plan.
<b>Legal</b>	[REDACTED]
<b>Reputational</b>	Board’s which make decisions ineffectively, or in ways that lack transparency, expose their organisations to reputational risk. This work should assist IPReg with assurance that it is not exposing itself to such risks.
<b>Resources</b>	The creation of this Working Group is an addition to the current years’ work plans. The main resources currently being expended on it are staff time, and meeting costs. The need for external support may be sought should internal capacity requires it, however at this stage the group is utilising the time and expertise of working group members to avoid the need for this. The current progress is being made possible because Board members have taken on bulk of the work.



## ANNEX A:

### Action Log – New and Outstanding Actions

Meeting	Action	Responsibility	Status
March 22	To update the Draft IPReg Legal Services Regulator Benchmarking Exercise with Feedback from the GTG	Samantha	ONGOING
March 22	To produce a draft Governance Action Plan to capture potential actions as they emerge and update it with any recommendations identified to date.	Samantha	DRAFT PRODUCED
Feb 22	Governance Code Benchmarking To finalise templates for auditing each code. To do the UK Corporate Governance Code To do the FRC Guidance on Board Effectiveness To do the Sport Governance To do the Charity Governance Code (	Victor Samantha Fran Victor Emma	DONE DONE DONE DONE
Feb 22	To undertake a benchmarking exercise, comparing IPREG governance to other regulators for the March meeting.	Samantha	DRAFT PRODUCED
Jan 22	Next Steps: To ask other regulators to attend a meeting of the group, and share their learning, in due course.	Fran Gillon Samantha Peters	DONE
Jan 22	Next Steps: To obtain initial feedback from professional body stakeholders concerning IPREG transparency.	Fran Gillon	DONE
Jan 22	Practical Arrangements: to identify which members of the staff team need to attend.	Fran Gillon	DONE
Jan 22	Practical Arrangements: to devise and circulate draft ToR to group members.	Victor Olowe	DONE
Jan 22	Next steps: To identify relevant aspects of UK Corporate Governance Code and FRC Board Effectiveness Guidance for discussion at the next meeting.	Victor Olowe.	DONE
Jan 22	Next Steps: To identify any learning from the Professional Standards Authority (PSA) for healthcare professional regulators.	Fran Gillon.	DONE
Jan 22	Next Steps: To undertake a desk-based benchmarking exercise comparing IPREG to the other legal services regulators. To circulate an initial outline for this.	Samantha Peters	DONE

**Figure 1: Table of proposed Standards and Characteristics**

**Regulatory performance assessment framework**

*For the public, with the professions: Framework for effective regulation in the legal services sector.*

<b>Standard 1: Well led</b>	
<i>Regulators are well led with the resources and capability required to work for the public and to meet the regulatory objectives effectively.</i>	
1	A clear sense of purpose and strategy focused on regulation in the public interest and ensuring public confidence in the regulator.
2	Board takes ownership of and accountability for the organisation's performance and for meeting the regulatory objectives; holds its executive to account.
3	Independent of the regulated professions but understands and collaborates effectively with the profession and representative groups to meet the regulatory objectives.
4	Understands the needs of consumers and the broader public's needs and assesses the impact of its work in meeting their interests.
5	Delivers high levels of transparency, including ensuring decisions are clear and accessible to all those with an interest.
6	Understands, secures and deploys the necessary resources to support meeting the regulatory objectives, including through collaboration where relevant.
7	Understands the legislative and policy framework within which it operates; works constructively and in collaboration with the LSB, other relevant authorities and relevant stakeholders.
8	Has fit for purpose governance systems that align to best practice.

## Standard 2: Effective approach to regulation

*Regulators act on behalf of the public to apply their knowledge to identify opportunities and address risks to meeting the regulatory objectives.*

9	Has a comprehensive understanding of the market it regulates, including the consumers of services, and proactively identifies risks to the regulatory objectives; has a clear programme of activity to address those risks.
10	Engages proactively and meaningfully with a diverse range of interested stakeholders, including the public, consumers and regulated community to inform decisions.
11	Understands the range of formal (eg rules) and informal (eg influence) regulatory levers at its disposal and how to best make use of them; implements appropriate regulatory interventions and evaluates their impact, changing the approach where necessary to improve outcomes.
12	Obtains and makes effective use of data, including by making it available to others, to inform how it meets the regulatory objectives.
13	Actively encourages innovation and innovators in the interests of improving access to services; identifies and mitigates risks appropriately without allowing them to become obstacles.
14	Committed to improving the diversity of the profession at all levels and implements actions to address barriers to inclusion.
15	Committed to improving access to services for the public and consumers in all their diversity.

### Standard 3: Operational delivery

*Regulators' operational activity (eg education and training, authorisation, supervision, enforcement) is effective and clearly focused on the public interest.*

16	Ensures that authorised persons have and maintain the right skills, knowledge, behaviours and professional ethics to practise throughout their careers.
17	Maintains accessible and accurate registers of authorised persons, including information on disciplinary and enforcement action.
18	Sets out clear, accessible criteria for taking decisions about the authorisation, supervision of authorised persons and enforcement proceedings against them to protect the public; adheres to the criteria when taking decisions.
19	Takes concerns raised by the public, the profession and other stakeholders seriously; pursues those concerns with appropriate rigour and pace under a transparent process.
20	Proactively seeks to maintain high standard of conduct and responds to thematic issues arising from operational activity, including ensuring that those they regulate take action, where relevant.



## May 2022 Board – Item 9d

### Data Group forward work plan – updated information tracked changes (v3 May 2022)

This document sets out the current work plan of the IPReg Data Group taking into account priorities in relation to our Review of Regulatory Arrangements and the work required for future arrangements for the Compensation Fund. It will be kept under review as this work progresses.

Dates and content are therefore subject to change, based on the judgement of the IPReg Board taking account of advice from the Data Group.

Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
<b>Review of regulatory arrangements – data/evidence gathering</b>					
Potential risk indicators: dishonesty with client money <ul style="list-style-type: none"> <li>- Is client money held</li> <li>- If yes:               <ul style="list-style-type: none"> <li>o (see above point about the date of the info provided) balance</li> <li>o Reported to IPReg (annually)/real time</li> </ul> </li> </ul>	Review of regulatory arrangements	Firms	Relates to Standard 4: client money.  Identify how much client money is held by different types of firm. Typical amounts are thought to be low, no conveyancing or probate conducted. Also need to test	Review of regulatory arrangements – request made as part of consultation (December 2021) about information on amount of client money held. Consultation closes in March 2022 - review information provided in response and consider whether further information is required. Q1/Q2 2022.	Internal workshop held on 23/2/22 identified additional data and evidence that we have about client money. EL updating information as part of Review work.  <u>Initial analysis is that the consultation has</u>

Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
<ul style="list-style-type: none"> <li>○ Ever exceeded per firm insurance limits</li> <li>○ If yes, notified to IPReg in advance?</li> </ul>			<p>the impact of the proposed definition change.</p> <p>Consumer protection Professional principles</p>		<p><u>provided sufficient information on amount of client money held. Consistent with other evidence, these are generally low amounts which will decrease if definition of client money is changed as proposed.</u></p>
<p>Potential risk indicators – for each regulated firm:</p> <ul style="list-style-type: none"> <li>- Number of issues in regulatory returns</li> <li>- CPD records/compliance</li> <li>- Disciplinary records/compliance</li> <li>- complaints history (seriousness, upheld/ not upheld)</li> <li>- PII claims history (nil/good/bad)</li> <li>-</li> </ul>	<p>Review of regulatory arrangements</p> <p>Building a risk model (compensation fund)</p>	<p>IPReg Companies House</p>	<p>Relates to standard 2: competence</p> <p>Identify any systemic issues with CPD requirements; understand reasons for waiver requests/grants</p> <p>Also need to build evidence around risk profile of IPReg regulated market as part of wider context of the Review.</p>	<p>Review of regulatory arrangements – CPD and disciplinary records on Civi – Q1/Q2 2022</p>	<p>Internal workshop held on 23/2/22 identified additional data and evidence that we have about client money. EL and SE (Civi reports on waivers) updating information as part of Review work.</p> <p><u>Detailed analysis of CPD waiver requests complete. Feeds into impact assessment for Review and informs policy on CPD.</u></p>



Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
			Consumer protection Diverse profession Professional principles		
<p>Review of regulatory arrangements data:</p> <p>(a) Disciplinary policy and process: arrangements used by other regulators, for example in the legal and health sectors (including any EDI impacts);</p> <p>(b) CPD: (i) review of the reasons for waiver requests; (ii) extent of compliance with existing requirements; (iii) EDI impacts of a change in approach drawing from experience of other regulators; (iv) how others have developed approaches that go beyond a “box-ticking” metric;</p>	<p>Letter to LSB 22 July 2021</p>	<p>IPReg Firms</p>	<p>This data will support other aspects of the Review – see individual CPD and client money sections of this document.</p> <p>In addition, appropriate disciplinary and enforcement policies help to uphold the professional principles and the rule of law. Information about non-UK qualified attorneys supports competition and diversity.</p>	<p>(a) Complete</p> <p>(b) (i) Review of reasons for waiver request – Q1 2022; (ii) Extent of compliance with current requirements – Q1 2022; (iii) EDI – included in IA – consultation underway, closes March 2022; (iv) complete – as part of review of regulatory arrangements</p>	<p>(a) Complete</p> <p>(b) (i) complete; (ii) Extent of compliance with current requirements – Q1 2022 – <u>compliance monitored at Annual Return, no disciplinary cases on CPD</u>; (iii) EDI – included in IA – consultation underway, closes March 2022 – <u>responses being analysed, initial report</u></p>

Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
<p>(c) Practice categories: modelling fees once categories have been decided;</p> <p>(d) General: (i) split between in-house, private practice, not practising (with reasons); (ii) diversity information; (iii) UK qualified attorneys practising overseas; (iv) IPO data; (v) LSB research into small businesses (including the extent, timing and cost of any follow up questions).</p>				<p>(c) Practice categories – not before [2024]</p> <p>(d) (i) Civi - Q2 2022; (ii) diversity survey complete; (iii) Civi – Q2 2022 – <u>in progress</u>; (iv) Q1 – see below (Clarivate); (v) LSB research delayed</p>	<p><u>to May Board</u>; (iv) complete – as part of review of regulatory arrangements</p> <p>(c) – not before 2024</p> <p>(d) (i) Civi - Q2 2022 – <u>in progress</u>; (ii) diversity survey complete; (iii) Civi – Q2 2022 – <u>in progress</u>; (iv) Q1 – see below (Clarivate); (v) LSB data on small businesses received on 7 January. Initial analysis by VS and Economic Insight undertaken. Further analysis by David Bish (ex-SRA research team) being undertaken for report to March Board.</p>
Market(s) data – use of IP by individual consumers	Letter to LSB 22 July 2021	Firms/IPO	This section is about general market data.	Review of regulatory arrangements – request made as part of	In addition to consultation



Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
				<p>consultation (December 2021) about information on types of client. Consultation closes in March 2022 - review information provided in response and consider whether further information is required.</p> <p>Engagement with consumer bodies as part of the Review consultation.</p> <p>Any inferences that can be drawn from the small business survey.</p>	<p>responses, initial findings are:</p> <ul style="list-style-type: none"> <li>•Emerging data from larger firms (via IPPDG) that more than 50% of turnover comes from 5% of clients</li> <li>•LSB small business survey – only 25 of over 10,000 firms interviewed reported having an IP issue and using an IP lawyer</li> <li>•IP services in pro bono clinics may provide additional source of information – considering which are most appropriate to contact – maybe education establishments first</li> </ul> <p><u><a href="#">Respondents to the Review consultation provided information about their client base. Initial analysis is</a></u></p>

Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
					<p><u>that the consultation has provided sufficient information for current purposes. Consistent with other evidence, firms do not generally provide advice to individual consumers.</u></p>
<p>Market(s) data – use of IP by micro/small businesses</p>	<p>Discussions with LSB on compensation fund (October 2021)</p>	<p>Firms/IPO/LSB survey</p>	<p>This section is about general market data.</p>	<p>Review of regulatory arrangements – request made as part of consultation (December 2021) about information on types of client. Consultation closes in March 2022 - review information provided in response and consider whether further information is required.</p> <p>LSB small business legal needs survey – data received 7 January (25 firms out of 10k+ in survey)– analysis required</p> <p>Q1/Q2 2022</p>	<p>See above update on individual consumers – <u>update as for individual consumers – note that firms do not categorise clients using regulatory/government definitions. Further consideration being given to this issue.</u></p> <p>See update above on LSB small business survey</p>

Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
PII including run off cover: disciplinary action by type of attorney/firm	IPReg discussions	IPReg PAMIA	Relates to standard 3: managing your practice  Identifies whether there are particular types of attorney/firm who breach PII and run off cover rules  Consumer protection Professional principles	Q2 - 2022	Q2 – 2022  <a href="#"><u>Analysis of IPReg disciplinary cases shows that it is very small firms and sole traders who breach the requirement for PII and run-off cover.</u></a>
<b>General data/evidence gathering</b>					
Diversity data  <ul style="list-style-type: none"> <li>- Consider timing of future surveys each year</li> <li>- Liaise with CIPA, CITMA and IP Inclusive on best way to gather data across regulated sector</li> <li>- Consider gathering data on admission to register</li> </ul>	Letter to LSB 22 July 2021	IPReg CIPA CITMA IP Inclusive Firms / key minority advocacy organisations that are clients.	This section is about general market data.  Diverse profession Competition	Discussions with stakeholders to take place in Q1 and Q2 2022  Civi changes if implemented – likely to be for 2023 annual renewals at earliest	Discussed with CIPA and CITMA CEOs on 23 February 2022. Support for cross-sector working. IPReg to arrange initial discussions with CIPA, CITMA, IP Inclusive. <a href="#"><u>FG to action this</u></a>



Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
(Civi CRM system change required) - Any notable minority advocacy organisations that are clients of the firm?					
Market(s) data – patents: - Nature (? – not just their number?) of patent filings at the IPO	Letter to LSB 22 July 2021	IPO (needs external analysis – e.g. Clarivate)	This section is about general market data.	Complete	
Market(s) data – trade marks - Nature (? – not just their number?) of trade mark filings at the IPO	Letter to LSB 22 July 2021	IPO (needs external analysis – e.g. Clarivate)	This section is about general market data.	Q1 2022	
Competence	IPReg discussions	IPO reports to IPReg re individual attorneys  Ombudsman complaints	Relates to standard 2: competence  Identify any individual issues with competence  Consumer protection Diverse profession Professional principles	Ongoing	

Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
<b>Compensation fund – data/evidence gathering in addition to above</b>					
<u>General Firm information – for each regulated firm:</u> <ul style="list-style-type: none"> <li>- Is firm active</li> <li>- No years authorised/year established</li> <li>- Practice area (patents, trade marks, both)</li> <li>- Typical turnover, last few years (to nearest £250k)</li> <li>- Typical turnover/fee earner</li> <li>- Total no. clients</li> <li>- Years since last compliance visit</li> <li>- Previous compliance rating</li> <li>- No. partners/fee-earning staff / non-fee-earning staff</li> <li>- Any unusual firm features (merged, transferred to another regulator, no longer authorised)</li> <li>- Non-UK offices belonging to the firm / towards which the firm has</li> </ul>	Building a risk model (compensation fund)	Mainly from firms CITMA website Companies House website	These sections to be completed as part of the preparations for data gathering in 2023 and in the light of outcomes from the Review process and the LSB rule change application process. These preparations are likely to include advice from actuary as to what data is still required to enhance our risk model. Planned information gathering may therefore be subject to change at that point.	Review of compensation fund – sunset clause to 30 April 2024. Review to take place in 2023.  Data gathering to take place during 2023.	

Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
financial commitments (and provide their turnover figures)					
Annual PII premium (total for all registrants)	Building a risk model (compensation fund)	PAMIA		Data gathering to take place during 2023.	
<p>Potential risk indicators: failure to place PII</p> <ul style="list-style-type: none"> <li>- Ever failed to place PII</li> <li>- If so: <ul style="list-style-type: none"> <li>o How long PII not held</li> <li>o How much should have been placed</li> <li>o Was this one-off</li> </ul> </li> <li>- Any known PII issues which would make failure to place more likely in future (unusual business, past problems, non-standard insurer)</li> </ul>	Building a risk model (compensation fund)	Firms PAMIA IPReg		<p>Review of compensation fund – sunset clause to 30 April 2024. Review to take place in 2023.</p> <p>Data gathering to take place during 2023</p>	
<p>Potential risk mitigations:</p> <ul style="list-style-type: none"> <li>- Firm resources/net assets available (measure of recoverability of civil actions)</li> </ul>	Building a risk model (compensation fund)	Firms Internet checks (D&B) – to include Companies' House		<p>Review of compensation fund – sunset clause to 30 April 2024. Review to take place in 2023.</p> <p>Data gathering to take place during 2023</p>	



Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
<ul style="list-style-type: none"> <li>- D&amp;B (DUNS) credit ratings</li> <li>- Any high (or low) profile clients (high/low propensity/ability to claim and pursue options before claiming; clients on in eligible categories)</li> </ul>					
Market(s) data – use of IP by larger firms (NB to ask LSB for its working definition of “SME”)	Discussions with LSB on compensation fund (October 2021)	Firms/IPO		<p>Review of compensation fund – sunset clause to 30 April 2024. Review to take place in 2023.</p> <p>Data gathering to take place during 2023.</p>	
<p>Potential risk indicators: dishonesty with client money</p> <ul style="list-style-type: none"> <li>- Is client money held</li> <li>- If yes: <ul style="list-style-type: none"> <li>o (see above point about the date of the info provided) balance</li> <li>o Reported to IPReg (annually)/real time</li> <li>o Ever exceeded per firm insurance limits</li> </ul> </li> </ul>	Building a risk model (compensation fund)	Firms		Review of compensation fund – sunset clause to 30 April 2024. Review to take place in 2023. Data gathering for any additional information following Review data gathering exercise in 2022	

Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates
<ul style="list-style-type: none"> <li>○ If yes, notified to IPReg in advance?</li> </ul>					
<p><u>Potential risk indicators – for each regulated firm:</u></p> <ul style="list-style-type: none"> <li>- Number of issues in regulatory returns</li> <li>- CPD records/compliance</li> <li>- Disciplinary records/compliance</li> <li>- complaints history (seriousness, upheld/ not upheld)</li> <li>- PII claims history (nil/good/bad)</li> <li>- Previous interventions/insolvencies for partners/staff</li> <li>- Any other relevant firm features (can't get PII, late paying fees, other information, other comp. fund claims)</li> <li>- Any partners that are not regulated by IPReg or the SRA?</li> </ul>	<p>Review of regulatory arrangements</p> <p>Building a risk model (compensation fund)</p>	<p>IPReg Companies House</p>		<p>Review of compensation fund – sunset clause to 30 April 2024. Review to take place in 2023. Data gathering for any additional information following Review data gathering exercise in 2022</p>	



Data required	Origin of request	Data sources	Rationale/regulatory objectives	Priority/timescale/comments	Progress updates

NB - we need to make it explicit to registrant respondents that all data provided by them is as of the day (or week) when their response is due, except when accounting / auditing standards require otherwise.

Note that for building the risk model, this is the ideal amount of data that the actuary would like. In reality he recognises that it may not be proportionate (or necessary) to collect it all and it may not be available in any event.

The consultation on the Review of regulatory arrangements is an opportunity for us to build our evidence base as well as identify any gaps and as a result the plan is subject to change.