

Summary of main change to the SRA Handbook

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Nature of change	Relevant provisions	Purpose and outcome
Principles		
New set of Principles	Principles 1-10	To encourage firms and individuals to act in a principled manner. The desired outcome is the promotion of the regulatory objectives by focusing on the long-term objectives (“principles”) rather than simply on compliance with detailed rules.
Dealing with your regulator in an open, timely and co-operative manner	Principle 7	To encourage firms to deal with the SRA in an open manner. The desired outcomes are: <ul style="list-style-type: none"> the SRA is aware of key risks associated with that firm the SRA can respond appropriately and swiftly in terms of supervision and enforcement to identified issues trust is built between the SRA and its regulated community.
Running your business or carrying out your role in the business with proper governance, etc.	Principle 8	To encourage effective management of firms at all levels within the firm. The desired outcomes are: <ul style="list-style-type: none"> firms are properly governed; firms identify their risks and implement appropriate mitigation controls financial dishonesty is reduced through stronger financial oversight of firms by their management; risks associated with firm failure (including the significant costs of interventions in firms) are mitigated either through reduced volumes of failures or through effective wind-down of firms; staff within firms are properly supervised encouraging better service to clients and more effective risk mitigation.
Running your business in a way that encourages equality of opportunity and respect for diversity	Principle 9	To encourage firms to act in accordance with the regulatory objective concerning diversity. The desired outcomes are: <ul style="list-style-type: none"> firms respect equality and diversity firms, in their recruitment and management of staff, encourage equality of opportunity firms respect clients, regardless of equality strand.
Protect client money and assets	Principle 10	To ensure that client money and assets are properly protected. Desired outcomes are: <ul style="list-style-type: none"> client money is ring-fenced to reduce the risk of misappropriation and prevent clients from being impacted when a firm fails; claims on the compensation fund are reduced through greater protection of client money.
Code of Conduct		
Mandatory outcomes: client care	Chapter 1	To ensure that clients receive a proper standard of service, which takes into account the client’s individual needs and circumstances; provide clients with the information they need to make informed decisions about the services they need, how these will be delivered and how much they will cost. There is greater emphasis on the needs of vulnerable clients. The chapter is also about ensuring that if clients are unhappy with the services they have received, they know how to make a complaint and that all complaints are dealt with properly. there is now a specific requirement to tell clients about their right to complain to the Legal Ombudsman. Rather than prescribing client information, the outcomes illustrate what should be achieved. How the outcomes are achieved will be determined by the type of firm and the needs of individual clients.
Mandatory outcomes: management of firms and in-house practices	Chapter 7	To ensure that firms are properly managed and the work carried out for clients is properly supervised. This expands on the new Principle 8, “run your business or carry out their role in the business effectively and in accordance with proper governance and sound financial and risk management principles”. This places a greater emphasis on managing risk.

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Mandatory outcomes: Publicity	Chapter 8	<p>To ensure that publicity is not misleading and allows clients and members of the public to identify those they are dealing with and the extent to which they are regulated.</p> <p>Most of the detailed requirements concerning firms' notepaper has been removed and replaced with a more general requirement to provide appropriate information about the firm and how it is regulated.</p>
Mandatory outcomes : fee sharing and referrals	Chapter 9	<p>To ensure that when firms have arrangements with third parties for the introduction of work that such arrangements do not compromise independence, the client's best interests, or the trust clients place in the firm. This will now apply to referrals between lawyers as well as non-lawyers.</p> <p>Much of the prescriptive detail, which focuses on process, has been removed and replaced with more general outcomes which emphasise the importance of independence, transparency and acting the client's best interests.</p>
Mandatory outcomes: firms' and individuals' relationship with their regulator	Chapter 10	To ensure that firms and individuals co-operate fully with the SRA and the Legal Ombudsman. This includes new requirements to report specific information to the SRA, e.g. when the firm is in serious financial difficulty, and other indicators of when clients' interests may be at risk.
Application of the Code.	Chapter 13	Provisions have been adapted so that they can be applied to ABS and the remit of the Code to overseas practice is defined. This will give firms have clarity on the application of the Code.
interpretations	Chapter 14	Definitions have been updated. (SRA are developing a single glossary for the whole of the Handbook)
<p>The following chapters of the Code do not introduce any significant changes to the requirements of the current Code. The requirements are now expressed in terms of outcomes rather than prescriptive rules or processes:</p> <p>Chapter 2 Equality and Diversity Chapter 3 Conflicts of Interest Chapter 4 Confidentiality and disclosure Chapter 5 Your client and the Court Chapter 6 Introductions to third parties Chapter 11 Relations with third parties Chapter 12 Separate Businesses</p>		
Accounts Rules		
Bringing ABS within the scope of the Accounts Rules, including the application of the rules to client money arising from the SRA-regulated activities of an ABS MDP.	Introduction and rules 2(2), 4, 12(1), 17, 18, 29, 34; and Part G in relation to practice outside England and Wales.	<p>To set out the obligations of ABS in relation to the holding of client money,.</p> <p>In relation to and ABS MDP, to provide that client money arising from the SRA-regulated activities be held in a ring-fenced client account, separate from money arising from the other activities of the MDP which fall outside the regulatory reach of the SRA.</p> <p>Where an accountancy practice which has an ownership interest in, or is part of the group structure of, an ABS, to prohibit that practice from preparing an accountant's report for the ABS.</p> <p>Desired outcomes are:</p> <ul style="list-style-type: none"> • client money relating to SRA regulated activity is protected whether it is held by a traditional law firm or ABS; • firms understand which money is within and outside of the scope of the SRA Accounts Rules; • accountant's reports are independent of ownership of an ABS.
Restating in rule form the overriding objective of the Accounts Rules, and	Rule 1	To reinforce and give greater prominence to the fundamental principle of keeping client money safe and to apply the Handbook Principles, and the outcomes in relation to the effective financial management of the firm, in the

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introducing a specific obligation to comply with the Handbook Principles, and to satisfy the outcomes in relation to the effective financial management of the practice.		<p>context of the handling of client money.</p> <p>Desired outcomes are that:</p> <ul style="list-style-type: none"> • client money is protected in the event of firm failure; • the risk of misappropriation of client money arising from a firm's financial instability is reduced; • client and public confidence in the way in which firms run their practices is maintained.
Giving firms flexibility in relation to the payment of interest to clients.	Rules 22 to 25	<p>Introducing an OFR approach to the payment of interest, requiring the payment of a fair and reasonable amount of interest, when it is fair and reasonable to do so. Firms will be required to have a policy on interest, the terms of which must be drawn to the attention of clients. The guidance notes have been expanded to assist firms in setting their interest policies.</p> <p>Desired outcomes are that:</p> <ul style="list-style-type: none"> • clients can make informed decisions concerning the provider of their legal services, including those relating to the holding of their money and the payment of interest; • firms develop policies for the payment of interest that are fair and reasonable; • firms (largely from the Muslim community) have the flexibility not to earn or pay interest for reasons connected with their faith.
Removing the prescriptive signing provisions in relation to withdrawals from client account.	Rule 21	<p>Introducing an OFR approach to who may authorise withdrawals from client account, with a requirement for firms to have appropriate systems and controls in place for signing on client account. The rule, however, does not permit an owner, who is neither a manager nor an employee and not, therefore, involved in the day to day running of the practice, from being a signatory on client account (whether as the sole signatory or a co-signatory).</p> <p>Desired outcomes are that firms take greater responsibility for controls relating to withdrawals from client account and that external owners are prevented from having inappropriate access to the client account.</p>
Distinguishing between mandatory rules and non-binding guidance.	Throughout	<p>All the binding provisions contained in the current mandatory notes have been moved to the rules, and the purely explanatory provisions have been retained in non-mandatory guidance notes. These changes retain prescription only where necessary, providing clarity and giving firms greater flexibility.</p> <p>Desired outcome is that firms have clarity concerning the mandatory requirements of the SRA.</p>
Increasing the frequency of reconciliations for certain passbook-operated accounts.	Rule 29(12)	<p>Extending the obligation for five weekly reconciliations has been to passbook-operated separate designated client accounts of solicitor-trustees, in place of the current 14 weekly requirement. There is no longer any justification for a less frequent checking of this type of account, and the change will result in the rationalisation of the reconciliation provisions.</p> <p>Desired outcome is that regulation is proportionate to identified risks.</p>
Modernising the Rules in relation to the use of electronic signatures and electronic bank statements.	Rules 21 and 29	<p>The Rules have been updated to allow firms to use electronic copies of bank statements, in place of paper statements, and to permit electronic authorities for client account withdrawals.</p> <p>Desired outcome is that Rules reflect current banking practices.</p>
Practice Framework Rules		
Changes to provide for the structure of ABS within the framework of SRA regulation	Most provisions in these rules	<p>Creating the framework to enable the establishment of a wider legal services market including ABS.</p> <p>Desired outcomes are:</p> <ul style="list-style-type: none"> • a consistent level of consumer protection across SRA-regulated firms;

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		<ul style="list-style-type: none"> a framework for the regulation of legal services that provides for full interaction of firms and individuals within the wider regulated legal services sector e.g. permitting individuals and firms regulated by other regulators to be managers and owners of ABS; a competitive legal services market with proportionate regulation.
Changes to deal with sole practitioners being treated as recognised bodies from 31 March 2012 (or such later date as the relevant order is made)	Throughout the rules,	<p>To bring sole practitioners into regulation as recognised bodies, so that all non-ABS firms are regulated similarly.</p> <p>Desired outcome is that all firms are subject to a common approach to authorisation in order to ensure appropriate consumer protection.</p>
The in-house exemption in relation to reserved legal work has been amended.	Rules 4.14, 4.16, 4.10 and 4.12	<p>To continue to permit in-house solicitors to act for clients other than their employer within the boundaries set by the LSA. In limited circumstances (where there is a nexus between the organisation and the client) an in-house solicitor will be able to provide reserved services (e.g., acting for fellow employees or related companies in the employer's group). Where there is insufficient nexus the client will be regarded as "a section of the public" for the purposes of the LSA, and the body would need to be licensed to provide reserved services.</p> <ul style="list-style-type: none"> Commercial legal advice services (4.14) –drafted to prevent in-house solicitors in these circumstances providing reserved work. Law centres and other not-for-profit organisations (4.16) – as such bodies have an 18 month grace period the need for amendments will be addressed as part of the work on special bodies. Pro bono work (4.10) – because of the lack of any nexus between the organisation and the clients, in-house solicitors will only be able to provide pro bono reserved legal services, if doing so is clearly not part of the employer's business Associations (4.12) – because of the lack of nexus between the association and the clients in-house solicitors will not be able to carry out reserved legal activities for association members. <p>Desired outcomes are that:</p> <ul style="list-style-type: none"> in-house exceptions reflect the LSA provisions; the public interest is served through the provision of pro bono legal services in the restricted circumstances possible.
The exception that allows in-house solicitors working for associations limited so that it applies to organisations whose members have a specialist interest in common.	Rule 4.12	<p>The association exemption will not cover organisations whose members do not share a specialist interest. If such organisations wish to employ solicitors to carry out legal work for their members they will have to apply for a licence as an ABS.</p> <p>Desired outcome is that firms that should be authorised as ABS cannot avoid regulation by use of the in-house exceptions.</p>
Authorisation Rules		
Application of the SRA's regulatory provisions to ABS and to recognised bodies	Most provisions in these rules	<p>To provide for equivalent regulation and client protections regardless of the business model through which legal services are provided.</p> <p>All applications will be considered in light of the regulatory objectives and the Authorisation Rules will ultimately apply ongoing regulatory standards to all firms. Transitional provisions will bring all provisions into effect for firms via a staged process. Common standards will provide flexibility for firms and enable them to move from ABS to recognised body status and vice versa.</p>

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		<p>Rule 12 (Waivers) allows for provisions of the rules to be waived in exceptional cases where for example the impact of a particular rule in a particular case is not in the public interest.</p> <p>Desired outcomes are:</p> <ul style="list-style-type: none"> • only firms that are fit and proper are authorised and continue to be authorised; • the public is protected against the risk of unsuitable/disreputable providers of legal services; • the SRA is enabled to risk assess firms and supervise them appropriately through the provision of information from firms and other sources.
The requirement to have a Compliance Officer for Legal Practice (COLP) and a Compliance Officer for Finance and Administration (COFA)	Rule 8.5	<p>The requirements for COLP/COFA roles are flexible and outcomes-focused so that the status, experience and competence of the person fulfilling the role can be tailored to the risk represented by particular business models.</p> <p>Desired outcomes are that:</p> <ul style="list-style-type: none"> • firms implement appropriate systems and controls to manage their regulatory risks (including risks to clients); • the SRA is able to identify those persons who have responsibility for implementing controls and to take appropriate regulatory action in the event of the failure of those controls leading to poor client outcomes/other risks to the public.
The requirement for suitability	Rule 8.5 (Compliance officers) and 8.6 (Management and control) and Part 4.	<p>The rules require managers, and owners of a material interest, in all authorised bodies, and all COLPs and COFAs to be subject to assessment of their suitability. This is done via the Suitability Test under Part 4 of the rules and ensures that firms cannot take on individuals or bodies to those roles unless assessed as appropriate. (NB: the requirements in respect of managers and owners are dependent on securing an Exemption Order from the Rehabilitation of Offenders Act; this is the subject of ongoing discussions with the Ministry of Justice).</p> <p>The test is based on the current tests for admission as a solicitor, which is also the basis for assessing eligibility of non-lawyers of an LDP. The test is based on the SRA's current Character and Suitability guidelines.</p> <p>Approval may be withdrawn under rule 17 and, where unforeseen circumstances occur the rules allow for Temporary emergency approvals for compliance officers (rule 18) to ensure continuing compliance is possible.</p> <p>Because the test is based on admission criteria that solicitors have satisfied (and on which they are required to make annual declaration), they will be deemed to be approved. In addition other existing managers and owners of firms, at the point when recognised bodies are transitioned to regulation under the Authorisation Rules, will be deemed approved for those roles in their firm. This will apply to approved non-lawyers and to lawyers authorised by another approved regulator.</p> <p>Desired outcome is that only suitable firms, individuals, and entities are authorised/approved to hold roles in firms and remain to be authorised/approved to hold that role.</p>
Remove annual renewal process; introduce a system of unlimited licensing for authorised bodies; requirement to pay an annual fee and to provide an annual information report	Rules 7, 8.3, 9, 10, 21 and 23	<p>Under rule 21 (Effect and validity of authorisation) authorisation will be granted for the lifetime of the firm and allows for businesses to make long term plans. Rules 7 (grant of authorisation) 8.3 (Payment of periodical fees), 9 (Further conditions), Rule 10 (Modification of terms and conditions of an authorisation) and 23 (Suspension or revocation) support the system of such licensing.</p> <p>The Authorisation Rules require applicants for authorisation to submit information, including a compliance plan</p>

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		<p>and a business plan. These will enable the SRA to identify any key risks posed by the prospective firm and assess whether or not it should be authorised and, if so, whether further licence conditions imposed on the firm.</p> <p>Although authorisations will be unlimited (in terms of time) SRA may revoke or suspend an authorisation if necessary. The rules contain requirements to pay periodical fees and for an information gathering process. The SRA's ability to revoke/suspend authorisation and the ongoing requirement for approval of (or withdraw approval from) key role holders i.e. managers and owners obviates the need for review of authorisation as part of an annual renewal process.</p> <p>Desired outcomes are:</p> <ul style="list-style-type: none"> • reduced administrative requirements for firms and the SRA through the removal of annual renewal; • greater efficiency in the SRA's operations through a single approach to authorisation.
Information requirements at the point of authorisation and ongoing	Rules 3, 8.7, 8.8, 8.9, 8.10, 18, 23, 24 and 25	<p>The rules contain a range of information-giving requirements both at the point of applying for authorisation and on an ongoing basis where authorisation is granted.</p> <p>Desired outcomes are that:</p> <ul style="list-style-type: none"> • the SRA is in a position to risk assess firms and therefore to determine the appropriate form and level of supervision for that firm; • the SRA can respond proportionately to issues identified through supervisory/disciplinary action; • the SRA can co-operate with other regulators in sharing information concerning its regulated community to facilitate the better regulation of legal services generally and of MDPs.
Practising Regulations		
Adding ABS into provisions for apportionment of fees on splits and mergers of firms	Regulation 4A	The purpose and desired outcome is the effective apportionment of regulatory fees between all types of firms.
Updating the appeal period to the High Court	7.6(b)	To bring the Rules in line with the Civil Procedure Rules.
Recognised Bodies regulations		
Adding ABS into provisions for apportionment of fees on splits and mergers of firms	Regulation 2A	The purpose and desired outcome is the effective apportionment of regulatory fees between all types of firm.
Updating the appeal period to the High Court	7.5(b)	To bring the Rules in line with Civil Procedure Rules.
Inclusion of provisions from the Authorisation Rules	Regulation 5 and 10	<p>To bridge the gap and provide equivalent regulatory provisions as those applying to ABS until recognised bodies are regulated under the Authorisation Rules e.g. to deal with change in composition of firms and expiry of recognition.</p> <p>Desired outcome is a common standard of consumer protection across all firms.</p>
Training Regulations		
Removal of age criteria for eligibility to attempt the Common Professional Examination (CPE)	Part 1 – regulation 6	<p>Removed the mature student age limit requirement and the requirement for non graduate CPE students to demonstrate character and suitability and English language abilities.</p> <p>Desired outcome:</p> <ul style="list-style-type: none"> • removal of unjustifiable age limit;

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		<ul style="list-style-type: none"> people under the age of 25 can now apply for 'mature student' status and attempt the CPE.
Removal of age requirement from "qualifying employment" definition	Part 1 – regulation 1	Removed, because unjustifiable, the requirement that only experience attained after age 18 can count towards "qualifying employment". (Used to describe the experience that Members of ILEX must have in order to be eligible to attempt the Common Professional Examination (CPE) and enter into a training contract). All relevant experience can now be taken into account.
Amendment to the point at which Exempting Law Degree Students must apply for student enrolment	Part 1 – regulation 12	Amended the Regulations to state that Exempt Law Degree (ELD) students must apply for student enrolment before they begin year three of the course (rather than not proceeding beyond year one without enrolment). This aligns student enrolment requirements aligned for ELD, QLD and LPC students. ELD providers' administrative burden is reduced.
Amendment to the validity period of certificates of student enrolment	Part 1 – regulation 14	Regulations amended to extend the validity period of a certificate of student enrolment to the remainder of the calendar year in which they apply plus another four years (previously required to re-enrol after 2 years, then annually)
Additional requirement on providers of training contracts to check potential trainees' student enrolment	Part 2 – regulation 4	Training providers to ensure that the trainee has valid student enrolment before entering a training contract. Desired outcome is that organisations will be satisfied that their trainees have had their character and suitability checked and that there are no issues that could delay or prohibit their eventual admission. This change also provides an added protection for consumers.
Additional regulation to govern termination of training contracts arising from case law		Additional regulation to provide more clarity about the requirements for termination of a training contract. The Training Regulations do not currently specify the grounds upon which the SRA can order the termination of the training contract and the template training contract wording is inconsistent with guidance. In addition to providing this will facilitate easier removal from training contracts of those who do not meet the required standard.
Amendment to the Professional Skills Course (PSC) and training contract commencement requirements	Part 1 – regulations 20 and 21	Amended the regulations to allow individuals who have taken all of the LPC assessments but not received their stage 2 results to be able to start a training contract and commence the Professional Skills Course. This will allow the flexibility in training offered by the restructured LPC to be exploited.
Admission Regulations		
Remove right to appeal for those who have been refused mature student status under regulation 9(1)(iii) of the Solicitors' Training Regulations 2009	Part 2 - Appeals	As the requirement to prove character and suitability (mature students) to attempt the Common Professional Examination has been removed from the Training Regulations, there is no need for a right of appeal.
Qualified Lawyers Transfer Scheme Regulations		
Overseas lawyers who have completed the LPC should be exempt from the Multiple Choice Test	Regulation 3	Exemption from the Multiple Choice Representation Test for 'international lawyer' applicants (who must complete an England and Wales LPC as part of their qualification process) who have successfully completed a substantial part of our domestic qualification process. The SRA will require such people to apply to us for such an exemption. Desired outcome is that people who have already demonstrated competence at LPC level will not have to take unnecessary additional assessment.
Re-instatement of commencement and repeal, and transitional arrangement sections	Regulations 9 and 10	Transitional arrangements added as regulations (previously in schedules that have now been deleted). Also, representations have been made recently by part-time BVC students who felt that were treated less favourably than full-time students. Although they commenced the course at the same time as the full-time cohort, their completion date would come after the deadline for applications under the QLTR 2009 meaning they

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		would not be eligible, whereas the full-timers would be eligible. SRA have considered this and decided that they should be covered by the transitional arrangements and thus avoid unfair treatment.
Solicitors Keeping of the Roll Regulations		
Amending the description of the roll to be a list of all solicitors of the Senior Courts of England and Wales, rather than the Supreme Court	Regulation 2A	To reflect changes under section 59(1) of the Constitutional Reform Act 2005
Inclusion of a transitional provision to amend the information to be held on the Roll when sole practitioners are regulated as recognised bodies and the addition of guidance to explain these changes	Regulation 16 and Guidance to regulation 2C	Provide for future changes to information on the roll, and explanatory text, to reflect changes on the passporting of existing recognised sole practitioners to become recognised bodies. Firms and the public understand the location of regulatory information when the regulation of sole practitioners changes.
Updating the appeal period to the High Court	Regulation 14	To bring in line with the Civil Procedure Rules
Indemnity Insurance Rules		
Extension of the Solicitors Indemnity Insurance Rules to accommodate ABS	Various	Accommodate ABS within the Rules to ensure clients of ABS receive same level of protection
Definition of “eligible firm”	Rule 3.1	Amended to limit the period a firm is eligible to be in the ARP from 12 months to six (with transitional provisions for firms already in the ARP).
Identity of each firm’s qualifying insurer to be a matter of public record	Rule 17.6 and clause 16.3 of QIA	Improve transparency by including this as part of the publicly available information held on each firm (available on request)
Clarification of insurers obligation to provide information to SRA	Clauses 6.2 and 6.3.2 of QIA	Insurers will be required to notify SRA and the ARP manager where a firm refuses to pay any sum due to the insurer
Removal of provision for recalculation of ARP participation in the event of insurer insolvency	Paragraph 9.3 to Schedule 1 of QIA	Removes insurers open-ended, unquantifiable risk. It is expected that this will improve competition in the market for solicitors professional indemnity insurance
Removal of references to the Legal Complaints Service	Clauses 1.2.6 of QIA Clauses 1.8, 7.11 and 8.1 of Schd 2 to QIA Rule 17 Clauses 1.8 and 8.1.1 of Appendix 1 to the Rules	Consequential amendments following closure of Legal Complaints Service and the establishment of the Office for Legal Complaints
SRA Indemnity (Enactment) Rules		
Extension of the existing Solicitors’ Indemnity Rules to accommodate ABS.	Changes made throughout the rules	To ensure that clients of an ABS receive the same level of protection as clients of a traditional firm of solicitors and that the level of protection is proportionate to the risk. ABS will be entitled to indemnification from the SIF in the same way and on the same terms as other persons and entities.

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Deletion of rule 22	Rule 22	Rule 22 specifically dealt with return of contributions made to the Solicitors Indemnity Fund in 2001/02 and 2002/03 indemnity years. Rule deleted as redundant.
Compensation Fund Rules		
The existing compensation arrangements are applied to an ABS in respect of its "regulated activity".	Rule 1(1)	This delineates the SRA's jurisdiction in relation to an ABS which is an MDP, and mitigates the risks of claims not related to SRA regulated activity.
The Law Society/SRA is enabled to maintain a single fund and to make grants from it in respect of default by an ABS in the course of performance of the ABS's regulated activity.	Rule 2	<ul style="list-style-type: none"> To provide clarity for consumers; To avoid complex disputes about which compensation fund should deal with particular losses, especially where a firm may have changed between being an ABS and traditional law firm; and To avoid the disproportionate costs associated with establishing a new fund, which would create a bar to new entrants, including traditional law firms wanting to be ABS. <p>Desired outcome is that consumers are protected to a common standard from defaults of traditional law firms and ABS.</p>
ABS are required to make contributions to the Fund.	Rule 2	Desired outcome is that consumers are protected to a common standard from defaults of traditional law firms and ABS.
The arrangements are expressed as being in force until 31 December 2012	Rules 1(4) and (5); 2(1)(c)-(e); 2(3); 25	This is an interim solution, the duration of which has been agreed with the LSB.
The fund covers acts or omissions by regulated firms (including licensed bodies and former licensed bodies), managers, employees and owners.	Rules 1(1); 3(2)	In relation to acts or omissions by owners of licensed bodies, who are neither managers nor employees, we believe that clients should be compensated for the acts or omissions of such persons, and we understand this will be addressed in the section 69 order. Desired outcome is that consumers are protected against defaults by persons who own firms; we consider this to be in the public interest.
Intervention Powers (Statutory Trust) Rules		
Extend application of existing rules to ABS	Throughout draft STR	Extension of the rules is necessary to ensure clients of an ABS receive the same protection as those of a traditional firm of solicitors.
Disciplinary Procedure Rules		
To include the powers to fine ABS / those involved in an ABS and provide for appropriate criteria and procedure.	Rule 3, appendix 1, rule 8 and Part 2 (procedure).	To set out the SRA's power to fine ABS / those involved in ABS. To provide for transparent criteria and a fair procedure for imposing fines. Rule 6 provides for the preparation of a disclosable report setting out the details of the disciplinary matter and an opportunity for the regulated person to make representations in the matter. Desired outcome is that any financial penalty is proportionate to the means of the regulated person and the criteria at appendix 1 have been drafted accordingly.
To include the power to disqualify a person from involvement in an ABS and provide for appropriate criteria and procedure.	Rule 3, appendix 3, rule 9 and Part 2 (procedure).	To set out the SRA's power to disqualify persons (individuals and entities) from involvement in an ABS. To provide for transparent criteria for disqualifying persons and for a fair procedure which allows regulated persons to make representations in their matter. Desired outcomes are that: <ul style="list-style-type: none"> consumers are protected through the disqualification of individuals whom the SRA believe put consumers at risk; disqualification procedures are transparent for the regulated community; the SRA responds proportionately to disciplinary matters.
Applying the 'written rebuke' and	Rule 1	The SRA view is that, as with traditional law firms now, there should be a disciplinary outcome which sits

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publication procedures and criteria to ABS.	(definitions of 'regulated person', 'SRA Finding' and 'disciplinary decision') and rule 3(1); Rule 3(5) and appendix 2.	<p>underneath the powers to fine and rebuke. This makes provision for SRA to issue a written rebuke in appropriate cases.</p> <p>Desired outcomes are that:</p> <ul style="list-style-type: none"> consumers and the general public are made aware of decisions related to regulated persons in order to maintain confidence in the regulation of legal services; the SRA deters firms from breaching Handbook requirements including the outcomes in the Code by taking proportionate disciplinary action; disciplinary procedures are transparent for the regulated community.
To vary one decision making procedure and apply the others (including the application of the civil standard of proof) to ABS.	The variation of rule 7(9) and the application of rules 7-9.	<p>The LSA allows for the SRA for the first time to impose the most severe disciplinary sanctions available (in respect of ABS only) 'in-house'. The SRA is therefore proposing to vary rules in respect of decision making procedure in order to set out a broader range of options for how evidence can best be heard in individual cases. Otherwise, the SRA is proposing to apply the current decision making procedures (as approved by the LSB previously) to ABS as it is felt that these are appropriate in order to ensure a fair, consistent, transparent and proportionate decision making process.</p> <p>Desired outcomes are that:</p> <ul style="list-style-type: none"> disciplinary proceedings are fair and the manner of the hearing is proportionate to the complexity and seriousness of the matter; disciplinary procedures are transparent for the regulated community.
To allow for the suspension of financial penalties.	Rule 8(2)	<p>The SRA will suspend financial penalties in some cases. The intention is that the payment of the penalty can be suspended provided that, for example, a regulated person is not subject to any further disciplinary findings over a fixed period of time.</p> <p>Desired outcomes are that:</p> <ul style="list-style-type: none"> the SRA deters firms from breaching Handbook requirements including the outcomes in the Code by taking proportionate disciplinary action and encourages improvement in outcomes for consumers, whilst ensuring that cases which ultimately require sanction are dealt with in an appropriate, proportionate and cost effective manner; disciplinary procedures are transparent for the regulated community.
Cost of Investigations Regulations		
Application of the costs recovery provisions to ABS.	Various	<p>The desired outcomes are:</p> <ul style="list-style-type: none"> that the regulators costs are recovered from persons subject to investigation, deterring malpractice and ensuring regulatory effectiveness; that the existing costs recovery provisions for law firms will be applied to ABS.
Property Selling Rules		
Transfer of conduct obligations currently found in rule 18 of the Solicitors' Code of Conduct 2007 to the SRA Property Selling Rules so that there are requirements relating to standards of property selling, statements of agreement, and transactions in which the solicitor has	Rules 3-5	<p>These proposals are designed to ensure that the requirements of the EAA are replicated, and that solicitors providing estate agency services through their law firms can continue to rely on the exemption in the EAA. This is in the interests of the public and a competitive market place.</p>

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Financial Services (Scope) Rules		
Extension of regulatory reach to ABS	Application provisions and Rule 2	<p>The provisions will enable ABS which are licensed by the SRA to benefit from the Part XX exemption and carry on exempt regulated activities for their clients (insofar as these apply in respect of the licensed activities of the firm).</p> <p>Desired outcome is that a competitive legal services market is maintained by enabling ABS to conduct exempt financial services.</p>
Financial Services (Conduct of Business) Rules		
Extension of regulatory reach to ABS	Application provisions and Rule 2	<p>The provisions will mean that ABS, which are licensed by the SRA and are able to benefit from the Part XX exemption, will be subject to the same behavioural requirements as traditional law firms.</p> <p>Desired outcome is that a competitive legal services market is maintained by enabling ABS to conduct exempt financial services.</p>
European Cross-Border Practice Rules		
Applying European cross-border practice provisions to ABS	Rule 2.2	<p>The desired outcome is that persons regulated by the SRA satisfy the requirements of the CCBE Code when conducting European cross-border practice and contribute to a system of mutual understanding in which a proper standard of service is provided to clients in cross-border work.</p>