

# Revision of the IPA Continuing Professional Education (CPE) Guidance with effect from 1 January 2024

## 1. IPA CPE Guidance

- 1.1 Following a review, the IPA's Board has approved a new edition of the CPE Guidance modernising it in the light of experience during Covid and reflecting changes in the provision of training and the insolvency profession itself.

## 2. Summary of Revisions approved by the Board on 27 September 2023

- 2.1 Changes to the requirement of attendance in person at training courses and other forms of structured CPE, reducing it from 50% to 25%.
- 2.2 In exceptional circumstances, such as when taking a career break, the IPA's Regulation and Conduct committee may reduce the number of CPE hours an individual is required to complete or allow an individual to complete an "average" of 25 hours over a three-year period.
- 2.3 Rewordings balancing the strong recommendation of in person attendance, with the importance of diversity and inclusion and the practicalities of attendance specifically by permitting 75% of CPE hours to be completed by virtual attendance or distance learning.
- 2.4 Greater guidance on maintaining CPE records.
- 2.5 The introduction of specific requirements for AML and at least 1 hour of Ethics training each year.
- 2.6 Clarification of the meaning of 'unstructured' CPE with examples.
- 2.7 Revised terminology to reflect the revised IPA Committee structure.

## 3. Comparison with ICAEW CPD requirements

- 3.1 As IPA licenced insolvency practitioners often work in firms which also have ICAEW licence holders it is of practical importance that the two sets of CPE/CPD requirements are compatible with each other.
- 3.2 The IPA has always based its CPE guidance on a requirement for licence holders to complete at least 25 hours of structured training each year and will continue to do so.
- 3.3 This approach provides an objective measure of the CPE which members must complete.

## 4. Effective date

- 4.1 The [revised CPE Guidance](#) will come into effect on 1 January 2024.

# Revision of the IPA Professional Indemnity Insurance Regulations with effect from 1 January 2024

## 1. IPA Professional Indemnity Insurance (PII) Regulations

- 1.1 Following a review of the PII Regulations, the IPA Board has approved a revised edition of the Regulations reflecting changes in the insurance market and in the insolvency profession itself.

### Summary of Revisions approved by the Board on 27 September 2023

## 2 Fidelity Guarantee Insurance

- 2.1 The Regulations (R2.1, 3.4 & 3.5) relating to Fidelity Guarantee Insurance (“FGI”) clarify that FGI should provide cover in respect of all of an insolvency practitioner’s staff who are involved with insolvency or insolvency related work (excluding external agents such as solicitors or valuers).

## 3 Changes to PII cover

- 3.1 The introductory paragraphs to the IPA PII Regulations, which set out general requirements for PII have been expanded.
- 3.2 The regulations identify the risks to be covered (R2.2) and require cover to meet claims arising from insolvency work done in the last six years (R6.1.3)
- 3.3 The ‘Minimum terms of cover’ (R3.1) clarify that ‘Gross Fee Income’ (GFI) relates to the most recently completed accounting year of the practice which immediately precedes the start of the PII policy.
- 3.4 The wording of the definition of Gross Fee Income (GFI) has been re-ordered to make it clearer, however, the meaning has not been changed.
- 3.5 The minimum limit of indemnity for any number of claims, in aggregate, is £1.5 million a year. (R3.3)

## 4 Retroactive cover and Run-off cover

- 4.1 The revised regulations require an IPA Licensed IP to maintain PII cover during any period in which they hold an Insolvency Appointment and for six years after they last held an insolvency appointment. (R6.1 et seq.)
- 4.2 Our enquires showed that the six-year run-off period of cover required in the existing (2017) IPA PII regulations is not readily available to purchase in advance although cover may be readily available on a renewable annual basis. Regulations (R5.1 & R6.2) will therefore allow a sequence of single or multiple policies to meet the requirements.
- 4.1 It may also be difficult for former IPs to obtain continuing cover after they have retired so Regulations (R7 et seq.) change the requirement for former IPs to maintain adequate PII or Run-off cover from six years to a minimum of two years followed by and thereafter to use their best endeavours to obtain cover for a further four years (six years in total from the date they ceased hold an Insolvency Appointment (as defined in the regulations)).

## 5 Transfers between practices

- 5.1 Where an individual member leaves one practice and transfers to another, it will be that member's responsibility to ensure that adequate PII (or Run-off) cover continues in place to cover any claims made in respect of work done by them in the preceding period of six years (which may include work done at their previous practice(s)) (R8.1).

## 6 Retiring

- 6.1 If the IP retires from practice (or otherwise no longer holds any insolvency appointments) the period in which Run-off cover is mandatory is two years followed by an obligation on that IP to use their best endeavours to obtain continuing cover for a further four years (six years from the date they retired / their former practice ceased trading) (R7.1) for the pragmatic reason that Run-off cover for a longer period is not readily available in the market as a single policy.

## 7 IP's responsibility to maintain cover

- 7.1 When an IP transfers between practices or retires from practice, sufficient PII or Run-off cover may be provided under the PII policy of a continuing Professional Practice or by another policy. If an IP's (or former IP's) former Professional Practice has undertaken to obtain PII or run-off cover for the IP (or former IP), the IP (or former IP) shall be responsible for checking that it is adequate and continues to cover that IP or former IP in accordance with the Regulations (including where the former practice subsequently ceases to trade) or arrange their own cover. (R6.1.3)(R8.5.4)

## 8 Comparison with ICAEW PII regulations

- 8.1 As IPA licensed insolvency practitioners often work in firms which also have ICAEW licence holders it is of practical importance that the two sets of PII regulations are compatible with each other. We consider these new regulations are compatible.
- 8.2 We are, however, aware that ICAEW are currently consulting with their members on revising their PII Regulations and will re-visit the IPA Regulations if necessary.

## 9 Effective Date

- 9.1 The [revised PII Regulations](#) will come into force on 1 January 2024 and will apply to PII policies commenced or renewed after that date.
- 9.2 You may continue to rely on an existing PII policy which meets the requirements of the IPA's PII Regulations (issued January 2017) until expiry of that policy's current term after which your PII policy must comply with the new regulations.

# Revision of the IPA Client Money Regulations with effect from 1 January 2024

1. **IPA Client Money Regulations (“CMR”)**
  - 1.1 Following a review, the IPA’s Board has approved a new edition of the CMR modernising them to reflect changes in the provision of banking facilities and in the insolvency profession itself.
2. **Summary of Revisions approved by the Board on 27 September 2023**
  - 2.1 The Revised CMR recognise that:
    - the IP may be an employee of the firm, which relationship is becoming more common in the Volume Provider space, rather than a Principal, and
    - the controlling directors or officers of the firm may not be IPA members or regulated by another body.
  - 2.2 The main changes are summarised under the headings set out below.
3. **Duties**
  - 3.1 The new regulations place more emphasis on the duties of Individual Members who are licensed to take appointments, whether or not they are principals or employees of the Firm/business, in a similar way to the Insolvency Code of Ethics, which places duties on IP employees.
  - 3.2 In addition, there is a new duty (R12.2) on licensed Individual Members to notify the IPA of any non-compliance with the new CMR. Such notifications will be fed into the risk assessment process to inform our monitoring of the IP.
4. **Anti-Money Laundering (AML)**
  - 4.1 A new regulation (R4) requires Individual Members who are licensed to take appointments to take reasonable steps to verify the identity of Clients and conduct appropriate due diligence on the origin of Client Money before taking receipt of it. Regulation 4 requires licence holders to take steps in accordance with the IPA’s AML Guidance which is available on the IPA’s website and provides a link to it.
5. **Client Money and Estate Monies**
  - 5.1 The definitions of Client Money and Estate Money have been amended to be more consistent with the definitions in SIP 11 (“The Handling of Funds in Formal Insolvency Appointments”).
6. **Other changes**
  - 6.1 The regulations on opening client bank accounts has been rewritten to reflect current practice.
  - 6.2 In the unusual circumstances where the Firm is not able to obtain either a ‘Bank Trust Letter’ or written agreement to the conditions which apply to the operation of a Client Account, e.g. no set off between the account and other accounts of the Firm held at the bank, there is a new a new duty (R5.3.2) to close the account and deposit the client monies elsewhere.
  - 6.3 The revised CMR acknowledge that that if a Firm is authorised by the Financial Conduct Authority (FCA), any monies received or held by the Firm which are

investment business clients' money as defined by the FCA Handbook shall be dealt with in accordance with that handbook, which shall in those circumstances take precedence over the requirements of these regulations (R3.4).

6.4 Explanatory notes (Section 13) have been introduced to clarify some of the CMR.

6.5 The other principal changes are:

- for ease of reference certain terms defined in the Articles are set out in the CMR's definitions,
- a definition of 'Mixed Monies' is included,
- an acknowledgment that insolvency practitioners authorised by the IPA may not be Principals of their firm. Most of the duties imposed by the regulations take into account the level of control the licence holder has over their Firm,
- Some paragraphs which previously appeared under the heading "Client Identification" have been moved to a new section "Use of a Client Account",
- a new requirement (R9.6.1) that Insolvency Practitioners ensure (taking into account the level of control they have over their Firm) that withdrawals from a Client Bank Account in respect of their fees are not made without their written authority,
- a new requirement (R9.6.2) that Insolvency Practitioners ensure (taking into account the level of control they have over their Firm) that any Estate Monies which are (for any reason) in the Client Bank Account are not withdrawn without the IP's signed written approval.

6.6 The IPA Client Money Guidance 2024 has also been updated to compliment the revisions to the CMR.

## 7 Comparison with ICAEW CMR

7.1 As IPA licenced insolvency practitioners often work in firms which also have ICAEW licence holders it is of practical importance that the two sets of CMR are compatible with each other.

7.2 As noted in the current (2000) IPA Client Money Regulation Guidance the *"Association has adopted Regulations based on those adopted by the Institute of Chartered Accountants in England and Wales. Those Regulations, however, cover many other areas of professional practice than insolvency practice; and the Regulations adopted by the Association have accordingly been adapted to reflect the particular needs of Insolvency Practitioners."*

7.3 This remains the case and the revised IPA CMR are, where relevant, compatible with the current ICAEW CMR which came into effect on 1 January 2017.

## 8 Revised CMR Guidance

8.1 The CMR Guidance is substantially unchanged, the only amendments are to the cross references to the CMR themselves

## 9 Revised CMR and CMR Guidance

9.1 The revised CMR and CMR Guidance are available [here](#).