



## Summary of Decision

This document provides a summary of the decision of the Legal Services Board (“LSB”).

**It is not and should not be taken as a formal part of the LSB’s decision notice under the Legal Services Act 2007 (“the Act”).**

### Purpose of notice and decision

The purpose of this summary document is to provide a high level and accessible synopsis of the LSB’s decision. Readers are recommended to read the formal decision notice itself for further detail.

The LSB’s decision is to grant in full the application from the Solicitors Regulation Authority (SRA), in which it applied for approval of new regulatory arrangements to carry out its Looking to the Future reform programme.

The changes cover the SRA’s full regulatory arrangements (currently referred to as The Handbook) and encompasses the following main regulatory policy areas:

- SRA Principles and codes for solicitors and firms
- Allowing solicitors to provide unreserved services to the public from businesses unregulated by the SRA
- Allowing individual self-employed solicitors (freelancers) to provide reserved legal services without being authorised as an entity.
- New Account Rules
- New requirements for firms to have an authorised person who has practised for three years
- Changes to assessment of character and suitability
- Transitional arrangements for the introduction of the Solicitors Qualifying Exam
- Assorted less significant policy changes to some of the SRA’s rules.

The LSB concluded that the changes do not meet the refusal criteria.

There was one change, allowing solicitors to provide unreserved services to the public from businesses unregulated by the SRA, where the LSB considered potentially there might be grounds for refusal. The Board acknowledged that this change does present some risk to the regulatory objectives, through allowing access to solicitors with less consumer protections than those provided by solicitors at authorised firms, as well as potentially contributing to greater complexity for consumers. However, the Board’s view was that these risks, when set against the potential benefits that the proposal is likely to

bring to the regulatory objectives and public interest as a whole, means the application should be granted in full.

Consequently, the LSB considers that there is no reason to refuse this application against the refusal criteria in the Act.

## Decision notice

### The Solicitors Regulation Authority application for approval of new regulatory arrangements to carry out its Looking to the Future reform programme

1. The Legal Services Board (“**LSB**”) has granted an application from the Solicitors Regulation Authority (“**SRA**”) for approval of new regulatory arrangements arising from its Looking to the Future (“**LttF**”) reform programme.
2. This decision notice sets out the basis for the LSB granting the application and the decision taken, including a brief description of the changes.
3. The LSB is required by Part 3 of Schedule 4 to the Legal Services Act 2007 (“**the Act**”) to review and grant or refuse applications by approved regulators to make alterations to their regulatory arrangements. The Law Society (“**TLS**”) is an approved regulator and the SRA is the regulatory arm to which TLS has delegated its regulatory functions. The notes at page 20 of this notice explain the statutory basis for the decision.
4. The chronology for the LSB’s handling of this application is also set out at the end of this decision notice.

### Introduction to proposed SRA changes

5. The SRA is making substantial changes to its current Handbook<sup>1</sup>, which presently contains its full regulatory arrangements. These proposed changes follow a major three year review. The principle alterations which will have a substantive impact on SRA regulatory policy are described by the SRA as follows:
  - a) A new approach to the SRA Principles and codes for solicitors, Registered European Lawyers (“**RELS**”), Registered Foreign Lawyers (“**RFLs**”) and firms.
  - b) Changes to rules to allow solicitors to provide unreserved services to the public from businesses unregulated under the Act.
  - c) Changes to rules to allow individual self-employed solicitors (freelancers) to provide reserved legal services without being authorised as an entity.
  - d) New Account Rules, which include a new definition of client money.
  - e) New requirements for firms to have an authorised person who has practised for three years.
  - f) Changes to assessment of character and suitability.
  - g) Transitional arrangements for the introduction of the Solicitors Qualifying Exam (“**SQE**”).
  - h) Assorted less significant policy changes to some of the SRA’s rules.
6. Specifically, the regulatory arrangements that the LSB is being asked to approve (attached as **Annex A** to this notice) comprise:

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<sup>1</sup> The SRA said in its application that it will no longer refer to its rules as ‘the SRA Handbook’. It will finalise the collective name of the new rules following user testing.

- SRA Principles
- SRA Code of Conduct for Solicitors, Registered European Lawyers (RELS) and Registered Foreign Lawyers (RFLs)
- SRA Code of Conduct for Firms
- SRA Accounts Rules
- SRA Authorisation of Firms Rules
- SRA Authorisation of Individuals (Amendment) Regulations
- SRA Application, Notice, Review and Appeal Rules
- SRA Assessment of Character and Suitability Rules
- SRA Education, Training and Assessment Provider Regulations
- SRA Financial Services (Conduct of Business) Rules
- SRA Financial Services (Scope) Rules
- SRA Overseas and Cross-border Practice Rules
- SRA Reporting and Disciplinary Procedure Rules
- SRA Statutory Trust Rules
- SRA Transparency Rules
- SRA Glossary

### **The LSB assessment process**

7. The LSB undertook a full assessment of the application against the criteria for refusal specified in Schedule 4 to the Act. This included:
  - A full assessment of the application by the LSB Executive
  - Use of the LSB's statutory power to extend the period of consideration of the application to 90 days from receipt
  - Compilation of issues logs to track all key issues and matters for further clarification and decision
  - Consideration of unsolicited correspondence received
  - Consideration of further information from the SRA, provided in response to enquiries by the LSB
  - Consultation with designated Board members
  - Full discussion at Board meeting (24 October 2018).
8. Further detail on the process is provided in the following paragraphs.

### *Overall assessment approach*

9. Under Schedule 4 paragraph 25(1) of the Act the LSB can consider information supplied by the applicant and any other information it considers relevant to the application. The LSB assessed the information contained in the application, the SRA consultation history and considered representations received during the assessment period of the application.

*Consideration of representations received during the assessment period*

10. During the assessment period, the LSB received unsolicited correspondence from TLS and the Legal Services Consumer Panel (“**the Panel**”). Both letters raised concerns about two of the SRA proposals:

- Changes to allow solicitors to provide unreserved services to the public from non-LSA regulated (unregulated) businesses, and
- Changes to allow individual self-employed solicitors (freelancers) to provide reserved legal services without being authorised as an entity.

The LSB also received over 130 other emails and letters. The majority of these echoed the concerns raised by TLS, although there were a sizeable minority in support of the SRA proposals.

11. While there is no formal public consultation requirement, the LSB considered the issues raised in the correspondence it received during the assessment period, to the extent that they were relevant to the decision. In particular, the correspondence was reviewed to establish whether issues had been raised that had not previously been identified through the SRA’s public consultation process, or which were not addressed in the application.

12. For the purposes of transparency, the representations from TLS and the Panel were published alongside the application on the LSB’s website. The correspondence from TLS and the Panel was also sent by the LSB to the SRA.

*Board engagement in the decision*

13. Given the size, scope and extent of the changes proposed in this application, and the known concerns from some stakeholders in relation to two of the key proposals, the Board nominated three Board members to assist the LSB Executive in its assessment.

14. At its meeting on 24 October 2018, the Board decided to take the decision on the rule change and to approve the application in full. The Board discussed the application, considered all relevant material and was guided by the full assessment carried out by the LSB Executive.

*Consideration of warning notice*

15. The Board considered whether there were sufficient grounds for it to consider refusing the application and therefore whether to issue a warning notice under Schedule 4, paragraph 21(1)(b) to the Act. The Board determined, taking all relevant information into consideration, not to issue a warning notice. The Board concluded that seeking further advice through the warning notice procedure would not provide further evidence that would alter the Board’s decision on the LSB Executive’s overall recommendation. In coming to that conclusion, the Board took into account the three public consultations undertaken by the SRA in developing the proposals, and the additional information provided by the SRA in response to the LSB’s enquiries during the assessment process.

## **Key regulatory policy changes and the issues considered in the assessment of the application**

16. This section provides further detail on the LSB's assessment of the key SRA regulatory policy changes summarised in paragraph 5 of this notice, and the conclusions of the LSB's assessment of each.

### New SRA Principles, SRA Code of Conduct for Solicitors, RELs and RFLs and SRA Code of Conduct for Firms

17. Under the current arrangements there are a set of 10 Principles with accompanying notes. They are intended to embody the key ethical requirements on firms and individuals. The proposals re-work the Principles slightly around seven instead of 10. The principle to act in the best interest of the clients remains, while a new principle is added, to act with honesty. The intention is also for the Principles to apply outside of practise as well as within practise. This is on the basis they relate to standards of behaviour that need to be met in all circumstances.

18. The SRA proposal is then to move four of the Principles into the individual and firm Codes. In summary, these are:

- the obligation to provide a proper standard of service to clients
- comply with legal and regulatory obligations and deal with regulators and ombudsmen in an open, timely and co-operative manner
- run the business or carry out the role in the business effectively and in accordance with proper governance and sound financial and risk management principles
- safeguard client money and assets

19. With regards to the proposed Code, the current single SRA Code of Conduct (2011) is a 30 page document that applies to individuals as well as to firms. The SRA has formed the view that the current code is long, confusing and complicated, with blurred lines between individual and entity responsibility. It proposed replacing it with a code for individuals and a separate code for firms. The new codes are also intended to be easier for consumers to understand so they know what to expect from regulated providers.

20. The SRA states that the separate codes for individual and firms will ensure that there is a clear distinction between what is expected of an individual and what is expected of a firm. The SRA's intention is to clearly set out the standards to be achieved, whilst allowing for flexibility in how to achieve them. The SRA has produced codes focused on core professional standards and behaviours that will apply to all solicitors wherever they work. The SRA has set out that judging whether standards have been met will depend on the circumstances. With this in mind, the indicative behaviours that appear in the current code have been removed by the SRA, on the basis they are a cause of confusion. Some solicitors interpreted them rigidly, when they were only intended as indicators.

21. The SRA considers that firms will largely be able to continue as they are, if they do not wish to amend their approach to reflect the new regulatory arrangements. However, the

SRA also thinks that the new codes will allow for flexibility and innovation where firms consider it right for them.

### *LSB assessment and conclusion*

22. The LSB concluded that there were no substantive concerns with regards to these changes that would lead it to consider refusal against the refusal criteria. The only potential issue identified was that reducing the number of principles could lead to a reduction in the promotion of adherence to the professional principles in the Act. However, the LSB is satisfied that the former Principles remain within the new codes of conduct. This means that there is no weakening against the regulatory objectives despite the fact that the “professional principles” are not all replicated in the new list of SRA Principles.

### Changes to rules to allow solicitors to provide unreserved services to the public from businesses unregulated under the Act

#### *Proposals*

23. Under the current arrangements, solicitors are entitled to be managers or employees of non-Legal Services Act regulated businesses (for the purposes of this notice, what are termed ‘unregulated firms’). However, such individuals are not entitled to practise as a solicitor from these bodies, so in order to provide any legal services to the public, they must surrender their practising certificate. In addition, clients of such unregulated firms cannot make a complaint to the Legal Ombudsman (LeO). The proposed change would allow SRA regulated solicitors to work in unregulated firms, offer non-reserved legal services to the public, whilst retaining their practising certificate and being able to refer to themselves as a solicitor.
24. Solicitors in unregulated firms would not be required to hold Professional Indemnity Insurance (PII). Clients of solicitors practising from unregulated firms would also not have access to the SRA Compensation Fund. By way of mitigation, the SRA’s application includes regulatory arrangements within its Transparency Rules that require solicitors working in businesses not regulated by the SRA, to inform clients before engagement of their PII and Compensation Fund status.
25. The SRA consider the changes will open the market and provide additional models of practise for consumers to access. It also considers that the change will help to protect consumers of unregulated providers. The SRA would regulate solicitors working in unregulated firms, and they would be subject to conduct rules under the proposed new Code of Conduct for Solicitors. Clients would also have access to LeO.

#### *Representations by stakeholders*

26. As referred to in paragraph 10 of this decision notice, the LSB received representations from TLS and the Panel raising concerns about this change, which the Board considered very carefully against the refusal criteria. The points raised by TLS and the Panel echoed and expanded upon points that had been raised through the SRA’s consultations. Their

concerns primarily focussed on two areas of potential risk that the LSB needed to evaluate against the refusal criteria. These were in respect of the potential for a reduction in consumer protections and an increase in consumer confusion. Both are relevant to the LSB consideration of the application against the refusal criteria - specifically that granting the application would be prejudicial to the regulatory objectives or contrary to the public interest.

27. In summary, the broad concern was that consumers would lose key protections that apply to solicitors working in regulated firms, which will leave them vulnerable and cause confusion as to the level of protection that they will receive when using a solicitor. TLS and the Panel consider that allowing consumers to have access to solicitors without PII to the minimum terms and without access to the SRA Compensation Fund, amounts to allowing consumer detriment, in circumstances where some consumers (particularly vulnerable consumers) will not understand that they will be signing up to a lower level of protection compared to using a solicitor at a regulated firm. The Panel's submission made clear that it did not believe that the requirements for solicitors in unregulated firms to notify clients about PII and SRA Compensation Fund access would provide adequate or meaningful mitigation of the risks.
28. In particular, these concerns engaged the regulatory objectives concerning protecting and promoting the public interest, protecting and promoting the interest of consumers, improving access to justice and promoting competition.

#### *Addressing of consumer impacts in the SRA application*

29. The SRA, in its application, addressed the concerns and issues raised by TLS and the Panel with regards to potential impact on consumers. For example, it argued that clarifying the status of solicitors working in non-regulated firms will mean that consumers can rely on the solicitor title with some of the regulatory protections and standards that come with it. And while the SRA acknowledges that some protections will be different, in particular in respect of PII and access to the SRA Compensation Fund, it contends that the Transparency Rules will help ensure that consumers have the correct information and support to help them make choices on providers.
30. The SRA also made the point in its application that solicitors regulated as individuals can already provide services to the public in unregulated special bodies<sup>2</sup>. It says that it increasingly receives and grants waiver requests from organisations and solicitors who find the current arrangements a block on their ability to have a flexible structure that meets consumer needs. These waivers have generally been granted through the SRA's Innovation Space<sup>3</sup>. More generally, the SRA made the argument in its application that the existing arrangements amount to an unnecessary market restriction and that allowing

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<sup>2</sup> Special bodies are not for profit bodies, community interest companies or independent trade unions that are given transitional protection under section 23 of the Act to permit them to carry out reserved legal activities without the need to be licensed and regulated as an Alternative Business Structure.

<sup>3</sup> The SRA has created an Innovation Space which lets firms explore new ways of running their business. This is what it describes as a 'safe space' for existing firms, as well as new entrants to the legal services market. It lets firms test out ideas that are likely to benefit the public in a controlled way.



different models of legal service delivery will assist in meeting the high levels of unmet legal need.

### *Key questions to SRA*

31. While the SRA application was detailed, the LSB wanted to ensure that it explored the issues in greater depth, so that it could make an informed decision on these particular proposals against the refusal criteria in the Act. Consequently the LSB asked questions of the SRA around four key matters, which are set out below.

- (i) *Potential benefits to consumers.* The market benefits that are promoted by the SRA are central to its proposals, so the LSB explored the case made by the SRA of the purported benefits for consumers. The SRA's response focussed on its initial impact assessment of the LttF changes, which was published in June 2017. This showed that the market response will depend on whether firms take advantage of the separation allowed under the new arrangements and the mix of reserved and non-reserved activity a firm carries out. The SRA also noted that it will depend on the extent to which consumers consider services provided by solicitors in unregulated firms to be a substitutable for those provided by solicitors in regulated firms. The SRA identified four scenarios that are likely to emerge as a result of the reforms and provided an assessment of the likelihood of them occurring. Based on this, the SRA's overall view is that the proposal would represent a positive development within the alternative legal services market. It contends that it could prove beneficial not only to a wider range of consumers (by increasing scope of access) but also to the solicitor profession (by providing increased employment opportunities).
- (ii) *Monitoring and evaluation of impacts.* Effective monitoring will be essential in informing the SRA as to the impact of this change on consumers. The LSB sought additional assurance on its approach and also its capacity and capability to deliver on the commitments in the application. The SRA has committed to evaluating the economic, as well as equality, diversity and inclusion impacts. It will establish a benchmark from which to evaluate impact, which will be based on the independent evaluation framework that was developed for the SRA by the Centre for Strategy & Evaluation Services and referred to in its report of 2018<sup>4</sup>. The SRA will conduct two evaluations. The first evaluation will be in the second half of 2020, one year after implementation. The second will be a three-year evaluation in 2022. As for identifying impacts, the SRA has confirmed that it will look at the beneficial impacts of the reforms, and identify any unintended or detrimental impacts on different stakeholders, including users of legal services and the public. The SRA also provided evidence that it has a robust plan, including adequate resources, for delivering its commitments on monitoring and evaluation.
- (iii) *Transparency requirements in respect of PII and Compensation Fund.* The LSB wanted additional information to better understand how effective the notification

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<sup>4</sup> <https://www.sra.org.uk/documents/SRA/research/abs-evaluation.pdf>.

requirements in the Transparency Rules will be in relation to consumer understanding of PII and SRA Compensation Fund access. In particular, the LSB sought additional assurance about the prominence that the SRA would expect in relation to notification to clients. In response, the SRA confirmed that it will supply additional guidance will advise that some clients may require more explanation to understand their position. The guidance will also state that if it transpires that the work is covered by PII, the solicitor should inform the client of this fact. And if the client asks for further information, the solicitor should give them relevant details as to the amount and scope of cover. The SRA also pointed out that its powers to act on non-compliance with transparency requirements will stretch to all solicitors working in non-regulated firms. Further, the SRA clarified that its planned work to monitor the impact of the reforms will include collecting evidence on how its notification requirements are being implemented.

- (iv) *Access to LeO.* The LSB sought further information on access to LeO, especially about how this would work in practice. The SRA confirmed that it has had a number of meetings with LeO on the proposal and there was common agreement between the two that LeO has jurisdiction to accept complaints against solicitors working in unregulated firms. The SRA has also had discussions with LeO focussed on the practical challenges of information requests and enforcement against the solicitor and firm. While the solicitor will have a duty to cooperate, the LSB recognises that they may not have all the information in their possession and the unregulated firm may not collaborate. The SRA has, however, confirmed that it has the statutory power to obtain a court order to obtain information from third-parties. It also confirmed that LeO is to provide the SRA with comments on its draft guidance to solicitors and that it will work with LeO on joint guidance on signposting for clients of unregulated firms.

#### *LSB assessment and conclusion*

32. Taking into account the evidence in the application, concerns raised by stakeholders, including TLS and the Panel, and the additional information and assurances provided by the SRA, the LSB was satisfied that it had sufficient information to assess this part of the application against the refusal criteria.
33. The relevant refusal criteria require the LSB to assess whether the proposals are prejudicial to the regulatory objectives and the public interest as a whole. This includes balancing the likely benefits of the change against the potential negative impacts. The Board took into account the following key arguments made by the SRA in respect of the potential benefits to the four main regulatory objectives that are engaged with respect to this change.
- (i) *Access to Justice.* The SRA contends that the proposal would remove a regulatory barrier which could facilitate innovation in the unregulated sector. This could promote access to justice by providing consumers with greater choice of provider, including unregulated providers who may be deemed to be more affordable. This will help address unmet legal need. With regards to unmet legal need, the Board took into account the LSB commissioned research findings

which showed continued high levels of unmet legal need among small business<sup>5</sup> and individual consumers<sup>6</sup>. LSB research has also shown that in both 2016 and 2017, unregulated providers had significantly lower prices than solicitors for a standard will, an individual will, and lasting power of attorney<sup>7</sup>.

- (ii) *Protecting and promoting the interests of consumers.* The SRA argue that the proposal would provide increased protection for consumers who use unregulated firms. For example, at the moment solicitors working in unregulated providers need to surrender their practising certificate and provide services without any regulatory protections. The proposal would allow solicitors in these circumstances to provide services as a regulated solicitor with a practising certificate. Therefore consumers who may otherwise have used a completely unregulated provider, might instead benefit from a regulated solicitor (albeit without the additional protections that consumers of solicitors at regulated entities would benefit from).
- (iii) *Promoting competition in the provision of legal services.* The proposal would remove a regulatory barrier to competition and innovation, that the SRA claims can no longer be justified. It points to the CMA's 2016 market study which encouraged the SRA to remove its restriction on solicitors practising in unregulated firms. In its report, the CMA stated: "*This is likely to have a positive impact on consumers by generating greater competitive pressure on price, and creating new routes and choice for consumers to access advice from qualified solicitors*". The LSB acknowledges that this view was not based on the detail of the specific proposal that the SRA has put forward. In relation to the potential impact on this regulatory objective, the Board took into account the recently completed LSB commissioned research that looked at innovation and regulation<sup>8</sup>. This shows that unregulated providers are more likely than other providers to introduce innovative new services. The same research also shows the positive impact of regulatory reform on encouraging innovation.
- (iv) *Protecting and promoting the public interest.* The points in relation to access to justice, interests of consumers and competition also apply here. In addition, the SRA points to the fact that the proposals provide clear universal standards for solicitors. The regulatory framework within which solicitors in unregulated firms will sit, will mean the SRA can take enforcement action where solicitors and firms fall short of those standards. The new SRA Principle 2 requires solicitors, whether working in authorised or unregulated firms, to act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.

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<sup>5</sup> <https://research.legalservicesboard.org.uk/news/latest-research-18/>

<sup>6</sup> <https://research.legalservicesboard.org.uk/online-survey-of-individuals-handling-of-legal-issues-in-england-and-wales-2015/>

<sup>7</sup> Prices of Individual Consumer Legal Services reports for 2016 and 2017: <https://research.legalservicesboard.org.uk/prices-of-individual-consumer-legal-services-2016/> and <https://research.legalservicesboard.org.uk/prices-of-individual-consumer-legal-services-2017/>

<sup>8</sup> Technology and Innovation in Legal Services, 2018. Yet to be published.

34. The LSB accepts the proposition that it is likely that the proposal will have a positive impact on the four regulatory objectives as set out above, which is supported in some instances by the LSB's own research, as referred to in paragraph 33. Moreover, the evidence is not conclusive that any perceived reduction in consumer protections is likely to have a significant negative impact on the regulatory objectives (particularly given the fact that there are already a number of exceptions to the current restriction). Whilst a limited negative impact is possible, the Board was not convinced that this would outweigh the potential benefits, so as to have a prejudicial overall impact on the regulatory objectives or to be deemed contrary to the public interest.
35. In making this decision the LSB has taken into account the assurances provided by the SRA with regards to monitoring and evaluation of impact on consumers (see paragraph 31(ii) above). Through its regulatory performance framework, the LSB will ensure that the SRA does carry out effective monitoring of these reforms. It will also take appropriate action in response to any identified risks materialising in practice.
36. The LSB considers, on balance and after careful deliberation, that it does not have sufficient grounds to refuse these proposals against any of the refusal criteria under the Act.

Changes to rules to allow individual self-employed solicitors (freelancers) to provide reserved legal services without being authorised as an entity

*Proposals*

37. This change will allow individual self-employed solicitors that are working alone as freelancers to provide reserved legal services to the public under their individual authorisation. Currently, they are required to have their practice authorised as a 'recognised sole practice'. There will be restrictions, such as freelancers not being able to hold client money, and not being able to employ or partner with anyone. Clients of freelancers will still have access to the Compensation Fund. While there will be a requirement for freelance solicitors to have adequate and appropriate insurance, they will not have to comply with the SRA's minimum terms. The SRA considers that the existing arrangement creates an unnecessary and restrictive 'artificial entity' model around solicitors operating as individuals. The proposed changes would allow such individuals greater flexibility in providing their services.

*Representations by stakeholders*

38. TLS and the Panel expressed similar concerns about reduced consumer protections and increased consumer confusion in relation to this proposal, as they raised in relation to solicitors in unregulated firms. In this case for example, concern was expressed that freelancers would not need to have PII equivalent to the SRA minimum terms and also about a perceived lack of clarity with regards to the protection of client money.

*LSB assessment and conclusion*

39. With regards to this change the LSB has borne in mind that clients would still have access to the SRA Compensation Fund, and would still be subject to the Code of Conduct for Individuals. With regards to PII, while there will not be an obligation for freelancers to comply with the SRA's minimum terms, the LSB has considered the SRA's market rationale that the high cost of purchasing PII on minimum terms is deterring entry to the market of sole practitioners wanting to practise independently. We have also taken into account that freelancers will nonetheless be required to have adequate and appropriate insurance. Moreover, they will be required to take out and maintain cover for all of the work done as a solicitor and not just restricted to reserved activities. The LSB is reassured that the SRA has introduced this additional protection, to enhance protection following calls to do so in consultation responses.
40. As with the solicitors in unregulated firms proposal, transparency and disclosure requirements will apply to freelancers as to their PII status. The SRA application is clear that these individuals should not be able to hold client money, except for money in respect of disbursements relating to costs and expenses incurred by the solicitor on behalf of their client (in line with the new approach that will apply to solicitors in authorised firms that is explained in this decision notice below).
41. The LSB has also borne in mind that the SRA will require freelancers to notify it of their status and they will be listed as freelancers on the SRA register. The SRA will therefore be able to monitor information on freelance providers, taking individual action as necessary and monitoring general impact and trends.
42. In recognising the concerns of stakeholders with regards this change, the LSB made enquiries of the SRA in respect of the particular risks that might arise from moving away from a sole practitioner authorisation model. The SRA said that its new arrangements to allow freelancers are likely to only be relevant to a small part of the market and indeed they are designed to be limited in nature. Given the requirements for freelancers to contract personally for services, and the ban on freelancers holding client money, the SRA considers that the arrangements are unlikely to appeal to a sole practitioner who is currently running a business and employing staff. It is more likely to appeal to those who wish to undertake ad hoc freelance work or set up in a chambers style model.
43. The SRA also confirmed that freelancers will be subject to its authorisation of individuals requirements and the regulatory safeguards that flow from these rules. It also said that where it has identified potential risks in the way in which it regulates freelance solicitors, it has sought to address these. For example, in response to concerns raised through consultation responses about inexperienced solicitors setting up as freelancers, it introduced a new requirement for freelance solicitors to have three years' experience before being permitted to deliver reserved legal services as a freelancer. The SRA will also issue guidance for freelancers to assist them to understand and comply with the regulatory requirements that apply to them.
44. Given these assurances and the regulatory safeguards the SRA has put in place to address the potential risks, the LSB considers that it does not have grounds to refuse the freelancer proposals against any of the refusal criteria under the Act.

New Account Rules, which include a new definition of client money

*Proposals*

45. Broadly, the SRA's proposed Accounts Rules would simplify the current rules, introduce a new definition of client money and include rules on the use of third-party managed accounts (TPMAs).
46. The proposed arrangements generally cover similar matters as the current regulations, but with less prescriptive rules, timeframes and duplication. The SRA provides evidence of breaches of its current rules being mostly technical and not resulting in further regulatory action. It argues that this is because the current rules are too complex and focused on prescribing how firms should run their accounts rather than focusing on the key objective of safeguarding client money. Under the new rules, firms would still be required to keep client money separate from firm money and ensure that client money is used only for its intended purpose and returned at the end of the matter.
47. The proposed rules also provide the option for firms to hold limited types of client money outside of client account where this is the only type of client money held and the client has been informed in advance. This exemption relates to money held for the solicitor's fees or disbursements for which the solicitor is liable (for example counsel fees). If the firm holds other types of client money, for example those for which the client is liable such as stamp duty land tax, all client money must continue to be held in the client account.
48. The SRA's final proposed position of providing a limited exemption to allow certain firms to process some client money outside of a client account, was informed by a negative response from consultees to its initial proposal, which would have meant encapsulating a wider set of circumstances where client money could be held outside the client account.
49. The proposed rules introduce safeguards for the use of TPMAs as a mechanism for managing payments and transactions, as an alternative to a firm having its own client accounts. TPMAs are allowed under the current rules but the requirements and expectations on the use of them are not specified.

*LSB assessment and conclusion*

50. The LSB noted that responses to the SRA's consultations appear to have been mostly positive on the overall approach to simplify the current rules. The LSB understands that the changes will simplify the Accounts Rules and notes that the risk of breaches will be mitigated to some extent by the introduction of a rule that will allow the SRA to call on

information at any stage, as well as the SRA keeping under review the types of firms that continue to breach the rules.

51. The LSB has noted the introduction of an exemption to allow firms to hold limited types of client money outside of client accounts and the fact that the SRA scaled back its changes in this regard to reflect feedback to its consultation.
52. The LSB asked the SRA to clarify further what guidance and support will be provided to firms to assist them to comply with the new less prescriptive rules, particularly in the transitional period. In response, the SRA confirmed that it will provide guidance in key areas such as when a client account is needed, how to deal with residual client account balances, and the importance of not using a client account as a banking facility. It also intends to publish case studies on an ongoing basis to help with understanding when uncertainties emerge. The LSB acknowledges the SRA's attempts to get the balance right by not transferring the detail of the existing rules into guidance, which could undermine its intention to make the accounts rules more flexible and to allow firms to make their own determinations on what practice works best for them.
53. Finally, the LSB asked the SRA if those using a TPMA will be prevented from using the client money exemption for advance fees and disbursements. For example, this might apply where a firm is operating under the exemption and holding client money outside an office account, but they are also using a TPMA to handle some transactions. The SRA confirmed that in these instances, money held in a TPMA does not constitute client money as defined in the SRA rules. As such, they will be able to rely on the exemption if the only client money (as defined by the accounts rules) is client money held or received by the solicitor in respect of fees and any unpaid disbursements.
54. In summary, on the basis of the above, this change is deemed to be proportionate and would allow for a reduced regulatory burden in relation to low risk handling of client money, while consumer protections would remain through overall regulation and access to the SRA Compensation Fund for any losses. The LSB sees no reason to refuse these changes.

#### New requirements for firms to have an authorised person who has practised for three years

##### *Proposals*

55. The existing Rule 12 of the SRA's Practice Framework Rules, requires all bodies that it authorises to have a lawyer manager who is "qualified to supervise". To meet this requirement, they must have been entitled to practise for at least 36 months of the last 10 years and have undertaken specified training. The SRA is seeking to replace Rule 12 of the Practice Framework Rules with a requirement for any firm that it authorises (including recognised sole practices) to either have at least one manager or employee who has practised as an authorised person for three years, or procure the services of an individual that meets this requirement. This individual will always be responsible for supervising the work undertaken by the authorised body.

56. The SRA argues that the existing requirement conflates technical competence, supervision arrangements and running a business. It believes that its new proposal would provide a better protection against the risk of inexperienced solicitors practising without adequate supervision, as the new rule will mean that actual experience is necessary as opposed to entitlement to practise, with a focus on experience of legal practice not business management. In addition, the individual will have an obligation to supervise the work as opposed to merely being employed in the firm. It contends that the new rule will provide assurance that skills have been developed, and experience obtained of practise in a professional, regulated environment before an individual can practise unsupervised.

#### *LSB assessment and conclusion*

57. These changes aim to strengthen consumer protection in a proportionate manner. The LSB had no concerns about these proposals that would lead it to consider refusal.

#### Changes to assessment of character and suitability

##### *Proposals*

58. The SRA is proposing to revise its Suitability Test, which was introduced in 2011. The updated assessment will:

- Clarify the overriding principles which govern its assessment of a person's character and suitability.
- Set out factors it will consider, including criminal findings, regulatory findings and other behavioural and conduct issues. Among the indicative behaviours it will consider, the assessment sets out aggravating or mitigating factors, including:
  - a person's rehabilitation and remorse
  - their position (for example, in a position of trust) at the time of criminal or other behaviour
  - the vulnerability of those affected by the actions
- Assess whether RELs and RFLs are in good standing with their regulator.

59. The SRA is also removing the current requirement for students to disclose any character and suitability issues before entering a period of recognised training and it is moving assessment to the point of admission (in line with its policy on apprentices).

60. The SRA notes that there is a risk that the changes could create uncertainty about what constitutes compliance. To mitigate this it will provide information on character and suitability requirements to students through learning providers and the SQE programme (if this is approved by the LSB in the future). It will also offer non-binding advice to students on suitability at any time before applying for admission and retain the option for students to apply for an early assessment.

#### *LSB assessment and conclusion*



61. The LSB recognises the potential benefits of the SRA's intention to build in a rehabilitation element to this assessment. At the same time, making the rules clearer could help individuals with serious character and suitability issues to make an informed decision about whether or not to commence or commit any financial resource to seeking to become a solicitor. The LSB has no concerns about these proposals that would lead it to consider refusal.

### Transitional arrangements for the introduction of the SQE

#### *Proposal*

62. Initial SQE regulatory arrangements that established the framework for the new approach were approved by the LSB in March 2018 and a further application is expected in 2019 or 2020, which will be required to give effect to the framework that was approved in March. In the LttF application, the SRA has set out its transitional arrangement plans for individuals who have started on the path to qualification under the existing routes at the time the SQE is introduced. It has consulted on its proposed approach as part of its wider LttF consultations.

63. The SRA proposes that anyone who has started or entered into a contractual agreement or made a non-refundable financial commitment to start:

- a Qualifying Law Degree
- the Common Professional Examination (CPE)
- an Exempting Law Degree, an Integrated Course
- the Legal Practice Course
- a period of recognised training

before the SQE is introduced, can continue under that route up to a cut-off date of 11 years after the SQE is introduced.

64. The 11 year cut-off was generally supported by consultees. It allows most candidates who have started to train to complete the current route to admission on either a full or part-time basis and to have a full exemption from the requirement to qualify through the SQE.

65. The SRA initially proposed that candidates must have completed all parts of the Qualified Lawyers Transfer Scheme (QLTS) by the time the SLT is launched and that there would be no partial exemptions to the SQE. Following comments from QLTS candidates and the QLTS provider, the SRA now proposes that candidates who have already passed QLTS 1 will have an additional 12 months after the SQE introduction to complete the QLTS assessments and apply for admission.

#### *LSB assessment and conclusion*

66. As recorded above, the SRA will not make an application to introduce the SQE until 2019 or 2020. In the meantime, the LSB sees no reason to refuse these changes, as they represent sensible regulatory management of uncertainty and would only be applied if the LSB were to approve the SRA's final SQE application. However, for the avoidance

of doubt, in approving the Authorisation of Individuals Regulations as part of this decision (that provides for a transitional period), the LSB is not fettering its discretion on the final SQE application and is not creating an assumption that it will approve that final SQE application.

### ***Further matters***

67. There are three further matters with regards to the SRA's application about which the LSB considers it necessary to comment in this notice.

### Consultation

68. The LSB looked at whether SRA consultation on the changes was adequate. This was an issue that was also raised by TLS in its letter to the LSB. As referred to in paragraph 15, the SRA undertook three separate consultations. As also referred to in paragraphs 39 and 43, the SRA is able to demonstrate a number of instances in which it made adjustments to its regulatory proposals as a result of responses to consultations. Overall, the LSB is not concerned about the SRA's handling or reporting of its consultations. In addition, its application was transparent about the issues that it had encountered through consultation. In summary, the LSB did not identify flaws in the way in which the SRA consulted that would lead it to consider refusal.

### Widening the rules about having a practising address in England and Wales

69. The SRA proposed to widen the rules about having a practising address in England and Wales to include anywhere in the UK. The new rules will allow the SRA to authorise Recognised Bodies that have their practising address in Scotland and Northern Ireland. The LSB sought clarification from the SRA on the jurisdictional position of LeO, and whether the complaints position of clients of such firms would be made clear to clients. The SRA confirmed that LeO will have authority to accept complaints against a firm who has a practising address anywhere in the UK but are providing legal services in England and Wales. Under the new Codes of Conduct, both solicitors and authorised bodies are under an obligation to inform clients about how their services are regulated and about their rights to complain to LeO.

### Adjustments to the regulations in the assessment period

70. The LSB undertook a review of the regulations themselves and in addition to the substantive issues set out above, the LSB raised with the SRA a limited number of drafting points on issues such as cross referencing and clarification of terminology. As a result of this, minor drafting amendments were made by the SRA. These changes are reflected in the final documents annexed to this notice.

## **Decision**

71. The LSB has considered the SRA application against the criteria in paragraph 25(3) of Schedule 4 to the Act. It considers that there is no reason to refuse this application; accordingly, the application is granted in full.

72. **Annex A** to this decision notice contains the amendments to the regulatory arrangements approved by the LSB.

## **Chronology**

- The LSB confirmed receipt of an application from the SRA on 8 August 2018.
- The 28 day initial decision period for considering the application ended on 4 September 2018.
- On 31 August 2018 the LSB issued an extension notice, which extended the initial decision period to 5 November 2018.
- This decision notice is effective from 5 November 2018.
- The decision notice will be published on the LSB's website on 6 November 2018.

## **Legal Services Board**

**5 November 2018**

*Notes:*

1. The LSB is required by Part 3 of Schedule 4 to the Act to review and grant or refuse applications by approved regulators to make alterations to their regulatory arrangements.
2. Paragraph 25(3) of Schedule 4 to the Act explains that the LSB may refuse an application setting out a proposed change to the regulatory arrangements only if it is satisfied that
  - (a) granting the application would be prejudicial to the regulatory objectives
  - (b) granting the application would be contrary to any provision made by or by virtue of this Act or any other enactment or would result in any of the designation requirements ceasing to be satisfied in relation to the approved regulator
  - (c) granting the application would be contrary to the public interest
  - (d) the alteration would enable the approved regulator to authorise persons to carry on activities which are reserved legal activities in relation to which it is not a relevant approved regulator
  - (e) the alteration would enable the approved regulator to license persons under Part 5 [of the Act] to carry on activities which are reserved legal activities in relation to which it is not a licensing authority, or
  - (f) the alteration has been or is likely to be made otherwise than in accordance with the procedures (whether statutory or otherwise) which apply in relation to the making of the alteration.
3. The designation requirements referred to in paragraph 2(b) above are set out in paragraph 25(4) of Schedule 4 to the Act and are
  - (a) a requirement that the approved regulator has appropriate internal governance arrangements in place
  - (b) a requirement that the applicant is competent, and has sufficient resources to perform the role of approved regulator in relation to the reserved legal activities in respect of which it is designated, and
  - (c) the requirements set out in paragraphs 13(2)(c) to (e) of Schedule 4, namely that the regulatory arrangements are appropriate, comply with the requirements in respect of resolution of regulatory conflict (imposed by sections 52 and 54 of the Act) and comply with the requirements in relation to the handling of complaints (imposed by sections 112 and 145 of the Act).
4. In accordance with paragraphs 20(1) and 23(3) of Schedule 4 to the Act, the LSB has made rules<sup>9</sup> about the manner and form in which applications to alter regulatory arrangements must be made. Amongst other things, the rules highlight the applicant's obligations under section 28 of the Act to have regard to the Better Regulation Principles. They also require applicants to provide information about each proposed change and details of the consultation undertaken.
5. If the LSB is not satisfied that one or more of the criteria for refusal are met, then it must approve the application in whole, or the parts of it that can be approved.

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<sup>9</sup> [Rules for Rule Change Applications – Version 2 \(November 2010\)](#)

## SRA Principles

### Introduction

The SRA Principles comprise the fundamental tenets of ethical behaviour that we expect all those that we regulate to uphold. This includes all individuals we authorise to provide legal services (solicitors, RELs and RFLs), as well as authorised firms and their managers and employees. For licensed bodies, these apply to those individuals, and the part of the body (where applicable), involved in delivering the services we regulate in accordance with the terms of your licence.

Should the Principles come into conflict, those which safeguard the wider public interest (such as the rule of law, and public confidence in a trustworthy solicitors' profession and a safe and effective market for regulated legal services) take precedence over an individual client's interests. You should, where relevant, inform your client of the circumstances in which your duty to the Court and other professional obligations will outweigh your duty to them.

The Principles and Codes are underpinned by our Enforcement Strategy, which explains in more detail our approach to taking regulatory action in the public interest [[Link](#)].

### Principles

The principles are as follows:

You act:

1. in a way that upholds the constitutional principle of the rule of law, and the proper administration of justice.
2. in a way that upholds public trust and confidence in the *solicitors'* profession and in legal services provided by *authorised persons*.
3. with independence.
4. with honesty.
5. with integrity.
6. in a way that encourages equality, diversity and inclusion.
7. in the best interests of each *client*.

### Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under section 31 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985 and section 83 of the Legal Services Act 2007.

# SRA Code of Conduct for Solicitors, RELs and RFLs

## Introduction

The Code of Conduct describes the standards of professionalism that we, the SRA, and the public expect of individuals (solicitors, registered European lawyers and registered foreign lawyers) authorised by us to provide legal services.

They apply to conduct and behaviour relating to your practice, and comprise a framework for ethical and competent practice which applies irrespective of your role or the environment or organisation in which you work (subject to the Overseas Rules which apply to your practice overseas); although paragraphs 8.1 to 8.11 apply only when you are providing your services to the public or a section of the public.

You must exercise your judgement in applying these standards to the situations you are in and deciding on a course of action, bearing in mind your role and responsibilities, areas of practice, and the nature of your clients (which in an in house context will generally include your employer and may include other persons or groups within or outside your employer organisation).

You are personally accountable for compliance with this Code - and our other regulatory requirements that apply to you - and must always be prepared to justify your decisions and actions.

A serious failure to meet our standards or a serious breach of our regulatory requirements may result in our taking regulatory action against you. A failure or breach may be serious either in isolation or because it comprises a persistent or concerning pattern of behaviour. In addition to the regulatory requirements set by us in our Codes, Principles and our rules and regulations, we directly monitor and enforce the requirements relating to referral fees set out in section 56 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, and provisions relating to anti money laundering and counter terrorist financing, as set out in regulations made by the Treasury as in force from time to time [Link].

All these requirements are underpinned by our Enforcement Strategy. That strategy explains in more detail our views about the issues we consider to be serious, and our approach to taking regulatory action in the public interest.

## Maintaining trust and acting fairly

- 1.1 You do not unfairly discriminate by allowing your personal views to affect your professional relationships and the way in which you provide your services.
- 1.2 You do not abuse your position by taking unfair advantage of *clients* or others.
- 1.3 You perform all *undertakings* given by you, and do so within an agreed timescale or if no timescale has been agreed then within a reasonable amount of time.

- 1.4 You do not mislead or attempt to mislead your *clients*, the *court* or others, either by your own acts or omissions or allowing or being complicit in the acts or omissions of others (including your *client*).

### Dispute resolution and proceedings before courts, tribunals and inquiries

- 2.1 You do not misuse or tamper with evidence or attempt to do so.
- 2.2 You do not seek to influence the substance of evidence, including generating false evidence or persuading witnesses to change their evidence.
- 2.3 You do not provide or offer to provide any benefit to witnesses dependent upon the nature of their evidence or the outcome of the case.
- 2.4 You only make assertions or put forward statements, representations or submissions to the *court* or others which are properly arguable.
- 2.5 You do not place yourself in contempt of *court*, and you comply with *court* orders which place obligations on you.
- 2.6 You do not waste the *court's* time.
- 2.7 You draw the *court's* attention to relevant cases and statutory provisions, or procedural irregularities of which you are aware, and which are likely to have a material effect on the outcome of the proceedings.

### Service and competence

- 3.1 You only act for *clients* on instructions from the *client*, or from someone properly authorised to provide instructions on their behalf. If you have reason to suspect that the instructions do not represent your *client's* wishes, you do not act unless you have satisfied yourself that they do. However, in circumstances where you have legal authority to act notwithstanding that it is not possible to obtain or ascertain the instructions of your *client*, then you are subject to the overriding obligation to protect your *client's* best interests.
- 3.2 You ensure that the service you provide to *clients* is competent and delivered in a timely manner.
- 3.3 You maintain your competence to carry out your role and keep your professional knowledge and skills up to date.
- 3.4 You consider and take account of your *client's* attributes, needs and circumstances.
- 3.5 Where you supervise or manage others providing legal services:
- (a) you remain accountable for the work carried out through them; and
  - (b) you effectively supervise work being done for *clients*.

- 3.6 You ensure that the individuals you manage are competent to carry out their role, and keep their professional knowledge and skills, as well as understanding of their legal, ethical and regulatory obligations, up to date.

### Client money and assets

- 4.1 You properly account to *clients* for any *financial benefit* you receive as a result of their instructions, except where they have agreed otherwise.
- 4.2 You safeguard money and *assets* entrusted to you by *clients* and others.
- 4.3 You do not personally hold *client money* save as permitted under regulation 10.2(b)(vii) of the Authorisation of Individuals Regulations, unless you work in an *authorised body*, or in an organisation of a kind *prescribed* under this rule on any terms that may be *prescribed* accordingly.

### Business requirements

#### Referrals, introductions and separate businesses

- 5.1 In respect of any referral of a *client* by you to another *person*, or of any third party who introduces business to you or with whom you share your *fees*, you ensure that:
- (a) *clients* are informed of any financial or other interest which you or your business or employer has in referring the *client* to another *person* or which an *introducer* has in referring the *client* to you;
  - (b) *clients* are informed of any fee sharing arrangement that is relevant to their matter;
  - (c) the fee sharing agreement is in writing;
  - (d) you do not receive payments relating to a referral or make payments to an *introducer* in respect of *clients* who are the subject of criminal proceedings; and
  - (e) any *client* referred by an *introducer* has not been acquired in a way which would breach the *SRA's regulatory arrangements* if the *person* acquiring the *client* were regulated by the *SRA*.
- 5.2 Where it appears to the *SRA* that you have made or received a *referral fee*, the payment will be treated as a *referral fee* unless you show that the payment was not made as such.



- 5.3 You only:
- (a) refer, recommend or introduce a *client* to a *separate business*; or
  - (b) divide, or allow to be divided, a *client's* matter between you and a *separate business*;
- where the *client* has given informed consent to your doing so.

### Other business requirements

- 5.4 You must not be a *manager, employee, member* or *interest holder* of a business that:
- (a) has a name which includes the word "solicitors"; or
  - (b) describes its work in a way that suggests it is a *solicitors'* firm;
- unless it is an *authorised body*.
- 5.5 If you are a *solicitor* who holds a practising certificate, an *REL* or *RFL*, you must complete and deliver to the *SRA* an annual return in the *prescribed* form.
- 5.6 If you are a *solicitor* or an *REL* carrying on *reserved legal activities* in a *non-commercial body*, you must ensure that the body takes out and maintains indemnity insurance that provides adequate and appropriate cover in respect of the services that you provide, whether or not they comprise *reserved legal activities*.

### Conflict, confidentiality and disclosure

#### Conflict of interests

- 6.1 You do not act if there is an *own interest conflict* or a significant risk of such a conflict.
- 6.2 You do not act in relation to a matter or particular aspect of it if you have a *conflict of interest* or a significant risk of such a conflict in relation to that matter or aspect of it, unless:
- (a) the *clients* have a *substantially common interest* in relation to the matter or the aspect of it, as appropriate; or
  - (b) the *clients* are *competing for the same objective*,
- and the conditions below are met, namely that:
- (i) all the *clients* have given informed consent, given or evidenced in writing, to you acting;

- (ii) where appropriate, you put in place effective safeguards to protect your *clients'* confidential information; and
- (iii) you are satisfied it is reasonable for you to act for all the *clients*.

## Confidentiality and disclosure

- 6.3 You keep the affairs of current and former *clients* confidential unless disclosure is required or permitted by law or the *client* consents.
- 6.4 Where you are acting for a *client* on a matter, you make the *client* aware of all information material to the matter of which you have knowledge, except when:
- (a) the disclosure of the information is prohibited by legal restrictions imposed in the interests of national security or the prevention of crime;
  - (b) your *client* gives informed consent, given or evidenced in writing, to the information not being disclosed to them;
  - (c) you have reason to believe that serious physical or mental injury will be caused to your *client* or another if the information is disclosed; or
  - (d) the information is contained in a privileged document that you have knowledge of only because it has been mistakenly disclosed.
- 6.5 You do not act for a *client* in a matter where that *client* has an interest adverse to the interest of another current or former *client* of you or your business or employer, for whom you or your business or employer holds confidential information which is material to that matter, unless:
- (a) effective measures have been taken which result in there being no real risk of disclosure of the confidential information; or
  - (b) the current or former *client* whose information you or your business or employer holds has given informed consent, given or evidenced in writing, to you acting, including to any measures taken to protect their information.

## Cooperation and accountability

- 7.1 You keep up to date with and follow the law and regulation governing the way you work.
- 7.2 You are able to justify your decisions and actions in order to demonstrate compliance with your obligations under the *SRA's regulatory arrangements*.
- 7.3 You cooperate with the *SRA*, other regulators, ombudsmen, and those bodies with a role overseeing and supervising the delivery of, or investigating concerns in relation to, legal services.

- 7.4 You respond promptly to the **SRA** and:
- (a) provide full and accurate explanations, information and documents in response to any request or requirement; and
  - (b) ensure that relevant information which is held by you, or by third parties carrying out functions on your behalf which are critical to the delivery of your legal services, is available for inspection by the **SRA**.
- 7.5 You do not attempt to prevent anyone from providing information to the **SRA** or any other body exercising regulatory, supervisory, investigatory or prosecutory functions in the public interest.
- 7.6 You notify the **SRA** promptly if:
- (a) you are subject to any criminal charge, conviction or caution, subject to the Rehabilitation of Offenders Act 1974;
  - (b) a **relevant insolvency event** occurs in relation to you; or
  - (c) if you become aware:
    - (i) of any material changes to information previously provided to the **SRA**, by you or on your behalf, about you or your practice, including any change to information recorded in the **register**; and
    - (ii) that information provided to the **SRA**, by you or on your behalf, about you or your practice is or may be false, misleading, incomplete or inaccurate.
- 7.7 You ensure that a prompt report is made to the **SRA**, or another **approved regulator**, as appropriate, of any serious breach of their **regulatory arrangements** by any **person** regulated by them (including you) of which you are aware. If requested to do so by the **SRA** you investigate whether there have been any serious breaches that should be reported to the **SRA**.
- 7.8 You act promptly to take any remedial action requested by the **SRA**.
- 7.9 You are honest and open with **clients** if things go wrong, and if a **client** suffers loss or harm as a result you put matters right (if possible) and explain fully and promptly what has happened and the likely impact. If requested to do so by the **SRA** you investigate whether anyone may have a claim against you, provide the **SRA** with a report on the outcome of your investigation, and notify relevant persons that they may have such a claim, accordingly.
- 7.10 Any obligation under this section or otherwise to notify, or provide information to, the **SRA** will be satisfied if you provide information to your firm's **COLP** or **COFA**, as and where appropriate, on the understanding that they will do so.

## When you are providing services to the public or a section of the public

### Client identification

8.1 You identify who you are acting for in relation to any matter.

### Complaints handling

8.2 You ensure that, as appropriate in the circumstances, you either establish and maintain, or participate in, a procedure for handling complaints in relation to the legal services you provide.

8.3 You ensure that *clients* are informed in writing at the time of engagement about:

- (a) their right to complain to you about your services and your charges;
- (b) how a complaint can be made and to whom; and
- (c) any right they have to make a complaint to the *Legal Ombudsman* and when they can make any such complaint.

8.4 You ensure that when *clients* have made a complaint to you, if this has not been resolved to the *client's* satisfaction within 8 weeks following the making of a complaint they are informed, in writing:

- (a) of any right they have to complain to the *Legal Ombudsman*, the time frame for doing so and full details of how to contact the *Legal Ombudsman*; and
- (b) if a complaint has been brought and your complaints procedure has been exhausted:
  - (i) that you cannot settle the complaint;
  - (ii) of the name and website address of an alternative dispute resolution (ADR) approved body which would be competent to deal with the complaint; and
  - (iii) whether you agree to use the scheme operated by that body.

8.5 You ensure that complaints are dealt with promptly, fairly, and free of charge.

### Client information and publicity

8.6 You give *clients* information in a way they can understand. You ensure they are in a position to make informed decisions about the services they need, how their matter will be handled and the options available to them.

8.7 You ensure that *clients* receive the best possible information about how their matter will be priced and, both at the time of engagement and when appropriate as their matter progresses, about the likely overall cost of the matter and any *costs* incurred.

- 8.8 You ensure that any *publicity* in relation to your practice is accurate and not misleading, including that relating to your charges and the circumstances in which *interest* is payable by or to *clients*.
- 8.9 You do not make unsolicited approaches to members of the public, with the exception of current or former *clients*, in order to advertise legal services provided by you, or your business or employer.
- 8.10 You ensure that *clients* understand whether and how the services you provide are regulated. This includes:
- (a) explaining which activities will be carried out by you, as an *authorised person*;
  - (b) explaining which services provided by you, your business or employer, and any *separate business* are regulated by an *approved regulator*; and
  - (c) ensuring that you do not represent any business or employer which is not authorised by the *SRA*, including any *separate business*, as being regulated by the *SRA*.
- 8.11 You ensure that *clients* understand the regulatory protections available to them.

## Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under sections 31 and 32 of the Solicitors Act 1974, section 89 of, and paragraphs 2 and 3 of Schedule 14 to, the Courts and Legal Services Act 1990 and section 57(2) and (8) of the Legal Aid, Sentencing and Punishment of Offenders Act 2012.

# SRA Code of Conduct for Firms

## Introduction

This Code of Conduct describes the standards and business controls that we, the SRA, and the public expect of firms (including sole practices) authorised by us to provide legal services. These aim to create and maintain the right culture and environment for the delivery of competent and ethical legal services to clients. These apply in the context of your practice: the way you run your business and all your professional activities (subject, if you are a licensed body, to any terms of your licence).

Paragraphs 8.1 and 9.1 to 9.2 set out the requirements of managers and compliance officers in those firms, respectively.

A serious failure to meet our standards or a serious breach of our regulatory requirements may lead to our taking regulatory action against the firm itself as an entity, or its managers or compliance officers, who each have responsibilities for ensuring that the standards and requirements are met. We may also take action against employees working within the firm for any breaches for which they are responsible. A failure or breach may be serious either in isolation or because it comprises a persistent or concerning pattern of behaviour.

In addition to the regulatory requirements set by us in our Codes, Principles and our rules and regulations, we directly monitor and enforce the requirements relating to referral fees set out in section 56 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, and provisions relating to anti money laundering and counter terrorist financing, as set out in regulations made by the Treasury as in force from time to time [Link].

All of these requirements are underpinned by our Enforcement Strategy, which explains in more detail our views about the issues we consider to be serious, and our approach to taking regulatory action in the public interest.

## Maintaining trust and acting fairly

- 1.1 You do not unfairly discriminate by allowing your personal views to affect your professional relationships and the way in which you provide your services.
- 1.2 You do not abuse your position by taking unfair advantage of *clients* or others.
- 1.3 You perform all *undertakings* given by you and do so within an agreed timescale or if no timescale has been agreed then within a reasonable amount of time.
- 1.4 You do not mislead or attempt to mislead your *clients*, the *court* or others, either by your own acts or omissions or allowing or being complicit in the acts or omissions of others (including your *client*).
- 1.5 You monitor, report and publish workforce diversity data, as *prescribed*.

## Compliance and business systems

- 2.1 You have effective governance structures, arrangements, systems and controls in place that ensure:
- (a) you comply with all the *SRA's regulatory arrangements*, as well as with other regulatory and legislative requirements, which apply to you;
  - (b) your *managers* and employees comply with the *SRA's regulatory arrangements* which apply to them;
  - (c) your *managers* and *interest holders* and those you employ or contract with do not cause or substantially contribute to a breach of the *SRA's regulatory arrangements* by you or your *managers* or employees;
  - (d) your *compliance officers* are able to discharge their duties under paragraphs 9.1 and 9.2 below.
- 2.2 You keep and maintain records to demonstrate compliance with your obligations under the *SRA's regulatory arrangements*.
- 2.3 You remain accountable for compliance with the *SRA's regulatory arrangements* where your work is carried out through others, including your *managers* and those you employ or contract with.
- 2.4 You actively monitor your financial stability and business viability. Once you are aware that you will cease to operate, you effect the orderly wind-down of your activities.
- 2.5 You identify, monitor and manage all material risks to your business, including those which may arise from your *connected practices*.

## Cooperation and accountability

- 3.1 You keep up to date with and follow the law and regulation governing the way you work.
- 3.2 You cooperate with the *SRA*, other regulators, ombudsmen and those bodies with a role overseeing and supervising the delivery of, or investigating concerns in relation to, legal services.
- 3.3 You respond promptly to the *SRA* and:
- (a) provide full and accurate explanations, information and documentation in response to any requests or requirements;
  - (b) ensure that relevant information which is held by you, or by third parties carrying out functions on your behalf which are critical to the delivery of your legal services, is available for inspection by the *SRA*.
- 3.4 You act promptly to take any remedial action requested by the *SRA*.

- 3.5 You are honest and open with **clients** if things go wrong, and if a **client** suffers loss or harm as a result you put matters right (if possible) and explain fully and promptly what has happened and the likely impact. If requested to do so by the **SRA** you investigate whether anyone may have a claim against you, provide the **SRA** with a report on the outcome of your investigation, and notify relevant persons that they may have such a claim, accordingly.
- 3.6 You notify the **SRA** promptly:
- (a) of any indicators of serious financial difficulty relating to you;
  - (b) if a **relevant insolvency event** occurs in relation to you;
  - (c) if you intend to, or become aware that you will, cease operating as a legal business;
  - (d) of any change to information recorded in the **register**.
- 3.7 You provide to the **SRA** an information report on an annual basis or such other period as specified by the **SRA** in the **prescribed** form and by the **prescribed** date.
- 3.8 You notify the **SRA** promptly if you become aware:
- (a) of any material changes to information previously provided to the **SRA**, by you or on your behalf, about you or your **managers, owners** or **compliance officers**; and
  - (b) that information provided to the **SRA**, by you or on your behalf, about you or your **managers, owners** or **compliance officers** is or may be false, misleading, incomplete or inaccurate.
- 3.9 You ensure that a prompt report is made to the **SRA**, or another **approved regulator**, as appropriate, of any serious breach of their **regulatory arrangements** by any **person** regulated by them (including you) of which you are aware. If requested to do so by the **SRA**, you investigate whether there have been any serious breaches that should be reported to the **SRA**.
- 3.10 You do not attempt to prevent anyone from providing information to the **SRA** or any other body exercising regulatory, supervisory, investigatory or prosecutory functions in the public interest.

## Service and competence

- 4.1 You only act for **clients** on instructions from the **client**, or from someone properly authorised to provide instructions on their behalf. If you have reason to suspect that the instructions do not represent your **client's** wishes, you do not act unless you have satisfied yourself that they do. However, in circumstances where you have legal authority to act notwithstanding that it is not possible to obtain or ascertain the instructions of your **client**, then you are subject to the overriding obligation to protect your **client's** best interests.



- 4.2 You ensure that the service you provide to **clients** is competent and delivered in a timely manner, and takes account of your **client's** attributes, needs and circumstances.
- 4.3 You ensure that your **managers** and employees are competent to carry out their role, and keep their professional knowledge and skills, as well as understanding of their legal, ethical and regulatory obligations, up to date.
- 4.4 You have an effective system for supervising **clients'** matters.

### Client money and assets

- 5.1 You properly account to **clients** for any **financial benefit** you receive as a result of their instructions, except where they have agreed otherwise.
- 5.2 You safeguard money and **assets** entrusted to you by **clients** and others.

### Conflict, confidentiality and disclosure

#### Conflict of interests

- 6.1 You do not act if there is an **own interest conflict** or a significant risk of such a conflict.
- 6.2 You do not act in relation to a matter or a particular aspect of it if you have a **conflict of interest** or a significant risk of such a conflict in relation to that matter or aspect of it, unless:
  - (a) the **clients** have a **substantially common interest** in relation to the matter or the aspect of it, as appropriate; or
  - (b) the **clients** are **competing for the same objective**,and the conditions below are met, namely that:
  - (i) all the **clients** have given informed consent, given or evidenced in writing, to you acting;
  - (ii) where appropriate, you put in place effective safeguards to protect your **clients'** confidential information; and
  - (iii) you are satisfied it is reasonable for you to act for all the **clients**.

## Confidentiality and disclosure

- 6.3 You keep the affairs of current and former *clients* confidential unless disclosure is required or permitted by law or the *client* consents.
- 6.4 Any individual who is acting for a *client* on a matter makes the *client* aware of all information material to the matter of which the individual has knowledge except when:
- (a) the disclosure of the information is prohibited by legal restrictions imposed in the interests of national security or the prevention of crime;
  - (b) the *client* gives informed consent, given or evidenced in writing, to the information not being disclosed to them;
  - (c) the individual has reason to believe that serious physical or mental injury will be caused to the *client* or another if the information is disclosed; or
  - (d) the information is contained in a privileged document that the individual has knowledge of only because it has been mistakenly disclosed.
- 6.5 You do not act for a *client* in a matter where that *client* has an interest adverse to the interest of another current or former *client* for whom you hold confidential information which is material to that matter, unless:
- (a) effective measures have been taken which result in there being no real risk of disclosure of the confidential information; or
  - (b) the current or former *client* whose information you hold has given informed consent, given or evidenced in writing, to you acting, including to any measures taken to protect their information.

## Applicable standards in the SRA Code of Conduct for Solicitors, RELs and RFLs

- 7.1 The following paragraphs in the SRA Code of Conduct for Solicitors, RELs and RFLs apply to you in their entirety as though references to "you" were references to you as a firm:
- (a) dispute resolution and proceedings before courts, tribunals and inquiries (2.1 to 2.7);
  - (b) referrals, introductions and *separate businesses* (5.1 to 5.3); and
  - (c) standards which apply when providing services to the public or a section of the public, namely client identification (8.1), complaints handling (8.2 to 8.5), and client information and publicity (8.6 to 8.11).

## Managers in SRA authorised firms

- 8.1 If you are a **manager**, you are responsible for compliance by your firm with this Code. This responsibility is joint and several if you share management responsibility with other **managers** of the firm.

## Compliance officers

- 9.1 If you are a **COLP** you must take all reasonable steps to:
- (a) ensure compliance with the terms and conditions of your firm's authorisation;
  - (b) ensure compliance by your firm and its **managers**, employees or **interest holders** with the **SRA's regulatory arrangements** which apply to them;
  - (c) ensure that your firm's **managers** and **interest holders** and those they employ or contract with do not cause or substantially contribute to a breach of the **SRA's regulatory arrangements**;
  - (d) ensure that a prompt report is made to the **SRA** of any serious breach of the terms and conditions of your firm's authorisation, or the **SRA's regulatory arrangements** which apply to your firm, **managers** or employees,

save in relation to the matters which are the responsibility of the **COFA** as set out in paragraph 9.2 below.

- 9.2 If you are a **COFA** you must take all reasonable steps to:
- (a) ensure that your firm and its **managers** and employees comply with any obligations imposed upon them under the SRA Accounts Rules;
  - (b) ensure that a prompt report is made to the **SRA** of any serious breach of the SRA Accounts Rules which apply to them.

## Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under section 31 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, section 83 of the Legal Services Act 2007, and section 57(2) and (8) of the Legal Aid, Sentencing and Punishment of Offenders Act 2012.

# SRA Accounts Rules

## Introduction

These rules set out our requirements for when firms (including sole practices) authorised by us receive or deal with money belonging to clients, including trust money or money held on behalf of third parties. The rules apply to all firms we regulate, including all those who manage or work within such firms.

Firms will need to have systems and controls in place to ensure compliance with these rules and the nature of those systems must be appropriate to the nature and volumes of client transactions dealt with and the amount of client money held or received.

## PART 1: GENERAL

### Application section

- 1.1 These rules apply to *authorised bodies*, their *managers* and employees and references to “you” in these rules should be read accordingly.
- 1.2 The *authorised body’s managers* are jointly and severally responsible for compliance by the *authorised body*, its *managers* and employees with these rules.
- 1.3 In relation to a *licensed body*, the rules apply only in respect of activities regulated by the *SRA* in accordance with the terms of its licence.

## PART 2: CLIENT MONEY AND CLIENT ACCOUNTS

### Client money

- 2.1 “*Client money*” is money held or received by you:
  - (a) relating to *regulated services* delivered by you to a *client*;
  - (b) on behalf of a third party in relation to *regulated services* delivered by you (such as money held as agent, stakeholder or held to the sender’s order);
  - (c) as a trustee or as the holder of a specified office or appointment, such as donee of a power of attorney, Court of Protection deputy or trustee of an occupational pension scheme;
  - (d) in respect of your *fees* and any unpaid *disbursements* if held or received prior to delivery of a bill for the same.
- 2.2 In circumstances where the only *client money* you hold or receive falls within rule 2.1(d) above, and:

- (a) any money held for **disbursements** relates to costs or expenses incurred by you on behalf of your **client** and for which you are liable; and
- (b) you do not for any other reason maintain a **client account**;

you are not required to hold this money in a **client account** if you have informed your **client** in advance of where and how the money will be held. Rules 2.3, 2.4, 4.1, 7, 8.1(b) and (c) and 12 do not apply to **client money** held outside of a **client account** in accordance with this rule.

2.3 You ensure that **client money** is paid promptly into a **client account** unless:

- (a) in relation to money falling within 2.1(c), to do so would conflict with your obligations under rules or regulations relating to your specified office or appointment;
- (b) the **client money** represents payments received from the Legal Aid Agency for your **costs**; or
- (c) you agree in the individual circumstances an alternative arrangement in writing with the **client**, or the third party, for whom the money is held.

2.4 You ensure that **client money** is available on demand unless you agree an alternative arrangement in writing with the **client**, or the third party for whom the money is held.

2.5 You ensure that **client money** is returned promptly to the **client**, or the third party for whom the money is held, as soon as there is no longer any proper reason to hold those funds.

## Client account

3.1 You only maintain a **client account** at a branch (or the head office) of a **bank** or a **building society** in England and Wales.

3.2 You ensure that the name of any **client account** includes:

- (a) the name of the **authorised body**; and
- (b) the word “client” to distinguish it from any other type of account held or operated by the **authorised body**.

3.3 You must not use a **client account** to provide banking facilities to **clients** or third parties. Payments into, and transfers or withdrawals from a **client account** must be in respect of the delivery by you of **regulated services**.

## Client money must be kept separate

- 4.1 You keep *client money* separate from money belonging to the *authorised body*.
- 4.2 You ensure that you allocate promptly any funds from *mixed payments* you receive to the correct *client account* or business account.
- 4.3 Where you are holding *client money* and some or all of that money will be used to pay your *costs*:
  - (a) you must give a bill of *costs*, or other written notification of the *costs* incurred, to the *client* or the paying party;
  - (b) this must be done before you transfer any *client money* from a *client account* to make the payment; and
  - (c) any such payment must be for the specific sum identified in the bill of *costs*, or other written notification of the *costs* incurred, and covered by the amount held for the particular *client* or third party.

## Withdrawals from client account

- 5.1 You only withdraw *client money* from a *client account*:
  - (a) for the purpose for which it is being held;
  - (b) following receipt of instructions from the *client*, or the third party for whom the money is held; or
  - (c) on the *SRA's* prior written authorisation or in *prescribed* circumstances.
- 5.2 You appropriately authorise and supervise all withdrawals made from a *client account*.
- 5.3 You only withdraw *client money* from a *client account* if sufficient funds are held on behalf of that specific *client* or third party to make the payment.

## Duty to correct breaches upon discovery

- 6.1 You correct any breaches of these rules promptly upon discovery. Any money improperly withheld or withdrawn from a *client account* must be immediately paid into the account or replaced as appropriate.

## Payment of interest

- 7.1 You account to *clients* or third parties for a fair sum of *interest* on any *client money* held by you on their behalf.

- 7.2 You may by a written agreement come to a different arrangement with the *client* or the third party for whom the money is held as to the payment of *interest*, but you must provide sufficient information to enable them to give informed consent.

### Client accounting systems and controls

- 8.1 You keep and maintain accurate, contemporaneous, and chronological records to:
- (a) record in client ledgers identified by the *client's* name and an appropriate description of the matter to which they relate:
    - (i) all receipts and payments which *client money* on the client side of the client ledger account;
    - (ii) all receipts and payments which are not *client money* and bills of *costs* including transactions through the *authorised body's* accounts on the business side of the client ledger account;
  - (b) maintain a list of all the balances shown by the client ledger accounts of the liabilities to *clients* (and third parties), with a running total of the balances; and
  - (c) provide a cash book showing a running total of all transactions through *client accounts* held or operated by you.
- 8.2 You obtain, at least every five weeks, statements from *banks, building societies* and other financial institutions for all *client accounts* and business accounts held or operated by you.
- 8.3 You complete at least every five weeks, for all *client accounts* held or operated by you, a reconciliation of the *bank* or *building society* statement balance with the cash book balance and the client ledger total, a record of which must be signed off by the *COFA* or a *manager* of the firm. You should promptly investigate and resolve any differences shown by the reconciliation.
- 8.4 You keep readily accessible a central record of all bills or other written notifications of *costs* given by you.

## PART 3: DEALINGS WITH OTHER MONEY BELONGING TO CLIENTS OR THIRD PARTIES

### Operation of joint accounts

- 9.1 If, when acting in a *client's* matter, you hold or receive money jointly with the *client* or a third party, Part 2 of these rules does not apply save for:
- (a) rule 8.2 - statements from *banks, building societies* and other financial institutions;
  - (b) rule 8.4 - bills and notifications of *costs*.

## Operation of a client's own account

- 10.1 If, in the course of practice, you operate a *client's* own account as signatory, Part 2 of these rules does not apply save for:
- (a) rule 8.2 - statements from *banks, building societies* and other financial institutions;
  - (b) rule 8.3 - reconciliations;
  - (c) rule 8.4 - bills and notifications of *costs*.

## Third party managed accounts

- 11.1 You may enter into arrangements with a *client* to use a *third party managed account* for the purpose of receiving payments from or on behalf of, or making payments to or on behalf of, the *client* in respect of *regulated services* delivered by you to the *client*, only if:
- (a) use of the account does not result in you receiving or holding the *client's* money; and
  - (b) you take reasonable steps to ensure, before accepting instructions, that the *client* is informed of and understands:
    - (i) the terms of the contractual arrangements relating to the use of the *third party managed account*, and in particular how any *fees* for use of the *third party managed account* will be paid and who will bear them; and
    - (ii) the *client's* right to terminate the agreement and dispute payment requests made by you.
- 11.2 You obtain regular statements from the provider of the *third party managed account* and ensure that these accurately reflect all transactions on the account.

## PART 4: ACCOUNTANTS' REPORTS AND STORAGE AND RETENTION OF ACCOUNTING RECORDS

### Obtaining and delivery of accountants' reports

- 12.1 If you have, at any time during an *accounting period*, held or received *client money*, or operated a joint account or a *client's* own account as signatory, you must:
- (a) obtain an accountant's report for that *accounting period* within six months of the end of the period; and
  - (b) deliver it to the *SRA* within six months of the end of the *accounting period* if the accountant's report is qualified to show a failure to comply with these rules, such that money belonging to *clients* or third parties is, or has been, or is likely to be placed, at risk.



- 12.2 You are not required to obtain an accountant's report if:
- (a) all of the **client money** held or received during an **accounting period** is money received from the Legal Aid Agency; or
  - (b) in the **accounting period**, the statement or passbook balance of **client money** you have held or received does not exceed:
    - (i) an average of £10,000; and
    - (ii) a maximum of £250,000,or the equivalent in foreign currency.
- 12.3 In rule 12.2 above a "statement or passbook balance" is the total balance of:
- (a) all **client accounts** held or operated by you; and
  - (b) any joint accounts and **clients'** own accounts operated by you,
- as shown by the statements obtained under rule 8.2.
- 12.4 The **SRA** may require you to obtain or deliver an accountant's report to the **SRA** on reasonable notice if you cease to operate as an **authorised body** and to hold or operate a **client account**, or the **SRA** considers that it is otherwise in the public interest to do so.
- 12.5 You ensure that any report obtained under this rule is prepared and signed by an accountant who is a member of one of the **chartered accountancy bodies** and who is, or works for, a registered auditor.
- 12.6 The **SRA** may disqualify an accountant from preparing a report for the purposes of this rule if:
- (a) the accountant has been found guilty by their professional body of professional misconduct or equivalent; or
  - (b) the **SRA** is satisfied that the accountant has failed to exercise due care and skill in the preparation of a report under these rules.
- 12.7 The **SRA** may specify from time to time matters that you must ensure are incorporated into the terms on which an accountant is engaged.
- 12.8 You must provide to an accountant preparing a report under these rules:
- (a) details of all accounts held or operated by you in connection with your practice at any **bank, building society** or other financial institution at any time during the **accounting period** to which the report relates; and
  - (b) all other information and documentation that the accountant requires to enable completion of their report.

12.9 The accountant must complete and sign their report in the *prescribed* form.

### Storage and retention of accounting records

13.1 You must store all *accounting records* securely and retain these for at least six years.

### Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under sections 32, 33A, 34, 37 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, and section 83(5)(h) of, and paragraph 20 of Schedule 11 to, the Legal Services Act 2007.

# SRA Application, Notice, Review and Appeal Rules

## Introduction

These rules make provision for all notices given by the SRA and applications made to it under the SRA's rules and regulatory arrangements. They also make provision for internal reviews and external appeals against our disciplinary and regulatory decisions.

## PART 1: APPLICATIONS AND NOTICES

### Applications

- 1.1 An application made under the *SRA's regulatory arrangements* must be made in writing, where appropriate, in the *prescribed* form correctly completed, and be accompanied by:
  - (a) any *prescribed* fee or charge; and
  - (b) any information and documents which may be *prescribed*, or reasonably requested by the *SRA*.
- 1.2 If you make an application to the *SRA*, you do not need to submit all payments, information, and documents simultaneously, but the application will only be made once the *SRA* has received all of the payments, information and documents relating to it.
- 1.3 You must ensure that all details provided in connection with any application you make to the *SRA* are correct and complete. You must notify the *SRA* as soon as you become aware of any changes to any information supplied.
- 1.4 As soon as reasonably practicable, the *SRA* shall give notice to the applicant of the decision made in respect of their application, and shall give notice of the decision to any other person to whom the application relates. If the application is refused, the *SRA* will provide reasons for the decision and will inform the applicant and any other person to whom the application relates, of any right they may have to apply for a review or appeal of the decision.
- 1.5 The *SRA* shall give notice to an applicant for authorisation under the SRA Authorisation of Firms Rules, of the decision in respect of their application before the end of the decision period, which is the period of 6 months beginning with the day on which the application is made.
- 1.6 The *SRA* may, on one occasion, give the applicant a notice (an "extension notice") extending the decision period in rule 1.5 by such period as may be specified in the notice but:
  - (a) an extension notice must only be given before the time when the decision period in rule 1.5 would end, but for the extension notice;

- (b) the total decision period must not exceed 9 months; and
- (c) the extension notice must set out the reasons for the extension.

1.7 If the **SRA** has not notified the applicant of its decision within the decision period in rule 1.5 or as extended by rule 1.6, then for the purpose of any rights of review or appeal under Part 2 of these rules, the application is deemed to have been refused under rule 2.2 of the SRA Authorisation of Firms Rules and that decision to have been notified to the applicant on the last day of the decision period in rule 1.5 or as extended in rule 1.6. This does not prevent the **SRA** subsequently granting or refusing the application.

## Notices

2.1 Any notice under the **SRA's regulatory arrangements** must be given in writing by delivering it, or sending it by post or by electronic mail, to the recipient's last notified postal or electronic mail address, as appropriate.

2.2 If the intended recipient of a notice is represented, the notice may instead be given by sending or delivering it to the representative's practising or business address, or electronic mail address.

2.3 The giving of notice will be deemed to have been effected:

- (a) if sent by electronic mail or delivered or left at an address before 4.30pm on a working day, on that day, or in any other case on the next working day after the day on which it was sent, delivered or left;
- (b) if sent by ordinary post:
  - (i) in the case of first class post, on the second working day after the day on which it was posted, and
  - (ii) in the case of second class post, on the fourth working day after the day on which it was posted.

## PART 2: REVIEWS AND APPEALS OF DECISIONS

### Power to conduct a review

- 3.1 The **SRA** may:
- (a) where an administrative error in, or in relation to any decision comes to the **SRA's** attention, correct the error without the need to undergo a review under this Part;
  - (b) review all or part of any regulatory decision reached by it, of its own initiative, under this Part.

- 3.2 Subject to rule 3.3, the **SRA** may review all or part of any of the regulatory decisions set out in annex 1 on the application of the **person** who is the subject of the decision.
- 3.3 An application cannot be made for a review of:
- (a) a decision reached following a review or appeal;
  - (b) a decision which has been made by agreement under rule 8.2 of the SRA Regulatory and Disciplinary Procedure Rules.
- 3.4 The **SRA** shall not, save in exceptional circumstances, review a decision more than one year after it was made.
- 3.5 An application for a review of a decision must be made within 28 days of:
- (a) notice being given of the decision, or reasons for the decision (if later); or
  - (b) any deemed refusal under rule 1.7 or regulation 19 of the European Communities (Lawyer's Practice) Regulations 2000,
- and must explain the grounds of review and provide reasons and any evidence in support.
- 3.6 If the **SRA** decides to review a decision on its own initiative, it must give any **person** who is the subject of the decision, notice of its decision to conduct a review and an opportunity to provide written representations on the appropriate outcome under rule 4.2.

## Decisions on review

- 4.1 A review will be determined by an **authorised decision maker** on consideration of written evidence alone.
- 4.2 On a review, the **authorised decision maker**, as appropriate may, where they consider the original decision was materially flawed or there is new information which would have had a material influence on the decision:
- (a) uphold the original decision;
  - (b) overturn the decision in whole or in part;
  - (c) make any other decision which could have been made by the original decision maker; or
  - (d) remit the decision for further investigation or consideration.

## Appeals to the High Court or Tribunal

- 5.1 Unless otherwise provided in the relevant statute, or rules of the *Tribunal*, *court* or of the Legal Services Board, any appeal to the High Court or *Tribunal* against a decision set out in annex 2 or 3, as appropriate, must be commenced within the period of 28 days from the date of notification of the decision that is subject to appeal.

## Taking effect of decisions subject to review or appeal

- 6.1 Unless specified otherwise, subject to rule 6.2, a decision takes effect:
- (a) if no application for a review or appeal is made, on the expiry of the date for bringing such an application under these rules; and
  - (b) if an application for a review or an appeal is made, on the date any review or appeal has been determined or discontinued.
- 6.2 The *SRA* may direct a decision to take immediate effect, where it considers that it is necessary in the public interest to do so.

## Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under sections 2, 13, 28 and 31 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, section 89 of, and paragraphs 2 and 3 of Schedule 14 to, the Courts and Legal Services Act 1990, and section 83 of, and Schedule 11 to, the Legal Services Act 2007.

## Annex 1: Decisions made by the SRA which are subject to review

### Individual authorisation

As set out in the SRA Authorisation of Individuals Regulations:

1. A decision made under regulation 3A.2 not to be satisfied that an individual has completed all or any part of the *academic stage of training* or the *vocational stage of training* by equivalent means.
2. A decision made under regulation 3B.2(a) to refuse to recognise all or any part of an apprenticeship.
3. A decision under regulation 3B.2(b) to require further steps or training to be undertaken including imposing conditions.
4. A decision made under regulation 3E.2(a) to refuse to recognise all or part of a *period of recognised training*.
5. A decision made under regulation 3E.2(b) to require further steps or training to be undertaken including imposing conditions.
6. A decision made under regulation 5.1 to refuse to issue a certificate of satisfaction.
7. A decision made under regulation 5.2 not to be satisfied as to an individual's *character and suitability* to be a *solicitor*.
8. A decision made under regulation 5.3 to refuse to admit an individual as a *solicitor* after a certificate of satisfaction has been issued.
9. A decision made under regulation 5.6(a)(ii) to remove a *solicitor's* name from the roll.
10. A decision made under regulation 5.6(b) to refuse to remove a *solicitor's* name from the roll.
11. A decision made under regulation 5.9 to refuse to restore a *solicitor's* name to the roll.
12. A decision made under regulation 7.1(a) to refuse an application for a practising certificate, or registration or renewal of registration in the *register of European lawyers* or the *register of foreign lawyers*.
13. A failure to make a decision under regulation 6.1 within four months in respect of an application for initial registration in the *register of European lawyers*.
14. A decision made under regulation 7.1(b) to impose conditions on a practising certificate or the registration of a European *lawyer* or *foreign lawyer*.

15. A decision to refuse approval for the taking of steps specified in conditions under regulation 7.1(b).
16. A decision made under regulation 8.4 to revoke a practising certificate or withdraw registration in the *register of European lawyers* or the *register of foreign lawyers* save for where 8.4(b) applies.
17. A decision made under regulation 9.10 not to be satisfied in respect of a *higher courts advocacy qualification*.

## Education, Training and Assessment providers

As set out in the SRA Education, Training and Assessment Provider Regulations:

1. A decision made under regulation 1.4(b) or 2.3(b) to refuse to grant *approved education provider*, *authorised education provider* or *authorised training provider* status.
2. A decision made under regulation 1.4(a) or 2.3(a) to grant the application for approval or authorisation subject to such conditions and for such period as the **SRA** considers appropriate.
3. A decision made under regulation 1.5(a) or 2.4(a) to revoke *approved education provider*, *authorised education provider* or *authorised training provider* status.
4. A decision made under regulation 1.5(b) or 2.4(b) to make approval or authorisation subject to such conditions as the **SRA** considers appropriate.
5. A decision made under regulation 2.4(c) to require an *authorised training provider* to appoint a new *training principal*.
6. A decision made under regulation 6.3(b) to refuse to approve an organisation to provide higher rights of audience assessments.
7. A decision made under regulation 6.3(a) to grant the application of approval subject to such conditions as the **SRA** considers appropriate.
8. A decision made under regulation 6.5(a) to revoke the approval.
9. A decision made under regulation 6.5(b) to make the approval subject to such conditions as the **SRA** considers appropriate.



## Firm authorisation

As set out in the SRA Authorisation of Firms Rules:

1. A decision made under rule 2.2 to refuse authorisation.
2. A decision made under rule 3.1 to impose conditions on authorisation.
3. A decision to refuse approval for the taking of steps specified in conditions under rule 3.3(c).
4. A decision under rule 4.3 or 4.4 to revoke or suspend a body's authorisation.
5. A decision made under rule 12.1 to extend, revoke or vary any terms or conditions on a body's authorisation or to refuse an application to do so.
6. A decision made under rule 13.1 to refuse approval of a *person's* designation as a *manager, owner, or compliance officer*.
7. A decision made under rule 13.8 to grant conditional approval of a *person's* designation or the holding of a *material interest* in a *licensed body*.
8. A decision made under rule 13.9 to withdraw approval of a *person's* designation as a *manager, owner, or compliance officer*.
9. A failure to decide an application for authorisation of a *licensed body* or approval of a *manager, owner, or compliance officer* within the decision period.

## Regulatory and Disciplinary

As set out in the SRA Regulatory and Disciplinary Procedure Rules:

1. A decision made under rule 3.1, save for a decision to make an application to the *Tribunal* under rule 3.1(g).
2. A decision made under rule 3.2(a) to impose interim conditions.
3. A decision made under rule 9.2 to publish a decision.

## Miscellaneous

1. A decision made under rule 19.1 of the SRA Compensation Fund Rules not to make a grant of the whole or part of the amount applied for from the Fund.
2. Any decisions in respect of which there is a right of external appeal as set out in annex 2 or 3, that are not covered above.

## Annex 2: Decisions made by the SRA with a right of appeal to the Tribunal

### Firm authorisation

As set out in the SRA Authorisation of Firms Rules:

1. A decision made under rule 2.2 to refuse authorisation as a *licensed body*.
2. A decision made under rule 3.1 to impose conditions on the authorisation of a *licensed body*.
3. A decision in respect of a *licensed body* to refuse approval for the taking of steps specified in conditions under rule 3.3(c).
4. A decision made under rule 4.4 to revoke or suspend a *licensed body's* authorisation.
5. A decision made under rule 12.1 to extend, revoke or vary any terms or conditions on a *licensed body's* authorisation or to refuse an application to do so.
6. A decision made under rule 13.1 to refuse approval of a *person's* designation as a *manager, owner, or compliance officer* of a *licensed body*.
7. A decision made under rule 13.8 to grant approval or conditional approval of the holding of a *material interest* in a *licensed body*.
8. A decision made under rule 13.9 to withdraw approval of a *person's* designation as a *manager, owner, or compliance officer* of a *licensed body*.

### Regulatory and Disciplinary

As set out in the SRA Regulatory and Disciplinary Procedure Rules:

1. A decision made under rule 3.1(a) to give a written rebuke.
2. A decision made under rule 3.1 (b) to direct the payment of a financial penalty together with the amount of that penalty.
3. A decision made under rule 3.1(c) to disqualify a *person* from acting as a *HOLP, HOFA, manager* or *employee* of a *licensed body*.
4. A decision made under rule 3.1(d) to make an order to control a *person's* activities in connection with legal practice.
5. A decision made under 9.2 to publish a decision.

## Annex 3: Decisions made by the SRA with a right of appeal to the High Court

### Individual Authorisation

As set out in the SRA Authorisation of Individuals Regulations:

1. A decision made under regulation 3E.2(a) to refuse to recognise all or part of a *period of recognised training*.
2. A decision made under regulation 4.1 to refuse an application for admission as a *solicitor* made under legislation implementing the *Establishment Directive* in the *UK*.
3. A decision made under regulation 5.1 to refuse to issue a certificate of satisfaction.
4. A decision made under regulation 5.3 to refuse to admit an individual as a *solicitor* after a certificate of satisfaction has been issued.
5. A decision made under regulation 5.6(a)(ii) to remove a *solicitor's* name from the roll.
6. A decision made under regulation 5.6(b) to refuse to remove a *solicitor's* name from the roll.
7. A decision made under regulation 5.9 to refuse to restore a *solicitor's* name to the roll.
8. A decision made under regulation 7.1(a) to refuse an application for a practising certificate, or registration or renewal of registration in the *register of European lawyers* or the *register of foreign lawyers*.
9. A decision made under regulation 7.1(b) to impose conditions on a practising certificate or the registration of a European *lawyer* or *foreign lawyer*.
10. A decision made under regulation 8.4 to revoke a practising certificate or withdraw registration in the *register of European lawyers* or the *register of foreign lawyers*.
11. A failure to determine within 4 months an application for initial registration or revocation of registration in the *register of European lawyers*.

## Firm authorisation

As set out in the SRA Authorisation of Firms Rules:

1. A decision made under rule 2.2 to refuse authorisation of a *recognised body* or *recognised sole practice*.
2. A decision made under rule 4.3 to revoke or suspend authorisation of a *recognised body* or *recognised sole practice*.
3. A decision made under 3.1 to impose conditions on authorisation of a *recognised body* or *recognised sole practice*.
4. A decision made under rule 13.9 to withdraw approval of a *person's* designation as a *COLP, COFA, manager* or *owner* of a *recognised body* or *recognised sole practice*.

## Miscellaneous

1. A refusal to grant permission to a *solicitor* to employ or remunerate in connection with their practice any individual who to their knowledge has been disqualified from practising as a *solicitor* as a result of being struck off the roll; or who is suspended from practice as a *solicitor*; or whose practising certificate is suspended as a result of being an undischarged bankrupt.

# SRA Assessment of Character and Suitability Rules

## Introduction

All individuals applying for admission or restoration to the roll of solicitors or those applying for or renewing their registration to be an REL or an RFL must be of satisfactory character and suitability. Those applying to become an authorised role holder, must be fit and proper to hold the role, and for ease we use the term “character and suitability” in this context also.

These provisions set out the kind of factors we will take into account when considering your character and suitability, and the obligations you have, both at the outset and on an ongoing basis, to provide relevant information to inform the decisions we make.

These requirements are underpinned by our role to act in the public interest. For more information about the issues we consider to present a risk to the public interest, and our approach to taking regulatory action, see our Enforcement Strategy [link].

## PART 1: CHARACTER AND SUITABILITY REQUIREMENTS

### Application

- 1.1 These rules apply where the **SRA** is making a decision as to whether it is satisfied regarding your **character and suitability**:
- (a) on early assessment under regulation 5.2 of the SRA Authorisation of Individuals Regulations;
  - (b) at admission or restoration to the roll under regulations 1.1, 3.1, 3A.1, 3F.1, 4.1 and 5.9 of the SRA Authorisation of Individuals Regulations;
  - (c) on approval as an authorised role holder under rule 13.1 of the SRA Authorisation of Firms Rules;
  - (d) on registration or renewal of registration as an **REL** or **RFL** under regulations 6.3 or 6.4 of the SRA Authorisation of Individuals Regulations.

### Assessment

- 2.1 When considering your **character and suitability**, the **SRA** will take into account the overriding need to:
- (a) protect the public and the public interest; and
  - (b) maintain public trust and confidence in the **solicitors'** profession and in legal services provided by **authorised persons**.

In doing so, the **SRA** will take into account the nature of your role, and your individual circumstances, on a case by case basis.

- 2.2 The **SRA** will therefore consider any information available to it and take into account all relevant matters. These will include but are not limited to the criminal and other conduct or behaviour set out in rules 3 and 4 below.
- 2.3 If you are applying for approval as a **compliance officer**, in assessing your suitability the **SRA** will consider whether you are of sufficient seniority and in a position of sufficient responsibility to fulfil the requirements of the role.
- 2.4 If on the information available, the **SRA** cannot be satisfied you are of good character and suitable for the role, and it considers that any risk to the public or the public interest can be addressed by the imposition of conditions on your authorisation or approval under regulation 7.1(b) of the SRA Authorisation of Individuals Regulations, or rule 3.1 or 13.8 of the SRA Authorisation of Firms Rules, as appropriate, the **SRA** must impose such conditions accordingly.
- 2.5 Following any decision by the **SRA** that it is not satisfied as to your **character and suitability**, you may only seek a further assessment of your **character and suitability**, where there has been a material change in your circumstances relevant to the **SRA's** assessment under these rules.

## PART 2: CONDUCT AND BEHAVIOUR

### Criminal conduct

- 3.1 The **SRA** will consider criminal conduct when assessing your **character and suitability**, in accordance with Table 1 below, subject to the Rehabilitation of Offenders Act 1974 and the Rehabilitation of Offenders Act 1974 (Exceptions Order) 1975 and bearing in mind the public interest in supporting the rehabilitation of offenders. For the avoidance of doubt, Table 1 is a non-exhaustive list.

**Table 1: Criminal conduct**

Most serious (A finding in this category is likely to result in refusal)	Serious (A finding in this category may result in refusal)
<p>You have been convicted by a <b>court</b> of a criminal offence:</p> <ul style="list-style-type: none"> <li>• for which you received a custodial or suspended sentence;</li> <li>• involving dishonesty, fraud, perjury, and/or bribery;</li> <li>• of a violent or sexual nature;</li> </ul>	<p>You have accepted a caution for, or been convicted by a <b>court</b> of, a criminal offence not falling within the most serious category (which is likely to result in refusal).</p> <p>You are currently subject to a conditional discharge or bind over by a <b>court</b>.</p>

<ul style="list-style-type: none"> <li>• associated with obstructing the course of justice;</li> <li>• which demonstrated behaviour showing signs of <i>discrimination</i> towards others; or</li> <li>• associated with terrorism.</li> </ul> <p>You have been convicted by a <i>court</i> of more than one criminal offence (these could be less serious offences when considered in isolation but taken more seriously because of frequency and/or repetition).</p> <p>You have shown a pattern of criminal offences or criminal behaviours (eg starting from a caution but moving through to convictions).</p> <p>You have accepted a caution from the police for an offence involving dishonesty, violence or discrimination, or a sexual offence.</p> <p>You have been included on the Violent and Sex Offenders register.</p>	
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## Other conduct and behaviour

4.1 Table 2 sets out non-exhaustive examples of the types of conduct or behaviour that the *SRA* will take into account when assessing your *character and suitability*.

**Table 2: Other conduct and behaviour**

Type of behaviour	Examples
Integrity and independence	<p>You have behaved in a way:</p> <ul style="list-style-type: none"> <li>• which is dishonest;</li> <li>• which is violent;</li> <li>• which is threatening or harassing;</li> <li>• where there is evidence of <i>discrimination</i> towards others.</li> </ul> <p>You have misused your position to obtain pecuniary advantage.</p>

	<p>You have misused your position of trust in relation to vulnerable people.</p> <p>The <b>SRA</b> has evidence reflecting on the honesty and integrity of a <b>person</b> you are related to, affiliated with, or act together with where the <b>SRA</b> has reason to believe that the <b>person</b> may have an influence over the way in which you will exercise your authorised role.</p>
Assessment offences	<p>You have committed and/or have been adjudged by an education establishment to have committed a deliberate assessment offence, which amounts to plagiarism or cheating, in order to gain an advantage for you or others.</p>
Financial conduct/events	<p>There is evidence:</p> <ul style="list-style-type: none"> <li>• that you have deliberately sought to avoid responsibility for your debts;</li> <li>• of dishonesty in relation to the management of your finances;</li> <li>• that you have been declared bankrupt, entered into any individual voluntary arrangements, have a current County Court Judgment issued against you or have been made subject to a Debt Relief Order;</li> <li>• that any <b>company, LLP or partnership</b> of which you are/were a <b>manager or owner</b> has been the subject of a winding up order, an administrative order or an administrative receivership, or has otherwise been wound up or put into administration in circumstances of insolvency;</li> <li>• that you cannot satisfactorily manage your finances (eg you have fallen behind with six or more consecutive payments and/or have been registered with a credit reference agency);</li> <li>• that you are subject to possession proceedings (eg for falling behind on mortgage payments) and/or are subject to a Liability Order (eg for non-payment of council tax).</li> </ul>
Regulatory or disciplinary findings	<p>You have been made the subject of a serious disciplinary or regulatory finding, sanction or action by a regulatory body and/or any <b>court</b> or other body hearing appeals in relation to disciplinary or regulatory findings.</p>



	<p>You have failed to disclose information to a regulatory body (including the <b>SRA</b>) when required to do so or have provided false or misleading information.</p> <p>You have significantly breached the requirements of a regulatory body.</p> <p>You have failed to comply with the reasonable requests of a regulatory body resulting in a finding against you.</p> <p>You have been rebuked, reprimanded, or received a warning about your conduct by a regulatory body.</p> <p>You are disqualified from being a <b>charity</b> trustee or a trustee for a <b>charity</b> under section 178(1) of the Charities Act 2011.</p> <p>You have been removed and/or disqualified as a <b>company director</b>.</p> <p>You are a corporate person and other matters that call into question your fitness and propriety are disclosed or come to light.</p> <p>You have committed an offence under the <b>Companies Acts</b>.</p>
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## PART 3: AGGRAVATING AND MITIGATING FACTORS

### Aggravating and mitigating factors

5.1 Table 3 sets out a non-exhaustive list of the types of aggravating and mitigating factors the **SRA** will take into account where you have disclosed, or it has received, information which raises a question as to your **character and suitability**.

**Table 3: Aggravating and mitigating factors**

Aggravating Factors	Mitigating Factors
<ul style="list-style-type: none"> <li>• No evidence of successful rehabilitation.</li> <li>• No evidence of steps taken to remedy conduct.</li> <li>• No (or little) evidence of remorse.</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence of successful rehabilitation.</li> <li>• Evidence of steps taken to remedy conduct.</li> <li>• Evidence of remorse.</li> </ul>

<ul style="list-style-type: none"> <li>• Repeated behaviour, or a pattern of behaviour, or event occurred very recently.</li> <li>• You were in a position of trust.</li> <li>• You held a senior position.</li> <li>• Vulnerability of those impacted by the behaviour.</li> <li>• Behaviour likely to harm public confidence in the profession.</li> </ul>	<ul style="list-style-type: none"> <li>• One off event, or event occurred some time ago.</li> <li>• You were in a junior or non-legal role.</li> <li>• No evidence of harm being caused to individuals.</li> <li>• Behaviour unlikely to harm public confidence in the profession.</li> <li>• Credible and cogent supporting references.</li> </ul>
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## PART 4: DISCLOSURE AND EVIDENTIAL REQUIREMENTS

### Disclosure and evidential requirements

- 6.1 Subject to rule 6.3 below, on making an application under any of the provisions set out in rule 1.1, you must disclose all matters, wherever they have taken place (including *overseas*), which are relevant to the *SRA's* assessment of your *character and suitability*, including, where practicable, any information set out in Table 4 which is relevant to the matter in question.
- 6.2 On making an application under any of the provisions set out in rules 1.1(a) to (c), you must also provide a certificate from the Disclosure and Barring Service, or equivalent, which is no more than three months old.
- 6.3 If you are making an application for:
- (a) registration as an *REL* or *RFL*; or
  - (b) approval as a *manager* or *owner* of an *authorised body*, in circumstances where if approval is granted you will fall within rule 13.2(b) of the Authorisation of Firms Rules,
- you must, and need only, provide a certificate of good standing which is no more than three months old from any regulatory body with which you are registered or authorised.
- 6.4 If the *SRA* requests any further information in order to assess your *character and suitability*, including a certificate from the Disclosure and Barring Service, or equivalent, you must provide it by the date specified (which will be no less than 14 days from the date of the request).

- 6.5 You have an ongoing obligation to tell the **SRA** promptly about anything that raises a question as to your **character and suitability**, or any change to information previously disclosed to the **SRA** in support of your application, after it has been made. This obligation continues once you have been admitted as a **solicitor**, registered as an **REL** or an **RFL**, or approved as a role holder.
- 6.6 The onus is on you to provide any evidence relevant to the **SRA's** consideration of your **character and suitability**. However, the **SRA** may undertake any investigation as it considers appropriate to determine your **character and suitability** and may verify any evidence you provide with a third party.
- 6.7 If you fail to disclose any information relevant to the **SRA's** assessment of your **character and suitability**, the **SRA** will take this into account when making a determination as to your **character and suitability**.

**Table 4: Information and evidence relevant to matters disclosed**

**General evidence**

- Credible references, where possible written in the knowledge of the matters reported. Credible references will generally be written in the knowledge of the matters reported by an independent person who knows you and your work well, such as a current or former employer or an academic tutor.
- Evidence of any rehabilitation that shows you have learnt from an experience or event, such as probation reports, references from employers or tutors.
- Documentary evidence in support of your case and, where possible, an independent corroboration of your account of the event.
- A statement from you including details of the event leading up to the matter disclosed and which reflects your attitude towards the event.
- Proof that you have also disclosed the matter to any professional or other body to which you have an obligation to do so.

**Evidence relating to criminal offences**

- At least one independent report relating to the event such as a report from the police, a **court**, or a **solicitor**.
- Any sentencing remarks for your case.
- Any Memorandum of an Entry on the Court Register.

- Proof you have paid any penalty or fine imposed or costs ordered for you to pay as a result of the matter you disclosed.
- In relation to any motoring offence, your online driving licence.

#### **Evidence relating to assessment offences**

- Any minutes from any meeting and any transcripts from any hearing relating to the offence.
- Outcome of any investigation, any decision, sanction or appeal relating to the offence.
- Details which describe the extent to which you could reasonably have been expected to realise that the offence did not constitute legitimate academic practice.

#### **Evidence relating to financial conduct/events**

- In relation to county court judgments or Individual Voluntary Arrangements, proof that you have met the creditor's agreement in full or that it continues to be met; a copy of any judgment; a certificate of satisfaction from the court or a Registry Trust Limited report; and a credit report of no more than one month old.
- In relation to bankruptcy, a copy of the bankruptcy petition; or if you have been discharged from bankruptcy, a copy of the Certificate of Discharge; and a credit report no more than one month old.
- Details of any actions you have taken to clear any debts, satisfy any judgments and manage your finances.

### **Supplemental notes**

Made by the SRA Board on 30 May 2018.

Made under sections 28 and 31, of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, section 89 of, and paragraphs 2 and 3 of Schedule 14 to, the Courts and Legal Services Act 1990 and section 83 of, and Schedule 11 to, the Legal Services Act 2007.

# SRA Authorisation of Firms Rules

## Introduction

These provisions set out the SRA's arrangements for the authorisation of firms. This includes recognised bodies, licensed bodies and recognised sole practices.

The rules set out our authorisation and application requirements, the effect of authorisation by the SRA on the legal activities such bodies may provide, and how and when we may restrict or limit a firm's authorisation or bring it to an end.

If you are unsure whether you are eligible for authorisation, or need to be authorised, please see our guidance [\[link\]](#).

## PART 1: ELIGIBILITY

### Eligibility

1.1 You will be eligible to apply for authorisation:

- (a) as a *licensed body*, if you are a *licensable body* and have at least one *manager* that is an *authorised person* (other than a *licensed body*);
- (b) as a *recognised body*, if you are a *legal services body* in which all of the *managers* and *interest holders* are *legally qualified*; or
- (c) as a *recognised sole practice*, if you are a *solicitor* or an *REL* who is the sole principal in a practice,

and you intend to deliver legal services, or (if you fall within (b)) the **SRA** is satisfied that it is in the public interest for you to be eligible to apply for authorisation notwithstanding that you do not intend to deliver legal services.

1.2 The eligibility requirements in rule 1.1 are subject to the transitional arrangements set out in annex 1.

1.3 An *authorised body* must:

- (a) if you are a *company*:
  - (i) be incorporated and registered in England and Wales, Scotland or Northern Ireland under Parts 1 and 2 of the Companies Act 2006;

- (ii) be incorporated in an *Establishment Directive state* and registered as an overseas company under Part 34 of the Companies Act 2006; or
  - (iii) be incorporated and registered in an *Establishment Directive state* as a *societas Europaea*; and
- (b) have at least one practising address in the *UK* or, if you are a *licensed body*, in England or Wales.

## **PART 2: DETERMINATION OF AUTHORISATION APPLICATIONS, DURATION AND VALIDITY**

### **Authorisation decision**

- 2.1 The *SRA* may grant an application for authorisation in relation to one or more *reserved legal activity*.
- 2.2 The *SRA* will refuse an application for authorisation if it is not satisfied that, if authorisation is granted:
- (a) the applicant's *managers, interest holders* or management and governance arrangements are suitable to operate or control a business providing regulated legal services;
  - (b) the applicant will comply with the *SRA's* requirements and *regulatory arrangements*,
- or, if the *SRA* considers that it would be otherwise against the public interest or incompatible with the *regulatory objectives* to grant the application.
- 2.3 In reaching a decision on the application, the *SRA* may take into account any *person* that the applicant, *manager, employee* or *interest holder* is related to, affiliated with, or acts together with that it has reason to believe may have an influence over the way in which the applicant, *manager, employee* or *interest holder* will exercise their role.

### **Conditions**

- 3.1 The *SRA* may at any time, whether on grant of an application for authorisation or otherwise, impose such conditions on a body's authorisation (whether indefinite or for a specified period), where it considers it appropriate in the public interest to do so and in accordance with rules 3.2 and 3.3.

- 3.2 The **SRA** may impose conditions under rule 3.1 if it is satisfied that the **authorised body**, or a **manager, compliance officer, employee, owner, or interest holder** of the **authorised body**:
- (a) is unsuitable to undertake certain activities or engage in certain business or practising arrangements;
  - (b) is putting or is likely to put at risk the interests of **clients**, third parties or the public;
  - (c) will not comply with the **SRA's regulatory arrangements**, or requires monitoring of compliance with the **SRA's regulatory arrangements**; or
  - (d) should take specified steps conducive to the **regulatory objectives**.
- 3.3 The conditions imposed by the **SRA** under rule 3.1 may:
- (a) specify certain requirements that must be met or steps that must be taken;
  - (b) restrict the carrying on of particular activities or holding of particular roles; or
  - (c) prohibit the taking of specified steps without its approval.

### Duration of authorisation

- 4.1 A body's authorisation takes effect from the date the certificate of authorisation is issued to it by the **SRA**.
- 4.2 A body's authorisation shall cease to have effect:
- (a) subject to Part 5, if the body ceases to exist; or
  - (b) if the body is a **licensed body** and is issued with a licence by another **approved regulator**.
- 4.3 The **SRA** may revoke or suspend a body's authorisation, if:
- (a) it is satisfied that the authorisation was granted as a result of error, misleading or inaccurate information, or fraud;
  - (b) the body is or becomes ineligible to be authorised, or the grounds for refusal of an application under rule 2.2 are met;
  - (c) the body has failed to provide any information the **SRA** has reasonably requested;
  - (d) the body has failed to pay any **prescribed** fee to the **SRA**;

- (e) the body makes an application to the **SRA** for its authorisation to be revoked, but the **SRA** may refuse the application if the applicant is subject to any proceedings, investigation or consideration of their conduct or practice by the **SRA** or the **Tribunal**;
- (f) the body has failed to comply with any obligations under the **SRA's regulatory arrangements**;
- (g) the body, or an **owner, interest holder, manager** or **employee** of the body fails to comply with any duty imposed on them by sections 90 or 176 of the **LSA**;
- (h) a **relevant insolvency event** has occurred in relation to the body, or the sole principal is made the subject of bankruptcy proceedings or makes a proposal for an individual voluntary arrangement;
- (i) the **SRA** has decided to exercise its powers of **intervention** in relation to the body or a **solicitor's** practice within the body; or
- (j) for any other reason, it considers it to be in the public interest to do so.

4.4 In the case of a **licensed body**, the **SRA** may revoke or suspend the body's authorisation:

- (a) as a result of a **person** who holds an **interest** in the **licensed body** taking a step in circumstances where that constitutes an offence under paragraph 24(1) of Schedule 13 to the **LSA** (whether or not the **person** is charged with or convicted of an offence under that paragraph);
- (b) where such a **person** is in breach of conditions imposed under paragraphs 17, 28 or 33 of that Schedule; or
- (c) where a **person's** holding of an **interest** in the **licensed body** is subject to an objection by the **SRA** under paragraph 31 or 36 of that Schedule.

4.5 The **SRA** must not revoke or suspend a body's authorisation other than under rule 4.3(e) unless it has first given the body no less than 28 days' notice of its intention to revoke or suspend the authorisation, inviting representations regarding the issues giving rise to the proposed revocation or suspension.



## PART 3: EFFECT OF AUTHORISATION AND CONDITIONS OF PRACTICE

### Effect of authorisation

- 5.1 If you are a *recognised body* or a *recognised sole practice* authorised by the *SRA* you are entitled to carry on:
- (a) all *reserved legal activities* except notarial activities; and
  - (b) *immigration work*.
- 5.2 If you are a *licensed body* you are entitled to carry on the activities set out in rule 5.1, in accordance with the terms of your licence.
- 5.3 An *authorised body* may only carry on a *reserved legal activity* through a *person* who is entitled to do so.

### General conditions of practice

#### Restrictions on services provided by a recognised body or recognised sole practice

- 6.1 If you are a *recognised body* or *recognised sole practice*, your business may consist only of the provision of:
- (a) professional services of the sort provided by individuals practising as *solicitors* and/or *lawyers* of other jurisdictions; and
  - (b) the services set out in annex 2 (whether or not they are also included in paragraph (a)),

and if you have a notary public as a *manager* or *employee*, then professional services of the sort provided by notaries public.

### Payment of periodical fees

- 7.1 Every *authorised body* must pay to the *SRA* a periodical fee in the amount, and by the date *prescribed*.

### Compliance officers

- 8.1 An *authorised body* must at all times have an individual who is designated as its *COLP* and an individual who is designated as its *COFA*, and whose designations the *SRA* has approved.

- 8.2 Subject to rule 8.3, an individual who is designated under rule 8.1 must:
- (a) be a *manager* or *employee* of the *authorised body*;
  - (b) consent to the designation;
  - (c) not be disqualified from acting as a *HOLP* or *HOFA* under section 99 of the *LSA*; and
  - (d) in the case of a *COLP*, be an individual who is authorised to carry on *reserved legal activities* by an *approved regulator*.

8.3 An *authorised body* is not required to comply with rule 8.2(a) where an individual who is designated under rule 8.1:

- (a) is currently approved by the *SRA* as a *compliance officer* for an *authorised body* with a *manager* or *owner* in common with the body; and
- (b) is a *manager* or *employee* of that related *authorised body*.

### Management, control, and supervision

9.1 Subject to rules 9.2 and 9.3, an *authorised body* must ensure that the *SRA* has approved any *manager* or *owner* of the *authorised body* under Part 4.

9.2 A sole principal whose practice has been authorised as a *recognised sole practice* is not required to be approved separately as a *manager* of that practice.

9.3 If the *SRA* is satisfied that a *manager* of an *authorised body* is not involved in any of the following:

- (a) the day to day or strategic management of the *authorised body*;
- (b) compliance by the *authorised body* with the *SRA's regulatory arrangements*; or
- (c) the carrying on of *reserved legal activities*, or the provision of legal services in England and Wales,

the *SRA* may decide that the *authorised body* is not required to comply with rule 9.1 in respect of that *manager*.

9.4 An *authorised body* must have at least one *manager* or *employee*, or must procure the services of an individual, who:

- (a) is a *lawyer of England and Wales* and has practised as such for a minimum of three years; and

- (b) supervises the work undertaken by the **authorised body** (or, if the body is a **licensed body**, the work undertaken by the body that is regulated by the **SRA** in accordance with the terms of the body's licence).

### Restrictions on employment and remuneration of certain individuals

- 10.1 An **authorised body** must not employ or remunerate, or permit to be a **manager**, **owner** or **interest holder** of the body, a person:
- (a) who is subject to an order under section 43 of the **SA**, without the **SRA's** written permission;
  - (b) whose name has been struck off the roll, or who is suspended from practising as a **solicitor**, without the **SRA's** written permission;
  - (c) in respect of whom there is a direction in force under section 47(2)(g) of the **SA**, without the **SRA's** written permission; or
  - (d) who has been disqualified from the relevant role.

### Information return and notification events

- 11.1 An **authorised body** must complete and deliver to the **SRA** an annual return by the date and in the form **prescribed**.

### Modification of terms and conditions

- 12.1 The **SRA** may at any time, extend, revoke or vary any terms or conditions on a body's authorisation, imposed in accordance with rule 3 or otherwise, either on the application of the **authorised body** or on the **SRA's** own initiative.

## PART 4: APPROVAL OF ROLE HOLDERS

### Approval of role holders

- 13.1 Subject to rules 13.2 to 13.4, the **SRA** may approve a **person's** designation as a **COLP** or **COFA** or to be a **manager** or **owner** of an **authorised body** if it is satisfied that the individual is fit and proper to undertake the role, in accordance with the SRA Assessment of Character and Suitability Rules.
- 13.2 The **SRA** will deem a **person** to be fit and proper to be a **manager** or **owner** of an **authorised body** if the **person** is:
- (a) a **solicitor**, an **REL**, **RFL** or an **authorised body**; or
  - (b) a **person** who has previously been approved by the **SRA** under rule 13.1 and is:

- (i) authorised and regulated by another *approved regulator*; or
- (ii) authorised and regulated by a regulatory body which operates a regulatory regime recognised by the *SRA* as reasonably equivalent to that of an *approved regulator*,

and who is not subject to a regulatory or disciplinary investigation, or adverse finding or decision of the *SRA*, the *Tribunal* or another regulatory body.

13.3 A *person* who meets the conditions under rule 13.2, shall be deemed to be approved to be designated as a *manager* or *owner* of any *authorised body*.

13.4 An *authorised body* must notify the *SRA* promptly in the *prescribed* form of the designation as a *manager* or *owner* of that body of a *person* who has been deemed to be approved under rule 13.3.

13.5 The *SRA* will deem an individual to be fit and proper to be a *compliance officer* of an *authorised body* if:

- (a) that individual is a *lawyer* and a *manager* of the *authorised body*;
- (b) the *authorised body* has an annual turnover of no more than £600,000;
- (c) they are not a *compliance officer* of any other *authorised body*; and
- (d) they are not subject to a regulatory or disciplinary investigation, or adverse finding or decision of the *SRA*, the *Tribunal* or another regulatory body.

13.6 An *authorised body* must notify the *SRA* promptly, in the *prescribed* form, of the identity of a *compliance officer* whose fitness and propriety has been deemed under rule 13.5, and the *SRA* shall approve their designation to undertake the role in that body accordingly.

13.7 Approval of a *person's* designation under rule 13.1 or 13.6:

- (a) takes effect from the date of the decision unless otherwise stated;
- (b) remains effective only if the *person* takes up the designated role within the period specified in the notice of approval, or the period of one year if no period is specified; and
- (c) expires when the *person* ceases to carry out the designated role.

13.8 The *SRA* may at any time, on granting approval for the designation of a *person* under this Part, or otherwise, make the holding of a *material interest* in a *licensed body* subject to conditions in accordance with paragraphs 17, 28 or 33 of Schedule 13 to the *LSA*.

- 13.9 The **SRA** may at any time withdraw approval of a **person's** designation under rule 13.1, 13.3 or 13.6 if it is not satisfied that the **person** is fit and proper to undertake the designated role.
- 13.10 A **person** whose designation has been approved under rule 13.1, 13.3 or 13.6, must notify the **SRA** promptly of any information in relation to them which would be relevant to an assessment of their fitness and propriety under the SRA Assessment of Character and Suitability Rules, and may be required to provide a self-declaration of their fitness and propriety on request by the **SRA**.
- 13.11 In respect of a **person** whose designation has been approved under rule 13.3, the obligation to notify under rule 13.10 applies when the **person** is holding an approved post and extends to information relating to matters taking place at any time, following their approval, irrespective of whether they were holding an approved post at the time.
- 13.12 Where the **SRA** withdraws approval for the designation of a **person** who is the **director** of a **company**, the **SRA** may set separate dates for the individual ceasing to be a **director** and disposing of their shares.

## **PART 5: SUCCESSION, LOSS OF ELIGIBILITY AND TEMPORARY EMERGENCY AUTHORISATION**

### **Loss of eligibility**

- 14.1 If the last remaining **legally qualified manager** of an **authorised body** whose role ensures the body's compliance with the eligibility requirements for its authorisation under rule 1:
- (a) is sentenced to imprisonment;
  - (b) becomes unable to carry on their role because of incapacity;
  - (c) abandons the business;
  - (d) is made subject to a restriction, condition or other regulatory decision by the **SRA** or another regulatory body which would prevent or restrict them acting as a **manager**,

the body must inform the **SRA** within seven days of becoming aware of the relevant event and, within 28 days of becoming aware of the event, must either become eligible for authorisation (without reference to the **manager** in question), or cease to carry on **reserved legal activities** and to hold themselves out as an **authorised body**.

- 14.2 Subject to any *prescribed* application requirements, the *SRA* may:
- (a) transfer a body's authorisation to another body where the first body ceases to exist and the second body succeeds to the whole or substantially the whole of its business;
  - (b) substitute a body's authorisation for another type of authorisation where it is satisfied that the body is materially carrying on the same practice, notwithstanding a change in its management or control; and
  - (c) permit any *person* previously approved as a *manager*, *owner*, or *compliance officer* of the body to continue to act in their designated role, notwithstanding the transfer or substitution.

### Temporary emergency authorisation or approval

- 15.1 An application for temporary emergency authorisation may be made:
- (a) within seven days of any change in the management or control of an *authorised body* which brings into being a new unauthorised body or practice;
  - (b) within 28 days of the death or incapacity of a *sole practitioner* by a *solicitor* or an *REL* who is:
    - (i) the *sole practitioner's* executor, personal representative, attorney under a lasting power of attorney, or Court of Protection deputy (as appropriate);
    - (ii) a practice manager appointed by the *sole practitioner's* executor, personal representative, attorney under a lasting power of attorney, or Court of Protection deputy (as appropriate); or
    - (iii) an *employee* of the practice.
- 15.2 An application for temporary emergency approval of a *compliance officer* may be made within seven days of an *authorised body* ceasing to have a *COLP* or *COFA* whose designation is approved under Part 4.
- 15.3 The *SRA* will only grant an application under rule 15.1(a) or 15.2 if it is satisfied that:
- (a) the body or its *managers* could not reasonably have commenced a substantive application for authorisation under Part 2 in advance of the events giving rise to the application;

- (b) in relation to an application under rule 15.1(a) the body meets the eligibility requirements under rule 1.1 and will comply with our *regulatory arrangements* as they apply to *authorised bodies*; or
- (c) in relation to an application under rule 15.2, it has no reason to believe that the individual to which the application relates is not fit and proper to be a *compliance officer* of the *authorised body*.

15.4 Temporary emergency authorisation or approval:

- (a) shall be granted for an initial period of 28 days from the date specified;
- (b) may be extended for such period as the *SRA* thinks fit;
- (c) shall be extended, if a substantive application for authorisation or approval is made during the period of temporary emergency authorisation or approval, pending determination of the substantive application;
- (d) may be revoked, withdrawn, or made subject to such conditions as the *SRA* considers appropriate, in the public interest,

save that, if the *SRA* grants temporary emergency authorisation under rule 15.1(b), the authorisation will be deemed to run from the date of death or incapacity and will cease to have effect on the earliest of the date of the winding up of the estate or 12 months from the date of death or incapacity.

### Apportionment of periodical fees on succession

16.1 An *authorised body* which:

- (a) has taken over the whole or a part of one or more *authorised bodies*; or
- (b) has split or ceded part of its practice to another *authorised body* and wishes the *SRA* to take this into account in determining its periodical fee,

must within 28 days of the change taking place deliver to the *SRA* a notice in the *prescribed* form.

### Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under sections 31 of the Solicitors Act 1974, sections 9 and 9A of the Administration of Justice Act 1985, and section 83 of, and Schedule 11 to, the Legal Services Act 2007.

## Annex 1: Transitional arrangements under paragraph 7(3) of Schedule 5 to the LSA

- 1 A *licensable body* will be eligible to be a *recognised body* if as at 6 October 2011, it has been recognised by the *SRA* under section 9 of the *AJA* but has an *interest holder* or *manager* that is not a *lawyer* or a legally qualified body. It shall continue to be treated as a *recognised body* for the purposes of these rules and the *SRA's regulatory arrangements* until:
  - (a) such time as it ceases to comply with the management and control requirements set out in paragraph 2 below; or
  - (b) the end of the transitional period under Part 2 of Schedule 5 to the *LSA*, or such earlier time as the body may elect,at which time it must apply for authorisation as a *licensed body*.
- 2 The management and control requirements are:
  - (a) at least 75% of the body's *managers* must be:
    - (i) individuals who are, and are entitled to practise as, *lawyers of England and Wales, lawyers of Establishment Directive professions* or *RFLs*; or
    - (ii) bodies corporate which are legally qualified bodies,although a legally qualified body cannot be a *director* of a body which is a *company*;
  - (b) individuals who are, and are entitled to practise as, *lawyers of England and Wales, lawyers of Establishment Directive professions* or *RFLs* must make up at least 75% of the ultimate beneficial ownership of the body; and
  - (c) individuals who are, and are entitled to practise as, *lawyers of England and Wales, lawyers of Establishment Directive professions* or *RFLs*, and/or legally qualified bodies, must:
    - (i) exercise or control the exercise of at least 75% of the *voting rights* in the body; and
    - (ii) if the body is a *company* with shares, hold (as registered *members* of the *company*) at least 75% of the shares.
  - (d) every *interest holder* of the *recognised body*, and every *person* who exercises or controls the exercise of any *voting rights* in the body, must be:
    - (i) an individual who is, and is entitled to practise as, a *lawyer of England and Wales, a lawyer of an Establishment Directive profession* or an *RFL*;



- (ii) a legally qualified body; or
  - (iii) an individual who is approved by the *SRA*, and is a *manager* of the body;
- (e) an individual who is not entitled under paragraph 2(d)(i) may be an *interest holder* of a *recognised body* without being a *manager* of the body if:
- (i) the *recognised body* is a *company* which is wholly or partly owned by a *partnership* or *LLP* which is a legally qualified body;
  - (ii) the individual is approved by the *SRA* and is a *manager* of the *partnership* or *LLP*; and
  - (iii) the individual is precluded under the *partnership* agreement or *members'* agreement from exercising or authorising any vote in relation to the *company*.

For the purposes of this annex, "legally qualified body" means a body which is:

- (A) a *recognised body*;
- (B) an *authorised non-SRA firm* of which individuals who are, and are entitled to practise as, *lawyers of England and Wales*, *lawyers of Establishment Directive professions* or *RFLs* make up at least 75% of the ultimate beneficial ownership; or
- (C) a European corporate practice which is a *lawyers'* practice and is a body incorporated in an *Establishment Directive state*, or a *partnership* with separate legal identity formed under the law of an *Establishment Directive state*:
  - (I) which has an office in an *Establishment Directive state* but does not have an office in England and Wales;
  - (II) whose ultimate beneficial owners include at least one individual who is not a *lawyer of England and Wales* but is, and is entitled to practise as, a *lawyer* of an *Establishment Directive profession*;
  - (III) whose *managers* include at least one such individual, or at least one body corporate whose *managers* include at least one such individual;
  - (IV) 75% of whose ultimate beneficial ownership is in the hands of individuals who are, and are entitled to practise as, *lawyers of Establishment Directive professions*, *lawyers of England and Wales*, and/or *RFLs*; and

- (V) 75% of whose *managers* comprise such individuals, and/or bodies corporate 75% of whose *managers* comprise such individuals.

## Annex 2: Professional services

The professional services referred to in rule 6.1(b) are:

1. Alternative dispute resolution.
2. Financial services.
3. Estate agency.
4. Management consultancy.
5. Company secretarial services.
6. Other professional and specialist business support services including human resources, recruitment, systems support, outsourcing, transcription and translating.
7. Acting as a parliamentary agent.
8. Practising as a lawyer of another jurisdiction.
9. Acting as a bailiff.
10. Accountancy services.
11. Education and training activities.
12. Authorship, journalism and publishing.

## **SRA Authorisation of Individuals (Amendment) Regulations**

Regulations made by the Solicitors Regulation Authority Board on 30 May 2018.

Made under sections 2, 13, 28, and 31 of the Solicitors Act 1974, and section 89 of, and paragraphs 2 and 3 of Schedule 14 to, the Courts and Legal Services Act 1990.

### **Regulation 1**

The SRA Authorisation of Individuals Regulations 2018 shall be amended as follows:

- (a) delete regulation 4.1; and
- (b) after regulation 3.3, insert regulations 3A.1 to 11 as set out in the Schedule to these regulations.

### **Regulation 2**

These amendment regulations come into force on a date to be determined by the SRA Board.

## Schedule

### Eligibility requirements

- 3A.1 You will be eligible for admission as a *solicitor* if the *SRA* is satisfied:
- (a) you have successfully and satisfactorily completed:
    - (i) an apprenticeship leading to qualification as a *solicitor*; or
    - (ii) the *academic stage of training* and the *vocational stage of training*; and
  - (b) as to your *character and suitability* to be a *solicitor*.
- 3A.2 The *SRA* may decide that it is satisfied that you have completed all or any part of the *academic stage of training* or the *vocational stage of training* by equivalent means.

### Apprenticeships

- 3B.1 To complete an apprenticeship for the purposes of regulation 3A.1(a)(i), you must meet the requirements set out in the assessment plan for the Apprenticeship Standard for a Solicitor (England) approved by the Department for Business, Innovation and Skills, or set out in the Apprenticeship Framework specified in the Level 7 Higher Apprenticeship in Legal Practice (Wales). This must include successfully passing an assessment, which the *SRA* either conducts or approves as suitable for the purpose of admission as a *solicitor*.
- 3B.2 If at any time the *SRA* is not satisfied that you have successfully and satisfactorily completed an apprenticeship it may:
- (a) refuse to recognise all or any part of that apprenticeship; or
  - (b) require you to take certain steps or undertake further training, subject to such conditions as it considers appropriate.

### Academic stage

- 3C.1 Your eligibility to commence the *academic stage of training* will be determined according to the requirements, which may be approved by the *SRA*, of the relevant *approved education provider*.

3C.2 You may be entitled to credit for prior certified or experiential learning, which may entitle you to exemption from assessment in some subjects required by the *Joint Statement*. You must make any application for credit for prior learning to the *approved education provider*.

### Vocational stage

3D.1 Your eligibility to commence the *Legal Practice Course* will be determined according to the requirements, approved by the *SRA*, of the relevant *authorised education provider*.

3D.2 Subject to regulation 3A.2, to complete the *vocational stage of training* you must complete:

- (a) the *Legal Practice Course*;
- (b) a *period of recognised training*; and
- (c) the Professional Skills Course.

### Recognised training

3E.1 In order to satisfactorily complete your *period of recognised training*, you must maintain a *record of training* which:

- (a) contains details of the work you have performed;
- (b) records how you have applied and developed the skills, as set out in the *Practice Skills Standards*;
- (c) records your reflections on, and your *training principal's* appraisal of, your performance and development against, and your attainment of the skills set out in the *Practice Skills Standards*; and
- (d) is verified by the individual supervising you.

3E.2 If at any time the *SRA* is not satisfied that you have received, or are receiving, training that meets regulation 3E.1 above and regulation 4.1 of the *SRA* Education, Training and Assessment Provider Regulations, the *SRA* may:

- (a) refuse to recognise all or any part of that training; or
- (b) require you to take certain steps or undertake further training, subject to such conditions as it considers appropriate.

## Admission of qualified lawyers

3F.1 Subject to regulation 4.1, you will be eligible for admission as a **solicitor** if the **SRA** is satisfied that you are:

- (a) (i) a **barrister**; or
- (ii) a qualified lawyer in a **recognised jurisdiction** and you:
  - (A) have followed the full route to qualification in the **recognised jurisdiction**; and
  - (B) are entitled to practise as a qualified lawyer of the **recognised jurisdiction**;
- (b) of the **character and suitability** to be admitted as a **solicitor**; and
- (c) have passed all relevant Qualified Lawyers Transfer Scheme assessments in accordance with this regulation.

3F.2 Unless regulation 3F.3 or 3F.4 applies, you must pass all the Qualified Lawyers Transfer Scheme assessments.

3F.3 If you are:

- (a) applying for admission pursuant to European Communities Directive 2005/36/EC or any legislation implementing the Directive in the **UK**;
- (b) a solicitor or barrister qualified in Northern Ireland;
- (c) a solicitor or advocate qualified in Scotland; or
- (d) a **barrister**,

you will be required to pass such of the Qualified Lawyers Transfer Scheme assessments as may be specified by the **SRA**.

3F.4 If you have passed the **Legal Practice Course**, the **SRA** may grant you an exemption from the multiple-choice test of the Qualified Lawyers Transfer Scheme assessments.

## Establishment Directive

4.1 If you are an **REL**, you will be eligible for admission as a **solicitor** under Part V of the European Communities (Lawyer's Practice) Regulations 2000, or any equivalent legislation implementing the **Establishment Directive** in the **UK**, if:

- (a) you satisfy the requirements of those regulations or that legislation;  
and
- (b) the **SRA** is satisfied as to your **character and suitability** to be a **solicitor**.

## Admission, retention, removal, and restoration to the roll

### Application for admission

- 5.1 You may apply for admission in writing in the **prescribed** form. Following an application for admission, the **SRA** will issue you with a certificate of satisfaction if it is satisfied that you have met the eligibility requirements for admission as a **solicitor** set out in this Part.
- 5.2 At any time before making an application for admission, you may apply to the **SRA** for an early assessment of your **character and suitability** to be a **solicitor**. The **SRA** is not bound, in any subsequent application for admission, by any decision it makes as to your **character and suitability** to be a **solicitor** as a result of an early assessment.
- 5.3 As soon as reasonably practicable after the **SRA** has issued a certificate of satisfaction, you will be admitted as a **solicitor** and your name entered on the roll, unless the **SRA** receives information in writing that it is satisfied demonstrates that you should not be admitted. If so, the **SRA** will give you written notice, providing you with the information it has received, and the opportunity to provide written representations within the period of 28 days from the date of the notice, following which it may decide not to admit you as a **solicitor**.

### Retention

- 5.4 If you are a **solicitor**, the **SRA** will write to you at the last notified version of your postal or email address, to ask you whether you wish your name to remain on the roll, at appropriate intervals as **prescribed** if you do not hold a practising certificate.
- 5.5 If, following an enquiry under regulation 5.4, you wish your name to remain on the roll, you shall be required to pay such fee as may be **prescribed** in regulations.



## Removal from and restoration to the roll

- 5.6 The **SRA** may remove your name from the roll if:
- (a) following an enquiry made by the **SRA** under regulation 5.4:
    - (i) you tell the **SRA** that you do not wish to remain on the roll;
    - (ii) you do not, within eight weeks from the date of the notice, reply to the **SRA** and pay the fee specified under regulation 5.5, or
  - (b) you apply to have your name removed from the roll.
- 5.7 Where regulation 5.6(a)(ii) applies, the **SRA** must not remove your name from the roll until it has given notice to you that it intends to do so.
- 5.8 The **SRA** shall remove your name from the roll on your death.
- 5.9 If your name has been removed from the roll, you may apply to the **SRA** for your name to be restored to the roll and the **SRA** may, if it considers it appropriate to do so in reaching a decision on an application made under this regulation, assess your **character and suitability** to be a **solicitor**.
- 5.10 The **SRA** may decide not to remove your name from, or restore your name to, the roll under this regulation if you are subject to any proceedings, investigation, or consideration of your conduct or practice by the **SRA**. The **SRA** must not remove your name from, or restore your name to, the roll if you are the subject of disciplinary proceedings (either in progress or pending) before the senior **courts** or the **Tribunal**.

## PART 2 – PRACTISING CERTIFICATES FOR SOLICITORS AND REGISTRATION AS A EUROPEAN OR FOREIGN LAWYER

### Eligibility requirements

- 6.1 The **SRA** shall only grant an application for a practising certificate, or registration in the **register of European lawyers** or the **register of foreign lawyers** if you meet the eligibility requirements in this regulation.
- 6.2 You will be eligible to apply for a practising certificate if:
- (a) your name is on the roll;
  - (b) you have sufficient knowledge of written and spoken English or Welsh; and
  - (c) you are not suspended from practice as a **solicitor**.

- 6.3 You will be eligible for registration in the *register of European lawyers* if:
- (a) you are a European lawyer as defined in the European Communities (Lawyer's Practice) Regulations 2000, who is not a barrister of the Republic of Ireland;
  - (b) you intend to commence practice under your home professional title on a permanent basis in England and Wales or Northern Ireland, and are legally entitled to do so;
  - (c) you have provided the *SRA* with a certificate which is no more than three months old, confirming your registration with the competent authority in your home Member State under whose home professional title you intend to practise;
  - (d) you are not struck off or suspended from the *register*, or subject to a direction from the *Tribunal* prohibiting your restoration to the *register*; and
  - (e) the *SRA* is satisfied as to your *character and suitability* to be an *REL*.
- 6.4 You will be eligible for registration in the *register of foreign lawyers* if:
- (a) you are a *foreign lawyer* of a legal profession which the *SRA* is satisfied is so regulated as to make it appropriate for members of that profession to be *managers* of *recognised bodies*;
  - (b) you are not struck off or suspended from the *register*, or subject to a direction from the *Tribunal* prohibiting your restoration to the *register*; and
  - (c) the *SRA* is satisfied as to your *character and suitability* to be an *RFL*.

## Determination of applications

- 7.1 If the *SRA* considers it to be in the public interest to do so, it must:
- (a) refuse your application for a practising certificate, or your application for registration or renewal of registration, in the *register of European lawyers* or the *register of foreign lawyers*; or
  - (b) at any time, whether on grant of such an application or at the end of a period of suspension of a practising certificate or registration, or otherwise, impose such conditions on your certificate or registration as it thinks fit in accordance with regulations 7.2 and 7.3.

- 7.2 The **SRA** may impose conditions under regulation 7.1(b) if it is satisfied that you:
- (a) are unsuitable to undertake certain activities or engage in certain business or practising arrangements;
  - (b) are putting, or are likely to put, at risk the interests of **clients**, third parties or the public;
  - (c) will not comply with the **SRA's regulatory arrangements** or require monitoring of compliance with the **SRA's regulatory arrangements**; or
  - (d) should take specified steps conducive to the **regulatory objectives**.
- 7.3 The conditions imposed by the **SRA** under regulation 7.1(b) may:
- (a) specify certain requirements that must be met or steps that must be taken;
  - (b) restrict the carrying on of particular activities or holding of particular roles; or
  - (c) prohibit the taking of specified steps without its approval.
- 7.4 The **SRA** may vary or revoke any conditions on your practising certificate or registration.
- 7.5 Before imposing or varying any conditions on your practising certificate or registration, the **SRA** shall give you no less than 28 days' notice of its intention to do so, inviting representations regarding the issues giving rise to the proposed conditions.
- 7.6 The **SRA** may shorten or dispense with the 28 days' notice under regulation 7.5 where conditions are imposed on grant of your practising certificate or registration, or otherwise if it is satisfied that it is in the public interest to do so.
- 7.7 If the **SRA** issues you with a practising certificate or registers you, or renews your registration, in the **register of European lawyers** or the **register of foreign lawyers**, you must pay the **prescribed** fee.

## Commencement, replacement, and renewal

- 8.1 The commencement date for a practising certificate or for registration in the *register of European lawyers* or *register of foreign lawyers* shall be the date specified by the *SRA* on the practising certificate or the register.
- 8.2 The replacement date for a practising certificate is 31 October following the issue of the certificate.
- 8.3 The renewal date for registration in the *register of European lawyers* or *register of foreign lawyers* is the first 31 October following initial registration, and 31 October in each successive year.

## Revocation and expiry

- 8.4 The *SRA* may revoke a practising certificate, or withdraw registration in the *register of European lawyers* or the *register of foreign lawyers*, at any time, if the *SRA* is satisfied:
- (a) that the practising certificate or registration was granted or renewed as a result of error, misleading or inaccurate information, or fraud;
  - (b) that the replacement or renewal date has passed and an application has not been made for replacement of the practising certificate or renewal of the registration;
  - (c) that a *solicitor*, an *REL* or *RFL* has failed to pay the *prescribed* fee required under regulation 7.7; or
  - (d) subject to regulation 8.7(c), in the case of an *REL* or *RFL* that the eligibility requirements under regulations 6.3 and 6.4 are no longer met.
- 8.5 The *SRA* must not revoke a practising certificate or withdraw registration under regulation 8.4(a), (c) or (d) unless it has first given the person no less than 28 days' notice of its intention to do so, inviting representations regarding the issues giving rise to the proposed revocation or withdrawal of registration.
- 8.6 The *SRA* shall revoke a practising certificate or withdraw registration on the application of the person concerned, unless the applicant is subject to any proceedings, investigation, or consideration of their conduct or practice by the *SRA* or the *Tribunal*.

- 8.7 A practising certificate or registration will expire:
- (a) on the death of the *solicitor*, *REL* or *RFL*;
  - (b) if a *solicitor*, an *REL* or *RFL* is removed from, or struck off, the roll or *register* or their registration is withdrawn;
  - (c) if an *REL* or *RFL* is no longer eligible for registration under 6.3(a) or 6.4(a) respectively;
  - (d) in the case of a practising certificate, when the *SRA* issues a replacement certificate;
  - (e) in the case of a practising certificate which is suspended, on its replacement date, or if the replacement date has passed, 14 days after the suspension took effect; or
  - (f) in the case of a registration which is suspended, on its next renewal date, or if a suspension takes effect after a renewal date but before renewal has been granted in respect of that renewal date, 14 days after the suspension took effect.

## What authorisation entitles you to do

### Reserved legal activities

- 9.1 Subject to regulations 9.2, 9.3, 9.5 to 9.10 and 10.2(b), if you are a *solicitor* with a current practising certificate, or an *REL*, you are entitled to carry on all *reserved legal activities* except notarial activities.
- 9.2 If you are an *REL* you may only exercise a right of audience before a *court*, conduct litigation or prepare *court* documents, in conjunction with a *solicitor* or *barrister* who is authorised to do so.
- 9.3 If you are an *REL* you may only:
- (a) prepare instruments for remuneration creating or transferring an interest in land, and lodge documents relating to a transfer or charge of land, if you have a home professional title listed under Regulation 12 of the European Communities (Lawyer's Practice) Regulations 2000;
  - (b) carry on probate activities for remuneration if you have a home professional title listed under Regulation 13 of the European Communities (Lawyer's Practice) Regulations 2000.

- 9.4 If you are an *RFL* you may only:
- (a) undertake advocacy in chambers in England and Wales under instructions given by a person who is authorised to do so;
  - (b) under the direction and supervision of a person qualified to supervise:
    - (i) prepare *court* documents;
    - (ii) prepare instruments and the lodging of documents relating to the transfer or charge of land;
    - (iii) prepare papers on which to found or oppose a grant of probate, or a grant of letters of administration;
    - (iv) prepare trust deeds disposing of capital if you also are eligible to act as a *lawyer of England and Wales*;
  - (c) in relation to *immigration work*:
    - (i) undertake advocacy before immigration tribunals;
    - (ii) have conduct of, and prepare documents for, immigration tribunal proceedings.

### Immigration work

- 9.5 If you are a *solicitor*, an *REL* or *RFL* you may undertake *immigration work*, provided that such work is undertaken through:
- (a) an *authorised body*;
  - (b) an *authorised non-SRA firm* that is a qualified person under the Immigration and Asylum Act 1999; or
  - (c) a body regulated by the Office of the Immigration Services Commissioner.
- 9.6 Subject to regulation 9.7, if you are a *solicitor*, an *REL* or *RFL* you may only undertake *immigration work* for the public, or a section of the public, that comprises *reserved legal activities* if such work is undertaken through a body that is entitled to carry on *reserved legal activities* under the *LSA*.
- 9.7 Regulations 9.5 and 9.6 do not restrict you from undertaking *immigration work* if you fall within section 84(6) of the Immigration and Asylum Act 1999.

## Claims management services

- 9.8 If you are a *solicitor*, an *REL* or *RFL* you may provide *claims management services*, provided that such work is undertaken through a body authorised to carry on *reserved legal activities*, or, if the work does not comprise *reserved legal activities*:
- (a) through a body which is regulated by the Claims Management Regulator or which is exempt under the Compensation Act 2006 other than under paragraph 4 of the Compensation (Exemptions) Order 2007; or
  - (b) as otherwise permitted under section 4 of the Compensation Act 2006.

## Financial services activities

- 9.9 If you are a *solicitor*, an *REL* or *RFL* you may carry on *regulated financial services activities* under the SRA Financial Services (Scope) Rules, provided that such activities are undertaken through an *authorised body*.

## Higher rights of audience

- 9.10 If you are a *solicitor* or an *REL* you may exercise civil or criminal advocacy in the *higher courts* if the *SRA* is satisfied you have successfully and satisfactorily completed the appropriate *higher courts advocacy qualification*, or you are:
- (a) an *REL* or *lawyer* to whom Directive 2005/36 applies and you have applied for a qualification to exercise rights of audience in the *higher courts*, and you have undertaken any further steps as the *SRA* specifies in order to gain the qualification; or
  - (b) authorised by another *approved regulator* to exercise civil or criminal advocacy in the *higher courts*.

## Practising on your own

- 10.1 Subject to regulation 10.2, if you are a *solicitor* or an *REL* you must not act as a *sole practitioner* unless your practice is authorised as a *recognised sole practice*.
- 10.2 If you otherwise would be, you will not be regarded as acting as a *sole practitioner* and you will not therefore need to be authorised as a *recognised sole practice* if:

- (a) your practice consists entirely of carrying on activities which are not *reserved legal activities*; or
- (b) any *reserved legal activities* you carry on are provided through an *authorised body* or an *authorised non-SRA firm*, or in circumstances in which you:
  - (i) have practised as a *solicitor* or an *REL* for a minimum of three years since admission or registration;
  - (ii) are self-employed and practise in your own name, and not through a trading name or service company;
  - (iii) do not employ anyone in connection with the services that you provide;
  - (iv) are engaged directly by the *client* with your *fees* payable directly to you;
  - (v) have a practising address in the *UK*;
  - (vi) take out and maintain indemnity insurance that provides adequate and appropriate cover in respect of the services that you provide, whether or not they comprise *reserved legal activities*; and
  - (vii) do not hold *client money*, save that you may hold money which falls within the category of *client money* set out in rule 2.1(d) of the SRA Accounts Rules so long as:
    - (A) any money held for *disbursements* relates to costs or expenses incurred by you on behalf of your *client* and for which you are liable; and
    - (B) you have informed your *client* in advance of where and how the money will be held,

and you choose for your practice not to be authorised as a *recognised sole practice*.

## Commencement, revocation, and transitional provisions

- 11.1 Regulations 1.1 to 3.3 come into force on a date to be determined in an order made by the *SRA* Board.
- 11.2 Subject to regulations 11.3 to 11.7, regulations 3A.1 to 3F.4 shall be revoked on the date determined in accordance with regulation 11.1.



- 11.3 Regulations 3A.1 to 3E.2 shall continue to have effect, in respect of those individuals falling within regulation 11.5, and for the purposes of regulation 11.6, until 31 December in the year of the eleventh anniversary of the date determined in accordance with regulation 11.1.
- 11.4 Regulation 3F shall continue to have effect, in respect of those individuals who have passed the multiple-choice test of the Qualified Lawyers Transfer Scheme assessments at the date determined in accordance with regulation 11.1, until the first anniversary of that date.
- 11.5 Regulation 11.3 applies to any individual who has, at the date determined in accordance with regulation 11.1, started, or who has entered into a contractual agreement or made a non-refundable financial commitment to start, any of the following:
- (a) a *Qualifying Law Degree*;
  - (b) a *CPE*;
  - (c) an *Exempting Law Degree*;
  - (d) an *Integrated Course*;
  - (e) the *Legal Practice Course*; or
  - (f) a *period of recognised training*,
- and has not yet been admitted as a *solicitor*.
- 11.6 An individual who falls within regulation 11.5 will be eligible to be admitted as a *solicitor* under either regulations 3A.1 to 3E.2, or under regulations 1.1 to 3.3.
- 11.7 Where an individual has made an application for admission on the basis of eligibility under either regulation 3A or regulation 3F, and it has not been determined at the point those regulations are revoked (and any continuation under regulation 11.3 has come to an end), then the application shall continue to be determined under those regulations as if they were still in force.

### Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under sections 2, 13, 28 and 31 of the Solicitors Act 1974 and section 89 of, and paragraphs 2 and 3 of Schedule 14 to, the Courts and Legal Services Act 1990.

# SRA Education, Training and Assessment Provider Regulations

## Introduction

These regulations set out the requirements governing organisations which are providing or intending to provide education and training, and the delivery of assessments to those seeking to be admitted as solicitors.

## PART 1: REQUIREMENTS FOR EDUCATION PROVIDERS

### Education providers

- 1.1 Only an *approved education provider* may provide and assess:
  - (a) a *Qualifying Law Degree*;
  - (b) a *CPE*;
  - (c) an *Exempting Law Degree*; or
  - (d) an *Integrated Course*.
- 1.2 Only an *authorised education provider* may provide and assess the *Legal Practice Course* or the Professional Skills Course.
- 1.3 An organisation may apply to the *SRA* in such manner as may be *prescribed* to be an *approved education provider* or an *authorised education provider*.
- 1.4 The *SRA* may, in relation to an application for approval or authorisation:
  - (a) grant the application, subject to such conditions and for such period as it considers appropriate; or
  - (b) refuse the application.
- 1.5 If the *SRA* considers that an *approved education provider* or an *authorised education provider* has failed to comply with any obligation placed on it under these regulations, the *SRA* may:
  - (a) revoke the organisation's approval or authorisation, as appropriate; or
  - (b) make the approval or authorisation subject to such conditions as it considers appropriate.

## PART 2: REQUIREMENTS FOR AUTHORISED TRAINING PROVIDERS

### Authorised training providers

- 2.1 Only an *authorised training provider* may provide a *period of recognised training* to *trainees*.
- 2.2 An organisation may apply for authorisation as an *authorised training provider* and its application must demonstrate that it will meet the requirements of regulations 3 to 5 below.
- 2.3 The *SRA* may, in relation to an application for approval or authorisation:
- (a) grant the application, subject to such conditions and for such period as it considers appropriate; or
  - (b) refuse the application.
- 2.4 If the *SRA* considers that an *authorised training provider* or a *training principal* has failed to comply with any obligation placed on it under these regulations, the *SRA* may:
- (a) revoke the organisation's authorisation;
  - (b) make the authorisation subject to such conditions as it considers appropriate; or
  - (c) require the *authorised training provider* to appoint a new *training principal*.

### Requirements for authorised training providers

- 3.1 An *authorised training provider* must:
- (a) have in place a *training principal* for the whole duration of any *period of recognised training*, who meets the requirements of regulation 5 and whose identity has been notified to the *SRA* in the *prescribed* form; and
  - (b) pay the fees and expenses for each *trainee's* first attempt at the Professional Skills Course.

## Requirements for recognised training

- 4.1 A *period of recognised training* must:
- (a) unless regulation 4.2 applies, be of a duration of a total of at least two years full time, or equivalent;
  - (b) ensure that the *trainee* has applied and developed the skills as set out in the *Practice Skills Standards*;
  - (c) be appropriately supervised by *solicitors* and other individuals who have adequate legal knowledge and experience in the practice area they are supervising and the necessary skills to provide effective supervision; and
  - (d) include regular appraisal of the *trainee's* performance and development, and review of the *trainee's record of training*.
- 4.2 An *authorised training provider* may recognise previous work-based experience the *trainee* has undertaken as satisfying up to six months of the required *period of recognised training*, provided:
- (a) the experience was gained in the three years preceding the commencement of the *period of recognised training*;
  - (b) the experience enabled the *trainee* to apply and develop one or more of the skills as set out in the *Practice Skills Standards*; and
  - (c) the *trainee* was supervised, and was subject to an appraisal of their performance and development, during the period of work-based experience.

## Training principals

- 5.1 The *training principal* for an *authorised training provider* must:
- (a) be a *solicitor* holding a current practising certificate or be a practising *barrister*;
  - (b) notify the *SRA* in the *prescribed* form before any individual commences a *period of recognised training* or if this is not possible then as soon as practicable thereafter;
  - (c) ensure that the training provided meets the requirements of regulation 4;
  - (d) ensure that the *trainee* maintains a *record of training* which will meet the requirements set out at regulation 3E.1 of the SRA Authorisation of Individuals Regulations; and

- (e) certify to the *authorised training provider* in the *prescribed* form at the end of any *period of recognised training* whether, in their opinion, the *trainee*:
  - (i) is of the proper *character and suitability* to be admitted as a *solicitor*, and
  - (ii) has completed training which complies with regulation 4 of these regulations,and inform the *SRA* of any previous experience recognised under regulation 4.2.

### **PART 3: REQUIREMENTS FOR HIGHER RIGHTS OF AUDIENCE ASSESSMENT PROVIDERS**

#### **Higher rights of audience assessment providers**

- 6.1 Only an organisation approved by the *SRA* may provide assessments in *higher courts* civil advocacy and *higher courts* criminal advocacy conferring a *higher courts advocacy qualification*.
- 6.2 An organisation may apply to the *SRA* in such manner as may be *prescribed* to be approved to provide such assessments.
- 6.3 The *SRA* may, in relation to an application for approval:
  - (a) grant the application, subject to such conditions as it considers appropriate; or
  - (b) refuse the application.
- 6.4 The *SRA* shall issue guidelines and standards for the provision of competence assessments against which the competence of those applying for a *higher court advocacy qualification* must be assessed.
- 6.5 If the *SRA* considers that an assessment provider has failed to comply with any obligation placed on it under these regulations, the *SRA* may:
  - (a) revoke the provider's approval; or
  - (b) make the approval subject to such conditions and for such period as it considers appropriate.

## PART 4: MONITORING AND INSPECTION

### Monitoring and inspection

- 7.1 In order to protect and promote the standards of legal education and training, the **SRA** may:
- (a) monitor the relevant programmes of study provided by an **approved education provider** and an **authorised education provider**, the training provided by an **authorised training provider** or the assessments provided by an assessment provider approved under regulation 6;
  - (b) visit the provider's premises, at such intervals and on such grounds as it may consider appropriate;
  - (c) require the provider to respond promptly, fully and accurately to any request by the **SRA** for explanations, information or documents;
  - (d) require the provider to ensure that relevant information or documents it holds, or that a third party holds on its behalf are available for inspection.

## PART 5: TRANSITIONAL PROVISIONS

### Transitional provisions

- 8.1 Any approval, authorisation or recognition granted under the Monitoring of Courses Regulations 1991, the SRA Training Regulations 2011, the SRA Higher Rights of Audience Regulations 2011 or the SRA Training Regulations 2014 - Qualification and Provider Regulations, will continue as if granted under these regulations.
- 8.2 A **period of recognised training** entered into before these regulations come into force will continue to be governed by the SRA Training Regulations 2014 - Qualification and Provider Regulations.

### Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under section 2 of the Solicitors Act 1974.

# SRA Financial Services (Conduct of Business) Rules

## Introduction

The SRA, through the Law Society, is a designated professional body under Part 20 of FSMA. This means that firms (including sole practices) authorised by us may carry on certain regulated financial services activities without being regulated by the FCA if they can meet the conditions in section 327 of FSMA.

The SRA Financial Services (Scope) Rules set out the scope of the regulated financial services activities that may be undertaken by firms authorised by us and not regulated by the FCA. These rules regulate the way in which firms carry on such exempt regulated financial services activities and the way in which firms that are dually regulated by us and the FCA carry on their non-mainstream regulated activities.

These rules do not apply to solicitors, RELs and RFLs practising outside firms that are authorised by us.

## PART 1: APPLICATION

### Application

- 1.1 Apart from rule 2 (Status Disclosure), these rules apply to:
- (a) **authorised bodies** which are not regulated by the **FCA**;
  - (b) **authorised bodies** which are regulated by the **FCA**, but only in respect of their **non-mainstream regulated activities**; and
  - (c) the **managers** and **employees** of **authorised bodies** in (a) and (b) above, and references to "you" in these rules should be read accordingly.
- 1.2 Where an **authorised body** is a **licensed body**, these rules apply only in relation to the activities regulated by the **SRA** in accordance with the terms of the body's licence.
- 1.3 Rule 2 applies only to **authorised bodies** which are not regulated by the **FCA**.

## PART 2: RULES

### Status disclosure

- 2.1 Notwithstanding the wider information obligations in the **SRA Codes of Conduct**, you must give the **client** the following information in writing in a manner that is clear, fair and not misleading before providing a service which includes the carrying on of a **regulated financial services activity** and in good time before the conclusion of a **contract of insurance**:

- (a) a statement that you are not authorised by the **FCA**;
- (b) your name and practising address;
- (c) the nature of the **regulated financial services activities** carried on by you, and the fact that they are limited in scope;
- (d) a statement that you are authorised and regulated by the **SRA**; and
- (e) a statement explaining that complaints and redress mechanisms are provided through the **SRA** and the **Legal Ombudsman**.

2.2 Before you provide a service, which includes the carrying on of an **insurance distribution activity** with or for a **client** and in good time before the conclusion of a **contract of insurance**, you must state that you are an **ancillary insurance intermediary** and make the following statement in writing to the **client** in a way that is clear, fair and not misleading:

"[This firm is]/[We are] not authorised by the Financial Conduct Authority. However, we are included on the register maintained by the Financial Conduct Authority so that we can carry on insurance distribution activity, which is broadly the advising on, selling and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by the Solicitors Regulation Authority. The register can be accessed via the Financial Conduct Authority website at [www.fca.org.uk/firms/financial-services-register](http://www.fca.org.uk/firms/financial-services-register)."

## Execution of transactions

3.1 You must ensure that where you have agreed or decided in your discretion to effect a **transaction**, you must do so as soon as possible, unless you reasonably believe that it is in the **client's** best interests not to.

## Records of transactions

4.1 Where you receive instructions from a **client** to effect a **transaction**, or make a decision to effect a **transaction** in your discretion, you must keep a record of:

- (a) the name of the **client**;
- (b) the terms of the instructions or decision; and
- (c) in the case of instructions, the date on which they were received.



- 4.2 Where you give instructions to another person to effect a **transaction**, you must keep a record of:
- (a) the name of the **client**;
  - (b) the terms of the instructions;
  - (c) the date on which the instructions were given; and
  - (d) the name of the other person instructed.

### Record of commissions

- 5.1 Where you receive commission which is attributable to your **regulated financial services activities**, you must keep a record of:
- (a) the amount of the commission; and
  - (b) how you have accounted to the **client**.

### Safekeeping of clients' investments

- 6.1 Where you undertake the **regulated financial services activity** of safeguarding and administering investments, you must operate appropriate systems, including the keeping of appropriate records, which provide for the safekeeping of **assets** entrusted to you by **clients** and others.
- 6.2 Where such **assets** are passed to a third party:
- (a) you should obtain an acknowledgement of receipt of the property; and
  - (b) if they have been passed to a third party on the **client's** instructions, you should obtain such instructions in writing.

### Execution-only business

- 7.1 If you arrange for a **client** on an **execution-only** basis any **transaction** involving a **retail investment product**, you must send the **client** written confirmation to the effect that:
- (a) the **client** had not sought and was not given any advice from you in connection with the **transaction**; or
  - (b) the **client** was given advice from you in connection with that **transaction** but nevertheless persisted in wishing the **transaction** to be effected,

and in either case the *transaction* is effected on the *client's* explicit instructions.

### Retention of records

8.1 Each record which is made under these rules shall be kept for at least six years from the date it is made.

## PART 3: INSURANCE DISTRIBUTION ACTIVITIES

### Communication and disclosure

9.1 You must ensure that, in relation to *insurance distribution*:

- (a) you communicate all information, including marketing communications, in a way that is clear, fair and not misleading.
- (b) your marketing communications are always clearly identifiable as such.

### General information to be provided

10.1 In good time before the conclusion of a *contract of insurance*, you must disclose the following information to *clients*:

- (a) whether you provide a *personal recommendation* about the insurance products offered;
- (b) the procedures allowing *clients* and other interested parties to register complaints about you and information about the out-of-court complaint and redress procedures available for the settlement of disputes between you and your *clients*;
- (c) whether you are representing the *client* or acting for and on behalf of the *insurer*;
- (d) whether you have a direct or indirect holding representing 10% or more of the *voting rights* or capital in a relevant *insurance undertaking*;
- (e) whether a given *insurance undertaking* or its parent undertaking has a direct or indirect holding representing 10% or more of the *voting rights* or capital in the *authorised body*.

## Scope of service

- 11.1 Where you propose, or give a *client* a *personal recommendation* for, a *contract of insurance*, then in good time before the conclusion of an initial *contract of insurance* and if necessary on its amendment or renewal, you must provide the *client* with information on whether you:
- (a) give a *personal recommendation* on the basis of a fair and personal analysis;
  - (b) are under a contractual obligation to conduct *insurance distribution* exclusively with one or more *insurance undertakings*, in which case you must provide the names of those *insurance undertakings*; or
  - (c) are not under a contractual obligation to conduct *insurance distribution* exclusively with one or more *insurance undertakings* and do not give advice on the basis of a fair and personal analysis, in which case you must provide the names of the *insurance undertakings* with which you may and do conduct business.
- 11.2 If you inform a *client* that you give a *personal recommendation* on the basis of a fair and personal analysis:
- (a) you must give that personal recommendation on the basis of an analysis of a sufficiently large number of insurance contracts available on the market to enable it to make that recommendation; and
  - (b) that personal recommendation must be in accordance with professional criteria regarding which contract of insurance would be adequate to meet the *client's* needs.

## Demands and needs

- 12.1 Prior to the conclusion of a *contract of insurance*, you must specify on the basis of information obtained from the *client*, the demands and needs of that *client*.
- 12.2 The details must be adapted according to the complexity of the *contract of insurance* proposed and the individual circumstances of the *client*.
- 12.3 You must give the *client* a statement of the *client's* demands and needs prior to the conclusion of a *contract of insurance*.
- 12.4 Any *contract of insurance* proposed by you must be consistent with the *client's* demands and needs and where you have given a *personal recommendation* to the *client*, you must, in addition to the statement of the demands and needs, provide the *client* with a personalised explanation of why a particular *contract of insurance* would best meet the *client's* demands and needs.

## Use of intermediaries

13.1 You must not use, or propose to use, the services of another *person* consisting of:

- (a) *insurance distribution*;
- (b) *reinsurance distribution*;
- (c) *insurance distribution activity*; or
- (d) *home finance mediation activity*,

unless the *person* in relation to the activity is:

- (i) registered in an *EEA* State for the purposes of the *IDD*; or
- (ii) in relation to *insurance distribution activity*, is not carrying this activity on in the *EEA*.

13.2 Before using the services of the intermediary, you must check:

- (a) the *Financial Services Register*; or
- (b) in relation to *insurance distribution* or *reinsurance distribution* carried on by an *EEA* firm, the register of its home state regulator,

and use the services of that *person* only if the relevant register indicates that the *person* is registered for that purpose.

## Treating complaints fairly

14.1 Notwithstanding your complaints handling obligations in the *SRA Code of Conduct for Firms*, you must have in place and operate appropriate and effective procedures for registering and responding to complaints from a person who is not a *client*.

## Remuneration and the client's best interests

15.1 You must not:

- (a) be *remunerated*; or
- (b) *remunerate* or assess the performance of the firm's *employees*,

in a way that conflicts with their duty to act in each *client's* best interest.

15.2 In particular, you must not make any arrangement by way of *remuneration*, sales target or otherwise that could provide an incentive to the firm or its *employees* to

recommend a particular *contract of insurance* to a *client* when it could offer a different *contract of insurance* which would better meet its *client's* needs.

## Remuneration disclosure

- 16.1 In good time before the conclusion of the initial *contract of insurance* and if necessary, on its amendment or renewal, you must provide the *client* with information:
- (a) on the nature of the *remuneration* received in relation to the *contract of insurance*;
  - (b) about whether in relation to the contract you work on the basis of:
    - (i) a fee, that is *remuneration* paid directly by the *client*;
    - (ii) a commission of any kind, that is *remuneration* included in the premium;
    - (iii) any other type of *remuneration*, including an economic benefit of any kind offered or given in connection with the contract; or
    - (iv) a combination of any type of *remuneration* set out above in (i), (ii) and (iii).

## Fee disclosure: additional requirements

- 17.1 Where a fee is payable, you must inform the *client* of the amount of the fee before the *client* incurs liability to pay the fee, or before conclusion of the *contract of insurance*, whichever is earlier.
- 17.2 To the extent that it is not possible for the amount in rule 17.1 to be given, you must give the *client* the basis for its calculation.
- 17.3 This rule applies to all such fees that may be charged during the life of the *policy*.

## Means of communication to clients

- 18.1 Rule 18 applies to all information required to be provided to a *client* in this Part.
- 18.2 You must communicate information to the *client* on paper or using any of the following means:
- (a) a *durable medium* other than paper where the following conditions are satisfied:

- (i) the use of a **durable medium** other than paper is appropriate in the context of the business conducted between the **firm** and the **client**; and
    - (ii) the **client** has been given the choice between information on paper and on a **durable medium** other than paper and has chosen a **durable medium** other than paper; or
  - (b) on a website (where it does not constitute a **durable medium**) where the following conditions are satisfied:
    - (i) the provision of that information by means of a website is appropriate in the context of the business conducted between you and the **client**;
    - (ii) the **client** has consented to the provision of that information by means of a website;
    - (iii) the **client** has been notified electronically of the address of the website, and the place on the website where that information can be accessed; and
    - (iv) you ensure that the information remains accessible on the website for such period of time as the **client** may reasonably need to consult it.
- 18.3 For the purposes of rules 18.2(a)(i) and (b)(i), the provision of information using a **durable medium** other than paper or by means of a website shall be regarded as appropriate in the context of the business conducted between you and the **client** if there is evidence that the **client** has regular access to the internet. The provision by the **client** of an e-mail address for the purposes of that business is sufficient evidence.
- 18.4 You must communicate the information:
- (a) in a clear and accurate manner, comprehensible to the **client**;
  - (b) in an official language of the Member State in which the insured risk, or proposed insured risk, is situated or in any other language agreed upon by the parties; and
  - (c) free of charge.
- 18.5 Where you communicate the information using a **durable medium** other than paper or by means of a website, you must, upon request and free of charge, send the **client** a paper copy of the information.
- 18.6 You must ensure that a **client's** choice or consent to receive the information by means of a website (whether a **durable medium** or where the conditions under rule 18.2(b) are satisfied) is an active and informed choice or consent.

18.7 In the case of services supplied to the *client* by telephone that are subject to the Financial Services (Distance Marketing) Regulations 2004:

- (a) the information must be given in accordance with those regulations; and
- (b) if prior to the conclusion of the *contract of insurance* the information is provided:
  - (i) orally; or
  - (ii) on a *durable medium* other than paper,

you must also provide the information to the *client* in accordance with rule 18.2 immediately after the conclusion of the *contract of insurance*.

### Cross-selling requirements where insurance is the ancillary product

19.1 When you offer a non-insurance ancillary product or service as part of a package or in the same agreement with an insurance product, you must:

- (a) inform the *client* whether it is possible to buy the components separately and, if so must provide the *client* with an adequate description of:
  - (i) the different components;
  - (ii) where applicable, any way in which the risk or insurance coverage resulting from the agreement or package differs from that associated with taking the components separately; and
- (b) provide the *client* with separate evidence of the charges and costs of each component.

19.2 When you offer an insurance product ancillary to and as part of a package or in the same agreement with a non-insurance product or service, you must offer the *client* the option of buying the non-insurance goods or services separately.

19.3 Rule 19.2 does not apply where the non-insurance product or service is any of the following:

- (a) investment service or activities;
- (b) a *credit agreement* as defined in point 3 of article 4 of the *MCD* which is:
  - (i) an *MCD credit agreement*;
  - (ii) an exempt *MCD credit agreement*;
  - (iii) a *CBTL credit agreement*; or

- (iv) a **credit agreement** referred to in articles 72G(3B) and (4) of the **Regulated Activities Order**; or
  - (c) a payment account as defined in point 3 of Article 2 of Directive 2014/92/EU.
- 19.4 Rule 19 shall not prevent the distribution of insurance products which provide coverage for various types of risks (multi-risk insurance policies).
- 19.5 In the cases referred to in rules 19.1 and 19.2, you must still comply with other provisions in this Part relating to the offer and sale of insurance products that form part of the package or agreement, including specifying the demands and needs of the **client** in accordance with rule 12.

### Professional and organisational requirements

- 20.1 You must ensure that:
- (a) the firm and each relevant **employee** possesses appropriate knowledge and ability in order to complete their tasks and perform duties adequately; and
  - (b) that all the persons in its management structure and any staff directly involved in **insurance distribution activities** are of good repute.
- 20.2 In considering a person's good repute, you must as a minimum ensure that the person:
- (a) has a clean criminal record or any other national equivalent in relation to serious criminal offences linked to crimes against property or other crimes related to financial activities; and
  - (b) has not previously been declared bankrupt,
- unless they have been rehabilitated in accordance with national law.

### Insurance Product Information Document and appropriate information

- 21.1 You must ensure that the **client** is given objective and relevant information about a **policy** in good time prior to the conclusion of the **policy**, so that the **client** can make an informed decision.



- 21.2 You must provide the information in rule 21.1 to the *client*:
- (a) whether or not you give a *personal recommendation*; and
  - (b) irrespective of the fact that the *policy* is offered as part of a package with:
    - (i) a non-insurance product or service; or
    - (ii) another *policy*.
- 21.3 You must ensure that the level of information provided takes into account the complexity of the *policy* and the individual circumstances of the *client*.
- 21.4 When dealing with a *client* who is an individual and who is acting for purposes which are outside his trade or profession the information provided under rule 21.1 must include an *Insurance Product Information Document*.
- 21.5 You must provide the information required in rule 21.4 by way of an *Insurance Product Information Document* for each *policy* (other than a *pure protection contract*).
- 21.6 Where you distribute *contracts of insurance*, you must have in place adequate arrangements to:
- (a) obtain from the manufacturer of the *contract of insurance*:
    - (i) all appropriate information on the *contract of insurance* and the product approval process; and
    - (ii) the identified target market of the *contract of insurance*; and
  - (b) understand the characteristics and the identified target market of each *contract of insurance*.

### Exclusions for large risks

- 22.1 Only rules 9, 13, 14, 18, 19, 20 and 22 apply where you carry on *insurance distribution activities* for commercial *clients* in relation to *contracts of insurance* covering risks within the following categories:
- (a) railway rolling stock, aircraft, ships (sea, lake, river and canal vessels), goods in transit, aircraft liability and liability of ships (sea, lake, river and canal vessels);
  - (b) credit and suretyship, where the policyholder is engaged professionally in an industrial or commercial activity or in one of the liberal professions, and the risks relate to such activity;

- (c) land vehicles (other than railway rolling stock), fire and natural forces, other damage to property, motor vehicle liability, general liability, and miscellaneous financial loss, in so far as the policyholder exceeds the limits of at least two of the following three criteria:
  - (i) balance sheet total: €6.2 million;
  - (ii) net turnover: €12.8 million;
  - (iii) average number of employees during the financial year: 250.

## PART 4: CREDIT-RELATED REGULATED FINANCIAL SERVICES ACTIVITIES

### Disclosure of information

- 23.1 Where you undertake *credit-related regulated financial services activities* for a *client*, you must ensure that information in connection with such activities and any agreements to which they relate are communicated to the *client* in a way that is clear, fair and not misleading.
- 23.2 Where you carry on the activity of *credit broking*, you must indicate in any advertising and documentation intended for consumers or *clients* the extent and scope of your *credit broking* activities, in particular whether you work exclusively with one or more lenders or as an independent broker.

### Regulated credit agreements

- 24.1 Where you carry on a *credit-related regulated financial services activity* involving a proposed *regulated credit agreement*, you must:
  - (a) provide adequate explanations to the *client* in order to enable the *client* to assess whether the proposed *regulated credit agreement* is suitable to the *client's* needs and financial situation; and
  - (b) when providing such explanations, comply with the requirements of Article 5(6) of the Directive 2008/48/EC on credit agreements for consumers.
- 24.2 Before entering into a *regulated credit agreement* as lender, you must assess the *client's* creditworthiness on the basis of sufficient information to enable you to make the assessment, where appropriate such information will be obtained from the *client* and, where necessary, from a credit reference agency.
- 24.3 After entering into a *regulated credit agreement* where you are the lender, if the parties agree to change the total amount of credit, you must update the financial information you hold concerning the *client* and assess the *client's* creditworthiness before any significant increase in the total amount of credit.

24.4 In the event of you assigning to a third party your rights as lender in relation to a *regulated credit agreement*, you must inform the *client* of the assignment.

### Appropriation of payments

25.1 Where you are entitled to payments from the same *client* in respect of two or more *regulated credit agreements*, you must allow the *client* to put any payments made, in respect of those agreements, towards the satisfaction of the sum due under any one or more of the agreements in such proportions as the *client* thinks fit.

### Consumer credit guidance

26.1 Where you undertake *credit-related regulated financial services activities*, you must have regard to any guidance issued by the *SRA* from time to time relating to such activities.

### Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under section 31 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, section 83 of the Legal Services Act 2007 and section 332 of the Financial Services and Markets Act 2000.

# SRA Financial Services (Scope) Rules

## Introduction

The SRA, through the Law Society, is a designated professional body under Part 20 of FSMA. This means that firms (including sole practices) authorised by us may carry on certain regulated financial services activities without being regulated by the FCA if they can meet the conditions in section 327 of FSMA. The purpose of these rules is to set out the scope of the regulated financial services activities that may be undertaken by firms authorised by us and not regulated by the FCA.

These rules do not apply to solicitors, RELs or RFLs practising outside firms authorised by us.

## Application

- 1.1 These rules apply to **authorised bodies** that are not regulated by the **FCA**, their **managers** and **employees** and references to “you” in these rules should be read accordingly.
- 1.2 Where an **authorised body** is a **licensed body**, these rules apply only in relation to the activities regulated by the **SRA** in accordance with the terms of the body’s licence.

## Basic conditions

- 2.1 If you carry on any **regulated financial services activities** you must ensure that:
  - (a) you satisfy the conditions in section 327(2) to (5) of **FSMA**;
  - (b) the activities arise out of, or are complementary to, the provision of a particular **professional service** to a particular **client**;
  - (c) there is not in force any order or direction of the **FCA** under sections 328 or 329 of **FSMA** which prevents you from carrying on the activities; and
  - (d) the activities are not otherwise prohibited by these rules.

## Prohibited activities

- 3.1 You must not carry on, or agree to carry on, any of the following activities:
  - (a) an activity that is specified in an order made under section 327(6) of **FSMA**;
  - (b) an activity that relates to an investment that is specified in an order made under section 327(6) of **FSMA**;

- (c) entering into a *regulated credit agreement* as lender except where the *regulated credit agreement* relates exclusively to the payment of *disbursements* or professional fees due to you;
- (d) exercising, or having the right to exercise, the lender's rights and duties under a *regulated credit agreement* except where the *regulated credit agreement* relates exclusively to the payment of *disbursements* or professional fees due to you;
- (e) entering into a *regulated consumer hire agreement* as owner;
- (f) exercising, or having the right to exercise, the owner's rights and duties under a *regulated consumer hire agreement*;
- (g) operating an electronic system in relation to lending within the meaning of article 36H of the *Regulated Activities Order*;
- (h) providing credit references within the meaning of article 89B of the *Regulated Activities Order*;
- (i) *insurance distribution activities* in relation to *insurance-based investment products*; or
- (j) creating, developing, designing or underwriting a *contract of insurance*.

## Corporate finance

4.1 You must not act as any of the following:

- (a) sponsor to an issue in respect of *securities* to be admitted for dealing on the London Stock Exchange;
- (b) nominated adviser to an issue in respect of *securities* to be admitted for dealing on the Alternative Investment Market of the London Stock Exchange; or
- (c) corporate adviser to an issue in respect of *securities* to be admitted for dealing on the ICAP Securities and Derivatives Exchange or any similar exchange.

## Insurance distribution activities

5.1 You may only carry on *insurance distribution activities* as an *ancillary insurance intermediary*.

5.2 You must not carry on any *insurance distribution activities* unless you:

- (a) are registered in the *Financial Services Register*; and
- (b) have appointed an *insurance distribution officer* who will be responsible for your *insurance distribution activities*.

- 5.3 If you are carrying on, or proposing to carry on, *insurance distribution activities* you must notify the *SRA* in the *prescribed* form.
- 5.4 The *SRA* may give the *FCA* any of the information collected on the *prescribed* form and you must notify the *SRA* without undue delay of any changes to this information or to any information about you that appears on the *Financial Services Register*.
- 5.5 Rule 5.3 does not apply to you if you have been registered in the *Financial Services Register* and are able to carry on insurance mediation activities before 1 October 2018.

### Credit-related regulated financial services activities

- 6.1 You must not enter into any transaction with a *client* in which you:
- (a) provide the *client* with credit card cheques, a credit or store card, *credit tokens*, *running account credit*, a current account or *high-cost short-term credit*;
  - (b) hold a *continuous payment authority* over the client's account; or
  - (c) take any article from the *client* in *pledge* or *pawn* as security for the transaction.
- 6.2 You must not:
- (a) enter into a *regulated credit agreement* as lender; or
  - (b) exercise, or have the right to exercise, the lender's rights and duties under a *regulated credit agreement*,
- which is secured on land by a *legal or equitable mortgage*.
- 6.3 You must not:
- (a) enter into a *regulated credit agreement* as lender; or
  - (b) exercise, or have the right to exercise, the lender's rights and duties under a *regulated credit agreement*,
- which includes a variable rate of interest.
- 6.4 You must not provide a *debt management plan* to a *client*.
- 6.5 You must not charge a separate fee for, or attribute any element of your fees to, *credit broking* services.

## Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under section 31 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, section 83 of the Legal Services Act 2007 and section 332 of the Financial Services and Markets Act 2000.

# SRA Overseas and Cross-border Practice Rules

## Introduction

Part A of these rules sets out provisions for those who have established to provide legal services outside of England and Wales, for example as an overseas representative, or a branch office or subsidiary of an authorised firm. The rules set out in Part A are a modified version of the SRA Principles, together with key standards relating to client money and assets, and information and reporting requirements.

Authorised firms are required to ensure that those overseas practices for which they are responsible, and those who manage and own those overseas practices, meet the principles and standards set out in Part A of these rules. Regulated individuals who are established overseas must also meet the principles and standards set out in Part A of these rules, in place of the SRA Principles and Code of Conduct for Individuals. These rules do not apply to those who are providing services on a temporary basis from outside the jurisdiction; instead, the SRA Principles and Code of Conduct for Individuals will apply to them.

This reflects the fact that detailed regulatory requirements are less appropriate in a situation where the services are being provided from outside the jurisdiction, and where there will be different legal, regulatory and cultural practices. However, authorised firms will themselves be required to meet the full requirements of our regulatory arrangements and individuals established overseas will need to meet those requirements of our other rules and regulations which apply to them as solicitors or RELs (for example in respect of their character and suitability, and authorisation requirements).

The Cross-border Practice Rules set out in Part B of these rules apply to those who are engaged in professional activities in another State that is a member of the Council of the Bars and Law Societies of Europe (CCBE) and those who are in professional contact with a lawyer of another CCBE State whether or not they are physically present in that State.

## PART A: OVERSEAS RULES

### Application

- 1.1 The Overseas Rules apply to you:
- (a) as a **regulated individual** who is **practising overseas**, in place of the **SRA Principles** and the **SRA Code of Conduct for Individuals**; or
  - (b) as a **responsible authorised body** in that you must ensure that your **overseas practice** and the individual **managers, members** and **owners** that are involved in the day to day or strategic management of your **overseas practice**, comply with the Overseas Rules. Your **overseas practice** and these individual **managers, members** and **owners** of your **overseas practice** are together referred to as those “for whom you are responsible” for the purposes of these rules.



- 1.2 In the event of any conflict between the Overseas Rules and any requirements placed on you or on those for whom you are responsible by local law or regulation, then local law or regulation must prevail, with the exception of Overseas Principle 2 which must be observed at all times.
- 1.3 Notwithstanding rule 1.1, the SRA Principles and the *SRA Code of Conduct for Individuals* will apply instead of the Overseas Rules if you are a *solicitor* or an *REL*, and your practice predominantly comprises the provision of legal services to *clients* within England and Wales, or in relation to *assets* located in England and Wales.

## Overseas Principles

- 2.1 You act:
1. in a way that upholds the rule of the law and the proper administration of justice in England and Wales.
  2. in a way that upholds public interest and confidence in the *solicitors'* profession of England and Wales and in legal services provided by authorised *persons*.
  3. with independence.
  4. with honesty.
  5. with integrity.
  6. in a way that encourages equality, diversity and inclusion having regard to the legal, regulatory and cultural context in which you are *practising overseas*.
  7. in the best interests of each client.

## Dealings with client money

- 3.1 In all dealings you have with *client money (overseas)* you must:
- (a) safeguard *client* money and *assets* entrusted to you;
  - (b) keep *client money (overseas)*, separate from money which belongs to you;
  - (c) on receipt, pay *client money (overseas)* promptly into, and hold it in, an *overseas client account*, unless:
    - (i) to do so would conflict with your obligations under local law or regulation or with any obligation relating to any specified office or appointment you hold; or
    - (ii) you agree in the individual circumstances an alternative arrangement in writing with your *client* or the third party for whom the money is held;
  - (d) only withdraw *client money (overseas)* from an *overseas client account*.

- (i) for the purposes for which it is being held; or
  - (ii) following receipt of instructions from the **client**, or the third party for whom the money is held.
- (e) return **client money (overseas)** promptly to the **client** or third party for whom money is held as soon as there is no longer any proper reason to retain those funds;
- (f) have effective accounting systems and proper controls over those systems in order to ensure compliance with these rules;
- (g) keep and maintain for at least six years accurate, contemporaneous and chronological **accounting records** in order to provide details of all money received and paid from all **overseas client accounts** and to show a running balance of all **client money (overseas)** held in those accounts; and
- (h) account to **clients** or third parties for a fair sum of **interest** on any **client money (overseas)** held by you on their behalf, as required by local law and customs of the jurisdiction in which you are practising and otherwise when it is fair and reasonable to do so in all circumstances. You may by a written agreement come to a different arrangement with the **client** or the third party for whom the money is held as to the payment of **interest**, but you must provide sufficient information to enable them to give informed consent.

## Reporting, cooperation and accountability

- 4.1 You must cooperate with the **SRA**, other regulators, ombudsmen and those bodies in England and Wales, with a role overseeing and supervising the delivery of, or investigating in relation to, legal services.
- 4.2 You must monitor compliance with these rules, and report any serious breach to the **SRA** when this occurs, or as soon as reasonably practicable thereafter.
- 4.3 You must notify the **SRA** promptly if:
- (a) you become aware that you or anyone for whom you are responsible is convicted by any **court** of a criminal offence or becomes subject to disciplinary action by another regulator; or
  - (b) you have grounds to believe that you or anyone for whom you are responsible is in serious financial difficulty.
- 4.4 You must respond promptly to the **SRA** and:
- (a) provide full and accurate explanations, information and documentation in response to any requests or requirement; and
  - (b) ensure that relevant information which is held by you, or by third parties carrying out functions on your behalf which are critical to the delivery of your legal services, is available for inspection by the **SRA**.

- 4.5 If you are a *responsible authorised body*, the *SRA* may, on reasonable notice, require you to obtain an accountant's report in respect of your *overseas practice*. The report must:
- (a) confirm whether the report should be qualified on the basis of a failure to comply with these rules, such that money belonging to *clients* or third parties is, or has been, or is likely to be placed, at risk; and
  - (b) be signed by a qualified accountant approved by the *SRA*.
- 4.6 Any obligation under this section to notify or provide information to the *SRA* will be satisfied if you provide information to your firm's *COLP* or *COFA*, as and where appropriate, on the understanding that they will do so.

## **PART B: CROSS-BORDER PRACTICE RULES**

### **Cross-Border Practice Rules**

- 5.1 This Part applies to *European cross-border practice* from any office by:
- (a) *solicitors*;
  - (b) *managers* of *authorised bodies* who are not authorised by an *approved regulator* (other than the *SRA*) under the *LSA*; and
  - (c) *authorised bodies*.
- 5.2 These rules apply to *European cross-border practice* from an office in England and Wales by:
- (a) *RELS*; and
  - (b) *RFLs* who are *managers* or *employees* of an *authorised body*.
- 5.3 When engaged in *European cross-border practice* you must ensure that you comply with any applicable provisions of the Council of the Bars and Law Societies of Europe's Code of Conduct for European lawyers.

### **Supplemental notes**

Made by the SRA Board on 30 May 2018.

Rules made under sections 31, 32, 33A and 34 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985 and section 83 of, and paragraph 20 of Schedule 11 to, the Legal Services Act 2007.

# SRA Regulatory and Disciplinary Procedure Rules

## Introduction

These rules set out how we investigate and take disciplinary and regulatory action, for breaches of our rules and regulatory requirements. They apply to solicitors, RELs, and RFLs as well as the firms we authorise and those who work for them.

The sanctions and controls we can impose as a result of our investigation will depend on the scope of our statutory powers and will be determined in accordance with our Enforcement Strategy [link].

## Assessing reports

- 1.1 The **SRA** shall assess any allegation which comes to, or is brought to, its attention in respect of a relevant **person** to decide if it should be considered under rule 3.
- 1.2 A matter is an allegation in respect of a **person** for the purpose of these rules if it raises a question that the **person**:
  - (a) is a **solicitor**, an **REL** or **RFL** and has committed professional misconduct;
  - (b) has committed or is responsible for a serious breach of any regulatory obligation placed on them by the **SRA's regulatory arrangements**, section 56 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, or the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017, the Financial Guidance and Claims Act 2018 or any equivalent legislative requirements that may succeed the same;
  - (c) is a **manager** or employee of an **authorised body** and is responsible for a serious breach by the body of any regulatory obligation placed on it by the **SRA's regulatory arrangements**;
  - (d) is not a **solicitor** and has been convicted of a criminal offence, or been involved in conduct related to the provision of legal services, of a nature that indicates it would be undesirable for them to be involved in legal practice;
  - (e) in relation to a **licensed body**, has committed or substantially contributed to a serious breach of any regulatory obligation of a nature that indicates it is undesirable for them to carry out activities as a **HOLP**, **HOFA**, **manager** or employee of an **authorised body**;
  - (f) has otherwise engaged in conduct that indicates they should be made subject to a decision under rule 3.1.

## The investigation process

- 2.1 The **SRA** may carry out such investigations, and in doing so may exercise any of its investigative powers, as it considers appropriate:
- (a) to identify whether a matter comprises an allegation under rule 1.2, or
  - (b) to the consideration of an allegation under rule 3.
- 2.2 As soon as reasonably practicable after commencing an investigation under rule 2.1(b), the **SRA** will inform the relevant **person** accordingly and their **employer**, unless and to the extent that it considers that it would not be in the public interest to do so.
- 2.3 Before making a decision under rule 3, the **SRA** shall give notice to the relevant **person**:
- (a) setting out the allegation and the facts in support;
  - (b) summarising any regulatory or other history relating to the relevant **person**, or any associated **person**, which is relevant to the allegation, including to the question of propensity;
  - (c) where appropriate, making a recommendation as to the decision to be made under rule 3, regarding publication under rule 9, and costs under rule 10; and
  - (d) accompanied by any evidence or documentation that the **SRA** considers to be relevant to the allegation, and
- inviting the person to respond with written representations within such period as the **SRA** may specify (which must be no less than 14 days from the date of the notice).
- 2.4 At any stage, an **authorised decision maker** may decide to take no further action in respect of an allegation and to close the matter. If so, the **authorised decision maker** may decide to issue advice to the relevant **person**, or a warning regarding their future conduct or behaviour, but it must give notice under rule 2.3 before doing so.
- 2.5 The **SRA** may dispense with the giving of notice under rule 2.3 or 2.4 where:
- (a) it intends to include a further allegation in a matter already subject to an application or ongoing proceedings before the **Tribunal**;
  - (b) it intends to make an application to the **Tribunal** in a case in which it is exercising its powers of **intervention** as a matter of urgency; or
  - (c) it is otherwise in the public interest to do so.
- 2.6 The **SRA** must inform the relevant **person**, their **employer** (where they were informed of the investigation under rule 2.2) and, where practicable, any person who reported the allegation to the **SRA**, of any decision to close a matter under rule 2.4, together with reasons.

- 2.7 At any stage the **SRA** may decide to exercise its powers of **intervention** or to take action in relation to the approval of a person or the holding of an interest in accordance with rule 13.8 or 13.9 of the SRA Authorisation of Firms Rules or Schedule 13 to the **LSA**.

### Consideration by authorised decision makers

- 3.1 On finding that an allegation is proved (save for sub-paragraph (g)), an **authorised decision maker** may decide as appropriate in respect of a relevant **person** to:
- (a) give a written rebuke, in accordance with section 44D(2)(a) of the **SA** or paragraph 14B(2)(a), Schedule 2 to the **AJA**;
  - (b) direct the payment of a financial penalty in accordance with section 44D(2)(b) of the **SA**, paragraph 14B(2)(b) of Schedule 2 to the **AJA** or section 95 of the **LSA**, together with the amount of any penalty;
  - (c) disqualify a person from acting as a **HOLP** or **HOFA**, **manager** or employee of a body licensed under the **LSA** in accordance with section 99 of the **LSA**;
  - (d) make an order to control the person's activities in connection with legal practice, in accordance with section 43(2) of the **SA**;
  - (e) impose a condition on the practising certificate of a **solicitor**, the registration of an **REL** or **RFL** or the authorisation of a body for such period as may be specified, in accordance with section 13A(1) of the **SA**, paragraph 2A(1) of Schedule 14 to the Courts and Legal Services Act 1990, section 9(2F) of the **AJA** or section 85 of the **LSA** and regulation 19 of The European Communities (Lawyer's Practice) Regulations 2000;
  - (f) revoke or suspend authorisation to practise under the SRA Authorisation of Firms Rules;
  - (g) make an application to the **Tribunal** under section 47 of the **SA** for the allegation to be considered.
- 3.2 At any stage, an **authorised decision maker** may:
- (a) pending a final decision under rule 3.1 or by the **Tribunal**, impose interim conditions on the practising certificate of a **solicitor**, the registration of an **REL** or **RFL** or the authorisation of a body, where satisfied it is necessary for the protection of the public or in the public interest to do so; or
  - (b) following an application to the **Tribunal** under section 47 of the **SA** in circumstances in which the **solicitor**, **REL** or **RFL** has been convicted of an indictable offence or an offence involving dishonesty or deception, suspend or continue a suspension of their practising certificate or registration in accordance with section 13B of the **SA**.

- 3.3 As soon as reasonably practicable, the **SRA** shall give notice to the relevant **person** of any decision made under this rule, together with reasons, and will inform the **person** of any right they may have to apply for a review or appeal of the decision.
- 3.4 A decision is made on the date notice of it is given under rule 3.3.
- 3.5 Conditions imposed under rule 3.2(a) shall take effect immediately or on such other date as may be specified by the **authorised decision maker**.

### Decisions to impose a financial penalty

- 4.1 An **authorised decision maker** may decide to direct the payment of a financial penalty under rule 3.1(b), where this is appropriate to:
- (a) remove any financial or other benefit arising from the conduct;
  - (b) maintain professional standards; or
  - (c) uphold public confidence in the **solicitors'** profession and in legal services provided by **authorised persons**.
- 4.2 Where the **SRA** recommends the imposition of a financial penalty on a relevant **person**, it may, by notice, require the **person** to provide a statement as to their financial means which includes a statement of truth, within such period as the **SRA** may specify (which must be no less than 14 days from the date of the notice).
- 4.3 Where an **authorised decision maker** has directed a **person** to pay a financial penalty:
- (a) such penalty shall be paid within a time and in the manner **prescribed**;
  - (b) the **SRA** may direct that the payment of all or part of the penalty be suspended on such terms as **prescribed**.

### Decisions to disqualify a person

- 5.1 An **authorised decision maker** may decide to disqualify a **person** under rule 3.1(c) only where they are satisfied that it is undesirable for the **person** to engage in the relevant activity or activities.

### Applications to the Tribunal

- 6.1 An **authorised decision maker** may decide to make an application to the **Tribunal** in respect of a firm or an individual under rule 3.1(g) only where they are satisfied that:
- (a) there is a realistic prospect of the **Tribunal** making an order in respect of the allegation; and
  - (b) it is in the public interest to make the application.

- 6.2 Where an **authorised decision maker** has made an application to the **Tribunal**, the **SRA** may carry out such further investigations, and in doing so may exercise any of its investigative powers, as it considers appropriate.

### Applications for termination of certain orders

- 7.1 Where a **person** has been:
- (a) disqualified from acting as a **HOLP** or **HOFA**, or a **manager** or employee of a body licensed under the **LSA**;
  - (b) made subject by the **SRA** to an order under section 43(2) of the **SA**; or
  - (c) made subject by the **SRA** to an order suspending their practising certificate or registration in the **register of European lawyers** or the **register of foreign lawyers**,

where there has been a material change in circumstances, the relevant **person** may apply to the **SRA** seeking a decision that the disqualification or order should cease to be in force.

- 7.2 An **authorised decision maker** may decide that a disqualification should cease to be in force if they are satisfied that it is no longer undesirable for the disqualified person to engage in the relevant activity or activities.

### Evidential and procedural matters

- 8.1 The **SRA** may vary the procedure set out in these rules where it considers that it is in the interests of justice, or in the overriding public interest, to do so.
- 8.2 A decision under rule 3 may be made by agreement between the relevant **person** and the **SRA**.
- 8.3 Before reaching a decision under rule 3, an **authorised decision maker** or adjudication panel may give directions for the fair and effective disposal of the matter.
- 8.4 Decisions of an adjudication panel are made by simple majority.
- 8.5 Where an allegation is being considered by an adjudication panel, the proceedings will generally be conducted in private by way of a meeting. However, the panel may decide to conduct a hearing, which it may decide should be held in public, if it considers it in the interests of justice to do so.
- 8.6 Where an adjudication panel have decided to consider an allegation at a hearing:
- (a) the **SRA** shall send a notice informing the relevant **person** of the date, time and venue of the hearing, no less than 28 days before the date fixed for the hearing;
  - (b) the relevant **person** and the **SRA** shall have the right to attend and be represented; and



- (c) the panel may, at any time, whether of its own initiative or on the application of a party, adjourn the hearing until such time and date as it thinks fit.
- 8.7 The civil standard of proof applies to all decisions made under these rules.
- 8.8 An **authorised decision maker** may admit any evidence they consider fair and relevant to the case before them, whether or not such evidence would be admissible in a **court**. This may include regulatory or other history relating to the relevant **person**, or any associated **person**, which is relevant to the allegation, including to the question of propensity.
- 8.9 A certificate of conviction, or a finding by a **court** or disciplinary or regulatory body, certified by a competent officer of the **court**, or relevant body in the **UK** or **overseas**, shall be conclusive evidence of the offence committed or finding reached, and the facts relied upon.

### Disclosure and publication

- 9.1 The **SRA** may disclose or publish any information arising from or relating to an investigation, either in an individual case or a class of case, where it considers it to be in the public interest to do so.
- 9.2 The **SRA** shall publish any decision under rule 3.1 or 3.2, when the decision takes effect or at such later date as it may consider appropriate, unless it considers the particular circumstances outweigh the public interest in publication.
- 9.3 The **SRA** shall notify the Legal Services Board as soon as reasonably practicable:
- (a) of any decision to disqualify a **person** under rule 3.1(c);
  - (b) of the results of any review of any decision to disqualify a **person** under rule 7; and
  - (c) of any decision that a **person's** disqualification should cease to be in force.

### Costs

- 10.1 An **authorised decision maker** may require a **person** who is the subject of a decision under rule 3.1(a) to (f) to pay a charge in accordance with Schedule 1 to these rules.
- 10.2 The **authorised decision maker** may decide to charge less than the amount that would be payable in accordance with Schedule 1 if they consider that it would be just in all the circumstances to do so.
- 10.3 Any charge must be paid by the **person** in such time and manner as may be specified by the **authorised decision maker**.

## Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under sections 31, 44C and 44D of the Solicitors Act 1974, section 9 of, and paragraphs 14A and 14B of Schedule 2 to, the Administration of Justice Act 1985, section 83 of, and paragraph 20 of Schedule 11 to, the Legal Services Act 2007 and the Legal Services Act 2007 (The Law Society and the Council of Licensed Conveyancers) (Modification of Functions) Order 2011.

## Schedule 1

1. This schedule sets out the basis for calculating the charges payable under rule 10.
2. The **SRA** will record the amount of time spent by the **SRA** or its agents in investigating the matter, including time spent on correspondence, evidence gathering and analysis, and report writing.
3. The standard charges are as follows:

Number of hours spent investigating matter	Standard Charge
Under 2 hours	£300.00
2 hours or more but under 8 hours	£600.00
8 to 16 hours	£1350.00

4. In addition to the fixed charge of £1350, where the time recorded under paragraph 2 above amounts to more than 16 hours, an extra charge of £75.00 for every additional hour spent will be applied (rounded up or down to the nearest half hour).

# SRA Statutory Trust Rules

## Introduction

These rules set out what the SRA does with money it takes possession of following an intervention into a firm's and/or an individual's practice. We hold this money on trust for the people it belongs to. This type of trust is called a statutory trust. The people that the money belongs to are beneficiaries of the trust. We have produced guidance on the way that we deal with this money [link to decision making guidance].

## PART 1: GENERAL

### Holding statutory trust monies

- 1.1 The **SRA** shall place all **statutory trust monies** in an identifiable **statutory trust account**.
- 1.2 All interest earned on the funds held in any **statutory trust account** shall be paid into that account.

### Identifying beneficial entitlements

- 2.1 The **SRA** will create a **reconciled list** or a **best list** in respect of **statutory trust monies** held, using the information which it has available.
- 2.2 In creating a **reconciled list** or a **best list**, any sums of money which are identified within a **statutory trust account** as being payments on account of **fees** or unpaid **disbursements**, or which are equivalent to the **costs** incurred in a matter to which the funds relate, will be treated as due to the **client** rather than the **intervened practitioner**, unless there is sufficient evidence of a bill or other written notification of **costs** having been sent to the **client**.
- 2.3 The **SRA** will attempt to contact all **persons** identified as having a potential beneficial interest in the **statutory trust monies** and invite them to submit a claim in accordance with rule 4.

### Minimum level of funds

- 3.1 The **SRA** may set a minimum level of funds to which a **beneficiary** may be entitled within a **statutory trust account** below which it will not attempt to identify or locate potential **beneficiaries** on the basis that, in the opinion of the **SRA**, it would be unreasonable or disproportionate to do so.
- 3.2 The level in rule 3.1 applies to the sum identified as relating to a particular **beneficiary**, after the application of any pro-rata adjustment which may be made under rule 6.2 but without including any interest under rule 7.3.

## PART 2: CLAIMS

### Claimants to money

- 4.1 Unless the **SRA** agrees otherwise, every **claimant** must submit to the **SRA** a claim in the **prescribed** form accompanied by any documentation and other evidence as may be required by the **SRA**, and which must include, if requested by the **SRA**, a statement of truth.

### Verification of claims

- 5.1 The **SRA** may verify the individual potential beneficial entitlements claimed under rule 4 by examining all available evidence.

### Shortfall in statutory trust account

- 6.1 In cases where a shortfall is revealed between **statutory trust monies** held, and the beneficial entitlements shown in a **reconciled list** or **best list**, the **SRA** may rectify the position, in whole or in part, by the use of other monies taken into its possession in consequence of the **intervention** to which that list relates.
- 6.2 Where, having applied additional funds under rule 6.1, a shortfall still exists on a **statutory trust account**, the **SRA** will decide on the method for calculating how to distribute the funds that are available in the account to **beneficiaries**.

### Distribution of beneficial entitlements

- 7.1 In a case where the accounting records of the **intervened practitioner** are **reconciled accounts**, payments to **beneficiaries** will be made on the basis of the **reconciled list**.
- 7.2 In a case where the accounting records of the **intervened practitioner** are not **reconciled accounts**, payments to **beneficiaries** will be made on the basis of the **best list**.
- 7.3 Any interest which has accrued on a **statutory trust account** under rule 1.2, will be distributed to **beneficiaries** on a pro-rata basis in proportion to the payments made to them under rule 7.1 or 7.2.

### Residual balances

- 8.1 The **SRA** may use any funds which remain in a **statutory trust account** following the distribution to **beneficiaries** under rule 7 to reimburse any costs, charges, or other expenses, which it has incurred in establishing the beneficial entitlements to the **statutory trust monies** and in distributing the monies accordingly.
- 8.2 If funds remain in a **statutory trust account** after payment to **beneficiaries** and the reimbursement of costs, charges and expenses in accordance with rule 8.1, the **SRA** may transfer such remaining funds into the compensation fund held by the **SRA** and any claim to such funds under these rules shall be extinguished.

## Interim payments

- 9.1 The **SRA** may make an interim payment to a **beneficiary** before the full distribution of funds in a **statutory trust account** takes place provided that the **SRA** is satisfied that the payment can be made without prejudicing other claims to those funds.

## Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under paragraph 6B of Schedule 1 to the Solicitors Act 1974, paragraphs 32 to 34 of Schedule 2 to the Administration of Justice Act 1985, and paragraph 6 of Schedule 14 to the Legal Services Act 2007, governing the treatment of sums vested in the Law Society under paragraphs 6 or 6A of Schedule 1 to the Solicitors Act 1974 and under paragraphs 3 or 4 of Schedule 14 to the Legal Services Act 2007

## Rules 4.3 and 4.4 of the SRA Transparency Rules

- 4.3 A *solicitor*, an *REL* or *RFL* who is providing legal services to the public or a section of the public other than through a firm that is regulated by the *SRA*:
- (a) where they are not required to meet the *MTC*, must before engagement inform all *clients* of this fact and specify that alternative insurance arrangements are in place if this is the case (together with information about the cover this provides, if requested); and
  - (b) where applicable, must inform all *clients* that they will not be eligible to apply for a grant from the SRA Compensation Fund.
- 4.4 Rule 4.3 does not apply to a *solicitor*, an *REL* or *RFL* that is working in an *authorised non-SRA firm* or a *non-commercial body*.

## SRA Glossary

Defined Term	Definition
<b>A</b>	
<i>academic stage of training</i>	<p>means the undertaking by an individual of the following programmes of study which satisfy the requirements of the <i>Joint Statement</i>:</p> <p>(a) a <i>Qualifying Law Degree</i>;</p> <p>(b) a <i>CPE</i>;</p> <p>(c) an <i>Exempting Law Degree</i>; or</p> <p>(d) an <i>Integrated Course</i>;</p> <p>at an <i>approved education provider</i></p>
<i>accounting period</i>	<p>means the period for which your accounts are made up, and that:</p> <p>(a) begins at the end of the previous accounting period; and</p> <p>(b) comprises a period of 12 months unless you change the period for which your accounts are ordinarily made up or the accounting period covers your first report or a report after a break from practice in which case the accounting period may be for a period of less than 12 months or for more than 12 months, up to a maximum period of 18 months</p>
<i>accounting records</i>	<p>means all reconciliations, <i>bank</i> and <i>building society</i> statements (paper or electronic), original passbooks, signed letters of engagement with reporting accountants, the accountants' reports (whether qualified or not), any <i>client's</i> written instructions to hold <i>client money</i> other than in accordance with these rules, records and documents, including electronic records, relating to any <i>third party managed accounts</i> and any other records or</p>



	documents necessary to show compliance with the SRA Accounts Rules
<b>AJA</b>	means the Administration of Justice Act 1985
<b>ancillary insurance intermediary</b>	has the meaning given in article 2(1)(4) of the <b>IDD</b>
<b>approved education provider</b>	means a provider recognised by the <b>SRA</b> as providing a <b>Qualifying Law Degree</b> , <b>CPE</b> , <b>Exempting Law Degree</b> , or an <b>Integrated Course</b>
<b>approved regulator</b>	means any body listed as an approved regulator in paragraph 1 of Schedule 4 to the <b>LSA</b> or designated as an approved regulator by an order under paragraph 17 of that Schedule
<b>asset</b>	includes money, documents, wills, deeds, instruments and other property
<b>authorised body</b>	means: <ul style="list-style-type: none"> <li>(a) a body that has been authorised by the <b>SRA</b> to practise as a <b>licensed body</b> or a <b>recognised body</b>; or</li> <li>(b) a <b>sole practitioner's</b> practice that has been authorised by the <b>SRA</b> as a <b>recognised sole practice</b></li> </ul>
<b>authorised decision maker</b>	in relation to a decision, means a person authorised to make that decision by the <b>SRA</b> under a schedule of delegation
<b>authorised education provider</b>	means a provider recognised by the <b>SRA</b> as providing the <b>Legal Practice Course</b> or the Professional Skills Course
<b>authorised non-SRA firm</b>	means a firm which is authorised to carry on legal activities as defined in section 12 of the <b>LSA</b> by an <b>approved regulator</b> other than the <b>SRA</b>
<b>authorised person</b>	(a) subject to sub-paragraph (b) below, means a <b>person</b> who is authorised by the <b>SRA</b> or

	<p>another <i>approved regulator</i> to carry on a legal activity as defined under s12 of the <i>LSA</i> and the term "non-authorized person" shall be construed accordingly; and</p> <p>(b) in the SRA Financial Services (Scope) Rules, has the meaning given in section 31 of the <i>FSMA</i></p>
<i>authorised training provider</i>	means a <i>person</i> authorised by the <i>SRA</i> under the SRA Education, Training and Assessment Provider Regulations to take on and train a <i>trainee</i>
<b>B</b>	
<i>bank</i>	has the meaning given in section 87(1) of the <i>SA</i>
<i>barrister</i>	means a person called to the Bar by one of the Inns of Court and who has completed pupillage and is authorised by the General Council of the Bar to practise as a barrister
<i>beneficiary</i>	means a <i>person</i> with a beneficial entitlement to funds held by the Law Society on <i>statutory trust</i>
<i>best list</i>	means a list of potential beneficial entitlements to <i>statutory trust monies</i> which, in cases where it is not possible to create a <i>reconciled list</i> , is, in the view of the <i>SRA</i> , the most reliable that can be achieved with a reasonable and proportionate level of work taking into account the circumstances of the <i>intervention</i> and the nature of the evidence available
<i>building society</i>	means a building society within the meaning of the Building Societies Act 1986
<b>C</b>	
<i>CBTL credit agreement</i>	has the meaning given in the <i>FCA</i> Handbook
<i>character and suitability</i>	includes fitness and propriety under rule 13.1 of the SRA Authorisation of Firms Rules

<b><i>charity</i></b>	has the meaning given in section 1 of the Charities Act 2011
<b><i>chartered accountancy bodies</i></b>	means the Institute of Chartered Accountants in England and Wales; the Institute of Chartered Accountants of Scotland; the Association of Chartered Certified Accountants; or the Institute of Chartered Accountants in Ireland
<b><i>claimant</i></b>	means a <b><i>person</i></b> making a <b><i>claim</i></b> to <b><i>statutory trust monies</i></b>
<b><i>claims management services</i></b>	has the meaning given in section 4(2) of the Compensation Act 2006
<b><i>client</i></b>	means the <b><i>person</i></b> for whom you act and, where the context permits, includes prospective and former clients  in the SRA Financial Services (Scope) Rules, in relation to any <b><i>regulated financial services activities</i></b> carried on by an <b><i>authorised body</i></b> for a trust or the estate of a deceased person (including a controlled trust), means the trustees or personal representatives in their capacity as such and not any person who is a <b><i>beneficiary</i></b> under the trust or interested in the estate
<b><i>client account</i></b>	has the meaning given to it in the SRA Accounts Rules
<b><i>client money</i></b>	has the meaning given in rule 2.1 of the SRA Accounts Rules
<b><i>client money (overseas)</i></b>	means money held or received by your <b><i>overseas practice</i></b> :  (a) relating to services delivered by your <b><i>overseas practice</i></b> to a <b><i>client</i></b> ;  (b) on behalf of a third party in relation to services delivered by your <b><i>overseas practice</i></b> (such as money held as agent, stakeholder or held to the sender's order);

	<p>(c) as a trustee or as the holder of a specified office or appointment;</p> <p>(d) in respect of <b>fees</b> and any unpaid <b>disbursements</b> if held or received prior to delivery of a bill for the same</p>
<b>COFA</b>	means a compliance officer for finance and administration and in relation to a <b>licensable body</b> is a reference to its <b>HOFA</b>
<b>COLP</b>	means compliance officer for legal practice and in relation to a <b>licensable body</b> is a reference to its <b>HOLP</b>
<b>Companies Acts</b>	means the Companies Act 1985 and the Companies Act 2006
<b>company</b>	means a company incorporated in a state to which the Establishment of Lawyers Directive 98/5/EC applies and registered under the <b>Companies Acts</b> or a <b>societas Europaea</b>
<b>competing for the same objective</b>	means any situation in which two or more <b>clients</b> are competing for an "objective" which, if attained by one <b>client</b> , will make that "objective" unattainable to the other <b>client</b> or <b>clients</b> , and "objective" means an asset, contract or business opportunity which two or more <b>clients</b> are seeking to acquire or recover through a liquidation (or some other form of insolvency process) or by means of an auction or tender process or a bid or offer, but not a public takeover
<b>compliance officer</b>	is a reference to a body's <b>COLP</b> or its <b>COFA</b>
<b>conflict of interest</b>	means a situation where your separate duties to act in the best interests of two or more <b>clients</b> conflict
<b>connected practices</b>	means a body providing legal services, established outside England and Wales which is not an <b>overseas practice</b> or an excluded body but is otherwise connected to an <b>authorised body</b> in England and Wales, by virtue of:

	<p>(a) being a parent undertaking, within the meaning of section 1162 of the Companies Act 2006, of the <i>authorised body</i>;</p> <p>(b) being jointly managed or owned, or having a <i>partner, member</i> or <i>owner</i> in common, or controlled by or, with the <i>authorised body</i>;</p> <p>(c) participating in a joint enterprise or across its practice generally, sharing <i>costs</i>, revenue or profits related to the provision of legal services with the <i>authorised body</i>; or</p> <p>(d) common branding,</p> <p>and in this definition:</p> <p>(i) a "body" means a natural person or <i>company, LLP</i> or <i>partnership</i> or other <i>body corporate</i> or unincorporated association or business entity; and</p> <p>(ii) an "excluded body" means a body which is part of:</p> <p>(A) a Verein or similar group structure involving more than one body providing legal services in respect of which the <i>authorised body</i> in England and Wales connected to it is not regarded as being the body which is the headquarters of that Verein or similar group structure or a significant part of it;</p> <p>(B) a joint practice, alliance or association or association with the <i>authorised body</i> in England and Wales connected to it which is controlled by a body providing legal services outside England and Wales; or</p> <p>(C) a group of affiliated bodies providing legal services which is not managed</p>
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	<p>or controlled by an <b>authorised body</b> in England and Wales</p> <p>(iii) A "joint enterprise" means any contractual arrangements between two or more independent bodies which provide legal services, for profit and/or other defined purpose or goal which apply generally between them, not just agreed on a matter by matter basis</p> <p>(iv) "Common branding" means the use of a name, term, design, symbol, words or a combination of these that identifies two or more legal practices as distinct from other legal practices or an express statement that a legal practice is practising in association with one or more other named firms</p>
<b>continuous payment authority</b>	<p>means consent given to a <b>client</b> for a firm to make one or more requests to a payment service provider for one or more payments from the <b>client's</b> payment account, but excluding:</p> <p>(a) a direct debit to which the direct debit guarantee applies; and</p> <p>(b) separate consent given by a <b>client</b> to a firm, following the making of the <b>regulated credit agreement</b>, for the firm to make a single request to a payment service provider for one payment of a specified amount from the <b>client's</b> payment account on the same day as the consent is given or on a specified day</p>
<b>contract of insurance</b>	<p>means (in accordance with article 3(1) of the <b>Regulated Activities Order</b>) any contract of insurance which is a <b>long-term insurance contract</b> or a <b>general insurance contract</b></p>
<b>costs</b>	<p>means your <b>fees</b> and <b>disbursements</b></p>

<b><i>court</i></b>	means any court, tribunal or inquiry of England and Wales, or a British court martial, or any court of another jurisdiction
<b><i>CPE</i></b>	means the Common Professional Examination, namely, a course, including assessments and examinations, approved by the <b><i>SRA</i></b> on behalf of the <b><i>SRA</i></b> and Bar Standards Board for the purposes of completing the <b><i>academic stage of training</i></b> for those who have not satisfactorily completed a <b><i>Qualifying Law Degree</i></b>
<b><i>credit agreement</i></b>	has the meaning given by article 60B(3) of the <b><i>Regulated Activities Order</i></b>
<b><i>credit broking</i></b>	means an activity of the kind specified in article 36A of the <b><i>Regulated Activities Order</i></b>
<b><i>credit tokens</i></b>	<p>means a card, check, voucher, coupon, stamp, form, booklet or other document or thing given to a <b><i>client</i></b> by a <b><i>person</i></b> carrying on a <b><i>credit-related regulated financial services activity</i></b> ("the provider"), who undertakes that:</p> <p>(a) on production of it (whether or not some other action is also required) the provider will supply cash, goods or services (or any of them) on credit; or</p> <p>(b) where, on the production of it to a third party (whether or not any other action is also required), the third party supplies cash, goods and services (or any of them), the provider will pay the third party for them (whether or not deducting any discount or commission), in return for payment to the provider by the <b><i>client</i></b> and the provider shall, without prejudice to the definition of credit, be taken to provide credit drawn on whenever a third party supplies the <b><i>client</i></b> with cash, goods or services, and</p> <p>the use of an object to operate a machine provided by the person giving the object or a third party shall be treated as the production of the object to that person or third party</p>

***credit-related regulated financial services activities***

means any of the following activities specified in Part 2 or 3A of the ***Regulated Activities Order***:

- (a) entering into a regulated credit agreement as lender (article 60B(1));
- (b) exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement (article 60B(2));
- (c) credit broking (article 36A);
- (d) debt adjusting (article 39D(1) and (2));
- (e) debt counselling (article 39E(1) and (2));
- (f) debt collecting (article 39F(1) and (2));
- (g) debt administration (article 39G(1) and (2));
- (h) entering into a regulated consumer hire agreement as owner (article 60N(1));
- (i) exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement (article 60N(2));
- (j) providing credit information services (article 89A);
- (k) providing credit references (article 89B);
- (l) operating an electronic system in relation to lending (article 36H);
- (m) agreeing to carry on a regulated activity (article 64) so far as relevant to any of the activities (a) to (l),

which is carried on by way of business and relates to a specified investment applicable to that activity or, in the case of (j) and (k), relates to information about a person's financial standing



<b>D</b>	
<b>debt management plan</b>	means a non-statutory agreement between a <b>client</b> and one or more of the <b>client's</b> lenders the aim of which is to discharge or liquidate the <b>client's</b> debts, by making regular payments to a third party which administers the plan and distributes the money to the lenders
<b>degree</b>	means a <b>UK</b> degree, awarded at level 6 (or above) of the Framework for Higher Education Qualifications, by a recognised degree-awarding body
<b>director</b>	means a director of a <b>company</b> ; and in relation to a <b>societas Europaea</b> includes:  (a) in a two-tier system, a <b>member</b> of the management organ and a <b>member</b> of the supervisory organ; and  (b) in a one-tier system, a <b>member</b> of the administrative organ
<b>disbursement</b>	means any costs or expenses paid or to be paid to a third party on behalf of the <b>client</b> or trust (including any VAT element) save for office expenses such as postage and courier fees
<b>discrimination</b>	has the meaning given in the Equality Act 2010
<b>durable medium</b>	means any instrument which:  (a) enables the recipient to store information personally addressed to them in a way accessible for future reference and for a period of time adequate for the purposes of the information; and  (b) allows the unchanged reproduction of the information stored
<b>E</b>	
<b>EEA</b>	means European Economic Area

<p><b>employee</b></p>	<p>means an individual who is:</p> <p>(a) engaged under a contract of service by a <b>person</b>, firm or organisation or its wholly owned service company;</p> <p>(b) engaged under a contract for services, made between a firm or organisation and:</p> <p>(i) that individual;</p> <p>(ii) an employment agency; or</p> <p>(iii) a <b>company</b> which is not held out to the public as providing legal services and is wholly owned and directed by that individual, or</p> <p>under which the <b>person</b>, firm or organisation has exclusive control over the individual's time for all or part of the individual's working week, save that:</p> <p>(A) for the purposes of the SRA Financial Services (Scope) Rules, means an individual who is employed in connection with the firm's <b>regulated financial services activities</b> under a contract of service or under a contract for services such that he or she is held out as an employee or consultant of the firm</p> <p>and the term "employer" is to be construed accordingly</p>
<p><b>Establishment Directive</b></p>	<p>means the Establishment of Lawyers Directive 98/5/EC</p>
<p><b>Establishment Directive profession</b></p>	<p>means any profession listed in article 1.2(a) of the <b>Establishment Directive</b>, including a <b>solicitor</b>, <b>barrister</b> or advocate of the <b>UK</b></p>
<p><b>Establishment Directive state</b></p>	<p>means a state to which the <b>Establishment Directive</b> applies</p>

<p><b>European corporate practice</b></p>	<p>means a <b>lawyers'</b> practice which is a body incorporated in an <b>Establishment Directive state</b>, or a <b>partnership</b> with separate legal identity formed under the law of an <b>Establishment Directive state</b> and which is regulated as a <b>lawyers'</b> practice:</p> <p>(a) which has an office in an <b>Establishment Directive state</b> but does not have an office in England and Wales;</p> <p>(b) whose ultimate beneficial owners include at least one individual who is not a <b>lawyer of England and Wales</b> but is, and is entitled to practise as, a <b>lawyer</b> of an <b>Establishment Directive profession</b>;</p> <p>(c) whose <b>managers</b> include at least one such individual, or at least one <b>body corporate</b> whose <b>managers</b> include at least one such individual; and</p> <p>(d) of which <b>lawyers</b> are entitled to exercise, or control the exercise of, more than 90% of the <b>voting rights</b></p>
<p><b>European cross-border practice</b></p>	<p>means:</p> <p>(a) professional activity regulated by the <b>SRA</b> in a state whose legal profession is a full, an associate or an observer member of the Council of Bars and Law Societies of Europe (CCBE state) other than the <b>UK</b>, whether or not you are physically present in that CCBE state; and</p> <p>(b) any professional contact regulated by the <b>SRA</b> with a <b>lawyer</b> of a CCBE state other than the <b>UK</b>,</p> <p>excluding professional contacts and professional activities taking place within a firm or in-house legal department</p>
<p><b>execution-only</b></p>	<p>means a transaction which is effected by an <b>authorised body</b> for a <b>client</b> where the <b>authorised body</b> assumes on reasonable</p>

	grounds that the <b>client</b> is not relying on the <b>authorised body</b> as to the merits or suitability of that transaction
<b>exempt person</b>	in the SRA Financial Services (Scope) Rules means a <b>person</b> who is exempt from the general prohibition as a result of an exemption order made under section 38(1) or as a result of section 39(1) or 285(2) or (3) of the <b>FSMA</b> and who, in engaging in the activity in question, is acting in the course of business in respect of which that <b>person</b> is exempt
<b>Exempting Law Degree</b>	means a <b>Qualifying Law Degree</b> incorporating a <b>Legal Practice Course</b> , approved by the <b>SRA</b>
<b>F</b>	
<b>FCA</b>	means the Financial Conduct Authority
<b>fees</b>	means your own charges or profit costs (including any VAT element)
<b>financial benefit</b>	includes any commission, discount or rebate, but does not include your <b>fees</b> or <b>interest</b> earned on any <b>client account</b>
<b>Financial Services Register</b>	means the record maintained by the <b>FCA</b> as required by section 347 of the <b>FSMA</b> and including those <b>persons</b> who carry on, or are proposing to carry on, <b>insurance distribution activities</b>
<b>foreign lawyer</b>	has the meaning given in section 89(9) of the Courts and Legal Services Act 1990
<b>FSMA</b>	means the Financial Services and Markets Act 2000
<b>G</b>	
<b>general insurance contract</b>	means any contract of insurance within Part I of Schedule 1 to the <b>Regulated Activities Order</b>
<b>H</b>	

<i>high-cost short-term credit</i>	<p>means a <i>regulated credit agreement</i>:</p> <ul style="list-style-type: none"> <li>(a) which is a borrower-lender agreement or a P2P agreement;</li> <li>(b) in relation to which the APR is equal to or exceeds 100%;</li> <li>(c) either: <ul style="list-style-type: none"> <li>(i) in relation to which a financial promotion indicates (by express words or otherwise) that the credit is to be provided for any period up to a maximum of 12 months or otherwise indicates (by express words or otherwise) that the credit is to be provided for a short term; or</li> <li>(ii) under which the credit is due to be repaid or substantially repaid within a maximum of 12 months of the date on which the credit is advanced;</li> </ul> </li> <li>(d) which is not secured by a mortgage, charge or <i>pledge</i>; and</li> <li>(e) which is not: <ul style="list-style-type: none"> <li>(i) a <i>credit agreement</i> in relation to which the lender is a community finance organisation; or</li> <li>(ii) a home credit loan agreement, a bill of sale loan agreement or a borrower-lender agreement enabling a borrower to overdraw on a current account or arising where the holder of a current account overdraws on the account without a pre-arranged overdraft or exceeds a pre-arranged overdraft limit</li> </ul> </li> </ul>
<i>higher courts</i>	<p>means the Crown Court, High Court, Court of Appeal and Supreme Court in England and Wales</p>

<b>higher courts advocacy qualification</b>	means either:  (a) Higher Courts (Civil Advocacy) Qualification which entitles the <b>solicitor</b> or <b>REL</b> to exercise rights of audience in all civil proceedings in the <b>higher courts</b> , including judicial review proceedings in any <b>court</b> arising from any criminal cause; or  (b) Higher Courts (Criminal Advocacy) Qualification which entitles the <b>solicitor</b> or <b>REL</b> to exercise rights of audience in all criminal proceedings in the <b>higher courts</b> and judicial review proceedings in any <b>court</b> arising from any criminal cause
<b>HOFA</b>	means a Head of Finance and Administration within the meaning of paragraph 13(2) of Schedule 11 to the <b>LSA</b>
<b>HOLP</b>	means a Head of Legal Practice within the meaning of paragraph 11(2) of Schedule 11 to the <b>LSA</b>
<b>home finance mediation activity</b>	has the meaning given in the <b>FCA</b> Handbook
<b>I</b>	
<b>IDD</b>	means Directive (EU) 2016/97 on insurance distribution
<b>immigration work</b>	means the provision of immigration advice and immigration services, as defined in section 82 of the Immigration and Asylum Act 1999
<b>insurance-based investment product</b>	has the meaning given in article 2(1)(17) of the <b>IDD</b>
<b>insurance distribution</b>	has the meaning given in the <b>FCA</b> Handbook
<b>insurance distribution activity</b>	means any of the following regulated activities as specified in the <b>Regulated Activities Order</b> which are carried on in relation to a <b>contract of insurance</b> or rights to or interests in a <b>life policy</b> :

	<p>(a) dealing in investments as agent (article 21)</p> <p>(b) arranging (bringing about) deals in investments (article 25(1))</p> <p>(c) making arrangements with a view to transactions in investments (article 25(2))</p> <p>(d) assisting in the administration and performance of a contract of insurance (article 39A)</p> <p>(e) advising on investments (except peer to peer agreements) (article 53(1))</p> <p>(f) agreeing to carry on a regulated activity in (a) to (e) above (article 64).</p>
<i>insurance distribution officer</i>	means the individual within the management structure of the firm who is responsible for <i>insurance distribution activity</i>
<i>insurance intermediary</i>	has the meaning given in article 2(1)(3) of the <i>IDD</i>
<i>Insurance Product Information Document</i>	means a document that meets the requirements of article 20(5) to article 20(8) of the <i>IDD</i> and the Commission Implementing Regulation (EU) 2017/1469
<i>insurance undertaking</i>	has the meaning given in article 2(1)(6) of the <i>IDD</i>
<i>insurer</i>	means a firm with permission to effect or carry out <i>contracts of insurance</i> (other than a bank)
<i>Integrated Course</i>	means a course incorporating the foundations of legal knowledge as set out in the Academic Stage Handbook and the <i>Legal Practice Course</i>
<i>interest</i>	includes a sum in lieu of interest
<i>interest holder</i>	means a <i>person</i> who has an interest or an indirect interest, or holds a <i>material interest</i> , in a body (and "indirect interest" and "interest"

	have the same meaning as in the <i>LSA</i> ), and references to "holds an interest" shall be construed accordingly
<i>intervened practitioner</i>	means the <i>solicitor</i> , <i>recognised body</i> , <i>licensed body</i> , <i>REL</i> or <i>RFL</i> whose practice or practices are the subject of an <i>intervention</i>
<i>intervention</i>	means the exercise of the powers specified in section 35 of and Schedule 1 to the <i>SA</i> , or section 9 of and paragraphs 32 to 35 of Schedule 2 to the <i>AJA</i> , or section 89 of and paragraph 5 of Schedule 14 to the Courts and Legal Services Act 1990, or section 102 of and Schedule 14 to the <i>LSA</i>
<i>introducer</i>	means any person, business or organisation who or that introduces or refers <i>clients</i> to your business, or recommends your business to <i>clients</i> or otherwise puts you and <i>clients</i> in touch with each other
<b>J</b>	
<i>Joint Statement</i>	means the Joint Statement on <i>Qualifying Law Degrees</i> , prepared jointly by the <i>SRA</i> and the Bar Standards Board, setting out the conditions a law degree course must meet in order to be recognised by the <i>SRA</i> as a <i>Qualifying Law Degree</i>
<b>L</b>	
<i>lawyer</i>	means a member of one of the following professions, entitled to practise as such: <ul style="list-style-type: none"> <li>(a) the profession of <i>solicitor</i>, <i>barrister</i> or advocate of the <i>UK</i>;</li> <li>(b) an <i>authorised person</i> other than one authorised by the <i>SRA</i>;</li> <li>(c) an <i>Establishment Directive profession</i> other than a <i>UK</i> profession; and</li> </ul>



	(d) any other regulated legal profession specified by the <b>SRA</b> for the purpose of this definition
<b>lawyer of England and Wales</b>	means:  (a) a <b>solicitor</b> ; or  (b) an individual who is authorised to carry on legal activities in England and Wales by an <b>approved regulator</b> other than the <b>SRA</b> , but excludes a member of an <b>Establishment Directive profession</b> registered with the Bar Standards Board under the <b>Establishment Directive</b>
<b>Legal Ombudsman</b>	means the scheme administered by the Office for Legal Complaints under Part 6 of the <b>LSA</b>
<b>legal or equitable mortgage</b>	includes a legal or equitable charge and, in Scotland, a heritable security
<b>Legal Practice Course</b>	means a course provided by an <b>authorised education provider</b> which meets the <b>prescribed</b> requirements
<b>legal services body</b>	has the meaning given in section 9A of the <b>AJA</b>
<b>legally qualified</b>	has the meaning given in section 9A(6) of the <b>AJA</b> save that, for a body to meet the management and control requirements enabling it to fall within section 9A(6)(h), it must be:  (a) a <b>recognised body</b> ;  (b) a <b>licensed body</b> in which <b>lawyers</b> are entitled to exercise, or control the exercise of more than 90 percent of the <b>voting rights</b> of that <b>licensed body</b> ;  (c) an <b>authorised non-SRA firm</b> in which <b>lawyers</b> are entitled to exercise, or control the exercise of more than 90 percent of the <b>voting rights</b> of that <b>authorised non-SRA firm</b>

<i>licensable body</i>	has the meaning given in section 72 of the <i>LSA</i>
<i>licensed body</i>	means a body licensed by the SRA under section 71(2) of the <i>LSA</i> in accordance with the SRA Authorisation of Firms Rules
<i>life office</i>	means a <i>person</i> with permission to effect or carry out <i>long-term insurance contracts</i>
<i>life policy</i>	means a <i>long-term insurance contract</i> other than a <i>pure protection contract</i> or a <i>reinsurance contract</i> , but including a <i>pension policy</i>
<i>LLP</i>	means a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000
<i>long-term insurance contract</i>	has the meaning given in Part II of Schedule 1 to the <i>Regulated Activities Order</i>
<i>LSA</i>	means the Legal Services Act 2007
<b>M</b>	
<i>manager</i>	means:  (a) the sole principal in a <i>recognised sole practice</i> ;  (b) a <i>member</i> of a <i>LLP</i> ;  (c) a <i>director</i> of a <i>company</i> ;  (d) a <i>partner</i> in a <i>partnership</i> ; or  (e) in relation to any other body, a member of its governing body
<i>material interest</i>	has the meaning given to it in Schedule 13 to the <i>LSA</i>
<i>MCD</i>	means the Mortgage Credit Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property

<b><i>MCD credit agreement</i></b>	has the meaning given in the <b><i>FCA</i></b> Handbook
<b><i>member</i></b>	means:  (a) in relation to a <b><i>company</i></b> , a person who has agreed to be a member of the <b><i>company</i></b> and whose name is entered in the <b><i>company's</i></b> register of members; and  (b) in relation to an <b><i>LLP</i></b> , a member of that <b><i>LLP</i></b>
<b><i>mixed payments</i></b>	means a payment that includes both <b><i>client money</i></b> and non- <b><i>client money</i></b>
<b><i>MTC</i></b>	means the minimum terms and conditions with which a policy of <b><i>qualifying insurance</i></b> is required by the SRA Indemnity Insurance Rules to comply, a copy of which is annexed as Appendix 1 to those Rules.
<b>N</b>	
<b><i>non-commercial body</i></b>	means a body that falls within section 23(2) of the <b><i>LSA</i></b>
<b><i>non-mainstream regulated activities</i></b>	means a <b><i>regulated financial services activity</i></b> of an <b><i>authorised body</i></b> regulated by the <b><i>FCA</i></b> in relation to which the conditions in the Professional Firms' Sourcebook (5.2.1R) are satisfied
<b>O</b>	
<b><i>occupational pension scheme</i></b>	means any scheme or arrangement which is comprised in one or more documents or agreements and which has, or is capable of having, effect in relation to one or more descriptions or categories of employment so as to provide benefits, in the form of pensions or otherwise, payable on termination of service, or on death or retirement, to or in respect of earners with qualifying service in an employment of any such description or category
<b><i>overseas</i></b>	means outside England and Wales

<b>overseas client account</b>	means an account at a bank or similar institution, subject to supervision by a public authority, which is used only for the purpose of holding <b>client money</b> and the title, designation or account detail allow the account to be identified as belonging to the <b>client</b> or <b>clients</b> of a <b>solicitor</b> or <b>REL</b> , or that they are being held subject to a trust
<b>overseas practice</b>	means:  (a) a branch office of an <b>authorised body</b> ;  (b) a subsidiary company of an <b>authorised body</b> ;  (c) a subsidiary undertaking, within the meaning of section 1162 of the Companies Act 2006, of an <b>authorised body</b> ;  (d) an entity whose business, management or ownership are otherwise in fact or law controlled by an <b>authorised body</b> ;  (e) an individual acting as a representative (whether as an <b>employee</b> or agent) of an <b>authorised body</b> ; or  (f) a sole principal whose business, management or ownership are otherwise in fact or law controlled by an <b>authorised body</b> ,  established outside England and Wales and providing legal services
<b>own interest conflict</b>	means any situation where your duty to act in the best interests of any <b>client</b> in relation to a matter conflicts, or there is a significant risk that it may conflict, with your own interests in relation to that or a related matter
<b>owner</b>	means, in relation to a body, a <b>person</b> with any interest in the body, save that:  (a) in the SRA Authorisation of Firms Rules, and the SRA Authorisation of Individuals

	<p>Regulations, owner means any person who holds a <b>material interest</b> in an <b>authorised body</b>, and in the case of a <b>partnership</b>, any partner regardless of whether they hold a <b>material interest</b> in the <b>partnership</b>; and</p> <p>(b) for the purposes of the SRA Principles and the SRA Code of Conduct for Firms means a <b>person</b> who holds a <b>material interest</b> in the body; and</p> <p>(c) for the purposes of the SRA Assessment of Character and Suitability Rules includes <b>owners</b> who have no active role in the running of the business as well as <b>owners</b> who do,</p> <p>and "own" and "owned" shall be construed accordingly</p>
<b>P</b>	
<b>partner</b>	means a <b>person</b> who is or is held out as a partner in a <b>partnership</b>
<b>partnership</b>	means a body that is not a <b>body corporate</b> in which persons are, or are held out as, <b>partners</b>
<b>pawn</b>	means any article subject to a <b>pledge</b>
<b>pawnee</b>	means a <b>person</b> who takes any article in <b>pawn</b> and includes any <b>person</b> to whom the rights and duties of the original pawnee have passed by assignment or operation of law
<b>payment</b>	includes any form of consideration whether any benefit is received by you or by a third party (but does not include the provision of hospitality that is reasonable in the circumstances) and "pay" and "paid" shall be construed accordingly
<b>pension policy</b>	means a right to benefits obtained by the making of contributions to an <b>occupational pension scheme</b> or to a <b>personal pension scheme</b> , where the contributions are paid to a <b>life office</b>

<b><i>period of recognised training</i></b>	means training required under the SRA Authorisation of Individuals Regulations
<b><i>person</i></b>	includes a body of persons (corporate or unincorporated)
<b><i>personal pension scheme</i></b>	means any scheme or arrangement which is not an <b><i>occupational pension scheme</i></b> or a <b><i>stakeholder pension scheme</i></b> and which is comprised in one or more instruments or agreements, having or capable of having effect so as to provide benefits to or in respect of people on retirement, or on having reached a particular age, or on termination of service in an employment
<b><i>personal recommendation</i></b>	means a recommendation that is presented as suitable for the person to whom it is made, or is based on a consideration of the circumstances of that person
<b><i>pledge</i></b>	means a <b><i>pawnee's</i></b> rights over an article taken in <b><i>pawn</i></b>
<b><i>policy</i></b>	has the meaning given in the <b><i>FCA</i></b> Handbook
<b><i>Practice Skills Standards</i></b>	means the standards published by the <b><i>SRA</i></b> which set out the practice skills <b><i>trainees</i></b> will develop during the <b><i>period of recognised training</i></b> and use when qualified
<b><i>practising overseas</i></b>	means the conduct of a practice: <ul style="list-style-type: none"> <li>(a) of an <b><i>overseas practice</i></b>;</li> <li>(b) of a <b><i>manager, member</i></b> or <b><i>owner</i></b> of an <b><i>overseas practice</i></b> in that capacity;</li> <li>(c) of a <b><i>solicitor</i></b> established outside England and Wales for the purpose of providing legal services in an <b><i>overseas</i></b> jurisdiction; and</li> <li>(d) of an <b><i>REL</i></b> established in Scotland or Northern Ireland for the purpose of providing legal services in those jurisdictions</li> </ul>

<i>prescribed</i>	means prescribed by the <i>SRA</i> from time to time
<i>professional service</i>	means, for the purposes of the SRA Financial Services (Scope) Rules, services provided by an <i>authorised body</i> in the course of its practice and which do not constitute carrying on a <i>regulated financial services activity</i>
<i>publicity</i>	includes all promotional material and activity, including the name or description of your firm, stationery, advertisements, brochures, websites, directory entries, media appearances, promotional press releases, and direct approaches to potential <i>clients</i> and other <i>persons</i> , whether conducted in person, in writing, or in electronic form, but does not include press releases prepared on behalf of a <i>client</i>
<i>pure protection contract</i>	means: <ul style="list-style-type: none"> <li>(a) a <i>long-term insurance contract</i>: <ul style="list-style-type: none"> <li>(i) under which the benefits are payable only in respect of death or of incapacity due to injury, sickness or infirmity;</li> <li>(ii) which has no surrender value or the consideration consists of a single premium and the surrender value does not exceed that premium; and</li> <li>(iii) which makes no provision for its conversion or extension in a manner which would result in its ceasing to comply with (a) or (b); or</li> </ul> </li> <li>(b) a <i>reinsurance contract</i> covering all or part of a risk to which a <i>person</i> is exposed under a <i>long-term insurance contract</i></li> </ul>
<b>Q</b>	
<i>qualifying insurance</i>	means a policy that provides professional indemnity insurance cover in accordance with

	the <i>MTC</i> but only to the extent required by the <i>MTC</i>
<i>Qualifying Law Degree</i>	means a degree which meets the requirements of the <i>Joint Statement</i>
<b>R</b>	
<i>recognised body</i>	means a body recognised by the <i>SRA</i> under section 9 of the <i>AJA</i>
<i>recognised jurisdiction</i>	means a jurisdiction we have recognised against prescribed criteria
<i>recognised sole practice</i>	means the practice of a sole <i>solicitor</i> or <i>REL</i> which is recognised by the <i>SRA</i> under section 9 of the <i>AJA</i>
<i>reconciled accounts</i>	means that all elements of the accounting records of an <i>intervened practitioner's</i> practice are consistent with each other
<i>reconciled list</i>	means a list of beneficial entitlements to <i>statutory trust monies</i> created from a set of <i>reconciled accounts</i>
<i>record of training</i>	means a record created and maintained by a <i>trainee</i> , which contains details of the work they have performed as a <i>trainee</i> , how the <i>trainee</i> has acquired, applied and developed their skills by reference to the <i>Practice Skills Standards</i> and the <i>trainee's</i> reflections on their performance and development plans
<i>referral fee</i>	means a referral fee as defined within section 57(7) of the Legal Aid, Sentencing and Punishment of Offenders Act 2012
<i>register</i>	includes:  (a) the roll and the register of solicitors with practising certificates kept under Part I of the <i>SA</i> ,  (b) the <i>register of European lawyers</i> ;  (c) the <i>register of foreign lawyers</i> ; and



	(d) the register of <b>authorised bodies</b> kept under the <b>AJA</b> and the <b>LSA</b>
<b>register of European lawyers</b>	means the register of European lawyers maintained by the <b>SRA</b> under regulation 15 of the European Communities (Lawyer's Practice) Regulations 2000 (SI 2000/1119)
<b>register of foreign lawyers</b>	means the register of foreign lawyers maintained by the <b>SRA</b> under section 89 of the Courts and Legal Services Act 1990
<b>Regulated Activities Order</b>	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001
<b>regulated consumer hire agreement</b>	has the meaning given by article 60N(3) of the <b>Regulated Activities Order</b>
<b>regulated credit agreement</b>	has the meaning given by article 60B(3) of the <b>Regulated Activities Order</b>
<b>regulated financial services activities</b>	means an activity which is specified in the <b>Regulated Activities Order</b>
<b>regulated individual</b>	means: <ul style="list-style-type: none"> <li>(a) a <b>solicitor</b>,</li> <li>(b) an <b>REL</b>; and</li> <li>(c) a <b>manager, member</b> or <b>owner</b> of an <b>overseas practice</b></li> </ul>
<b>regulated services</b>	means the legal and other professional services that you provide that are regulated by the <b>SRA</b> and includes, where appropriate, acting as a trustee or as the holder of a specified office or appointment
<b>regulatory arrangements</b>	has the meaning given to it by section 21 of the <b>LSA</b>
<b>regulatory objectives</b>	has the meaning given to it by section 1 of the <b>LSA</b>
<b>reinsurance contract</b>	means a <b>contract of insurance</b> covering all or part of a risk to which a <b>person</b> is exposed under a <b>contract of insurance</b>

<i>reinsurance distribution</i>	has the meaning given in article 2(1)(2) and article 2(2) of the <i>IDD</i>
<i>REL</i>	means a European lawyer registered in the <i>register of European lawyers</i>
<i>relevant insolvency event</i>	occurs in relation to a body if: <ul style="list-style-type: none"> <li>(a) a resolution for a voluntary winding up of the body is passed without a declaration of solvency under section 89 of the Insolvency Act 1986;</li> <li>(b) the body enters administration within the meaning of paragraph 1(2)(b) of Schedule B1 to that Act;</li> <li>(c) an administrative receiver within the meaning of section 251 of that Act is appointed;</li> <li>(d) a meeting of creditors is held in relation to the body under section 95 of that Act (creditors' meeting which has the effect of converting a members' voluntary winding up into a creditors' voluntary winding up);</li> <li>(e) an order for the winding up of the body is made;</li> <li>(f) all of the <i>managers</i> in a body which is unincorporated have been adjudicated bankrupt; or</li> <li>(g) the body is an <i>overseas company</i> or a <i>societas Europaea</i> registered outside England, Wales, Scotland and Northern Ireland and the body is subject to an event in its country of incorporation analogous to an event as set out in paragraphs (a) to (f) above</li> </ul>
<i>remuneration</i>	means any commission, fee, charge or other payment, including an economic benefit of any kind or any other financial or non-financial advantage or incentive offered or given in respect of <i>insurance distribution activities</i>

	and references to “remunerate” and “remunerated” shall be construed accordingly
<i>reserved legal activity</i>	has the meaning given in section 12 of the <i>LSA</i>
<i>responsible authorised body</i>	in respect of an <i>overseas practice</i> means the <i>authorised body</i> referred to in whichever of paragraph (a) to (f) of the definition of " <i>overseas practice</i> " is applicable to that practice
<i>retail investment product</i>	has the meaning given in the <i>FCA Handbook</i>
<i>RFL</i>	means a foreign lawyer registered in the <i>register of foreign lawyers</i>
<i>running account credit</i>	means a facility under a <i>credit agreement</i> under which the borrower or another <i>person</i> is enabled to receive from time to time from the lender, or a third party, cash, goods or services to an amount or value such that, taking into account payments made by or to the credit of the borrower, the credit limit (if any) is not at any time exceeded
<b>S</b>	
<i>SA</i>	means the Solicitors Act 1974
<i>security</i>	has the meaning given by article 3(1) of the <i>Regulated Activities Order</i> but does not include an investment which falls within the definition of a packaged product
<i>separate business</i>	means, where you own, manage or are employed by an <i>authorised body</i> ,  a separate business:  (a) which you own;  (b) which you are owned by;  (c) where you actively participate in the provision of its services, including where you have any direct control over the business or any indirect control over the

	<p>business through another <i>person</i>, or</p> <p>(d) which you are connected with,</p> <p>and which is not an <i>authorised body</i>, an <i>authorised non-SRA firm</i>, or an <i>overseas practice</i></p>
<i>societas Europaea</i>	means a European public limited liability company within the meaning of article 1 of Council Regulation 2157/2001/EC
<i>sole practitioner</i>	means a <i>solicitor</i> or a <i>REL</i> who is the sole principal in a practice (other than an incorporated practice)
<i>solicitor</i>	means a person who has been admitted as a solicitor of the Senior Courts of England and Wales and whose name is on the roll
<i>SRA</i>	means the Solicitors Regulation Authority
<i>SRA Code of Conduct for Individuals</i>	means SRA Code of Conduct for Solicitors, RELs and RFLs
<i>SRA Codes of Conduct</i>	means the SRA Code of Conduct for Solicitors, RELs and RFLs and the SRA Code of Conduct for Firms
<i>stakeholder pension scheme</i>	means a scheme established in accordance with Part I of the Welfare and Pensions Reform Act 1999 and the Stakeholder Pension Scheme Regulations 2000
<i>statutory trust</i>	means the trust created by Schedule 1 of the <i>SA</i> , or Schedule 14 of the <i>LSA</i> , over monies vesting in the Law Society following an <i>intervention</i>
<i>statutory trust account</i>	means an account in which <i>statutory trust monies</i> are held by the Law Society following an <i>intervention</i>
<i>statutory trust monies</i>	means the monies vested in the Law Society under the <i>statutory trust</i>

<b><i>substantially common interest</i></b>	means a situation where there is a clear common purpose between the <b><i>clients</i></b> and a strong consensus on how it is to be achieved
<b>T</b>	
<b><i>third party managed account</i></b>	means an account held at a <b><i>bank</i></b> or <b><i>building society</i></b> in the name of a third party which is an authorised payment institution, a small payment institution that has chosen to implement safeguarding arrangement in accordance with the Payment Services Regulations or an <b><i>EEA</i></b> authorised payment institution (as each defined in the Payment Services Regulations) regulated by the <b><i>FCA</i></b> , in which monies are owned beneficially by the third party, and which is operated upon terms agreed between the third party, you and your <b><i>client</i></b> as an escrow payment service
<b><i>trainee</i></b>	means any person undertaking a <b><i>period of recognised training</i></b>
<b><i>training principal</i></b>	means a <b><i>solicitor</i></b> or <b><i>barrister</i></b> nominated by an <b><i>authorised training provider</i></b> to oversee a <b><i>period of recognised training</i></b> within that organisation
<b><i>transaction</i></b>	means the purchase, sale, subscription or underwriting of a particular investment specified in Part III of the <b><i>Regulated Activities Order</i></b>
<b><i>Tribunal</i></b>	means the Solicitors Disciplinary Tribunal which is an independent statutory tribunal constituted under section 46 of the <b><i>SA</i></b>
<b>U</b>	
<b><i>UK</i></b>	means United Kingdom, made up of: England, Scotland, Wales, and Northern Ireland
<b><i>undertaking</i></b>	means a statement, given orally or in writing, whether or not it includes the word "undertake" or "undertaking", to someone who reasonably places reliance on it, that you or a third party

	will do something or cause something to be done, or refrain from doing something
<b>V</b>	
<i>vocational stage of training</i>	means:  (a) the <i>Legal Practice Course</i> ;  (b) a required <i>period of recognised training</i> ; and  (c) the Professional Skills Course
<i>voting rights</i>	in a body includes the right to vote in a partners', members', directors' or shareholders' meeting, or otherwise in relation to the body, and "control the exercise of voting rights" shall be interpreted as including de facto as well as legal control over such rights