

# Legal Services Act: New forms of practice and regulation

Consultation paper 2

Changes to “Framework of Practice” rules

11 February 2008

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## Introduction

The SRA is developing its regulatory framework to facilitate firm-based regulation and to allow the new forms of practice permitted under the [Legal Services Act](#) — legal disciplinary practices (LDPs) and alternative business structures (ABSs). We hope that LDPs can become available in 2009.

In November 2007, we published a policy paper outlining our initial thoughts on the principles which should guide the SRA's development of the new regulatory framework — [Legal Services Act: New forms of practice and regulation](#). The paper can be read in conjunction with this consultation — it contains background detail and a glossary of terms which you may find useful when reading this and future consultations.

This consultation is about firm based regulation, including LDPs (but not ABSs). As explained in the earlier paper, the Act amends the Administration of Justice Act 1985 (AJA) relating to recognised bodies, and requires a parallel regime for sole practitioners. The key provisions are as follows.

- The recognised bodies regime will include unincorporated partnerships (including partnerships with legal personality),
- The SRA may allow participation in the management and ownership of a recognised body by other persons authorised under the Act to provide reserved legal services (barristers, notaries, patent and trade mark agents, licensed conveyancers, legal executives and law costs draftsmen) and/or to have up to 25% non-lawyers as managers — an LDP,
- The SRA must require all sole practitioners to be similarly authorised (as “recognised sole practitioners”).
- All managers and employees of a recognised body and all employees of a recognised sole practitioner will come under the direct regulation of the SRA, whether they are lawyers or non-lawyers,.

This consultation invites you to comment on proposed amendments to the rules in the Solicitors' Code of Conduct 2007 (the Code) governing solicitors' business structures. The consultation is aimed at

- all those with an interest in the delivery of legal services, including consumers and bodies representing consumers,
- all providers of legal services, including those considering setting up or working in LDPs,
- those who procure legal services.

The paper annexes ten rules showing proposed amendments designed to implement these provisions.

We apologise that this paper is necessarily technical and includes issues which will have limited application to most firms, though they will be important to those affected — for example, existing firms with complex layered structures may have to restructure on a limited timescale as a result of provisions in the Act.

The new regime will affect most solicitors practising in England and Wales and many practising overseas. This is an opportunity to check how current practice will be affected and to help shape the regulatory regime of the future. We hope you will read it and respond. All comments would be helpful. The closing date for responses is 21 April 2008.

## Background

### 1. The “framework of practice” rules and what they do

1.1 The main “framework of practice” rules in the Code are those which govern the structure and composition of a solicitor’s private practice firm in England and Wales and overseas, the composition and structure of a recognised body, the extent to which an in-house solicitor may provide services to the public, and the interface between a solicitor’s practice activities and other business activities. They are

[rule 12](#) — Framework of practice

[rule 13](#) — In-house practice

[rule 14](#) — Incorporated practice

[rule 21](#) — separate businesses

1.2 Closely linked to the “framework of practice” are the rules which lay down the fundamental requirements of practice and govern overseas and cross-border practice. They are

[rule 20](#) — Requirements of practice

[rule 15](#) — Overseas practice

[rule 16](#) — European cross-border practice

1.3 Rules of application apply and disapply rules in relation to particular persons or in particular circumstances. They are rule 15 (in relation to overseas practice) and [rule 23](#)— Application of these rules.

1.4 [Rule 24](#) — Interpretation, contains definitions and interpretations of words and phrases used in the Code.

1.5 [Rule 25](#) — Commencement and repeals, is the commencement provision for the Code.

### The main changes the amendments will bring about

#### 2. Rule 12 –new practice structures

##### England and Wales

2.1 Under 12.01(1) a solicitor may currently practise in England and Wales either in a firm (private practice) or in-house, and there are similar provisions for RELs in 12.02(1). If a firm is a company or LLP it must be a recognised body.

2.2 There will in future be three basic choices:

- a private practice firm authorised and regulated by the SRA (as now) - but such a firm must be either a recognised sole practitioner or a recognised body;
- in-house practice (as now), or
- an “authorised non-SRA firm” – which is a new option.

An “authorised non-SRA firm” is a firm in private practice authorised and regulated not by the SRA but by another “approved regulator” under the Act. An

example would be a firm of solicitors and licensed conveyancers which is authorised by the Council for Licensed Conveyancers (CLC).

- 2.3 A solicitor in an “authorised non-SRA firm” may provide services to the firm’s clients – but only services of a sort the firm’s “approved regulator” can authorise. So, for example, a solicitor in a CLC-authorised firm will not be able to conduct litigation for the firm’s clients. However, the solicitor remains authorised by the SRA to conduct litigation, so he or she can continue to do such work as (in effect) an in-house solicitor – for the firm itself, work colleagues, related bodies or pro bono and within the limits set out in rule 13, which has been amended accordingly.
- 2.4 The requirements for a sole practitioner and for a partnership to be recognised are new. The SRA intends to minimise the inconvenience for existing firms by “passporting” the majority immediately before the new regime comes into force without requiring a formal application to be made.
- 2.5 The requirement for a company or LLP to be recognised is not new, but there is likely to be a move from three-yearly to yearly recognition for all recognised bodies. If so the SRA intends to ensure that transitional provisions in the Solicitors’ Recognised Bodies Regulations 2007 minimise the inconvenience and render the change cost-neutral for existing recognised bodies.
- 2.6 The Act does not confer any right to undertake reserved legal work or immigration work by virtue of being a manager of a recognised body, so it seems right that rules should prohibit managers undertaking reserved legal work or immigration work (except under appropriate supervision) which they are not legally entitled to do. We have included such provisions in 12.03 in relation to RFLs, in 12.05 in relation to lawyers of England and Wales who are not solicitors, and in 12.06 in relation to non-lawyers. In addition, these provisions prohibit non-solicitor managers being held out as solicitors, and non-lawyer managers being held out as lawyers. The working assumption at present is that the term “lawyer” can be applied not only to solicitors and barristers, but also to notaries, patent and trade mark agents, licensed conveyancers, legal executives and law costs draftsmen.
- 2.7 We have removed provisions in 12.01(2)(a) and 12.02(2)(a) which prohibit a solicitor or REL practising as a partner in a partnership with separate legal personality. Under the amended AJA, partnerships such as those formed under the law of California, Scotland or Norway, for example, will be capable of being recognised bodies. This will resolve a problem arising from the wording of the Solicitors Act 1974 which prevented us from allowing a solicitor to practice in England and Wales in such a partnership. A “body corporate” will be defined in rule 24 as including a partnership with separate legal personality.

### **Overseas**

- 2.8 The “framework” rules for practice outside England and Wales have always been lighter touch than those for practice within the jurisdiction, and it is not at this stage intended to extend the “recognised body” regime to partnerships, companies and LLPs operating wholly overseas. The current rule allows solicitors to practise overseas in partnership with foreign lawyers who are not registered with the SRA, to practise through a company or LLP which is not a recognised body and even, where local rules allow, to participate in firms which include non-lawyer managers – always provided that the firm has no office in England and Wales. On the face of it there is little need for change to rule 12, but changes have been made in the light of the changes to the domestic rules.

- 2.9 12.01(2) has been shortened. As now, it allows a choice between:
- a private practice firm which is either a sole practitioner, or a law firm controlled by lawyers and with a structure which does not create a breach of local rules, or
  - in-house practice.

The overseas practice of a firm can be either a branch office of a recognised body or recognised sole practitioner, or an entity carrying on practice wholly overseas (in which case it does not have to be recognised).

- 2.10 The current rules prohibit a solicitor from practising through an overseas law firm which includes a lawyer who has been struck off the RFL register but is not a lawyer of an Establishment Directive state. The effect of this provision is patchy as it will impact differently according to the jurisdiction of the foreign lawyer, and it covers a situation which is very rare but could have a capricious and disproportionate effect in relation to large firms of foreign lawyers. It has therefore been removed. A struck-off RFL will still not be able to participate in a firm with an office in England and Wales.

### **3. Rule 14 - recognised bodies**

#### **Title**

- 3.1 Rule 14, which governs recognised bodies and is currently called “incorporated practice”, has been substantially amended and restructured to reflect the new powers and requirements as to the structure of a recognised body set out in sections 9 and 9A of the Administration of Justice Act 1985 (AJA) as amended. Because in future a recognised body can be a partnership the rule has been re-named “recognised bodies”.

#### **Managers**

- 3.2 “Manager” under the AJA means a partner in a partnership, a director of a company and a member of an LLP. This definition has been imported into the Code and is included in rule 24. We use the term in this paper in the same way. The rule currently allows a recognised body to have only certain categories of person as managers:
- currently, a company can only have directors who are individual lawyers - solicitors, RELs, RFLs, and “non-registered European lawyers” (European lawyers based outside England and Wales,
  - currently, an LLP can have members who are individual solicitors, RELs, RFLs, and “non-registered European lawyers”, and also bodies corporate which are either other recognised bodies, or “European Corporate practices” (companies without offices in England and Wales which carry on the practice of European lawyers and owned and managed by European lawyers).
- 3.3 The amendments to the rule (which follow provisions in the new section 9A of the AJA) allow wider categories of individual to be managers:
- “lawyers of England and Wales” (that is, solicitors, barristers, notaries, patent and trade mark agents, licensed conveyancers, legal executives and law costs draftsmen), and

- non-lawyer managers, provided they are individuals who do not constitute more than 25% of the managers, do not exercise or control more than 25% of the voting rights, and do not own more than 25% of a body's shares. A non-lawyer may not own shares in a recognised body which is a company unless he or she is a director. A non-lawyer manager must be an individual approved under the Solicitors' Recognised Bodies Regulations 2007 as suitable, and the criteria for approval will be set out in the Regulations. It is not currently proposed that a person approved for one recognised body will be able to rely on that approval to join another recognised body, but this is subject to consultation.
- 3.4 A recognised body which is a partnership or LLP may have a body corporate as a manager. A manager which is a body corporate will not in future need to be a recognised body (and the exemption from recognition for a "European corporate practice" is thus no longer required). However, there are new restrictions on the composition and structure of a body corporate which is a manager or owner of a recognised body — see 3.8 to 3.10 below.

### The “fundamental requirements”

- 3.5 Three requirements common to all recognised bodies must be imposed under the Act and must be met at all times. They are set out in rule 14.01 as “the fundamental requirements”:
- the “services requirement” – 14.01(1),
  - the “relevant lawyer requirement” – 14.01(2) and
  - the “management requirement” – 14.01(3).
- 3.6 The **services requirement** is that the business of a recognised body must consist only of professional services of the sort provided by solicitors and/or lawyers and (if a notary is a manager or employee) notarial services. Section 9(1A) of the AJA requires this provision to be made but rules may allow for exceptions to it. The provision made does not change the current scope of a recognised body's practice, which continues to include all services which are currently covered by compulsory professional indemnity insurance. Such services can include business advisory and support services, estate agency, structural surveys and formal valuations of property. Nevertheless rules will need to provide that a few services which are not, strictly, part of a firm's practice (and are not covered by compulsory insurance) may be provided by a recognised body, so 21.03 allows a recognised body to provide, “in conjunction with “ its practice:
- educational and training activities,
  - authorship, journalism and publishing.
- 3.7 The **relevant lawyer requirement** is that a recognised body must have at least one manager who is a solicitor, REL or “qualifying body”. A “qualifying body” is defined in rule 24 (and is not the same as a “qualifying body” under the Act. Essentially, a “qualifying body” as defined in rule 24 is a body corporate which
- must itself meet the services requirement and the relevant lawyer requirement,
  - must have only individuals as managers,
  - must have at least 75% individual lawyers of England and Wales, RELs, RFLs and European lawyers as managers,



- can have up to 25% non-lawyer managers, who must be approved, must not exercise more than 25% of the voting rights and must not own more than 25% of the shares, and
- must not have any non-lawyer owners unless they are also managers.

3.8 The **management requirement**, is that at least 75% of the body's managers must be

- individual lawyers of England and Wales, European lawyers or RFLs,
- "qualifying bodies", and/or
- bodies which would be "qualifying bodies" except that they have no solicitor or REL as a manager (for example, a firm whose managers are all licensed conveyancers),

and that such persons must exercise or control the exercise of least 75% of the voting rights and (if the body has shares) own at least 75% of the shares.

Bodies corporate which are managers or owners of a recognised body no longer have to be recognised bodies themselves, as they do under the current rules.

#### **Possible need for existing firms to re-structure**

3.9 The management requirement derives from the new section 9A of the AJA, as inserted by the Legal Services Act, Schedule 16, paragraph 82. The provisions are not easy to interpret. Under the new section 9A:

- a recognised body must be 75% managed and controlled by individual lawyers or by bodies (including recognised bodies and other authorised firms) which in turn are 75% managed and controlled by individual lawyers; and
- any person with an interest in a recognised body who does not fall into the above categories must be a manager, and must be an individual approved by the Solicitors Regulation Authority.

3.10 Under 14.01(3) (the management requirement) a manager of a recognised body which is a body corporate cannot, in turn, have a manager of its own which is a body corporate. We are aware that as a result some existing firms with complex structures will be unable to continue without re-structuring. For instance, a partnership will not be able to have as a partner a company in which any shares are owned by a second company. It is our reading of the Act that all managers of a body corporate which is itself a manager of a recognised body must be individuals, and 14.01(3) reflects this view. If we are right, the rule follows the statutory provisions and will not be capable of being waived. Any firm which practises in England and Wales and cannot meet the requirements of rule 14 will have to re-structure, perhaps as early as 1 March 2009. It is vital that lawyers, especially those involved in international practice, **check now** whether their partnership, LLP or company would be allowed under the rule.

3.11 We will need to work within the statutory requirements but please let us know if you believe any alternative wording of 14.01(3) within the constraints of the legislation would assist firms in dealing with this issue.



## **New provisions about partnerships**

- 3.11 Unincorporated partnerships are now to be included in the recognised bodies regime so the rule has a new section dealing with partnerships, including who may be a partner, which parallels who may be a member of an LLP. No distinction is drawn between a partnership with separate legal personality and a partnership without separate legal personality – see 2.7 above.
- 3.12 Because an unincorporated partnership does not have the “undying” personality of a company or LLP, provision has been made for recognition to continue when partners join or leave, in 14.04(2). When one of two partners ceases to be a partner there is no partnership, so the SRA could not continue to recognise the remaining partner except as a recognised sole practitioner. Provision has been made in 14.04(4) and (5) so that, where this happens but could not have been foreseen, temporary recognition as a recognised sole practitioner may be granted pending consideration of a full application. There is similar provision in 14.04(6) to (9) for temporary recognition of a recognised body where a partnership splits in circumstances which could not have been foreseen, bringing into being one or more new firms requiring immediate recognition. More detailed provisions about applications will be included in the Solicitors’ Recognised Bodies Regulations 2007.

## **New approach to partnerships with salaried, local and shadow partners.**

- 3.13 In the past, the Solicitors Regulation Authority has artificially treated certain offices of a single partnership as separate partnerships. This situation arises when, for example, the Paris branch office of a London firm has a “local partner” (a person who is not a partner, but is held out as a partner in relation to that one office only). We have recorded that office as a separate partnership and treated it as a separate partnership for regulatory purposes. However, we believe this will need to change once the Solicitors Regulation Authority recognises partnerships as recognised bodies. “Partnership” is defined in rule 24 to include any unincorporated firm in which persons are or are held out as partners, and “partner” as a person who is or is held out as a partner in an unincorporated firm. All salaried partners, “local partners” and “shadow partners” in a partnership will be “managers” for the purpose of the rules. The effect is that a “local partner” based overseas will in future be treated as a manager of the firm as a whole, and in some cases will have to be an RFL. If there is in fact one partnership, it is difficult to see how we can recognise it without recognising the whole of the partnership, including all its branch offices. In cases where there are, in fact, two parallel partnerships, they can still be treated as two firms. None of this has any relevance to LLPs.

## **Unforeseen events – the period of grace**

- 3.14 The current rules allows 14 days grace in relation to the death of the last or only solicitor or REL in the body. There will in future be more ways in which a firm could find itself in breach, so a period of 28 days grace is allowed following any unexpected event which would result in the relevant lawyer condition or the management condition not being met.

## **4. Rules 23 and 15 - the application of the rules**

### **Solicitors in authorised non-SRA firms**

- 4.1 Rule 23 currently applies the Code differently according to whether the regulated person is a solicitor, REL, RFL or recognised body, and according to

whether the practice is conducted from an office in or outside England and Wales.

- 4.2 With firm-based regulation, LDPs and new approved regulators involved in legal practice, a choice of regulator is possible. In some circumstances a solicitor will be able to be a manager or employee in a firm authorised by another approved regulator. In order to avoid such a solicitor being subject to two different sets of rules, the proposed amendments to rule 21 will disapply the Code in relation to work a solicitor in an “authorised non-SRA firm” does for the firm’s clients. Only certain core rules of principle will continue to apply to the solicitor. But in relation to work of a type the firm’s approved regulator cannot authorise, the whole of the Code applies (though such work will only be allowed if done for the firm itself, work colleagues, related bodies or pro bono).

### **RFL employees**

- 4.3 RFLs are currently regulated only as partners, or as members or directors of recognised bodies which are LLPs or companies. Because all employees of a recognised body will be subject to the rules, “practice as an RFL” will be expanded in 12.03(1) to include practice as the employee of a recognised sole practitioner, a recognised body or an authorised non-SRA firm.

### **Overseas practice**

- 4.4 The application of the Code and other rules to overseas practice is already complex - currently:
- Rule 23 disapplies most of the Code in relation to a recognised body incorporated outside England and Wales unless the body is controlled by solicitors — although the Code nevertheless applies to the solicitors practising through the body, and to RELs in relation to Scotland and Northern Ireland, but not to RFLs.
  - Rule 15 sets out which rules in the Code and elsewhere apply or do not apply to the overseas practice of solicitors and imposes some substitute provisions.
  - The Solicitors' Accounts Rules do not apply overseas. There are substitute accounts requirements in 15.27 and 15.15 but they only apply to a solicitor in a firm controlled by solicitors, with slightly different tests for partnerships and bodies corporate.
- 4.5 In future it is proposed that a recognised body will itself be subject to the Code if it is a “solicitor-controlled recognised body” — defined in rule 24 as a recognised 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 recognised body. In Scotland or Northern Ireland the Code will apply to an “REL-controlled recognised body” (as defined) as well as to a solicitor-controlled recognised body.
- 4.6 The overseas practice of a “solicitor-controlled recognised body” (or in Scotland or Northern Ireland, an REL-controlled recognised body”) will be subject to the Code. The Code will also apply to the overseas practice of the body’s managers who are lawyers of England and Wales (including solicitors) or non-lawyers. It is felt that, if the SRA assumes responsibility for the regulation of the new types of manager allowed under the Act, LDPs are more likely to be acceptable overseas.

- 4.7 The overseas accounts provisions in 15.15 and 15.27 will continue to apply to solicitors in firms which are not recognised bodies if the firms are solicitor-controlled. There will now be a single test in relation to partnerships and bodies corporate.

## **5. Rule 20 – authorisations and requirements**

### **Authorisations**

- 5.1 Rule 20 will now set out in terms the types of reserved legal work the SRA authorises a solicitor, an REL and a recognised body to undertake, and also that the SRA authorises solicitors, RELs, RFLs and recognised bodies to do immigration work.

### **Recognition of sole practitioners**

- 5.2 A sole practitioner will now have to be recognised under 20.03. This is required under the Act and is described as the "endorsement" of the sole practitioner's practising certificate. More detailed provisions as to applications for recognition, appeals, etc., will be in revised Practising Certificate Regulations. Under 20.03(2) a solicitor or REL who works only as a temporary employee in firms which take full responsibility for him or her as an employee is not required to be a recognised sole practitioner. In addition, amendments to the definition of "employee" in rule 24 mean that if a solicitor or REL forms a one-person company for the sole purpose of billing firms for work done as an employee (usually as a consultant or locum) the company will not need to be a recognised body.

### **Participation of lawyers in LDPs**

- 5.3 A solicitor participating in a recognised body or an authorised non-SRA firm as a solicitor will be practising as such and will need a practising certificate under 20.02.
- 5.4 Under 20.04 a solicitor, REL or RFL may not participate in an LDP (whether authorised by the SRA or by another approved regulator) in the capacity of non-lawyer. We believe that if a person is a lawyer, he or she should only be involved in legal practice in that capacity.
- 5.5 There are, however, some complications in relation to solicitors. A solicitor employed by a recognised body, an authorised non-SRA firm or a recognised sole practitioner will have no choice but to participate as a solicitor because under section 1A of the amended Solicitors Act he or she will be deemed to be practising as a solicitor if employed in connection with the provision of any legal services. A person who has voluntarily removed his or her name from the roll of solicitors will not be a solicitor and will not be subject to 20.04.
- 5.6 We believe that a solicitor who is dually qualified should be allowed to participate in an "authorised non-SRA firm" as an individual authorised by another regulator – for example, a solicitor who is also a barrister should be able to participate as a manager in a firm authorised and regulated by the Bar Standards Board, or the Council for Licensed Conveyancers, in the capacity of barrister. However, an employee or director would have to participate both as a barrister and as a solicitor because of section 1A of the Solicitors Act.

### **Requirement to take certain proactive steps**

- 5.7 20.04(3) implements a new power under section 31 of the Solicitors Act by requiring a solicitor, REL, RFL or recognised body to take proactive steps in

specified cases where there may be a need to identify and deal with possible claims for redress. Under 20.04(3) we can require the firm to investigate, identify persons who may have a claim for redress, provide us with a report, notify potential claimants, giving information about the nature of the possible claim and about complaints procedures, and deal with such possible claims for redress as if a complaint had been made, even if it has not. This provision is intended for use in matters such as the miners' compensation cases.

## **6. Rule 24 – key definitions and interpretations**

- 6.1 Rule 24 will now include new definitions for terms discussed in this paper, such as “approved regulator”, “authorised non-SRA firm”, “lawyer of England and Wales”, “manager”, “person qualified to direct reserved work”, “qualifying body”, “recognised sole practitioner”, “solicitor-controlled recognised body”, “REL-controlled recognised body”, and “reserved work”.
- 6.2 Some definitions have been amended. A “body corporate” will now include a partnership with separate legal personality. “Non-lawyer” will not include an individual or body authorised by another approved regulator, or an overseas firm controlled by lawyers. An authorised non-SRA firm will not be a “separate business”. “Practice” and “overseas practice” will include the activities of persons authorised by other approved regulators.

## **7. Rule 25 – transitional provisions**

- 7.1 We hope to bring into force the provisions for LDPs and firm-based regulation of partnerships by 1 March 2009. We do not expect to bring into force the provisions requiring a sole practitioner to be recognised until about 1 July 2009. Rule 25 has been amended to include a transitional provision to that effect.

## **Questions**

1. Do you agree that a solicitor in an “authorised non-SRA firm” should be able to provide a reserved legal service to the firm itself, work colleagues, related bodies or pro bono, even if the firm is not authorised to provide services of that sort? (paragraph 2.3)
2. Do you agree with the way 14.04 deals with changes to a partnership, and their effect on a body’s recognition? (paragraph 3.12)
3. Do you think 14.04(2)(c) deals adequately with a partnership becoming a sole practitioner? (paragraph 3.12)
4. Do you think 14.04(2)(d) deals adequately with a partnership split? (paragraph 3.12)
5. Do you agree with the way the rules deal with salaried partners and “local” partners? (paragraph 3.13)
6. Do you agree that most of the Code should be disapplied in relation to work a solicitor in an “authorised non-SRA firm” does for clients? (paragraph 4.2)
7. Do you agree with the new test for when the Code applies in full to the overseas practice of a recognised body – whether the body is a “solicitor-controlled recognised body”? (paragraphs 4.5 and 4.6)
8. Do you agree with the new test in 15.15 and 15.27 and for whether the overseas accounts provisions apply – that solicitors control the firm? (paragraph 4.7)

9. Do you agree that a solicitor, REL or RFL should only participate in a recognised body or authorised non-SRA firm as a lawyer? (paragraphs 5.3 to 5.5)
10. Do you believe any of the proposed amendments to the rules annexed will have a particular impact (adverse or otherwise) on any group or category of persons?
11. Have you any other comments on the draft amendments to the rules?

### **How to respond**

For information about [How to respond](#), please visit our website.

- Go to [www.consultations.sra.org.uk](http://www.consultations.sra.org.uk).
- Select **Legal Services Act: New forms of practice and regulation**.
- Click **How to respond**.
- Alternatively, go to [www.sra.org.uk/consultations/429.article#respond](http://www.sra.org.uk/consultations/429.article#respond).

## Annex - the rules with proposed amendments

### Rule 12 – Framework of practice

#### Introduction

This rule sets out the types of business through which solicitors, RELs, RFLs and recognised bodies may practise ~~under the regulation of the Solicitors Regulation Authority. The restrictions are necessary to ensure that members of the public receiving services from solicitors, RELs and their firms have all the client protections provided under the current statutory framework, and so that the Authority can adequately regulate the firm within its current statutory powers. The guidance signposts the reader to other rules which deal with particular types of business in more detail. The rule restricts the types of business available in order to reflect statutory provisions and to ensure that clients and the public have the protections provided for by statute.~~

### Rule 12 – Framework of practice

#### 12.01 Solicitors

*Practice from an office in England and Wales*

- (1) You may practise as a solicitor from an office in England and Wales in the following ways only:
- ~~(a) as a sole principal;~~
  - ~~(b) as a partner in a partnership consisting of:
    - ~~(i) solicitors, with or without RELs and/or recognised bodies;~~
    - ~~(ii) solicitors and RFLs, with or without RELs;~~
    - ~~(iii) solicitors, RELs and non-registered European lawyers, with or without RFLs; or~~
    - ~~(iv) solicitors, RELs, non-registered European lawyers and recognised bodies~~~~
  - ~~(c) as a director, member or shareowner of a company which is a recognised body;~~
  - ~~(d) as a member of an LLP which is a recognised body;~~
  - ~~(e) in the employment of any firm in which a solicitor or an REL would be permitted to participate under this rule as a sole principal, partner, director, member or shareowner, for practice from an office in England and Wales; or~~
  - ~~(f) in any other employment, provided that you undertake work only for your employer, or as permitted by rule 13 (In-house practice).~~
- (a) as a recognised sole practitioner or the employee of a recognised sole practitioner,
  - (b) as a solicitor exempted under 20.03(2) from the obligation to be a recognised sole practitioner,
  - (c) as a manager, employee, member or owner of
    - (i) a recognised body, or

- (ii) a body corporate which is a manager, member or owner of a recognised body,
- (d) as a manager, employee, member or owner of
  - (i) an authorised non-SRA firm, or
  - (ii) a body corporate which is a manager, member or owner of an authorised non-SRA firm,

provided that all work you do is either of a sort authorised by the firm's approved regulator, or done for the firm itself, or within 13.02 (work colleagues), 13.03 (related bodies) or 13.04 (pro bono work);
- (e) as the employee of another person, business or organisation, provided that you undertake work only for your employer, or as permitted by rule 13 (in-house practice).

~~(2) — You must not, as a solicitor~~

- ~~(a) — be a partner in a partnership which has a separate legal identity, if the partnership has an office in England and Wales; or~~
- ~~(b) — be a director, member or owner of a body corporate which has an office in England and Wales and is not a recognised body, unless you do so as an in-house solicitor.~~

*Practice from an office outside England and Wales*

~~(32)~~ You may practise as a solicitor from an office outside England and Wales in the following ways only:

- ~~(a) as a sole **principal practitioner (including a recognised sole practitioner);**~~
- ~~(b) — as a partner in a partnership consisting of:~~
  - ~~(i) — practising lawyers; and/or~~
  - ~~(ii) — bodies corporate wholly owned and directed by lawyers for the purpose of practising law; and/or~~
  - ~~(iii) — partnerships which have separate legal identity, whose partners are all lawyers;~~
- ~~(c) — as a partner in a partnership consisting of persons under (b) above, together with other persons, provided that:~~
  - ~~(i) — the partnership has no office in England and Wales;~~
  - ~~(ii) — a controlling majority of the partners are persons under (b) above;~~
  - ~~(iii) — the involvement of non-lawyers in the partnership does not put the lawyers in breach of any applicable local rules; and~~
  - ~~(iv) — if the partnership has an office in an Establishment Directive state, the rules applying in that jurisdiction would permit local lawyers to enter into a partnership with similar involvement of non-lawyers;~~
- ~~(d) — as a director or owner of a body corporate wholly owned and directed, for the purpose of practising law, by:~~
  - ~~(i) — practising lawyers; and/or~~
  - ~~(ii) — bodies corporate wholly owned and directed by lawyers for the purpose of practising law; and/or~~



- ~~(iii) — partnerships which have separate legal identity, whose partners are all lawyers;~~
- ~~(e) — as a director or owner of a body corporate wholly owned and directed, for the purpose of practising law, by persons under (d) above, together with other persons, provided that:
 
  - ~~(i) — the body corporate has no office in England and Wales;~~
  - ~~(ii) — a controlling majority of the directors and of the owners are persons under (d) above;~~
  - ~~(iii) — the involvement of non-lawyers in the body corporate does not put the lawyer directors or owners in breach of any applicable local rules; and~~
  - ~~(iv) — if the body corporate has an office in an Establishment Directive state, the rules applying in that jurisdiction would permit local lawyers to practise through a body corporate with similar involvement of non-lawyers;~~~~
- ~~(f) — in the employment of any firm in which a solicitor or an REL would be permitted to participate under this rule as a sole principal, partner, director or owner, for practice as a solicitor from an office outside England and Wales or as a lawyer of an Establishment Directive state from an office in Scotland or Northern Ireland; or~~
- (b) as the employee of a sole principal who is a lawyer;
- (c) as a manager, employee, member or owner of a business which meets all the following conditions:
 
  - (i) the business carries on the practice of law,
  - (ii) a controlling majority of the managers and the owners are lawyers and/or bodies corporate in which lawyers constitute a controlling majority of the managers and owners,
  - (iii) if any manager or owner is subject to the rules for local lawyers, the composition and structure of the business complies with those rules, and
  - (iv) if the office is in an Establishment Directive state, the rules for local lawyers would permit a local lawyer to practise through a business of that composition and structure;
- (d) in any other employment, as the employee of another person, business or organisation, provided that you undertake work only for your employer, or as permitted by 15.13 (In-house practice overseas).

## 12.02 RELs

If you are an REL:

*Practice from an office in England and Wales*

- (1) You may practise as a lawyer of an Establishment Directive state an REL from an office in England and Wales in the following ways only:
  - ~~(a) — as a sole principal;~~
  - ~~(b) — as a partner in a partnership consisting of:
 
    - ~~(i) — RELs, with or without solicitors and/or recognised bodies;~~~~

- ~~(ii) — RELs and RFLs, with or without solicitors;~~
- ~~(iii) — RELs and non-registered European lawyers, with or without solicitors and/or RFLs; or~~
- ~~(iv) — RELs, non-registered European lawyers and recognised bodies, with or without solicitors;~~
- ~~(c) — as a director, member or shareowner of a company which is a recognised body;~~
- ~~(d) — as a member of an LLP which is a recognised body;~~
- ~~(e) — in the employment of any firm in which an REL or a solicitor would be permitted to participate under this rule as a sole principal, partner, director, member or shareowner, for practice from an office in England and Wales; or~~
- ~~(f) — in any other employment, provided that you undertake work only for your employer, or as permitted by rule 13 (in-house practice).~~

(a) as a recognised sole practitioner or the employee of a recognised sole practitioner,

(b) as an REL exempted under 20.03(2) from the obligation to be a recognised sole practitioner,

(c) as a manager, employee, member or owner of

(i) a recognised body, or

(ii) a body corporate which is a manager, member or owner of a recognised body,

(d) as a manager, employee, member or owner of

(i) an authorised non-SRA firm, or

(ii) a body corporate which is a manager, member or owner of an authorised non-SRA firm,

provided that all work you do is either of a sort authorised by the firm's approved regulator, or done for the firm itself, or within 13.02 (work colleagues), 13.03 (related bodies) or 13.04 (pro bono work);

(e) as the employee of another person, business or organisation, provided that you undertake work only for your employer, or as permitted by rule 13 (in-house practice).

~~(2) — You must not, as a lawyer of an Establishment Directive state~~

~~(a) — be a partner in a partnership which has a separate legal identity, if the partnership has an office in England and Wales; or~~

~~(b) — be a director, member or owner of a body corporate which has an office in England and Wales and is not a recognised body, unless you do so as an in-house lawyer.~~

*Practice from an office in Scotland or Northern Ireland*

~~(32)~~ You may practise as ~~a lawyer of an Establishment Directive state~~ an REL from an office in Scotland or Northern Ireland in the following ways only:

(a) as a sole ~~principal~~ practitioner (including a recognised sole practitioner);

~~(b) — as a partner in a partnership consisting of:~~

- (i) ~~practising lawyers; and/or~~
  - (ii) ~~bodies corporate wholly owned and directed by lawyers for the purpose of practising law; and/or~~
  - (iii) ~~partnerships which have separate legal identity, whose partners are all lawyers;~~
- (c) ~~as a partner in a partnership consisting of persons under (b) above, together with other persons, provided that:~~
- (i) ~~the partnership has no office in England and Wales;~~
  - (ii) ~~a controlling majority of the partners are persons under (b) above;~~
  - (iii) ~~the involvement of non-lawyers in the partnership does not put the lawyers in breach of any applicable local rules; and~~
  - (iv) ~~the rules applying in that jurisdiction would permit local lawyers to enter into a partnership with similar involvement of non-lawyers;~~
- (d) ~~as a director or owner of a body corporate wholly owned and directed, for the purpose of practising law, by:~~
- (i) ~~practising lawyers; and/or~~
  - (ii) ~~bodies corporate wholly owned and directed by lawyers for the purpose of practising law; and/or~~
  - (iii) ~~partnerships which have separate legal identity, whose partners are all lawyers;~~
- (e) ~~as a director or owner of a body corporate wholly owned and directed, for the purpose of practising law, by persons under (d) above, together with other persons, provided that:~~
- (i) ~~the body corporate has no office in England and Wales;~~
  - (ii) ~~a controlling majority of the directors and of the owners are persons under (d) above;~~
  - (iii) ~~the involvement of non-lawyers in the body corporate does not put the lawyer directors or owners in breach of any applicable local rules; and~~
  - (iv) ~~the rules applying in that jurisdiction would permit local lawyers to practise through a body corporate with similar involvement of non-lawyers;~~
- (f) ~~in the employment of any firm in which an REL or a solicitor would be permitted to participate under this rule as a sole principal, partner, director, or owner, for practice as a lawyer of an Establishment Directive state from an office in Scotland or Northern Ireland or as a solicitor from an office outside England and Wales; or~~
- (g) ~~in any other employment, provided that you undertake work only as permitted by 15.13 (In-house practice overseas).~~
- (b) as the employee of a sole principal who is a lawyer;
- (c) as a manager, employee, member or owner of a business which meets all the following conditions:
- (i) the business carries on the practice of law,

- (ii) a controlling majority of the managers and the owners are lawyers and/or bodies corporate in which lawyers constitute a controlling majority of the managers and owners, and
- (iii) the professional rules governing a solicitor of that jurisdiction would allow such a solicitor to practise through a business of that composition and structure;
- (d) as the employee of another person, business or organisation, provided that you undertake work only for your employer, or as permitted by 15.13 (in-house practice overseas).

## 12.03 RFLs

### *Practice in the capacity of an RFL*

- (1) ~~In these rules~~ Your practice as a foreign lawyer in the capacity of an RFL is confined to practice as:
- ~~(a) practice as a partner in an MNP which has an office in England and Wales and which consists of:~~
    - ~~(i) solicitors and/or RELs, together with RFLs; or~~
    - ~~(ii) RELs, RFLs and non-registered European lawyers, with or without solicitors;~~
  - ~~(b) practice as a director of a company which is a recognised body; and~~
  - ~~(c) practice as a member of an LLP which is a recognised body,~~
- ~~and if you practise in that capacity you will be subject to these rules and to regulation by the Solicitors Regulation Authority.~~
- (a) the employee of a recognised sole practitioner.
  - (b) a manager, employee, member or owner of
    - (i) a recognised body, or
    - (ii) a body corporate which is a manager, member or owner of a recognised body,
  - (c) a manager, employee, member or owner of
    - (i) an authorised non-SRA firm, or
    - (ii) a body corporate which is a manager, member or owner of an authorised non-SRA firm,

in which case all the work you do must be of a sort authorised by the firm's approved regulator, or done for the firm itself, or within 13.02 (work colleagues), 13.03 (related bodies) or 13.04 (pro bono work).

### *Practice in another capacity than as an RFL*

- (2) If you provide services as a foreign lawyer in any of the following ways in England and Wales or elsewhere, you will not be practising in the capacity of an RFL and you must not be held out or described in that context as an RFL, or as regulated by or registered with the Law Society or the Solicitors Regulation Authority:
- (a) as a sole principal; or
  - ~~(b) as a partner in a partnership in which none of the partners is a solicitor, or an REL as;~~

- ~~(c) as a director of a company, or a member of an LLP, which is not a recognised body; or~~
  - ~~(d) as the employee of a business which is not the practice of a solicitor, an REL or a recognised body,~~
  - (b) as a manager, employee, member or owner of any business or organisation other than a recognised body or an authorised non-SRA firm, or
  - (c) as a manager, employee, member or owner of a body corporate which is a manager, member or owner of any business or organisation other than a recognised body or an authorised non-SRA firm.
- ~~(3) You must not be held out or described as an RFL, or as regulated by or registered with the Law Society or the Solicitors Regulation Authority, in the context of:~~
- ~~(a) employment in the practice of a solicitor, an REL or a recognised body; or~~
  - ~~(b) participation in any firm which operates wholly outside England and Wales.~~
- ~~(4)~~(3) If you have a practice under (1) above, and another business under (2) above, the latter is a "separate business" for the purpose of these rules and you must therefore comply with rule 21 (Separate businesses).

*Scope of practice of an RFL*

- ~~(5) Whether practising in your capacity as an RFL or not, you must not:~~
- ~~(a) undertake work which you are not qualified or entitled to undertake by the law of England and Wales; or~~
  - ~~(b) appear as advocate before any court or tribunal in England and Wales in which you have no right of audience.~~
- (4) Whether or not you are practising in the capacity of an RFL you must not
- (a) be held out in any way which suggests that you are, or are entitled to practise as, a lawyer of England and Wales,
  - (b) undertake the following reserved work in England and Wales:
    - (i) advocacy in open court,
    - (ii) the conduct of court litigation,
    - (iii) the administration of oaths and statutory declarations.
  - (c) undertake advocacy in chambers in England and Wales, except under instructions given by a person qualified to direct reserved work.
  - (d) undertake the following reserved work in England and Wales, except at the direction and under the supervision of a person qualified to direct reserved work:
    - (i) the preparation of court documents,
    - (ii) the preparation of instruments and the lodging of documents relating to the transfer or charge of land,
    - (iii) the preparation of papers on which to found or oppose a grant of probate or a grant of letters of administration,
    - (iv) the preparation of trust deeds disposing of capital.

- (5) If you are not practising in the capacity of an RFL you must not give immigration advice or provide immigration services in the UK unless
- (a) you are entitled under the Immigration and Asylum Act 1999 to do that work in your own right, or
  - (b) you do the work under the supervision of a person who is not a solicitor, an REL or an RFL but is entitled under the Immigration and Asylum Act 1999 to do that work.

#### **12.04 Recognised bodies**

##### *Practice from an office in England and Wales*

- (1) A recognised body may practise from an office in England and Wales in the following ways only:
- (a) as a stand-alone firm;
  - ~~(b) as a body corporate wholly owned by, and providing services in conjunction with:
    - (i) the practice of a solicitor or an REL as a sole principal;
    - (ii) a partnership consisting of:
      - (A) solicitors and/or RELs and/or recognised bodies;
      - (B) solicitors and/or RELs together with RFLs;
      - (C) RELs and non-registered European lawyers, with or without solicitors and/or RFLs; or
      - (D) RELs, non-registered European lawyers and recognised bodies, with or without solicitors;
    - (iii) another recognised body;~~
  - (c) as a partner in a partnership consisting of
    - (i) recognised bodies, with or without solicitors and/or RELs; or
    - (ii) recognised bodies, RELs and non-registered European lawyers, with or without solicitors; or
  - ~~(d) as a member or shareowner of another recognised body.~~
  - (b) as a manager, member or owner of another recognised body, or
  - (c) as a manager, member or owner of an authorised non-SRA firm, in which case the services you provide must all fall within the scope of the firm's authorisation,
  - (d) as an executor, trustee or nominee company, or a company providing company secretarial services, owned and operated by another recognised body or by a recognised sole practitioner.
- (2) ~~A recognised body must not practise as:~~
- ~~(a) a partner in a partnership which has a separate legal identity, if the partnership has an office in England and Wales; or~~
  - ~~(b) a director, member or owner of a body corporate which has an office in England and Wales and is not a recognised body.~~

##### *Practice from an office outside England and Wales by a recognised body incorporated in England and Wales*

- ~~(3) — A recognised body which is incorporated in England and Wales may practise from an office outside England and Wales in the following ways only:~~
- ~~(a) — as a stand-alone firm;~~
  - ~~(b) — as a partner in a partnership consisting of:
    - ~~(i) — practising lawyers; and/or~~
    - ~~(ii) — bodies corporate wholly owned and directed by lawyers for the purpose of practising law; and/or~~
    - ~~(iii) — partnerships which have separate legal identity, whose partners are all lawyers;~~~~
  - ~~(c) — as a partner in a partnership consisting of persons under (b) above together with other persons, provided that:
    - ~~(i) — the partnership has no office in England and Wales;~~
    - ~~(ii) — a controlling majority of the partners are persons under (b) above;~~
    - ~~(iii) — the involvement of non-lawyers in the partnership does not put the lawyers in breach of any applicable local rules; and~~
    - ~~(iv) — if the partnership has an office in an Establishment Directive state, the rules applying in that jurisdiction would permit local lawyers to enter into a partnership with similar involvement of non-lawyers;~~~~
  - ~~(d) — as a member or shareowner of another recognised body;~~
  - ~~(e) — as a director or owner of a body corporate which is wholly owned and directed, for the purpose of practising law, by:
    - ~~(i) — practising lawyers; and/or~~
    - ~~(ii) — bodies corporate wholly owned and directed by lawyers for the purpose of practising law; and/or~~
    - ~~(iii) — partnerships which have separate legal identity, whose partners are all lawyers; or~~~~
  - ~~(f) — as a director or owner of a body corporate wholly owned and directed, for the purpose of practising law, by persons under (e) above, together with other persons, provided that:
    - ~~(i) — the body corporate has no office in England and Wales;~~
    - ~~(ii) — a controlling majority of the directors and of the owners are persons under (e) above;~~
    - ~~(iii) — the involvement of non-lawyers in the body corporate does not put the lawyer directors or owners in breach of any applicable local rules; and~~
    - ~~(iv) — if the body corporate has an office in an Establishment Directive state, the rules applying in that jurisdiction would permit local lawyers to practise through a body corporate with similar involvement of non-lawyers.~~~~

*Practice from an office outside England and Wales by a recognised body incorporated outside England and Wales*



- ~~(4) (a) In relation to practice from an office outside England and Wales, a recognised body incorporated outside England and Wales is not subject to these rules except as specified in this paragraph.~~
- ~~(b) The recognised body is subject to:~~
- ~~(i) this paragraph;~~
  - ~~(ii) 1.06 (Public confidence);~~
  - ~~(iii) rule 14 (Incorporated practice); and~~
  - ~~(iv) rule 15 (Overseas practice), but only to the extent that rule 15 specifically applies any provision of these rules to a recognised body incorporated outside England and Wales.~~
- ~~(c) If a provision of these rules does not apply to a recognised body incorporated outside England and Wales, 14.01(4) will not apply to a director, member or shareowner of the recognised body or a person employed to work in the practice of the recognised body, in relation to that rule.~~

#### Practice from an office outside England and Wales

(2) A recognised body may practise from an office outside England and Wales in the following ways only:

- (a) as a stand-alone firm.
- (b) as a manager, member or owner of a business which meets all the following conditions:
  - (i) the business carries on the practice of law.
  - (ii) a controlling majority of the managers and the owners are lawyers and/or bodies corporate in which lawyers constitute a controlling majority of the managers and owners,
  - (iii) if any manager or owner is subject to the rules for local lawyers, the composition and structure of the business complies with those rules, and
  - (iv) if the office is in an Establishment Directive state, the rules for local lawyers would permit a local lawyer to practise through a business of that composition and structure;
- (d) as an executor, trustee or nominee company, or a company providing company secretarial services, owned and operated by another recognised body or by a recognised sole practitioner.

#### **12.05 Managers and employees authorised by another approved regulator**

##### **Definition of "lawyer" in this rule**

In this rule, "lawyer" means a member, and entitled to practise as such, of:

- ~~(a) a legal profession covered by the Establishment Directive, including a solicitor and a barrister of England and Wales; or~~
- ~~(b) a legal profession not covered by the Establishment Directive, but excluding a lawyer whose registration under section 89 of the Courts and Legal Services Act 1990 is suspended or whose name has been struck off the register.~~

- (1) If you are a manager or employee of a recognised body or an employee of a recognised sole practitioner and you are not a solicitor but you are a lawyer of England and Wales, you must not
- (a) be held out in any way which suggests that you are, or are entitled to practise as, a solicitor;
  - (b) undertake the following reserved work in England and Wales, unless authorised by your approved regulator to do so:
    - (i) advocacy in open court,
    - (ii) the conduct of court litigation,
    - (iii) the administration of oaths and statutory declarations;
  - (c) undertake advocacy in chambers in England and Wales, unless authorised by your approved regulator or acting under instructions given by a person qualified to direct reserved work;
  - (d) undertake the following reserved work in England and Wales, unless authorised by your approved regulator or acting under the supervision of a person qualified to direct reserved work:
    - (i) the preparation of court documents,
    - (ii) the preparation of instruments and the lodging of documents relating to the transfer or charge of land,
    - (iii) the preparation of papers on which to found or oppose a grant of probate or a grant of letters of administration,
    - (iv) the preparation of trust deeds disposing of capital;
  - (e) (i) undertake the conduct of immigration tribunal proceedings in the UK or advocacy before an immigration tribunal in the UK unless you are authorised by your approved regulator or the Immigration Services Commissioner to do that work;
    - (ii) prepare documents in the UK for immigration tribunal proceedings unless you are authorised by your approved regulator or the Immigration Services Commissioner to do that work or acting under the supervision of a person qualified to direct reserved work; or
  - (f) give immigration advice or undertake immigration services in the UK which are not within (b) to (e) above, unless you are authorised by your approved regulator or the Immigration Services Commissioner to do that work, or acting under the supervision of an individual working in the firm who is authorised under statute to do that work.

#### **12.06 Managers and employees who are not lawyers**

- (1) If you are a manager or employee of a recognised body or an employee of a recognised sole practitioner and you are not a lawyer of England and Wales, an RFL, or a lawyer of an Establishment Directive state, you must not
- (a) be held out in any way which suggests that you are, or are entitled to practise as, a lawyer of England and Wales,
  - (b) undertake the following reserved work in England and Wales:
    - (i) advocacy in open court,
    - (ii) the conduct of court litigation,

- (iii) the administration of oaths and statutory declarations.
- (c) undertake advocacy in chambers in England and Wales, except under instructions given by a person qualified to direct reserved work.
- (d) undertake the following reserved work in England and Wales, except at the direction and under the supervision of a person qualified to direct reserved work:
  - (i) the preparation of court documents.
  - (ii) the preparation of instruments and the lodging of documents relating to the transfer or charge of land.
  - (iii) the preparation of papers on which to found or oppose a grant of probate or a grant of letters of administration.
  - (iv) the preparation of trust deeds disposing of capital.
- (e) (i) undertake the conduct of immigration tribunal proceedings in the UK or advocacy before an immigration tribunal in the UK unless you are authorised by the Immigration Services Commissioner to do that work;
  - (ii) prepare documents in the UK for immigration tribunal proceedings unless you are authorised by the Immigration Services Commissioner to do that work, or acting under the supervision of a person qualified to direct reserved work; or
- (f) give immigration advice or undertake immigration services in the UK which are not within (b) to (e) above, unless you are authorised by the Immigration Services Commissioner to do that work or you do the work under the supervision of an individual working in the firm who is authorised under statute to do that work.

## Rule 13 In-house practice, etc.

### Introduction

~~If you are a solicitor or an REL you may practise from an office in England and Wales as the employee of a non-lawyer's business which is not the practice of a solicitor, an REL or a recognised body, (rule 12 – Framework of practice)~~ Rule 12 (Framework of practice) allows a solicitor or an REL to practise in-house from an office in England and Wales as the employee of a business which is not a recognised sole practitioner, recognised body or authorised non-SRA firm, but subject to restrictions. The solicitor or REL may act only for the employer or in the circumstances set out in rule 13.

Rule 12 also provides that a solicitor, REL or RFL in an authorised non-SRA firm may do work which falls outside the firm's authorisation, but only if acting for the firm or within 13.02 (work colleagues), 13.03 (related bodies) or 13.04 (pro bono work). The rule, except for 13.04, does not apply to your overseas practice, but you must comply with 15.13 (In-house practice).

### Rule 13 – In-house practice, etc.

#### 13.01 Conditions applying at all times

- (1) (a) You must not, as an in-house solicitor or REL, act for a client other than your employer under 13.02 to 13.12 if to do so would compromise:
- (a)(i) your professional independence or integrity;
  - (b)(ii) your duty to act in the best interests of that client;
  - (c)(iii) your duty to comply with rule 3 (Conflict of interests);
  - (d)(iv) your duty to keep information about that client's affairs confidential from your employer (unless the other client consents to disclosure, or you are acting under 13.11 as the employee of a foreign law firm); or
  - (e)(v) your ability to discharge any other duty owed to that client under these rules.
- ~~(2)(b)(a)(i)~~ In order to act for a client other than your employer under 13.04, 13.07, 13.09 and 13.11, you must have professional indemnity insurance cover.
- ~~(b)(ii)~~ In all other cases you must consider whether your employer has appropriate indemnity insurance or funds to meet any award made as a result of a claim in professional negligence against you, for which your employer might be vicariously liable. If not, you must inform the client in writing that you are not covered by the compulsory insurance scheme.
- (2) If you are a solicitor, REL or RFL in an authorised non-SRA firm, you must comply with this rule as if you were an in-house solicitor or REL when, as
- (a) a manager or employee, or
  - (b) a manager or employee of a body which is a manager of the firm,
- you do work of a type which is outside the scope of the firm's authorisation in accordance with rule 12, either for the firm itself or within 13.02 (work colleagues), 13.03 (related bodies) or 13.04 (pro bono work):

### 13.02 Fellow employees Work colleagues

- (1) Subject to the provisos in 13.02(2) below, you may act for a person who is, or was formerly:
  - (a) ~~a fellow~~ an employee, a manager, the company secretary, a board member or a trustee of the employer or authorised non-SRA firm;
  - ~~(b)—a director, the company secretary a board member or (if the employer is an LLP) a member of your employer; a~~
  - ~~(c)~~ an employee, ~~a director~~ a manager, the company secretary, a board member or a trustee ~~or (if the related body is an LLP) a member of a related body of the employer (within the meaning of 13.03(1) or 13.08(c) below)~~ of the employer or authorised non-SRA firm; or
  - ~~(d)~~ a contributor to a programme or periodical publication, broadcast or published by ~~your~~ the employer (or by a related body within the meaning of 13.03(1) or 13.08(c)) below, but only where the contributor is a defendant or potential defendant in a defamation case.
- (2) You may act under (1) above only if:
  - (a) the matter relates to or arises out of the work of the employee, ~~director~~ manager, company secretary, board member, trustee, ~~member~~ or contributor in that capacity;
  - (b) the matter does not relate to a claim arising as a result of a personal injury to the employee, ~~director~~ manager, company secretary, board member, trustee, ~~member~~ or contributor;
  - (c) you are satisfied that the employee, ~~director~~ manager, company secretary, board member, trustee, ~~member~~ or contributor does not wish to instruct some other lawyer ~~or qualified conveyancer~~; and
  - (d) no charge is made for your work unless those costs are recoverable from another source.
- (3) Where acting in a conveyancing transaction under (1)(a) to (c) above you may also act for a joint owner/buyer and for a mortgagee.

### 13.03 Related bodies

- (1) You may act for:
  - (a) the employer's, or authorised non-SRA firm's, holding, associated or subsidiary company;
  - (b) a partnership, syndicate, LLP or company by way of joint venture in which the employer, or authorised non-SRA firm, and others have an interest;
  - (c) a trade association of which the employer, or authorised non-SRA firm, is a member; or
  - (d) a club, association, pension fund or other scheme operated for the benefit of employees of the employer, or the employees or managers of the authorised non-SRA firm.
- (2) If you are employed in local government, (1)(a) and (b) above do not apply.
- (3) For the purpose of 13.04 to 13.07 references to your employer or authorised non-SRA firm include related bodies of ~~your~~ the employer or authorised non-SRA firm as set out in (1) above, and "employment" and "employed" must be construed accordingly.

### **13.04 Pro bono work**

- (1) You may, in the course of your **employment practice**, conduct work on a pro bono basis for a client other than your employer or authorised non-SRA firm provided:
  - (a) the work is covered by an indemnity reasonably equivalent to that required under the Solicitors' Indemnity Insurance Rules; and
  - (b) either:
    - (i) no fees are charged; or
    - (ii) a conditional fee agreement is used and the only fees charged are those which you receive by way of costs from your client's opponent or other third party and pay to a charity under a fee sharing agreement.
- (2) (1) above does not permit you to conduct work on a pro bono basis in conjunction with services provided by your employer under 13.05 (Associations), 13.06 (Insurers), 13.07 (Commercial legal advice services) or 13.11 (Lawyers of other jurisdictions).

### **13.05 Associations**

If you are employed by an association you may act for a member provided:

- (a) the membership of the association is limited to persons engaged or concerned in a particular trade, occupation or activity or otherwise having a community of interest;
- (b) the association is one formed bona fide for the benefit of its members and not formed directly or indirectly for your benefit or primarily for securing assistance in legal proceedings; and
- (c) there is no charge to the member in non-contentious matters, and in contentious matters the association indemnifies the member in relation to your costs and disbursements insofar as they are not recoverable from any other source.

### **13.06 Insurers**

- (1) If you are employed by an insurer subrogated to the rights of an insured in respect of any matter you may act on behalf of the insurer in relation to that matter in the name of the insured, and also:
  - (a) act on behalf of the insured in relation to uninsured losses in respect of the matter;
  - (b) act in proceedings both for the insured and for a defendant covered by another insurer where the insurers have agreed an apportionment of liability; and/or
  - (c) act in the matter on behalf of the employer and another insurer in the joint prosecution of a claim.
- (2) If you are employed by a legal expenses insurer you may, provided that the insured has given specific consent, act for an insured in any proceedings which are covered by the legal expenses insurance policy, provided that the proceedings do not include:
  - (a) a personal injury claim (whether made by or for the insured); or
  - (b) a civil claim for damages which:

- (i) exceeds the small claims limit from time to time in operation in the county court; and/or
- (ii) is allocated or re-allocated to the fast track or the multi-track.

### **13.07 Commercial legal advice services**

If you are employed by a commercial organisation providing a telephone legal advice service you may advise enquirers, provided:

- (a) the advice comprises telephone advice only, together with a follow up letter to the enquirer when necessary; and
- (b) you are satisfied that there is indemnity cover reasonably equivalent to that required under the Solicitors' Indemnity Insurance Rules.

### **13.08 Local government**

If you are employed in local government you may act:

- (a) for another organisation or person to which or to whom the employer is statutorily empowered to provide legal services, subject to the conditions in (b) to (g) below;
- (b) for a member or former member of the local authority, provided that:
  - (i) the matter relates to or arises out of the work of the member in that capacity;
  - (ii) the matter does not relate to a claim arising as a result of a personal injury to the member;
  - (iii) you are satisfied that the member does not wish to instruct some other lawyer; and
  - (iv) no charge is made for your work unless those costs are recoverable from some other source;
- (c) for a company limited by shares or guarantee of which:
  - (i) the employer or nominee of the employer is a shareholder or guarantor; or
  - (ii) you are, or an officer of the employer is, appointed by the employer as an officer of the company,provided the employer is acting in pursuance of its statutory powers;
- (d) for lenders in connection with new mortgages arising from the redemption of mortgages to the local authority, provided:
  - (i) neither you nor any other employee acts on behalf of the borrowers; and
  - (ii) the borrowers are given the opportunity to be independently advised by a qualified conveyancer of their choice;
- (e) for a charity or voluntary organisation whose objects relate wholly or partly to the employer's area, provided that there is no charge to the charity or voluntary organisation in non-contentious matters, and in contentious matters the employer indemnifies the charity or voluntary organisation in relation to your costs in so far as they are not recoverable from any other source;



- (f) for a patient who is the subject of a Court of Protection Order where you are acting for a fellow employee (under 13.02 above) who is appointed as receiver for the patient; or
- (g) for a child or young person subject to a Care Order in favour of the employer on an application to the Criminal Injuries Compensation Authority.

### **13.09 Law centres, charities and other non-commercial advice services**

- (1) If you are employed by a law centre or advice service operated by a charitable or similar non-commercial organisation you may give advice to and otherwise act for members of the public, provided:
  - (a) no funding agent has majority representation on the body responsible for the management of the service, and that body remains independent of central and local government;
  - (b) no fees are charged save:
    - (i) where the client is publicly funded; or
    - (ii) where the organisation indemnifies the client in relation to your costs in so far as they are not recoverable from any other source;
  - (c) all fees you earn and costs you recover are paid to the organisation for furthering the provision of the organisation's services;
  - (d) the organisation is not described as a law centre unless it is a member of the Law Centres Federation; and
  - (e) the organisation effects indemnity cover reasonably equivalent to that required under the Solicitors' Indemnity Insurance Rules.
- (2) (1) above does not apply to an association formed for the benefit of its members.

### **13.10 The Crown, non-departmental public bodies, and the Legal Services Commission**

If you are employed by the Crown, a non-departmental public body, or the Legal Services Commission (or any body established or maintained by the Legal Services Commission), you may give legal advice to, and act for, other persons if in doing so you are carrying out the lawful functions of the employer.

### **13.11 Foreign law firms ~~Lawyers of other jurisdictions~~**

- (1) You may provide legal services to your employer's clients, subject to the conditions set out in (2) below, if you are a solicitor or an REL employed by:
  - (a) a practising lawyer of another jurisdiction who:
    - (i) is not struck off or suspended from the register of foreign lawyers or the register of European lawyers; and
    - (ii) is not practising in that context as a solicitor or as an REL; or
  - (b) a business ~~(including a body corporate)~~ whose ~~principals (or owners and directors)~~ managers and owners are all practising through that business as lawyers of jurisdictions other than England and Wales, ~~but and~~ do not include any ~~principal, owner or director~~ person who:
    - (i) is struck off or suspended from the register of foreign lawyers or the register of European lawyers; or

(ii) is practising through or in the context of that business as a solicitor or as an REL.

- (2) You must meet the following conditions if acting for anyone other than your employer.
- (a) Even if you are qualified to do such work for your employer, you must not do, or supervise or assume responsibility for doing any of the following:
    - (i) drawing or preparing any instrument or papers, or making any application or lodging any document relating to litigation reserved to qualified persons by the Solicitors Act 1974;
    - (ii) exercising any right of audience, or right to conduct litigation, ~~for which a solicitor would have to rely on his or her qualification as a solicitor~~ before a court or immigration tribunal, or
    - (iii) providing any immigration advice or immigration services, unless the employer, or a senior fellow employee, is registered with the Immigration Services Commissioner.
  - (b) You must ensure that the work is covered by professional indemnity insurance reasonably equivalent to that required under the Solicitors' Indemnity Insurance Rules.
  - (c) You must inform your client that your employer is not regulated by the Solicitors Regulation Authority and that the Authority's compulsory insurance scheme does not apply; and either give or confirm this information in writing, if you are a solicitor, and you are held out to a client as a solicitor (or as an English or Welsh lawyer) in connection with work you are doing for that client.
  - (d) You must ensure that if you are identified on the notepaper as a solicitor (or as an English or Welsh lawyer) the notepaper also states that your employer is not regulated by the Solicitors Regulation Authority.
- (3) (2)(c) and (d) above should also be read as referring to an REL being held out or identified as a lawyer, or under the REL's home title.

### **13.12 Regulatory bodies**

If you are employed by a regulatory body you may in carrying out the function of the employer give legal advice to other persons and in the case of statutory functions may act generally for such persons.

## Rule 14 – ~~Incorporated practice~~ Recognised bodies

### Introduction

~~Under the Solicitors Act 1974, a body corporate – that is, a company or an LLP – may not carry on the practice of a solicitor unless it is a recognised body. A solicitor or an REL may only practise from an office in England and Wales through a body corporate if it is a recognised body.~~

~~Rule 14 sets out the requirements which apply specifically to a recognised body and its members, directors, shareowners and employees. There are provisions which exclude non-lawyers from being directors, members or shareowners of a recognised body. These are necessary because section 9 of the Administration of Justice Act 1985 restricts the management and control of recognised bodies to lawyers.~~

Under rule 12 (Framework of practice) solicitors and RELs must not provide services to the public in England and Wales except through a firm which is a recognised body or a recognised sole practitioner (both regulated by the Solicitors Regulation Authority) or through an authorised non-SRA firm (regulated by another approved regulator). Rule 14 governs the composition and structure of a recognised body and the services a recognised body may provide, and is to large extent based on the requirements of sections 9 and 9A of the Administration of Justice Act 1985.

## Rule 14 – ~~Incorporated practice~~ Recognised bodies

### 14.01 Fundamental requirements for all recognised bodies

#### Services requirement

- (1) The business of a recognised body may consist only of the provision of:
- (a) professional services of the sort provided by individuals practising as solicitors and/or lawyers of other jurisdictions, and
  - (b) professional services of the sort provided by notaries public, but only if a notary public is a manager or employee of a recognised body.
- but this does not prevent a recognised body providing services within 21.03, or having an ownership interest in a company which is a separate business.

#### Relevant lawyer requirement

- (2) (a) At all times at least one manager of a recognised body must be
- (i) a solicitor with a current practising certificate,
  - (ii) an REL, or
  - (iii) (in the case of a partnership or LLP) a qualifying body as defined in rule 24.
- (b) If an event which could not reasonably have been foreseen would put a recognised body in breach of the relevant lawyer requirement but within 28 days the situation is remedied, the recognised body will be deemed to have remained in compliance with the relevant lawyer requirement and to that extent will not be liable to have its recognition revoked under regulation 9(b) of the Solicitors' Recognised Bodies Regulations.
- (c) If the only, or last remaining, solicitor or REL whose role in the body ensures compliance with the relevant lawyer requirement:
- (i) is committed to prison in civil or criminal proceedings;

- (ii) becomes and continues to be unable to attend to the practice of the body because of incapacity caused by illness, accident or age;
- (iii) becomes and continues to be a person who lacks capacity under Part 1 of the Mental Capacity Act 2005;
- (iv) abandons the practice of the body; or
- (v) is made subject to a condition on his or her practising certificate or registration which would be breached by continuing to fulfil the role of relevant lawyer within the body,

the body must immediately inform the Solicitors Regulation Authority and must within 28 days either ensure that the body can fulfil the relevant lawyer requirement without reference to that person, or cease to practise.

Management requirement

- (3) (a) (i) At least 75% of the body's managers must be
  - (A) individuals who are, and are entitled to practise as, lawyers of England and Wales, lawyers of Establishment Directive states or RFLs, or
  - (B) (if the body is a partnership or LLP) qualifying bodies, or bodies which would be qualifying bodies except that they have no solicitor or REL as a manager, and:
- (ii) at least 75% of the voting rights in the body must be exercisable by or controlled by persons within (i)(A) or (B) above, and
- (iii) if the body has shares, such persons must hold at least 75% of the shares.
- (b) If an event which could not reasonably have been foreseen would put a recognised body in breach of the management requirement but within 28 days the situation is remedied, the recognised body will be deemed to have remained in compliance with the management requirement and to that extent will not be liable to have its recognition revoked under regulation 9(b) of the Solicitors' Recognised Bodies Regulations.
- (c) If the only, or last remaining, solicitor, REL whose role in the body ensures compliance with the management requirement:
  - (i) is committed to prison in civil or criminal proceedings;
  - (ii) becomes and continues to be unable to attend to the practice of the body because of incapacity caused by illness, accident or age;
  - (iii) becomes and continues to be a person who lacks capacity under Part 1 of the Mental Capacity Act 2005;
  - (iv) abandons the practice of the body; or
  - (v) is made subject to a condition on his or her practising certificate or registration which would be breached by continuing to fulfil that role,

the body must immediately inform the Solicitors Regulation Authority and must within 28 days either ensure that the body can fulfil the management requirement without reference to that person, or cease to practise.

## **14.012 General Duties in relation to compliance**

### *Compliance duties*

- (1) (a) A recognised body and its managers and employees must comply with rule 14.
  - ~~(b) A recognised body must: (a) — comply with rule 14; and (b) — so far as possible ensure that its directors, members and shareowners managers, members and owners comply with 14.03, 14.04 and 14.05 rule 14.~~
- (2) A ~~director~~ manager of a recognised body ~~which is a company-~~
  - (a) must so far as possible ensure that the body complies with rule 14;
  - (b) must ensure that the body complies with any condition imposed on its recognition; and
  - (c) must not cause, instigate or connive at any breach of these rules by the recognised body or any of its managers or employees.
- ~~(3) A member of a recognised body which is an LLP must take all reasonable steps to ensure that the body complies with rule 14.~~
- (3) A solicitor, REL or RFL who is a member of, or the owner of a share in, a recognised body which is a company must not cause, instigate or connive at any breach of these rules by the recognised body or any of its managers or employees.
- (4) A ~~director, member or shareowner of a recognised body and a~~ person employed to work in the practice of a recognised body must not cause, instigate or connive at any breach of these rules.
- (5) The partners in a recognised body which is a partnership are responsible not only as managers but also, jointly and severally, as the recognised body.

### *Mental Health Act equivalents*

- ~~(5) — In rule 14, references to a "patient" as defined by section 94 of the Mental Health Act 1983, a person made the subject of emergency powers, and a receiver appointed under that Act include equivalents in other Establishment Directive states.~~
- (4) The partners in a recognised body which is a partnership are responsible not only as managers but also, jointly and severally, as the recognised body.

## **14.02 Scope of practice**

### *General business of a recognised body*

- ~~(1) — The business of a recognised body may consist only of professional services of the sort provided by individuals practising as solicitors and/or lawyers of other jurisdictions.~~

## **14.03 Formation, office in England and Wales and registered office**

### *Law of formation*

- (1) (a) A recognised body which is a partnership may be formed under the law of any country and may be a legal person.
  - (b) A recognised body which is an LLP must be incorporated and registered in England and Wales or in Scotland under the Limited Liability Partnerships Act 2000.

- (c) A recognised body which is a company must be
  - (i) incorporated and registered in England and Wales or in Scotland under Part I of the Companies Act 1985
  - (ii) incorporated in an Establishment Directive state and registered as an oversea company under Part I of the Companies Act 1985, or
  - (iii) incorporated and registered in an Establishment Directive state as a *societas Europaea*.

*Practising address in England and Wales*

- (2) A recognised body must have at least one practising address in England and Wales.

*Registered office of a company or LLP*

- (3) A recognised body must have its registered office at a practising address in England and Wales if the recognised body is registered in England and Wales:
  - (a) under Part I of the Companies Act 1985;
  - (b) under the Limited Liability Partnerships Act 2000; or
  - (c) as a *societas Europaea*.

*Conveyancing and probate*

- ~~(2) — A recognised body must not undertake any work which includes a conveyancing or probate service reserved to qualified persons by the Solicitors Act 1974, unless:~~
  - ~~(a) — if the recognised body is a company, at least one director is a solicitor with a practising certificate or an REL qualified to provide that service under regulation 12 or 13 of the European Communities (Lawyer's Practice) Regulations 2000 (SI 2000/1119); and, if the company is a *societas Europaea* with a two-tier system, at least one member of both the management organ and the supervisory organ is such a person; or~~
  - ~~(b) — if the recognised body is an LLP, at least one member is a solicitor with a practising certificate, an REL qualified to provide that service under regulation 12 or 13 of the European Communities (Lawyer's Practice) Regulations 2000 (SI 2000/1119), or a recognised body qualified to undertake the work under (a) above.~~

**14.04 Recognised bodies which are partnerships**

*Who may be a partner*

- (1) Provided that the fundamental requirements for all recognised bodies set out in 14.01 are met, a recognised body which is a partnership may have all or any of the following as a partner:
  - (a) a lawyer of England and Wales (including a solicitor with a current practising certificate),
  - (b) an REL,
  - (c) an RFL,
  - (d) a non-registered European lawyer,
  - (e) an individual approved under regulation 3 of the Recognised Bodies Regulations,

- (f) a qualifying body as defined in rule 24 (including another recognised body),
- (g) a body which would be qualifying body except that it has no solicitor or REL as a manager.

*Change to the composition of the partnership*

- (2) Recognition may continue despite a change in the composition of a recognised body which is a partnership, subject to (3) to (5) below.
- (3) (a) A recognised body must cease to practise from the date of any failure to comply with 14.01(2)(a) or (b) (relevant lawyer requirement), and with 14.01(3)(a) or (b) (management requirement) which results from the change.
  - (b) A recognised body must cease to practise from the date of any change which results in there being no remaining partner who was a partner before the change, and the 28 day period under 14.01(2) (b) and 14.01(3)(b) does not apply.
- (4) If a partnership change which could not reasonably have been foreseen results in there being only one remaining principal, and that principal is a solicitor, REL or qualifying body, the firm need not cease to practise provided that all the following conditions are met:
  - (a) the Solicitors Regulation Authority is notified forthwith and grants the remaining principal emergency temporary recognition;
  - (b) within 28 days from the date of the change the firm either ceases to practise or an application is made for the firm to be recognised as a recognised sole practitioner or as a recognised body.
- (5) Emergency temporary recognition may be granted for an initial period of 28 days and may be extended pending determination of an application for recognition under (4)(b) above, but the grant or extension of an emergency temporary recognition is without prejudice to the discretion of the Solicitors Regulation Authority to refuse an application under (4)(b) above.

*Partnership splitting into two or more firms*

- (6) Subject to (7) to (9) below, if a recognised body which is a partnership splits so that there will be a new partnership or sole practice in addition to the continuing recognised body:
  - (a) any such new partnership must, before commencing practice, obtain recognition as a recognised body, and
  - (b) any such new sole practitioner must, before commencing practice, obtain recognition as a recognised sole practitioner.
- (7) If two or more groups of partners cannot agree, following a split, which group will carry on the practice of the existing recognised body and which must apply for recognition, the Solicitors Regulation Authority may determine the issue and may apportion recognition fees and Compensation Fund contributions between the groups.
- (8) A new partnership or sole practice brought into being as a result of a partnership split may practise from the date of the split provided that the following conditions are met:



- (a) the Solicitors Regulation Authority is notified forthwith and grants the new partnership or sole practice emergency temporary recognition, and
  - (b) within 28 days from the date of the partnership split the new partnership or sole practitioner either ceases to practise or makes an application for recognition as a recognised body or as a recognised sole practitioner.
- (9) Emergency temporary recognition under (8)(a) above may be granted for an initial period of 28 days and may be extended pending determination of an application for recognition under (8)(b) above, but the grant or extension of an emergency temporary recognition is without prejudice to the discretion of the Solicitors Regulation Authority to refuse an application under (8)(b) above.

Only one active partner remaining

- (10) If a partner in the body:
- (a) is committed to prison in civil or criminal proceedings;
  - (b) becomes and continues to be unable to attend to the practice of the body because of incapacity caused by illness, accident or age;
  - (c) becomes and continues to be a person who lacks capacity under Part 1 of the Mental Capacity Act 2005;
  - (d) abandons the practice of the body; or
  - (e) is made subject to a condition on his or her practising certificate or registration which would be breached by continuing as a partner,
- and this results in there being only one active partner, that partner must immediately inform the Solicitors Regulation Authority.

Prohibition on creating third party interests

- (11) A partner in a partnership must not create any charge or other third party interest over his or her interest in the partnership.

**14.05 Members of an Recognised bodies which are LLPs**

*Persons who may be members*

- ~~(1) — A recognised body which is an LLP must ensure that all the members are:~~
- ~~(a) — solicitors with practising certificates;~~
  - ~~(b) — REL s;~~
  - ~~(c) — RFLs;~~
  - ~~(d) — non-registered European lawyers;~~
  - ~~(e) — recognised bodies; and/or~~
  - ~~(f) — European corporate practices.~~

Who may be a member

- (1) Provided that the fundamental requirements for all recognised bodies set out in 14.01 are met, a recognised body which is an LLP may have all or any of the following as a member:
- (a) a lawyer of England and Wales (including a solicitor with a current practising certificate),
  - (b) an REL,

- (c) an RFL,
- (d) a non-registered European lawyer,
- (e) an individual approved under regulation 3 of the Recognised Bodies Regulations,
- (f) a qualifying body as defined in rule 24 (including another recognised body),
- (g) a body which would be qualifying body except that it has no solicitor or REL as a manager.

*Minimum number of members*

- (2) (a) A recognised body which is an LLP must have at least two members.
  - (b) If ~~a death~~ an event which could not reasonably have been foreseen results in an LLP having fewer than two members, but ~~a person within (1) above becomes a member~~ within six months, the situation is remedied, the LLP it will be deemed to have remained in compliance with (a) above and to that extent will not be liable to have its recognition revoked under regulation ~~7.19~~ (b) of the Solicitors' Recognised Bodies Regulations.
- ~~(3) (a) A recognised body which is an LLP must have at least one member who is:~~
- ~~(i) a solicitor with a practising certificate;~~
  - ~~(ii) an REL ;~~
  - ~~(iii) a recognised body which is a company with a director who is a solicitor with a practising certificate or an REL ; or~~
  - ~~(iv) a recognised body which is an LLP with a member who is a solicitor with a practising certificate or an REL .~~
- ~~(b) ————— If a member dies and this would put the company in breach of (a) above, but a person within (a) above becomes a member within 14 days, the LLP will be deemed to have remained in compliance with (a) above as to membership, and to that extent will not be liable to have its recognition revoked under regulation 7.1(b) of the Solicitors' Recognised Bodies Regulations.~~

*Member incapacitated, abandoning the practice, etc.*

- ~~(4) If the last remaining solicitor or REL within (3)(a) above:~~
- ~~(a) is committed to prison in civil or criminal proceedings;~~
  - ~~(b) becomes and continues to be unable to attend to the practice of the LLP because of incapacity caused by illness, accident or age;~~
  - ~~(c) becomes and continues to be a "patient" as defined by section 94 of the Mental Health Act 1983 or is made the subject of powers exercised under section 98 of that Act and continues to be subject to those powers;~~
  - ~~(d) abandons the practice of the LLP ; or~~
  - ~~(e) the member's practising certificate or registration (or director's, as the case may be) is made subject to a condition which would be breached by continuing as a member or director,~~
- ~~the LLP must ensure that an additional or replacement solicitor with a practising certificate or REL within (3)(a) above is in place within 14 days.~~

*Prohibition on creating third party interests*

~~(5)(3)~~ A member must not create any charge or other third party interest over the member's interest in the LLP .

**14.03 Directors of a company** **14.06 Recognised bodies which are companies**

*Persons who may be directors*

~~(1)~~—A recognised body which is a company must ensure that at all times:

- ~~(a)~~—all the directors are solicitors with practising certificates, REL s, RFL s and/or non-registered European lawyers; and
- ~~(b)~~—at least one director is a solicitor with a practising certificate or an REL, and, if the company is a *societas Europaea* with a two-tier system, at least one member of both the management organ and the supervisory organ is a solicitor with a practising certificate or an REL.

*Death of director*

~~(2)~~—If a director dies and this would put a company in breach of ~~(1)(b)~~ above, the company must ensure that a director who is a solicitor with a practising certificate or an REL is appointed within 14 days. If this is done the company will be deemed to have remained in compliance with ~~(1)(b)~~ above, and to that extent will not be liable to have its recognition revoked under regulation 7.1(b) of the Solicitors' Recognised Bodies Regulations.

*Who may be a director*

(1) Provided that the fundamental requirements for all recognised bodies set out in 14.01 are met, a recognised body which is a company may have all or any of the following as a director:

- (a) a lawyer of England and Wales (including a solicitor with a current practising certificate),
- (b) an REL,
- (c) an RFL,
- (d) a non-registered European lawyer,
- (e) an individual approved under regulation 3 of the Recognised Bodies Regulations,

*Director incapacitated, abandoning the practice, etc.*

~~(3)~~—If the company's only, or last remaining, director who is a solicitor with a practising certificate or an REL or, if the company is a *societas Europaea* with a two-tier system, the only or last remaining member of either the management organ or the supervisory organ who is a solicitor with a practising certificate or an REL:

- ~~(a)~~—is committed to prison in civil or criminal proceedings;
- ~~(b)~~—becomes and continues to be unable to attend to the practice of the company because of incapacity caused by illness, accident or age;
- ~~(c)~~—becomes and continues to be a "patient" as defined by section 94 of the Mental Health Act 1983 or is made the subject of powers exercised under section 98 of that Act and continues to be subject to those powers;
- ~~(d)~~—abandons the practice of the company; or

~~(e) — the director's practising certificate or registration is made subject to a condition which would be breached by continuing as a director, the company must ensure that an additional or replacement director who is a solicitor with a practising certificate or an REL is appointed within 14 days.~~

#### **14.04 Members and shareowners of a company**

##### *Persons who may be members or shareowners*

~~(1) — A recognised body which is a company must ensure that all members and all shareowners are:~~

~~(a) — solicitors with practising certificates;~~

~~(b) — REL s;~~

~~(c) — RFL s;~~

~~(d) — non-registered European lawyers;~~

~~(e) — recognised bodies; and/or~~

~~(f) — European corporate practices.~~

~~(2) — A recognised body which is a company with shares must have at least one shareowner who is a solicitor with a practising certificate, an REL, a recognised body, or a European corporate practice which is at least partly owned by a solicitor with a practising certificate or an REL.~~

~~(3) — A recognised body which is a company without shares must have at least one member who is a solicitor with a practising certificate, an REL, a recognised body, or a European corporate practice which is at least partly owned by a solicitor with a practising certificate or an REL.~~

##### Who may be a member or shareowner

(2) Provided that the fundamental requirements for all recognised bodies set out in 14.01 are met, a recognised body which is a company may have all or any of the following as a member or shareowner:

(a) a lawyer of England and Wales (including a solicitor with a current practising certificate),

(b) an REL,

(c) an RFL,

(d) a non-registered European lawyer,

(e) an individual approved under regulation 3 of the Recognised Bodies Regulations,

(f) a qualifying body as defined in rule 24 (including another recognised body),

(g) a body which would be qualifying body except that it has no solicitor or REL as a manager.

##### *Prohibition on creating third party interests*

~~(4)~~(3) A member or shareowner must not create any charge or other third party interest over his or her interest in the company, except by holding a share as nominee for a non-member shareowner who is eligible to be a member or shareowner under (1) above.

#### *Record of non-member shareowners*

- ~~(5)~~(4)(a) A recognised body which is a company with shares must keep a record of any non-member shareowners, and retain the record for at least three years after their ownership ceases; and
- (b) A member who holds a share as nominee for a non-member shareowner must keep the recognised body informed of all facts necessary to keep an accurate and up-to-date record.

#### *Death of member or shareowner of a company*

- ~~(6)~~(5)(a) If a recognised body is a company with shares and a member or shareowner ~~of a company with shares~~ dies and is eligible to be a member or shareowner at the date of death, then, whether or not the personal representatives are themselves eligible to be members or shareowners, the personal representatives may replace the deceased member or shareowner in their capacity as personal representatives, provided that:
- (i) no vote may be exercised by or on behalf of a personal representative (and no such vote may be accepted) unless all the personal representatives are eligible to be members or shareowners;
  - (ii) no personal representative may hold or own a share in that capacity for longer than 12 months from the date of death;
  - (iii) within 12 months of the death the recognised body must cancel or acquire the shares or ensure that they are held and owned by persons eligible to be members and shareowners, but without this resulting in RFL s being the only shareowners; and
  - (iv) no vote may be exercised by or on behalf of any personal representative (and no such vote may be accepted) after the 12 month period has expired.
- (b) If, following the death of a member or shareowner, a company meets the requirements of (a) above the company will be deemed to have remained in compliance with ~~(1)~~(2) above as to membership and share ownership, and to that extent will not be liable to have its recognition revoked under regulation 7.19(b) of the Solicitors' Recognised Bodies Regulations.

#### *Member or shareowner ceasing to be eligible to be a member or shareowner*

- ~~(7)~~(6)(a) If a ~~member or shareowner of a~~ recognised body ~~which~~ is a company with shares and a member or shareowner ceases to be eligible to be a member or shareowner, or ceases to exist as a body corporate, then:
- (i) no vote may be exercised or accepted on the shares held by or on behalf of that member or shareowner;
  - (ii) in the case of a member or shareowner becoming ineligible, a trustee in bankruptcy or liquidator may (whether or not eligible to be a member or shareowner) replace that member or shareowner in the capacity of trustee or liquidator for a period which must not exceed six months from the date the member or shareowner became ineligible; and
  - (iii) the company must cancel or acquire the shares within six months, or within that time ensure that the shares are held and owned by persons eligible to be members and shareowners, but without this

resulting in ~~RFL-s being the only shareowners~~ breach of the [relevant lawyer requirement or the management requirement in 14.01\(2\) or \(3\)](#).

- (b) If (a) above applies and a company meets its requirements, the company will be deemed to have remained in compliance with ~~(1)(2)~~ above as to membership and share ownership, and to that extent will not be liable to have its recognition revoked under regulation ~~7.19~~(b) of the Solicitors' Recognised Bodies Regulations.

*Member or shareowner becoming insolvent but not ineligible*

~~(8)(7)~~ (a) If a ~~member or shareowner of a~~ recognised body ~~which~~ is a company with shares and [a member or shareowner](#) becomes insolvent but remains eligible to be a member or shareowner, then the trustee in bankruptcy or liquidator (whether eligible or not) may replace the insolvent member or shareowner in the capacity of trustee in bankruptcy or liquidator, provided that:

- (i) no vote may be exercised by or on behalf of a trustee in bankruptcy or liquidator (and no such vote may be accepted) unless the trustee or liquidator is eligible to be a member or shareowner;
- (ii) no trustee in bankruptcy or liquidator may hold or own a share in that capacity for longer than six months from the date of the insolvency;
- (iii) within six months of the insolvency the company must cancel or acquire the shares or ensure that they are held and owned by persons eligible to be members and shareowners, ~~and but~~ without this resulting in ~~RFLs being the only shareowners~~ breach of the [relevant lawyer requirement or the management requirement in 14.01\(2\) or \(3\)](#); and
- (iv) no vote may be exercised by or on behalf of any trustee in bankruptcy or liquidator (and no such vote may be accepted) after the six month period has expired.

- (b) If (a) above applies and a company meets its requirements, the company will be deemed to have remained in compliance with ~~(1)(2)~~ above as to membership and share ownership, and to that extent will not be liable to have its recognition revoked under regulation ~~7.19~~(b) of the Solicitors' Recognised Bodies Regulations.

*Mental health receiver for a member or shareowner in a company*

~~(9)(8)~~ (a) A ~~receiver appointed under the Mental Health Act 1983~~ [Court of Protection deputy appointed under section 19 of the](#) may be a member or shareowner in that capacity, without breach of these rules, provided that:

- (i) the ~~"patient" (as defined in the Mental Health Act 1983)~~ [person in respect of whom the deputy has been appointed](#) remains eligible to be a member or shareowner; and
- (ii) if the ~~receiver deputy~~ is not eligible to be a member or shareowner, no vote is exercised or accepted on the shares.

- (b) If (a) above applies and a company meets its requirements, the company will be deemed to have remained in compliance with ~~(1)(2)~~ above as to membership and share ownership, and to that extent will not be liable to

have its recognition revoked under regulation ~~7.1~~9(b) of the Solicitors' Recognised Bodies Regulations.

*Proxies and corporate representatives*

~~(10) Only a solicitor with a practising certificate, an REL, an RFL or a non-registered European lawyer may be appointed as a proxy or corporate representative for the purpose of attending and voting at meetings.~~

**14.05 Members of an LLP**

*Persons who may be members*

~~(1) A recognised body which is an LLP must ensure that all the members are:~~

- ~~(a) solicitors with practising certificates;~~
- ~~(b) REL s;~~
- ~~(c) RFLs;~~
- ~~(d) non-registered European lawyers;~~
- ~~(e) recognised bodies; and/or~~
- ~~(f) European corporate practices.~~

~~(2) (a) A recognised body which is an LLP must have at least two members.~~

~~(b) If a death results in an LLP having fewer than two members, but a person within (1) above becomes a member within six months, the LLP will be deemed to have remained in compliance with (a) above and to that extent will not be liable to have its recognition revoked under regulation 7.1(b) of the Solicitors' Recognised Bodies Regulations.~~

~~(3) (a) A recognised body which is an LLP must have at least one member who is:~~

- ~~(i) a solicitor with a practising certificate;~~
- ~~(ii) an REL ;~~
- ~~(iii) a recognised body which is a company with a director who is a solicitor with a practising certificate or an REL ; or~~
- ~~(iv) a recognised body which is an LLP with a member who is a solicitor with a practising certificate or an REL .~~

~~(b) If a member dies and this would put the company in breach of (a) above, but a person within (a) above becomes a member within 14 days, the LLP will be deemed to have remained in compliance with (a) above as to membership, and to that extent will not be liable to have its recognition revoked under regulation 7.1(b) of the Solicitors' Recognised Bodies Regulations.~~

*Member incapacitated, abandoning the practice, etc.*

~~(4) If the last remaining solicitor or REL within (3)(a) above:~~

- ~~(a) is committed to prison in civil or criminal proceedings;~~
- ~~(b) becomes and continues to be unable to attend to the practice of the LLP because of incapacity caused by illness, accident or age;~~



- ~~(c) becomes and continues to be a "patient" as defined by section 94 of the Mental Health Act 1983 or is made the subject of powers exercised under section 98 of that Act and continues to be subject to those powers;~~
- ~~(d) abandons the practice of the LLP ; or~~
- ~~(e) the member's practising certificate or registration (or director's, as the case may be) is made subject to a condition which would be breached by continuing as a member or director;~~

~~the LLP must ensure that an additional or replacement solicitor with a practising certificate or REL within (3)(a) above is in place within 14 days.~~

#### *Prohibition on creating third party interests*

- ~~(5) A member must not create any charge or other third party interest over the member's interest in the LLP.~~

### **14.07 Information and documentation**

- (1) A recognised body must supply any information and documentation relating to ~~the ownership, its composition and~~ structure or to any of its managers, employees, members or owners, ~~directors, members or shareowners of the recognised body~~ as and when requested to do so by the Solicitors Regulation Authority.
- (2) A recognised body must notify the Solicitors Regulation Authority immediately of any change to:
  - (a) its name;
  - (b) its registered office and/or any of its practising addresses; or
  - (c) its ~~directors~~ managers,
  - (d) its members and/or shareowners if it is a company.
- (3) A recognised body must notify the Solicitors Regulation Authority immediately if it is an unlimited company and it is re-registered as limited under the Companies Act 1985.
- ~~(4) If a recognised body's recognition expires automatically under regulation 8.2 of the Solicitors' Recognised Bodies Regulations, the directors (if it is a company) or the members (if it is an LLP) must notify the Solicitors Regulation Authority immediately.~~
- (4) If a relevant insolvency event within the meaning of paragraph 32(1A) of Schedule 2 to the Administration of Justice Act 1985 occurs in relation to a recognised body its managers must notify the Solicitors Regulation Authority immediately.
- (5) If a recognised body which is an overseas company or a *societas Europaea* registered outside England, Wales and Scotland is subject to an event in its country of incorporation analogous to a winding-up order or administration order under Part II of the Insolvency Act 1986, a resolution for voluntary winding-up, or the appointment of an administrative receiver, the directors must notify the Solicitors Regulation Authority immediately.

### **14.08 Mental Health Act equivalents**

In this rule:

- (a) references to a person who lacks capacity under Part 1 of the Mental Capacity Act 2005 include 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; and

- (b) references to a Court of Protection deputy appointed under section 19 of the Mental Capacity Act 2005 include a Court of Protection deputy appointed under the Mental Health Act 1983, and equivalents in other Establishment Directive states.

## Rule 15 – Overseas practice

### Introduction

Rule 15 is specific to overseas practice, which is defined in rule 24 (Interpretation) ~~to mean the and means practice of a solicitor or a recognised body~~ from an office ~~or offices~~ outside England and Wales ~~and the practice of an REL, except in the case of an REL, where it means practice~~ from an office ~~or offices~~ in Scotland or Northern Ireland.

Rule 15 applies the provisions of these rules to your overseas practice. Sometimes rule 15 disapplies one of these rules, or a provision in one of the rules, and in some cases substitutes alternative provisions.

Rule 15 also makes specific provisions in relation to accounts, deposit interest and professional indemnity, because the equivalent domestic rules do not apply to your overseas practice.

The purpose of applying different provisions to overseas practice is to ensure similar protection for clients but by way of rules which are more adaptable to conditions in other jurisdictions.

### Rule 15 – Overseas practice

#### 15.01 Core duties (rule 1) application, and conflicts of rules

*The core duties*

(1) Rule 1 (Core duties) applies to your overseas practice.

*Application, ~~and conflicts of rules~~*

(2) ~~These rules and the principles of professional conduct apply to the practice of a solicitor or a recognised body from an office outside England and Wales, and to the practice of an REL from an office in Scotland or Northern Ireland, with the following exceptions:~~

~~(a) a recognised body incorporated outside England and Wales is subject only to the following of these rules in relation to its practice outside England and Wales is subject only to the rules which~~

~~(i) 1.06 (Public confidence);~~

~~(ii) 12.04(4) (Framework of practice);~~

~~(iii) rule 14 (Incorporated practice); and~~

~~(iv) if a controlling majority of the owners are, or are controlled by, solicitors, 15.07(b)(ii) (letterhead), 15.15 (Deposit interest), 15.27 (Accounts), and rule 20 (Requirements of practice);~~

(a) Notwithstanding the provisions of this rule, a recognised body is subject to these rules only to the extent set out in rule 23 if it is not a solicitor-controlled recognised body or an REL-controlled recognised body as defined in rule 24.

(b) if this rule states that a rule or a provision of these rules does not apply to your overseas practice, you may disregard that rule or provision in relation to your overseas practice, but you must comply with any alternative provision which is substituted by this rule; ~~and.~~

(e)

### Conflicts of rules

(2) if compliance with any applicable provision of these rules would result in your breaching local law, you may disregard that provision to the extent necessary to comply with that local law.

~~(3) In this rule, in relation to practice from an office in Scotland or Northern Ireland:~~

~~(a) references to a firm with a controlling majority of partners or owners who are, or which are controlled by, solicitors must be read as referring to a controlling majority of partners or owners who are, or which are controlled by, solicitors and/or RELs;~~

~~(b) references to a solicitor sole principal must be read as referring to a solicitor or REL sole principal; and~~

~~(c) references to lawyers of England and Wales must be read as including lawyers registered in England and Wales under the Establishment Directive.~~

### **15.02 Client relations (rule 2)**

(1) Rule 2 (Client relations) does not apply to your overseas practice but you must comply with (2) to (4) below.

(2) (a) You must pay to ~~your clients~~ the client any commission received, unless:

- (i) the client, having been told the amount of the commission (or an approximate amount if the precise amount is not known) has agreed that you or your firm may keep the commission; or
- (ii) in all the circumstances it is not reasonable to pay the commission to the client.

(b) In deciding whether it is reasonable to pay a commission to ~~your~~ a client you must have regard to all the circumstances, including the law governing the retainer and the prevailing custom of lawyers in the jurisdiction in which you are practising.

(3) If you are a principal in a firm sole practitioner, a partner in a partnership, or a recognised body to which this rule applies under rule 23, you must not exclude or attempt to exclude by contract all liability to ~~your clients~~ a client. However, you may limit your liability, provided that such limitation:

- (a) is not below the minimum level of cover you would need in order to comply with 15.26 below;
- (b) is brought to the client's attention; and
- (c) is in writing.

(4) (a) (i) You must not enter into an arrangement to receive a contingency fee for work done in prosecuting or defending any contentious proceedings before a court of England and Wales, a British court martial or an arbitrator where the seat of the arbitration is in England and Wales, except as permitted by statute or the common law.

- (ii) If you enter into a conditional fee agreement with a client in relation to such proceedings, you must explain, both at the outset and, where appropriate, as the matter progresses:

- (A) the circumstances in which ~~your~~ the client may be liable for your costs, and whether you will seek payment of these from the client, if entitled to do so; and
  - (B) if you intend to seek payment of any or all of your costs from ~~your~~ the client, you must advise ~~your~~ the client of their right to an assessment of those costs.
- (b) You must not enter into an arrangement to receive a contingency fee for work done in prosecuting or defending any contentious proceedings before a court of an overseas jurisdiction or an arbitrator where the seat of the arbitration is overseas except to the extent that a lawyer of that jurisdiction would be permitted to do so.

### 15.03 Conflict of interests (rule 3)

Rule 3 (Conflict of interests) applies to your overseas practice, except that you do not have to comply with 3.07 to 3.22 (provisions relating to conveyancing of land) if the land in question is situated outside England and Wales.

### 15.04 Confidentiality (rule 4)

Rule 4 (Confidentiality and disclosure) applies to your overseas practice.

### 15.05 Business management (rule 5)

- (1) Rule 5 (Business management in England and Wales) does not apply to your overseas practice but you must comply with (2) ~~and (3)~~ to (4) below.
- (2) ~~(a)~~ You must not set up as a solicitor sole ~~principal practitioner outside England and Wales, or as an REL sole practitioner in Scotland or Northern Ireland,~~ unless you have been entitled to practise as a lawyer for a minimum of 36 months within the last 10 years.
- ~~(b) — If you are:~~
- ~~(i) — a partner in a partnership with a controlling majority of partners who are, or which are controlled by, solicitors; or~~
  - ~~(ii) — a director of a body corporate with a controlling majority of owners who are, or which are controlled by, solicitors;~~
- (3) y You must ensure that ~~the~~ your firm has at least one manager who has been entitled to practise as a lawyer for a minimum of 36 months within the last 10 years, if you are:
- (a) a solicitor manager of a firm which is not a recognised body, and solicitors control the firm, either directly as partners, members or owners, or indirectly by their ownership of bodies corporate which are partners, members or owners, or
  - (b) a solicitor or REL manager of a firm which is not a recognised body and which is practising from an office in Scotland or Northern Ireland, and solicitors and/or RELs control the firm, either directly as partners, members or owners, or indirectly by their ownership of bodies corporate which are partners, members or owners.
- ~~(34)~~ If you are:
- (a) a solicitor sole ~~principal practitioner practising from an office outside England and Wales, or an REL sole practitioner practising from an office in Scotland or Northern Ireland, or~~

- (b) ~~a partner in a partnership with a controlling majority of partners who are, or which are controlled by, solicitors; or~~ a solicitor or REL manager within [\(2\)\(b\)\(i\) or \(ii\) above](#),
- (c) ~~a director of a company or a member of an LLP with a controlling majority of owners who are, or which are controlled by, solicitors,~~

you must ensure that the firm is managed and supervised with a view to ensuring that its affairs are properly conducted at all times; and that clients' matters receive proper attention, and are supervised so as to ensure that the quality of the work is checked with reasonable regularity by suitably experienced and competent persons within the firm.

### 15.06 Equality and diversity (rule 6)

Rule 6 (Equality and diversity) does not apply to your overseas practice, but rule 1 (Core duties) will always apply.

### 15.07 Publicity (rule 7)

- (1) Rule 7 (Publicity) applies to your overseas practice, except ~~that:~~ [as set out in \(2\) and \(3\) below](#).
- (a2) ~~r~~Rule 7 does not apply to the website, e-mails, text messages or similar electronic communications of any practice you conduct from an office in an EU state other than the UK; ~~and~~
- (a3) 7.07 (Letterhead) does not apply, but:
  - (ia) if an REL is named on the letterhead (including a fax heading) of an office in Scotland or Northern Ireland, the letterhead must also identify:
    - (Ai) the European jurisdiction(s) – local or national as appropriate – under whose professional title the REL is practising;
    - (Bii) the REL's professional title(s), expressed in an official language of the European state concerned; and
    - (Ciii) the fact that the REL is registered with the Solicitors Regulation Authority of England and Wales; and
  - (iib) ~~if you are a partner in a partnership with a controlling majority of partners who are, or which are controlled by, solicitors, or a director of a company or member of an LLP with a controlling majority of owners who are, or which are controlled by, solicitors,~~ you must make clear on [the your](#) firm's letterhead (including a fax heading) that it is the letterhead of a law firm, [if you are](#):
    - (i) [a solicitor sole practitioner practising from an office outside England and Wales, or an REL sole practitioner practising from an office in Scotland or Northern Ireland, or](#)
    - (ii) [a solicitor manager of a firm which is practising from an office outside England and Wales, and solicitors control the firm, either directly as partners, members or owners, or indirectly by their ownership of bodies corporate which are partners, members or owners, or](#)
    - (iii) [a solicitor or REL manager of a firm which is practising from an office in Scotland or Northern Ireland, and solicitors and/or RELs control the firm, either directly as partners, members or owners, or](#)

[indirectly by their ownership of bodies corporate which are partners, members or owners.](#)

### **15.08 Fee sharing (rule 8)**

Rule 8 (Fee sharing) applies to your overseas practice.

### **15.09 Referrals of business (rule 9)**

- (1) Rule 9 (Referrals of business) does not apply to your overseas practice, but you must comply with (2) below.
- (2) When you accept referrals of business from other persons and when you refer business to other persons, you must ensure that there is no breach of rule 1 (Core duties) or any other applicable provision of these rules.

### **15.10 Relations with third parties (rule 10)**

- (1) Rule 10 (Relations with third parties) applies to your overseas practice except as provided in (2) and (3) below.
- (2) 10.05 (Undertakings) does not apply, but:
  - (a) you must fulfil an undertaking which you give:
    - (i) in the course of practice;
    - (ii) outside the course of practice, but as a “solicitor”; or
    - (iii) if you are an REL based at an office in Scotland or Northern Ireland, and you give the undertaking within the UK, outside your practice as an REL, but as a lawyer of an Establishment Directive state;
  - (b) you must fulfil an undertaking within a reasonable time; and
  - (c) if you give an undertaking which is dependent upon the happening of a future event, you must notify the recipient immediately if it becomes clear that the event will not occur; ~~and~~.
- (3) 10.06 (Dealing with more than one prospective buyer in a conveyancing transaction) applies only if the land in question is situated in England and Wales.

### **15.11 Litigation and advocacy (rule 11)**

Rule 11 (Litigation and advocacy) applies to your overseas practice in relation to litigation or advocacy conducted before a court, tribunal or inquiry in England and Wales or a British court martial. Rule 11 does not apply to your overseas practice in relation to litigation or advocacy conducted before a court or tribunal in another jurisdiction, but rule 1 (Core duties) will always apply.

### **15.12 Framework of practice (rule 12)**

Rule 12 (Framework of practice) applies to your overseas practice.

### **15.13 In-house practice (rule 13)**

- (1) 13.04 (Pro bono work) applies to your overseas practice. The other provisions of rule 13 (In-house practice) do not apply to your overseas practice, but you must comply with (2) below.
- (2) (a) Subject to (b) below, you may act as an in-house lawyer, but only for:
  - (i) your employer;



- (ii) a company or organisation controlled by your employer or in which your employer has a substantial measure of control;
  - (iii) a company in the same group as your employer;
  - (iv) a company which controls your employer; or
  - (v) an employee (including a director or a company secretary) of a company or organisation under (i) to (iv) above, provided that the matter relates to or arises out of the work of that company or organisation, does not relate to a claim arising as a result of a personal injury to the employee, and no charge is made for your work unless those costs are recoverable from another source.
- (b) If you are a solicitor registered in another state under the Establishment Directive with the professional body for a local legal profession you may practise in-house to the extent that a member of that legal profession is permitted to do so.

#### **15.14 ~~Incorporated practice~~ Recognised bodies (rule 14)**

(1) ~~(a)~~ Rule 14 (~~Incorporated practice~~ Recognised bodies) applies to a recognised body in relation to the recognised body's overseas practice.

~~(b)~~ Rule 14 applies to the your overseas practice as: of: the directors, members and shareowners of a recognised body, but 14.01(4) applies in relation to a recognised body incorporated outside England and Wales only where the provision in question is specifically applied to the recognised body by 15.01(2)(a)

(a) a manager of a recognised body, if you are a lawyer of England and Wales or a non-lawyer,

(b) a member of, or the owner of a share in, a recognised body which is a company, if you are a solicitor or (in relation to practice from an office in Scotland or Northern Ireland) an REL

except that 14.02(2)(b), (3) and (4) apply only in relation to a rule which applies to the recognised body, manager or employee by virtue of rules 23 and 15.

(2) If you are a solicitor or an REL you are not required to comply with rule 14 in order to practise through a body corporate firm which has no office in England and Wales, but you must comply with 12.01(3) or 12.02(3).

#### **15.15 Deposit interest**

(1) You must comply with (2) below, if you are:

~~(a)—you have held client money as a sole principal; or~~

~~(b)—you are a partner in a partnership which has held client money and~~

~~(i)—the partnership has no separate legal identity and either a controlling majority of partners are, or are controlled by, solicitors, or lawyers of England and Wales form the national group of lawyers with the largest share of control of the partnership, either as partners or by controlling partners; or~~

~~(ii)—the partnership has a separate legal identity and a controlling majority of partners are or are controlled by solicitors; or~~

~~(c) you are a director or owner of a body corporate which is not a recognised body and which has held client money, and a controlling majority of the owners are, or are controlled by, solicitors.~~

(a) a solicitor sole practitioner practising from an office outside England and Wales, or an REL sole practitioner practising from an office in Scotland or Northern Ireland,

(b) a solicitor-controlled recognised body or (in relation to practice from an office in Scotland or Northern Ireland) a solicitor-controlled recognised body or an REL-controlled recognised body,

(c) a solicitor manager of a firm which is practising from an office outside the UK, and solicitors control the firm, either directly as partners, members or owners, or indirectly by their ownership of bodies corporate which are partners, members or owners, or

(d) a solicitor or REL manager of a firm which is practising from an office in Scotland or Northern Ireland, and solicitors and/or RELs control the firm, either directly as partners, members or owners, or indirectly by their ownership of bodies corporate which are partners, members or owners.

- (2) If interest ought, in fairness, to be earned for the client on client money held under (1) above, you must ensure that:
- (a) the client money is dealt with so that proper interest is earned upon it, and that the interest is paid to the client;
  - (b) the client is paid a sum equivalent to the interest that would have been earned if the client money had earned proper interest; or
  - (c) any alternative written agreement with the client setting out arrangements regarding the payment of interest on that money is carried out.
- (3) In deciding whether interest ought, in fairness, to be earned for a client on client money, you must have regard to all the circumstances, including:
- (a) the amount of the money;
  - (b) the length of time for which you are likely to hold the money; and
  - (c) the law and prevailing custom of lawyers practising in the jurisdiction in which you are practising.

### **15.16 European cross-border practice (rule 16)**

Rule 16 (European cross-border practice) applies to your overseas practice, to the extent that such practice is European cross-border practice as defined in 16.01(1).

### **15.17 Insolvency practice (rule 17)**

Rule 17 (Insolvency practice) does not apply to your overseas practice except in relation to appointments appertaining to orders made in the courts of England and Wales.

### **15.18 Property selling (rule 18)**

Rule 18 (Property selling) applies to your practice from offices in Scotland or Northern Ireland but not to your practice from offices outside the UK.

### **15.19 Financial services (rule 19)**

- (1) Rule 19 (Financial services) does not apply to your overseas practice except as provided in (2) below.

- (2) Rule 19 applies to regulated activities you conduct:
- (a) from an office in Scotland or Northern Ireland; or
  - (b) into the UK from an office outside the UK.

### **15.20 Requirements of practice (rule 20)**

Rule 20 (Requirements of practice) applies to your overseas practice.

### **15.21 Separate businesses (rule 21)**

- (1) (a) Rule 21 (Separate businesses) applies to you if you practise from an office in England and Wales and you have a separate business, wherever the separate business is situated.
- (b) If you do not practise from an office in England and Wales but you practise from an office outside England and Wales and you have a separate business, rule 21 does not apply but you must comply with (2) below, wherever the separate business is situated.
- (2) In relation to your separate business:
- (a) you must do nothing in the course of practice, or in the course of making referrals to the business or accepting referrals from the business, which would contravene rule 1 (Core duties);
  - (b) you must not allow the separate business to be held out or described in such a way as to suggest that it is carrying on the practice of a lawyer regulated by the Solicitors Regulation Authority;
  - (c) you must ensure that all paperwork, documents, records or files relating to the separate business and its customers are kept separate from those of any firm or in-house practice, even where a customer of the separate business is also a client of the firm or in-house practice;
  - (d) you must not allow the client account **used for any of your** firm or in-house practice to be used to hold money for the separate business, or for customers of the separate business in their capacity as such; and
  - (e) you must ensure that if you or your firm refer(s) a client to the separate business, the client is first informed of your interest in the separate business, that the separate business is not regulated by the Solicitors Regulation Authority of England and Wales, and that the statutory protections attaching to clients of a lawyer regulated by the Authority are not available to clients of the separate business.

### **15.22 Waivers (rule 22)**

Rule 22 (Waivers) applies to your overseas practice.

### **15.23 Application (rule 23)**

Rule 23 (Application of these rules) applies to your overseas practice.

### **15.24 Interpretation (rule 24)**

Rule 24 (Interpretation) applies to your overseas practice.

### **15.25 Commencement and repeals (rule 25)**

Rule 25 (Commencement and repeals) applies to your overseas practice.

### **15.26 Professional indemnity**

- (1) You must comply with (2) below in relation to your overseas practice, unless you are practising only in-house in compliance with 15.13.
- (2)
  - (a) You must ensure that in relation to your overseas practice you are at all times covered by insurance or other indemnity against professional liabilities.
  - (b) The extent and amount of the insurance or other indemnity need not exceed the current requirements of the Solicitors' Indemnity Insurance Rules or any other current rules made under section 37 of the Solicitors Act 1974 but must be reasonable having regard to:
    - (i) the nature and extent of the risks you incur in your overseas practice;
    - (ii) the local conditions in the jurisdiction in which you are practising; and
    - (iii) the terms upon which insurance or other indemnity is available.

### 15.27 Accounts

- ~~(1) — You must comply with (3) to (5) below, if you have held or received client money or controlled trust money:~~
- ~~(a) — as the sole principal in a firm which has held or received client money or controlled trust money;~~
  - ~~(b) — as a named trustee; or~~
  - ~~(c) — as a partner in a partnership which has held or received client money or controlled trust money, if the partnership has no separate legal identity and:
    - ~~(i) — a majority of the partners are or are controlled by solicitors; or~~
    - ~~(ii) — lawyers of England and Wales form the national group of lawyers with the largest share of control of the partnership, either as partners or by controlling partners.~~~~
- ~~(2) — You must also comply with (3) to (5) below as if you have held or received client money or controlled trust money as a principal, if you are:~~
- ~~(a) — a director or owner of a body corporate which is not a recognised body and which has held or received client money or controlled trust money, if a controlling majority of the body's owners are or are controlled by solicitors; or~~
  - ~~(b) — a partner in a partnership with separate legal identity which has held or received client money or controlled trust money, if a controlling majority of the partners are or are controlled by solicitors.~~

#### *Practice from an office outside the UK*

- (1) You must comply with (3) and (4) below in relation to practice from an office outside the UK if you are:
- (a) a solicitor sole practitioner who has held or received client money,
  - (b) a solicitor-controlled recognised body which has held or received client money as a firm,

- (c) a lawyer of England and Wales or a non-lawyer who is a manager of a solicitor-controlled recognised body which holds or receives client money,
- (d) a solicitor manager of any other firm which is controlled by solicitors, either directly as partners, members or owners, or indirectly by their ownership of bodies corporate which are partners, members or owners, if the firm holds or receives client money,
- (e) a solicitor who holds or receives client money as a named trustee.

*Practice from an office in Scotland or Northern Ireland*

- (2) You must comply with (3) and (4) below in relation to practice from an office in Scotland or Northern Ireland if you are:
- (a) a solicitor or REL sole practitioner who has held or received client money,
  - (b) a solicitor-controlled recognised body or an REL-controlled recognised body which has held or received client money as a firm
  - (c) a lawyer of England and Wales, an REL or a non-lawyer who is a manager of a solicitor-controlled recognised body, or an REL-controlled recognised body, which holds or receives client money,
  - (d) a solicitor or REL manager of any other firm which is controlled by solicitors and/or RELs, either directly as partners, members or owners, or indirectly by their ownership of bodies corporate which are partners, members or owners, if the firm holds or receives client money,
  - (e) a solicitor or REL who holds or receives client money as a named trustee.

*Dealings with client money*

- (3) In all dealings with client money, you must ensure that:
- (a) it is kept in a client account, separate from money which is not client money ~~or controlled trust money in a client account~~;
  - (b) on receipt, it is paid without delay into a client account and kept there, unless the client has expressly or by implication agreed that the money shall be dealt with otherwise or you pay it straight over to a third party in the execution of a trust under which it is held;
  - (c) it is not paid or withdrawn from a client account except:
    - (i) on the specific authority of the client;
    - (ii) where the payment or withdrawal is properly required:
      - (iA) for a payment to or on behalf of the client;
      - (iiB) for or towards payment of a debt due to the firm from the client or in reimbursement of money expended by the firm on behalf of the client; or
      - (iiiC) for or towards payment of costs due to the firm from the client, provided that a bill of costs or other written intimation of the amount of the costs incurred has been delivered to the client and it has thereby (or otherwise in writing) been made clear to the client that the money held will be applied in payment of the costs due; or
    - (iii) in proper execution of a trust under which it is held;
  - (d) accounts are kept at all times, whether by written, electronic, mechanical or other means, to:
    - (i) record all dealings with client money in any client account;
    - (ii) show all client money received, held or paid, distinct from any other money, and separately in respect of each client or trust; and
    - (iii) ensure that the firm is able at all times to account, without delay, to each and every client or trust for all money received, held or paid on ~~that client's~~ behalf of that client or trust; and

- (e) all accounts, books, ledgers and records kept in relation to the firm's client account(s) are preserved for at least six years from the date of the last entry therein.

*Dealings with controlled trust money*

- ~~(4) If you hold or receive money subject to a controlled trust of which you are a trustee, you must:~~
  - ~~(a) keep it separate from money which is not client money or controlled trust money in a client account;~~
  - ~~(b) pay controlled trust money without delay into a client account and keep it there, unless you pay it straight over to a third party in the execution of the trust;~~
  - ~~(c) make no payment or withdrawal of controlled trust money out of a client account, except in proper execution of the trust under which it is held;~~
  - ~~(d) keep accounts at all times, whether by written, electronic, mechanical or other means, to:
    - ~~(i) show all your dealings with money received, held or paid on account of controlled trusts;~~
    - ~~(ii) record all your dealings separately in respect of each controlled trust of which you are a trustee; and~~
    - ~~(iii) distinguish money you have received, held or paid subject to a controlled trust from money you have received, held or paid for some other reason;~~~~

~~and either keep such accounts together, centrally, or maintain a central register of controlled trusts of which you are a trustee; and~~
  - ~~(e) preserve all accounts, books, ledgers and records of your dealings with money you receive, hold or pay which is subject to a controlled trust for at least six years from the date of the last entry therein.~~

*Accountants' reports*

- ~~(54)~~ (a) You must deliver an accountant's report in respect of any period during which:
  - ~~(i) you or your firm have held or received client money or controlled trust money and you were subject to (3) or (4) above; or~~
  - ~~(ii) you have been a director of a company, or a member of an LLP, which, as a recognised body was subject to (3) or (4) above.~~
- (b) The accountant's report must be signed by the reporting accountant, who must be an accountant qualified in England and Wales or in the overseas jurisdiction where your office is based, or by such other person as the Solicitors Regulation Authority may think fit. The Authority may for reasonable cause disqualify a person from signing accountants' reports.
- (c) The accountant's report must be based on a sufficient examination of the relevant documents to give the reporting accountant a reasonable indication whether or not you have complied with (3) and/or (4) above, as appropriate, during the period covered by the report, and must include the following:



- (i) your name, practising address(es) and practising style and the name(s) of ~~your partner(s), and those details for a body corporate through which you practise if relevant~~ [the firm's managers](#);
  - (ii) the name, address and qualification of the reporting accountant;
  - (iii) an indication of the nature and extent of the examination the reporting accountant has made of the relevant documents;
  - (iv) a statement of the total amount of money held at banks or similar institutions on behalf of clients and **controlled** trusts, and of the total liabilities to clients and **controlled** trusts, on any date selected by the reporting accountant (including the last day), falling within the period under review; and an explanation of any difference between the total amount of money held for clients and **controlled** trusts and the total liabilities to clients and **controlled** trusts;
  - (v) if the reporting accountant is satisfied that (so far as may be ascertained from the examination) you have complied with (3) **and/or (4)** above, ~~as appropriate~~, during the period covered by the report, except for trivial breaches, or situations where you have been bound by a local rule not to comply, a statement to that effect; and
  - (vi) if the reporting accountant is not sufficiently satisfied to give a statement under (v) above, details of any matters in respect of which it appears to the reporting accountant that you have not complied with (3) **and/or (4)** above, ~~as appropriate~~.
- ~~(d) — You need not deliver an accountant's report until after the end of any period of 12 months, ending 31 October, during which you or your firm first held or received client money or controlled trust money subject to (3) or (4) above, if you, or your firm, had not held or received any such money in the 12 months immediately preceding that period, provided that the accountant's report then delivered includes the period when such money was first held or received.~~

## Rule 16 – European cross-border practice

### Introduction

The purpose of rule 16 is to apply the provisions of the CCBE Code to European cross-border practice. This is necessary to provide a system of mutual professional understanding for professional relations between lawyers of different CCBE states. Although the CCBE Code contains a large number of requirements, rule 16 contains only those requirements which are not replicated elsewhere in these rules.

## Rule 16 – European cross-border practice

### 16.01 Definition and application

#### *Definition*

- (1) (a) European cross-border practice is:
- (i) any professional activity in a CCBE state other than the UK, whether or not you are physically present in that CCBE state; and
  - (ii) any professional contact with a lawyer of a CCBE state other than the UK.
- (b) For the purposes of this rule professional contacts and professional activities taking place within a firm or in-house legal department are not European cross-border practice.

#### *Application of this rule*

- (2) (a) If you are a solicitor this rule applies to your European cross-border practice from an office in, or outside, England and Wales.
- (b) If you are an REL this rule applies to your European cross-border practice from an office within the UK.
- (c) If you are an RFL and you are a ~~partner in an MNP, a director manager or employee~~ of a recognised body ~~which is a company, or a member of a recognised body which is an LLP~~ or the employee of a recognised sole practitioner, this rule applies to your European cross-border practice from an office in England and Wales.
- (d) ~~This rule applies to a recognised body incorporated in England and Wales in relation to its European cross-border practice from an office in, or outside, England and Wales; (e) This rule applies to a recognised body incorporated outside England and Wales in relation to its European cross-border practice from an office in England and Wales as follows:~~
- (i) A solicitor-controlled recognised body is subject to the rule in relation to its European cross-border practice from any of its offices, wherever situated.
  - (ii) An REL-controlled recognised body is subject to the rule in relation to its European cross-border practice from any of its offices in the UK.
  - (iii) A recognised body which is not within (i) or (ii) is subject to the rule in relation to its European cross-border practice from any of its offices in England and Wales.

(e) If you are a manager of a recognised body and you are not a solicitor but you are a lawyer of England and Wales or a non-lawyer, this rule applies to you to the extent that the rule applies to the body itself under (d) above.

#### **16.02 Occupations considered incompatible with legal practice**

- (1) If you act in legal proceedings or proceedings before public authorities in a CCBE state other than the UK, you must, in that state, comply with any rules regarding occupations incompatible with the practice of law, as if you were a lawyer of that state, whether or not you are based at an office in that state.
- (2) If you are a solicitor based at an office in a CCBE state other than the UK, you must respect any rules regarding participation in commercial or other activities not connected with the practice of law, as they are applied to lawyers of that state.

#### **16.03 Fee sharing with non-lawyers**

- (1) You must not share your professional fees with a non-lawyer situated in a CCBE state other than the UK except:
  - (a) within a firm which is permitted under rule 12 (Framework of practice); or
  - (b) with ~~your retired partner~~ a retired manager, member, owner or predecessor of the firm, or the dependants or personal representatives of ~~your deceased partner~~ a deceased manager, member, owner or predecessor; ~~or, in the case of a body corporate, a retired director, member or shareowner, or the dependants or personal representatives of a deceased director, member or shareowner.~~
- (2) If you are practising from an office in a CCBE state other than the UK, whether or not you are ~~physically~~ actually present at that office, you must not share your professional fees from that practice with a non-lawyer, except:
  - (a) within a firm which is permitted under rule 12 (Framework of practice); or
  - (b) with ~~your retired partner~~ a retired manager, member, owner or predecessor of the firm, or the dependants or personal representatives of ~~your deceased partner~~ a deceased manager, member, owner or predecessor; ~~or, in the case of a body corporate, a retired director, member or shareowner, or the dependants or personal representatives of a deceased director, member or shareowner.~~

#### **16.04 Co-operation between lawyers of different CCBE states**

- (1) If you are approached by a lawyer of a CCBE state other than the UK to undertake work which you are not competent to undertake, you must assist that lawyer to obtain the information necessary to find and instruct a lawyer capable of providing the service asked for.
- (2) When co-operating with a lawyer of a CCBE state other than the UK you must take into account the differences which may exist between your respective legal systems and the professional organisations, competencies and obligations of lawyers in your respective states.

#### **16.05 Correspondence between lawyers in different CCBE states**

- (1) If you are practising from an office in a CCBE state and you want to send to a lawyer in a different CCBE state (with the exception of the UK) a communication which you wish to remain “confidential” or “without prejudice”, you must, before sending the communication, clearly express your intention in

order to avoid misunderstanding, and ask if the lawyer is able to accept the communication on that basis. When you send the communication you must express your intention clearly at the head of the communication or in a covering letter.

- (2) If you are the intended recipient of a communication from a lawyer in another CCBE state which is stated to be “confidential” or “without prejudice”, but which you are unable to accept on the basis intended by that lawyer, you must inform the sender accordingly without delay. If the communication has already been sent you must return it unread without revealing the contents to others. If you have already read the communication and you are under a professional duty to reveal it to your client you must inform the sender of this immediately.

#### **16.06 Paying referral fees to non-lawyers**

You must not pay a fee, commission or any other compensation to a non-lawyer as a consideration for referring a client to you:

- (a) if the non-lawyer is situated in a CCBE state other than the UK; or
- (b) if you are practising from an office in a CCBE state other than the UK, whether or not you are physically present at that office.

#### **16.07 Disputes between lawyers in different member states**

- (1) If you consider that a lawyer in a CCBE state other than the UK has acted in breach of a rule of professional conduct you must draw the breach to the other lawyer’s attention.
- (2) Before commencing any form of proceedings against the other lawyer, you must inform the Law Society and the other lawyer’s bar or law society in order to allow them an opportunity to assist in resolving the matter.

## Rule 20 **Requirements** Rights and obligations of practice

### Introduction

Rule 20 sets out the requirements for certification, ~~the types of work which you are permitted to do, and co-operation with~~, and provision of information to, the Solicitors Regulation Authority, and authorises solicitors, RELs and an RFLs to do certain reserved work and immigration work.

### Rule

#### 20.01 Reserved work and immigration work

##### Solicitors

(1) As a solicitor, provided that you comply with 20.02(1) you are authorised by the Solicitors Regulation Authority:

(a) to undertake the following reserved work:

- (i) the exercise of any right of audience which solicitors had immediately before 7 December 1989;
- (ii) the exercise of any additional right of audience if you have a relevant higher courts advocacy qualification under the Higher Courts Qualification Regulations 1990;
- (iii) the conduct of and the preparation of documents in court and immigration tribunal proceedings;
- (iv) the preparation of instruments and the lodging of documents relating to the transfer or charge of land;
- (v) the preparation of trust deeds disposing of capital;
- (vi) the preparation of papers on which to found or oppose a grant of probate or a grant of letters of administration;
- (vii) the administration of oaths and statutory declarations; and

(b) to undertake any immigration services not included under (a) above, and to provide immigration advice.

##### RELs

(2) As an REL, you are authorised by the Solicitors Regulation Authority:

(a) to undertake the following reserved work:

- (i) the exercise of any right of audience which solicitors had immediately before 7 December 1989,
- (ii) the exercise of any additional right of audience provided that you have a relevant higher courts advocacy qualification under the Higher Courts Qualification Regulations 1990,
- (iii) the conduct of and the preparation of documents in court and immigration tribunal proceedings;
- (iv) the preparation of instruments and the lodging of documents relating to the transfer or charge of land, provided you are a member of a profession listed under Regulation 12 of the European Communities (Lawyer's Practice) Regulations 2000;

- (v) the preparation of trust deeds disposing of capital;
- (vi) the preparation of papers on which to found or oppose a grant of probate or a grant of letters of administration, provided you are a member of a profession listed under Regulation 13 of the European Communities (Lawyer's Practice) Regulations 2000;
- (vii) the administration of oaths and statutory declarations.
- (b) to undertake any immigration services not included under (a) above, and to provide immigration advice.
- (3) When as an REL you exercise a right of audience before a court under (2)(a)(i) or (ii), conduct court litigation under (2)(a)(iii) or prepare court documents under (2)(a)(iii) you must act in conjunction with solicitor or barrister authorised to do that work.

#### RFLs

- (4) As an RFL working within 12.03(1) you are authorised by the Solicitors Regulation Authority:
  - (a) to undertake the following reserved work:
    - (i) advocacy before immigration tribunals; and
    - (ii) the conduct of and the preparation of documents in immigration tribunal proceedings;
  - (b) to undertake any immigration services which are not reserved work and are not included under (a) above, and to provide immigration advice.

#### Recognised bodies

- (5) (a) A recognised body is authorised by the Solicitors Regulation Authority to undertake the following reserved work:
  - (i) advocacy before a court or immigration tribunal,
  - (ii) the conduct of proceedings in a court or immigration tribunal,
  - (iii) the preparation of documents in proceedings before a court or immigration tribunal,
  - (iv) the preparation of instruments and the lodging of documents relating to the transfer or charge of land, provided the body has a manager who is an individual authorised to do that work, or a body corporate with a manager who is authorised to do that work,
  - (v) the preparation of trust deeds disposing of capital,
  - (vi) the preparation of papers on which to found or oppose a grant of probate or a grant of letters of administration, provided the body has a manager who is an individual authorised to do that work, or a body corporate with a manager who is authorised to do that work,
  - (vii) the administration of oaths and statutory declarations.
- (b) A recognised body is authorised to provide to provide immigration advice and immigration services which are not within (a) above.
- (c) A recognised body which has an individual working in the practice who is authorised by the Master of the Faculties to do the work is authorised to provide notarial services within paragraph 7 of Schedule 2 to the Legal Services Act 2007.

### Recognised sole practitioners

- (6) (a) A recognised sole practitioner who is a solicitor is authorised by the Solicitors Regulation Authority:
- (i) to provide the reserved work which a solicitor is authorised to provide under (1)(a) above,
  - (ii) to provide immigration advice and immigration services which are not reserved work, and
  - (iii) to provide notarial services within paragraph 7 of Schedule 2 to the Legal Services Act 2007, if the sole practitioner or an employee of the firm is authorised by the Master of the Faculties to do the work.
- (b) A recognised sole practitioner who is an REL is authorised by the Solicitors Regulation Authority:
- (i) to provide the reserved work which the REL is authorised to provide under (2)(a) above,
  - (ii) to provide immigration advice and immigration services which are not reserved work, and
  - (iii) to provide notarial services within paragraph 7 of Schedule 2 to the Legal Services Act 2007, if the sole practitioner or an employee of the firm is authorised by the Master of the Faculties to do the work.

### **20.012 Practising certificates**

- (1) If you are practising as a solicitor you must, whether practising in a firm or in-house:
- (a) have in force a practising certificate issued by the Solicitors Regulation Authority; or
  - (b) be exempt under section 88 of the Solicitors Act 1974 from holding a practising certificate.
- (2) You will be practising as a solicitor if you are involved in legal practice and:
- (a) your involvement in the firm or the work depends on your being a solicitor;
  - (b) you are held out explicitly or implicitly as a practising solicitor;
  - (c) you are employed explicitly or implicitly as a solicitor; or
  - (d) you are deemed by section 1A of the Solicitors Act 1974 to be acting as a solicitor.
- (3) In (2) above "legal practice" includes not only the practice of law but also the provision of business services such as are provided by solicitors.
- (4) If you are a solicitor who was formerly an REL, and you are practising from an office in the UK as a lawyer of an Establishment Directive state, you must have in force a practising certificate issued by the Solicitors Regulation Authority, even if you are not practising as a solicitor.

### **20.02 Reserved work**

~~A firm may undertake activities reserved to solicitors under the Solicitors Act 1974 relating to the conveyancing of land or the administration of a deceased's estate only if:~~

- ~~(a) —the firm has a principal who is:~~

- ~~(i) — a solicitor;~~
  - ~~(ii) — an REL qualified to provide that service under regulation 12 or 13 of the Establishment Directive Regulations; or~~
  - ~~(iii) — a recognised body qualified to provide that service under (b) below; or~~
- ~~(b) — the firm is a recognised body which is:~~
- ~~(i) — a company with a director who is a solicitor, or an REL qualified to provide that service under regulation 12 or 13 of the Establishment Directive Regulations; or~~
  - ~~(ii) — an LLP with a member who is:
    - ~~(A) — a solicitor;~~
    - ~~(B) — an REL qualified to provide that service under regulation 12 or 13 of the Establishment Directive Regulations;~~
    - ~~(C) — a recognised body which is a company with a director who is a solicitor, or an REL qualified to provide that service under regulation 12 or 13 of the Establishment Directive Regulations; or~~
    - ~~(D) — a recognised body which is an LLP with a member who is a solicitor, or an REL qualified to provide that service under regulation 12 or 13 of the Establishment Directive Regulations.~~~~

### **20.03 Sole practitioners**

- (1) If you are a solicitor or REL you must not practise as a sole practitioner unless
- (a) the Solicitors Regulation Authority has first authorised you as a recognised sole practitioner by endorsing your practising certificate to that effect, or
  - (b) your practice falls within (2) below and you are therefore exempt from the obligation to be a recognised sole practitioner.
- (2) For the purpose of these rules and section 1B of the Solicitors Act 1974 you are deemed not to be practising as a sole practitioner if:
- (a) your practice is conducted entirely from an office or offices outside England and Wales,
  - (b) your practice consists entirely of work as a temporary employee in firms which take full responsibility for you as an employee, or
  - (c) your practice consists entirely of
    - (i) providing professional services without remuneration for friends, relatives, companies wholly owned by you or your family, or registered charities,
    - (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 paragraph (b) of the definition of "Private Practice" in rule 3.1 of the Solicitors' Indemnity Insurance Rules.



(3) (a) Within 28 days of the death of a recognised sole practitioner, an emergency application may be made for recognition as a recognised sole practitioner by a solicitor or an REL who is:

(i) the sole practitioner's executor;

(ii) a practice manager appointed by the sole practitioner's personal representatives; or

(iii) an employee of the firm.

and if the application is granted, recognition will be deemed to run from the date of death.

(b) Recognition in the capacity of personal representative, practice manager or employee will not be renewed for any period after the winding up of the estate or 12 months from the date of death, whichever is the earlier.

#### **20.04 Participation in legal practice**

(1) If you are a solicitor, REL or RFL employed in England and Wales by

(a) a recognised sole practitioner, recognised body, or authorised non-SRA firm, or

(b) a body corporate which is a manager of a recognised body or an authorised non-SRA firm,

in connection with the provision of legal services, it must be in your capacity as a solicitor, REL or RFL.

(2) If you are a solicitor, REL, RFL or recognised body participating in an authorised non-SRA firm as:

(a) a manager, member or owner of the firm, or

(b) a manager, member or owner of a body corporate which is a manager of the firm,

it must be in your capacity as a solicitor, REL, RFL or recognised body or as an individual authorised by an approved regulator other than the Solicitors Regulation Authority (subject to section 1A of the Solicitors Act 1974, which would require a solicitor director of an authorised non-SRA firm to practise through that firm in the capacity of solicitor, even if also practising in some other capacity).

#### **20.035 Duty to co-operate with the Solicitors Regulation Authority and the Legal Complaints Service**

(1) You must deal with the Solicitors Regulation Authority and the Legal Complaints Service in an open, prompt and co-operative way.

(2) You must:

(a) provide the Solicitors Regulation Authority with information necessary in order to issue you with a practising certificate, or deal with renewal of registration or renewal of recognition, as appropriate; and

(b) during the period your practising certificate, registration or recognition is in force, notify the Authority of any changes to relevant information about you, or your firm or in-house practice.

(3) As a solicitor, REL, RFL or recognised body you must act promptly to:

- (a) investigate whether any person may have a claim for redress resulting from an act or omission of yours,
  - (b) provide the Solicitors Regulation Authority with a report on the outcome of such an investigation, identifying persons who may have such a claim,
  - (c) notify such persons that they may have a right of redress against you, providing them with information as to the nature of the possible claim, about the firm's complaints procedures and about the Legal Complaints Service,
  - (f) where you have identified a person who may have a claim for redress, ensure that the matter is dealt with under the firm's complaints procedures as if that person had made a complaint
- if required by the Solicitors Regulation Authority in relation to a matter specified by the Authority.

#### **20.046 Reporting serious misconduct and serious financial difficulty**

You must (subject, where necessary, to your client's consent) report to the Solicitors Regulation Authority if:

- (a) you become aware of serious misconduct by a solicitor, an REL, an RFL, ~~or a firm~~ a recognised body or any of its managers or employees, or any employee of a recognised sole practitioner;
- (b) you are a ~~principal in a firm~~ sole practitioner or a manager of a firm, and you become aware of serious misconduct by an employee of the firm which should concern the Solicitors Regulation Authority as a regulator;
- (c) you have reason to doubt the professional integrity of a solicitor, an REL or an RFL; or
- (d) you have reason to believe that a solicitor, an REL, an RFL or a firm is in serious financial difficulty which could put the public at risk.

#### **20.057 Obstructing complaints**

- (1) You must not try to hinder or prevent a person who wishes to report your conduct to the Solicitors Regulation Authority or the Legal Complaints Service from doing so.
- (2) You must not victimise a person for reporting your conduct to the Solicitors Regulation Authority or the Legal Complaints Service.
- (3) You must not on your own or on your clients' behalf enter into an agreement which would attempt to preclude the Solicitors Regulation Authority or the Legal Complaints Service from investigating any actual or potential allegation of professional misconduct.
- (4) Unless you can properly allege malice, you must not issue defamation proceedings in respect of a complaint to the Solicitors Regulation Authority or the Legal Complaints Service.

#### **20.068 Production of documents, ~~and~~ information and explanations**

- ~~(1) — You must promptly comply with a notice served by the Solicitors Regulation Authority in accordance with (2) below purpose of ascertaining whether a solicitor, an REL, an RFL, or a recognised body is complying with or has complied with any provision of these rules, or of any other rules, codes or mandatory guidance made or issued by the Board of the Solicitors Regulation Authority.~~

~~Such notice will be to the effect that you must produce for inspection by the appointee of the Solicitors Regulation Authority all documents held by you or held under your control and all information and explanations requested:~~

- ~~(a) in connection with your practice; or~~
- ~~(b) in connection with any trust of which you are, or formerly were, a trustee; and you must promptly comply with any notice served under (2) below.~~

~~(2) Notice served under this rule:~~

- ~~(a) must be in writing;~~
- ~~(b) must be left at, or sent by registered post or recorded delivery to, the most recent address held by the Solicitors Regulation Authority, or delivered by the Authority's appointee; and~~
- ~~(c) will be deemed to have been received upon proof of its having been delivered at your practising address or last known practising address (or, in the case of a recognised body, its registered office) 48 hours (excluding Saturdays, Sundays and Bank Holidays) after posting.~~

(1) You must promptly comply with a notice served by the Solicitors Regulation Authority under section 44B or 44BA of the Solicitors Act 1974 for the provision of documents, information or explanations.

(32) You must provide any necessary permissions for information to be given so as to enable the appointee of the Solicitors Regulation Authority to:

- (a) prepare a report on the documents produced under (1) above; and
- (b) seek verification from clients, staff and the banks, building societies or other financial institutions used by you.

(43) ~~(a)~~ You must comply with all requests from the Solicitors Regulation Authority or its appointee as to:

- (ia) the form in which you produce any documents you hold electronically; and
- (ib) photocopies of any documents to take away.

~~(b) The Authority's appointee is not entitled under 20.06 to take original documents away.~~

## **20.079 Dealing with claims**

(1) If you are a ~~principal in a firm, a director of a recognised body which is a company, a member of a recognised body which is an LLP or recognised body,~~ sole practitioner or a manager of a firm and you discover an act or omission which could give rise to a claim, you must inform ~~your~~ the client.

(2) If a client makes a claim against you, notifies an intention to do so, or if you discover an act or omission which could give rise to a claim, you must:

- (a) inform ~~your~~ the client that independent advice should be sought (unless ~~your~~ the client's loss, if any, is trivial and you promptly remedy that loss);
- (b) consider whether a conflict of interests has arisen, and if so not act further for ~~your~~ the client in the matter giving rise to the claim; and
- (c) notify qualifying your compulsory professional indemnity insurer under the Solicitors' Indemnity Insurance Rules or 15.27, ~~or the Assigned Risks~~

~~Pool (ARP) Manager in accordance with the terms of the policy~~ or, if appropriate, the Solicitors Indemnity Fund Ltd ~~(SIF)~~.

#### **20.10 Compliance with conditions**

If you are a solicitor, REL, RFL or recognised body you must comply with any condition which the Solicitors Regulation Authority imposes on your practising certificate, registration or recognition.

## Rule 21 – Separate businesses

### Introduction

A "separate business" is a business which is not ~~regulated by the Solicitors Regulation Authority but which provides "solicitor-like" services.~~ a recognised body, a recognised sole practitioner, an authorised non-SRA firm or a firm within 12.01(3)(a)-(c) or 12.02(3)(a)-(c) but which offers a service or services that could properly be offered by a recognised body. ~~The purpose of rule 21 is~~ Rule 21 regulates the interface between the practice of a solicitor and the operation of a solicitor's separate business:

- to ensure that members of the public are not confused or misled into believing that a business carried on by a solicitor, ~~or~~ REL ~~or~~ RFL is regulated by the Solicitors Regulation Authority or another approved regulator when it is not;
- to ensure that the protections afforded to the clients of practising lawyers are in place in relation to certain mainstream legal services and
- to prevent a solicitor severing part of a case or matter in such a way that the client loses statutory protections.

The rule as it applies to your overseas practice is modified by 15.21.

### Rule

#### 21.01 General

- (1) If you are practising from an office in England and Wales as a solicitor, ~~or an REL, or as an RFL partner in an MNP, a director of a~~ or recognised body, ~~which is a company or a member of a recognised body which is an LLP, or if you are a manager or employee of a recognised body, or an employee of a recognised sole practitioner,~~ you must comply with the provisions of this rule in relation to:
  - (a) services which may not be provided through a separate business;
  - (b) services which may be provided through a separate business or (subject to these rules) through a firm or in-house practice; and
  - (c) services which fall outside the scope of a solicitor's practice but which may be provided in conjunction with a firm or in-house practice.
- (2) This rule applies to your involvement in any separate business whether the separate business is in England and Wales or outside the jurisdiction.
- (3) ~~This rule also applies to a recognised body in relation to an interest held in another body corporate which is not a recognised body.~~
- (4) For the avoidance of doubt, in this rule "practising" includes practising as an in-house solicitor or an in-house REL.

#### 21.02 Services which may not be provided through a separate business

- (1) Subject to (2) below, you must not provide any of the following services through a separate business:
  - (a) the conduct of any matter which could come before a court, tribunal or inquiry, whether or not proceedings are started;
  - (b) advocacy before a court, tribunal or inquiry;

- (c) instructing counsel in any part of the UK;
- (d) immigration advice or immigration services;
- (e) 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 Solicitors Act 1974;
- (f) drafting wills;
- (g) acting as nominee, trustee or executor in England and Wales;
- (h) legal advice not included above; or
- (i) drafting legal documents not included above.

#### *Exceptions*

- (2) The provisions of (1) above do not apply to prohibit you from providing services through a separate business:
  - (a) which carries on your practice as a lawyer of another jurisdiction;
  - ~~(b) which carries on your business as a trade mark agent, patent agent or European patent attorney;~~
  - ~~(c)~~ which carries on your business as a parliamentary agent;
  - ~~(d)~~ which is a wholly owned nominee company operated as a subsidiary but necessary part of the work of a separate business providing financial services;
  - ~~(e)~~ which provides legal advice and/or drafts legal documents within (1)(h) and/or (i) above, as a subsidiary but necessary part of some other service which is one of the main services of the separate business; ~~or~~
  - ~~(f) — which has no office in England and Wales, does not receive customers directly or indirectly referred from any firm through which you carry on your practice in England and Wales, or from any in-house practice you have in England and Wales, does not provide any services in relation to the UK; and does not provide executor, trustee or nominee services anywhere.~~

However, you must comply with the requirements of 21.05 in relation to any such separate business.

#### **21.03 Services which may be provided in conjunction with a firm or in-house practice**

- (1) The following services extend beyond, or fall outside, the scope of a solicitor's practice but you may provide such services in conjunction with a firm or in-house practice:
  - (a) ~~practice as a qualified notary public;~~
  - ~~(b) —~~educational and training activities; and
  - ~~(c)~~(b) authorship, journalism ~~or~~ and publishing.
- (2) ~~Such A-services are provided in conjunction with a firm or in-house practice of a solicitor, an REL an MNP or a recognised body is~~ not provided through a separate business for the purpose of this rule.

#### **21.04 Services which may be provided (subject to these rules) either through a firm or in-house practice, or through a separate business**

- (1) You may provide the following services either (subject to these rules) through a firm or in-house practice, or through a separate business:
  - (a) alternative dispute resolution;
  - (b) financial services (except those that cannot form part of a solicitor's practice);
  - (c) estate agency;
  - (d) management consultancy;
  - (e) company secretarial services;
  - (f) acting as a parliamentary agent;
  - ~~(g) acting as a European patent attorney;~~
  - ~~(h)~~ practising as a lawyer of another jurisdiction;
  - ~~(i)~~ acting as a bailiff;
  - ~~(j)~~ acting as nominee, trustee or executor outside England and Wales; or
  - ~~(k)~~ providing any other business, advisory or agency service which could be provided (subject to these rules) through a firm or in-house practice but is not included in 21.02.
- (2) If you provide any service listed in (1) above through a separate business you must comply with 21.05.

#### **21.05 Safeguards in relation to a separate business**

- (1) If you provide services through a separate business you must do nothing in the course of practice, or in the course of making referrals to the business or accepting referrals from the business, which would breach rule 1 (Core duties).
- (2) You must ensure that the following safeguards are in place in relation to a separate business which offers or provides any of the services listed in 21.04(1):
  - (a) the separate business must not be held out or described in such a way as to suggest that the separate business is carrying on a practice regulated by the Solicitors Regulation Authority [or another approved regulator](#), or that any lawyer connected with your firm is providing services through the separate business as a practising lawyer regulated by the Solicitors Regulation Authority [or another approved regulator](#);
  - (b) all paperwork, documents, records or files relating to the separate business and its customers must be kept separate from those of any firm or in-house practice, even where a customer of the separate business is also a client of the firm or in-house practice;
  - (c) the client account [or other account](#) used [to hold money](#) for [the clients of](#) any firm or in-house practice must not be used to hold money for the separate business, or for customers of the separate business in their capacity as such;
  - (d) if the separate business shares premises, office accommodation or reception staff with any firm or in-house practice:
    - (i) the areas used by the firm or in-house practice must be clearly differentiated from the areas used by the separate business; and

- (ii) all customers of the separate business must be informed that it is not regulated by the Solicitors Regulation Authority and that the statutory protections attaching to clients of a lawyer regulated by the Authority are not available to them as customers of that business;
- (e) if you or your firm refer a client to the separate business, the client must first be informed of your interest in the separate business, that the separate business is not regulated by the Solicitors Regulation Authority and that the statutory protections attaching to clients of a lawyer regulated by the Authority are not available to them as customers of that business; and
- (f) if the separate business is an estate agency, then without prejudice to the provisions of these rules regarding conflicts of interests, neither you nor any firm through which you practise **as a principal** may act in the conveyance for the buyer of any property sold through the estate agency unless:
  - (i) the firm shares ownership of the estate agency with at least one other business in which neither you nor the firm have any financial interest;
  - (ii) neither you nor anyone else in the firm is dealing with or has dealt with the sale of the seller's property for the separate business; and
  - (iii) the buyer has given written consent to you or the firm acting, after your financial interest in the sale going through has been explained to the buyer.



## Rule 23 – Application of these rules

### 23.01

~~Subject to 23.03 below t~~These rules apply to you (and "you" must be construed accordingly) ~~if you are:~~ in the following circumstances.

- ~~(a) a solicitor, in relation to practice as a solicitor from offices in England and Wales and outside England and Wales;~~
- ~~(b) an REL, in relation to practice as a lawyer of an Establishment Directive state from offices in England and Wales, Northern Ireland and Scotland;~~
- ~~(c) a recognised body incorporated in England and Wales, in relation to practice from offices in England and Wales and outside England and Wales;~~
- ~~(d) a recognised body incorporated in an Establishment Directive state but outside England and Wales:
  - ~~(i) in relation to practice from offices in England and Wales; and~~
  - ~~(ii) in relation to practice from offices outside England and Wales, but only to the following extent:
    - ~~(A) 1.06 (Public confidence);~~
    - ~~(B) 12.04(4) (Framework of practice);~~
    - ~~(C) rule 14 (incorporated practice); and~~
    - ~~(D) rule 15 (Overseas practice), but only to the extent that rule 15 specifically applies any provision of these rules to a recognised body incorporated outside England and Wales;~~~~~~
- ~~(e) an RFL, in relation to practice as a foreign lawyer from offices in England and Wales, as:
  - ~~(i) a partner in an MNP as defined in rule 24 (Interpretation);~~
  - ~~(ii) a director of a recognised body which is a company; or~~
  - ~~(iii) a member of a recognised body which is an LLP; and~~~~
- ~~(f) a solicitor who was formerly an REL, in relation to practice as a lawyer of an Establishment Directive state from offices in the UK;~~

~~but see also 3.07(1) in relation to acting for seller and buyer, and 3.16(1) in relation to acting for lender and borrower.~~

#### Application in relation to practice from an office in England and Wales

(1) Rules 1 to 14 and 16 to 25 of these rules apply to your practice from an office in England and Wales if you are:

- (a) a solicitor or REL (including a recognised sole practitioner),
- (b) a recognised body,
- (c) an RFL who is:
  - (i) the employee of a recognised sole practitioner,
  - (ii) a manager, employee, member or owner of a recognised body,

(iii) a manager, member or owner of a body corporate which is a manager, member or owner of a recognised body.

(d) any other person who is a manager or employee of a recognised body, except that only this rule and rules 1, 12, 20, 21 and 24 apply to you if you are a solicitor or REL practising through or employed by an authorised non-SRA firm when doing work of a sort authorised by the firm's approved regulator.

(2) if you are an RFL, this rule and rules 1, 20, 21 and 24 apply to your practice from an office in England and Wales as:

(a) a manager, employee, member or owner of an authorised non-SRA firm, or

(b) a manager, member or owner of a body corporate which is a manager, member or owner of an authorised non-SRA firm

when doing work of a sort authorised by the firm's approved regulator.

*Application in relation to practice from an office in Scotland or Northern Ireland*

(3) Rule 15 (overseas practice) applies to your practice from an office in Scotland or Northern Ireland, and rules 1 to 14 and 16 to 25 apply to that practice to the extent specified in rule 15, if you are:

(a) a solicitor or REL (including a recognised sole practitioner),

(b) a solicitor-controlled recognised body or an REL-controlled recognised body, or

(c) a manager of such a recognised body who is a lawyer of England and Wales or a non-lawyer;

except that only this rule and rules 1, 12, 20, 21 and 24 apply to you if you are a solicitor or REL practising through or employed by an authorised non-SRA firm when doing work of a sort authorised by the firm's approved regulator.

(4) 1.06 (public confidence), 12.04(4) (framework of practice), rule 14 (recognised bodies), 15.01(2)(a) (overseas practice), this rule and rule 25 (interpretation) apply to your practice from an office in Scotland or Northern Ireland if you are:

(a) a recognised body which is neither a solicitor-controlled recognised body nor an REL-controlled recognised body, or

(b) a manager of such a recognised body who is a lawyer of England and Wales or a non-lawyer.

*Application in relation to practice from an office outside the UK*

(5) Rule 15 (overseas practice) applies to your practice from an office outside the UK, and rules 1 to 14 and 16 to 25 of these rules apply to that practice to the extent specified in rule 15, if you are:

(a) a solicitor (including a recognised sole practitioner),

(b) a solicitor-controlled recognised body, or

(c) a manager of a solicitor-controlled recognised body who is a lawyer of England and Wales or a non-lawyer;

except that only this rule and rules 1, 12, 20, 21 and 24 apply to you if you are a solicitor practising through or employed by an authorised non-SRA firm when doing work of a sort authorised by the firm's approved regulator.

(4) 1.06 (public confidence), 12.04(4) (framework of practice), rule 14 (recognised bodies), 15.01(2)(a) (overseas practice), this rule and rule 25 (interpretation) apply to your practice from an office outside the UK if you are:

(a) a recognised body which is not a solicitor-controlled recognised body, or

(b) a manager of such a recognised body who is a lawyer of England and Wales or a non-lawyer.

## **23.02**

~~The following apply i~~In relation to other forms of practice, and outside practice altogether:

- (a) 1.06 (public confidence) applies to you in England and Wales and overseas if you are a solicitor, an REL or an RFL,;
- (b) 10.01 (not taking unfair advantage) applies to you in England and Wales and overseas if you are a solicitor; and within the UK if you are an REL,  
~~(i) —if you are a solicitor, in England and Wales and overseas; and~~  
~~(ii) —if you are an REL, within the UK;~~
- (c) 10.05(1)(c) and (d), (2) and (3), and 15.10(2)(a)(ii) and (iii), (b) and (c); (undertakings given outside the course of practice) apply to you in England and Wales and overseas if you are a solicitor; and within the UK if you are an REL,
- (d) 12.03(2) and (3) (practice in another capacity than as an RFL) apply to you in England and Wales and overseas if you are an RFL.

## **23.03**

~~The provisions of rules 1 to 14 and 16 to 25 of these rules will only apply to your overseas practice if specifically applied by rule 15(Overseas practice).~~

In relation to acting for seller and buyer "you" must be interpreted in accordance with 3.07(1), and in relation to acting for lender and borrower "you" must be interpreted in accordance with 3.16(1).

## Rule 24 – Interpretation

### 24.01

In these rules, unless the context otherwise requires, all references to legislation include existing and future amendments to that legislation and:

<a href="#">approved regulator</a>	<a href="#">means a body listed in paragraph 1 of Schedule 4 to the Legal Services Act 2007 (whether or not that paragraph has been brought into force), or designated as an approved regulator by an order under paragraph 17 of that Schedule, and reference to the Solicitors Regulation Authority as an approved regulator means the Solicitors Regulation Authority carrying out regulatory functions assigned to the Law Society as an approved regulator;</a>
“arrangement”	in relation to financial services, fee sharing and the introduction of clients, means any express or tacit agreement between you and another person, whether contractually binding or not;
“associated companies”	means two companies which are subsidiary companies of the same holding company;
“associated firms”	means two or more partnerships with at least one partner in common; two or more companies without shares with at least one member in common; two or more LLPs with at least one member in common; two or more companies with shares with at least one owner in common, or any combination of these;
<a href="#">authorised “non-SRA firm”</a>	<a href="#">means a sole practitioner, partnership, LLP or company authorised to practise by another approved regulator and not by the Solicitors Regulation Authority;</a>
<a href="#">“body corporate”</a>	<a href="#">means</a> <a href="#">(a) a company,</a> <a href="#">(b) an LLP, or</a> <a href="#">(c) a partnership which is a legal person in its own right,</a>
“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, <a href="#">an associate member</a> or an observer member of the CCBE;
“charity”	has the same meaning as in section 96(1) of the Charities Act 1993;
<a href="#">"claim for redress"</a>	<a href="#">in rule 20, has the same meaning as in section 158 of the Legal Services Act 2007;</a>

“client account”	<p>in rule 15 (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 and/or controlled 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;</p> <p>(for the definition of “client account” in relation to practice from an office in England and Wales, see the Solicitors’ Accounts Rules 1998);</p>
“client money”	<p>in rule 15 (Overseas practice), means money you receive or hold for or on behalf of a client <u>or trust</u>;</p> <p>(for the definition of “client money” in relation to practice from an office in England and Wales, see the Solicitors’ Accounts Rules 1998);</p>
“company”	<p>in rule 14 (<del>Incorporated practice</del>Recognised bodies), means a company registered under Part I of the Companies Act 1985, <del>or</del> an overseas company incorporated in an Establishment Directive state and registered under section 690A or 691 of the Companies Act 1985, or a <i>societas Europaea</i>;</p>
“contentious proceedings”	<p>is to be construed in accordance with the definition of “contentious business” in section 87 of the Solicitors Act 1974;</p>
“contingency fee”	<p>except in 9.01(4) to (6), means any sum (whether fixed, or calculated either as a percentage of the proceeds or otherwise) payable only in the event of success;</p>
“controlled trust”	<p><del>in rule 15 (Overseas practice), means a trust of which:</del></p> <p><del>(a) — you are the sole trustee; or</del></p> <p><del>(b) — you are co-trustee only with one of more of your, or your firm’s, employees, partners; officers (in the case of a company, including a recognised body); or members (in the case of an LLP, including a recognised body); or</del></p> <p><del>(c) — you are co-trustee only with your firm (in the case of a partnership with a separate legal identity, a company or LLP, including a recognised body);</del></p> <p><del>(for the definition of “controlled trust” in relation to practice from an office in England and Wales, see the Solicitors’ Accounts Rules 1998);</del></p>
“controlled trust money”	<p><del>in rule 15 (Overseas practice), means money which is subject to a controlled trust of which you are a trustee;</del></p> <p><del>(for the definition of “controlled trust” in relation to practice from an office in England and Wales, see the Solicitors’ Accounts Rules 1998);</del></p>

“corporate firm”	means a body corporate which carries on the practice of a solicitor or an REL but is not an in-house practice;
“court”	in rule 11 (Litigation and advocacy) means any court, tribunal or enquiry of England and Wales, or a British court martial, or any court of another jurisdiction;
“director”	means a director of a company, and includes the director of a recognised body which is a company; and in relation to a <i>societas Europaea</i> includes:  (a) in a two-tier system, a member of the management organ and a member of the supervisory organ; and  (b) in a one-tier system, a member of the administrative organ;
“documents”	in rule 20 (Requirements of practice) includes documents, whether written or electronic, relating to the solicitor’s client and office accounts;
“eligible to be a member and eligible to be a shareowner”	in rule 14 (Incorporated practice), mean a person who falls within one of the following categories:  (a) a solicitor with a practising certificate;  (b) a registered European lawyer;  (c) a registered foreign lawyer;  <del>(d) a non-registered European lawyer;</del>  <u>(d) a lawyer of an Establishment Directive state (including the UK),</u>  <u>(e) a lawyer of England and Wales,</u>  <u>(f) an individual approved under regulation X of the Solicitors’ Recognised Bodies Regulations 2007 as suitable to be a manager of a recognised body</u>  <u>(g) a qualifying body (including another recognised body).</u>  <del>(e) a recognised body; or</del>  <del>(f) a European corporate practice;</del>  and “ineligible” must be construed accordingly;
“employee”	except in rule 6 (Equality and diversity) includes, <del>in the case of a solicitor or an REL</del> <u>an individual who is:</u>  (a) <del>a solicitor or REL who is</del> <u>employed as</u> a director of a company;  (b) <del>a solicitor or REL who is</del> engaged under a contract of service (for example, an assistant solicitor) <u>by a firm or its wholly owned service company;</u> or  (c) <del>a solicitor or REL who is</del> engaged under a contract for services (for example, a consultant or a locum), <u>made between the employer and:</u>

	<p>(i) <a href="#">that individual,</a></p> <p>(ii) <a href="#">an employment agency, or</a></p> <p>(iii) <a href="#">a company which is not held out to the public as providing legal services and is wholly owned and directed by that individual;</a></p> <p>and “employer” and “employment” must be construed accordingly</p>
“Establishment Directive”	means the Establishment of Lawyers Directive 98/5/EC;
“Establishment Directive Regulations”	means the European Communities (Lawyer’s Practice) Regulations 2000 (SI 2000/1119);
“Establishment Directive state”	means a state to which the Establishment of Lawyers Directive 98/5/EC applies – currently all the states of the EU plus Iceland, Liechtenstein, Norway and Switzerland;
“EU”	means the European Union;
<del>“European corporate practice”</del>	<p><del>means a lawyers’ practice incorporated in or formed under the law of an Establishment Directive state, which does not have an office in England and Wales, and is either:</del></p> <p><del>(a) a body corporate wholly owned (whether directly or indirectly) and directed by RELs and/or non-registered European lawyers, or by such persons together with solicitors with practising certificates, RFLs and/or barristers of England and Wales; or</del></p> <p><del>(b) a lawyers’ partnership with separate legal identity whose partners are all RELs and/or non-registered European lawyers, or such persons together with solicitors with practising certificates, RFLs and/or barristers of England and Wales.</del></p>
“European cross-border practice”	has the meaning assigned by 16.01(1);
“firm”	means any business <a href="#">through</a> which <a href="#">a solicitor or REL</a> carries on <del>the practice of a solicitor or an REL,</del> <a href="#">except other than</a> in-house practice;
“foreign lawyer”	means a person 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;
“holding company”	has the meaning assigned by the Companies Act 1985;
<a href="#">"Immigration tribunal"</a>	<p><a href="#">means</a></p> <p>(a) <a href="#">the asylum support adjudicators;</a></p> <p>(b) <a href="#">the Asylum and Immigration Tribunal, and</a></p> <p>(c) <a href="#">a tribunal hearing an appeal from (a) or (b);</a></p>

<p>“in-house practice”</p>	<p>means <a href="#">a solicitor's practice within 12.01(1)(g) or 12.01(2)(f), or an REL's practice within 12.02(1)(g) or 12.02(2)(e)</a>;</p> <p><del>(a) — a solicitor's employment in England and Wales as a solicitor, or an REL's employment in England and Wales as a lawyer of an Establishment Directive state, by any business which is not:</del></p> <p><del>(i) — the business of a solicitor or an REL practising as a sole principal;</del></p> <p><del>(ii) — a recognised body; or</del></p> <p><del>(iii) — a partnership with at least one partner who is:</del></p> <p><del>(A) — a practising solicitor;</del></p> <p><del>(B) — an REL practising as such; or</del></p> <p><del>(C) — a recognised body; and</del></p> <p><del>(b) — a solicitor's employment outside England and Wales as a solicitor, or an REL's employment in Scotland or Northern Ireland as a lawyer of an Establishment Directive state, by any business which is not:</del></p> <p><del>(i) — the business of a lawyer practising as a sole principal;</del></p> <p><del>(ii) — a partnership of lawyers, or of lawyers together with other persons, within rule 12; or</del></p> <p><del>(iii) — a body corporate wholly owned, for the purpose of practising law, by lawyers, or by lawyers together with other persons, within rule 12;</del></p>
<p>“lawyer”</p>	<p><del>except in rule 12 (Framework of practice)</del>, means a member of one of the following professions, entitled to practise as such:</p> <p>(a) the profession of solicitor, barrister or advocate of the UK;</p> <p><a href="#">(b) a profession whose members are authorised to practise by an approved regulator other than the Solicitors Regulation Authority;</a></p> <p><del>(bc)</del> a legal profession of an Establishment Directive state other than the UK;</p> <p><del>(cd)</del> a legal profession which has been approved by the Solicitors Regulation Authority for the purpose of multi-national partnerships in England and Wales; or</p> <p><del>(de)</del> any other regulated legal profession which is recognised as such by the Solicitors Regulation Authority;</p> <p><del>(for the definition of “lawyer” for the purpose of rule 12 (Framework of practice) see 12.05);</del></p>



“lawyer of an Establishment Directive state”	means a member, and entitled to practise as such, of a legal profession which is covered by the Establishment of Lawyers Directive 98/5/EC, and includes a solicitor or a barrister of England and Wales;
<a href="#">“lawyer of England and Wales”</a>	<a href="#">means a solicitor with a current practising certificate or an individual who is authorised to practise in England and Wales by an approved regulator other than the Solicitors Regulation Authority;</a>
“legal profession”	means a profession whose members are lawyers as defined in this rule;
“LLP”	means a limited liability partnership formed by being incorporated under the Limited Liability Partnerships Act 2000;
<a href="#">manager means</a>	<a href="#">means:</a> <a href="#">(a) a partner in a partnership;</a> <a href="#">(b) a member of an LLP; or</a> <a href="#">(c) a director of a company;</a>
“member”	in relation to a recognised body, means: (a) a person who has agreed to be a member of a company and whose name is entered in the company’s register of members; or (b) a member of an LLP;
“MNP”	means a multi-national partnership as defined in section 89(9) of the Courts and Legal Services Act 1990;
“non-lawyer”	means: (a) an individual who is not a lawyer <del>as defined in this rule practising as such</del> ; or (b) a body corporate <del>which includes an individual who is not a lawyer as defined in this rule; or</del> (c) <del>a partnership which includes as a partner an individual who is not a lawyer as defined in this rule; or</del> <a href="#">partnership which is not:</a> <a href="#">(i) a recognised body,</a> <a href="#">(ii) an authorised non-SRA firm, or</a> <a href="#">(iii) a business, carrying on the practice of lawyers from an office or offices outside England and Wales, in which a controlling majority of the</a>

	<a href="#">owners and managers are lawyers</a>
“non-registered European lawyer”	means a lawyer of an Establishment Directive state who is based at an office or offices outside England and Wales and who is not: <del>(a) a solicitor, REL or RFL; or</del> <del>(b) — a barrister of England and Wales, Northern Ireland or the Irish Republic, or a Scottish advocate;</del>
<a href="#">“notary public”</a>	<a href="#">means a duly certificated notary authorised to practise by the Master of Faculties;</a>
“officer”	in relation to a company, means a director or the company secretary;
“overseas”	means in or of a jurisdiction other than England and Wales;
“overseas practice”	means: (a) the practice <del>of a solicitor or a recognised body</del> from an office <del>or offices</del> outside England and Wales; <del>and of:</del> <a href="#">(i) a solicitor</a> <a href="#">(ii) a recognised body,</a> <a href="#">(iii) a manager of a recognised body who is a lawyer of England and Wales;</a> (b) <a href="#">the activities of an individual non-lawyer as a manager of a recognised body practising from an office outside England and Wales,</a> (c) <a href="#">the activities of a body corporate as a manager of a recognised body practising from an office outside England and Wales, and</a> (d) <a href="#">the practice of an REL from an office or offices in Scotland or Northern Ireland;</a>
“owner”	in relation to a body <del>corporate</del> , means a person with any ownership interest in the body <del>corporate</del> ;
“partner”	<del>includes both an equity partner and a salaried partner in a partnership</del> <a href="#">means a person who is or is held out as a partner in an unincorporated firm</a>
“partnership”	<del>means an unincorporated body falling within the definition of partnership in section 1 of the Partnership Act 1890, and does not include an LLP</del> <a href="#">means an unincorporated partnership, and includes any unincorporated firm in which persons are or are held out as partners, but does not include an LLP;</a>
“person”	includes an individual; <a href="#">and</a> a body corporate; <del>or other legal person;</del>
<a href="#">“person qualified to direct reserved work”</a>	<a href="#">means an individual who is qualified under statute to do the relevant reserved work and who is:</a> (a) <a href="#">a fellow-manager, or</a> (b) <a href="#">the employer, a manager of the firm or a fellow-employee, if the person doing the work is not a</a>

	<a href="#">manager</a>
“practice”	<p>(a) the activities of a solicitor, in that capacity;</p> <p>(b) the activities of an REL in the capacity of lawyer of an Establishment Directive state, from an office or offices within the UK;</p> <p><del>(c) the activities of an RFL from an office or offices in England and Wales as:</del></p> <p><del>(i) a partner in an MNP;</del></p> <p><del>(ii) a director of a recognised body which is a company; or</del></p> <p><del>(iii) a member of a recognised body which is an LLP; and</del></p> <p><u>(c) the activities of an RFL from an office or offices in England and Wales as:</u></p> <p><u>(i) the employee of a recognised sole practitioner,</u></p> <p><u>(ii) a manager, employee, member or owner of a recognised body or of an authorised non-SRA firm,</u></p> <p><u>(iii) a manager, member or owner of a body corporate which is a manager, member or owner of a recognised body or of an authorised non-SRA firm.</u></p> <p>(d) the activities of a recognised body;</p> <p><u>(e) the activities of an individual non-lawyer as a manager of a recognised body practising from an office outside England and Wales,</u></p> <p><u>(f) the activities of a body corporate as a manager of a recognised body practising from an office outside England and Wales,</u></p> <p><u>(g) the activities of a lawyer of England and Wales, in that capacity; and</u></p> <p><u>(h) the activities of an authorised non-SRA firm,</u></p> <p>and "practise" and "practising" should be construed accordingly;</p>
“practice from an office”	<p>includes practice carried on:</p> <p>(a) from an office at which you are based; or</p> <p>(b) from an office of a firm in which you are a principal, director, member or an owner, even if you are not based there;</p> <p>and “practising from an office in England and Wales”, etc. should be construed accordingly;</p>

<p>“practice through a body <del>corporate</del>”</p>	<p>includes having an ownership interest in a body <del>corporate</del> <u>or and</u> being a director <del>of</del> <u>if the body is a</u> a company, even if you yourself undertake no work for <u>body's</u> clients <del>of the body corporate</del>;</p> <p>and “practising through <del>a body corporate</del> <u>an authorised non-SRA firm</u>” should be construed accordingly;</p>
<p>“principal”</p>	<p>means a sole practitioner or a partner in a partnership;</p>
<p>“<del>principal in a firm</del>”</p>	<p><del>means:</del></p> <p><del>(a) — a solicitor or recognised body practising either as a sole principal or as a partner;</del></p> <p><del>(b) — an REL practising in the UK either as a sole principal or as a partner; or</del></p> <p><del>(c) — an RFL practising from an office in England and Wales as a partner in an MNP;</del></p>
<p>“providing a service through a separate business”</p>	<p>means having any active involvement in a separate business which provides that service, and includes:</p> <p>(a) any substantial ownership in the business;</p> <p>(b) any direct control over the business, and any indirect control through another person such as a spouse; and</p> <p>(c) any active participation in the business or the provision of its services to customers;</p> <p>(being a non-executive director or providing services under rule 13 (In-house practice) does not, on its own, constitute active involvement);</p>
<p>“publicity”</p>	<p>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;</p>

<p><u>“qualifying body”</u></p>	<p><u>means a body corporate which meets all the following conditions:</u></p> <p>(a) <u>it provides only such services as a recognised body may provide,</u></p> <p>(b) <u>it has at least one manager who is a solicitor or REL,</u></p> <p>(c) <u>lawyers of England and Wales, lawyers of Establishment Directive states (including the UK), and/or RFLs:</u></p> <p>(i) <u>constitute at least 75% of the managers,</u></p> <p>(ii) <u>exercise or control the exercise of at least 75% of the voting rights in the body, and</u></p> <p>(iii) <u>if the body has shares, hold at least 75% of the shares in the body;</u></p> <p>(d) (i) <u>every manager who is not within (c) above is an individual approved under regulation XX of the Solicitors' Recognised Bodies Regulations 2007; and</u></p> <p>(ii) <u>every member or owner who is not within (c) above is also a manager.</u></p>
<p>“recognised body”</p>	<p>means a <del>body corporate (which can be a company or an LLP)</del> <u>partnership, company or LLP</u> for the time being recognised by the Solicitors Regulation Authority under section 9 of the Administration of Justice Act 1985 and the Solicitors' Recognised Bodies Regulations 2007;</p>
<p><u>“recognised sole practitioner”</u></p>	<p><u>means a solicitor or REL authorised by the Solicitors Regulation Authority under section 1B of the Solicitors Act 1974 to practise as a sole practitioner;</u></p>
<p>“REL (registered European lawyer)”</p>	<p>means an individual registered with the Solicitors Regulation Authority under regulation 17 of the Establishment Directive Regulations;</p>
<p><u>REL-controlled recognised body”</u></p>	<p><u>means a recognised body in which RELs, or RELs together with lawyers of England and Wales, constitute the national group of lawyers with the largest (or equal largest) share of control of the recognised body either as individual managers or by their share in the control of bodies which are managers, and for this purpose RELs belong to the national group of England and Wales.</u></p>
<p>“register of European lawyers”</p>	<p>means the register of European lawyers maintained by the Solicitors Regulation Authority under regulation 15 of the Establishment Directive Regulations;</p>

<p><u>“Reserved work”</u></p>	<p><u>means the following activities:</u></p> <p>(a) <u>advocacy before a court or immigration tribunal,</u></p> <p>(b) <u>the conduct of proceedings in a court or immigration tribunal,</u></p> <p>(c) <u>the preparation of documents in proceedings before a court or immigration tribunal,</u></p> <p>(d) <u>the preparation of instruments and the lodging of documents relating to the transfer or charge of land, and the preparation of trust deeds disposing of capital, within paragraph 5 of Schedule 2 to the Legal Services Act 2007,</u></p> <p>(e) <u>the preparation of papers on which to found or oppose a grant of probate or a grant of letters of administration,</u></p> <p>(f) <u>the administration of oaths and statutory declarations,</u></p> <p>(g) <u>notarial activities within paragraph 7 of Schedule 2 to the Legal Services Act 2007.</u></p>
<p>“RFL (registered foreign lawyer)”</p>	<p>means an individual registered with the Solicitors Regulation Authority under section 89 of the Courts and Legal Services Act 1990;</p>
<p>register of foreign lawyers</p>	<p>means the register of foreign lawyers maintained by the Solicitors Regulation Authority under the Courts and Legal Services Act 1990;</p>
<p><del>“right of audience and right to conduct litigation”</del></p>	<p><del>are to be construed in accordance with Part II and section 119 of the Courts and Legal Services Act 1990;</del></p>
<p>“separate business”</p>	<p>means a business which <del>does not carry on the practice of a solicitor, REL or</del> <u>is not a recognised body, a recognised sole practitioner, an authorised non-SRA firm or a firm within 12.01(3)(a)-(c) or 12.02(3)(a)-(c)</u> but which offers a service or services that could properly be offered by a <del>solicitor, REL or</del> recognised body <u>in the course of practice</u>;</p>
<p>“shareowner”</p>	<p>(a) a member of a recognised body which is a company with a share capital, who owns a share in the body; or</p> <p>(b) 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;</p>
<p>“societas Europaea”</p>	<p>means a European public limited liability company within the meaning of article 1 of Council Regulation 2157/2001/EC;</p>
<p><u>“sole practitioner”</u></p>	<p><u>means a solicitor or REL practising as a sole principal, and does not include a solicitor or REL practising in-house;</u></p>

<a href="#">solicitor-controlled recognised body</a>	<a href="#">means a recognised 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 recognised body either as individual managers or by their share in the control of bodies which are managers;</a>
“Solicitors’ Recognised Bodies Regulations”	means the Solicitors’ Recognised Bodies Regulations 2007
“subsidiary company”	has the meaning assigned by the Companies Act 1985;
“UK”	means United Kingdom; and
“undertaking”	in 10.05 and 15.10, means a statement made by you or your firm to someone who reasonably relies upon it, that you or your firm will do something or cause something to be done, or refrain from doing something. The undertaking can be given orally or in writing and need not include the words “undertake” or “undertaking”.

## Rule 25 – Commencement and repeals

### 25.01

- (1) These rules, together with the Solicitors' Recognised Bodies Regulations 2007, ~~shall come into force on the first day of the fourth month commencing after notification of the approval of the Secretary of State for Constitutional Affairs under Schedule 4 to the Courts and Legal Services Act 1990~~ [1 July 2007](#).
- (2) The following provisions are repealed by these rules:
  - (a) the Solicitors' Practice Rules 1990;
  - (b) the Solicitors' Publicity Code 2001;
  - (c) the Solicitors' Introduction and Referral Code 1990;
  - (d) the Employed Solicitors Code 1990;
  - (e) the Solicitors' Separate Business Code 1994;
  - (f) the Solicitors' Costs Information and Client Care Code 1999;
  - (g) the Law Society's Code for Advocacy;
  - (h) the Solicitors' Anti-Discrimination Rules 2004;
  - (i) the Solicitors' Overseas Practice Rules 1990; and
  - (j) the Solicitors' Incorporated Practice Rules 2004.
- (3) These rules also replace the conduct obligations imposed by virtue of The Guide to the Professional Conduct of Solicitors (1999) and Guide Online.
- (4) For the avoidance of doubt, the following will remain in force after the coming into force of these rules:
  - (a) the Solicitors' Accounts Rules;
  - (b) the Solicitors' Indemnity Insurance Rules;
  - (c) the Solicitors' Indemnity (Enactment) Rules;
  - (d) the Solicitors' Financial Services (Scope) Rules;
  - (e) the Solicitors' Financial Services (Conduct of Business) Rules;
  - (f) the Solicitors' Compensation Fund Rules; and
  - (g) the Solicitors' Compensation Fund (Foreign Lawyers' Contributions) Rules.
- (5) [Until 1 July 2009:](#)
  - (a) [there is no requirement for a solicitor or REL practising in England and Wales as a sole practitioner to be a recognised sole practitioner; and](#)
  - (b) [rules which apply to a recognised sole practitioner are to be interpreted as applying to a solicitor or REL practising in England and Wales as a sole practitioner.](#)