

SRA Amendment to Regulatory Arrangements (Changes to regulation of entities owned or managed by Registered European Lawyers) Rules 2014

Rules dated 25 November 2014 made by the Solicitors Regulation Authority Board.

Made under Part I, Part II, sections 79 and 80 of the Solicitors Act 1974 and sections 9 and 9A of the Administration of Justice Act 1985, section 89 of and Part 1 of Schedule 14 to the Courts and Legal Services Act 1990, with the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007.

Rule 1

The SRA Principles 2011 shall be amended as follows:

- (a) insert paragraph 3.3 as follows:

"3.3 The *Principles* apply to you if you are an *REL practising as a manager, employee, member or interest holder, of an Exempt European Practice.*"

Rule 2

The SRA Code of Conduct 2011 shall be amended as follows:

- (a) in paragraph 13.1(a) insert "(subject to paragraph 13.12)" after "*REL*";
- (b) insert paragraph 13.12 as follows:

" 13.12 This Code applies to an *REL practising as a manager, employee, member or interest holder, of an Exempt European Practice* to the same extent that it applies to *In-house practice.*"

Rule 3

The SRA Accounts Rules 2011 shall be amended as follows:

- (a) in rule 3.1 insert "and the practice of an *REL* from an office in England and Wales of an *Exempt European Practice*" after "Wales" at the end of the rule";
- (b) in the heading of Part 7 insert " **and from an office in England and Wales of an Exempt European Practice**" after "Wales";

(c) in rule 47.1 insert ":" after "provisions" and number the remaining part of the rule "(a)";

(d) insert rule 47.1(b) as follows:

"(b) to the practice of an *REL* from an office in England and Wales of an *Exempt European Practice* is to ensure similar protection for *client monies* but by way of rules which are more adaptable to such practices.";

(e) insert rule 48.3 as follows:

" 48.3 Part 7 of these rules applies to the practice of an *REL* from an office in England and Wales of an *Exempt European Practice* but for this purpose only all references in these rules to *client monies (overseas)* shall be substituted with *client monies*. ";

(f) in rule 48.3 insert guidance note as

follows: "Guidance note

(i) If you are an REL practising from an office in England and Wales of an Exempt European Practice and you hold or receive client money you must comply with rules 49.2 and 49.3, 50.3 to 50.6 and 51."

Rule 4

The SRA Practice Framework Rules 2011 shall be amended as follows:

(a) in Rule 2.1(e) replace "." with ";" and insert the following Rule 2.1(f) as follows:

"(f) as a *manager, employee, member or interest holder* of an *Exempt European Practice*, provided that you meet the conditions set out under Rule 4.20 (a), (b) and (c).";

(b) in Rule 2.2(e) insert "or is an *Exempt European Practice*" after "Wales", and insert ", and that you meet the conditions set out under Rule 4.20 (a), (b) and (c)" after "above"; and

(c) in Rule 4.19 insert " Unless your employer is an *Exempt European Practice*" at the beginning and replace "Y" with "y".

Rule 5

The SRA Practising Regulations 2011 shall be amended as follows:

(a) in regulation 12.2(l) delete "and";

(b) in regulation 12.2(m) replace "." with "; and";

(c) insert regulation 12.2(n) as follows:

"(n) whether the *lawyer* is practising through an *Exempt European Practice* and if so the name and address of the *Exempt European Practice*."

Rule 6

The SRA Compensation Fund Rules 2011 shall be amended as follows:

(a) in rule 8.1(g)(i) delete "or" and after rule 8.1(g)(ii) replace "." with "; or";

(b) insert rule 8.1(g)(iii) as follows:

"(iii) the loss was incurred in relation to the *practice* of an *REL* in an office in England and Wales of an *Exempt European Practice*."

Rule 7

The SRA Handbook Glossary 2012 shall be amended as follows:

(a) in the definition of "**client account (overseas)**", insert "or for an *REL* practising from an office in England and Wales through an *Exempt European Practice*, an account at a bank or building society in England and Wales which is used only for the purpose of holding *client money*," after "*trust money*,";

(b) after the definition of "**execution-only**", insert:

"Exempt European Practice

means:

- (i) a *lawyer's practice* formed in an *Establishment Directive state* which is regulated as such in that state and which is a structure in which *lawyers* are permitted to practise in that state; and
- (ii) whose ultimate beneficial owners do not include any *practising lawyers of England and Wales*; and
- (iii) whose main place of business is situated and carried on in an *Establishment Directive state* other than the United Kingdom; and
- (iv) which does not carry on any *reserved legal activity*."

(c) in the definition of "**firm**", insert " or an *Exempt European Practice*" in paragraph (C) after "*non-SRA firm*"; and

(d) in the definition of "**private practice**", insert "or by an REL through an *Exempt European Practice*" in paragraph (D) after "*non-SRA firm*".

Rule 8

These amendment rules shall come into force on 1 April 2015.