

<b>Title:</b> The Services of Lawyers And Lawyer's Practice (Revocation Etc.) (Eu Exit) Regulations 2019  <b>IA No:</b> MoJ020/2018  <b>Lead department or agency:</b> Ministry of Justice  <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>			
	<b>Date:</b> 15/11/2018			
	<b>Stage:</b> Final			
	<b>Source of intervention:</b> EU Exit			
	<b>Type of measure:</b> Secondary legislation			
<b>Contact for enquiries:</b> Martha.mccarey@justice.gov.uk				

<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> N/A
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**Cost of Preferred (or more likely) Option**

Total Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB in 2014 prices)	One-In, Three-Out?	Business Impact Target Status
n/a	n/a	n/a	n/a	Out of Scope

**What is the problem under consideration? Why is government intervention necessary?**

The current legislative framework of legal service regulation, which implements cross- EU reciprocal arrangements to enable specified lawyers from one European Union (EU) Member State to practise and establish in another Member State, gives EU and European Free-Trade Association (EFTA) lawyers preferential access to the UK legal services market, in the form of enhanced practice and establishment rights, compared to lawyers from the wider world. In the unlikely event of 'no deal' and the UK leaves the EU without a withdrawal agreement or future trade deal, the UK's trade relationship with the EU will be governed by World Trade Organisation (WTO) rules. The WTO 'most favoured nation' (MFN) rules require countries to give the same treatment to all like services and service providers and WTO General Agreement on Trade in Services (GATS) members. This means that, absent any policy action to mitigate, with the EU framework remaining in place we would have to give all GATS members, with equivalent legal professionals, the same qualification and practice rights as EU lawyers in the UK, if requested with no obligation on the GATS members to offer reciprocal rights to UK lawyers. Further, there is a public interest risk in retaining the preferential access without a formal framework for reciprocal regulatory cooperation. We are taking the necessary steps to ensure the country continues to operate smoothly from the day we leave the EU, and Government intervention is necessary to amend the current legislative framework, in the unlikely event that the UK leaves the EU without a deal.

**What are the policy objectives and the intended effects?**

To ensure compliance with WTO MFN rules in the event of a 'no deal' exit from the EU, and to ensure a smooth transition period to any new arrangements for affected lawyers and businesses, in the unlikely event of a 'no deal' exit from the EU.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

- Option 0** – 'Static acquis' - retain the current legal framework and continue to give EU and EFTA lawyers preferential practice and establishment rights.
- Option 1** - In the unlikely event of 'no-deal' exit, remove the current legal framework giving EU and EFTA lawyers preferential market access and transition EU and EFTA lawyers to the same level of market access as lawyers from third countries.

The Government's preferred option is option 1 as this best meets the policy objectives.

**Will the policy be reviewed?** It will not be reviewed. **If applicable, set review date:** n/a

Does implementation go beyond minimum EU requirements?	n/a			
Are any of these organisations in scope?	<b>Micro</b> Yes	<b>Small</b> Yes	<b>Medium</b> Yes	<b>Large</b> Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b>		<b>Non-traded:</b>	

*I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.*

Signed by the responsible Minister:

..... Lucy Frazer .....

Date:

..... 15/11/2018 .....

# Summary: Analysis & Evidence

# Policy Option 1

**Description:** Remove the current legal framework giving UK and EFTA lawyers preferential market access in England and Wales and Northern Ireland and transition EU lawyers to the same level of market access as lawyers from third countries.

## FULL ECONOMIC ASSESSMENT

Price Base Year n/a	PV Base Year n/a	Time Period Years n/a	Net Benefit (Present Value (PV)) (£m) n/a		
			Low: n/a	High: n/a	Best Estimate: n/a
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)	
Low	n/a	n/a	n/a	n/a	
High	n/a	n/a	n/a	n/a	
Best Estimate	n/a	n/a	n/a	n/a	

<b>Description and scale of key monetised costs by 'main affected groups'</b>					
None					
<b>Other key non-monetised costs by 'main affected groups'</b>					
Indirect costs are dependent on how EU and EFTA lawyers are employed (or how their business is structured), the work they do and the individual choices they make in response to the revocation of the EU framework, such as whether they choose to seek admission to the domestic profession, wish to undertake regulated activities (previously and in the future), or the way they choose to change their business model to comply with the new regulatory position.					
BENEFITS (£m)	Total (Constant Price)	Transition Years	Average (excl. Transition) (Constant Price)	Annual (Constant Price)	Total Benefit (Present Value)
Low	N/A		N/A		N/A
High	N/A		N/A		N/A
Best Estimate	N/A		N/A		N/A
<b>Description and scale of key monetised benefits by 'main affected groups'</b>					
None					
<b>Other key non-monetised benefits by 'main affected groups'</b>					
The associated statutory instrument will ensure compliance with WTO GATS MFN rules. In so doing it will avoid the risk of legal challenge, escalation (including to a WTO dispute settlement panel) and ultimately the possible requirement for compensatory trade measures or the imposition of retaliatory trade measures. The instrument will also provide certainty to EU and EFTA lawyers, businesses, the wider sector and consumers on their status in the event of EU Exit where no deal is reached. Finally, it will avoid the public interest risk in retaining preferential access and liberalising our market unilaterally, without reciprocity or formal regulatory cooperation. A transition period running until 31 December 2020, will give Registered European Lawyers and EU and EFTA lawyers with ownership interests in regulated legal businesses time to take steps to comply with the new regulatory position post exit.					
<b>Key assumptions/sensitivities/risks</b>				<b>Discount rate</b>	n/a
None					

## BUSINESS ASSESSMENT (Option 1)

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>Score for Business Impact Target (qualifying provisions only) £m</b>	
Costs: n/a	Benefits: n/a	Net: n/a		
			n/a	

# Evidence Base (for summary sheets)

## A. Background

### The UK Legal Services Regulatory Landscape

1. The UK has three separate legal jurisdictions, England and Wales, Scotland and Northern Ireland. Each jurisdiction has different legal professions, different qualifications, routes to qualify and different regulatory regimes. In terms of legislative responsibility, the regulation of legal services is devolved in Scotland and Northern Ireland.
2. This impact assessment applies to the legal jurisdictions of England and Wales and Northern Ireland. Scotland plan to take forward their own legislation in this area.

### *Regulation of Legal Services in England and Wales*

3. The regulation of legal services in England and Wales is based on a mix of 'reserved' activities and professional titles. The 'reserved' legal activities, as set out in the Legal Services Act 2007, can only be undertaken by 'authorised persons,' i.e. only those qualified and holding certain regulated professional titles. The reserved activities are:
  - the exercise of a right of audience
  - the conduct of litigation
  - reserved instrument activities
  - probate activities
  - notarial activities
  - the administration of oaths
4. Lawyers who do not seek to undertake these reserved activities are not required to be regulated. This includes the provision of general legal advice. However, lawyers wishing to practise under a protected title such as "solicitor", regardless of what legal services they provide, must be regulated
5. Non-lawyers may own legal businesses falling under the definition of an Alternative Business Structure (ABS) subject to regulatory approval.

### *Regulation of Foreign Qualified (third country) Lawyers in England and Wales*

6. Foreign qualified lawyers are, generally, not permitted to undertake reserved legal activities in England and Wales. However, there are routes for foreign-qualified lawyers to transfer into the English/Welsh profession without entirely re-qualifying, in the form of transfer or aptitude tests. The Solicitors Regulation Authority (SRA) offers the Qualified Lawyers Transfer Scheme (QLTS), managed by private providers, and the Bar Standards Board, the Bar Transfer Test (BTT), managed by BPP Law School, another private provider.
7. Once admitted as a solicitor or barrister, those lawyers are subject to the same regulatory regime as all others who have qualified as solicitors or barristers. In addition, foreign qualified lawyers registered with the SRA - Registered Foreign Lawyers (RFLs) - can participate in the ownership of a legal business with domestically qualified lawyers, although they cannot undertake regulated legal activities.

### *Regulation of Legal Services in Northern Ireland*

8. There are only two branches of the legal profession in Northern Ireland. The regulation of legal services in Northern Ireland is undertaken by the Law Society of Northern Ireland for solicitors, and by the Honourable Society of the Inn of Court of Northern Ireland for barristers. A statutory framework is in place for the regulation of solicitors, underpinned by the Solicitors (NI) Order 1976, and the Law Society acts as the regulatory authority governing the education, accounts, discipline and professional conduct of solicitors. For barristers, a similar, non-statutory, framework of regulation is undertaken by the Inn of Court and the Bar Council.

9. ABS are not permitted in Northern Ireland, nor is the external ownership of law firms.

*Regulation of Foreign Qualified (Third Country) Lawyers in Northern Ireland*

10. Foreign qualified lawyers cannot practise as either a solicitor or a barrister in Northern Ireland without first re-qualifying through the normal channels, although there are slightly different requirements for applicants from certain Commonwealth countries applying to practise as a solicitor.

*Current European Framework and the Regulation of EU and European Free-Trade Agreement (EFTA) lawyers*

11. As an EU Member State, the UK is required to implement two European Directives for legal services.

- Under the Lawyers Establishment Directive (Directive 98/5/EC) (LED) (implemented in England and Wales and Northern Ireland by the European Communities (Lawyer's Practice) Regulations 2000) particular EU and EFTA lawyers can practise activities normally reserved to UK advocates, solicitors and barristers (with limited restrictions), under their home state professional title, or gain a UK professional title on the basis of three years of practice in the law of the relevant UK legal jurisdiction. To exercise these practice rights under the LED, EU and EFTA lawyers must register with a UK regulator as Registered European Lawyers (REL). Additionally, EU and EFTA lawyers may practise jointly with UK solicitors, or be sole owners of legal businesses in the UK, providing reserved activities.
- Under the Lawyers Services Directive (77/249/EEC) (LSD) (implemented in the UK by the European Communities (Services of Lawyers) Order 1978) certain EU and EFTA lawyers are entitled to provide temporary services across EU and EFTA states, including the UK; they are not required to register with a UK regulator to do so. EU and EFTA lawyers providing temporary services in England, Wales or Northern Ireland, can provide reserved legal activities (with some restrictions).

12. According to SRA data, there were 693 RELs registered with the SRA as of August 2018, a majority of which worked in finance or in law firms and 2449 RFL. The BSB identified 16 self-employed, and one employed, REL registered with them (plus 20 non-practising) as of October 2018.

13. Figures provided by the Law Society of Northern Ireland reveal there were 4 RELS registered with them in Northern Ireland as of October 2018. The Bar Council indicated that there is one REL registered with it as of October 2018.

*Routes to transfer into the UK profession for EU and EFTA lawyers*

14. RELs can be admitted to the UK profession on the basis of three years' practice in the UK.

15. Alternatively, EU and EFTA lawyers may also take the QLTS and BTT as set out above like other foreign practitioners, and thereby be admitted to the solicitors' profession and to the Bar in England and Wales. EU and EFTA lawyers may take the test under the Mutual Recognition of Professional Qualifications Directive (Directive 2013/55/EU, amending 2005/36/EC). Northern Ireland offers the three years' experience route under the LED but does not offer such transfer examinations: the alternative is for European and third country lawyers to requalify in Northern Ireland.

## Problem Under Consideration

16. World Trade Organisation (WTO) General Agreement on Trade in Services (GATS) most favoured nation (MFN) rules, prohibit preferential treatment of like services or service providers outside the scope of full free-trade or recognition agreements (or any other applicable exemption from the MFN rule). Should the UK leave the EU without a withdrawal agreement or future trade deal, there will no longer be reciprocal arrangements in place. The UK's trade relationship with the EU will be governed by WTO, GATS rules. Therefore, the UK will no longer be protected by a proviso that the MFN rules do not apply in the case of comprehensive free trade or recognition agreements (such as the European single market). Additionally, the UK runs a public interest risk in maintaining preferential access to EU and EFTA lawyers without the existence or guarantee of reciprocal arrangements or regulatory cooperation
17. Should the UK continue to offer EU and EFTA lawyers preferential qualification and practice rights, it might be challenged by WTO members seeking similar treatment in the UK for lawyers qualified in their jurisdictions. These challenges may escalate from informal procedures to dispute settlement panels, to requiring the UK to take compensatory measures in the form of lowering trade barriers, or to retaliatory measures from other GATS members if non-compliance with MFN rules is found.
18. We are therefore using section 8(2)(c) of European Union (Withdrawal) Act 2018 to address deficiencies in our domestic law that implements European law which provides for reciprocal arrangements that are no longer in place. This Impact Assessment (IA) considers the options for achieving this. The required changes will be made via a statutory instrument.

## **B. Policy Rationale and Objectives**

19. The purpose of the instrument is to ensure compliance with WTO rules by aligning the qualification and practice rights of EU and EFTA lawyers with other third country practitioners, should the UK leave the EU in a 'no deal' scenario. It revokes the 2000 Regulations, phasing out EU and EFTA lawyers' preferential establishment and practice in England and Wales and Northern Ireland, and the 1978 Order, revoking EU and EFTA lawyer's temporary practice rights. This framework currently gives EU and EFTA lawyers preferential qualification and practice rights compared to other foreign qualified lawyers.
20. The policy objectives of this instrument are:
  - First, to ensure compliance with WTO rules, as described above, by realigning the relationship between the UK and European Member States legal services with that of other third countries.
  - Second, to provide transitional provisions running up until 31 December 2020, to allow RELs, and affected businesses, time to adjust to new regulatory arrangements. This could, for example, involve altering their services, restructuring or reorganising their business, gaining admission to the English/Welsh or Northern Irish profession, and/or transferring certain services to other qualified lawyers or bringing ongoing work to completion.

## **C. Affected Stakeholder Groups, Organisations and Sectors**

21. This statutory instrument will apply to England and Wales and Northern Ireland. The groups most likely to be affected by the options in this IA are as follows:
  - EU and EFTA lawyers
  - Businesses employing such lawyers
  - The wider legal sector
  - Regulators and administrators

## **D. Description of Options Considered**

22. In order to meet the policy objectives, the following options are assessed in this IA:

- **Option 0 – Static acquis:** retain the current legal framework and continue to give EU and EFTA lawyers preferential practice and establishment rights.
- **Option 1:** Remove the current legal framework giving EU and EFTA lawyers preferential market access and transition EU and EFTA lawyers to the same level of market access as lawyers from third countries.

23. The Government's preferred option is option 1 as this best meets the policy objectives.

### **Option 0: Static acquis**

24. Under this option EU and EFTA lawyers would continue to enjoy preferential qualification and practice rights, compared to those of other foreign qualified lawyers. The UK would fall foul of WTO MFN rules by maintaining this status quo. It could incur reputational costs, and potentially the cost of compensation/retaliatory measures for WTO rule violations. Additionally, there would be a public interest risk in maintaining preferential rights without guarantee of corresponding reciprocal arrangements.

### **Option 1: Remove the current legal framework giving EU and EFTA lawyers preferential market access and transition EU and EFTA lawyers to the same level of market access as lawyers from third countries**

25. This option would remove the legislative framework that affords EU and EFTA lawyers preferential qualification and practice rights, compared to those of other foreign qualified lawyers to ensure compliance with WTO MFN rules. It would also provide for a time-limited transition period, running until the end of December 2020, to give a limited group of existing RELs time to adjust their services, practice or business model to align with the new regulatory framework, subject to their individual circumstances.

26. An alternative approach would be to extend the preferential qualification and practice rights currently afforded to EU and EFTA lawyers to lawyers of third countries. This would represent a significant public interest risk as it would allow lawyers qualified in different jurisdictions and under different regulatory standards to undertake activities normally reserved to solicitors and barrister in England and Wales and Northern Ireland. Additionally, there would be no guarantee of regulatory cooperation from regulators in other jurisdictions. Due to the significant public interest risk, with no guarantee or legal obligation of regulatory reciprocity, this option has not been considered in detail.

## **E. Cost and Benefit Analysis**

27. This IA follows the procedures and criteria set out in the IA Guidance and is consistent with the HM Treasury Green Book.

28. Where possible, this IA identifies both monetised and non-monetised impacts on individuals, groups and businesses in England and Wales and Northern Ireland with the aim of understanding what the overall impact on society might be from the options under consideration. EU exit IAs are normally compared to a "static acquis" baseline. This approach involves baselining all costs and benefits against the UK statute book as expected to be before EU exit in March 2019, including all existing domestic and EU legislation.

29. IAs place a strong focus on the monetisation of costs and benefits. There are often, however, important impacts that cannot sensibly be monetised. These might be impacts on certain groups of society or some data privacy impacts, both positive or negative. Impacts in this IA are therefore interpreted broadly, to include both monetisable and non-monetisable costs and benefits, with due weight given to those that are non-monetisable.

30. This IA concerns a number of variables that relate to individual choices and actions as a result of the statutory instrument coming into force. The instrument itself does not provide for numerical or

monetary arrangements. Therefore, the IA focuses on detailing the non-monetary costs, trends and risk factors that may arise; it does not and cannot predict overall quantifiable costs or benefits to individual organisations or governments.

31. The figures we provide below are estimates, for information, of costs for EU and EFTA lawyers practising or with interests in business ownership and UK regulators. These are the parties in the scope of our instrument whose position is being affected by it.

**Option 1: Remove the current legal framework giving EU and EFTA lawyers preferential market access and transition EU lawyers to the same level of market access as lawyers from third countries**

**Costs of Option 1**

*EU and EFTA Lawyers*

32. There are no known direct costs. Any indirect monetised costs and non-monetised costs would relate to the steps EU and EFTA lawyers choose to take to adjust their services, practice or business model to align with the new regulatory position, dependent on their individual circumstances. Given this uncertainty, they are not quantifiable.
33. Some EU and EFTA lawyers may not be providing ‘reserved legal activities’ and, as such, may choose to continue to practise without being regulated; some currently providing reserved legal activities may choose to enter the unregulated market and stop carrying on such reserved activities. For those who wish to continue to be regulated and provide reserved legal activities, the costs will relate to renewing REL registration, to taking steps to seek admission as a solicitor or barrister, to practising unregulated activities, to restructuring or to working under supervision:
- The price of REL renewal with the SRA is £368 (for registration the cost is pro-rateable if issued part-way through the year); the SRA aims to review 95% of its applications within 30 days. We were unable to source figures on the cost of appeals. Applications for registration had increased to 231 in 2016. As of July 2018, there are 693 RELs. The number has steadily increased since 2011.<sup>1</sup> Application for admission as England and Wales Solicitors after three years’ practice costs £500 and takes up to three months to process.
  - The cost of REL registration with BSB is £440. Practice renewal applications carry the same cost for EU and EFTA and British barristers (between £123 for band 1 income, and £1850 for band 6 income). Applications for admission to the England and Wales bar after three years of domestic practice also cost £440. The cost of the BTT ranges from £940 for compulsory modules, to £2335 with optional assessments, and is currently managed by BPP Law School.
  - The cost of a full QLTS qualification is £3510 per individual lawyer, plus variable VAT depending on location. By 2016 applications by EU and EFTA Lawyers to take the QLTS had been steadily increasing and reached 341. Despite the difference in cost, the QLTS is a more popular option for admission as a solicitor in England and Wales for EU and EFTA lawyers than the ‘3 years’ experience’ route under the EU framework. In 2016 there were 42 applications (of which 28 were successful) for admission as a solicitor via the three-year route. (The number of applications and the number of approvals are independent of one another. Application figures do not represent a distinct count of individuals. Approval figures do represent a distinct count of individuals)
  - Alternatively, EU and EFTA lawyers may wish to continue practising in their place of employment under supervision of a qualified solicitor or barrister. The associated costs are not quantifiable.
34. Some RELs will need to alter their business models to continue to participate in the ownership of regulated legal businesses. SRA data show that 10 RELs registered with the SRA are sole

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<sup>1</sup> [https://www.sra.org.uk/sra/how-we-work/reports/data/population\\_solicitors.page](https://www.sra.org.uk/sra/how-we-work/reports/data/population_solicitors.page)



practitioners and another 18 RELs own or part own one of 14 firms where there is no England & Wales authorised solicitor owner. Should these RELS wish to continue to provide reserved legal activities, they will need to alter their business model, by bringing a solicitor or barrister into the ownership structure (and registering as a RFL) or becoming an ABS, or qualifying as a solicitor themselves to continue to provide reserved legal activities.

- The cost of registration as a RFL is £368, or pro-rateable for registration if issued part-way through the year; RFLs based outside the UK pay £190 (registration or renewal) the SRA aims to review 90% of its applications within 30 days. There are 2406 RFLs as of July 2018. These numbers have increased with the same pattern as RELs.<sup>2</sup> This would offer lawyers the option to co-own businesses with domestic lawyers and to practise unregulated legal activities.

35. A transitional period running until 31 December 2020 will allow those EU and EFTA lawyers within scope of the provision extra time to take these measures, where relevant.

36. Republic of Ireland and England and Wales lawyers may practise without further requirements in Northern Ireland by submitting a formal declaration to exempt them from requalifying, and prefer this route to the European framework.

#### *Business owners employing EU and EFTA lawyers*

37. There are likely to be indirect monetised and non-monetised costs to businesses employing EU and EFTA lawyers. These are not quantifiable for the following reasons:

- It is difficult to establish from available statistics what activities RELs carry on. As a result, it is unclear what the level of restructuring required may be. Employed RELs providing unregulated activities may be able to continue to provide such services.
- Businesses may potentially witness a decreased availability of staff and specialist staff, from the loss of practice rights for RELs and temporary service providers. This may be offset by the options available to EU and EFTA lawyers to continue to practise, such as providing unregulated activities or qualification into the domestic profession.
- Businesses may incur restructuring costs from hiring new staff to take the place of RELs, or from ensuring that these former RELs work under the supervision of England and Wales/Northern Irish qualified lawyers.
- Legal businesses may alternatively wish to reorganise as an ABS to accommodate the combination of regulated and unregulated legal activities.

38. A transitional period running until 31 December 2020 will allow these businesses to restructure and complete ongoing work.

#### *The wider legal sector*

39. Direct monetised costs are not quantifiable. Any indirect monetised costs and non-monetised costs will relate to the loss of preferential rights to practise and provide temporary services.

40. The sector may potentially lose EU and EFTA specialists as a result of regulatory change, which might lead to a loss in clients. This could be offset by individual choices as discussed above with respect to undertaking supervised or unregulated activities or taking a transfer test for admission into the English/Welsh or Northern Irish professions, dependent on the jurisdiction in which a lawyer intends to practise.

#### *Regulators and administrators*

41. The direct monetary cost to regulators is not quantifiable. Any indirect monetary and non-monetary cost will relate to shifts in resources as of exit day.

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<sup>2</sup> Ibid.

42. As the REL application process disappears, regulators and private providers might find more applications through alternative routes (QLTS, BTT, RFL registration) being redirected towards them. However, the processes and costs for these routes are broadly similar to those for RELs: this could involve reallocation of resources.

### **Benefits of Option 1**

*EU and EFTA lawyers, businesses employing such lawyers, the wider legal sector, regulators and administrators*

43. The revocation of preferential status and realignment with third countries ensure UK compliance with WTO rules. It will prevent reputational damage and the risk of potential challenges in the form of compensatory or retaliatory measures demanded or imposed by other GATS signatories. It will also avoid the public interest risk of retaining preferential rights without corresponding reciprocity or regulatory cooperation.
44. EU and EFTA lawyers who have successfully become a solicitor or barrister in England and Wales or Northern Ireland through the '3 years' experience route or transfer test will not lose this professional title, and may continue to practise under that title without making any further changes. This option should therefore provide such lawyers greater certainty about their status.
45. The instrument will also provide clarity and certainty for legal services providers should the UK leave with EU in a 'no deal' scenario.
46. A transition period will allow affected groups the time to take steps in terms of practice or business structure in order to comply with the new regulatory framework, and will mitigate any adverse impacts related to the loss of work or clientele.

### **F. Wider Impacts**

47. This instrument does not amend, repeal or revoke any provision or provisions in the Equality Act 2006 or the Equality Act 2010 or subordinate legislation made under those Acts, or in section 75 of the Northern Ireland Act 1998.
48. We have had due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010 or section 75 of the Northern Ireland Act 1998.
49. There might be a further impact on Small and Medium Enterprises (SMEs). First, the cost of restructuring if they have a higher density of RELs or consist exclusively of RELs could potentially be disproportionate; Secondly, as they will no longer be able to use fly-in fly-out services which would allow them to source specialist EU and EFTA lawyers rather than hire them permanently. These impacts could be mitigated by individual choices discussed above in detail, with respect to working under supervision, conducting unregulated activities, or gaining access by examination to the England and Wales and Northern Irish profession.

### **G. Implementation**

50. The Instrument will come into on exit day, in the event of no-deal. The transition period will run up until 31 December 2020. We have contributed a section for the legal sector to a wider Technical Notice issued by the Department for Business, Energy and Industrial Strategy (BEIS). This explains necessary steps for legal services in light of these changes. Practitioners are advised to contact their relevant regulators for further detail.

### **H. Monitoring and Evaluation**

51. As this instrument is made under the European Union (Withdrawal) Act 2018, no review is required.

### **I. Business Impact Target**

50. This measure is out of scope of the Business Impact Target.