



The Law Society

Chris Baas  
Legal Services Board  
Victoria House  
Southampton Row  
London WC1B 4AD

27 June 2011

Dear Chris,

**Section 69 Order: Modification of the Solicitors Regulation Authority  
Compensation Fund**

The Law Society is pleased to have the opportunity to comment on the Legal Services Board's consultation concerning a possible order under Section 69 of the Legal Services Act to modify the provisions concerning the Law Society's compensation fund.

The Law Society supported the 2011 order, under which as a transitional measure the existing compensation fund was extended to cover claims from ABS firms. The 2011 order contained a "sunset" clause, which meant that it would expire at the end of 2012. However, the reason for the sunset clause was not simply (as the current consultation paper suggests) because SRA had announced it would shortly be undertaking a comprehensive review of the compensation fund. The sunset clause was also needed because it was not clear at that point whether it was appropriate for ABS firms and other law firms to be covered by the same compensation fund, and the sunset clause ensured that that issue would be specifically considered in future, in the light of experience with ABS firms.

The Law Society believes that that remains the position. There are at present very few ABS firms. There may well be no experience of the way in which they impact on the compensation fund by the end of 2012. But it remains entirely possible that in due course experience will show that it is inappropriate for a single compensation fund to continue to cover both types of firm.

In those circumstances, it is essential that there should be a requirement for a formal review of the situation, rather than any review depending on the discretion of the SRA Board of the time. We suggest that a further two years should be allowed, which will enable SRA first to conduct their comprehensive review of the compensation arrangements.

Accordingly, the Law Society supports the making of a Section 69 order so as to enable a single compensation fund to continue beyond 31 December 2012, but urges the Legal Services Board to introduce a new "sunset" date of 31 December 2014, rather than removing the sunset clause altogether.

Yours sincerely

A handwritten signature in black ink that reads "Russell Wallman". The signature is written in a cursive style with a large initial 'R'.

Russell Wallman  
Director of Government Relations

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