

SPECIAL GENERAL MEETING

Minute (draft) of the Special General Meeting of the Law Society of Scotland held at the Society's Offices at Atria One, 144 Morrison Street, Edinburgh on Thursday 25 January 2018 at 5.30 pm

Present: Graham Matthews (President), Alison Atack (Vice President), George Allen, Colin Anderson, Simon Brown, Susan Carter (Lay Council Member), Jane Dickers, Richard Farquhar, Lauren Fowler, Christopher Fraser (Lay Council Member), Sheila Kirkwood, Austin Lafferty, Fiona Larg (Lay Council Member), Alan McCreadie, George MacWilliam, Graeme McWilliams, David Mair, Paul Matthews, Amanda Millar, John Mulholland, James Ness, Peter Nicholson, Paul Nicolson, Susan Oswald Sheekha Saha, Hugh Sanders, David Storrie, James Stephenson, John Thompson, Sheila Webster, Philip Yelland

In attendance: Lorna Jack (Chief Executive), David Cullen (Registrar) and from time to time other members of the Society's Executive.

Apologies for absence were intimated from: Iain Burke, Gwen Haggarty, Stephen McGowan, Stuart Naismith, Murray Sinclair, Deborah Wilson and Eilidh Wiseman

1.	<p><u>WELCOME</u></p> <p>The President welcomed everyone to the Special General Meeting of the Law Society of Scotland.</p>
2.	<p><u>PROCEDURAL ARRANGEMENTS</u></p> <p>The Registrar ran through the procedural arrangements for the Special General Meeting. The notice for the meeting had been sent out last month, with the agenda being sent out this month.</p> <p>The meeting noting that with respect to Resolution 1, that the advance voting for this Resolution was 33 members in favour, one member against and one abstention. The advance voting for Resolution 2 was 33 members in favour, four against and no abstentions.</p>
3.	<p><u>DRAFT PRACTICE RULES – PROPOSED CHANGES TO THE PRACTICE RULES ON INCIDENTAL FINANCIAL BUSINESS – RESOLUTION 1</u></p> <p>The meeting noted the Resolution from the Regulatory Committee and amendments to the Society's Practice Rules – Resolution No. 1.</p> <p>Resolution No. 1 is set out in Appendix A to this Minute.</p>

The President invited the Vice President as Chair of the Client Protection subcommittee to speak to Resolution No. 1.

The Vice President advised the meeting that in her role as Chair of the Client Protection subcommittee it was her privilege to bring forward the proposed changes to the Incidental Financial Business (IFB) Rules. This is the first time that these Rules have been substantially changed in over a decade. The changes are required to ensure that the Society implements the terms of the Insurance Distribution Directive by the required date of 23 February 2018.

The draft Practice Rules have been through the relevant Regulatory subcommittees before they were considered by the Regulatory Committee. There was a consultation on the proposed Rule changes over the course of December 2017 and the early part of this month. No responses to the consultation were received. The Society also had sought the views of the Lord President's office on the draft Rules. The most important part of the consultation exercise was with the Financial Conduct Authority (FCA).

The negotiations with the FCA extended over the last 15 months and have been extremely demanding and very technical. The Vice President paid tribute to the Society's negotiating team of David Cullen and Hugh Sanders for all their hard work and patience. The meeting noted that the FCA had accepted the Society's position that many of the Directive's requirements are already met by the Society's current Practice Rules and current regulatory regime.

The Directive and the amended IFB Rules do introduce higher standards of conduct of business and greater disclosure requirements in relation to the distribution of insurance products.

The FCA only yesterday approved in principle the Society's submission on the implementation of the Directive. A number of further definitions of terms are required by FCA in the final Rules. The Vice President advised that a screening of the Rule changes have been carried out for equality impact assessment purposes. The result of that screening means that a full assessment is not necessary as the Rules have no adverse equality impact. The Vice President also advised the meeting that guidance on the new IFB Rules in relation to the distribution of insurance products will be produced before the Rules come into force.

There were no questions to the Vice President on the draft Rules under Resolution 1. There was no direct negative to Resolution 1.

The meeting endorsed the draft Rules as set out in Resolution 1 without opposition.

4.

PRACTICE RULES – PROPOSED CHANGES TO THE PRACTICE RULES ON ANTI-MONEY LAUNDERING – RESOLUTION 2

The meeting considered the Resolution No. 2 from the Regulatory Committee on amendments to the Society's Practice Rules in relation to Anti-Money Laundering.

Resolution No. 2 is set out in Appendix B to this Minute.

The President invited the Vice President as Chair of the Client Protection subcommittee to speak to Resolution 2.

The Vice President advised the meeting that on 26 June 2017 new Anti-Money Laundering Regulations were issued by the Government through the Westminster Parliament. These Regulations bring into force the fourth Anti-Money Laundering Regulations.

The Vice President advised the meeting that the Regulations permit the Society to make rules about the way in which the Society's members are to comply with the Anti-Money Laundering Regulations.

The draft Rules are set out in Resolution 2, detail how the Anti-Money Laundering Regulations will be met by members. The draft Rules also set out the ways in which the Society will supervise compliance by the members with the Regulations. The Vice President said that the Society's supervision of compliance with the Anti-Money Laundering Regulations will largely mirror the existing Financial Compliance inspection regime. One key difference is that the Society will also conduct desk based Anti-Money Laundering reviews, which could be standalone or lead to an onsite Anti-Money Laundering audit. It was noted that where a breach of the new Rules is identified, sanctions may be imposed and/or further disciplinary procedure may follow.

The draft Rules were sent out for consultation in Autumn 2017. The Society received five responses from the profession to the consultation. The responses highlighted the requirement to report any breach to the Society as soon as possible after discovery (Rule 9.3(c)) and it was asked whether there was any de minimus understanding allowed. The Society continues to discuss this aspect of the Regulations and other matters with HM Treasury. At present Rule 9.3(c) simply reflects a requirement of the Regulation. The Society will issue guidance relating to this issue as the discussions with HM Treasury progress.

The Society has also consulted with the Lord President's office about the draft Rules. The Lord President has indicated that he is broadly content with the Rules subject to two matters. The first matter was that those parts marked for deletion on the draft Rules are so deleted. The second issue is a legislative one AS the draft Rules are made under Section 34 of the Solicitors (Scotland) Act 1980. Section 34 does not permit the Society to make rules about the steps which the Society may take to

ascertain compliance. Until that issue is remedied the Lord President will not approve the rules.

The Society is in discussions with HM Treasury and the Scottish Government regarding this legislative issue. The Society believes that this matter will be resolved over the course of the next month.

An initial Equality Impact Assessment screening was applied to the draft Rules. The resulting score was so low as to not require a full Equality Impact Assessment to be carried out.

The Vice President advised the meeting that for all of the above reasons the Society's Council is seeking endorsement of the draft Practice Rules as set out in Resolution 2. However, until the legislative issue referred to is remedied, these Rules will not come in to force.

Questions were invited on the draft Rules. There was one question from Mr Lafferty. Mr Lafferty said that there is a concern from High Street practitioners on the client vetting required to be undertaken to determine whether a client is a "politically exposed person". Mr Lafferty said that while there are electronic methods of checking clients for such a risk, these electronic client checking systems are very expensive. Mr Lafferty said that the Regulations appear to assume the worst of all clients.

Mr Messer, Director of Financial Compliance at the Society advised the meeting that new guidance for the UK legal sector will be published on 6 February. This guidance will set out how the legal sector should treat different categories of clients for identification purposes. The meeting noted that Mr Messer chairs the UK Legal Affinity Group with respect to these Regulations.

There was no direct negative to Resolution No. 2. There being no direct negative, Resolution No. 2 was passed unopposed.

The meeting closed at 5.45 pm.

APPENDIX A

Practice Rules – proposed changes in practice rules for Incidental Financial Business–Resolution number []

Motion from the Regulatory Committee on Amendments to the Society's Practice Rules – Motion No []

“The Regulatory Committee of the Law Society of Scotland in terms of Section 3B of the Solicitors (Scotland) Act 1980 proposes that the Practice Rules be amended in the following terms –

THE LAW SOCIETY OF SCOTLAND PRACTICE RULES (AMENDMENT RULES) 2018

Rules dated [] 2018 made on behalf of the Council of the Law Society of Scotland by the Regulatory Committee formed in accordance with section 3B(1) of the Solicitors (Scotland) Act 1980 under section 34(1) of that Act with the approval of the Lord President under section 34(3) of that Act.

Citation and Commencement

- 1 (1) These rules may be cited as The Law Society of Scotland Practice Rules (Amendment Rules) 2018.
- (2) These rules shall come into operation on [] 2018.

Definition and Interpretation

- 2 (1) In these rules, the "Principal Rules" shall mean The Law Society of Scotland Practice Rules 2011.
- (2) The Interpretation Act 1978 applies to the interpretation of these rules as it applies to the interpretation of an Act of Parliament.

Amendments to the Principal Rules

- 3 In rule C2 of the Principal Rules delete all references to “insurance mediation activity” and replace with “insurance distribution activity”.
- 4 In rule C2.1.1 of the Principal Rules delete the reference to “Directive 2002/92/EC” and replace with “Directive (EU) 2016/97”.
- 5 In rule C2.1.1 of the Principal Rules delete the defined term “insurance intermediary” and its related meaning.
- 6 In rule C2.1.1 of the Principal Rules following shall be added and all defined terms re-ordered alphabetically:

“durable medium	any instrument which: (a) enables the recipient to store information personally addressed to them in a way accessible for future reference and for a period of time adequate for the purpose of the information; and (b) allows the unchanged reproduction of the information stored
insurance distribution	the meaning given by Article 2 of the Directive and shall include reinsurance distribution as defined by Article 2 of the Directive
insurance intermediary	a person who carries on insurance distribution activity
insurance-based investment product	an insurance product which offers a maturity or surrender value and where that maturity or surrender value is wholly or partially exposed, directly or indirectly, to market fluctuations, and does not include: (a) non-life insurance products as listed in Annex I to Directive 2009/138/EC (Classes of non-life insurance); (b) life insurance contracts where the benefits under the contract are payable only on death or in

- respect of incapacity due to injury, sickness or disability;
- (c) pension products which, under national law, are recognised as having the primary purpose of providing the investor with an income in retirement, and which entitle the investor to certain benefits;
 - (d) officially recognised occupational pension schemes falling under the scope of Directive 2003/41/EC or Directive 2009/138/EC;
 - (e) individual pension products for which a financial contribution from the employer is required by national law and where the employer or the employee has no choice as to the pension product or provider

Insurance Product Information Document a document containing the information that meets the requirements of Article 20(5) to Article 20(8) of the Directive

remuneration any commission, fee, charge or other payment, including an economic benefit of any kind or any other financial or non-financial advantage or incentive offered or given in respect of insurance distribution activities”

- 7 In rule C2.4 of the Principal Rules delete the “and” after clause C2.4(e) and insert the following as rule C2.4(f) and re-number accordingly:

“(f) provided that the insurance distribution carried out by the practice unit is not in relation to the sale of insurance-based investment products; and”.

- 8 In rule C2 of the Principal Rules insert the following as rule C2.5.3:

“2.5.3 The Council may notify the FCA of any details disclosed to it in the application form under rule 2.5.1 or pursuant to rule 2.5.2.”

- 9 In rule C2 of the Principal Rules delete rule C2.13 and replace with the following:

“Provision of information

2.13.1 In good time before the conclusion of a contract of insurance, the information set out in Schedule A to this rule 2 must be provided to the client.

2.13.2 In addition to the information required under rule 2.13.1, a licensed person must ensure that the client is given objective and relevant information about a contract of insurance in good time prior to the conclusion of the contract, so that the client can make an informed decision. A licensed person must provide this information to the client:

- (a) whether or not it gives a personal recommendation; and
- (b) irrespective of the fact that the contract of insurance is offered as part of a package with:
 - (i) a non-insurance product or service; or
 - (ii) another contract of insurance.

2.13.3 A licensed person must ensure that the level of information provided takes into account the complexity of the contract of insurance and the individual circumstances of the client.

2.13.4 When dealing with a client who is an individual and who is acting for purposes which are outside his trade or profession the information provided under rule 2.13.2 must include an Insurance Product Information Document.

2.13.5 A licensed person must provide the information required in rule 2.13.4 by way of an Insurance Product Information Document for each contract of insurance (other than a pure protection contract).

2.13.6 Where the contact of a licensed person with a client is limited to introducing that client to another insurance intermediary, the client

must be given the information specified in paragraph 1 to 5, 8 and 9 of Schedule A to this rule 2 on initial contact. The information may be provided orally or in writing.

2.13.7 Where a licensed person distributes contracts of insurance, it must have in place adequate arrangements to:

- (a) obtain from the manufacturer of the contract of insurance:
 - (i) all appropriate information on the contract of insurance and the product approval process; and
 - (ii) the identified target market of the contract of insurance;and
- (b) understand the characteristics and the identified target market of each contract of insurance.

2.13.8 Where a licensed person acts as an insurance intermediary in relation to a contract of insurance, and selects contracts from a limited number of insurance undertakings or from a single insurance undertaking then it must maintain, and keep up to date, for each type of contract of insurance that it deals with, a list of insurance undertakings that it selects from or deals with and the relevant list must be made available to any client, in writing, on request.

2.13.9 In good time before the conclusion of the initial contract of insurance and if necessary, on its amendment or renewal, a licensed person must provide the client with information:

- (a) on the nature of the remuneration received in relation to the insurance contract;
- (b) about whether in relation to the contract the licensed person works on the basis of:
 - (i) a fee, that is remuneration paid directly by the client;
 - (ii) a commission of any kind, that is remuneration included in the premium;
 - (iii) any other type of remuneration, including an economic benefit of any kind offered or given in connection with the contract; or
 - (iv) a combination of any type of remuneration set out above in (i), (ii) and (iii).

2.13.10 Where a fee is payable, a licensed person must inform the client of the amount of the fee before the client incurs liability to pay the fee, or before conclusion of the contract of insurance, whichever is earlier and to the extent that it is not possible for that amount to be given, a licensed person must give the client the basis for its calculation. This rule 2.13.10 applies to all such fees that may be charged during the life of the contract of insurance.”

- 10 In Rule C2 of the Principal Rules insert the following as new Rule C2.14 and re-number accordingly:

“Information conditions - means of communication

2.14.1 Rules 2.14.2 to 2.14.5 apply to all information required to be provided to a client in this Part IV of these Rules.

2.14.2 A licensed person must communicate information to the client on paper or using any of the following means:

- (a) a durable medium other than paper where the following conditions are satisfied:
 - (i) the use of a durable medium other than paper is appropriate in the context of the business conducted between the licensed person and the client; and
 - (ii) the client has been given the choice between information on paper and on a durable medium other than paper and has chosen a durable medium other than paper; or
- (b) on a website (where it does not constitute a durable medium) where the following conditions are satisfied:
 - (i) the provision of that information by means of a website is appropriate in the context of the business conducted between the licensed person and the client;
 - (ii) the client has consented to the provision of that information by means of a website;
 - (iii) the client has been notified electronically of the address of the website, and the place on the website where that information can be accessed; and
 - (iv) the licensed person ensures that the information remains accessible on the website for such period of time as the client may reasonably need to consult it.

2.14.3 A licensed person must communicate the information:

- (a) in a clear and accurate manner, comprehensible to the client;
- (b) in an official language of the Member State in which the insured risk, or proposed insured risk, is situated or in any other language agreed upon by the parties; and
- (c) free of charge.

2.14.4 Where a licensed person communicates the information using a durable medium other than paper or by means of a website, the licensed person must, upon request and free of charge, send the client a paper copy of the information.

2.14.5 A licensed person must ensure that a client's choice or consent to receive the information by means of a website (whether a durable

medium or where the conditions under rule 2.14.2(b) are satisfied) is an active and informed choice or consent.”

- 11 In rule C2.15 (prior to renumbering) of the Principal Rules delete the words “Unless rule 2.15.4 applies”, capitalise at the beginning, delete rule 2.15.4 and renumber accordingly.
- 12 In rule C2 of the Principal Rules insert the following as a new Rule C2.17.1 and renumber accordingly:

“Cross Selling Requirements

2.17.1 When a licensed person offers an insurance product ancillary to and part of a package or in the same agreement with a non-insurance product or service, it must offer the client the option of buying the non-insurance goods or services separately.”

- 13 In rule C2.16.1 (prior to renumbering) of the Principal Rules delete the words “article 6(1) of the Directive” and replace with “article 4(1) of the Directive”, delete the full stop at the end of that rule, add the following and renumber accordingly:

“together with the following information:

- (a) the name, address and, where applicable, the registration number of the licensed person;
- (b) the Member State or Member States of the European Union in which the licensed person intends to operate; and
- (c) the category of the licensed person by reference to the Directive and, where applicable, the name of any insurance or reinsurance undertaking represented.”

- 14 In Schedule A to rule 2 of the Principal Rules delete the words “or immediately after” from the heading.
- 15 In Schedule B to rule 2 of the Principal Rules insert “(e)” at the beginning of the last paragraph.
- 16 In rule C2 of the Principal Rules amend all numbering and cross references to reflect the foregoing changes.

APPENDIX B

THE LAW SOCIETY OF SCOTLAND PRACTICE RULES (AMENDMENT NO 2 RULES) 2018

Rules dated [] 2018 made on behalf of the Council of the Law Society of Scotland by the Regulatory Committee formed in accordance with section 3B(1) of the Solicitors (Scotland) Act 1980 under sections 34(1), 34(1D), 35(1), and 37(6) of that Act and approved by the Lord President under section 34(3) of that Act.

Citation and Commencement

- 1.- (1) These rules may be cited as The Law Society of Scotland Practice Rules (Amendment No. 2 Rules) 2018.
- (2) These rules shall come into operation on [] 2018.

Definition and Interpretation

- 2.- (1) In these rules, the "Principal Rules" shall mean The Law Society of Scotland Practice Rules 2011.
- (2) The Interpretation Act 1978 applies to the interpretation of these rules as it applies to the interpretation of an Act of Parliament.

Amendments to the Principal Rules

3.- In the preamble to the Principal Rules paragraph (a) shall be amended so that the words in parenthesis in the third line thereof shall read '(save for rules 6, 7 and 9 in that Section)' and a new paragraph shall be added after paragraph (f) as follows:

(g) in the case of rule 9 in Section B of these rules, section [] of the Act and approved by the Lord President in terms of section 34(3) of the Act

and the remaining paragraphs of the preamble shall be renamed accordingly.

4.- Sub-paragraph (b) of rule A3.1.8 of the Principal Rules shall be amended to read:

‘(b) rules 1, 6, 7 and 9 in Section B’

5.- The following shall be added after rule B1.15 in the Principal Rules:

‘Rule B1.16: Duty to Co-operate with the Society

1.16 You must deal with the Society in an open, timely and co-operative manner, so as to enable the Council to properly exercise and fulfil its regulatory functions.

6.- In rule B6.1.1 of the Principal Rules:

(a) in the definition of ‘accounting records’ the following shall be deleted:

‘client due diligence documents and client financial information obtained for the purposes of compliance with the Money Laundering Regulations,’

(b) the following shall be deleted:

‘independent legal the meaning given in regulation
professional 3(9) of the Money Laundering
Regulations’

‘Money Laundering the Money Laundering
Regulations Regulations 2007 (S.I. 2007 No.
2157)’

(c) in the definition of ‘other financial institution’ ‘3(3)’ shall be deleted and ‘10(2)’ substituted therefor.

7.- In rule B6.7.1 of the Principal Rules sub-paragraph (c) shall be deleted.

- 8.- Rule B6.16.2 of the Principal Rules shall be deleted and rule B6.16.3 of the Principal Rules renumbered accordingly. The reference in rule B6.16.1 of the Principal Rules to 'rules 6.16.2 and 6.16.3' shall be amended to refer only to rule 6.16.2 as renumbered.
- 9.- In sub-paragraph (b) of rule B6.18.3 of the Principal Rules the words 'the Society to discharge its duties as supervisory authority under the Money Laundering Regulations' shall be deleted and the words '*Not used*' substituted therefor.
- 10.- The current text of rules B6.23.1 and B6.23.2 of the Principal Rules shall be deleted and '*Not used*' substituted therefor.
- 11.- An additional rule, to be numbered B9, shall be added after rule B8 of the Principal Rules in the terms set out in the Schedule to these rules.
- 12.- In Schedule 1 to the Principal Rules:
- (a) the following shall be added after the definition of Member State:
- | | | |
|----------------------------------|------------|--|
| 17 'Money Laundering Regulations | Laundering | 18 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S. I. 2017 No. 692)' |
|----------------------------------|------------|--|
- (b) the following shall be added after the definition of 'regulated person':
- | | |
|---------------------------|---|
| 19 'regulatory functions' | 20 the same meaning as given in section 3F of the 1980 Act' |
|---------------------------|---|

Schedule

Rule B9: Money Laundering & Terrorist Financing

Definitions and Interpretation

9.1 In this rule 9, unless the context otherwise requires, terms listed in the first column of rule 9.1 shall have the meanings respectively ascribed to them in the second column of that rule:

<u>Term</u>	<u>Definition</u>
Certificate	a certificate in such form as the Council may from time to time prescribe and different forms may be prescribed for different circumstances;
durable medium	any method by which information is stored in a way accessible for future reference for no less than the period required to procure and evidence compliance with this rule 9 and which allows the unchanged reproduction of the information stored by visual record and by immediately available print-out;
print-out	a printed or typewritten copy of any information stored in a durable medium;
records	all documents or permanent records held on a durable medium (whether manual, mechanical or computerised) produced or obtained for the purposes of procuring or evidencing compliance with the Money Laundering Regulations, as defined in regulation 3(1) of the Money Laundering Regulations
relevant person	
reporting period	the accounting period applicable to the relevant supervised person in terms of rule 6 in Section B
supervised person	a relevant person for which the Society is the supervisory

authority in terms of the Money
Laundering Regulations

Application of rules

- 9.2 Where any of the provisions of rule 9 apply to a practice unit:
- (a) they shall also apply to the managers of the practice unit; and
 - (b) no regulated person within the practice unit shall cause or knowingly permit the practice unit not to comply with any such provision.

Duty to comply with Money Laundering Regulations

- 9.3 Every supervised person shall:
- (a) comply with the provisions of the Money Laundering Regulations;
 - (b) demonstrate such compliance to the Society on request;
 - (c) report any breach of the Money Laundering Regulations to the Society as soon as practicable after discovery;
 - (d) remedy any such breach, which is capable of remedy, as soon as practicable after discovery;
 - (e) timeously provide all such information, records and co-operation as the Society may require to enable the Society to properly exercise and fulfil its supervisory functions in terms of the Money Laundering Regulations.

Records required to be kept

- 9.4 Every supervised person shall at all times keep such records as are necessary to demonstrate compliance with the Money Laundering Regulations and these rules.

Obligation to deliver a Certificate

- 9.5 A supervised person shall deliver to the Council within one calendar month (or within such other period as the Council may prescribe) of the completion of each reporting period a Certificate in respect of that reporting period.
- 9.6 The Council shall be entitled to use the information contained in the Certificate to monitor compliance by the supervised person with rule 9, and to assess levels of risk in order to allow the Society effectively to target its supervisory activity. The Council may request a supervised person to provide a Certificate on a more frequent basis than provided for in terms of rule 9.5, and/or a Certificate containing more or less detailed information, according to its assessment of that supervised person's risk profile.

- 9.7 The Council may, in any case on cause satisfactory to it being shown, extend the period within which a Certificate is required to be delivered, but such extension shall in no case exceed three months from the date on which the Certificate should have been delivered.

Who may sign a Certificate

- 9.8 All sections of a Certificate required under rule 9 must be signed by the responsible officer of the supervised person (if appointed) or, failing such appointment, by the nominated officer of the supervised person. Where the supervised person is a practice unit with one manager, that manager must sign the Certificate. Where the supervised person is a practice unit with two or more managers, two managers must sign the Certificate.

Reviews, inspections and investigations on behalf of the Council

- 9.9 The Council may carry out:
- (a) such thematic and/or desk-based reviews and risk assessments as the Council considers necessary or desirable, referred to in rule 9 as a review;
 - (b) a routine investigation, referred to in rule 9 as an inspection; and
 - (c) a non-routine investigation, referred to in rule 9 as an investigation.

all for the purposes of enabling the Society to properly exercise its functions and discharge its duties as supervisory authority under the Money Laundering Regulations.

- 9.10 The Council may, by giving notice, require any supervised person to produce records for the inspection or review of a person authorised by the Council and at a date, time and place to be fixed by the Council. If the place fixed by the Council for the inspection or review requires the transfer to that place of records in physical form, the Council shall, on such conditions as to the cost and distance of such transfer as it may from time to time prescribe, pay the reasonable expenses incurred by the supervised person in respect of such transfer.
- 9.11 If at any time there is a reasonable apprehension on the part of the Council that a supervised person has not complied with or is not complying with rule 9, the Council may authorise a person to conduct such investigation of the supervised person as the Council may consider appropriate. The Council shall give notice of its authorisation of such a person to conduct such investigation and of the date, time and place of such investigation.
- 9.12 The Council may, in any case on cause satisfactory to it being shown, extend the period within which a supervised person may produce records as required by a person authorised by the Council under rule 9, but such extension shall in no case exceed three months from the date on which records should have been produced.

- 9.13 A supervised person shall provide a person authorised by the Council under rule 9 reasonable co-operation in the conduct of that person's review, inspection or investigation (as the case may be) including, without prejudice to the foregoing generality, the production of records as such person may reasonably require and, in the case of an investigation, the granting of authorisation (including by way of mandate) to contact clients or third parties for the production by such clients or third parties of documents, records and other information as such person may reasonably require.
- 9.14 Any person authorised by the Council under rule 9.10 shall report to the Council on the result of his or her review or inspection to the extent he or she considers it necessary to do so. Any person authorised by the Council under rule 9.11 shall report to the Council on the result of his or her investigation.