

## SRA Commencement and Amendment Rules 2012

Rules dated 18 April 2012 made under Part I, Part II, sections 79 and 80 of, and paragraph 6B of Schedule 1 to, the Solicitors Act 1974 and sections 9 and 9A of, and paragraphs 14A, 14B and 32 to 34 of Schedule 2 to, the Administration of Justice Act 1985 and sections 21(2), 83 and 93 of, and Schedule 11 to and paragraph 6 of Schedule 14 to, the Legal Services Act 2007 and paragraphs 2 and 3 of Schedule 14 to the Courts and Legal Services Act 1990.

Subject to the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007 and coming into force on 18 April 2012.

### Commencement of regulatory arrangements

1. The instruments referred to in column 1 of Table 1 below and set out in Schedules 1 and 2 to these Rules, shall be commenced on the day specified in column 2 opposite it.

**Table 1**

<b>(1) INSTRUMENT</b>	<b>(2) COMMENCEMENT DATE</b>
The SRA Handbook Glossary 2012	Date these Rules come into force
The SRA Insolvency Practice Rules 2012	Date these Rules come into force

### Amendment of various definitions and interpretation provisions

2. The specified provision(s) of the instruments referred to in Table 2 below shall be substituted with the following wording:

"The SRA Handbook Glossary 2012 shall apply and, unless the context otherwise requires:

a) all italicised terms shall be defined; and

b) all terms shall be interpreted,

in accordance with the *Glossary*".

**Table 2**

<b>(1) INSTRUMENT</b>	<b>(2) PROVISIONS</b>
SRA Principles 2011	Paragraph 8.1
SRA Code of Conduct 2011	Chapter 14
SRA Accounts Rules 2011	Rules 2.2 and 48.2
SRA Practice Framework Rules 2011	Rule 23.1
SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011	Rules 1.1 and 1.2
SRA Practising Regulations 2011	Regulation 18.1
Solicitors Keeping of the Roll Regulations 2011	Regulation 17.1
SRA Training Regulations 2011 Part 1 – Qualification Regulations	Regulations 1.1 and 1.2
SRA Training Regulations 2011 Part 2 – Training Provider Regulations	Regulations 1.1 and 1.2
SRA Training Regulations 2011 Part 3 – CPD Regulations	Regulations 1.1 and 1.2
SRA Admission Regulations 2011	Regulations 1.1 and 1.2
SRA Qualified Lawyers Transfer Scheme Regulations 2011	Regulations 1.1 and 1.2
SRA Higher Rights of Audience Regulations 2011	Regulations 1.1 and 1.2
SRA Suitability Test 2011	Interpretation & Definitions section
SRA Compensation Fund Rules 2011	Rules 1.1, 1.2 and 1.3
SRA Intervention Powers (Statutory Trust) Rules 2011	Rules 1.1 and 1.2
SRA Disciplinary Procedure Rules 2011	Rule 1.1
SRA (Cost of Investigations) Regulations 2011	Rule 1.1
SRA Property Selling Rules 2011	Rule 2.2
SRA Financial Services (Scope) Rules 2001	Rule 8.1
SRA Financial Services (Conduct of Business) Rules 2001	Rules 13.1 and 13.2
SRA European Cross-Border Practice Rules 2011	Rule 10.1

### Amendment of regulatory provisions

3. The instruments referred to in column (1) of Table 3 below shall be amended on the day specified in column (2) as set out in Schedule 3 to these Rules.

**Table 3**

<b>(1) INSTRUMENT</b>	<b>(2) AMENDMENT DATE</b>
SRA Principles 2011	Date these Rules come into force
SRA Code of Conduct 2011	Date these Rules come into force
SRA Accounts Rules 2011	Date these Rules come into force
SRA Practice Framework Rules 2011	Date these Rules come into force
SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011	Date these Rules come into force
SRA Practising Regulations 2011	Date these Rules come into force
Solicitors Keeping of the Roll Regulations 2011	Date these Rules come into force
SRA Training Regulations 2011 Part 1 – Qualification Regulations	Date these Rules come into force
SRA Qualified Lawyers Transfer Scheme Regulations 2011	Date these Rules come into force
Qualified Lawyers Transfer Regulations 2009	Date these Rules come into force
SRA Higher Rights of Audience Regulations 2011	Date these Rules come into force
SRA Suitability Test 2011	Date these Rules come into force
SRA Indemnity Insurance Rules 2011	Date these Rules come into force
SRA Indemnity Rules 2011	Date these Rules come into force
SRA Compensation Fund Rules 2011	Date these Rules come into force

## SRA HANDBOOK GLOSSARY 2012

### Part 1: Introduction and Preamble

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#### Introduction

This section of the Handbook contains the SRA Handbook Glossary.

The SRA Handbook Glossary comprises a set of defined terms which are used in the SRA Handbook. Terms being used in their defined sense appear as italicised text within the individual sets of provisions of the SRA Handbook. The same terms in the SRA Handbook may appear as italicised text in some cases but not in others. Where they are not italicised, for reasons relating to the specific context they are not being used in their defined sense and take their natural meaning in that context.

The Glossary also contains interpretation and transitional provisions. The Glossary will not apply to the SRA Indemnity Rules, the SRA Indemnity (Enactment) Rules and the Solicitors Indemnity Insurance Rules until 1 October 2012.

#### Preamble

The SRA Handbook Glossary dated 18 April 2012 made by the Solicitors Regulation Authority Board.

Made under Part I, Part II, section 79 and 80 of, and paragraph 6B of Schedule 1 to, the Solicitors Act 1974 and section 9 and 9A of, and paragraphs 14A, 14B and 32 to 34 of Schedule 2 to, the Administration of Justice Act 1985 and section 21(2), 83 and Schedule 11 to and paragraph 6 of Schedule 14 to, the Legal Services Act 2007 and paragraphs 2 and 3 of Schedule 14 to the Courts and Legal Services Act 1990.

Subject to the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007 and coming into force on the day it is approved.

### Part 2: General

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#### Rule 1: Application

1.1 Subject to Rule 1.2 below:

- (a) the definitions set out at Rule 2 below shall apply to the corresponding term where this appears in italics in the *SRA Handbook*; and
- (b) the interpretation provisions set out at Rule 3 below shall apply to the *SRA Handbook*.

- 1.2 This Rule shall not apply to the SRA Indemnity Insurance Rules 2011, the SRA Indemnity (Enactment) Rules 2011 and the SRA Indemnity Rules 2011 until 1 October 2012.

## Rule 2: Definitions

### academic stage of training

means that stage of the training of an entrant to the *solicitors'* profession which is completed by satisfying regulation 3 of the *SRA Training Regulations* Part 1 – Qualification Regulations, and “academic stage” should be construed accordingly.

### accounting period

has the meaning given in Rule 33 of the *SRA Accounts Rules*.

### actively participate in

means, in relation to a *separate business*, having any active involvement in the *separate business*, and includes:

- (i) any direct control over the business, and any indirect control through another *person* such as a spouse; and
- (ii) any active participation in the business or the provision of its services to customers.

### adequate training

under a *training contract* means:

- (i) gaining at least three months' experience in each of at least three different areas of English law;
- (ii) developing skills in both contentious and non-contentious areas; and
- (iii) being given the opportunity to practise and/or observe the activities set out in the *Practice Skills Standards*.

### adjudicator

- (i) in the *SRA Cost of Investigations Regulations* means a person not involved in the investigation or preparation of a case who is authorised by the *SRA* to make an *SRA finding*; and
- (ii) in the *SRA Disciplinary Procedure Rules* means a person not involved in the investigation or preparation of a case who is authorised by the *SRA* to take *disciplinary decisions*.

### agreed fee

has the meaning given in Rule 17.5 of the *SRA Accounts Rules*.

### **agreement provider**

has the meaning given by article 63J(3) of the **Regulated Activities Order** read with paragraphs (6) and (7) of that article.

### **agreement seller**

has the meaning given by article 63J(3) of the **Regulated Activities Order**.

### **AJA**

means the Administration of Justice Act 1985.

### **appellate body**

means the body with the power, by virtue of an order under section 80(1) of the **LSA**, to hear and determine appeals against decisions made by the **SRA** acting as a **licensing authority**.

### **applicant**

means a person or persons applying for a grant out of the Compensation Fund under Rule 3 of the **SRA Compensation Fund Rules**.

### **applicant body**

means a **licensable body** or a **legal services body** which makes an application to the **SRA** for **authorisation** in accordance with the **SRA Authorisation Rules**.

### **application for admission**

means application to **us** for a **certificate of satisfaction** under section 3(1) of the **SA** and for admission as a **solicitor** under section 3(2) of the **SA**.

### **appointed person**

in the **SRA Indemnity Insurance Rules**, means any person who is designated as a fee-earner in accordance with any arrangements made from time to time between the **firm** and the Legal Services Commission pursuant to the provisions of the Access to Justice Act 1999, regardless of whether the services performed for the **firm** by that person in accordance with Rule 4.1 of those Rules are performed pursuant to such arrangements or otherwise, and who is engaged by the **firm** under a contract for services in the course of the **private practice** of the **firm**.

### **appointed representative**

has the meaning given in **FSMA**.

### **approved regulator**

means any body listed as an approved regulator in paragraph 1 of Schedule 4 to the **LSA** or designated as an approved regulator by an order under paragraph 17 of that Schedule.

## **ARP**

means the Assigned Risks Pool, namely, the arrangements by which an **eligible firm** may obtain professional indemnity insurance against civil liability by means of an **ARP policy** on the terms set out in Part 3 of the **SRA Indemnity Insurance Rules**.

## **ARP default premium**

means the premium calculated in accordance with Part 2 of Appendix 2 to the **SRA Indemnity Insurance Rules**.

## **ARP manager**

means the manager of the **ARP** being any **person** from time to time appointed by the **SRA** to carry out all or any particular functions of the manager of the **ARP** or the **SRA** and any such **person**.

## **ARP policy**

means a contract of professional indemnity insurance issued by the **ARP manager** on behalf of **qualifying insurers** to an **eligible firm** in the **ARP** including where the context permits a **policy** provided to a **firm in default**.

## **ARP premium**

means the premium calculated in accordance with Part 1 of Appendix 2 to the **SRA Indemnity Insurance Rules**.

## **ARP run-off policy**

means a contract of professional indemnity insurance issued by the **ARP manager** on behalf of **qualifying insurers** to a **run-off firm** in the **ARP**.

## **ARP run-off premium**

means the premium calculated in accordance with Part 3 of Appendix 2 to the **SRA Indemnity Insurance Rules**.

## **arrangement**

in relation to financial services, fee sharing and **referrals** in Chapters 1, 6 and 9 of the **SRA Code of Conduct**, means any express or tacit agreement between you and another **person**, whether contractually binding or not.

## **assessment organisation**

in the **QLTSR** means the organisation awarded the initial three year contract to provide the **QLTS assessments**, together with any other organisations subsequently authorised to provide the **QLTS assessments** after the initial three year period has expired.

## **assets**

includes money, documents, wills, deeds, investments and other property.

### **associate**

has the meaning given in paragraph 5 to Schedule 13 of the **LSA**, namely:

- (i) "associate", in relation to a person ("A") and:
  - (A) a shareholding in a body ("S"); or
  - (B) an entitlement to exercise or control the exercise of voting power in a body ("V");

means a person listed in sub-paragraph (ii).

- (ii) The persons are:
  - (A) the spouse or civil partner of A;
  - (B) a child or stepchild of A (if under 18);
  - (C) the **trustee** of any settlement under which A has a life interest in possession (in Scotland a life interest);
  - (D) an undertaking of which A is a **director**;
  - (E) an **employee** of A;
  - (F) a **partner** of A (except, where S or V is a **partnership** in which A is a **partner**, another **partner** in S or V);
  - (G) if A is an undertaking:
    - (I) a **director** of A;
    - (II) a subsidiary undertaking of A; or
    - (III) a **director** or **employee** of such a subsidiary undertaking;
  - (H) if A has with any other person an agreement or arrangement with respect to the acquisition, holding or disposal of shares or other interests in S or V (whether or not they are interests within the meaning of section 72(3) of the **LSA**), that other person; or
  - (I) if A has with any other person an agreement or arrangement under which they undertake to act together in exercising their voting power in relation to S or V, that person.

### **associated firm**

means:

- (i) a **partnership** with whom you have one **partner** in common;

- (ii) an **LLP** or a **company** without shares with whom you have one **member** in common; or
- (iii) a **company** with shares with whom you have one **owner** in common.

### authorisation

granted to a body under Rule 6 of the **SRA Authorisation Rules** means:

- (i) recognition under section 9 of the **AJA**, if it is granted to a **legal services body**; and
  - (ii) a licence under Part 5 of the **LSA**, if it is granted to a **licensable body**;
- and the term "certificate of authorisation" shall be construed accordingly.

### authorised activities

means:

- (i) any **reserved legal activity** in respect of which the body is authorised;
- (ii) any other **legal activity**;
- (iii) any other activity in respect of which a **licensed body** is regulated pursuant to Part 5 of the **LSA**; and
- (iv) any other activity a **recognised body** carries out in connection with its **practice**.

### authorised body

means a body that has been authorised by the **SRA** to practise as a **licensed body** or a **recognised body**.

### authorised CPD course providers

means those providers authorised by **us** to provide training that attracts **CPD** hours as a result of attendance.

### authorised distance learning providers

means those providers authorised by **us** to provide distance learning courses delivered by methods including correspondence, webinar, webcast, podcast, DVD, video and audio cassettes, television or radio broadcasts and computer based learning programmes.

### authorised insurer

means:

- (i) a **person** who has permission under Part IV of **FSMA** to effect or carry out contracts of insurance of a relevant class;

- (ii) a **person** who carries on an insurance market activity, within the meaning of section 316(3) of **FSMA**;
- (iii) an **EEA** firm of the kind mentioned in paragraph 5(d) of Schedule 3 to **FSMA**, which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to effect or carry out contracts of insurance of a relevant class; or
- (iv) a **person** who does not fall within paragraph (i), (ii) or (iii) and who may lawfully effect or carry out contracts of insurance of a relevant class in a member state other than the **UK**,

where relevant “class” has the meaning set out in section 87(1B) of the **SA** provided that this definition must be read with section 22 of **FSMA**, any relevant order under that section, and Schedule 2 to **FSMA**.

#### **authorised non-SRA firm**

means a firm which is authorised to carry on **legal activities** by an **approved regulator** other than the **SRA**.

#### **authorised person**

- (i) subject to sub-paragraph (ii) below, means a **person** who is authorised by the **SRA** or another **approved regulator** to carry on a **legal activity** and for the purposes of the **SRA Authorisation Rules** and the **SRA Practice Framework Rules** includes a **solicitor**, a **sole practitioner**, an **REL**, an **EEL**, an **RFL**, an **authorised body**, an **authorised non-SRA firm** and a **European corporate practice** and the terms “authorised individual” and “non-authorised person” shall be construed accordingly; and
- (ii) in the **SRA Financial Services (Scope) Rules**, has the meaning given in section 31 of **FSMA**.

#### **authorised role holder**

means **COLP**, **COFA**, **owner** or **manager** under Rules 8.5 and 8.6 of the **SRA Authorisation Rules** or **COLP** or **COFA** under Regulation 4.8 of the **SRA Practising Regulations**, and “authorised role” should be construed accordingly.

#### **bank**

has the meaning given in section 87(1) of the **SA**.

#### **barrister**

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.

#### **beneficiary**

means a **person** with a beneficial entitlement to funds held by the **Society** on **statutory trust**.

#### **best list**

means a list of potential beneficial entitlements to **statutory trust monies** which, in cases where it is not possible to create a **reconciled list**, is, in the view of the **SRA**, the most reliable that can be achieved with a reasonable and proportionate level of work taking into account the circumstances of the **intervention** and the nature of the evidence available.

#### **body corporate**

means a company, an **LLP** or a partnership which is a legal person in its own right.

#### **broker funds arrangement**

means an arrangement between a **firm** and a **life office** (or operator of a **regulated collective investment scheme**) under which the **life office** (or operator of the **regulated collective investment scheme**) agrees to establish a separate fund whose composition may be determined by instructions from the **firm** and in which it is possible for more than one **client** to invest.

#### **BSB**

means the Bar Standards Board.

#### **building society**

means a building society within the meaning of the Building Societies Act 1986.

#### **buyer**

includes a prospective buyer.

#### **candidate**

means a **person** who is assessed by the **SRA** for approval as an **owner**, **manager** or **compliance officer** under Part 4 of the **SRA Authorisation Rules**.

#### **CCBE**

means the Council of the Bars and Law Societies of Europe.

#### **CCBE Code**

means the **CCBE's** Code of Conduct for European lawyers.

#### **CCBE state**

means any state whose legal profession is a full member, an associate member or an observer member of the **CCBE**.

#### **certificate of eligibility**

means a certificate issued by **us** confirming eligibility to take assessments under **QLTSR**, or the **QLTT** under **QLTR**, or an authorisation under those regulations to apply for admission as a **solicitor** without taking any test or assessment.

#### **certificate of enrolment**

should be construed as evidence of **student enrolment** within the **SRA Training Regulations** Part 1 - Qualifying Regulations.

#### **certificate of satisfaction**

means a certificate or a certifying letter from **us** confirming that **you** have satisfied the **SRA Training Regulations** and are of the proper **character and suitability** to be admitted as a **solicitor**.

#### **certificate of training**

means the certification by a **training principal** that a **trainee** has received training in accordance with the **SRA Training Regulations** Part 2 - Training Providers Regulations.

#### **cessation**

means where the **insured firm's practice** ceases during or on expiry of the **period of insurance** and the **insured firm** has not obtained succeeding insurance in compliance with the **MTC**.

#### **character and suitability**

satisfies the requirement of section 3 of the **SA** in order that an individual shall be admitted as a **solicitor**.

#### **charity**

has the meaning given in section 96(1) of the Charities Act 1993.

#### **circumstances**

means an incident, occurrence, fact, matter, act or omission which may give rise to a **claim** in respect of civil liability.

#### **claim**

means a demand for, or an assertion of a right to, civil compensation or civil damages or an intimation of an intention to seek such compensation or damages. For these purposes, an obligation on an **insured firm** and/or any **insured** to remedy a breach of the Solicitors' Accounts Rules 1998 (as amended from time to time), or any rules (including, without limitation, the **SRA Accounts Rules**) which replace the Solicitors' Accounts Rules 1998 in whole or in part, shall be treated as a claim, and the obligation to remedy such breach shall be treated as a civil liability for the purposes of clause 1 of the **MTC**, whether or not any person makes a demand for, or an assertion of a right to, civil compensation or civil damages or an intimation of an intention to seek such compensation or damages as a result of such breach,

except where any such obligation may arise as a result of the insolvency of a bank (as defined in section 87 of the **SA**) or a **building society** which holds client money in a client account of the **insured firm** or the failure of such bank or **building society** generally to repay monies on demand.

### **claim for redress**

has the meaning given in section 158 of the **LSA**.

### **claimant**

means:

- (i) in the **SRA Statutory Trust Rules**, a **person** making a claim to **statutory trust monies**; and
- (ii) in the **SRA Indemnity Insurance Rules**, a **person** or entity which has made or may make a **claim** including a **claim** for contribution or indemnity.

### **client**

means:

- (i) the **person** for whom you act and, where the context permits, includes prospective and former clients;
- (ii) in Parts 1-6 of the **SRA Accounts Rules**, the person for whom **you** act; and
- (iii) in the **SRA Financial Services (Scope) Rules**, in relation to any **regulated activities** carried on by a **firm** for a trust or the estate of a deceased person (including a controlled trust), the trustees or personal representatives in their capacity as such and not any **person** who is a beneficiary under the trust or interested in the estate.

### **client account**

has the meaning given in Rule 13.2 of the **SRA Accounts Rules**.

### **client account (overseas practice)**

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 **client money (overseas practice)** and/or **trust** money, and the title or designation of which indicates that the funds in the account belong to the client or clients of a **solicitor** or **REL** or are held subject to a **trust**.

### **client conflict**

for the purposes of Chapter 3 of the **SRA Code of Conduct**, means any situation where you owe separate duties to act in the best interests of two or more **clients** in

relation to the same or related matters, and those duties conflict, or there is a significant risk that those duties may conflict.

### **client money**

has the meaning given in Rule 12 of the **SRA Accounts Rules**.

### **client money (overseas practice)**

means money received or held for or on behalf of a client or **trust** (but excluding money which is held or received by a multi-disciplinary practice – a **licensed body** providing a range of different services – in relation to those activities for which it is not regulated by the **SRA**).

### **COFA**

means a compliance officer for finance and administration in accordance with Rule 8.5 of the **SRA Authorisation Rules**, or Regulation 4.8 of the **SRA Practising Regulations**, and in relation to a **licensable body** is a reference to its **HOFA**.

### **collective investment scheme**

means (in accordance with section 235 of **FSMA** (Collective Investment Schemes)) any arrangements with respect to property of any description, including money, the purpose or effect of which is to enable **persons** taking part in the arrangements (whether by becoming owners of the property or any part of it or otherwise) to participate in or receive profits or income arising from the acquisition, holding, management or disposal of the property or sums paid out of such profits or income, which are not excluded by the Financial Services and Markets Act (Collective Investment Schemes) Order 2001 (SI 2001/1062).

### **COLP**

means compliance officer for legal practice in accordance with Rule 8.5 of the **SRA Authorisation Rules** or Regulation 4.8 of the **SRA Practising Regulations**, and in relation to a **licensable body** is a reference to its **HOLP**.

### **Companies Acts**

means the Companies Act 1985 and the Companies Act 2006.

### **company**

means a company incorporated in an **Establishment Directive state** and registered under the **Companies Acts** or a **societas Europaea**.

### **competing for the same objective**

for the purposes of Chapter 3 of the **SRA Code of Conduct** means any situation in which two or more **clients** are competing for an “objective” which, if attained by one **client**, will make that “objective” unattainable to the other **client** or **clients**, and “objective” means, for the purposes of Chapter 3, an asset, contract or business opportunity which two or more **clients** 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 which is not public.

### **complaint**

means an oral or written expression of dissatisfaction which alleges that the complainant has suffered (or may suffer) financial loss, distress, inconvenience or other detriment.

### **compliance officer**

is a reference to a body's **COLP** or its **COFA**.

### **compulsory professional indemnity insurance**

means the insurance you are required to have in place under the **SIIR**.

### **conflict of interests**

means any situation where:

- (i) you owe separate duties to act in the best interests of two or more **clients** in relation to the same or related matters, and those duties conflict, or there is a significant risk that those duties may conflict (a "client conflict"); or
- (ii) your duty to act in the best interests of any **client** 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 (an "own interest conflict").

### **connected person**

means:

- (i) any **associated firm**;
- (ii) anyone with whom you are related by blood, marriage or adoption, or with whom you are living together in a civil or domestic partnership;
- (iii) any **owner** or **employee** of your **firm** or of an **associated firm**, or anyone with whom that **owner** or **employee** is related by blood, marriage or adoption, or with whom they are living together in a civil or domestic partnership;
- (iv) any **company** of which you are a **director** or **employee**, or any **LLP** of which you are a **member** or **employee**, or any **company** in which you, either alone or with any other connected person or persons, are entitled to exercise, or control the exercise of, one-third or more of the voting power at any general meeting;
- (v) any **company** of which any of the **persons** mentioned in (i) and (ii) above is a **director** or **employee**, or any **LLP** of which any of them is a **member** or **employee**, or any **company** in which any of them, either alone or with any other connected person or persons, is entitled to exercise, or control the

exercise of, one-third or more of the voting power at any general meeting;  
and

- (vi) any other "associate" as defined in section 32 of the Estate Agents Act 1979.

### **connected with**

means in relation to a **separate business** for the purpose of Chapter 12 of the **SRA Code of Conduct**:

- (i) having one or more **partner(s), owner(s), director(s)** or **member(s)** in common with the **separate business**;
- (ii) being a **subsidiary company** of the same **holding company** as the **separate business**; or
- (iii) being a **subsidiary company** of the **separate business**.

### **contract of insurance**

means (in accordance with article 3(1) of the **Regulated Activities Order**) any contract of insurance which is a **long-term insurance contract** or a **general insurance contract**.

### **contractually based investment**

has the meaning given by article 3(1) of the **Regulated Activities Order** but does not include an **investment** which falls within the definition of a **packaged product**.

### **contributions**

means contributions previously made to the **fund** in accordance with Part III of the Solicitors' Indemnity Rules 2007 (or any earlier corresponding provisions), and any additional sums paid in accordance with Rule 16 of the **SRA Indemnity Rules**.

### **controller**

has the meaning given in section 422 of **FSMA**.

### **costs**

means your **fees** and **disbursements**.

### **Council**

has the meaning given in section 87 of the **SA**.

### **court**

means any court, tribunal or inquiry of England and Wales, or a British court martial, or any court of another jurisdiction.

### **Court of Protection deputy**

- (i) for the purposes of the **SRA Accounts Rules** includes a deputy who was appointed by the Court of Protection as a receiver under the Mental Health Act 1983 before the commencement date of the Mental Capacity Act 2005; and
- (ii) for the purposes of the **SRA Authorisation Rules** also includes equivalents in other **Establishment Directive states**.

## **CPD**

means continuing professional development, namely, the training requirement(s) set by **us** to ensure **solicitors** and **RELS** maintain competence.

## **CPD training record**

means a record of all **CPD** undertaken to comply with the **SRA Training Regulations** Part 3 - CPD Regulations.

## **CPD year**

means each year commencing 1 November to 31 October.

## **CPE**

means the Common Professional Examination, namely, a course, including assessments and examinations, approved by the **JASB** for the purposes of completing the **academic stage of training** for those who have not **satisfactorily completed** a **QLD**.

## **date of notification**

the date of any notification or notice given is deemed to be:

- (i) the date on which the communication is sent electronically to the recipient's e-mail or fax address;
- (ii) the date on which the communication is delivered to or left at the recipient's last notified **practising address** if the recipient is **practising**, or to the recipient's last notified contact address if the recipient is not **practising**; or
- (iii) seven days after the communication has been sent by post or document exchange to the recipient's last notified **practising address** if the recipient is **practising**, or to the recipient's last notified contact address if the recipient is not **practising**.

## **defaulting practitioner**

means:

- (i) a **solicitor** in respect of whose act or default, or in respect of whose **employee's** act or default, an application for a grant is made;

- (ii) an **REL** in respect of whose act or default, or in respect of whose **employee's** act or default, an application for a grant is made;
- (iii) a **recognised body** in respect of whose act or default, or in respect of whose **manager's** or **employee's** act or default, an application for a grant is made;
- (iv) an **RFL** who is a **manager** of a **partnership, LLP** or **company** together with a **solicitor**, an **REL** or a **recognised body**, and in respect of whose act or default or in respect of whose **employee's** act or default, an application for a grant is made; or
- (v) a **licensed body** in respect of whose act or default, or in respect of whose **owner's**, or **manager's** or **employee's** act or default, an application for a grant is made;

and the expressions "defaulting solicitor", "defaulting REL", "defaulting recognised body", "defaulting RFL" and "defaulting licensed body" shall be construed accordingly.

#### **decision period**

is the period specified in Rule 5 of the **SRA Authorisation Rules**.

#### **defence costs**

means legal costs and disbursements and investigative and related expenses reasonably and necessarily incurred with the consent of the **insurer** in:

- (i) defending any proceedings relating to a **claim**; or
- (ii) conducting any proceedings for indemnity, contribution or recovery relating to a **claim**; or
- (iii) investigating, reducing, avoiding or compromising any actual or potential **claim**; or
- (iv) acting for any **insured** in connection with any investigation, inquiry or disciplinary proceeding (save in respect of any disciplinary proceeding under the authority of the **Society** (including, without limitation, the **SRA** and the **Tribunal**));

and does not include any internal or overhead expenses of the **insured firm** or the **insurer** or the cost of any **insured's** time.

#### **difference in conditions policy**

means a contract of professional indemnity insurance, made between one or more **qualifying insurers** and a **firm**, which provides cover including the **MTC** as modified in accordance with paragraph 2 of Appendix 3 to the **SRA Indemnity Insurance Rules**.

#### **Diploma in Law**

means a graduate or postgraduate diploma in law or second degree awarded by a body authorised by the **JASB** for the purposes of completing the **academic stage of training** for those who have not **satisfactorily completed a QLD**.

### **director**

means a director of a company; and in relation to a **societas Europaea** includes:

- (i) in a two-tier system, a member of the management organ and a member of the supervisory organ; and
- (ii) in a one-tier system, a member of the administrative organ.

### **disbursement**

means, in respect of those activities for which the practice is regulated by the **SRA**, any sum spent or to be spent on behalf of the **client** or trust (including any VAT element).

### **disciplinary decision**

means a decision, following an **SRA finding**, to exercise one or more of the powers provided by:

- (i) section 44D(2) and (3) of the **SA**;
- (ii) paragraph 14B(2) and (3) of Schedule 2 to the **AJA**; or
- (iii) section 95 or section 99 of the **LSA**;

or otherwise to give a **regulated person** a written rebuke or to publish details of a written rebuke or a direction to pay a penalty in accordance with the **SRA Disciplinary Procedure Rules**.

### **discipline investigation**

means:

- (i) subject to sub-paragraph (ii), an investigation by the **SRA** to determine whether a person should be subject to an **SRA finding**, a **disciplinary decision** or an application to the **Tribunal** under Rule 10 of the **SRA Disciplinary Procedure Rules**; and
- (ii) for the purposes of the **SRA Cost of Investigations Regulations**, an investigation by the **SRA** to determine whether a **regulated person** should be subject to an **SRA finding** or an application to the **Tribunal**.

### **discrimination**

has the meaning set out in the Equality Act 2010, namely if, because of a protected characteristic as set out in that Act, **person A** treats **person B** less favourably than **A** treats or would treat others.

### **disqualified**

refers to a **person** who has been disqualified under section 99 of the **LSA** by the **SRA** or by any other **approved regulator**.

#### **document**

in Chapter 10 of the **SRA Code of Conduct**, includes documents, whether written or electronic, relating to the **firm's client accounts** and **office accounts**.

#### **EEA**

means European Economic Area.

#### **EEL**

means exempt European lawyer, namely, a member of an **Establishment Directive profession**:

- (i) registered with the **BSB**; or
- (ii) based entirely at an office or offices outside England and Wales,

who is not a **lawyer of England and Wales** (whether entitled to **practise** as such or not).

#### **eligible firm**

in the **SRA Indemnity Insurance Rules** means any **firm** which is eligible to be in the **ARP**, being any **firm** other than:

- (i) a **firm** that has been in the **ARP** or, in respect of a **licensed body**, any similar arrangement for the provision of professional indemnity insurance for six months or more in the four **indemnity periods** immediately prior to the date from which cover is sought, without the prior written approval of the **Council** unless:
  - (A) subject to sub-paragraph (B), immediately prior to 1 October 2011 the **firm** was in the **ARP** and had been in the **ARP**, without the prior written approval of the **Council**, for less than twelve months in the four **indemnity periods** immediately prior to that date, in which case the **firm** is eligible to be in the **ARP** only for any unexpired part of the twelve month period; or
  - (B) immediately prior to 1 October 2010 the **firm** was in the **ARP** and had been in the **ARP**, without the prior written approval of the **Council**, for less than twenty four months (or twenty five months in the case of a **firm** which was in the **ARP** for the whole of the **indemnity period** from 1 September 2003 to 30 September 2004) in the four **indemnity periods** immediately prior to that date, in which case the **firm** is eligible to be in the **ARP** only for any unexpired part of the twenty four or twenty five month period (as the case may be);

- (ii) a **firm** determined by the **Council** not to be an eligible **firm** by reason of its being treated as one single firm with one or more other **firms** already in the **ARP** for the purposes of Rule 12.5 or 12.6; or
- (iii) subject to Rule 12.3, a **firm** that at the end of any **policy period** to which those Rules apply is in **policy default**; or
- (iv) a **firm** which, at the time it applies to enter the **ARP** already has in place **qualifying insurance** outside the **ARP** for the **indemnity period** in which that **firm** requests cover through the **ARP** to commence; or
- (v) a **firm** that has never had in place **qualifying insurance** except through the **ARP**, unless:
  - (A) subject to sub-paragraph (B), immediately prior to 1 October 2011 the **firm** was in the **ARP** and had been in the **ARP**, without the prior written approval of the **Council**, for less than twelve months in the four **indemnity periods** immediately prior to that date; or
  - (B) immediately prior to 1 October 2010 the **firm** was in the **ARP** and had been in the **ARP**, without the prior written approval of the **Council**, for less than twenty four months (or twenty five months in the case of a **firm** which was in the **ARP** for the whole of the **indemnity period** from 1 September 2003 to 30 September 2004) in the four **indemnity periods** immediately prior to that date,

in which case the **firm** is eligible to be in the **ARP** only for any unexpired part of the twelve, twenty four or twenty five month period (as the case may be).

### eligible former principal

means a **principal** of a **previous practice** where:

- (i) that **previous practice** ceased on or before 31 August 2000; and
- (ii) a **relevant claim** is made in respect of any matter which would have given rise to an entitlement of the **principal** to indemnity out of the **fund** under the Solicitors' Indemnity Rules 1999 had the claim been notified to Solicitors Indemnity Fund Limited on 31 August 2000; and
- (iii) the **principal** has not at any time been a "principal" of the **relevant successor practice** ("principal" having the meaning applicable to the **SIIR**); and
- (iv) at the time that the **relevant claim** is made the **principal** is not a "principal" in "private practice" ("principal" and "private practice" having the meanings applicable to the **SIIR**).

### employee

means an individual who is:

- (i) engaged under a contract of service by a **firm** or its wholly owned service company;
- (ii) engaged under a contract for services, made between a **firm** or organisation and:
  - (A) that individual;
  - (B) an employment agency; or
  - (C) a **company** which is not held out to the public as providing legal services and is wholly owned and directed by that individual; or
- (iii) a **solicitor, REL or RFL** engaged under a contract of service or a contract for services by an **authorised non-SRA firm**;
- (iv) a **solicitor, REL or RFL** engaged under a contract of service or a contract for services by a person, business or organisation,

under which the **firm, authorised non-SRA firm**, person, business, or organisation has exclusive control over the individual's time for all or part of the individual's working week; or in relation to which the **firm** or organisation has designated the individual as a fee earner in accordance with arrangements between the **firm** or organisation and the Legal Services Commission pursuant to the Access to Justice Act 1999 save that:

- (A) for the purposes of the **SRA Financial Services (Scope) Rules**, means an individual who is employed in connection with the **firm's regulated activities** 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**; and
- (B) for the purposes of the **MTC**, means any person other than a **principal**:
  - (I) employed or otherwise engaged in the **insured firm's practice** (including under a contract for services) including, without limitation, as a **solicitor**, lawyer, **trainee solicitor** or trainee lawyer, consultant, **associate**, locum tenens, agent, appointed person (as defined in the **SRA Indemnity Insurance Rules**), office or clerical staff member or otherwise;
  - (II) seconded to work in the **insured firm's practice**; or
  - (III) seconded by the **insured firm** to work elsewhere;

but does not include any person who is engaged by the **insured firm** under a contract for services in respect of any work where that person is required, whether under the **SRA Indemnity Insurance Rules** or under the rules of any other professional body, to take out

or to be insured under separate professional indemnity insurance in respect of that work.

## employer

means a:

- (i) **firm** which engages an individual under a contract of service either on its own behalf or through its wholly-owned service company;
- (ii) **firm** or organisation which has engaged an individual under a contract for services made between the firm or organisation and:
  - (A) that individual;
  - (B) an employment agency; or
  - (C) a company which is not held out to the public as providing legal services and is wholly owned and directed by that individual; or
- (iii) an **authorised non-SRA firm** which engages a **solicitor, REL** or **RFL** under a contract of service or a contract for services;
- (iv) a person, business or organisation which engages a **solicitor, REL** or **RFL** under a contract of service or a contract for services,

under which the **firm, authorised non-SRA firm**, person, business or organisation has exclusive control over the individual's time for all or part of the individual's working week; or in relation to which the **firm** or organisation has designated the individual as a fee earner in accordance with arrangements between the **firm** or organisation and the Legal Services Commission pursuant to the Access to Justice Act 1999.

## entitled to practise

for the purposes of the **QLTSR** means having the right to practise without restrictions or conditions as a **qualified lawyer** of the **recognised jurisdiction**.

## Establishment Directive

means the Establishment of Lawyers Directive 98/5/EC.

## Establishment Directive profession

means any profession listed in Article 1.2(a) of the **Establishment Directive**, including a solicitor, barrister or advocate of the **UK**.

## Establishment Directive state

means a state to which the **Establishment Directive** applies.

## European corporate practice

means a **lawyers'** practice which 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** and which is regulated as a **lawyers'** practice:

- (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; and
- (iv) of which **lawyers** are entitled to exercise, or control the exercise of, more than 90% of the **voting rights**.

### European cross-border practice

has the meaning set out in Rule 2.1 of the **SRA European Cross-border Practice Rules**.

### excess

means the first amount of a **claim** which is not covered by the insurance.

### execution-only

means a **transaction** which is effected by a **firm** for a **client** where the **firm** assumes on reasonable grounds that the **client** is not relying on the **firm** as to the merits or suitability of that **transaction**.

### exempt person

in the **SRA Financial Services (Scope) Rules** means a **person** 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 **FSMA** and who, in engaging in the activity in question, is acting in the course of business in respect of which that **person** is exempt.

### Exempting Law Degree

means a **QLD** incorporating an **LPC**, approved by **us**.

### expired run-off claim

means any claim made against the **fund** for indemnity under the **SRA Indemnity Rules** in respect of which no **preceding qualifying insurance** remains in force to cover such claim, by reason only of:

- (i) the run-off cover provided or required to be provided under the policy having been activated; and

- (ii) the sixth anniversary of the date on which cover under such **qualifying insurance** would have ended but for the activation of such run-off cover having passed; or
- (iii) (in the case of a **firm in default** or a **run-off firm**) the period of run-off cover provided or required to be provided under arrangements made to cover such claim through the **ARP** having expired.

### **expired run-off cover**

means either:

- (i) (unless (ii) below applies) the terms of the **ARP policy** in force at the time immediately prior to the date on which run-off cover was triggered under the **preceding qualifying insurance**, excluding clause 5 (Run-off cover) of the **MTC**, as if it were a contract between Solicitors Indemnity Fund Limited and the firm or person making an **expired run-off claim**; or
- (ii) where they are provided to Solicitors Indemnity Fund Limited prior to payment of the **claim**, the terms of the **preceding qualifying insurance**, provided that:
  - (A) references in the **preceding qualifying insurance** to the **qualifying insurer** that issued such insurance shall be read as references to Solicitors Indemnity Fund Limited;
  - (B) any obligation owed by any **insured** under the **preceding qualifying insurance** to the **qualifying insurer** which issued such insurance shall be deemed to be owed to Solicitors Indemnity Fund Limited in place of such **qualifying insurer**, unless and to the extent that Solicitors Indemnity Fund Limited in its absolute discretion otherwise agrees;
  - (C) the obligations of the **fund** and/or any **insured** in respect of an **expired run-off claim** shall neither exceed nor be less than the requirements of the **MTC** which, in accordance with the applicable **SIIR**, such **preceding qualifying insurance** included or was required to include.

Solicitors Indemnity Fund Limited shall be under no obligation to take any steps to obtain the terms of any such **preceding qualifying insurance**, which for these purposes includes the terms on which it was written in respect of the **insured firm** or person in question, and not merely a standard policy wording.

### **fees**

means **your** own charges or profit costs (including any VAT element).

### **fee sharer**

means another **person** or business who or which shares your fees.

## FILEX

means a Fellow of the Chartered Institute of Legal Executives and a Chartered Legal Executive.

## financial benefit

includes any commission, discount or rebate, but does not include your **fees** or interest earned on any **client account**.

## financial institution

means any undertaking or unincorporated association which carries on a business of lending money (which may include mortgage lending) or otherwise providing or issuing credit including, without limitation, any bank or **building society**.

## firm

means:

- (i) save as provided in paragraphs (ii) and (iii) below, an **authorised body**, a **recognised sole practitioner** or a body or **person** which should be authorised by the **SRA** as a **recognised body** or **recognised sole practitioner** (but which could not be authorised by another **approved regulator**); and for the purposes of the **SRA Code of Conduct** and the **SRA Accounts Rules** can also include in-house practice;
- (ii) in the **SRA Indemnity Insurance Rules**:
  - (A) any **recognised body** (as constituted from time to time); or
  - (B) any **solicitor** or **REL** who is a **sole practitioner**, unless that **sole practitioner** is a **non-SRA firm**; or
  - (C) any **partnership** (as constituted from time to time) which is eligible to become a **recognised body** and which meets the requirements applicable to **recognised bodies** set out in the **SRA Practice Framework Rules** and the **SRA Authorisation Rules**, unless that **partnership** is a **non-SRA firm**; or
  - (D) any **licensed body** in respect of its **regulated activities**;whether before or during any relevant **indemnity period**;
- (iii) in the **SRA European Cross-border Practice Rules**, means any business through which a **solicitor** or **REL** carries on **practice** other than **in-house practice**.

## firm (overseas practice)

means any business through which a **solicitor** or **REL** carries on practice other than in-house practice.

### **firm in default**

means a **firm** that has failed to obtain **qualifying insurance** outside the **ARP** and which:

- (i) in the case of an **eligible firm**, has failed to apply in accordance with the **SRA Indemnity Insurance Rules** to be admitted into the **ARP** before either the start of any **indemnity period** to which the **SRA Indemnity Insurance Rules** apply or the start of its **practice**, whichever is the later; or
- (ii) in the case of a **firm** which is not an **eligible firm**, is a **firm** which is carrying on or continuing to carry on a **practice** without **qualifying insurance** outside the **ARP**; or
- (iii) in the case of a **run-off firm**, is a **run-off firm** which has failed to make an application in the manner prescribed by the **SRA Indemnity Insurance Rules** to be issued with an **ARP run-off policy**; or
- (iv) is a **firm** which is a “firm in default” by virtue of Rule 10.4 of the **SRA Indemnity Insurance Rules**;

or a **firm** which, having previously obtained **qualifying insurance**, has failed to obtain alternative qualifying insurance when required to do so in accordance with Rule 6 of the **SRA Indemnity Insurance Rules**.

### **foreign lawyer**

means an individual who is not a **solicitor** or barrister of England and Wales, but who is a member, and entitled to practise as such, of a legal profession regulated within a jurisdiction outside England and Wales.

### **foundations of legal knowledge**

means those foundations of law the study of which is prescribed by **us** and the **BSB** through the **JASB** for the purpose of completing the **academic stage of training** by undertaking a **QLD** or **CPE** and passing the assessments and examinations set during that course.

### **FSA**

means the Financial Services Authority.

### **FSA Register**

means the record maintained by the **FSA** as required by section 347 of **FSMA** and including those **persons** who carry on, or are proposing to carry on, **insurance mediation activities**.

### **FSMA**

means the Financial Services and Markets Act 2000.

### **full route to qualification**

means that the applicant has not completed a shortened or fast-track route to qualification, which would be evidenced if non-domestic lawyers are not assessed on all the same outcomes/subjects/practices in the law of that jurisdiction as domestic candidates, prior to qualification.

#### **fund**

means the fund maintained in accordance with the *SRA Indemnity Rules*.

#### **funeral plan contract**

has the meaning given in article 59 of the *Regulated Activities Order*.

#### **general client account**

has the meaning given in Rule 13.5 (b) of the *SRA Accounts Rules*.

#### **general insurance contract**

means any *contract of insurance* within Part I of Schedule 1 to the *Regulated Activities Order*.

#### **general prohibition**

has the meaning given in section 19(2) of *FSMA*.

#### **higher courts**

means the Crown Court, High Court, Court of Appeal and Supreme Court in England and Wales.

#### **higher courts advocacy qualification**

means, subject to regulation 6 of the *SRA Higher Rights of Audience Regulations*, one of the qualifications referred to in regulation 3 of those regulations to exercise extended rights of audience in the *higher courts*.

#### **HOFA**

means a Head of Finance and Administration within the meaning of paragraph 13(2) of Schedule 11 to the *LSA*.

#### **holding company**

has the meaning given in the Companies Act 2006.

#### **HOLP**

means a Head of Legal Practice within the meaning of paragraph 11(2) of Schedule 11 to the *LSA*.

#### **home purchaser**

has the meaning given by article 63F(3) of the *Regulated Activities Order*.

### immigration work

means the provision of immigration advice and immigration services, as defined in section 82 of the Immigration and Asylum Act 1999.

### indemnity period

means:

- (i) in the **SRA Indemnity Insurance Rules**, the period of one year starting on 1 September 2000, 2001 or 2002, the period of 13 calendar months starting on 1 September 2003, or the period of one year starting on 1 October in any subsequent calendar year; and
- (ii) in the **SRA Indemnity Rules**, the period of one year commencing on 1 September in any calendar year from 1987 to 2002 inclusive, the period of 13 calendar months commencing on 1 September 2003, and the period of one year commencing on 1 October in any subsequent calendar year.

### independent intermediary

in Chapter 6 of the **SRA Code of Conduct**, means an independent financial adviser who is able to advise on investment products from across the whole of the market and offers consumers the option of paying fees.

### individual pension contract

means a **pension policy** or **pension contract** under which contributions are paid to:

- (i) a **personal pension scheme** approved under section 630 of the Income and Corporation Taxes Act 1988, whose sole purpose is the provision of annuities or lump sums under arrangements made by individuals in accordance with the scheme; or
- (ii) a retirement benefits scheme approved under section 591(2)(g) of the Income and Corporation Taxes Act 1988, for the provision of relevant benefits by means of an annuity contract made with an insurance company of the employee's choice.

### in-house practice

means **practice** as a **solicitor**, **REL** or **RFL** (as appropriate) in accordance with Rules 1.1(c)(ii), 1.1(d)(ii), 1.1(e), 1.2(f), 2.1(c)(ii), 2.1(d)(ii), 2.1(e), 2.2(f), 3.1(b)(ii) or 3.1(c)(ii) of the **SRA Practice Framework Rules** and "in-house" shall be construed accordingly.

### Insolvency Code of Ethics

means the Code of Ethics produced by the **Joint Insolvency Committee** and adopted by the **SRA**.

### insolvency event

means in relation to a **qualifying insurer**:

- (i) the appointment of a provisional liquidator, administrator, receiver or an administrative receiver; or
- (ii) the approval of a voluntary arrangement under Part I of the Insolvency Act 1986 or the making of any other form of arrangement, composition or compounding with its creditors generally; or
- (iii) the passing of a resolution for voluntary winding up where the winding up is or becomes a creditors' voluntary winding up under Part IV of the Insolvency Act 1986; or
- (iv) the making of a winding up order by the court; or
- (v) the making of an order by the court reducing the value of one or more of the **qualifying insurer's** contracts under section 377 of **FSMA**; or
- (vi) the occurrence of any event analogous to any of the foregoing insolvency events in any jurisdiction outside England and Wales.

### **insolvency practice**

means accepting an appointment or acting as an appointment holder as an insolvency practitioner within the terms of the Insolvency Act 1986 and other related legislation.

### **insurance mediation activity**

means any of the following activities specified in the **Regulated Activities Order** which is carried on in relation to a **contract of insurance** or rights to or interests in a **life policy**:

- (i) dealing in **investments** as agent;
- (ii) arranging (bringing about) deals in **investments**;
- (iii) making arrangements with a view to **transactions** in **investments**;
- (iv) assisting in the administration and performance of a **contract of insurance**;
- (v) advising on **investments**;
- (vi) agreeing to carry on a **regulated activity** in (i) to (v) above.

### **insurance mediation officer**

means the individual within the management structure of the **firm** who is responsible for an **insurance mediation activity**.

### **insurance undertaking**

means an undertaking, whether or not an **insurer**, which carries on insurance business.

## insured

in the **SRA Indemnity Insurance Rules** means each person and entity named or described as a person to whom the insurance extends and includes, without limitation, those referred to in clause 1.3 in the **MTC** and, in relation to **prior practices** and **successor practices** respectively, those referred to in clauses 1.5 and 1.7 of the **MTC**.

## insured firm

means the **firm** (as defined for the purposes of the **SRA Indemnity Insurance Rules**) which contracted with the **insurer** to provide the insurance.

## insured firm's practice

means:

- (i) the legal **practice** carried on by the **insured firm** as at the commencement of the **period of insurance**; and
- (ii) the continuous legal **practice** preceding and succeeding the **practice** referred to in paragraph (i) (irrespective of changes in ownership of the **practice** or in the composition of any **partnership** which owns or owned the **practice**).

## insurer

means:

- (i) for the purposes of the SRA Financial Services (Conduct of Business) Rules 2001 a firm with permission to effect or carry out **contracts of insurance** (other than a bank); and
- (ii) for the purposes of the **SRA Indemnity Insurance Rules** the underwriter(s) of the insurance.

## integrated course

means a **Diploma in Law/CPE** incorporating an **LPC**, approved by **us**.

## interest

includes a sum in lieu of interest.

## interest holder

means a **person** who has an interest or an indirect interest, or holds a **material interest**, in a body (and "indirect interest" and "interest" have the same meaning as in the **LSA**), and references to "holds an interest" shall be construed accordingly.

## international lawyers

means lawyers who are not basing their application on a professional qualification as a **qualified lawyer** gained within the **UK** or within the EEA or Switzerland.

### **intervened practitioner**

means the *solicitor, recognised body, licensed body, REL* or *RFL* whose *practice* or *practices* are the subject of an *intervention*.

### **intervention**

means the exercise of the powers specified in section 35 of and Schedule 1 to the *SA*, or section 9 of and paragraphs 32 to 35 of Schedule 2 to the *AJA*, 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 *LSA*.

### **introducer**

means any person, business or organisation who or that introduces or refers *clients* to your business, or recommends your business to *clients* or otherwise puts you and *clients* in touch with each other.

### **investment**

means any of the investments specified in Part III of the *Regulated Activities Order*.

### **investment trust**

means a closed-ended *company* which is listed in the *UK* or another member state and:

- (i) is approved by HM Revenue and Customs under section 842 of the Income and Corporation Taxes Act 1988 (or, in the case of a newly formed *company*, has declared its intention to conduct its affairs so as to obtain approval); or
- (ii) is resident in another member state and would qualify for approval if resident and listed in the *UK*.

### **investment trust savings scheme**

means a dedicated service for investment in the securities of one or more *investment trusts* within a particular marketing group (and references to an "investment trust savings scheme" include references to securities to be acquired through that scheme).

### **ISA**

means an Individual Savings Account, namely, an account which is a scheme of investment satisfying the conditions prescribed in the Individual Savings Account Regulations 1998 (S.I. 1998/1870).

### **JASB**

means the Joint Academic Stage Board, namely, the joint committee of the **BSB** and the **SRA** responsible for the setting and implementation of policies in respect of the **academic stage of training**, and validation and review of **QLDs** and **CPEs**.

### Joint Insolvency Committee

means the Committee formed by the Insolvency Service, the recognised professional bodies under the Insolvency Act 1986 and other related legislation, and appointed lay representatives.

### Justices' Clerks Assistant

has the meaning given in the Assistants to Justices' Clerks Regulations 2006.

### knowledge

of any matter, includes any matter of which you may reasonably be expected to have knowledge.

### lawyer

means a member of one of the following professions, entitled to practise as such:

- (i) the profession of solicitor, barrister or advocate of the **UK**;
- (ii) a profession whose members are authorised to carry on **legal activities** by an **approved regulator** other than the **SRA**;
- (iii) an **Establishment Directive profession** other than a **UK** profession;
- (iv) a legal profession which has been approved by the **SRA** for the purpose of **recognised bodies** in England and Wales; and
- (v) any other regulated legal profession specified by the **SRA** for the purpose of this definition.

### lawyer-controlled body

means:

- (i) an **authorised body** in which **lawyers of England and Wales** constitute the national group of **lawyers** with the largest (or equal largest) share of control of the body either as individual **managers** or by their share in the control of bodies which are **managers**;
- (ii) for the purposes of Part 7 (Overseas practice) of the **SRA Accounts Rules** the definition at sub-paragraph (i) above applies save that the second reference to “lawyers” is to be given its natural meaning and the references to **managers** are to be read as **managers (overseas practice)**.

### lawyer of England and Wales

means:

- (i) a **solicitor**; or
- (ii) an individual who is authorised to carry on **legal activities** in England and Wales by an **approved regulator** other than the **SRA**, but excludes a member of an **Establishment Directive profession** registered with the **BSB** under the **Establishment Directive**.

### lead insurer

means the insurer named as such in the contract of insurance, or, if no lead insurer is named as such, the first-named insurer on the relevant certificate of insurance.

### legal activity

has the meaning given in section 12 of the **LSA**, and includes any **reserved legal activity** and any other activity which consists of the provision of legal advice or assistance, or representation in connection with the application of the law or resolution of legal disputes.

### Legal Ombudsman

means the scheme administered by the Office for Legal Complaints under Part 6 of the **LSA**.

### legally qualified body

means any of the following:

- (i) a **recognised body**;
- (ii) a **licensed body** of which **lawyers** are entitled to exercise, or control the exercise of, 90% or more of the **voting rights** of that **licensed body**;
- (iii) an **authorised non-SRA firm** of which **lawyers** are entitled to exercise, or control the exercise of, 90% or more of the **voting rights** of that **authorised non-SRA firm**; or
- (iv) a **European corporate practice**,

and for the purposes of section 9A(6)(h) and (6C) of the **AJA** means a body which would meet the requirement in Rule 13.2 of the **SRA Practice Framework Rules**.

### legal services body

means a body which meets the criteria in Rule 13 (Eligibility criteria and fundamental requirements for recognised bodies) of the **SRA Practice Framework Rules**.

### licensable body

means a body which meets the criteria in Rule 14 (Eligibility criteria and fundamental requirements for licensed bodies) of the **SRA Practice Framework Rules**.

### licensed body

means a body licensed by the **SRA** under Part 5 of the **LSA**.

### licensing authority

means an **approved regulator** which is designated as a licensing authority under Part 1 of Schedule 10 to the **LSA**, and whose licensing rules have been approved for the purposes of the **LSA**.

### life office

means a **person** with permission to effect or carry out **long-term insurance contracts**.

### life policy

means a **long-term insurance contract** other than a **pure protection contract** or a **reinsurance contract**, but including a **pension policy**.

### LLP

means a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000.

### local authority

means any of those bodies which are listed in section 270 of the Local Government Act 1972 or in section 21(1) of the Local Government and Housing Act 1989.

### long-term care insurance contract

has the meaning given in Part II of Schedule 1 to the **Regulated Activities Order**.

### long-term insurance contract

has the meaning given in Part II of Schedule 1 to the **Regulated Activities Order**.

### LPC

means a Legal Practice Course, namely, a course, the **satisfactory completion** of which is recognised by **us** as satisfying, in part, the **vocational stage of training**.

### LPC Outcomes

means **our** minimum educational standards that **LPC** students must meet in order to **satisfactorily complete** the course.

### LSA

means the Legal Services Act 2007.

### manager

means:

- (i) a member of an **LLP**;

- (ii) a **director** of a **company**;
- (iii) a **partner** in a **partnership**; or
- (iv) in relation to any other body, a member of its governing body.

#### **manager (overseas practice)**

means:

- (i) a member of an **LLP**;
- (ii) a director of a company;
- (iii) a **partner** in a **partnership**; or
- (iv) in relation to any other body, a member of its governing body.

#### **market making**

means where a **firm** holds itself out as willing, as principal, to buy, sell or subscribe for **investments** of the kind to which the **transaction** relates at prices determined by the **firm** generally and continuously rather than in respect of each particular **transaction**.

#### **master policy**

means a policy referred to in Rule 5 of the **SRA Indemnity Rules**.

#### **master policy insurer**

means an insurer under a **master policy**.

#### **material interest**

has the meaning given to it in Schedule 13 to the **LSA**; and a person holds a "material interest" in a body ("B"), if that person:

- (i) holds at least 10% of the shares in B;
- (ii) is able to exercise significant influence over the management of B by virtue of the person's shareholding in B;
- (iii) holds at least 10% of the shares in a parent undertaking ("P") of B;
- (iv) is able to exercise significant influence over the management of P by virtue of the person's shareholding in P;
- (v) is entitled to exercise, or control the exercise of, voting power in B which, if it consists of **voting rights**, constitutes at least 10% of the **voting rights** in B;
- (vi) is able to exercise significant influence over the management of B by virtue of the person's entitlement to exercise, or control the exercise of, **voting rights** in B;

- (vii) is entitled to exercise, or control the exercise of, voting power in P which, if it consists of **voting rights**, constitutes at least 10% of the **voting rights** in P; or
- (viii) is able to exercise significant influence over the management of P by virtue of the person's entitlement to exercise, or control the exercise of, **voting rights** in P;

and for the purpose of this definition, "person" means:

- (i) the **person**,
- (ii) any of the **person's** associates, or
- (iii) the **person** and any of the **person's** associates taken together;

and "parent undertaking" and "voting power" are to be construed in accordance with paragraphs 3 and 5 of Schedule 13 to the **LSA**.

### **mature student**

means someone who intends to undertake the **Diploma in Law** or **CPE** and who has:

- (i) considerable experience or shown exceptional ability in an academic, professional, business or administrative field; and
- (ii) attained such standard of general education as **we** may consider sufficient.

### **MDP**

means a **licensed body** which is a multi-disciplinary practice providing a range of different services, only some of which are regulated by the **SRA**.

### **member**

- (i) means:
  - (A) in relation to a **company**, a **person** who has agreed to be a member of the **company** and whose name is entered in the **company's** register of members; and
  - (B) in relation to an **LLP**, a member of that **LLP**; save that
- (ii) for the purposes of the **SRA Indemnity Rules**, means a member of a practice, being:
  - (A) any principal (including any **principal**) therein;
  - (B) any **director** or officer thereof, in the case of a **recognised body** or a **licensed body** which is a **company**;
  - (C) any member thereof in the case of a **recognised body** or a **licensed body** which is an **LLP**;

- (D) any **recognised body** or a **licensed body** which is a **partner** or held out to be a **partner** therein and any officer of such **recognised body** or a **licensed body** which is a **company**, or any member of such **recognised body** or a **licensed body** which is an **LLP**;
- (E) any person employed in connection therewith (including any **trainee solicitor**);
- (F) any **solicitor** or **REL** who is a consultant to or associate in the practice;
- (G) any **foreign lawyer** who is not an **REL** and who is a consultant or associate in the practice; and
- (H) any **solicitor** or **foreign lawyer** who is working in the practice as an agent or locum tenens, whether he or she is so working under a contract of service or contract for services;

and includes the estate and/or personal representative(s) of any such persons.

#### **members of the public**

for the purposes of Chapter 8 of the **SRA Code of Conduct**, does not include:

- (i) a current or former **client**;
- (ii) another **firm** or its **manager**;
- (iii) an existing or potential professional or business connection; or
- (iv) a commercial organisation or public body.

#### **MILEX**

means a Member of the Chartered Institute of Legal Executives.

#### **mixed payment**

has the meaning given in Rule 18.1 of the **SRA Accounts Rules**.

#### **modular training contract**

means a **training contract** in which employment and training is provided by a **training contract consortium**, each member of which has a defined contribution to training process and content.

#### **MTC**

means the minimum terms and conditions with which a **policy** of **qualifying insurance** is required by the **SRA Indemnity Insurance Rules** to comply, a copy of which is annexed as Appendix 1 to those Rules.

#### **non-lawyer**

means:

- (i) an individual who is not a **lawyer** practising as such; or
- (ii) a **body corporate** or **partnership** which is not:
  - (A) an **authorised body**;
  - (B) an **authorised non-SRA firm**; or
  - (C) a business, carrying on the practice of **lawyers** from an office or offices outside England and Wales, in which a controlling majority of the **owners** and **managers** are **lawyers**;

save in Part 7 (Overseas practice) of the **SRA Accounts Rules** where the term “lawyer” is to be given its natural meaning.

### **non-mainstream regulated activity**

means a **regulated activity** of a **firm** regulated by the **FSA** in relation to which the conditions in the Professional Firms Sourcebook (5.2.1R) are satisfied.

### **non-registered European lawyer**

means:

- (i) in the **SRA Indemnity Rules**, a member of a legal profession which is covered by the **Establishment Directive**, but who is not:
  - (A) a **solicitor**, **REL** or **RFL**,
  - (B) a barrister of England and Wales, Northern Ireland or the Irish Republic, or
  - (C) a Scottish advocate; and
- (ii) in the **SRA Financial Services (Scope) Rules**, a member of a profession covered by the **Establishment Directive** who is based entirely at an office or offices outside England and Wales and who is not a solicitor, **REL** or **RFL**.

### **non-solicitor employer**

means any **employer** other than a **recognised body**, **recognised sole practitioner**, **licensed body** or **authorised non-SRA firm**.

### **non-SRA firm**

means a **sole practitioner**, **partnership**, **LLP** or **company** which is not authorised to practise by the **SRA**, and which is either:

- (i) authorised or capable of being authorised to practise by another **approved regulator**; or

- (ii) not capable of being authorised to practise by any **approved regulator**.

### **occupational pension scheme**

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.

### **office account**

means an account of the **firm** for holding **office money** and/or **out-of-scope money**, or other means of holding **office money** or **out-of-scope money** (for example, the office cash box or an account holding money regulated by a regulator other than the **SRA**).

### **office money**

has the meaning given in Rule 12 of the **SRA Accounts Rules**.

### **opt-out**

means a **transaction** resulting from a decision by an individual to opt-out of or decline to join a final salary or money-purchase **occupational pension scheme** of which he or she is a current member, or which he or she is, or at the end of a waiting period will become, eligible to join, in favour of an **individual pension contract** or contracts.

### **out-of-scope money**

means money held or received by an **MDP** in relation to those activities for which it is not regulated by the **SRA**.

### **overseas**

means outside England and Wales.

### **overseas practice**

means:

- (i) subject to sub-paragraph (ii), **practice from an office** outside England and Wales, except in the case of an **REL**, where it means **practice from an office** in Scotland or Northern Ireland; and
- (ii) in the **SRA Indemnity Rules** means a **practice** carried on wholly from an **overseas** office or offices, including a **practice** deemed to be a **separate practice** by virtue of paragraph (ii) of the definition of **separate practice**.

### **own interest conflict**

for the purpose of Chapter 3 of the **SRA Code of Conduct**, means any situation where your duty to act in the best interests of any **client** 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.

#### **owner**

means, in relation to a body, a **person** with any interest in the body, save that:

- (i) in the **SRA Authorisation Rules**, the **SRA Practice Framework Rules** and the **SRA Practising Regulations** owner means any **person** who holds a **material interest** in an **authorised body**, and in the case of a **partnership**, any **partner** regardless of whether they hold a **material interest** in the **partnership**; and
- (ii) for the purposes of the **SRA Principles** and the **SRA Code of Conduct** means a **person** who holds a **material interest** in the body; and
- (iii) for the purposes of the **SRA Suitability Test** includes owners who have no active role in the running of the business as well as owners who do,

and “own” and “owned by” shall be construed accordingly.

#### **packaged product**

means a **life policy**, a unit or share in a **regulated collective investment scheme** or an **investment trust savings scheme**, whether or not held within an **ISA** or **PEP** or a **stakeholder pension scheme**.

#### **panel solicitors**

means any solicitors appointed by the Solicitors Indemnity Fund in accordance with Rule 14.15 of the **SRA Indemnity Rules**.

#### **parent training establishment**

means one member of a **training contract consortium** which is authorised to **take trainees** and which has appointed a **training principal** who is responsible for the training of the **training contract consortium's trainees**.

#### **partner**

means a **person** who is or is held out as a partner in a **partnership**.

#### **partnership**

means a body that is not a **body corporate** in which **persons** are, or are held out as, **partners**, save that in the **MTC** means an unincorporated **insured firm** in which **persons** are or are held out as **partners** and does not include an **insured firm** incorporated as an **LLP**.

#### **participation**

for the purposes of regulation 8 of the **SRA Training Regulations** Part 3 - CPD Regulations includes preparing, delivering and/or attending accredited courses and “participating” should be construed accordingly.

### **part-time**

means working fewer than 32 hours per week.

### **pension contract**

means a right to benefits obtained by the making of contributions to an **occupational pension scheme** or to a **personal pension scheme**, where the contributions are paid to a **regulated collective investment scheme**.

### **pension policy**

means a right to benefits obtained by the making of contributions to an **occupational pension scheme** or to a **personal pension scheme**, where the contributions are paid to a **life office**.

### **pension transfer**

means a **transaction** resulting from a decision by an individual to transfer deferred benefits from a final salary **occupational pension scheme**, or from a money-purchase **occupational pension scheme**, in favour of an **individual pension contract** or contracts.

### **PEP**

means a personal equity plan within the Personal Equity Plan Regulations 1989.

### **period of default**

means in relation to a **firm in default** the period starting with the date when such **firm** first became a **firm in default** and ending with the date when it ceased to be a **firm in default**.

### **period of insurance**

means the period for which the insurance operates.

### **permitted exemptions**

applies only to individuals who have successfully completed the Bar Vocational Course or Bar Professional Training Course not more than 5 years prior to his or her enrolment on the **LPC** and means exemption from attendance and assessment of the **LPC Outcomes** as specified by **us** and agreed by the authorised provider.

### **permitted separate business**

means for the purpose of Chapter 12 of the **SRA Code of Conduct**, a **separate business** offering any of the following services:

- (i) alternative dispute resolution;

- (ii) financial services;
- (iii) estate agency;
- (iv) management consultancy;
- (v) company secretarial services;
- (vi) acting as a parliamentary agent;
- (vii) practising as a lawyer of another jurisdiction;
- (viii) acting as a bailiff;
- (ix) acting as nominee, **trustee** or executor outside England and Wales;
- (x) the services of a wholly owned nominee **company** in England and Wales, which is operated as a subsidiary but necessary part of the work of a **separate business** providing financial services;
- (xi) providing legal advice or drafting legal documents not included in (i) to (x) above, where such activity is provided as a subsidiary but necessary part of some other service which is one of the main services of the **separate business**; and
- (xii) providing any other business, advisory or agency service which could be provided through a **firm** or **in-house practice** but is not a **prohibited separate business activity**.

#### **person**

includes a body of persons (corporate or unincorporated).

#### **person under investigation**

means a **person** subject to a **discipline investigation**.

#### **person who has an interest in a licensed body**

means a **person** who has an interest or an indirect interest in a **licensed body** as defined by sections 72(3) and (5) of the **LSA**.

#### **person who lacks capacity under Part 1 of the Mental Capacity Act 2005**

includes a "patient" as defined by section 94 of the Mental Health Act 1983 and a person made the subject of emergency powers under that Act, and equivalents in other **Establishment Directive states**.

#### **personal pension scheme**

means any scheme or arrangement which is not an **occupational pension scheme** or a **stakeholder pension scheme** 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.

### plan provider

has the meaning given by article 63B(3) of the *Regulated Activities Order* read with paragraphs (7) and (8) of that article.

### policy

means a contract of professional indemnity insurance made between one or more persons, each of which is a *qualifying insurer*, and a *firm*, including where the context permits an *ARP policy* and an *ARP run-off policy*.

### policy default

- (i) means in the *SRA Indemnity Insurance Rules* a failure on the part of a *firm* or any *principal* of that *firm*:
  - (A) to pay for more than two months after the due date for payment all or any part of the premium or any other sum due in respect of a *policy* (including without limitation any payment due under Rule 14.1 of those Rules); or
  - (B) to pay for more than two months after the due date for payment all or any part of any *ARP premium*, any *ARP default premium*, or any *ARP run-off premium*, or any instalment payable in relation thereto whether payable to the *ARP manager* or otherwise; or
  - (C) to reimburse within two months a *qualifying insurer* (including the *ARP manager* on behalf of *qualifying insurers*) in respect of any amount falling within a *firm's policy* excess which has been paid on an *insured's* behalf to a *claimant* by a *qualifying insurer* or by the *ARP manager*;
- (ii) for the purposes of this definition, the due date for payment means, in respect of any *policy* or any payment to be made under any *policy*:
  - (A) the date on which such payment fell due under the terms of the *policy* or any related agreement or arrangement; or
  - (B) if a *firm* was first required under the *SIIR* to effect such a *policy* prior to the date on which it did so, the date if earlier on which such payment would have fallen due had such *policy* been effected by the *firm* when it was first required to do so under the *SIIR*.

### policy period

means the period of insurance in respect of which risks may attach under a *policy* of *qualifying insurance*.

### practice

means the activities, in that capacity, of:

- (i) a **solicitor**;
- (ii) an **REL**, from an office or offices within the **UK**;
- (iii) a member of an **Establishment Directive profession** registered with the **BSB** under the **Establishment Directive**, carried out from an office or offices in England and Wales;
- (iv) an **RFL**, from an office or offices within England and Wales, as:
  - (A) an **employee** of a **recognised sole practitioner**; or
  - (B) a **manager, employee, member** or **interest holder** of an **authorised body** or a **manager, employee** or owner of an **authorised non-SRA firm**;
- (v) an **authorised body**;
- (vi) a **manager** of an **authorised body**;
- (vii) a person employed in England and Wales by an **authorised body** or **recognised sole practitioner**;
- (viii) a **lawyer of England and Wales**; or
- (ix) an **authorised non-SRA firm**;

and "practise" and "practising" should be construed accordingly; save for in:

- (i) the **SRA Indemnity Insurance Rules** where "practice" means the whole or such part of the **private practice** of a **firm** as is carried on from one or more offices in England and Wales; and
- (ii) the **SRA Indemnity Rules** where it means a practice to the extent that:
  - (A) in relation to a **licensed body**, it carries on **regulated activities**; and
  - (B) in all other cases, it carries on **private practice** providing professional services as a sole **solicitor** or **REL** or as a **partnership** of a type referred to in Rule 6.1(d) to 6.1(f) and consisting of or including one or more **solicitors** and/or **RELS**, and shall include the business or practice carried on by a **recognised body** in the providing of professional services such as are provided by individuals practising in **private practice** as **solicitors** and/or **RELS** or by such individuals in **partnership** with **RFLs**, whether such practice is carried on by the **recognised body** alone or in **partnership** with one or more **solicitors, RELs** and/or other **recognised bodies**.

**practice from an office**

includes **practice** carried on:

- (i) from an office at which you are based; or
- (ii) from an office of a **firm** in which you are the **sole practitioner**, or a **manager**, or in which you have an ownership interest, even if you are not based there,

save that for the purposes of Part 7 (Overseas practice) of the **SRA Accounts Rules** the term "practice" is to be given its natural meaning, and references to "firm" and "manager" are to be read as references to "**firm (overseas practice)**" and to "**manager (overseas practice)**";

and "practising from an office" and "practises from an office" should be construed accordingly.

### **practice of a lawyer of a CCBE state**

means the activities of a **lawyer** of a **CCBE state** in that capacity.

### **Practice Skills Standards**

means the standards published by **us** which set out the practice skills **trainees** will develop during the **training contract** and use when qualified.

### **practising address**

means, in relation to an **authorised body**, an address from which the body provides services consisting of or including the carrying on of activities which it is authorised to carry on.

### **preceding qualifying insurance**

means, in the case of any **firm** or person who makes an **expired run-off claim**, the policy of **qualifying insurance** which previously provided run-off cover in respect of that **firm** or person, or which was required to provide such cover, or (in the case of a **firm in default** or a **run-off firm**) arrangements to provide such run-off cover through the **ARP**.

### **pre-contract deposit**

means the aggregate of all payments which constitute pre-contract deposits from a **buyer** in relation to the proposed sale of a **property**.

### **prescribed**

means prescribed by the **SRA** from time to time.

### **previous practice**

means any **practice** which shall have ceased to exist as such for whatever reason, including by reason of:

- (i) any death, retirement or addition of **principals**; or

- (ii) any split or cession of the whole or part of its practice to another without any change of **principals**.

### previous regulations

in the **SRA Higher Rights of Audience Regulations** means either the Higher Courts Qualification Regulations 1992, the Higher Courts Qualification Regulations 1998, or the Higher Courts Qualification Regulations 2000, or the Solicitors Higher Rights of Audience Regulations 2010.

### principal

- (i) subject to paragraphs (ii) to (iv) means:
  - (A) a **sole practitioner**;
  - (B) a **partner** in a **partnership**;
  - (C) in the case of a **recognised body** which is an **LLP** or **company**, the **recognised body** itself;
  - (D) in the case of a **licensed body** which is an **LLP** or **company**, the **licensed body** itself;
  - (E) the principal **solicitor** or **REL** (or any one of them) employed by a **non-solicitor employer** (for example, in a law centre or in commerce and industry); or
  - (F) in relation to any other body, a member of its governing body;
- (ii) in the **SRA Authorisation Rules**, **SRA Practice Framework Rules** and **SRA Practising Regulations**, means a **sole practitioner** or a **partner** in a **partnership**;
- (iii) in the **SRA Indemnity Insurance Rules** means:
  - (A) where the **firm** is or was:
    - (I) a **sole practitioner** – that practitioner;
    - (II) a **partnership** – each **partner**;
    - (III) a **company** with a share capital – each **director** of that **company** and any person who:
      - (01) is held out as a **director**, or
      - (02) beneficially owns the whole or any part of a share in the **company**; or
      - (03) is the ultimate beneficial owner of the whole or any part of a share in the **company**;

- (IV) a **company** without a share capital – each **director** of that **company** and any person who:
    - (01) is held out as a **director**, or
    - (02) is a **member** of the **company**, or
    - (03) is the ultimate owner of the whole or any part of a **body corporate** or other legal person which is a **member** of the **company**;
  - (V) an **LLP** – each **member** of that **LLP**, and any person who is the ultimate owner of the whole or any part of a **body corporate** or other legal person which is a **member** of the **LLP**;
- (B) where a **body corporate** or other legal person is a **partner** in the **firm**, any person who is within paragraph (A)(III) of this definition (including sub-paragraphs (01) and (03) thereof), paragraph (A)(IV) of this definition (including sub-paragraphs (01) and (03) thereof), or paragraph (A)(V) of this definition;
- (iv) in the **SRA Indemnity Rules**, means:
- (A) a **solicitor** who is a **partner** or a **sole solicitor** within the meaning of section 87 of the **SA**, or an **REL** who is a **partner**, a **recognised body** or who on or before 31 March 2012 or the date on which an order made pursuant to section 69 of the **LSA** relating to the status of sole practitioners coming into force, whichever was the latter, was a sole practitioner, or an **RFL** or **non-registered European lawyer** who is a **partner**, and includes any **solicitor**, **REL**, **RFL** or **non-registered European lawyer** held out as a principal; and
  - (B) additionally in relation to a **practice** carried on by a **recognised body** or a **licensed body** alone, or a **practice** in which a **recognised body** or a **licensed body** is or is held out to be a **partner**.
    - (I) a **solicitor**, **REL**, **RFL** or **non-registered European lawyer** (and in the case of a **licensed body** any other person) who:
      - (01) beneficially owns the whole or any part of a share in such **recognised body** or **licensed body** (in each case, where it is a **company** with a share capital); or
      - (02) is a member of such **recognised body** or **licensed body** (in each case, where it is a **company** without a share capital or an **LLP** or a **partnership** with legal personality); or

- (II) a **solicitor, REL, RFL** or **non-registered European lawyer** (and in the case of a **licensed body** any other person) who is:
- (01) the ultimate beneficial owner of the whole or any part of a share in such **recognised body** or **licensed body** (in each case, where the **recognised body** or **licensed body** is a **company** with a share capital); or
  - (02) the ultimate owner of a member or any part of a member of such **recognised body** or **licensed body** (in each case, where the **recognised body** or **licensed body** is a **company** without a share capital or an **LLP** or a **partnership** with legal personality).

### **prior practice**

means each **practice** to which the **insured firm's practice** is ultimately a **successor practice** by way of one or more mergers, acquisitions, absorptions or other transitions, but does not include any such **practice** which has elected to be insured under run-off cover in accordance with clause 5.3(a) of the **MTC**.

### **private legal practice**

means the provision of services in **private practice** as a **solicitor** or **REL** including, without limitation:

- (i) providing such services in England, Wales or anywhere in the world, whether alone or with other **lawyers** in a **partnership** permitted to practise in England and Wales by Rule 12 of the Solicitors' Code of Conduct 2007 or by the **SRA Practice Framework Rules**, a **recognised body** or a **licensed body** (in respect of its **regulated activities**); and
- (ii) the provision of such services as a secondee of the **insured firm**; and
- (iii) any **insured** acting as a personal representative, **trustee**, attorney, notary, insolvency practitioner or in any other role in conjunction with a **practice**; and
- (iv) the provision of such services by any **employee**; and
- (v) the provision of such services pro bono publico;

but does not include:

- (vi) practising as an **employee** of an employer other than a **solicitor**, an **REL**, a **partnership** permitted to practise in England and Wales by Rule 12 of the Solicitors' Code of Conduct 2007 or by the **SRA Practice Framework Rules**, a **recognised body** or a **licensed body** (in respect of its **regulated activities**); or

- (vii) discharging the functions of any of the following offices or appointments:
  - (A) judicial office;
  - (B) Under Sheriffs;
  - (C) members and clerks of such tribunals, committees, panels and boards as the **Council** may from time to time designate but including those subject to the Tribunals and Inquiries Act 1992, the Competition Commission, Legal Services Commission Review Panels and Parole Boards;
  - (D) Justices' Clerks; or
  - (E) Superintendent Registrars and Deputy Superintendent Registrars of Births, Marriages and Deaths and Registrars of Local Crematoria.

### private loan

means a loan other than one provided by an institution which provides loans on standard terms in the normal course of its activities.

### private practice

- (i) for the purposes of the **SRA Indemnity Insurance Rules**:
  - (A) in relation to a **firm** which is a **licensed body** means its **regulated activities**; and
  - (B) subject to paragraph (A) of this definition, in relation to all **firms** includes without limitation all the professional services provided by the **firm** including acting as a personal representative, trustee, attorney, notary, insolvency practitioner or in any other role in conjunction with a **practice**, and includes services provided pro bono publico,

but does not include:

- (C) **practice** carried on by a **solicitor** or **REL** in the course of employment with an employer other than a **firm**; or
- (D) **practice** carried on through a **non-SRA firm**; or
- (E) discharging the functions of any of the following offices or appointments:
  - (I) judicial office;
  - (II) Under Sheriffs;
  - (III) members and clerks of such tribunals, committees, panels and boards as the **Council** may from time to time designate but including those subject to the Tribunals and Inquiries

Act 1992, the Competition Commission, Legal Services Commission Review Panels and Parole Boards;

- (IV) Justices' Clerks;
  - (V) Superintendent Registrars and Deputy Superintendent Registrars of Births, Marriages and Deaths and Registrars of Local Crematoria; or
  - (VI) such other offices as the **Council** may from time to time designate;
- (F) **practice** consisting only of providing professional services without remuneration for friends, relatives, or to companies wholly owned by the **solicitor** or **REL's** family, or registered charities; or
- (G) in respect of a sole **solicitor** or a sole **REL**, **practice** consisting only of:
- (I) providing professional services without remuneration for friends, relatives, or to companies wholly owned by the **solicitor** or **REL's** family, or registered charities; and/or
  - (II) administering oaths and statutory declarations; and/or
  - (III) activities which could constitute **practice** but are done in the course of discharging the functions of any of the offices or appointments listed in paragraphs (E)(I) to (VI) above.
- (ii) for the purposes of the **SRA Indemnity Rules** "private practice" shall be deemed to include:
- (A) the acceptance and performance of obligations as trustees; and
  - (B) notarial practice where a solicitor notary operates such notarial practice in conjunction with a solicitor's practice, whether or not the notarial fees accrue to the benefit of the solicitor's practice;
- but does not include:
- (C) practice to the extent that any fees or other income accruing do not accrue to the benefit of the **practice** carrying on such practice (except as provided by paragraph (B) in this definition);
  - (D) practice by a **solicitor** or **REL** in the course of his or her employment with an employer other than a **solicitor**, **REL**, **recognised body**, **licensed body** or **partnership** such as is referred to in Rule 6.1(d) to 6.1(f); in which connection and for the avoidance of doubt:

- (I) any such **solicitor** or **REL** does not carry on private practice when he or she acts in the course of his or her employment for persons other than his or her employer;
  - (II) any such **solicitor** or **REL** does not carry on private practice merely because he or she uses in the course of his or her employment a style of stationery or description which appears to hold him or her out as a **principal** or **solicitor** or **foreign lawyer** in private practice; or
  - (III) any practice carried on by such a **solicitor** outside the course of his or her employment will constitute private practice;
- (E) discharging the functions of the following offices:
- (I) judicial office;
  - (II) Under Sheriffs;
  - (III) members and clerks of such tribunals, committees, panels and boards as the **Council** may from time to time designate but including those subject to the Tribunals and Inquiries Act 1992, the Competition Commission, Legal Services Commission Review Panels and Parole Boards;
  - (IV) Justices' Clerks;
  - (V) Superintendent Registrars and Deputy Superintendent Registrars of Births, Marriages and Deaths and Registrars of Local Crematoria;
  - (VI) such other offices as the **Council** may from time to time designate.

### **professional activity**

means a professional activity which is regulated by the **SRA**.

### **professional contact**

means professional contact which is regulated by the **SRA**.

### **professional disbursement**

means, in respect of those activities for which the practice is regulated by the **SRA**, the fees of counsel or other **lawyer**, or of a professional or other agent or expert instructed by **you**, including the fees of interpreters, translators, process servers, surveyors and estate agents but not travel agents' charges.

### **professional principles**

are as set out in section 1(3) of the **LSA**:

- (i) that authorised persons should act with independence and integrity;
- (ii) that authorised persons should maintain proper standards of work;
- (iii) that authorised persons should act in the best interests of their **clients**;
- (iv) that persons who exercise before any **court** a right of audience, or conduct litigation in relation to proceedings in any **court**, by virtue of being authorised persons should comply with their duty to the **court** to act with independence in the interests of justice; and
- (v) that the affairs of **clients** should be kept confidential,

and in this definition “authorised persons” has the meaning set out in section 18 of the **LSA**.

### **professional services**

means, for the purposes of the **SRA Financial Services (Scope) Rules**, services provided by a **firm** in the course of its **practice** and which do not constitute carrying on a **regulated activity**.

### **prohibited separate business activities**

means, for the purpose of Chapter 12 of the **SRA Code of Conduct**:

- (i) the conduct of any matter which could come before a **court**, whether or not proceedings are started;
- (ii) advocacy before a **court**;
- (iii) instructing counsel in any part of the **UK**;
- (iv) **immigration work**;
- (v) any activity in relation to conveyancing, applications for probate or letters of administration, or drawing trust deeds or **court** documents, which is reserved to **solicitors** and others under the **LSA**;
- (vi) drafting wills;
- (vii) acting as a nominee, **trustee** or executor in England and Wales, except for the services of a wholly owned nominee **company** where such services are provided as a subsidiary but necessary part of the work of a **separate business** providing financial services; and
- (viii) providing legal advice or drafting legal documents not included in (i) to (vii) above where such activity is not provided as a subsidiary but necessary part of some other service which is one of the main services of the **separate business**.

### **property**

includes an interest in property.

## property selling

means things done by any person in the course of a business (including a business in which they are **employed**) pursuant to instructions received from another person (in this definition referred to as the "**client**") who wishes to dispose of or acquire an interest in land:

- (i) for the purpose of, or with a view to, effecting the introduction to the **client** of a third person who wishes to acquire or, as the case may be, dispose of such an interest; and
- (ii) after such an introduction has been effected in the course of that business, for the purpose of securing the disposal or, as the case may be, the acquisition of that interest.

## PSC

means the Professional Skills Course, namely, a course normally completed during the **training contract**, building upon the **LPC**, providing training in Financial and Business Skills, Advocacy and Communication Skills, and Client Care and Professional Standards. **Satisfactory completion** of the PSC is recognised by **us** as satisfying, in part, the **vocational stage of training**.

## PSC provider

means an organisation authorised by **us** to provide the **PSC** under the **SRA Training Regulations** Part 2 – Training Provider Regulations.

## PSC Standards

means the standards which set out the content of, and level of achievement required from individuals studying, the **PSC**.

## publicity

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 **clients** and other **persons**, whether conducted in person, in writing, or in electronic form, but does not include press releases prepared on behalf of a **client**.

## pure protection contract

means:

- (i) a **long-term insurance contract**:
  - (A) under which the benefits are payable only in respect of death or of incapacity due to injury, sickness or infirmity;
  - (B) which has no surrender value or the consideration consists of a single premium and the surrender value does not exceed that premium; and

- (C) 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
- (ii) a **reinsurance contract** covering all or part of a risk to which a **person** is exposed under a **long-term insurance contract**.

## **QLD**

means a qualifying law degree, namely, a degree or qualification awarded by a body approved by the **JASB** for the purposes of completing the **academic stage of training**, following a course of study which includes:

- (i) the study of the **foundations of legal knowledge**; and
- (ii) the passing of appropriate assessments set in those foundations.

## **QLTR**

means the Qualified Lawyers Transfer Regulations 1990 and 2009.

### **QLTR certificate of eligibility**

means a certificate issued under the **QLTR**.

## **QLTSR**

means the **SRA** Qualified Lawyers Transfer Scheme Regulations 2010 and 2011.

## **QLTT**

means the Qualified Lawyers Transfer Test, namely, the test which some lawyers are required to pass under the **QLTR**.

## **QLTS assessments**

means the suite of assessments approved by **us** and provided by the **assessment organisation**.

### **QLTS certificate of eligibility**

means a certificate of eligibility to take the **QLTS assessments** under the **QLTSR**, or an authorisation under the **QLTSR** to apply for admission as a **solicitor** without taking any of the **QLTS assessments**.

## **qualified lawyer**

means either:

- (i) a lawyer whose qualification **we** have determined:
  - (A) gives the lawyer rights of audience;

- (B) makes the lawyer an officer of the court in the **recognised jurisdiction**; and
  - (C) has been awarded as a result of a generalist (non-specialist) legal education and training; or
- (ii) any other lawyer to whom **we** determine Directive 2005/36/EC on the recognition of professional qualifications applies.

### **qualified to supervise**

means a person complying with the requirements of Rule 12.2 of the **SRA Practice Framework Rules**.

### **qualifying employment**

in the **SRA Training Regulations** Part 1 – Qualification Regulations means employment to do legal duties under the supervision of a **solicitor**.

### **qualifying insurance**

means a single **policy** which includes the **MTC**, or more than one **policy** which, taken together, include the **MTC**, and each of which includes the **MTC** except only in relation to the **sum insured**.

### **qualifying insurer**

means an **authorised insurer** which has entered into a **qualified insurer's agreement** with the **Society** which remains in force for the purposes of underwriting new business at the date on which the relevant contract of **qualifying insurance** is made.

### **qualifying insurer's agreement**

means an agreement in such terms as the **Society** may prescribe setting out the terms and conditions on which a **qualifying insurer** may provide professional indemnity insurance to **solicitors** and others in **private practice** in England and Wales.

### **recognised body**

means a body recognised by the **SRA** under section 9 of the **AJA**.

### **recognised jurisdiction**

means a jurisdiction where **we** have determined that:

- (i) to become a **qualified lawyer** applicants have completed specific education and training at a level that is at least equivalent to that of an English/Welsh H-Level (e.g. Bachelor's) degree;

- (ii) members of the **qualified lawyer's** profession are bound by an ethical code that requires them to act without conflicts of interest and to respect their client's interests and confidentiality; and
- (iii) members of the **qualified lawyer's** profession are subject to disciplinary sanctions for breach of their ethical code, including the removal of the right to practise, and

all European jurisdictions to which Directive 2005/36/EC on the recognition of professional qualifications apply are "recognised jurisdictions" for the purposes of the **QLTSR**.

### **recognised sole practitioner**

means a **solicitor** or **REL** authorised by the **SRA** under section 1B of the **SA** to practise as a **sole practitioner**.

### **reconciled accounts**

means that all elements of the accounting records of an **intervened practitioner's practice** are consistent with each other.

### **reconciled list**

means a list of beneficial entitlements to **statutory trust monies** created from a set of **reconciled accounts**.

### **referral**

includes any situation in which another person, business or organisation introduces or refers a **client** to your business, recommends your business to a **client** or otherwise puts you and a **client** in touch with each other.

### **register of European lawyers**

means the register of European lawyers maintained by the **SRA** under regulation 15 of the European Communities (Lawyer's Practice) Regulations 2000 (SI 2000/1119).

### **register of foreign lawyers**

means the register of foreign lawyers maintained by the **SRA** under the Courts and Legal Services Act 1990.

### **regular payment**

has the meaning given in Rule 19 of the **SRA Accounts Rules**.

### **Regulated Activities Order**

means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

### **regulated activity**

means:

- (i) subject to sub-paragraph (ii) below:
  - (A) any **reserved legal activity**;
  - (B) any other **legal activity**; and
  - (C) any other activity in respect of which a **licensed body** is regulated pursuant to Part 5 of the **LSA**; and
- (ii) in the **SRA Financial Services (Scope) Rules**, an activity which is specified in the **Regulated Activities Order**.

### **regulated collective investment scheme**

means:

- (i) an investment company with variable capital;
- (ii) an authorised unit trust scheme as defined in section 237(3) of **FSMA**; or
- (iii) a scheme recognised under sections 264, 270 or 272 of **FSMA**.

### **regulated home purchase plan**

has the meaning given by article 63F(3) of the **Regulated Activities Order**.

### **regulated home reversion plan**

has the meaning given by article 63B(3) of the **Regulated Activities Order**.

### **regulated mortgage contract**

has the meaning given by article 61(3) of the **Regulated Activities Order**.

### **regulated person**

- (i) in the **SRA Indemnity Rules** has the meaning given in section 21 of the **LSA**;
- (ii) means, in the **SRA Disciplinary Procedure Rules**:
  - (A) a **solicitor**;
  - (B) an **REL**;
  - (C) an **RFL**;
  - (D) a **recognised body**;
  - (E) a **manager** of a **recognised body**;
  - (F) a **licensed body**;
  - (G) a **manager** of a **licensed body**;

- (H) an **employee** of a **recognised body**, a **licensed body**, a **solicitor**, or an **REL**; or
  - (I) to the extent permitted by law, any person who has previously held a position or role described in (A) to (H) above;
- (iii) for the purposes of the **SRA Cost of Investigations Regulations** means the persons at paragraph (ii) (A) to (I) above and also includes a **person who has an interest in a licensed body** and, to the extent permitted by law, any person who has previously held an interest in a **licensed body**.

### **regulated sale and rent back agreement**

has the meaning given by article 63J(3) of the **Regulated Activities Order**.

### **regulatory arrangements**

has the meaning given to it by section 21 of the **LSA**, and includes all rules and regulations of the **SRA** in relation to the authorisation, practice, conduct, discipline and qualification of persons carrying on **legal activities** and the accounts rules and indemnification and compensation arrangements in relation to their practice.

### **regulatory objectives**

has the meaning given to it by section 1 of the **LSA** and includes the objectives of protecting and promoting the public interest, supporting the constitutional principle of the rule of law, improving access to justice, protecting and promoting the interests of consumers, promoting competition in the provision of **legal activities** by **authorised persons**, encouraging an independent, strong, diverse and effective legal profession, increasing public understanding of the citizen's legal rights and duties, and promoting and maintaining adherence to the **professional principles**.

### **reinsurance contract**

means a **contract of insurance** covering all or part of a risk to which a **person** is exposed under a **contract of insurance**.

### **REL**

means registered European lawyer, namely, an individual registered with the **SRA** under regulation 17 of the European Communities (Lawyer's Practice) Regulations 2000 (SI 2000/ no.1119).

### **REL-controlled body**

means an **authorised body** in which **RELS**, or **RELS** together with **lawyers of England and Wales** and/or European lawyers registered with the **BSB**, constitute the national group of lawyers with the largest (or equal largest) share of control of the body, either as individual **managers (overseas practice)** or by their share in the control of bodies which are **managers (overseas practice)**, and for this purpose **RELS** and European lawyers registered with the **BSB** belong to the national group of England and Wales.

### related body

in relation to **in-house practice** means a body standing in relation to your **employer** as specified in Rule 4.7(a) to (d) or 4.15(c) of the **SRA Practice Framework Rules**.

### relevant claim

means a claim made on or after 1 September 2000 against a **relevant successor practice**.

### relevant indemnity period

in relation to **contributions** or indemnity means that **indemnity period** in respect of which such **contributions** are payable or such indemnity is to be provided in accordance with the **SRA Indemnity Rules**.

### relevant insolvency event

occurs in relation to a body if:

- (i) 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;
- (ii) the body enters administration within the meaning of paragraph 1(2)(b) of Schedule B1 to that Act;
- (iii) an administrative receiver within the meaning of section 251 of that Act is appointed;
- (iv) 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);
- (v) an order for the winding up of the body is made;
- (vi) all of the **managers** in a body which is unincorporated have been adjudicated bankrupt; or
- (vii) the body is an overseas company or a **societas Europaea** 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 (i) to (vi) above.

### relevant licensed body

means a **licensed body** other than:

- (i) an unlimited company, or an **overseas** company whose members' liability for the company's debts is not limited by its constitution or by the law of its country of incorporation; or
- (ii) a nominee company only, holding **assets** for clients of another **practice**;  
and

- (A) it can act only as agent for the other **practice**; and
- (B) all the individuals who are **principals** of the **licensed body** are also **principals** of the other **practice**; and
- (C) any fee or other income arising out of the **licensed body** accrues to the benefit of the other **practice**; or
- (D) a **partnership** in which none of the **partners** is a limited company, an **LLP** or a legal person whose **members** have limited liability.

### relevant recognised body

means a **recognised body** other than:

- (i) an unlimited company, or an **overseas** company whose members' liability for the company's debts is not limited by its constitution or by the law of its country of incorporation; or
- (ii) a nominee company only, holding **assets** for clients of another **practice**; and
  - (A) it can act only as agent for the other **practice**; and
  - (B) all the individuals who are **principals** of the **recognised body** are also **principals** of the other **practice**; and
  - (C) any fee or other income arising out of the **recognised body** accrues to the benefit of the other **practice**; or
- (iii) a **partnership** in which none of the **partners** is a limited company, an **LLP** or a legal person whose **members** have limited liability; or
- (iv) a **sole practitioner** that is a **recognised body**.

### relevant successor practice

means in respect of a **previous practice**, a **successor practice** or a "successor practice" (as defined in Appendix 1 to the **SIIR**) (as may be applicable) against which a **relevant claim** is made.

### representative

in the **SRA Compensation Fund Rules**, means the personal representative of a deceased **defaulting practitioner**; the **trustee** of a bankrupt **defaulting practitioner**; the administrator of an insolvent **defaulting practitioner**, or other duly appointed representative of a **defaulting practitioner**.

### reserved legal activity

has the meaning given in section 12 of the **LSA**, and includes the exercise of a right of audience, the conduct of litigation, reserved instrument activities, probate

activities, notarial activities and the administration of oaths, as defined in Schedule 2 to the **LSA**.

#### **reserved work**

means activities which **persons** are authorised by the **SRA** to carry out, or prohibited from carrying out, under the **SRA Practice Framework Rules**.

#### **reversion seller**

has the meaning given by article 63B(3) of the **Regulated Activities Order**.

#### **revocation**

in relation to a practising certificate or registration under the **SRA Practising Regulations** includes withdrawal of a practising certificate or registration for the purposes of the **SA** and cancellation of registration for the purposes of Schedule 14 to the Courts and Legal Services Act 1990.

#### **RFL**

means registered foreign lawyer, namely, an individual registered with the **SRA** under section 89 of the Courts and Legal Services Act 1990.

#### **run-off firm**

means a **firm** or former **firm** which has ceased to practise in circumstances where, in accordance with paragraph 5.1 of the **MTC**, run-off cover is not required to be provided by any **qualifying insurer**.

#### **SA**

means the Solicitors Act 1974.

#### **satisfactory completion**

of a course or courses means:

- (i) passing all the examinations and assessments required; and/or
- (ii) where appropriate having part or parts awarded through condonation, deemed pass, or exemption;

in order to graduate from or pass an assessable course of study, and being awarded a certificate from the course provider confirming this; and “satisfactorily completed” should be construed accordingly.

#### **seats**

means an arrangement where a **trainee** works in different departments of, or in different roles within, a **training establishment** in order to gain exposure to different areas of law.

#### **secondment**

means an arrangement between a **training establishment** and another employer, or an overseas branch office, for a part of the period of a **training contract**.

### section 43 investigation

means an investigation by the **SRA** as to whether there are grounds for the **SRA**:

- (i) to make an order under section 43(2) of the **SA**; or
- (ii) to make an application to the **Tribunal** for it to make such an order.

### security

has the meaning given by article 3(1) of the **Regulated Activities Order** but does not include an **investment** which falls within the definition of a **packaged product**.

### separate business

means a business which is not an **authorised body**, a **recognised sole practitioner**, an **authorised non-SRA firm** or an **in-house practice** or an overseas practice permitted by the **SRA Practice Framework Rules** and includes businesses situated **overseas**.

### separate designated client account

has the meaning given in Rule 13.5(a) of the **SRA Accounts Rules**.

### separate practice

means:

- (i) a **practice** in which the number and identity of the **principals** is not the same as the number and identity of the **principals** in any other **practice**. When the same **principals** in number and identity carry on **practice** under more than one name or style, there is only one **practice**;
- (ii) in the case of a **practice** of which more than 25% of the **principals** are **foreign lawyers**, any **overseas** offices shall be deemed to form a separate practice from the offices in England and Wales;
- (iii) in the case of an **overseas** office of a **practice**, the fact that a **principal** or a limited number of **principals** represent all the **principals** in the **practice** on a local basis shall not of itself cause that **overseas** office to be a separate practice provided that any fee or other income arising out of that office accrues to the benefit of the **practice**; and
- (iv) in the case of a **recognised body** or **licensed body** the fact that all of the shares in the **recognised body** or **licensed body** (as the case may be) are beneficially owned by only some of the **principals** in another **practice**, shall not, of itself, cause such a **recognised body** or **licensed body** (as the case may be) to be a separate practice provided that any fee or other income arising out of the **recognised body** or **licensed body** accrues to the benefit of that other **practice**.

## shareowner

means:

- (i) a **member** of a company with a share capital, who owns a share in the body; or
- (ii) a **person** who is not a **member** of a company with a share capital, but owns a share in the body, which is held by a **member** as nominee.

## SIF

means the Solicitors Indemnity Fund.

## SIIR

means the Solicitors' Indemnity Insurance Rules 2000 to 2010 or the **SRA Indemnity Insurance Rules** or any rules subsequent thereto.

## societas Europaea

means a European public limited liability company within the meaning of Article 1 of Council Regulation 2157/2001/EC.

## Society

means the Law Society, in accordance with section 87 of the **SA**.

## sole practitioner

means a **solicitor** or an **REL practising** as a sole principal and does not include a **solicitor** or an **REL practising in-house**, save for the purposes of the **SRA Accounts Rules**, the **SRA Indemnity Insurance Rules** where references to "practising" are to be given their natural meaning.

## solicitor

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 kept by the **Society** under section 6 of the **SA**, save that in the **SRA Indemnity Insurance Rules** includes a person who practises as a solicitor whether or not he or she has in force a practising certificate, and also includes practice under home title of a former **REL** who has become a solicitor.

## special measures

means such measures as the **Council** may from time to time require with a view to reducing the risk of claims being made against a **firm** in the future or with a view to enabling a **firm** in the future to obtain **qualifying insurance** outside the **ARP** including, without limitation, requiring a **firm** to establish, agree with the **SRA** and implement either:

- (i) a rehabilitation plan; or

- (ii) a plan for the orderly closure of the *firm* in a manner which fully protects its clients' interests,

in either case on such terms, in such format and with such content as the **SRA** may require.

## **SRA**

means the Solicitors Regulation Authority, and reference to the SRA as an *approved regulator* or *licensing authority* means the SRA carrying out regulatory functions assigned to the *Society* as an *approved regulator* or *licensing authority*.

## **SRA Accounts Rules**

means the SRA Accounts Rules 2011.

## **SRA Admission Regulations**

means the SRA Admission Regulations 2011.

## **SRA Authorisation Rules**

means the SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011.

## **SRA Code of Conduct**

means the SRA Code of Conduct 2011.

## **SRA Compensation Fund Rules**

means the SRA Compensation Fund Rules 2011.

## **SRA Cost of Investigations Regulations**

means the SRA Cost of Investigations Regulations 2011.

## **SRA Disciplinary Procedure Rules**

means the SRA Disciplinary Procedure Rules 2011.

## **SRA European Cross-border Practice Rules**

means the SRA European Cross-border Practice Rules 2011.

## **SRA Financial Services (Scope) Rules**

means the SRA Financial Services (Scope) Rules 2001.

## **SRA finding**

means:

- (i) for the purposes of the **SRA Disciplinary Procedure Rules**, a decision that the **SRA** is satisfied:
- (A) that a **regulated person** (which for the avoidance of doubt, shall include a **solicitor**) has failed to comply with a requirement imposed by or made under the **SA**, the **AJA** or the **LSA**;
  - (B) in relation to a **solicitor**, that there has been professional misconduct; or
  - (C) that a **HOLP, HOFA, manager, employee, person who has an interest in a licensed body**, or any other person has (intentionally or through neglect) caused or substantially contributed to a significant breach of the terms of the **licensed body's** licence, or has failed to comply with duties imposed by section 90, 91, 92 or 176 of the **LSA** as appropriate,

and for the avoidance of doubt does not include:

- (D) investigatory decisions such as to require the production of information or **documents**;
- (E) directions as to the provision or obtaining of further information or explanation;
- (F) decisions to stay or adjourn;
- (G) authorisation of the making of an application to the **Tribunal**;
- (H) authorisation of an **intervention** pursuant to the **SA**, the **AJA**, the Courts and Legal Services Act 1990 or Schedule 14 to the **LSA**;
- (I) a letter of advice from the **SRA**;

and

- (ii) for the purposes of the **SRA Cost of Investigations Regulations**, a decision that the **SRA** is satisfied:
- (A) that a **regulated person** has failed to comply with a requirement imposed by or made under the **SA**, the **AJA** or the **LSA**;
  - (B) in relation to a **solicitor**, that there has been professional misconduct.

## **SRA Handbook**

means the handbook published from time to time by the **SRA** and containing its **regulatory arrangements**.

## **SRA Handbook Glossary**

means the SRA Handbook Glossary 2012, and references to the "Glossary" shall be interpreted accordingly.

**SRA Higher Rights of Audience Regulations**

means the SRA Higher Rights of Audience Regulations 2011.

**SRA Indemnity Insurance Rules**

means the SRA Indemnity Insurance Rules 2011.

**SRA Indemnity Rules**

means the SRA Indemnity Rules 2011.

**SRA Insolvency Practice Rules**

means the SRA Insolvency Practice Rules 2012.

**SRA Practice Framework Rules**

means the SRA Practice Framework Rules 2011.

**SRA Practising Regulations**

means the SRA Practising Regulations 2011.

**SRA Principles**

means the SRA Principles in the *SRA Handbook* and "Principles" shall be interpreted accordingly.

**SRA Statutory Trust Rules**

means the SRA Intervention Powers (Statutory Trust) Rules 2011.

**SRA Suitability Test**

means the SRA Suitability Test 2011.

**SRA Training Regulations**

means the SRA Training Regulations 2011.

**stakeholder pension scheme**

means a scheme established in accordance with Part I of the Welfare and Pensions Reform Act 1999 and the Stakeholder Pension Scheme Regulations 2000.

**statement of standards**

means the "statement of standards for solicitor higher court advocates" issued by *us*.

**statutory trust**

means the trust created by Schedule 1 of the **SA**, or Schedule 14 of the **LSA**, over monies vesting in the **Society** following an **intervention**.

#### **statutory trust account**

means an account in which **statutory trust monies** are held by the **Society**.

#### **statutory trust monies**

means the monies vested in the **Society** under the **statutory trust**.

#### **statutory undertakers**

means:

- (i) any persons authorised by any enactment to carry on any railway, light railway, tramway, road transport, water transport, canal, inland navigation, dock, harbour, pier or lighthouse undertaking or any undertaking for the supply of hydraulic power; and
- (ii) any licence holder within the meaning of the Electricity Act 1989, any public gas supplier, any water or sewerage undertaker, the Environment Agency, any public telecommunications operator, the Post Office, the Civil Aviation Authority and any relevant airport operator within the meaning of Part V of the Airports Act 1986.

#### **student enrolment**

means the process where **we** satisfy **ourselves** that a student who intends to proceed to the **vocational stage of training** has **satisfactorily completed** the **academic stage of training** and is of the appropriate **character and suitability**; and "enrolment" should be construed accordingly.

#### **subsidiary company**

has the meaning given in the Companies Act 2006.

#### **substantially common interest**

for the purposes of Chapter 3 of the **SRA Code of Conduct**, means a situation where there is a clear common purpose in relation to any matter or a particular aspect of it between the **clients** and a strong consensus on how it is to be achieved and the **client conflict** is peripheral to this common purpose.

#### **successor firm**

means for the purpose of Rule 12 of the **SRA Indemnity Insurance Rules** any **firm** or **firms** resulting from:

- (i) a split in the **practice** of a **firm** that has at any time been in the **ARP**; or

- (ii) the merger, acquisition, absorption or any other form of takeover of a **firm** that has at any time been in the **ARP**.

**successor practice**

- (i) means a **practice** identified in this definition as 'B', where:
- (A) 'A' is the **practice** to which B succeeds; and
  - (B) 'A's owner' is the owner of A immediately prior to transition; and
  - (C) 'B's owner' is the owner of B immediately following transition; and
  - (D) 'transition' means merger, acquisition, absorption or other transition which results in A no longer being carried on as a discrete legal **practice**.
- (ii) B is a successor practice to A where:
- (A) B is or was held out, expressly or by implication, by B's owner as being the successor of A or as incorporating A, whether such holding out is contained in notepaper, business cards, form of electronic communications, publications, promotional material or otherwise, or is contained in any statement or declaration by B's owner to any regulatory or taxation authority; and/or
  - (B) (where A's owner was a **sole practitioner** and the transition occurred on or before 31 August 2000) - the **sole practitioner** is a **principal** of B's owner; and/or
  - (C) (where A's owner was a **sole practitioner** and the transition occurred on or after 1 September 2000) - the **sole practitioner** is a **principal** or **employee** of B's owner; and/or
  - (D) (where A's owner was a **recognised body** or a **licensed body** (in respect of its **regulated activities**)) - that body is a **principal** of B's owner; and/or
  - (E) (where A's owner was a **partnership**) - the majority of the **principals** of A's owner have become **principals** of B's owner; and/or
  - (F) (where A's owner was a **partnership** and the majority of **principals** of A's owner did not become **principals** of the owner of another legal **practice** as a result of the transition) - one or more of the **principals** of A's owner have become **principals** of B's owner and:
    - (I) B is carried on under the same name as A or a name which substantially incorporates the name of A (or a substantial part of the name of A); and/or
    - (II) B is carried on from the same premises as A; and/or

- (III) the owner of B acquired the goodwill and/or **assets** of A; and/or
  - (IV) the owner of B assumed the liabilities of A; and/or
  - (V) the majority of staff employed by A's owner became **employees** of B's owner.
- (iii) Notwithstanding the foregoing, B is not a successor practice to A under paragraph (ii) (B), (C), (D), (E) or (F) if another **practice** is or was held out by the owner of that other **practice** as the successor of A or as incorporating A, provided that there is insurance complying with the **MTC** in relation to that other **practice**.

#### **sum insured**

means the aggregate limit of liability of each **insurer** under the insurance.

#### **supplementary run-off cover**

means run-off cover provided by the Solicitors Indemnity Fund following the expiry of run-off cover provided to a **firm** in accordance with the **SRA Indemnity Insurance Rules** or otherwise under a **policy** (but subject to compliance with the **MTC**).

#### **take a trainee**

means the entering into a **training contract** with an individual by a **training establishment**, and "take trainees" and "taking trainees" should be construed accordingly.

#### **trainee solicitor**

means any person receiving workplace training with the express purpose of qualification as a **solicitor**, at an authorised **training establishment**, under a **training contract**, and "trainee" should be construed accordingly.

#### **training contract**

means a written contract, complying with the **SRA Training Regulations**, between one or more **training establishment** and a **trainee solicitor**, setting out the terms and conditions of the workplace training that the **trainee solicitor** will receive.

#### **training contract consortium**

means an arrangement between more than one employer, one of which is authorised to **take trainees**, to provide a **training contract** (referred to in the **SRA Training Regulations** Part 2 – Training Provider Regulations as a **modular training contract**).

#### **training contract record**

means an adequate record maintained by a **trainee** recording the experience that the **trainee** is getting and the skills that the **trainee** is developing within a **training contract**.

### **training establishment**

means an organisation, body, **firm, company, in-house practice** or individual authorised by **us** under the **SRA Training Regulations** Part 2 – Trainer Provider Regulations to take and train a **trainee solicitor**.

### **training principal**

means any **solicitor** who:

- (i) holds a current practising certificate;
- (ii) has held immediately prior to a current practising certificate four consecutive practising certificates;
- (iii) is nominated by a **training establishment** as such;
- (iv) is a **partner, manager, director, owner**, or has equivalent seniority and/or managerial status; and
- (v) has undertaken such training as **we** may prescribe;

and for the purposes of (ii) above a **solicitor** who has been an **REL** for a continuous period before their admission as a **solicitor** can use each complete year of registration as the equivalent of having held one practising certificate. A Government Legal Service **solicitor** with appropriate seniority, experience and training will be exempt from the practising certificate requirements for training principals.

### **transaction**

in the **SRA Financial Services (Scope) Rules** means the purchase, sale, subscription or underwriting of a particular **investment**.

### **Tribunal**

means the Solicitors Disciplinary Tribunal which is an independent statutory tribunal constituted under section 46 of the **SA** but references to the Tribunal do not include the Tribunal when it is performing any function as an **appellate body**.

### **trustee**

includes a personal representative, and "trust" includes the duties of a personal representative.

### **UK**

means United Kingdom.

### **UK qualified lawyer**

in the **QLTSR**, means solicitors and barristers qualified in Northern Ireland, solicitors and advocates qualified in Scotland and **barristers** qualified in England and Wales.

### **unadmitted person**

means a person who:

- (i) holds a current **certificate of enrolment**;
- (ii) is serving under a **training contract**; or
- (iii) has completed any part or all of the **vocational stage of training**, in accordance with regulations 16 to 32 of the **SRA Training Regulations** Part 1 – Qualification Regulations but does not hold a current **certificate of enrolment**,

but who has not been admitted as a **solicitor**.

### **undertaking**

means a statement, given orally or in writing, whether or not it includes the word "undertake" or "undertaking", made by or on behalf of you or your **firm**, in the course of **practice**, or by you outside the course of **practice** but as a **solicitor** or **REL**, to someone who reasonably places reliance on it, that you or your **firm** will do something or cause something to be done, or refrain from doing something.

### **us**

means the **SRA**, and "our" and "ourselves" should be construed accordingly.

### **vocational stage of training**

means that stage of the training of an entrant to the **solicitors'** profession which is completed by:

- (i) **satisfactory completion** of an **LPC**, an **exempting law degree** or **integrated course**; and
- (ii) subject to regulations 31, 32 and 33 of the **SRA Training Regulations** Part 1 – Qualification Regulations, serving under a **training contract**; and
- (iii) **satisfactory completion** of a **PSC** and such other course or courses as **we** may from time to time prescribe.

### **Voluntary Code of Good Practice**

means a code agreed by the Association of Graduate Careers Advisory Services, the Association of Graduate Recruiters, the Junior Lawyers Division and **us** to assist all concerned with the recruitment of law degree students and non-law degree students as **trainee solicitors**.

### **voting rights**

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.

**we**

means the **SRA**, and "our" and "ourselves" should be construed accordingly.

**without delay**

means, in normal circumstances, either on the day of receipt or on the next working day.

**you**

means:

- (i) for the purposes of the **SRA Training Regulations** Part 1 any person intending to be a **solicitor**, other than those seeking admission under the **QLTSR**;
- (ii) for the purposes of the **SRA Training Regulations** Part 3 a **solicitor** or an **REL**;
- (iii) for the purposes of the **SRA Admission Regulations** any person intending to be a **solicitor**;
- (iv) for the purpose of the **QLTSR** a person seeking admission as a **solicitor** via transfer in accordance with those regulations;
- (v) for the purpose of the **SRA Suitability Test** any individual intending to be a **solicitor**, and any person seeking authorisation as an **authorised role holder** under the **SRA Authorisation Rules**;
- (vi) for the purposes of the **SRA Accounts Rules** (save for Part 7 (Overseas practice)):
  - (A) a **solicitor**, or
  - (B) an **REL**;

in either case who is:

- (I) a **sole practitioner**;
- (II) a **partner** in a **partnership** which is a **recognised body**, **licensed body** or **authorised non-SRA firm**, or in a **partnership** which should be a **recognised body** but has not been recognised by the **SRA**;
- (III) an assistant, associate, professional support lawyer, consultant, locum or person otherwise employed in the

practice of a **recognised body, licensed body, recognised sole practitioner** or **authorised non-SRA firm**; or of a **partnership** which should be a **recognised body** but has not been recognised by the **SRA**, or of a **sole practitioner** who should be a **recognised sole practitioner** but has not been authorised by the **SRA**; and "employed" in this context shall be interpreted in accordance with the definition of "employee" for the purposes of the **SRA Code of Conduct**;

- (IV) employed as an in-house lawyer by a **non-solicitor employer** (for example, in a law centre or in commerce and industry);
  - (V) a **director** of a **company** which is a **recognised body, licensed body** or **authorised non-SRA firm**, or of a **company** which is a **manager** of a **recognised body, licensed body** or **authorised non-SRA firm**;
  - (VI) a member of an **LLP** which is a **recognised body, licensed body** or **authorised non-SRA firm**, or of an **LLP** which is a **manager** of a **recognised body, licensed body** or **authorised non-SRA firm**; or
  - (VII) a **partner** in a **partnership** with separate legal personality which is a **manager** of a **recognised body, licensed body** or **authorised non-SRA firm**;
- (C) an **RFL** practising:
- (I) as a **partner** in a **partnership** which is a **recognised body, licensed body** or **authorised non-SRA firm**, or in a **partnership** which should be a **recognised body** but has not been recognised by the **SRA**;
  - (II) as the **director** of a **company** which is a **recognised body, licensed body** or **authorised non-SRA firm**, or as the **director** of a **company** which is a **manager** of a **recognised body, licensed body** or **authorised non-SRA firm**;
  - (III) as a member of an **LLP** which is a **recognised body, licensed body** or **authorised non-SRA firm**, or as a member of an **LLP** which is a **manager** of a **recognised body, licensed body** or **authorised non-SRA firm**;
  - (IV) as a **partner** in a **partnership** with separate legal personality which is a **manager** of a **recognised body, licensed body** or **authorised non-SRA firm**;

- (V) as an employee of a **recognised body**, **licensed body** or **recognised sole practitioner**, or
- (VI) as an employee of a **partnership** which should be a **recognised body** but has not been authorised by the **SRA**, or of a **sole practitioner** who should be a **recognised sole practitioner** but has not been authorised by the **SRA**;
- (D) a **recognised body**;
- (E) a **licensed body**;
- (F) a **manager** or employee of a **recognised body** or **licensed body**, or of a **partnership** which should be a **recognised body** but has not been authorised by the **SRA**; or
- (G) an employee of a **recognised sole practitioner**, or of a **sole practitioner** who should be a **recognised sole practitioner** but has not been authorised by the **SRA**;
- (vii) for the purposes of the **SRA Higher Rights of Audience Regulations** means a **solicitor** or an **REL**; and
- (viii) for the purposes of the **SRA Insolvency Practice Rules** means a **solicitor** or an **REL**,

and references to “your” and “yourself” should be construed accordingly.

### **Rule 3: General Interpretation**

3.1 Unless the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) words importing the masculine gender include the feminine and vice versa and references to the masculine or feminine include the neuter;
- (c) the word “body” includes a **sole practitioner**, and a special body within the meaning of section 106 of the **LSA**;
- (d) any explanatory notes, guidance notes and/or commentary are for the purposes of guidance only;
- (e) any headings are for ease of reference only;
- (f) any appendices to the provisions within the **SRA Handbook** will form part of the **SRA Handbook**;
- (g) “in writing” includes any form of written electronic communication normally used for business purposes, such as emails;
- (h) references to certificates, letters or other forms of written communication include references to those in both electronic and hard copy format; and

- (i) a reference to any statute, statutory provision, code or regulation includes any subordinate legislation (as defined by section 21(1) of the Interpretation Act 1978) made under it.

**Rule 4: Transitional Provisions**

4.1 From 1 January 2013, in the definition of *defaulting practitioner*:

- (a) paragraph (v) shall be omitted; and
- (b) in the final sub-paragraph, the word "and" shall be added before the words "defaulting RFL" and the words "and defaulting licensed body" shall be omitted.

## SRA Insolvency Practice Rules 2012

The SRA Insolvency Practice Rules dated 18 April 2012 commencing on 18 April 2012 made by the Solicitors Regulation Authority Board under sections 31, 79 and 80 of the Solicitors Act 1974 with the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007.

### Part 1: Rules

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#### Rule 1: Purpose

- 1.1 The purpose of these Rules is to set out the standards which must be met by *solicitors* and *RELS* when carrying on *insolvency practice*.

#### Rule 2: Interpretation

- 2.1 The SRA Handbook Glossary 2012 shall apply and, unless the context otherwise requires:
- (a) all italicised terms shall be defined; and
  - (b) terms shall be interpreted,
- in accordance with the *Glossary*.

#### Rule 3: Standard of insolvency practice

- 3.1 When engaged in *insolvency practice*, you must comply with the *Insolvency Code of Ethics*.

#### Rule 4: Waivers

- 4.1 In any particular case or cases the **SRA** Board shall have the power, in exceptional circumstances, to waive in writing the provisions of these Rules for a particular purpose or purposes expressed in such waiver, to place conditions on and to revoke such a waiver.

##### Notes

- (i) You must comply with the requirements of the Insolvency Act 1986 and other relevant legislation in relation to accepting appointments and acting as an appointment holder.
- (ii) You should have regard to the other guidance and best practice issued from time to time by the SRA as a recognised professional body on all issues relating to appointment holding, including professional independence.

## Schedule 3 - Amendments to Regulatory Arrangements

(1) Instrument	(2) Provision
<b>SRA Principles 2011</b>	
5: Application of the SRA Principles outside practice	In paragraph 5.1, delete “as defined in Chapter 14 (Interpretation) of the <i>SRA Code of Conduct</i> ,”.
7: Transitional provisions	In paragraph 7.2, delete paragraph (a) and substitute:  “(a) paragraph 3.1(b)(iii), and (b) paragraph 3.1(e) shall be omitted.”
<b>SRA Code of Conduct 2011</b>	
Chapter 3: Conflicts of Interests	In O(3.5) after “Outcomes 3.6” replace “and” with “or”.
Chapter 12: Separate businesses	Delete O(12.1)(b) and renumber O(12.1)(c) accordingly.  Delete O (12.3) (a) and renumber O(12.3)(b), (c) and (d) accordingly.
Chapter 13: Application and waivers provisions	In paragraph 13.6, after the words “breaching local law” insert “or regulations” and after the words “that local law” insert “or regulation”.
Chapter 15: Transitional provisions	Delete paragraphs 15.2 and 15.3 and renumber 15.4 to 15.6 accordingly.
<b>SRA Accounts Rules 2011</b>	
Rule 2: Interpretation	In rule 2, guidance note (i), delete "in rule 2.2". In rule 2, guidance note (ii), delete "(see rule 2.2)".
Rule 4: Persons governed by the rules	In rule 4, guidance note (i), replace "rule 2.2" with "the Glossary". In rule 4, guidance note (ii)(c), replace "production of records" with "production of documents,

	information and explanations".
Rule 8: Liquidators, trustees in bankruptcy, Court of Protection deputies and trustees of occupational pension schemes	In rule 8, guidance note (ii), delete "(see rule 2.2)".
Rule 32: Delivery of accountants' reports	In rule 32, guidance note (iii), replace "paragraph (iii) of the definition of "you" in rule 2.2" with "paragraph (vi)(C) of the definition of "you" in the Glossary".
Part 8: TRANSITIONAL PROVISIONS	Delete the text of Part 8: Transitional provisions in its entirety, and replace with "Part 8 [Deleted]".
<b>SRA Practice Framework Rules 2011</b>	
Rule 1: Solicitors	<p>Delete Rule 1.1(c) and (d) and replace with:</p> <p style="padding-left: 40px;">“(c) as a <i>manager, employee, member or interest holder</i> of an <i>authorised body</i>, provided that all work you do is:</p> <p style="padding-left: 80px;">(i) of a sort the body is authorised by the <i>SRA</i> to carry out; or</p> <p style="padding-left: 80px;">(ii) done for the body itself, or falls within Rule 4.1 to 4.11, and where this subparagraph applies, references in Rule 4 to "<i>employer</i>" shall be construed as referring to that body, accordingly;</p> <p style="padding-left: 40px;">(d) as a <i>manager, employee, member or interest holder</i> of an <i>authorised non-SRA firm</i>, provided that all work you do is:</p> <p style="padding-left: 80px;">(i) of a sort the firm is authorised by the firm's <i>approved regulator</i> to carry out; or</p> <p style="padding-left: 80px;">(ii) done for the firm itself, or falls within Rule 4.1 to 4.11, and where this subparagraph applies, references in Rule 4 to "<i>employer</i>" shall be construed as referring to that firm, accordingly;”</p> <p>In Rule 1.2(c) after "of an <i>authorised body</i>" insert " or of an <i>authorised non-SRA firm</i>".</p>

	<p>In Rule 1.2(d)(ii) insert "practising as such" after "<i>lawyers</i>" in both places.</p> <p>In Rule 1.2(e) replace "does not practise from an" with "has no".</p> <p>In guidance note (i) to Rule 1 delete "the SRA Recognised Bodies Regulations 2011,".</p> <p>In guidance note (ii) to Rule 1 replace "SRA Code of Conduct" with "Glossary".</p> <p>Add new guidance notes to Rule 1 as follows:</p> <p>"(iii) A recognised body which is a company may not have a corporate director (this also applies to a licensed body). However, when permitted, a corporate body owner and/or manager of a recognised body will need to be a legally qualified body (see the Glossary).</p> <p>(iv) The rules do not prevent a solicitor establishing, for example, their own company for tax purposes (which is itself a recognised body) so that that company can be a corporate manager of another firm through which the solicitor practises."</p>
Rule 2: RELs	<p>Delete Rule 2.1(c) and (d) and replace with:</p> <p>"(c) as a <i>manager, employee, member or interest holder</i> of an <i>authorised body</i>, provided that all work you do is:</p> <p style="padding-left: 40px;">(i) of a sort the body is authorised by the <i>SRA</i> to carry out; or</p> <p style="padding-left: 40px;">(ii) done for the body itself, or falls within Rule 4.1 to 4.11, and where this subparagraph applies, references in Rule 4 to "<i>employer</i>" shall be construed as referring to that body, accordingly;</p> <p>(d) as a <i>manager, employee, member or interest holder</i> of an <i>authorised non-SRA firm</i>, provided that all work you do is:</p> <p style="padding-left: 40px;">(i) of a sort the firm is authorised by the firm's <i>approved regulator</i> to carry out;</p>

	<p style="text-align: center;">or</p> <p style="text-align: center;">(ii) done for the firm itself, or falls within Rule 4.1 to 4.11, and where this subparagraph applies, references in Rule 4 to “<i>employer</i>” shall be construed as referring to that firm, accordingly;”</p> <p>In Rule 2.2(c) after "of an <i>authorised body</i>" insert " or of an <i>authorised non-SRA firm</i>".</p> <p>In Rule 2.2(d)(ii) insert "practising as such" after "<i>lawyers</i>" in both places.</p> <p>In Rule 2.2(e) replace "does not practise from an" with "has no".</p> <p>In guidance note (ii) to Rule 2 replace "SRA Code of Conduct" with "Glossary". Add new guidance notes to Rule 2 as follows:</p> <p>"(iii) A recognised body which is a company may not have a corporate director (this also applies to a licensed body). However, when permitted, a corporate body owner and/or manager of a recognised body will need to be a legally qualified body (see the Glossary).</p> <p>(iv) The rules do not prevent an REL establishing, for example, their own company for tax purposes (which is itself a recognised body) so that that company can be a corporate manager of another firm through which the REL practises."</p>
Rule 3: RFLs	<p>Delete Rule 3.1(b) and replace with:</p> <p>“(b) a <i>manager, employee, member or interest holder</i> of an <i>authorised body</i>, provided that all work you do is:</p> <p style="padding-left: 40px;">(i) of a sort the body is authorised by the <i>SRA</i> to carry out; or</p> <p style="padding-left: 40px;">(ii) done for the body itself, or falls within Rule 4.1 to 4.11, and where this subparagraph applies, references in Rule 4 to “<i>employer</i>” shall be construed as referring to that body, accordingly;”</p> <p>Delete Rule 3.1(c) and replace with:</p>

	<p>“(c) a <i>manager, employee, member or interest holder</i> of an <i>authorised non-SRA firm</i>, provided that all work you do is:</p> <ul style="list-style-type: none"> <li>(i) of a sort the firm is authorised by the firm's <i>approved regulator</i> to carry out; or</li> <li>(ii) done for the firm itself, or falls within Rule 4.1 to 4.11, and where this subparagraph applies, references in Rule 4 to "<i>employer</i>" shall be construed as referring to that firm, accordingly.”</li> </ul> <p>In guidance notes (i), (ii), (iv) and (v) to Rule 3 replace "owner" with "interest holder" in all places.</p> <p>In guidance note (viii) to Rule 3 replace "SRA Code of Conduct" with "Glossary".</p> <p>Add a new guidance note to Rule 3 as follows:</p> <p>" (ix) A recognised body which is a company may not have a corporate director (this also applies to a licensed body). However, when permitted, a corporate body owner and/or manager of a recognised body will need to be a legally qualified body (see the Glossary)."</p>
Rule 4: In-house practice	<p>In Rule 4.1 italicise "in-house".</p> <p>Delete Rule 4.3 and replace it with:</p> <p>“4.3 If you are a <i>solicitor, REL or RFL</i> in a <i>licensed body</i> or an <i>authorised non-SRA firm</i>, you must comply with this rule as if you were an <i>in-house solicitor or REL</i> when, as a <i>manager or employee</i>, you do work of a type which is outside the scope of the firm's authorisation in accordance with Rules 1, 2 or 3, either for the firm itself or within 4.4 to 4.6 (Work colleagues), 4.7 to 4.9 (Related bodies) or 4.10 to 4.11 (Pro bono work).”</p> <p>In Rule 4.7 de-italicise "subsidiary company", "LLP" and "company".</p> <p>In Rule 4.19(a) italicise "lawyer".</p>

	<p>In Rule 4.19(b):</p> <p>(a) replace "owners" with "<i>interest holders</i>"; and</p> <p>(b) italicise "lawyers".</p> <p>In paragraphs (b), (c), (d) and (e) of Rule 4.24 de-italicise "<i>company</i>" in all places.</p> <p>Insert a new guidance note (i) to Rule 4 (with consequential renumbering of the existing guidance notes) as follows:</p> <p>"(i) This rule applies to you if you are a solicitor or REL (or in limited circumstances an RFL) working in in-house practice, which is generally when you are working otherwise than through a regulated legal practice such as an authorised body or an authorised non-SRA firm. However, these provisions also apply to you if you are a solicitor, REL or RFL when working in a licensed body or an authorised non-SRA firm but are doing work, for example, for the firm itself which is outside the scope of the firm's own authorisation."</p> <p>In guidance note (ii) (as renumbered) to Rule 4, after "employee" insert " and as part of your employer's business" and after the first "public" insert: "(see LSA, section 15(4)). The provisions of 4.4 to 4.26 regarding acting in an in-house capacity for clients other than your employer, are subject to the provisions of the LSA which may nonetheless require your employer to obtain authorisation, for example members of an association may be "the public or a section of the public" for the purposes of the LSA. Such issues should be kept under review as your position may change e.g. your employer's business may develop in such a way that it requires authorisation."</p> <p>In guidance notes (xiii), (xv), (xvi) and (xvii) (as renumbered) to Rule 4 replace "owner" with "interest holder" in all places.</p> <p>In guidance notes (xiv) and (xvi) (as renumbered) to Rule 4 replace "SRA Code of Conduct" with "Glossary" in both places.</p>
Rule 5: Authorised bodies	<p>In Rule 5.2(b)(ii) insert "practising as such" after "<i>lawyers</i>" in both places.</p> <p>Add a new guidance note to Rule 5 as follows:</p>

	<p>"(iii) The rules do not prevent an authorised body being a manager, member or interest holder of a recognised body or an authorised non-SRA firm which has an office outside England and Wales."</p>
Rule 6: Managers and employees authorised by another approved regulator	In guidance note (i) to Rule 6 replace "owners" with "interest holders".
Rule 8: Reserved work and immigration work	In Rule 8.6 after " <i>reserved legal activities</i> " delete "which are" and insert "and <i>immigration work</i> ".
Rule 9: Practising certificates	In guidance note (i) to Rule 9 replace "section 1" with "sections 1 and 1A".
Rule 11: Participation in legal practice	<p>In Rule 11.1(a)(ii) insert "<i>European corporate practice</i> and is a" before "<i>manager</i>".</p> <p>In Rule 11.1(b) italicise "owner".</p> <p>In Rule 11.1(b)(ii) insert "<i>European corporate practice</i> and is a" before "<i>manager</i>".</p> <p>In Rule 11.1(c)(i) insert "or" after "a <i>recognised sole practitioner</i>,".</p> <p>In Rule 11.1(c)(ii) delete "or" after "an <i>authorised body</i>,".</p> <p>In Rule 11.1(c) delete (iii), namely: " (iii) a <i>body corporate</i> which is a <i>manager</i> of an <i>authorised body</i>,".</p> <p>In Rule 11.2(a) replace "of which all the <i>managers</i> and <i>interest holders</i> are <i>lawyers</i>" with " which is not licensed under Part 5 of the <i>LSA</i>".</p> <p>In Rule 11.2(b):</p> <p>(a) italicise "owner";</p> <p>(b) replace "a <i>licensable body</i>" with "licensed under Part 5 of the <i>LSA</i>"; and</p> <p>(c) delete " (ii) a <i>body corporate</i> which is a <i>manager</i> of such an <i>authorised non-SRA firm</i>; or".</p>

	<p>In Rule 11.2(c) replace</p> <p>":</p> <p>(i) an <i>authorised non-SRA firm</i>; or</p> <p>(ii) a body corporate which is a manager of an authorised non-SRA firm;"</p> <p>with " an <i>authorised non-SRA firm</i>;".</p>
<p>Rule 12: Persons who must be “qualified to supervise”</p>	<p>In Rule 12.1(c), after "England and Wales" insert ", unless the law centre is licensed under Part 5 of the <i>LSA</i> in which case the provisions in Rule 12.1(b) will apply".</p> <p>In Rule 12.2 replace "under this rule" with " for the purpose of 12.1".</p> <p>In Rule 12.2(b) insert " be a practising <i>lawyer</i>, and" before " have been entitled".</p> <p>In Rule 12 insert 12.3 and 12.4 as follows:</p> <p>" 12.3 The following persons must ensure that their firm has at least one <i>manager</i> who is practising as a <i>lawyer</i> and has been entitled to practise as a <i>lawyer</i> for a minimum of 36 months within the last 10 years:</p> <p>(a) a <i>solicitor manager</i> of a firm which is not an <i>authorised body</i> and which is practising from an office outside England and Wales, and <i>solicitors</i> control the firm, either directly as <i>partners, members</i> or <i>interest holders</i>, or indirectly by their ownership of <i>bodies corporate</i> which are <i>partners, members</i> or <i>interest holders</i>; and</p> <p>(b) a <i>solicitor</i> or <i>REL manager</i> of a firm which is not an <i>authorised body</i> and which is practising from an office in Scotland or Northern Ireland, and <i>solicitors</i> and/or <i>RELS</i> control the firm, either directly as <i>partners, members</i> or <i>interest holders</i>, or indirectly by their ownership of <i>bodies corporate</i> which are <i>partners, members</i> or <i>interest holders</i>.</p> <p>12.4 You must not set up as a <i>solicitor sole practitioner</i> outside England and Wales, or as an</p>

	<p><i>REL sole practitioner</i> in Scotland or Northern Ireland, unless you have been entitled to <i>practise as a lawyer</i> for a minimum of 36 months within the last 10 years."</p> <p>In guidance note (i) to Rule 12:</p> <p>(a) amend "Rule 12" to "Rule 12.2"; and</p> <p>(b) replace "However, an important part of that person's responsibilities is to ensure that unqualified persons do not undertake reserved work except under the supervision of a suitably qualified person" with "Responsibility for the overall supervision framework, including compliance with legal supervisory requirements, rests with the authorised body and its managers, or the recognised sole practitioner."</p> <p>Insert a new guidance note to Rule 12 as follows:</p> <p>" (v) Controlling the firm in Rule 12.3 means constituting the largest (or equal largest) share of control of the firm either as individual managers or by their share in the control of bodies which are managers."</p>
<p>Rule 13: Eligibility criteria and fundamental requirements for recognised bodies</p>	<p>In Rule 13.1(a)(i) delete "issued under the <i>SRA Practising Regulations</i>".</p> <p>In Rule 13.1(b) replace "<i>legally qualified</i>, save that where another body ("A") is a <i>manager</i> of or has an interest in the body, <i>non-authorised persons</i> are entitled to exercise, or control the exercise of, less than 10% of the <i>voting rights</i> in A" with "<i>lawyers and legally qualified bodies</i>".</p> <p>In guidance note (i) to Rule 13:</p> <p>(a) replace "owners" with "interest holders";</p> <p>(b) before "limited exception" replace "the" with "there is a";</p> <p>(c) replace "in Rule 13.1(b) (following the terms of the LSA)" with "under section 72(2) of the LSA which";</p> <p>(d) after" owner/interest holder," insert " and in those bodies non-authorised persons have only a</p>

	<p>de minimis (less than 10%) control by way of voting rights,";</p> <p>(e) replace ", rather than" with ". Where the control is 10% or more, the firm will be"; and</p> <p>(f) delete " requiring a licence under the LSA, where non-authorised persons have only a de minimis (less than 10%) control by way of voting rights over each (manager/owner) body".</p>
<p>Rule 15: Formation, registered office and practising address</p>	<p>In 15.4 and 15.5 replace "<i>practising address</i>" with "<i>practising address</i>" in both places.</p>
<p>Rule 16: Composition of an authorised body</p>	<p>In Rule 16.1:</p> <p>(a) delete 16.1(e) and insert the following:</p> <p>"(e) in the case of a <i>partnership</i> or an <i>LLP</i>, a <i>body corporate</i> which is a <i>legally qualified body</i>,</p> <p style="padding-left: 40px;">(f) in the case of a <i>company</i>, a <i>legally qualified body</i>, save that only an individual may be a <i>director of a recognised body</i> which is a <i>company</i>;"</p> <p>In Rule 16.2:</p> <p>(a) delete "(e)" and replace with "(f)".</p> <p>(b) delete (a) and (b) and replace with:</p> <p style="padding-left: 40px;">(a) a <i>licensed body</i> or any other body licensed under Part 5 of the <i>LSA</i> by an <i>approved regulator</i> other than the <i>SRA</i>; and</p> <p style="padding-left: 40px;">(b) any other individual or <i>body corporate</i>;</p> <p style="padding-left: 40px;">subject to any necessary approval as a <i>manager</i> or <i>owner</i> under Part 4 (Approval of managers, owners and compliance officers) of the <i>SRA Authorisation Rules</i>, save that only an individual may be a <i>director of a licensed body</i> which is a <i>company</i>.</p> <p>In guidance note (iii) to Rule 16 after " is named on letterhead used" insert "in England and</p>

	Wales".
Rule 17: Authorised bodies which are companies	<p>In Rule 17.1(b):</p> <p>(a) italicise "owners"; and</p> <p>(b) delete " and for the purpose of this rule the term "owner" shall be defined as in Rule 1.2 of the <i>SRA Authorisation Rules</i>".</p> <p>In Rule 17.2 insert " in accordance with Rule 17.1" after " up-to-date record".</p>
Rule 18: Information and documentation	<p>In Rule 18.2:</p> <p>(a) italicise "owner";</p> <p>(b) in 18.2(b) italicise "addresses";</p> <p>(c) delete " (d) <i>members</i>, if it is a <i>company</i>";</p> <p>(d) renumber (e) to (h) as (d) to (g);</p> <p>(e) in (d) (as renumbered) after " if it is a <i>recognised body</i>" insert ", and in the case of a <i>recognised body</i> which is a <i>company</i>, this includes <i>members</i> and <i>shareowners</i>";</p> <p>(f) in (e) (as renumbered) italicise "owners"; and</p> <p>(g) in (e) (as renumbered) replace " for the purpose of this rule the term "owner" shall be defined as in Rule 1.2 of the <i>SRA Authorisation Rules</i>" with ", and in the case of a <i>licensed body</i> which is a <i>company</i>, this includes <i>members</i> and <i>shareowners</i>".</p> <p>In guidance note (i)(c) to Rule 18:</p> <p>(a) insert "1.2," before "4.3"; and</p>

	<p>(b) after "4.5," insert "4.8, 4.12, 4.13".</p>
<p>Rule 22: Transitional provisions and grace period</p>	<p>In Rule 22.4(a) de-italicise "<i>legally qualified bodies</i>" and "<i>legally qualified body</i>".</p> <p>In Rule 22.4(c) de-italicise "<i>legally qualified bodies</i>".</p> <p>In Rule 22.4(d):</p> <p>(a) replace "owner" with "<i>interest holder</i>";</p> <p>(b) in (ii) de-italicise "<i>legally qualified body</i>";</p> <p>(c) in (iii) after "an individual who is approved under" insert " regulation 3 of the SRA Recognised Bodies Regulations 2009,"; and</p> <p>(d) in (iii) after " regulation 5 of the SRA Recognised Bodies Regulations" insert "2011 or Part 4 of the <i>SRA Authorisation Rules</i>".</p> <p>In Rule 22.4(e):</p> <p>(a) replace "owner" with "<i>interest holder</i>";</p> <p>(b) in (ii) after " the individual is approved under" insert "regulation 3 of the SRA Recognised Bodies Regulations 2009,"; and</p> <p>(c) in (ii) after " regulation 5 of the SRA Recognised Bodies Regulations" insert "2011 or Part 4 of the <i>SRA Authorisation Rules</i>".</p> <p>At the end of 22.4 insert:</p> <p>" For the purposes of Rule 22.4 and for the purposes of section 9A(6)(h) and (6C) of the AJA "legally qualified body" means a body which would meet the services requirement in Rule 13.2 and is:</p>

	<p>(A) a recognised body;</p> <p>(B) an <i>authorised non-SRA firm</i> of which individuals who are, and are entitled to practise as, <i>lawyers of England and Wales, lawyers of Establishment Directive professions or RFLs</i> make up at least 75% of the ultimate beneficial ownership; or</p> <p>(C) a European corporate practice which is a <i>lawyers' practice</i> and is a body incorporated in an <i>Establishment Directive state</i>, or a <i>partnership</i> with separate legal identity formed under the law of an <i>Establishment Directive state</i>:</p> <p style="padding-left: 40px;">(I) which has an office in an <i>Establishment Directive state</i> but does not have an office in England and Wales;</p> <p style="padding-left: 40px;">(II) whose ultimate beneficial owners include at least one individual who is not a <i>lawyer of England and Wales</i> but is, and is entitled to practise as, a <i>lawyer</i> of an <i>Establishment Directive profession</i>;</p> <p style="padding-left: 40px;">(III) whose <i>managers</i> include at least one such individual, or at least one body corporate whose <i>managers</i> include at least one such individual;</p> <p style="padding-left: 40px;">(IV) 75% of whose ultimate beneficial ownership is in the hands of individuals who are, and are entitled to practise as, <i>lawyers of Establishment Directive professions, lawyers of England and Wales, and/or RFLs</i>; and</p> <p style="padding-left: 40px;">(V) 75% of whose <i>managers</i> comprise such individuals, and/or bodies corporate 75% of whose <i>managers</i> comprise such individuals."</p> <p>In Rule 22.6(c) italicise "owners".</p>
<p><b>SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies 2011</b></p>	
<p>Rule 1: Interpretation</p>	<p>Delete guidance note (i) to Rule 1 and replace with:</p> <p>“(i) The Glossary definition of "owner" relates to anyone holding a material interest, together with any person who is a partner in a partnership (including salaried partners) regardless of the</p>

	extent of their interest.”
Rule 6: Determination of authorisation applications	In guidance note (iii) to Rule 6, insert "SRA" before "Suitability Test".
Rule 7: Terms and conditions of authorisation	In Rule 7.1(b) after " <i>reserved legal activities</i> " insert "and <i>immigration work</i> ".
Rule 8: General conditions on authorisation	<p>In Rule 8.1(a) italicise "SRA's".</p> <p>In Rule 8.5(e):</p> <p>(a) after " take all reasonable steps to" insert " (A)";</p> <p>(b) amend (ii) to (B); and</p> <p>(c) amend (iii) to (ii).</p> <p>In Rule 8.8(a)(v) de-italicise "<i>authorisation</i>".</p> <p>In Rule 8.9(b):</p> <p>(a) delete ", <i>solicitor</i> or <i>REL</i> whose role in a <i>recognised body</i> ensures that the body remains a <i>legal services body</i>" and insert:</p> <p>"(i) <i>solicitor</i> or <i>REL</i> whose role in a <i>recognised body</i> ensures compliance with the <i>lawyer manager</i> requirement under Rule 13.1(a) (relevant lawyer requirement) of the <i>SRA Practice Framework Rules</i>, or</p> <p>(ii) <i>lawyer of England and Wales</i>, <i>lawyer</i> of an <i>Establishment Directive profession</i> or <i>RFL</i> whose role in the body ensures compliance with Rule 13.1(b) (management and control requirement) of the <i>SRA Practice Framework Rules</i>,</p> <p>is subject to any of the following events:" and</p> <p>(c) renumber (i), (ii), (iii), (iv) and (v) as (A), (B), (C), (D) and (E).</p>

In Rule 8.10(a):

(a) delete "*authorised individual* in relation to a reserved legal activity, whose role in a *licensed body* ensures that the body remains a *licensable body*." and replace with "*manager of a licensed body* who is:

(i) a *solicitor* with a current practising certificate;

(ii) an *REL*;

(iii) a *lawyer of England and Wales* and who is authorised by an *approved regulator* other than the *SRA*; or

(iv) registered with the *BSB* under regulation 17 of the European Communities (Lawyer's Practice) Regulations 2000 (SI 2000/1119)

is subject to any of the following events:"; and

(b) renumber (i), (ii), (iii), (iv) and (v) as (A), (B), (C), (D) and (E).

In guidance note (vii) to Rule 8 after "managers and employees" add " and anyone who owns any interest in the firm".

In guidance note (viii)(b) replace " where such failure is material either on its own or as part of a pattern" with " Where such failure is material, either on its own or because it forms part of a pattern, the immediacy of the report will depend on the circumstances and seriousness of the breach. The report need not be made until the annual information report under Rule 8.7 where such failure is neither material of itself nor because it forms part of a pattern of non-compliance. "

In guidance note (ix) to Rule 8:

(a) from (e) delete ", and report any breach, which is material either on its own or as part of a pattern, to the SRA";

	<p>(b) from (f) delete the full-stop; and</p> <p>(c) insert:</p> <p>"(g) as soon as reasonably practicable report to the SRA any failure to comply with the SRA Accounts Rules. Where such failure is material, either on its own or because it forms part of a pattern, the immediacy of the report will depend on the circumstances and seriousness of the breach. The report need not be made until the annual information report under Rule 8.7 where such failure is neither material of itself nor because it forms part of a pattern of non-compliance."</p> <p>In guidance note (x) to Rule 8:</p> <p>(a) after ""material"" delete "and therefore reportable";</p> <p>(b) in (g) replace "comply with" with "decide when"; and</p> <p>(c) in (g) replace "duty" with "need has arisen".</p> <p>In guidance note (xii) to Rule 8:</p> <p>(a) insert "core" before "statutory obligations";</p> <p>(b) insert "those" before "for licensed bodies"; and</p> <p>(b) after " the need for compliance officers to" insert " record the breach and".</p> <p>In guidance note (xv)(a)(D) insert "1.2," before "4.3" and insert ", 4.8, 4.12" after "4.5".</p> <p>Add a new guidance note to Rule 8 as follows:</p> <p>"(xvi) The purpose of Rule 8.9(a) is to ensure that control of a recognised body remains solely in the hands of persons who are eligible to be members, and that there is no breach of the management and control condition."</p>
Rule 10: Modification of terms and	In guidance note (iii) to Rule 10, amend "non-reserved services" to "non-legal services".

conditions of an authorisation	
Rule 14: Approval process	<p>In Rule 14.5 replace the comma after "subsequently" with:</p> <p>":</p> <p>(a) approve the holding of a <i>material interest</i> in a <i>licensed body</i> subject to conditions in accordance with paragraphs 17, 28 or 33 of Schedule 13 to the <i>LSA</i>; and</p> <p>(b)".</p> <p>Delete Rule 14.6 and replace with:</p> <p>"14.6 If the <i>SRA</i> proposes to object to a <i>candidate</i> becoming an <i>owner</i> of an <i>applicant body</i> or <i>authorised body</i>, or to approve such a <i>person</i> becoming an <i>owner</i> subject to conditions imposed under Rule 14.5(a) or (b), the <i>SRA</i> must:</p> <p>(a) give the <i>candidate</i> and the body a warning notice which:</p> <p>(i) specifies the <i>SRA</i>'s intention to object or to impose conditions; and</p> <p>(ii) states that any representations must be made to the <i>SRA</i> within the period of 28 days from the date of the notice; and</p> <p>(b) consider any representations made to the <i>SRA</i> by the body and/or the <i>candidate</i> within the 28 day period in (a)(ii) above."</p> <p>Move Rule 15 guidance notes (ii) and (iii) to become guidance notes (iii) and (iv) to Rule 14.</p>
Rule 15: Criteria for approval	<p>In Rule 15.1 italicise "SRA Suitability Test".</p> <p>Having removed guidance notes (ii) and (iii) to Rule 14 above, renumber guidance note (iv) to Rule 15 to become guidance note (ii).</p>
Rule 16: Effect of approval	Delete Rule 16.1 and replace with:

	<p>“16.1 Approval takes effect from the date of the decision unless otherwise stated and remains effective only if the <i>candidate</i> takes up the position for which he or she has been approved within the period specified in the notice of approval.</p> <p>16.2 Subject to Rule 16.1, approval continues until:</p> <p>(a) it is withdrawn by the <i>SRA</i>; or</p> <p>(b) the approved <i>person</i> ceases to be a <i>manager, interest holder, COLP</i> or <i>COFA</i> of the <i>authorised body</i>, as appropriate.</p> <p>Guidance note</p> <p>(i) The period specified in the notice of approval in Rule 16.1 will normally be 90 days although may be varied in individual cases.”</p>
<p>Rule 22: Revocation and suspension of authorisation</p>	<p>In Rule 22.1(a)(v):</p> <p>(a) insert "<i>prescribed</i>" before "fee";</p> <p>(b) after "payable" insert "by the <i>firm</i>"; and</p> <p>(c) after "<i>SRA</i>" delete "under these rules".</p> <p>In 22.1(b)(iii) replace "<i>licensing authority</i>" with "<i>SRA</i>".</p> <p>In guidance note (ii) to Rule 22, replace "an unauthorised" with "a non-authorised".</p>
<p>Rule 23: Unforeseen temporary breach of certain conditions and eligibility criteria</p>	<p>In Rule 23.1(a)(i):</p> <p>(a) after "<i>EEL</i>" insert " who is not registered with the <i>BSB</i> under Regulation 17 of the European Communities (Lawyer's Practice) Regulations 2000 (SI 2000/1119)"; and</p> <p>(b) de-italicise "<i>licensed activity</i>".</p>

	<p>In Rule 23.6(a), after " in that capacity" insert " of an <i>authorised body</i>".</p> <p>Amend "Guidance note" to Rule 23 to "Guidance notes".</p> <p>At the end of guidance note (i) to Rule 23, insert "Likewise, licensed bodies need to consider the time limit of 90 days to obtain a certificate of recognition which is imposed by section 18(6) of the LSA on existing licensed bodies that cease to be licensable."</p> <p>Add a guidance note (ii) to Rule 23 as follows:</p> <p>" (ii) If the changes in 23.2, 23.3, 23.4, 23.5 and 23.6 occur, firms will need to notify the SRA under Rule 8.7 and under Rule 18.2 of the SRA Practice Framework Rules."</p>
<p>Rule 27: Commencement, transitional provisions and repeals</p>	<p>Delete Rule 27.1(c)(i) and replace with:</p> <p>(i) Regulations 1.6, 4, 5, 8.2(b), 8.3(c), 8.3(d), 8.4(d), 8.4(j), 8.4(l), 9.1(d), 9.2(d), 10.1(d), 10.2(b), 11.2(g), 12.2(h), 14.1(d) and 19.5 shall be repealed;</p> <p>(ii) in Regulation 8.3 the words "who is the subject of any decision in (a)-(d) below and/or the person who is the subject of a decision in (c) or (d) below" shall be omitted;"</p> <p>Renumber the remaining sub-paragraphs of 27.1(c).</p> <p>In Rule 27.1(d), insert a new paragraph (iii) as follows:</p> <p>"(iii) applications for approval of a person's designation as a <i>COLP</i> or <i>COFA</i> made under Regulation 4.9 of the Practising Regulations but not decided on the relevant date shall be considered and decided in accordance with the Practising Regulations;"</p> <p>In Rule 27.3(m), in transitional provision 25.5(b)(ii) replace "not be renewed for any period after" with " ceases to have effect on".</p>
<p>Rule 28: Transition of recognised bodies and sole practitioners</p>	<p>In Rule 28.2:</p>

	<p>(a) delete the "and" at the end of (a);</p> <p>(b) in Rule 28.2(b) after "approved" insert " as <i>managers and owners</i>";</p> <p>(c) in Rule 28.2(b) replace ", as applicable." with "; and"; and</p> <p>(d) insert a new paragraph (c) as follows:</p> <p>" (c) all <i>COLPs</i> and <i>COFAs</i> approved as such under the <i>SRA Practising Regulations</i> shall be deemed to have been approved as such under Part 4 of these rules, as applicable."</p>
<p>Rule 30: Appeals by legal services bodies</p>	<p>In Rule 30.2(a):</p> <p>(a) after "to be" replace "an" with "a <i>manager</i>"; and</p> <p>(b) replace "(c)" with "(d)".</p> <p>In Rule 30.2(c), after "to be" replace "an" with "a <i>manager</i>".</p> <p>Delete Rule 30.4 and replace with:</p> <p>“30.4 A <i>legal services body</i>, treated as such in accordance with Rule 22.3 of the <i>SRA Practice Framework Rules</i>, which is the subject of any decision in (a)-(b) below and/or the <i>person</i> who is the subject of any decision in (a)-(b) below, may appeal to the High Court against the <i>SRA</i>'s decision:</p> <p>(a) not to approve the individual as suitable to be a non-lawyer <i>manager</i> of the body under Rule 8.6(a); and</p> <p>(b) to withdraw its approval of the individual as suitable to be a non-lawyer <i>manager</i> of the body under Rule 17;</p> <p>but must first invoke the <i>SRA</i>'s own appeals procedure, and for the purposes of 30.4 and 30.6(c) "non-lawyer" means an individual who is not listed in Rule 22.4(d)(i) of the <i>SRA</i></p>

	<p><i>Practice Framework Rules.</i></p> <p>In Rule 30.6(c) replace " an <i>owner, manager, COLP or COFA</i>" with "a non-lawyer <i>manager</i> under 30.4".</p>
Rule 31: Appeals by licensable bodies	In Rule 31.2(c) insert "or 18" after "17".
Rule 34: The register of authorised bodies	In Rule 34.2(h) (iv), (v) and (vi) italicise "company".
Rule 35: Certificates of authorisation	In Rule 35.2(f) (iv), (v) and (vi) italicise "company".
<b>SRA Practising Regulations 2011</b>	
Regulation 2: Applications for practising certificates and registration	In regulation 2.3(a)(i) replace "Bar Standards Board" with " <i>BSB</i> ".
Regulation 3: Application following certain events	<p>Delete regulation 3.1(a)(iii) and replace with:</p> <p>“3.1(a)(iii) made the subject of an intervention by the <i>Society</i>, the <i>SRA</i> or by any other <i>approved regulator</i>, or been:</p> <ul style="list-style-type: none"> <li>(A) a <i>manager, interest holder or compliance officer</i>, of a <i>recognised body</i>;</li> <li>(B) a <i>compliance officer of a sole practitioner firm</i>;</li> <li>(C) a <i>manager, owner or compliance officer of a licensed body</i>;</li> <li>(D) a <i>manager or interest holder of an authorised non-SRA firm</i> which is not licensed under Part 5 of the <i>LSA</i>; or</li> <li>(E) a <i>manager, material interest holder, HOLP or HOFA of an authorised non-SRA firm</i> licensed under Part 5 of the <i>LSA</i>;</li> </ul> <p>which has been the subject of an intervention by the <i>Society</i>, the <i>SRA</i> or by any other <i>approved regulator</i>,”</p> <p>In regulation 3.1(a)(vi), after "as a <i>recognised sole practitioner</i> or" insert " approval as a</p>

*compliance officer* of such a *firm* or".

In regulation 3.1(a)(vii):

(a) italicise "owner" and "compliance officer"; and

(b) delete "of an *authorised non-SRA firm* or".

In regulation 3.1(a):

(a) insert a new sub-paragraph (viii) as follows:

"(viii) refused approval to be a *manager, material interest* holder, *HOLP* or *HOFA* of an *authorised non-SRA firm* or had such approval withdrawn;" and

(b) renumber subsequent sub-paragraphs accordingly.

In regulation 3.1(a)(ix) (previously 3.1(a)(viii)):

(a) italicise "owner" and "compliance officer";

(b) replace "whose" with "the";

(c) after "authorisation" add "of which"; and

(d) after " except under 22.1(a)(vii)" delete ", or by another *approved regulator*" and the final "or".

In regulation 3.1(a):

(a) insert a new sub-paragraph (x) as follows:

"(x) a *manager, material interest* holder, *HOLP* or *HOFA* of an *authorised non-SRA firm* the authorisation of which has been suspended or revoked by another *approved regulator*, or"; and

	<p>(b) renumber subsequent sub-paragraphs accordingly. In regulation 3.1(a)(xi) (previously 3.1(a)(ix)):</p> <p>(a) italicise "revocation"; and</p> <p>(b) after " under regulation 10.2(a)(i) or (v)" add " or of his or her authorisation as a <i>recognised sole practitioner</i> under regulation 10.2(b)(i), (iv) or (vi)".</p>
<p>Regulation 4: Application to be a recognised sole practitioner</p>	<p>In regulation 4.2(a):</p> <p>(a) replace "chapter" in (iii) with "Chapter";</p> <p>(b) delete "and" at the end of (iv);</p> <p>(c) at the end of (v), delete the full stop and add "; and"; and</p> <p>(d) insert a new sub-paragraph (vi) as follows: (vi) will comply with regulation 4.8 (Compliance officers)."</p> <p>In regulation 4.2(d), substitute "7" for "6".</p> <p>In regulation 4.4(a), substitute "seven" for "7".</p> <p>In regulation 4.4(b)(ii)(C), substitute "Chapter" for "chapter".</p> <p>In regulation 4.4(b)(ii):</p> <p>(a) at the end of (D) delete "and";</p> <p>(b) at the end of (E) replace the full-stop with "; and"; and</p>

(c) insert a new sub-paragraph (F) as follows:

"(F) will comply with regulation 4.8 (Compliance officers)."

In regulation 4.5(a), substitute "seven" for "7".

In regulation 4 add the following new paragraphs:

" 4.7 Regulatory compliance and suitable arrangements for compliance

(a) A *recognised sole practitioner* must ensure that:

- (i) any obligations imposed from time to time on the *firm* or its *employees* by or under the *SRA's regulatory arrangements* are complied with; and
- (ii) any other statutory obligations imposed on the *firm* or its *employees*, in relation to the *firm's* carrying on of *authorised activities*, are complied with.

(b) A *recognised sole practitioner* must at all times have suitable arrangements in place to ensure that:

- (i) the *firm* and its *employees* comply with the *SRA's regulatory arrangements* as they apply to them, as required under section 176 of the *LSA* and regulation 4.7(a); and
- (ii) the *firm* and its *employees* who are *authorised persons* maintain the *professional principles*.

4.8 Compliance officers

(a) A *recognised sole practitioner* must have suitable arrangements in place to ensure that the *firm's compliance officers* are able to discharge their duties in accordance with these regulations.

(b) A *recognised sole practitioner's firm* must at all times have an individual:

- (i) who is:

	<ul style="list-style-type: none"> <li>(A) the <i>sole practitioner</i>; or</li> <li>(B) an <i>employee</i> of the <i>firm</i> of sufficient seniority and in a position of sufficient responsibility to fulfil the role;</li> </ul> <ul style="list-style-type: none"> <li>(ii) who is designated as its <i>COLP</i>; and</li> <li>(iii) whose designation is approved by the <i>SRA</i>.</li> </ul> <p>(c) The <i>COLP</i> must:</p> <ul style="list-style-type: none"> <li>(i) take all reasonable steps to: <ul style="list-style-type: none"> <li>(A) ensure compliance with the <i>SRA's regulatory arrangements</i> except any obligation imposed under the <i>SRA Accounts Rules</i>;</li> <li>(B) ensure compliance with any statutory obligations of the <i>recognised sole practitioner</i> and any <i>employees</i> of the <i>firm</i>; and</li> <li>(C) record any failure so to comply and make such records available to the <i>SRA</i> on request; and</li> </ul> </li> <li>(ii) as soon as reasonably practicable, report to the <i>SRA</i> any failure so to comply, provided that: <ul style="list-style-type: none"> <li>(A) in the case of non-material failures, these shall be taken to have been reported as soon as reasonably practicable if they are reported to the <i>SRA</i> together with such other information as the <i>SRA</i> may require in accordance with regulation 4.13(a); and</li> <li>(B) a failure may be material either taken on its own or as part of a pattern of failures so to comply.</li> </ul> </li> </ul> <p>(d) A <i>recognised sole practitioner's firm</i> must at all times have an individual:</p> <ul style="list-style-type: none"> <li>(i) who is: <ul style="list-style-type: none"> <li>(A) the <i>sole practitioner</i>; or</li> <li>(B) an <i>employee</i> of the <i>firm</i> of sufficient seniority and in a position of sufficient responsibility to fulfil the role;</li> </ul> </li> <li>(ii) who is designated as its <i>COFA</i>; and</li> </ul>
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	<p>(iii) whose designation is approved by the <i>SRA</i>.</p> <p>(e) The <i>COFA</i> must:</p> <p>(i) take all reasonable steps to:</p> <p>(A) ensure compliance with any obligations imposed upon the <i>recognised sole practitioner</i> or any <i>employees</i> of the <i>firm</i> under the <i>SRA Accounts Rules</i>; and</p> <p>(B) record any failure so to comply and make such records available to the <i>SRA</i> on request; and</p> <p>(ii) as soon as reasonably practicable, report to the <i>SRA</i> any failure so to comply, provided that:</p> <p>(A) in the case of non-material failures, these shall be taken to have been reported as soon as reasonably practicable if they are reported to the <i>SRA</i> together with such other information as the <i>SRA</i> may require in accordance with regulation 4.13(a); and</p> <p>(B) a failure may be material either taken on its own or as part of a pattern of failures so to comply.</p> <p>(f) The <i>SRA</i> may approve an individual's designation as a <i>COLP</i> or <i>COFA</i> if it is satisfied that the individual is a suitable person to carry out his or her duties. When considering whether a candidate should be approved under regulation 4.9, the <i>SRA</i> will take into account the criteria set out in the <i>SRA Suitability Test</i> and any other relevant information.</p> <p>(g) A designation of an individual as <i>COLP</i> or <i>COFA</i> has effect only while the individual:</p> <p>(i) is authorised as a <i>recognised sole practitioner</i>, where the <i>compliance officer</i> is the <i>recognised sole practitioner</i>;</p> <p>(ii) consents to the designation and continues to be an <i>employee</i> of the <i>firm</i>, where the <i>compliance officer</i> is an <i>employee</i>;</p> <p>(iii) in the case of a <i>COLP</i>:</p> <p>(A) is not <i>disqualified</i> from acting as a <i>HOLP</i>;</p> <p>(B) is:</p>
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- (I) a *lawyer of England and Wales*;
- (II) an *REL*; or
- (III) registered with the *BSB* under Regulation 17 of the European Communities (Lawyer's Practice) Regulations 2000 (SI 2000/1119);

and is an *authorised person* in relation to one or more of the *reserved legal activities* which the body is authorised to carry on; and

- (iv) in the case of a *COFA*, is not *disqualified* from acting as a *HOFA*.

#### 4.9 Approval of compliance officers

- (a) An application for approval of a *compliance officer* may be made by a *recognised sole practitioner* or a *solicitor* or *REL* applying under regulation 4.1 to be a *recognised sole practitioner* (in regulation 4.9, the person applying for approval of a *compliance officer* is referred to as "the applicant").
- (b) The application must include evidence to satisfy the *SRA* that the person to be approved (in regulations 4.8 to 4.10 referred to as "the candidate") is suitable to be a *compliance officer* of the *firm*.
- (c) The applicant must:
  - (i) secure the co-operation of a candidate who is an *employee*, to assist the *SRA* to obtain all information and documentation the *SRA* requires in order to determine the application for approval;
  - (ii) obtain all other information and documentation in relation to the candidate which the *prescribed* form requires the applicant to obtain and keep; and
  - (iii) keep all information and documentation under (ii) above for a period of not less than 6 years after the individual concerned has ceased to be a *compliance officer* of the *firm*.
- (d) Where the candidate is an *employee*, he or she must declare in writing on the face of the application that the information supplied about them is correct and complete.
- (e) The *SRA*'s decision to approve or refuse approval must be notified in writing to the applicant and, where the candidate is an *employee*, separately to the candidate.

	<p>(f) In accordance with regulation 7, the <i>SRA</i> may at the time of granting its approval or at any time subsequently, make its approval of a person to be a <i>compliance officer</i> subject to such conditions as it considers appropriate on the practising certificate or registration of:</p> <ul style="list-style-type: none"> <li>(i) the <i>recognised sole practitioner</i>, and</li> <li>(ii) if applicable, the <i>compliance officer</i>.</li> </ul> <p>4.10 Effect of approval of compliance officers</p> <p>(a) Approval takes effect from the date of the decision unless otherwise stated, and remains effective only if the candidate takes up the position for which he or she has been approved within the period specified in the notice of approval.</p> <p>(b) Subject to regulation 4.10(a), approval continues until:</p> <ul style="list-style-type: none"> <li>(i) it is withdrawn by the <i>SRA</i>; or</li> <li>(ii) the approved person ceases to be a <i>compliance officer</i> of the <i>firm</i>.</li> </ul> <p>4.11 Withdrawal of approval of compliance officers</p> <p>(a) Where the <i>SRA</i> has granted an approval under regulation 4.9, it may subsequently withdraw its approval of a person to be a <i>compliance officer</i> if:</p> <ul style="list-style-type: none"> <li>(i) it is not satisfied that the person met or meets the criteria for approval;</li> <li>(ii) it is satisfied that a condition imposed on the practising certificate or registration of the <i>recognised sole practitioner</i> or the <i>compliance officer</i> has not been, or is not being, complied with;</li> <li>(iii) it is satisfied that the person has breached a duty or obligation imposed upon them in or under the <i>SRA's regulatory arrangements</i> or any enactments; or</li> <li>(iv) information or documentation is not promptly supplied in response to a request made under regulation 4.13(d).</li> </ul> <p>4.12 Temporary emergency approvals for compliance officers</p> <p>(a) If the <i>firm</i> ceases to have a <i>COLP</i> or <i>COFA</i> whose designation has been approved by the <i>SRA</i>, the <i>recognised sole practitioner</i> must immediately and in any event within seven</p>
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	<p>days:</p> <ul style="list-style-type: none"> <li>(i) notify the <i>SRA</i>;</li> <li>(ii) designate another individual to replace the <i>firm's</i> previous <i>COLP</i> or <i>COFA</i>, as appropriate; and</li> <li>(iii) make an application to the <i>SRA</i> for temporary approval of the new <i>COLP</i> or <i>COFA</i>, as appropriate.</li> </ul> <p>(b) The <i>SRA</i> may grant a temporary approval under this regulation if:</p> <ul style="list-style-type: none"> <li>(i) it is satisfied that the <i>recognised sole practitioner</i> could not reasonably have commenced an application for approval of designation in advance of the non-compliance; and</li> <li>(ii) on the face of the application and any other information immediately before the <i>SRA</i>, there is no evidence suggesting that the new <i>compliance officer</i> is not suitable to carry out the duties imposed on them under these regulations.</li> </ul> <p>(c) Temporary approval under this regulation:</p> <ul style="list-style-type: none"> <li>(i) may be granted initially for 28 days;</li> <li>(ii) may be granted to have effect from the date the <i>firm</i> ceases to have a <i>COLP</i> or <i>COFA</i> whose designation has been approved;</li> <li>(iii) may be extended in response to a reasonable request by the <i>recognised sole practitioner</i>;</li> <li>(iv) must be extended pending determination of a substantive application for approval commenced in accordance with regulation 4.9;</li> <li>(v) may be granted or extended subject to such conditions as it considers appropriate on the practising certificate or registration of: <ul style="list-style-type: none"> <li>(A) the <i>recognised sole practitioner</i>; and</li> <li>(B) if applicable, the <i>compliance officer</i>;</li> </ul> </li> <li>(vi) has effect only while the criteria in regulation 4.8(g) are met;</li> <li>(vii) if granted, cannot prejudice the discretion of the <i>SRA</i> to refuse a substantive application for approval of designation or to impose any conditions on that</li> </ul>
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approval; and

(viii) in exceptional circumstances, and for reasonable cause, may be withdrawn at any time.

(d) If granted temporary approval under regulation 4.12(c) above for the designation of a new *COLP* or *COFA*, the *recognised sole practitioner* must:

(i) designate a permanent *COLP* or *COFA*, as appropriate; and

(ii) submit a substantive application for approval of that designation under regulation 4.9;

before the expiry of the temporary approval or any extension of that approval by the *SRA*.

#### 4.13 Information requirements

(a) A *recognised sole practitioner* must properly complete and 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.

(b) A *recognised sole practitioner* must provide any necessary permissions for information to be given to the *SRA* so as to enable it to:

(i) use and prepare a report on the documents produced under (a) above; and

(ii) seek verification from *clients*, *employees* or any other body including banks, building societies or other financial institutions.

(c) A *recognised sole practitioner* must notify the *SRA* as soon as he or she:

(i) becomes aware of any changes to relevant information about himself or herself, the *firm* or any *employees* of the *firm* including any non-compliance with these regulations and any conditions on the *recognised sole practitioner's* practising certificate or registration; or

(ii) becomes aware of or has information that reasonably suggests that he or she has or may have provided the *SRA* with information which was or may have been false, misleading, incomplete or inaccurate, or has or may have changed in a materially significant way.

(d) The *SRA* may at any time require the production of information or documentation from a

*recognised sole practitioner* or a person approved as a *compliance officer* of the *firm* in order to satisfy the *SRA* that that person met, meets, or continues to meet the criteria for approval as suitable to be a *compliance officer*.

#### 4.14 Waivers

- (a) Subject to provisions in any statutory obligations or the *SRA's regulatory arrangements* affecting its ability to waive any requirements, the *SRA* shall have power to waive in writing the provisions of regulations 4.8, 4.9, 4.12 and 4.13 for a particular purpose or purposes expressed in such waiver, and to attach conditions to or revoke such waiver, at its own discretion."

Amend "guidance note" to regulation 4 to "guidance notes", and add the following guidance notes after guidance note (i):

- "(ii) The *SRA's* outcomes focused approach to regulation means that the *SRA* will take into account all of the circumstances relevant to any issue of compliance, whether in relation to the regulatory arrangements or in respect of statutory obligations on firms and those in them. This will include taking into account the evidence that firms and individuals can produce to demonstrate their efforts to ensure compliance (by themselves or others).
- (iii) Regulation 4.7(b) deals with the need for recognised sole practitioners to have suitable arrangements for compliance (see also Chapter 7 of the *SRA* Code of Conduct (Management of your business)). What needs to be covered by a firm's compliance plan will depend on factors such as the size and nature of the firm, its work and its areas of risk. Solicitors and RELs will need to analyse the effectiveness of their proposed compliance arrangements before applying for authorisation as a sole practitioner and monitor effectiveness on an on-going basis once authorised. Common areas for consideration will include:
- (a) clearly defined governance arrangements providing a transparent framework for responsibilities within the firm;
  - (b) appropriate accounting procedures;
  - (c) a system for ensuring that only the appropriate people authorise payments from client account;
  - (d) a system for ensuring that undertakings are given only when intended, and

	<p>compliance with them is monitored and enforced;</p> <ul style="list-style-type: none"> <li>(e) appropriate checks on new staff or contractors;</li> <li>(f) a system for ensuring that basic regulatory deadlines are not missed e.g. submission of the firm's accountant's report, arranging indemnity cover, renewal of practising certificates and registrations, renewal of all lawyers' licences to practise and provision of regulatory information;</li> <li>(g) a system for monitoring, reviewing and managing risks;</li> <li>(h) ensuring that issues of conduct are given appropriate weight in decisions the firm takes, whether on client matters or firm-based issues such as funding;</li> <li>(i) file reviews;</li> <li>(j) appropriate systems for supporting the development and training of staff;</li> <li>(k) obtaining the necessary approvals of COLP/COFA;</li> <li>(l) arrangements to ensure that any duties to clients and others are fully met even when staff are absent.</li> </ul> <p>(iv) The roles of COLP and COFA are a fundamental part of a firm's compliance and governance arrangements. COLPs' and COFAs' ability to take the steps they need to ensure compliance is dependent on the firm having suitable arrangements in place under regulation 4.7. So, for example, the recognised sole practitioner must therefore ensure that any employee designated as the firm's COLP or COFA is of sufficient seniority, in a position of sufficient power and responsibility and has clear reporting lines to enable them to have access to all management systems and arrangements and all other relevant information including client files and business information. The existence of compliance officers in a firm who are employees and the requirements on them to ensure that the firm, as well as its employees, are complying with the regulatory arrangements (COLP) and the SRA Accounts Rules (COFA) is not a substitute for the recognised sole practitioner's responsibilities and their obligations to comply with regulation 4.7 (Regulatory compliance and suitable arrangements for compliance). Recognised sole practitioners need to take care not to obstruct, whether intentionally or unwittingly, a COLP or COFA employee in fulfilling their role.</p> <p>(v) COLPs and COFAs are responsible for ensuring that the firm has systems and controls in</p>
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	<p>place to enable the firm, as well as its employees, to comply with the requirements on them. Recognised sole practitioners are not absolved from any of their own obligations and remain fully responsible for compliance (see regulation 4.7).</p> <p>(vi) Those designated as COLP will need to be in a position to be able to discharge the role. They will need to consider whether they are in a position to, for example:</p> <ul style="list-style-type: none"> <li>(a) take all reasonable steps to ensure compliance with the SRA's regulatory arrangements by the firm and its employees; and with relevant statutory obligations e.g. <ul style="list-style-type: none"> <li>(A) that authorised persons and other employees comply with the duty imposed by section 176 of the LSA (duty to comply with the SRA's regulatory arrangements);</li> <li>(B) under the LSA and the SA in respect of practice matters;</li> </ul> </li> <li>(b) as soon as reasonably practicable, report to the SRA any failure to comply. Where such failure is material, either on its own or because it forms part of a pattern, the immediacy of the report will depend on the circumstances and seriousness of the breach. The report need not be made until the annual information report under regulation 4.13 where such failure is not material of itself or because it forms part of a pattern of non-compliance.</li> </ul> <p>(vii) Those designated as COFA will need to be in a position to be able to discharge the role. They will need to consider whether they are in a position to, for example:</p> <ul style="list-style-type: none"> <li>(a) ensure that they have access to all accounting records;</li> <li>(b) carry out regular checks on the accounting systems;</li> <li>(c) carry out file and ledger reviews;</li> <li>(d) ensure that the reporting accountant has prompt access to all the information needed to complete the accountant's report;</li> <li>(e) take steps to ensure that breaches of the SRA Accounts Rules are remedied promptly;</li> <li>(f) monitor, review and manage risks to compliance with the SRA Accounts Rules;</li> <li>(g) as soon as reasonably practicable report to the SRA any failure to comply with the</li> </ul>
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SRA Accounts Rules. Where such failure is material, either on its own or because it forms part of a pattern, the immediacy of the report will depend on the circumstances and seriousness of the breach. The report need not be made until the annual information report under regulation 4.13 where such failure is neither material of itself nor because it forms part of a pattern of non-compliance.

- (viii) In considering whether a failure is "material", the COLP or COFA, as appropriate, will need to take account of various factors, such as:
- (a) the detriment, or risk of detriment, to clients;
  - (b) the extent of any risk of loss of confidence in the firm or in the provision of legal services;
  - (c) the scale of the issue;
  - (d) the overall impact on the firm, its clients and third parties.
- In addition, the COLP/COFA will need to keep appropriate records of failures in compliance to:
- (e) monitor overall compliance with obligations;
  - (f) assess the effectiveness of the firm's systems;
  - (g) be able to decide when the need has arisen to report breaches which are material because they form a pattern.
- (ix) In developing their governance and administrative arrangements recognised sole practitioners will need to consider how they approach unexpected risks such as the absence of key staff, including COLP and COFA, and whether the nature of the absence will trigger the need to notify the SRA (see regulation 4.12) and to obtain approval for a replacement.
- (x) Approval of compliance officers under regulation 4.9 relates only to the role for which it is granted. Any change from one role that requires approval to another, will require a further approval and firms need to ensure that they notify the SRA of any changes and apply for fresh approvals, as necessary.
- (xi) The period specified in the notice of approval in regulation 4.10(a) will normally be 90 days although may be varied in individual cases.

	<p>(xii) Regulation 4.13 imposes information requirements on recognised sole practitioners. As well as the annual information report, firms must update the SRA by giving details of general changes that occur in respect of the firm. Other reporting and information requirements that apply to individuals or firms include:</p> <ul style="list-style-type: none"> <li>(a) SRA requirements <ul style="list-style-type: none"> <li>(A) Regulations 1.2, 4.3, 4.5, 4.8, 4.12 and 15 of these regulations;</li> <li>(B) Rule 18 of the SRA Practice Framework Rules;</li> <li>(C) Rule 32 of the SRA Accounts Rules;</li> <li>(D) Chapter 10 of the Code of Conduct.</li> </ul> </li> <li>(b) Statutory requirements <ul style="list-style-type: none"> <li>(A) Section 84 of the SA (notification of a solicitor's place of business)."</li> </ul> </li> </ul>
<p>Regulation 8: Appeals</p>	<p>In regulation 8.2(a) and (b), italicise "revocation".</p> <p>In regulation 8.3:</p> <ul style="list-style-type: none"> <li>(a) after " A <i>solicitor</i>, <i>REL</i> or <i>RFL</i>" insert "who is the subject of any decision in (a)-(d) below and/or the person who is the subject of a decision in (c) or (d) below";</li> <li>(b) substitute a semi-colon for the full-stop at the end of 8.3(b); and</li> <li>(c) insert new paragraphs (c) and (d) as follows: <ul style="list-style-type: none"> <li>"(c) refusal to approve a person as suitable to be a <i>compliance officer</i> under regulation 4.9;</li> <li>(d) withdrawal of approval of a person as suitable to be a <i>compliance officer</i> under regulation 4.11."</li> </ul> </li> </ul> <p>In regulation 8.4(m), italicise "revocation".</p> <p>In regulation 8.4(n), substitute "regulations" for "regulation".</p>

	<p>In regulation 8.6(i), (ii) and (iii):</p> <p>(a) italicise "date";</p> <p>(b) substitute "<i>of notification</i>" for "on which the notice"; and</p> <p>(c) delete "is given to the appellant".</p>
Regulation 9: Commencement, replacement and renewal dates	In guidance note (i) to Regulation 9 after "8.7 (Information requirements) of the SRA Authorisation Rules" insert "rather than those in regulation 4 above".
Regulation 10: Expiry and revocation	<p>In regulation 10.1(d)(i), italicise "revocation".</p> <p>In regulation 10.2(a)(iii), italicise "practising".</p> <p>In regulation 10.2(c)(ii), de-italicise "<i>complaint</i>".</p> <p>In regulation 10.3(b), italicise "revocation" in both places.</p>
Regulation 12: The register of European lawyers	In regulation 12.2(h)(ii), italicise "practising".
Regulation 13: The register of foreign lawyers	<p>Delete regulation 13.2(g) and replace with:</p> <p>“(g) the registered name and place or places of business of:</p> <p>(i) any <i>recognised body</i>, or <i>authorised non-SRA firm</i> which is not licensed under Part 5 of the <i>LSA</i>, of which the <i>lawyer</i> is a <i>manager</i> or <i>interest holder</i>;</p> <p>(ii) any <i>licensed body</i> of which the <i>lawyer</i> is a <i>manager</i> or <i>owner</i>, or</p> <p>(iii) any <i>authorised non-SRA firm</i> licensed under Part 5 of the <i>LSA</i> of which the <i>lawyer</i> is a <i>manager</i> or a <i>material interest holder</i>.”</p>
Regulation 15: Information requirements	<p>In regulation 15.1 replace "7" with "seven".</p> <p>Delete regulation 15.1(g) and replace with:</p>

	<p>“(g) becomes:</p> <ul style="list-style-type: none"> <li>(i) a <i>manager</i> of or acquires any interest in a <i>recognised body</i>, or in an <i>authorised non-SRA firm</i> which is not licensed under Part 5 of the <i>LSA</i>;</li> <li>(ii) a <i>manager</i> or <i>owner</i> of a <i>licensed body</i>; or</li> <li>(iii) a <i>manager</i> of or acquires a <i>material interest</i> in an <i>authorised non-SRA firm</i> licensed under Part 5 of the <i>LSA</i>; <p>In 15.2 replace "7" with "seven".</p> </li></ul>
Part 5: Interpretation	Amend the heading of "Part 5" from "Interpretation" to "Interpretation and transitional provisions".
Regulation 19: Transitional provisions	<p>In regulation 19 add:</p> <p>" 19.5 From 31 March 2012, a <i>recognised sole practitioner</i> who does not comply with regulation 4.8 above may be treated as being in compliance for the purposes of that regulation and the <i>SRA's regulatory arrangements</i>, until 31 October 2012, at which time the <i>recognised sole practitioner</i> shall be required to comply with regulation 4.8."</p>
<b>Solicitors Keeping of the Roll Regulations 2011</b>	
Regulation 8: Application for restoration to the roll	<p>In regulation 8, insert a new regulation 8.3:</p> <p>"The <i>SRA</i> shall not restore a person's name to the roll unless satisfied as to that person's character and suitability to be a <i>solicitor</i>. "</p> <p>Add a guidance note (i) to regulation 8:</p> <p>"(i) The <i>SRA</i> will satisfy itself as to a person's character and suitability in a number of ways. These may include, but are not limited to, CRB disclosures and Police National Computer checks, as well as self-disclosure, in accordance with the <i>SRA Suitability Test</i>. This will be in addition to taking into account the factors set out in regulations 10 and 11."</p>

Regulation 16: Appeals	<p>In regulation 16.5:</p> <p>(a) after "provided in" insert " the relevant statute, regulations or";</p> <p>(b) replace "21" with "28";</p> <p>(c) replace "after" with "of";</p> <p>(d) italicise "date"; and</p> <p>(e) after "<i>date</i>" insert "<i>of notification</i>".</p>
<b>SRA Training Regulations 2011 Part 1 – Qualification Regulations</b>	
Regulation 17: Course requirements	<p>Insert new regulation 17.2:</p> <p>"Subject to any entitlement to permitted exemptions, the <i>LPC Outcomes</i> are met by completing all the Stage 1 and Stage 2 assessments."</p>
<b>SRA Qualified Lawyers Transfer Scheme Regulations 2011</b>	
Regulation 2: Eligibility	In regulation 2.2 before "2.1(d)" insert "2.1(b) and".
<b>SRA Qualified Lawyers Transfer Regulations 2009</b>	
Regulation 2: Interpretation and definitions	<p>In regulation 2(3) insert the following definitions:</p> <p>““OSCE" means the Objective Structured Clinical Examination (Part 2) of the Qualified Lawyers Transfer Scheme;”</p>

	<p>““TLST” means the Technical Legal Skills Test (Part 3) of the Qualified Lawyers Transfer Scheme;”</p> <p>and in the definition of "SRA's agent" after "provision and assessment of the Test” insert “, or the OSCE and TLST”.</p>
Regulation 4: Eligibility	In regulation 4(3) after "law of England and Wales" insert ", whether they have passed the OSCE and TLST"
Regulation 5: Barristers Qualified in England and Wales	In regulation 5, at the end of sub-paragraph (c) delete "." and insert "; or", and insert a new sub-paragraph "(d) passed both the OSCE and the TLST."
Regulation 9: Barrister Qualified in Northern Ireland	In regulation 9 at the end of sub-paragraph (d) delete "." and insert "; or", and insert a new sub-paragraph "(e) passed both the OSCE and the TLST."
Regulation 10: Certain overseas lawyers	<p>In regulation 10, at the end of paragraph (2) after “applying for admission” insert "or pass both the OSCE and TLST."</p> <p>At the end of paragraph (4) sub-paragraph (b) after “must be employed” insert "or pass both the OSCE and TLST"</p>
Regulation 18: Forms and fees	In regulation 18(1) after "attempt the Test" insert "or both the OSCE and TLST".
<b>SRA Higher Rights of Audience Regulations 2011</b>	
Regulation 4: Qualifying to exercise extended rights of audience	<p>In regulation 4.1 at the end of sub paragraph (a), delete “or”</p> <p>In sub-paragraph (b) delete “having gained an equivalent qualification in a <i>comparable jurisdiction</i> or a jurisdiction listed in Article 1 of the <i>Establishment Directive</i> and undertaken any further</p>

	<p>step(s) as may be specified by us under regulation 5;”</p> <p>and replace with “being an <i>REL</i> and having undertaken any further step(s) as may be specified by <i>us</i> under regulation 5.2; or”</p> <p>Insert new sub-paragraph (c): “being a lawyer to whom Directive 2005/36 applies and having undertaken any further step(s) as may be specified by <i>us</i> under regulation 5.2.”</p>
Regulation 5: Qualification gained in another jurisdiction	<p>In the title of regulation 5 delete “another” and replace with “a European”.</p> <p>In regulation 5.1 delete “a <i>qualified lawyer</i> in any <i>comparable jurisdiction</i> or a jurisdiction listed in Article 1 of the <i>Establishment Directive</i>” and replace with “an <i>REL</i> or a lawyer to whom Directive 2005/36 applies”.</p>
<b>SRA Suitability Test 2011</b>	
Preamble: Applicability	<p>In the third sub-paragraph, after “SRA Authorisation Rules” add “, and Regulation 4.8 of the SRA Practising Regulations”.</p> <p>Add a further sub-paragraph: “Those seeking restoration to the roll of solicitors under regulation 8 of the Solicitors Keeping of the Roll Regulations 2011”.</p>
Overview	<p>In the second paragraph of the Overview section, after “all those seeking admission”, insert “or restoration to the roll”.</p> <p>In the fourth paragraph of the Overview section, after “right of admission”, insert “, restoration”.</p>
Outcomes	<p>In the final paragraph of the Outcomes section, after “period of authorisation”, insert “, and for</p>

	former <i>solicitors</i> seeking restoration to the roll”.
Part 1: Basic requirements	In the first paragraph of Part 1 delete “or” and replace with “,” and after “admission” insert “or restoration to the roll”.
<b>SRA Indemnity Insurance Rules 2011</b>	
Appendix 4: Definitions	<p>In the definition of <i>prior practice</i> in Appendix 4 (Definitions) replace the words "these <i>MTC</i>" with "the <i>MTC</i>".</p> <p>In the definition of <i>solicitor</i> in Appendix 4 (Definitions) replace the two references to "<i>solicitor</i>" with "<i>solicitor</i>".</p> <p>In the definition of <i>SRA Authorisation Rules</i> in Appendix 4 (Definitions) replace the word "Recognised" with "Legal Services".</p>
<b>SRA Indemnity Rules 2011</b>	
Rule 3: Definitions and interpretation	In Rule 3.1(iii) in the definition of <i>private practice</i> delete “(b)” and replace with “(ii)”.
<b>SRA Compensation Fund Rules 2011</b>	
Rule 1: Interpretation	Renumber Rules 1.4 and 1.5 as Rules 1.2 and 1.3 respectively.
Rule 25: Transitional and savings provisions	<p>Delete Rule 25.2 (a).</p> <p>Renumber Rules 25.2 (b) to (i) as Rules 25.2 (a) to (h) respectively.</p>
<b>SRA Property Selling Rules 2011</b>	
Rule 5: Transactions in which you have a personal interest	Delete Rule 5.2.