

# LEGAL SERVICES ACT 2007

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 4: Regulation of Approved Regulators**

##### **Background**

##### *Section 41: Intervention directions*

140. This section defines an intervention direction, and provides for the scope of such directions and the conditions under which the Board can impose such directions on an approved regulator in relation to its regulatory functions. An intervention direction (*section 41(2)*) is a direction that the Board, or the Board's nominee, will exercise one or more of the approved regulator's regulatory functions. Where the Board exercises its powers under an intervention direction, it will be able to nominate a person or persons to carry out the regulatory function. The Board may also require the approved regulator to comply with any instructions set by the Board or the nominated person.
141. *Section 41(1)* sets out the threshold conditions which must be met before the Board can issue an intervention direction, which mirror those in section 31(2), including the requirement for the Board to consider the impact of taking action on the other regulatory objectives. *Section 41(3)* additionally provides that the Board must not give an intervention direction unless it is satisfied that the approved regulator's act or omission cannot be adequately addressed by the exercise of the powers available under sections 31 to 40.
142. *Section 41(4)* refers to **part 1 of Schedule 8**, which sets out the procedure for giving an intervention direction. This includes procedures for giving notice to the approved regulator, for consulting with the Lord Chancellor, the OFT, the Consumer Panel and the Lord Chief Justice, and for making representations.