

ALTERNATIVE BUSINESS STRUCTURES

Source : ICAEW (The Institute of Chartered Accountants in England and Wales)

Alternative Business Structures (ABS) were introduced in the Legal Services Act 2007 and are professional firms/companies that provide reserved legal services (such as conveyancing, litigation, probate) as a whole or part of their business.

The first ABS was licensed on 6 October 2011.

Two elements distinguish ABS from existing legal professional businesses:

1. A degree of external ownership and investment – and/or
2. A mix of lawyers and non-lawyers working together in the same firm in client facing roles. This is the first true multi-disciplinary partnership involving lawyers and other professionals.

ABS provide a number of new business opportunities (and also risks) for firms or individuals.

They could provide a one-stop shop for professional services, and may therefore have a competitive advantage over traditional accountancy or law firms. ICAEW members may join an ABS as one of a mixed team of lawyers and accountants.

For the moment the Solicitors Regulation Authority (SRA - independent regulatory arm of the Law Society) are the only regulators able to licence all of the reserved activities within an ABS .

The ABS can offer clients the usual suite of services permissible within an accountancy practice, plus whichever reserved legal services the ABS is expressly licensed to provide. The reserved legal service will be provided by a lawyer working within the firm who is already qualified to provide them, or by an accountant who has been expressly authorised to provide a reserved legal service (or someone working under their supervision).

What are the reserved legal services?

The six reserved legal services are:

- ① the conduct of litigation
- ① exercising rights of audience (the right to appear and conduct proceedings in court)
- ① reserved instrument activities (such as conveyancing)
- ① probate activities
- ① notarial activities; and
- ① the administration of oaths

It is irrelevant whether the lawyer within the ABS is already permitted to provide other reserved activities (such as the conduct of litigation) by virtue of their general qualification as

a solicitor or barrister. The only reserved activities that can be offered by a lawyer within a particular ABS are those which the firm is expressly licensed to provide.

A lawyer can provide general legal advice (such as taxation) within an ABS. However they cannot provide any reserved legal services other than those for which the ABS has a licence.