

**SRA Amendments to Regulatory Arrangements  
(Red Tape Initiative – Second Phase) Rules [2013]**

Rules dated [date of LSB approval] made by the Solicitors Regulation Authority Board under Part I, Part II, sections 79 and 80 of the Solicitors Act 1974 and section 9 and 9A of the Administration of Justice Act 1985 and section 83 of, and Schedule 11 to, the Legal Services Act 2007, with the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007.

1. The instruments referred to in Column (1) of the table set out below shall be amended in accordance with the corresponding entry in Column (2).

<b>(1) Instrument</b>	<b>(2) Provision</b>
SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011	<p>In Rule 8.5(c), substitute for paragraph (ii) the following:</p> <p>“(ii) <b>in the case of a <i>licensed body</i></b>, as soon as reasonably practicable, report to the <i>SRA</i> any failure so to comply, provided that:</p> <p style="padding-left: 40px;">(A) in the case of non-material failures, these shall be taken to have been reported as soon as reasonably practicable if they are reported to the <i>SRA</i> together with such other information as the <i>SRA</i> may require in accordance with Rule 8.7(a); and</p> <p style="padding-left: 40px;">(B) a failure may be material either taken on its own or as part of a pattern of failure so to comply;”</p> <p>In Rule 8.5(c), insert the following:</p> <p>“(iii) <b>in the case of a <i>recognised body</i></b>, as soon as reasonably practicable, report to the <i>SRA</i> any material failure so to comply (a failure may be material either taken on its own or as part of a pattern of failure so to comply).”</p> <p>In Rule 8.5(e), substitute for paragraph (ii) the following:</p> <p>“(ii) <b>in the case of a <i>licensed body</i></b>, as soon as reasonably practicable, report to the <i>SRA</i> any failure so to comply, provided that:</p>

(A) in the case of non-material failures, these shall be taken to have been reported as soon as reasonably practicable if they are reported to the SRA together with such other information as the SRA may require in accordance with Rule 8.7(a); and

(B) a failure may be material either taken on its own or as part of a pattern of failure so to comply;"

In Rule 8.5(e), insert the following:

"(iii) **in the case of a recognised body**, as soon as reasonably practicable, report to the SRA any material failure so to comply (a failure may be material either taken on its own or as part of a pattern of failure so to comply)."

In Guidance Note (viii) to Rule 8, substitute for paragraph (b) the following:

"(b) in the case of a licensed body, as soon as reasonably practicable, report to the SRA any failure to comply. Where such failure is material, either on its own or because it forms part of a pattern, the immediacy of the report will depend on the circumstances and seriousness of the breach. Where such failure is neither material of itself nor because it forms part of a pattern of non-compliance, the report need not be made until the annual information report under Rule 8.7;"

In Guidance Note (viii) to Rule 8, insert the following:

"(c) in the case of a recognised body, as soon as reasonably practicable, report to the SRA any material failure to comply, whether such failure is material either on its own or because it forms part of a pattern of non-compliance. The immediacy of the report will depend on the circumstances and seriousness of the breach."

In Guidance Note (ix) to Rule 8, substitute for paragraph (g) the following:

	<p>“(g) in the case of a licensed body, as soon as reasonably practicable, report to the SRA any failure to comply with the SRA Accounts Rules. Where such failure is material, either on its own or because it forms part of a pattern, the immediacy of the report will depend on the circumstances and seriousness of the breach. The report need not be made until the annual information report under Rule 8.7 where such failure is neither material of itself nor because it forms part of a pattern of non-compliance;”</p> <p>In Guidance Note (ix) to Rule 8, insert the following:</p> <p>“(h) in the case of a recognised body, as soon as reasonably practicable, report to the SRA any material failure to comply with the SRA Accounts Rules, whether such failure is material either on its own or because it forms part of a pattern of non-compliance. The immediacy of the report will depend on the circumstances and seriousness of the breach.”</p>
SRA Practising Regulations 2011	<p>In the opening paragraph of Regulation 3.1, delete the words “(subject to 3.3 below)” and insert at the end: “, subject to the exceptions set out in 3.3 below, relating for example to a previously declared event”.</p> <p>Substitute for Regulation 3.1(k)(iii) and (iv) the following:</p> <p>“(iii) has at any time during the last 36 months of trading of a <i>recognised body</i>, a <i>licensed body</i> or an <i>authorised non-SRA firm</i> which has entered into a voluntary arrangement under the Insolvency Act 1986, been a <i>manager</i> of that <i>recognised body</i>, <i>licensed body</i> or <i>authorised non-SRA firm</i>;</p> <p>(iv) has at any time during the last 36 months of trading of a <i>company</i> or of an <i>LLP</i> which has been the subject of a winding up order, an administration order or administrative receivership; or has entered into a voluntary arrangement under the Insolvency Act 1986; or has been voluntarily wound up in circumstances of insolvency, been a</p>

*director* of that company or a *member* of that LLP.”

Delete paragraph (a) of Regulation 3.2, and make consequential changes by inserting a comma after the words: “If regulation 3 applies”; moving the colon at the end of those words to follow the words “the *SRA*”; and renumbering paragraph (b)(i)-(iii) as (a)-(c).

In the Guidance note to Regulation 3, add an “s” to “Guidance note” and insert the following additional note:

“(ii) Exceptions to the application of Regulation 3 are set out at 3.3. An applicant is not, for example, subject to Regulation 3 in respect of a previously declared event where the *SRA* was aware of all the relevant facts and issued a practising certificate or registered the applicant as a European lawyer free from conditions, and where no new circumstances have arisen to bring the application within Regulation 3.”

In Rule 4.8(c), substitute for paragraph (ii) the following:

“(ii) as soon as reasonably practicable, report to the *SRA* any material failure so to comply (a failure may be material either taken on its own or as part of a pattern of failure so to comply).”

In Rule 4.8(e), substitute for paragraph (ii) the following:

“(ii) as soon as reasonably practicable, report to the *SRA* any material failure so to comply (a failure may be material either taken on its own or as part of a pattern of failure so to comply).”

In Guidance Note (vi) to Rule 4, substitute for paragraph (b) the following:

“(b) as soon as reasonably practicable, report to the *SRA* any material failure to comply, whether such failure is material either on its own or because it forms part of a pattern of non-compliance. The immediacy of the report will depend on the circumstances and seriousness of

	<p>the breach.”</p> <p>In Guidance Note (vii) to Rule 4, substitute for paragraph (g) the following:</p> <p>“(g) as soon as reasonably practicable, report to the SRA any material failure to comply with the SRA Accounts Rules, whether such failure is material either on its own or because it forms part of a pattern of non-compliance. The immediacy of the report will depend on the circumstances and seriousness of the breach.”</p>
SRA Accounts Rules 2011	<p>In Guidance note (i) to rule 6, delete the sentence beginning “Under rule 8.5(e) of the SRA Authorisation Rules,” and substitute the following:</p> <p>“Under rule 8.5(e) of the SRA Authorisation Rules, the COFA of a licensed body must report any breaches, and the COFA of a recognised body must report material breaches, of the accounts rules to the SRA as soon as reasonably practicable. The COFA of a recognised sole practitioner has a duty to report material breaches under regulation 4.8(e) of the SRA Practising Regulations. All COFAs must record any breaches and make those records available to the SRA on request.”</p>

2. These rules come into force on 1 October 2013, or the date of the approval of the Legal Services Board, whichever is the later.