**Information paper on the Practice Rules to be presented to the Annual General Meeting 2021**

New draft Practice Rules which will be presented to the AGM 2021 for information and comments. These draft practice rules propose changes to the Accounts Rules (B6) and the AML Rules (B9).

The Rules will allow the Society to charge a certain amount for AML re-inspections which will offset some of the cost of such re-inspections.

Minor amendments to Practice Rules B6 (Accounts Rules) and B9 (AML Rules) are proposed by the Client Protection Sub-Committee and the AML Sub-Committee respectively.

The proposed changes have been approved in principle by the relevant Sub-Committees, the Regulatory Committee, and the Lord President’s Office. The approval from the Lord President’s Office was subject to the insertion of two commas in AML amendment. That change was made without returning the draft Rules to the AMLSC or the Regulatory Committee.

A summary of the proposed changes is set out below.

**Rule B6 – reducing number of signatories to the Accounts Certificate**

The Society’s current practice rules require submission of an Accounts Certificate at intervals of either 6 months (where client money is held) or 12 months (where client money is not held). The certificate certifies compliance with the Accounts Rules and provides some other limited financial information. It is signed by 2 principals at the practice, the Cashroom Manager (who bears overall responsibility for the practice unit’s accounts rule compliance) and one other principal. The proposed rule change is to reduce to one the number of signatories to the Certificate; only the Cashroom Manager’s signature will be required.

Part of the reason for reducing the number of signatories to one was to enable the digitisation of the Accounts Certificate. However, due to Covid (and to allow for easier analysis since the data is received digitally) the Society moved the Account Certificates online from 1 August 2020. Since then, due to the manner in which the online certificate submission process works, the Certificate has had only one signatory.

**Rule B9 – Background**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017(the Regulations) came into force in June 2017. The Regulations impose increased requirements on professional body supervisors such as the Law Society of Scotland. To give effect to the Regulations via our own practice rules, the Society passed AML rules in May 2019.

As the Society's AML approach has developed, it is appropriate to update and expand the AML rules. Three amendments to these rules are proposed:

1. The signing of the AML certificate, reducing the number of signatories from two to one,
2. The timing of delivery of an AML certificate, and
3. A charging power for re-inspections, as allowed under Section 34 (1D) (c) of the Solicitors (Scotland) Act 1980 which permits the Society to make rules making provision as to "the recovery from solicitors of fees and other costs incurred by the Council in ascertaining whether or not a solicitor who has failed to comply with such rules has remedied that failure and is complying with the rules."

These draft practice rules are presented at the AGM for the information and comments of members. Any comments from members will be considered by the Regulatory Committee before the rules are presented to the Lord President for his formal approval.