

## Draft SRA Principles (Annex B)

### SRA Principles – application, commencement and transitional provisions, and notes

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#### SRA Principles

These are mandatory *Principles* which apply to all.

You must:

1. uphold the rule of law and the proper administration of justice;
2. act with integrity;
3. not allow your independence to be compromised;
4. act in the best interests of each *client*;
5. provide a proper standard of service to your *clients*;
6. behave in a way that maintains the trust the public places in you and in the provision of legal services;
7. comply with your legal and regulatory obligations and deal with your regulators and ombudsmen in an open, timely and co-operative manner;
8. run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles;
9. run your business or carry out your role in the business in a way that encourages equality of opportunity and respect for diversity;
10. protect *client* money and *assets*.

#### 1. SRA Principles – application provisions

The *Principles* apply to you in the following circumstances (and "you" must be construed accordingly).

##### Application of the *Principles* in relation to practice from an office in England and Wales

- 1.1 Subject to paragraphs 2 to 6 and any other provisions in the Code, the *Principles* apply to you if you are:
  - (a) a *solicitor* or a *Registered European Lawyer* ("REL") who is:
    - (i) a *sole practitioner*;

- (ii) a *manager* of an *authorised body*, or of a body which is a *manager* of an *authorised body*, or of a body which should be a *recognised body* but has not been recognised by the *SRA*;
  - (iii) an *employee* (including as an assistant, associate, professional support lawyer, consultant, locum or otherwise employed in the *practice*) of an *authorised body*, *recognised sole practitioner*, or of a body which should be a *recognised body* but has not been recognised by the *SRA*, or of a *sole practitioner* who should be a *recognised sole practitioner* but has not been authorised by the *SRA*;
  - (iv) a *manager* or *employee* of an *authorised non-SRA firm*, or a *manager* of a body which is a *manager* of an *authorised non-SRA firm*, when doing work authorised by the *SRA* as an in-house *lawyer*;
  - (v) employed as an in-house *lawyer*;
  - (vi) an *owner* of an *authorised body*, or of a body which should be a *recognised body* but has not been recognised by the *SRA*, even if the *owner* undertakes no work for the body's *clients*;
- (b) a *registered foreign lawyer (RFL)* who is:
  - (i) a *manager* of an *authorised body*, or of a body which is a *manager* of an *authorised body* or of a body which should be a *recognised body* but has not been recognised by the *SRA*;
  - (ii) an *employee* (including as an assistant, associate, professional support lawyer, consultant, locum or otherwise employed in the *practice*) of an *authorised body*, *recognised sole practitioner*, a body which should be a *recognised body* but has not been recognised by the *SRA*, or of a *sole practitioner* who should be a *recognised sole practitioner* but has not been recognised by the *SRA*;
  - (iii) a *manager* or *employee* of an *authorised non-SRA firm*, or a *manager* of a body which is a *manager* of an *authorised non-SRA firm*, when doing work authorised by the *SRA* as an in-house *lawyer*;
  - (iv) an *owner* of an *authorised body* or a body which should be a *recognised body* but has not been recognised by the *SRA* even if the *owner* undertakes no work for the body's *clients*;
- (c) an *authorised body*;

- (d) a *manager* or *employee* of an *authorised body*, or of a body which should be a *recognised body* but has not been recognised by the SRA;
- (e) an *employee* of a *recognised sole practitioner*, or of a *sole practitioner* who should be a *recognised sole practitioner* but has not been recognised by the SRA;

and "you" includes "your" as appropriate.

1.2 The *Principles* apply to you if you are a *solicitor*, *REL* or *RFL*:

- (a) *practising* as a *manager* or *employee* of an *authorised non-SRA firm* when doing work of a sort authorised by the *authorised non-SRA firm's approved regulator*, or
- (b) *owner* of an *authorised non-SRA firm* even if you undertake no work for the body's *clients*.

### **Application of the *Principles* in relation to practice from an office outside England and Wales**

1.3 The *Principles* apply in relation to *practice* from an office outside the *UK* to:

- (a) a *solicitor* as an individual, whether or not the *solicitor's firm* or *employer* is subject to these rules;
- (b) an *authorised body*; and
- (c) a *lawyer of England and Wales* other than a *solicitor*, and a non-lawyer, in relation to *practice* as a *manager* of an *authorised body*.

1.4 The *Principles* apply, in relation to *practice* from an office in Scotland or Northern Ireland to:

- (a) a *solicitor* or *REL* as an individual, whether or not the *solicitor's* or *REL's firm* or *employer* is subject to these rules;
- (b) an *authorised body*;
- (c) a *lawyer of England and Wales* other than a *solicitor*, a European *lawyer* registered with the Bar Standards Board and to a non-lawyer, in relation to *practice* as a *manager* of an *authorised body*; and
- (d) a *solicitor* who was formerly an *REL*, when *practising* as a *lawyer* of an *Establishment Directive profession*.

### Application of the *Principles* outside practice

1.5 In relation to activities which fall outside *practice*, as defined in Chapter 14 (Interpretation) of the *Code*, whether undertaken as a *lawyer* or in some other business or private capacity, *Principles* 1, 2 and 6 apply to you if you are a *solicitor*, *REL* or *RFL*.

### General provisions

1.6 You must comply with the *Principles* at all times, but the extent to which you are expected to implement the requirements of the *Principles* will depend on your role in the *firm*, or your way of *practising*. For example, those who are managing a business will be expected to have more influence on how the *firm* or business is run than those *practising* in-house but not managing a legal department, or those *practising* as *employees* of a *firm*.

## 2. Commencement and transitional provisions

2.1 The *Principles* shall come into force:

- (a) on [10 August 2011], in respect of *licensable bodies*;
- (b) for all other purposes on [6 October 2011], on which date Rule 1 of the Solicitors' Code of Conduct 2007 shall be repealed.

2.2 For the avoidance of doubt, where a breach of any provision of the Solicitors' Code of Conduct 2007 comes to the attention of the SRA after 6 October 2011, this shall be subject to action by the SRA notwithstanding any repeal of the relevant provision.

2.3 Unless the context otherwise requires, a reference to the *Code of Conduct*, or a provision of the *Code of Conduct*, includes a reference to the Solicitors' Code of Conduct 2007 or the equivalent provision in that Code.

2.4 From 31 March 2012, paragraph 1 shall have effect subject to the following amendments:

- (a) paragraph 1(a)(i) and 1(e) shall be omitted;
- (b) in paragraph 1(a)(iii), 1(b)(ii) and 1(e), the words "*recognised sole practitioner*" shall be omitted;
- (c) in paragraph 1(a)(iii) and 1(b)(ii), the words "or of a *sole practitioner* who should be but has not been authorised by the *SRA*" shall be omitted; and
- (d) in paragraph 1(b)(i) the words "other than a sole practitioner" shall be inserted after the words "*authorised body*".

### 3. Interpretation

All italicised terms in these rules are to be interpreted in accordance with Chapter 14 (Interpretation) of the *Code of Conduct*.

#### SRA Principles - notes

1. The Principles embody the key ethical requirements on firms and individuals who are involved in the provision of legal services. You should always have regard to the Principles and use them as your starting point when faced with an ethical dilemma.
2. Where two or more Principles come into conflict, the Principle which takes precedence is the one which best serves the public interest in the particular circumstances, especially the public interest in the proper administration of justice.
3. These Principles:
  - apply to individuals and firms we regulate, whether traditional firms of solicitors or ABSs, in-house and overseas;
  - will be breached by you if you permit another person to do anything on your behalf which if done by you would breach the Principles; and
  - apply to you to the fullest extent if a sole practitioner or manager in a firm, but still apply to you if you work within a firm or in-house and have no management responsibility (for example, even if you are not a manager you may have an opportunity to influence, adopt and implement measures to comply with Principles 8 and 9).
4. Compliance with the Principles is also subject to any overriding legal obligations.
5. **Principle 1: You must uphold the rule of law and the proper administration of justice.**

You have obligations not only to clients but also to the court and to third parties with whom you have dealings on your clients' behalf – see, e.g., Chapter 5 (Your client and the court) and Chapter 11 (Relations with third parties) of the Code.

**6. Principle 2: You must act with integrity.**

Personal integrity is central to your role as the client's trusted adviser and should characterise all your professional dealings with clients, the court, other lawyers and the public.

**7. Principle 3: You must not allow your independence to be compromised.**

"Independence" means your own and your firm's independence, and not merely your ability to give independent advice to a client. You should avoid situations which might put your independence at risk – e.g. giving control of your practice to a third party which is beyond the regulatory reach of the SRA or other approved regulator.

**8. Principle 4: You must act in the best interests of each client.**

You should always act in good faith and do your best for each of your clients. Most importantly, you should observe:

- (a) your duty of confidentiality to the client – see Chapter 4 (Confidentiality and disclosure) of the Code; and
- (b) our obligations with regard to conflicts of interests – see Chapter 3 (Conflicts of interests) of the Code.

**9. Principle 5: You must provide a proper standard of service to your clients.**

You should, e.g., provide a proper standard of client care and of work. This would include exercising competence, skill and diligence, and taking into account the individual needs and circumstances of each client.

**10. Principle 6: You must behave in a way that maintains the trust the public places in you and in the provision of legal services.**

Members of the public should be able to place their trust in you. Any behaviour either within or outside your professional practice which undermines this trust damages not only you, but also the ability of the legal profession as a whole to serve society.

- 11. Principle 7: You must comply with your legal and regulatory obligations and deal with your regulators and ombudsmen in an open, timely and co-operative manner.**

You should, e.g., ensure that you comply with all the reporting and notification requirements – see Chapter 10 (You and your regulator) of the Code – and respond promptly and substantively to communications.

- 12. Principle 8: You must run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles.**

Whether you are a manager or an employee, you have a part to play in helping to ensure that your business is well run for the benefit of your clients and, e.g. in meeting the outcomes in Chapter 7 (Management of your business) of the Code.

- 13. Principle 9: You must run your business or carry out your role in the business in a way that encourages equality of opportunity and respect for diversity.**

Whether you are a manager or an employee, you have a role to play in achieving the outcomes in Chapter 2 (Your clients and equality and diversity) of the Code. Note that a finding of unlawful discrimination outside practice could also amount to a breach of Principles 1 and 6.

- 14. Principle 10: You must protect client money and assets.**

This Principle goes to the heart of the duty to act in the best interests of your clients. You should play your part in e.g. protecting money, documents or other property belonging to your clients which has been entrusted to you or your firm.

- 15. Breach of the Principles**

Our approach to enforcement is proportionate, outcomes-focused and risk-based. Therefore, how we deal with failure to comply with the *Principles* will depend on all the particular circumstances of each case. Our primary aim is to achieve the right outcomes for clients.