

Draft SRA Authorisation Rules for Legal Services Bodies and Licensable Bodies (Annex F1)

Rules dated [the date of the approval of the Legal Services Board]

commencing in accordance with Rule 28.1

made by the Solicitors Regulation Authority Board, after consultation with the Solicitors Disciplinary Tribunal, under sections 79 and 80 of the Solicitors Act 1974, sections 9 and 9A of the Administration of Justice Act 1985 and section 83 and Schedule 11 of the Legal Services Act 2007, with the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007.

PART 1 – INTERPRETATION AND APPLICATIONS

Rule 1 — Interpretation

- 1.1 All italicised terms in these rules are to be interpreted in accordance with Chapter 14 (Interpretation) of the SRA Code of Conduct, unless they are defined in Rule 1.2.
- 1.2 In these rules:
- (a) "*applicant*" means a *licensable body* or a *legal services body* which makes an application to the SRA for *authorisation* in accordance with these rules.
 - (b) "*authorisation*" granted to a body under Rule 6 means:
 - (i) recognition under section 9 of the AJA, if it is granted to a *legal services body*, and
 - (ii) a licence under Part 5 of the LSA, if it is granted to a *licensable body*, and the terms "*authorise*" and
- the term "*certificate of authorisation*" shall be construed accordingly.
- (c) "*authorised person(s)*" means a *person* who is authorised by the SRA or another *approved regulator* to carry on a *legal activity* and for the avoidance of doubt includes a *solicitor*, a *sole practitioner*, an *REL*, an Exempt European Lawyer ("EEL"), an *RFL*, an *authorised body*, an

authorised non-SRA firm, and a *European corporate practice* and the terms "*authorised individual*" and "*non-authorised person*" shall be construed accordingly.

- (d) "*body*" where the context admits includes sole practitioner and special body.
- (e) "*candidate*" means a *person* who is assessed by the SRA for approval as an *owner*, *manager* or *compliance officer* under Part 4.
- (f) "*Code of Conduct*" means the SRA Code of Conduct [2011].
- (g) "*compliance officer(s)*" is a reference to a body's *compliance officer for legal practice (COLP)* and/or its *compliance officer for finance and administration (COFA)*.
- (h) references to a Court of Protection deputy appointed under section 19 of the Mental Capacity Act 2005 include a Court of Protection receiver appointed under the Mental Health Act 1983, and equivalents in other *Establishment Directive states*.
- (i) the date of any notification or notice given under these rules is deemed to be:
 - (i) the date on which the communication is delivered to or left at the recipient's last notified address or is sent electronically to the recipient's last notified e-mail or fax address; or
 - (ii) seven days after the communication has been sent by post or document exchange to the recipient's last notified contact address.
- (j) "*decision period*" is the period specified in Rule 5.
- (k) "*disqualified*" refers to a *person* who has been disqualified under section 99 of the *LSA* by the *SRA* or by any other *approved regulator*.
- (l) "*European corporate practice*" means a lawyers' practice which is a body incorporated in an Establishment Directive state, or a *partnership* with separate legal identity formed under the law of an Establishment Directive state:
 - (i) which has an office in an Establishment Directive state but does not have an office in England and Wales;
 - (ii) whose ultimate beneficial owners include at least one individual who is not a *lawyer of England and Wales* but is, and is entitled to practise as, a lawyer of an Establishment Directive profession; and

- (iii) whose *managers* include at least one such individual, or at least one body corporate whose *managers* include at least one such individual.

- (m) "*exempt European lawyer*" or "*EEL*" means a member of an Establishment Directive profession:

 - (a) registered with the Bar Standards Board; or
 - (b) based entirely at an office or offices outside England and Wales, who is not a *lawyer of England and Wales* (whether entitled to practise as such or not);

- (n) "*interest holder*" means a *person* who holds any *shares*, is entitled to exercise any voting rights, or controls the exercise of any voting rights in a body, and references to "*holding an interest*" shall be construed accordingly.

- (o) "*legal services body*" means a body which meets the criteria in Rule 13 (Eligibility criteria for recognised bodies) of the *Practice Framework Rules*.

- (p) "*legally qualified*" has the meaning given to it in the Practice Framework Rules.

- (l)

- (q) "*licensed activity*" means any *reserved legal activity* which an *authorised body's* licence specifies as being an activity for which the licence is granted.

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

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

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

and for the purpose of this definition, "*person*", "*parent undertaking*" and "*voting power*" are to be construed in accordance with paragraphs 3 and 5 of Schedule 13 to the *LSA*.

- (s) "*owner*" means any *person* who holds a *material interest* in an *authorised body*, and in the case of a *partnership*, any *partner* regardless of whether they hold a *material interest* in the *partnership*.
- (t) 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*.
- (u) "*Practice Framework Rules*" means the SRA Practice Framework Rules [2011].
- (v) "*practising address*" in relation to an *authorised body* means an address from which the body provides services consisting of or including the carrying on of activities which it is authorised to carry on.
- (w) "*prescribed date*" means the date specified from time to time by the SRA in relation to any particular event or requirement.
- (x) "*prescribed form*" means a form prescribed from time to time by the SRA.
- (y) "*prescribed periodical fees*" means the periodical fees prescribed from time to time by the SRA.
- (z) "*prescribed period*" means such period as prescribed from time to time by the SRA.
- (aa) "*principal*" means a *sole practitioner* or a *partner* in a *partnership*.
- (bb) the "*professional principles*" as set out in section 1(3) of the Legal Services Act are:

- (a) that authorised persons should act with independence and integrity,
 - (b) that authorised persons should maintain proper standards of work,
 - (c) that authorised persons should act in the best interests of their clients,
 - (d) that persons who exercise before any court a right of audience, or conduct litigation in relation to proceedings in any court, by virtue of being authorised persons should comply with their duty to the court to act with independence in the interests of justice, and
 - (e) that the affairs of clients should be kept confidential.
- (cc) "*regulatory arrangements*" has the meaning given to it by section 21 of the *LSA*, and includes all rules and regulations of the *SRA* in relation to the *authorisation, practice*, conduct, discipline and qualification of *persons* carrying on *legal activities* and the accounts rules and indemnification and compensation arrangements in relation to their *practice*.
- (dd) "*regulatory objectives*" has the meaning given to it by section 1 of the *LSA* and includes the objectives of protecting and promoting the public interest, supporting the constitutional principle of the rule of law, improving access to justice, protecting and promoting the interests of consumers, promoting competition in the provision of legal activities by authorised persons, encouraging an independent, strong, diverse and effective legal profession, increasing public understanding of the citizen's legal rights and duties, and promoting and maintaining adherence to the *professional principles*.
- (ee) a "*relevant insolvency event*" occurs in relation to a body if:
- (i) a resolution for a voluntary winding-up of the body is passed without a declaration of solvency under section 89 of the Insolvency Act 1986;
 - (ii) the body enters administration within the meaning of paragraph 1(2)(b) of Schedule B1 to that Act;
 - (iii) an administrative receiver within the meaning of section 251 of that Act is appointed;

- (iv) a meeting of creditors is held in relation to the body under section 95 of that Act (creditors' meeting which has the effect of converting a *members'* voluntary winding up into a creditors' voluntary winding up); or
 - (v) an order for the winding up of the body is made.
- (ff) "*shareowner*" means:
- (i) a member of a company with a share capital, who owns a share in the body; or
 - (ii) a person who is not a member of a company with a share capital, but owns a share in the body, which is held by a member as nominee.
- (gg) "*turnover figure*" means as prescribed from time to time by the *SRA*.

Guidance notes

- (i) "Owner". Although Rule 1.2 (v) limits the definition of "owner" to anyone holding a material interest, any person who is a partner in a partnership (including salaried partners) is within the definition regardless of the extent of their interest. This reflects paragraph 3(1) of Schedule 13 to the LSA as well as the principles of partnership law.
- (ii) When assessing whether a person is an owner with a "material interest", the calculation of the person's interest takes into account not only that person's interest, but also the interests of any associates. "Associates" is defined for these purposes in paragraph 5 to Schedule 13 of the LSA and includes relationships where the Act assumes a likelihood of influence such as employer and employee.

Rule 2 – Form, timing and fees for applications made under these rules

- 2.1 All applications under these rules must comprise:
- (a) the *prescribed form*, correctly completed;
 - (b) the fee or fees for the application, as determined from time to time by the *SRA* Board;
 - (c) such additional information, documents and references considered by the *SRA* to be necessary to enable it to discharge its functions under these rules, as may be specified by the *SRA*; and
 - (d) any additional information and documentation which the *SRA* may

reasonably require.

- 2.2** It is not necessary to submit all documents, information and payments simultaneously, but an application will only have been made once the SRA has received all of the documentation, information and payments comprising that application.

Guidance notes

- (i) Application forms and guidance notes can be found on the SRA website.
- (ii) All parts of the application form must be fully completed. Where forms are only partially complete or where supporting information or documents are still to be provided, the application will not be deemed to have been made and the decision period in Rule 5.2 will not start to run.

Rule 3 – Notification of any change following application

- 3.1** The *applicant* must notify the SRA as soon as it becomes aware that any information provided in its application under these rules has changed.

Guidance notes

- (i) During the application process an applicant must notify the SRA of any changes to details or information provided as part of the application including notifying new information that the applicant would have been required to supply if it had been known at the time of the application. It is an offence under the LSA (see Schedule 13 paragraphs 10-12) not to inform the SRA if there is any change to:
- the list of non-authorised persons who hold or are expected to hold a material interest in the applicant body, and
 - the extent or nature of those interests held or to be held.
- (ii) Authorised bodies are subject to similar notification requirements under Rule 8.7.

PART 2 – AUTHORISATION APPLICATIONS AND DECISION PERIOD

Rule 4 – Applications

- 4.1** A *licensable body* or a *legal services body* may make an application for *authorisation* in accordance with these rules.
- 4.2** An application by a *licensable body* for authorisation must include a statement about what *reserved legal activities* the body seeks *authorisation* for.

- 4.3 Where an application by a *licensable body* for *authorisation* relates to more than one *reserved legal activity*, the *SRA* may grant the application in relation to all or any of them.

Rule 5 – Decision period

5.1 The *SRA* must:

- (a) decide an *authorisation* application;
- (b) notify the *applicant* of its decision;
- (c) if it decides to refuse the application, set out in the notice the reasons for the refusal;

before the end of the *decision period*.

5.2 The *decision period* is the period of 6 months beginning with the day on which the application is made to the *SRA* in accordance with these rules.

5.3 The *SRA* may, on one occasion, give the applicant a notice (an "*extension notice*") extending the *decision period* by a period specified in the notice.

5.4 But:

- (a) an extension notice must only be given before the time when the *decision period* would end, but for the extension notice; and
- (b) the total *decision period* must not exceed 9 months.

5.5 An extension notice must set out the reasons for the extension.

Guidance notes

- (i) See Rule 2.2 above for when an application is made.
- (ii) The *SRA* will extend the period for making a decision if it considers this necessary for the proper consideration of the application (see paragraph 2 of Schedule 11 to the *LSA*).
- (iii) The means of notice or notification can include any form of written electronic communication normally used for business purposes, such as emails.

Rule 6 – Determination of authorisation applications

6.1 The *SRA* will determine applications for *authorisation*, so far as is reasonably practicable, in a way:

- (a) which is compatible with the *regulatory objectives* including the

objective of improving access to justice; and

- (b) which the *SRA* considers most appropriate for the purpose of meeting those objectives.

6.2 The *SRA* may only grant an application for *authorisation* if the conditions in (a) to (d) below are met:

- (a) if it is an application for recognition, the *applicant* is a *legal services body*;
- (b) if it is an application for a licence, the *applicant* is a *licensable body*;
- (c) if it is a *partnership*, the body has adopted a name under which it is to be registered, and which complies with Chapter 8 (Publicity) of the *Code of Conduct*; and
- (d) the *SRA* is satisfied that upon *authorisation*, the body will be in compliance with the following rules:
 - (i) *SRA* Indemnity Insurance Rules;
 - (ii) *SRA* Compensation Fund Rules;
 - (iii) Rule 8.5 (compliance officers), including any necessary approval of a *candidate* under Part 4;
 - (iv) Rule 8.6 (management and control) including any necessary approval of a *candidate* under Part 4; and
 - (v) Rules 15 (Formation, registered office and practising address), 16 (Composition of an authorised body) and 12 (Persons who must be "qualified to supervise") of the *Practice Framework Rules*.

6.3 Notwithstanding that the conditions in 6.2 are met, the *SRA* may refuse an application for *authorisation* if:

- (a) it is not satisfied that the *applicant's managers* and *interest holders* are suitable, as a group, to operate or control a business providing regulated legal services;
- (b) it is not satisfied that the *applicant's* management or governance arrangements are adequate to safeguard the *regulatory objectives*;
- (c) it is not satisfied that if the *authorisation* is granted, the *applicant* will comply with the *SRA's regulatory arrangements* including these rules and any conditions imposed on the *authorisation*;

- (d) the *applicant* has provided inaccurate or misleading information in its application or in response to any requests by the *SRA* for information;
- (e) the *applicant* has failed to notify the *SRA* of any changes in the information provided in the application in accordance with Rule 3; or
- (f) for any other reason, the *SRA* considers that it would be against the public interest or otherwise inconsistent with the *regulatory objectives* to grant *authorisation*.

6.4 In reaching a decision under this rule, the *SRA* will take into account all the circumstances which the *SRA* considers to be relevant including, for the avoidance of doubt;

- (a) any relevant information regarding:
 - (i) a manager, employee or interest holder of the applicant;
 - (ii) any *persons* that such a *manager, employee* or *interest holder* is related to, affiliated with, or acts together with where the *SRA* has reason to believe that such *persons* may have an influence over the way in which the *manager, employee* or *interest holder* will exercise their role; and
- (b) any failure or refusal to disclose, or attempts to conceal relevant information.

Guidance notes

- (i) In considering applications the *SRA* must comply with the regulatory objectives. Relevant information will therefore be construed widely and the *SRA* will take account of a broad range of factors. This will include not only the suitability issues to be determined (see Part 4) but also factors such as the applicant's business and governance proposals.
- (ii) Where information is provided in respect of an application, the *SRA* will consider this to be misleading if, despite the fact that the information is accurate, there is a material omission.
- (iii) View the forms, [Suitability Test](#) and the decision making criteria.

PART 3 – CONDITIONS OF AUTHORISATION

Rule 7 – Terms and conditions of authorisation

7.1 An *authorisation* granted under these rules:

- (a) to a *recognised body* authorises that body to undertake the activities

set out in Rule 8.5 (reserved work and immigration work: recognised bodies) of the *Practice Framework Rules*.

- (b) to a *licensed body* authorises that body to undertake the *licensed activities*.

7.2 Every *authorisation* is granted by the *SRA* subject to:

- (a) the general conditions in Rule 8; and
- (b) any further conditions imposed by the *SRA*, at the time of the grant of *authorisation* or at any time subsequently, in accordance with Rule 9.

Rule 8 – General conditions on authorisation

8.1

Compliance with regulatory arrangements

- (a) An *authorised body* and its *managers* must ensure that:
 - (i) any obligations imposed from time to time on the *authorised body*, its *managers*, *employees* or *interest holders* by or under the *SRA's regulatory arrangements* are complied with; and
 - (ii) any other obligations imposed on the *authorised body*, its *managers*, *employees* or *interest holders*, by or under any enactments are complied with.

- (b) Without prejudice to the generality of sub-rule (a) above, an *authorised body* and its *managers* must agree to be subject to the *SRA Disciplinary Procedure Rules [2011]* and in particular the power of the *SRA* to:
 - (i) impose a written rebuke and publish details of a written rebuke or a decision to impose a penalty, in accordance with Rule 3 of those rules; and
 - (ii) conduct an internal review of a decision in accordance with Rule 11 of those rules,subject to any right of appeal or challenge under those rules or any other enactment in relation to any action taken by the *SRA* under those rules.

- (c) Nothing in Rule 8 or any other provision in the *SRA's regulatory arrangements* affects the generality of the condition in Rule 8.1.

Suitable arrangements for compliance

- (a) An *authorised body* must at all times have suitable arrangements in place to ensure that
 - (i) the body, its *managers* and *employees*, comply with the *SRA's regulatory arrangements* as they apply to them, as required under section 176 of the *LSA* and Rule 8.1 above; and
 - (ii) the body and its *managers* and *employees*, who are *authorised persons* in relation to a *legal activity* which the body is authorised to carry out, maintain the *professional principles*.
- (b) A *licensed body* must at all times have suitable arrangements in place to ensure that, as required under section 90 of the *LSA*, the *employees* and *managers* and *interest holders* of that body who are *non-authorised persons* do nothing which causes or substantially contributes to a breach by the *licensed body* or its *employees* or *managers* of the *SRA's regulatory arrangements*.

Payment of periodical fees

- (a) Every *authorised body* must pay to the *SRA* the *prescribed periodical fees* applicable to that body by the *prescribed date*.
- (b) The *SRA* shall determine the amount of any fees required under these rules and the *SRA's* decision shall be final.
- (c) The *SRA* may prescribe from time to time a fee moderation process under which an *authorised body* may make an application, in accordance with sub-rules (d) to (k) below, for the *prescribed periodical fees* applicable to that body to be varied. A decision under this process shall be final.
- (d) The turnover of an *authorised body* for the purpose of determining the *prescribed periodical fees* applicable to that body is based on a historic *turnover figure* submitted to the *SRA*. Where in the 12 months following the submission of that figure an *authorised body* merges or splits, a notice of succession identifying all *authorised bodies*, *recognised bodies* and *recognised sole practitioners* affected by the merger or split and any resulting apportionment of the historic *turnover figures* for those *firms* will enable the *SRA* to ensure that the *turnover figure* on which the fee is based reflects the impact of the merger or split.
- (e) An *authorised body* which has succeeded to the whole or a part of

one or more *authorised bodies*, *recognised bodies* or *recognised sole practitioners* must within 28 days of the change taking place deliver to the SRA a notice of succession in the *prescribed form*.

(f) For the purposes of Rule 8.3(e), "succeeded" includes any taking over of the whole or any part of an *authorised body*, *recognised body* or *recognised sole practitioner*, for value or otherwise.

(g) An *authorised body* which:

(i) has split or ceded part of the practice to an *authorised body* and/or *recognised body* or *recognised sole practitioner*, and

(ii) wishes this change to be considered by the SRA when determining the *authorised body's* next *prescribed periodical fees* applicable to that body

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

(h) A notice of succession delivered under these rules must:

(i) identify all *authorised bodies*, *recognised bodies* and *recognised sole practitioners* affected by the succession; and

(ii) provide details of any resulting apportionment of the *turnover figures* for those *authorised bodies*, *recognised bodies* and *recognised sole practitioners*.

(i) An *authorised body* delivering a notice of succession under these rules must seek the agreement of all affected *authorised bodies*, *recognised bodies* or *recognised sole practitioners* to the contents of the notice of succession.

(j) Where a notice of succession is delivered to the SRA which has not been agreed by all affected *authorised bodies*, *recognised bodies* or *recognised sole practitioners*, the *authorised body* delivering the notice of succession shall be treated as having made an application for the SRA to apportion the *turnover figures* of the affected *authorised bodies*, *recognised bodies* or *recognised sole practitioners* for the purposes of determining the periodic fee or the fee for renewal of recognition.

(k) Before apportioning the *turnover figures* under Rule 8.3(j), the SRA will contact any affected *authorised body*, *recognised body* or *recognised sole practitioner* identified in the notice of succession who has not agreed with the notice of succession and may require the production of additional information.

8.4

Authorised activities

An *authorised body* may not carry on an activity unless through a body and individual who is authorised to carry on that activity.

8.5

Compliance officers

(a) An *authorised body* must at all times have an individual who:

- (i) is a *manager* or an *employee* of the *authorised body*;
- (ii) is designated as its *compliance officer for legal practice* ("COLP");
- (iii) is of sufficient seniority and in a position of sufficient responsibility to fulfil the role; and
- (iv) whose designation is approved by the *SRA*.

(b) The *COLP* of an *authorised body* must:

- (i) take all reasonable steps to ensure compliance with:
 - (A) the terms and conditions of the *authorised body's* *authorisation* except any obligations imposed under the *SRA Accounts Rules*; and
 - (B) any statutory obligations

of the body, its *employees* or its *managers* in relation to the body's carrying on of authorised activities; and

- (ii) as soon as reasonably practicable, report to the *SRA* any failure so to comply.

(c) An *authorised body* must at all times have an individual who:

- (i) is a *manager* or an *employee* of the *authorised body*;
 - (ii) is designated as its *compliance officer for finance and administration* ("*COFA*");
 - (iii) is of sufficient seniority and in a position of sufficient responsibility to fulfil the role; and
 - (iv) whose designation is approved by the *SRA*.
- (d) The *COFA* of an *authorised body* must:
- (i) take all reasonable steps to ensure that the body and its *employees* and *managers* comply with any obligations imposed upon them under the *SRA Accounts Rules*; and
 - (ii) as soon as reasonably practicable, report to the *SRA* any failure so to comply.
- (e) The *SRA* may approve an individual's designation as a *COLP* or *COFA* if it is satisfied, in accordance with Part 4, that the individual is a suitable person to carry out his or her duties.
- (f) An *authorised body* must have suitable arrangements in place to ensure that its *compliance officers* are able to discharge their duties in accordance with these rules.
- (g) A designation of an individual as a *COLP* or *COFA* has effect only while the individual:
- (i) consents to the designation;
 - (ii) in the case of a *COLP*:
 - (A) is not *disqualified* from acting as a Head of Legal Practice of a body licensed by the *SRA* or any other *approved regulator*;
 - (B) is a *lawyer of England and Wales* and is an *authorised person* in relation to one or more of the *reserved legal activities* which the body is authorised to carry on;
 - (iii) in the case of a *COFA*, is not *disqualified* from acting as a Head of Finance and Administration of a body licensed by the *SRA* or any other *approved regulator*.

Management and control

- (a) An *authorised body* must ensure that:
- (i) any *manager* or *owner* of the *authorised body*; or
 - (ii) any *manager* of a *body corporate* which is a *manager* or *owner* of the *authorised body*;
- has been approved by the SRA under Part 4.
- (b) No *manager* of a *licensed body* may be a *person* who is *disqualified* from being a *manager* of a *body* licensed by the SRA or any other *approved regulator*.
- (c) No *licensed body* (or *manager* or *employee* of such a *body*) may, except in accordance with the SRA's written permission, permit an individual to be a *manager* or *owner* of the *body* if:
- (i) that person's name has been struck off the roll;
 - (ii) he/she is suspended from *practising* as a *solicitor*;
 - (iii) his/her *practising certificate* has been suspended whilst he/she is an *undischarged bankrupt*; or
 - (iv) there is a *direction* in force in respect of that person under section 47(2)(g) of the *Solicitors Act* (Prohibition on restoration to the roll).
- (d) No *licensed body* (or *manager* or *employee* of such a *body*) may, except in accordance with the SRA's written permission, permit an individual to be a *manager* or *owner* of the *body* if there is an order in force in respect of that individual under section 43 of the *Solicitors Act* (Control of solicitors' employees and consultants).
- (e) No *recognised body* (or *manager* or *employee* of such a *body*) may, except in accordance with the SRA's written permission, permit an individual to be a *manager* or *interest holder* of the *body* if:
- (i) that person's name has been struck off the roll;
 - (ii) he/she is suspended from *practising* as a *solicitor*;
 - (iii) his/her *practising certificate* has been suspended whilst he/she is an *undischarged bankrupt*; or
 - (iv) there is a *direction* in force in respect of that person under

section 47(2)(g) of the Solicitors Act (Prohibition on restoration to the roll).

- (f) No *recognised body* (or *manager* or *employee* of such a body) may, except in accordance with the *SRA's* written permission, permit an individual to be a *manager* or *interest holder* of the body if there is an order in force in respect of that person under section 43 of the Solicitors Act (Control of solicitors' employees and consultants).

8.7

Information requirements

- (a) An *authorised body* must properly complete and provide to the *SRA* an information report on an annual basis or such other period as specified by the *SRA* in the *prescribed form* and by the *prescribed date*.
- (b) An *authorised body* must provide any necessary permissions for information to be given to the *SRA* so as to enable it to:
 - (i) use and prepare a report on the documents produced under (a) above; and
 - (ii) seek verification from *clients, employees, managers* or any other body including banks, building societies or other financial institutions.
- (c) An *authorised body* must notify the *SRA* as soon as it becomes aware of any changes to relevant information about itself, its *employees, managers, or interest holders* including any non-compliance or likely non-compliance with these rules and the conditions on the body's *authorisation*.
- (d) If an *authorised body* becomes aware or has information that reasonably suggests that it has or may have provided the *SRA* with information which was or may have been false, misleading, incomplete or inaccurate, or has or may have changed in a materially significant way, it must notify the *SRA* immediately.

8.8

Additional conditions for partnerships

If a *partner* in a *partnership* which is an *authorised 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, registration or equivalent *authorisation* by an *approved regulator* other than the *SRA* which would be breached by continuing as a *partner*;

and this results in there being only one active *partner*, that *partner* must inform the *SRA* within seven days of the relevant event.

8.9

Additional conditions for recognised bodies:

- (a) An *interest holder* of a *recognised body* must not create any charge or other third party interest over his or her *interest* in the *recognised body* except a *member* or *shareowner* of a *company* may hold a *share* as nominee for a non-*member shareowner* who is able to hold an interest in the body in compliance with Rule 8.6.
- (b) If the only, or last remaining, *solicitor* or *REL* whose role in a *recognised body* ensures that the body remains a *legal services body*:
 - (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 be a *manager* of the body;

the body must inform the *SRA* within seven days of the relevant event and must within 28 of the relevant event days either ensure that the body becomes a *legal services body* again without reference to that *person*, or cease to *practise*.

8.10

Additional conditions for licensed bodies:

- (a) If the only, or last remaining, *authorised individual* in relation to a *licensed activity*, whose role in a *licensed body* ensures that the body remains a *licensable body*:
 - (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/her practising certificate, registration or equivalent *authorisation* by an *approved regulator* other than the *SRA* which would be breached by continuing to be a *manager* of the body;

the body must inform the *SRA* within seven days of the relevant event and must within 28 days of the relevant event either ensure that the body becomes a *licensable body* again without reference to that person, or cease to *practise*.

8.11

Employment and remuneration of disqualified persons

An *authorised body* must not employ or remunerate:

- (a) a person who is subject to an order under Section 43 of the Solicitors Act 1974, without the *SRA's* written permission;
- (b) any person whose name has been struck off the roll, who is suspended from *practising* as a *solicitor*, or whose practising certificate has been suspended whilst he/she is an undischarged bankrupt, without the *SRA's* written permission; or
- (c) a person who is *disqualified* from being an *employee* of a body licensed by the *SRA* or any other *approved regulator*.

Guidance notes

- (i) Rule 8.2 deals with the need for firms to have suitable arrangements for compliance (see also chapter 7 of the Code of Conduct (Management of your

business)). What needs to be covered by a firm's compliance plan will depend on factors such as the size and nature of the firm, its work and its areas of risk. Firms will need to analyse and monitor the effectiveness of their compliance arrangements before applying for authorisation and on an on-going basis. Common areas for consideration will include:

- clearly defined governance arrangements providing a transparent framework for responsibilities within the firm
 - appropriate accounting procedures
 - a system for ensuring that only the appropriate people authorise payments from client account
 - a system for ensuring that undertakings are given only when intended, and compliance with them is monitored and enforced
 - appropriate checks on new staff or contractors
 - a system for ensuring that basic regulatory deadlines are not missed e.g. submission of the firm's accountant's report, arranging indemnity cover, renewal of practising certificates and registrations, renewal of all lawyers' licences to practise and provision of regulatory information
 - a system for monitoring, reviewing and managing risks
 - ensuring that issues of conduct are given appropriate weight in decisions the firm takes, whether on client matters or firm-based issues such as funding
 - file reviews
 - appropriate systems for supporting the development and training of staff
 - obtaining the necessary approvals of managers, owners and COLP/COFA.
- (ii)** Rule 8.4 confirms the legal position that for a firm to provide services to clients, the services/activities must be covered by the terms of its authorisation and, where it is a reserved legal activity such as litigation, the firm must have a manager or an employee who is authorised to do that work. For example, a firm cannot provide litigation services, even if its licence permits it to, if its only lawyer is a licensed conveyancer.
- (iii)** Rule 8.5 requires all authorised bodies to have a COLP and a COFA. For COLPs and COFAs of licensed bodies, compliance with their duties as Heads of Legal Practice and Heads of Finance and Administration under sections 91 and 92 respectively of the LSA will be equivalent to compliance with their obligations under Rule 8.5.
- (iv)** The roles of COLP and COFA are a fundamental part of a firm's compliance and governance arrangements. The firm must therefore ensure that any person designated as its COLP or COFA is of sufficient seniority and in a position of sufficient power and responsibility to enable him or her to have access to all management systems and arrangements and all other relevant information including client files and business information. The existence of

compliance officers in a firm and the requirements on them to ensure that the firm, as well as its managers and employees, are complying with the regulatory arrangements (COLP) and the SRA Accounts Rules (COFA) is not a substitute for the firm's and managers' responsibilities and their obligations to comply with Rule 8.1 (Compliance with regulatory arrangements). Firms and managers need to take care not to obstruct, whether intentionally or unwittingly, a COLP or COFA in fulfilling their role.

- (v)** COLPs and COFAs are responsible for ensuring that the firm has systems and controls in place to enable the firm, as well as its managers and employees, to comply with the requirements on them. The firm and its managers are not absolved from any of their own obligations and remain fully responsible for compliance.

- (vi)** Those designated as COLP will need to be in a position to be able to discharge the role. They will need to consider whether they are in a position to, for example:

 - take all reasonable steps to ensure compliance with the terms of the firm's authorisation
 - as soon as reasonably practicable, report to the SRA any failure to comply with the terms of the authorisation
 - take all reasonable steps to ensure that the authorised body, and any of its employees and managers, comply with the SRA's regulatory arrangements (see section 176 of the LSA)
 - as soon as reasonably practicable, report to the SRA such failures by those persons to comply with their duties as specified in the SRA's regulatory arrangements
 - take all reasonable steps to ensure that non-authorised persons comply with the duty imposed by section 90 of the LSA (duty not to do anything which causes or substantially contributes to a breach of the SRA's regulatory arrangements by an authorised body or its employee or manager)
 - as soon as reasonably practicable, report to the SRA any failure by a non-authorised person to comply with that duty.

- (vii)** Those designated as COFA will need to be in a position to be able to discharge the role. They will need to consider whether they are in a position to, for example:

 - ensure that they have access to all accounting records
 - carry out regular checks on the accounting systems
 - carry out file and ledger reviews
 - ensure that the reporting accountant has prompt access to all the information needed to complete the accountant's report
 - take steps to ensure that breaches of the SRA Accounts Rules are remedied promptly, and report any breach to the SRA as required

- monitor, review and manage risks to compliance with the SRA Accounts Rules.
- (viii) An important aspect of the roles of COLP and COFA is the need to report any breaches to the SRA. Although it will commonly be appropriate for the firm to take steps to remedy breaches immediately, this does not obviate the need for compliance officers to make a report in compliance with Rule 8.5.
- (ix) Rule 8.7 imposes information requirements on authorised bodies. There are other reporting and information requirements that apply to individuals or firms. See for example:
- (A) SRA requirements**
- Rules 3, 8.7, 8.8, 8.9 and 8.10 and 18, 23, 24 and 25 of these rules
 Rule 18 of the Practice Framework Rules
 Rule 35 of the SRA Accounts rules
 Regulations 4.3, 4.5 and 14 of the SRA Practising Regulations
 Chapter 10 of the Code of Conduct.
- (B) Statutory requirements**
- Section 84 of the Solicitors Act 1974 (notification of a solicitor's place of business)
 Paragraph 21 of Schedule 13 to the LSA (non-authorised persons proposing to acquire an interest in a licensed body have continuing notification requirements. Note, it is an offence to fail to comply with the section 21 notification requirements).
- (x) The scope of the duty in Rule 8.11 is beyond the strict employer-servant relationship (contract of service) and includes a relationship founded on a contract for services or indirect arrangements which are intended to have the effect of frustrating this rule.

Rule 9 – Further conditions

- 9.1 The *SRA* may at any time impose one or more further conditions on an *authorisation* if it considers:
- (a) that:
- (i) the condition would limit, restrict, halt or prevent an activity or activities on the part of the body, or of a *manager*, *employee*, or *interest holder* of the body, which is putting or is likely to put at risk the interests of clients, third parties or the public;
 - (ii) the condition would prevent or limit the activities of a *manager* or *employee* of the body who is considered unsuitable to undertake a particular activity, either at all or save as specified in the condition;
 - (iii) the condition would limit, halt or prevent a risk to *clients*, third parties or the public arising from a business agreement or association which the body has or is likely to enter into, or a

business practice which the body has or is likely to adopt;

- (iv) a *relevant insolvency event* has occurred in relation to the body but the *SRA* does not propose at that time to suspend or revoke the *authorisation* under Rule 22;
- (v) the condition is necessary to facilitate effective monitoring by the *SRA* of compliance with its *regulatory arrangements* on the part of the body, its *managers, employees or interest holders*;
- (vi) the *SRA* considers that imposing the condition will require the body concerned to take specified steps conducive to the proper, effective or efficient carrying on of a *legal activity* by that body; or
- (vii) the *SRA* considers that imposing a condition is necessary in order to ensure compliance with the *regulatory objectives*;

and

- (b) that it is in the public interest to impose the condition.

9.2 A condition imposed under Rule 9.1 takes effect from the date on which the condition is imposed unless otherwise specified by the *SRA*.

Guidance note

Rule 9.1 permits the *SRA* to impose conditions "at any time", if certain criteria are met. This includes on the approval of a person under Part 4 of these rules or at the time of modification of the terms of an *authorisation* under Rule 10.

Rule 10 – Modification of terms and conditions of an authorisation

10.1 The *SRA* may at any time, modify:

- (a) any terms that specify the *reserved legal activities* that an *authorised body* is entitled to carry on by virtue of the *authorisation*:
 - (i) on the application of the authorised body; or
 - (ii) if the *SRA* considers it appropriate to do so, without such an application being made; and

having regard to the regulatory objectives;

- (b) any further conditions of an *authorisation*, imposed under Rule 9:
 - (i) on the application of the authorised body; or

- (ii) if the SRA considers it appropriate to do so, without such an application being made; and

having regard to the criteria in rule 9.

Guidance notes

- (i) The certificate of authorisation of a licensed body will set out the reserved activities that the body is entitled to carry out. A licensed body may apply to change the categories of those activities at any time, or the SRA may do so (see also Rule 10), for example if the body no longer carries out that type of work or if there is an identified risk to the public in the body continuing to provide certain services (see section 86 of the LSA). Firms are also able to apply for a waiver of these rules, including the general conditions in Rule 8 (except Rule 8.1), under Rule 12 (Waivers).
- (ii) Authorised bodies are authorised to carry out non-reserved legal activities as well as the reserved activities for which they are authorised.
- (iii) Multi-disciplinary practices which provide a range of different services, some only of which are regulated by the SRA, will need to ensure that it is clear, both within and outside the firm, through which part of the business (and therefore under which regulatory system) non-reserved services are provided. (See chapter 8 of the Code of Conduct.)

Rule 11 – Regulatory conflict

11.1 If a conflict arises between:

- (a) a requirement imposed:
 - (i) on an *authorised body* or on an *employee* or *manager* of the body by the *SRA* as the *regulator* of that body, and
 - (ii) on an individual *manager* or *employee* of that body by another approved regulator;

then the requirement imposed by the *SRA* prevails over the requirement imposed by the other *approved regulator*;

- (b) a requirement imposed:
 - (i) on an *authorised non-SRA firm* or on an *employee* or *manager* of the firm by another *approved regulator* as the regulator of that firm, and
 - (ii) on an individual *manager* or *employee* of that *firm* by the *SRA*;

then the requirement imposed by the other *approved regulator* prevails over the requirement imposed by the *SRA*.

Rule 12 – Waivers

- 12.1** Subject to rule 12.2 below and to provisions in any enactments or the *SRA's regulatory arrangements* affecting its ability to waive any requirements, the *SRA* shall have power to waive in writing the provisions of these rules for a particular purpose or purposes expressed in such waiver, and to attach conditions to or revoke such waiver, at its own discretion.
- 12.2** The *SRA* must not grant a waiver that modifies the general conditions in Rule 8.1 with respect to any *authorised bodies*.
- 12.3** A waiver cannot be granted by the *SRA* under Rule 12 in respect of the *reserved legal activities* that an *authorised body* is entitled to carry on or any conditions of *authorisation* imposed under Rule 9.

Guidance notes

- (i) A waiver cannot be granted where to do so would run counter to the overall purpose of the rule. In addition, many of the requirements set out in various Acts such as the LSA and AJA are mandatory provisions which, in spite of Rule 12 above, the *SRA* does not have the power to waive. The following are examples from the LSA:
- (a) Management
- (A) Schedule 11 para 11-14 – the rules must include that a licensed body must at all times have an individual designated as Head of Legal Practice and one designated as Head of Finance and Administration (in these rules referred to as COLP and COFA). This designation must be approved by the *SRA*, which must be satisfied that the designated individuals are suitable to carry out the duties. Rule 8.5 reflects this and therefore cannot be waived;
- (b) Schedule 11 para 17 - rules must provide that the licensed body must at all times have suitable arrangements in place to ensure that it, its managers and employees comply with the regulatory arrangements and that any employees carrying out legal activities will maintain the professional principles. Rule 8.1 reflects this and therefore cannot be waived;
- (b) Duration, suspension, modification and revocation of licence
- (A) Schedule 11 para 26(1) - rules must provide criteria for the *SRA* to use in deciding whether to suspend, revoke or end the suspension of a licence. Rule 22 reflects this and therefore

cannot be waived.

- (ii) A waiver of these rules "in writing" includes any form of written electronic communication normally used for business purposes, such as emails.

PART 4 – APPROVAL OF MANAGERS, OWNERS AND COMPLIANCE OFFICERS

Rule 13 – Application

13.1 This part governs the *SRA's* determination of applications for:

- (a) approval of an *authorised body's managers and owners* pursuant to Rule 8.6(a); and
- (b) approval of an *authorised body's compliance officers*, pursuant to Rule 8.5(a) and (c).

13.2 The *SRA* will deem a *person* to be approved as suitable to be a *manager* or *owner* of an *authorised body* under this Part if:

- (a) that *person* is:
 - (i) a *solicitor* who holds a current practising certificate; or
 - (ii) an *authorised body*;
- (b) there is no condition on the *person's* practising certificate or *authorisation* as appropriate, preventing or restricting them from being a *manager, owner* or *interest holder* of an *authorised body* or being a *sole practitioner*;
- (c) the *SRA* is notified in advance of the *person* becoming a *manager* or *owner* of the *authorised body* and is provided with any information about that *person* which it requires; and
- (d) the *SRA* has not withdrawn its approval of that *person* to be a *manager* or *owner* under Rule 17.

Rule 14 – Approval process

14.1 An application for approval of a *manager, owner* or *compliance officer* may be made by an *applicant* or an *authorised body* and must include evidence to satisfy the *SRA* that the *candidate* is suitable to be a *manager, owner* or *compliance officer* of the body, as appropriate.

- 14.2** The *applicant* or *authorised body*, as appropriate, must:
- (a)** co-operate, and secure the co-operation of the *candidate*, to assist the *SRA* to obtain all information and documentation the *SRA* requires in order to determine the application;
 - (b)** obtain all other information and documentation in relation to the *candidate* which the prescribed form requires the body to obtain and keep; and
 - (c)** keep all information and documentation under (b) above for a period of not less than 6 years after the *person* concerned has ceased to be a *manager*, *owner* or *compliance officer* of the body.
- 14.3** The *candidate* must declare in the application that the information supplied about them is correct and complete.
- 14.4** The *SRA*'s decision to approve or refuse approval must be notified in writing to the *applicant* or *authorised body* as appropriate, and, separately to the *candidate* as soon as possible.
- 14.5** The *SRA* may, at the time of granting its approval or at any time subsequently, make its approval of a *person* to be an *owner*, *manager* or *compliance officer* of an *authorised body* subject to such conditions on the body's *authorisation* as it considers appropriate having regard to the criteria in Rule 9.
- 14.6** If the *SRA* proposes to object to a *candidate* becoming an *owner* of an applicant or *authorised body*, or to approve such a *person* becoming an *owner* subject to conditions, it must give the *candidate* and the body a warning notice and consider any representations made by them to the *SRA* within the *prescribed period*.
- 14.7** The *SRA* may issue a conditional approval or objection without a warning notice under 14.6 if the application for approval has been made after the grant of *authorisation* and the *SRA* considers it necessary or desirable to dispense with the warning notice for the purpose of protecting any of the *regulatory objectives*.
- 14.8** The *SRA* may at any time require the production of information or documentation from:

- (a) a *person* who has been approved as an *owner, manager* or *compliance officer* under this Part;
- (b) an *authorised body* of which that *person* is a *manager, owner* or *compliance officer*, or
- (c) the body which originally obtained approval for that *person* and holds information and documentation under 14.2(c);

in order to satisfy the *SRA* that the *person* met, meets, or continues to meet the criteria for approval.

Guidance notes

- (i) See also the guidance notes to Rule 1 regarding ownership and material interest.
- (ii) The *SRA's* notification "in writing" includes any form of written electronic communication normally used for business purposes, such as emails.

Rule 15 – Criteria for the SRA's assessment of suitability

- 15.1** When considering whether a candidate is suitable to be a manager, owner or compliance officer of the body, as appropriate, the *SRA* will take into account the criteria set out in the *SRA* Suitability Test and any other relevant information.

Guidance notes

- (i) As well as evidence about the candidate, the Suitability Test takes into account evidence about the honesty and integrity of a person that the candidate is related to, affiliated with, or acts together with where the *SRA* has reason to believe that that person may have an influence over the way in which the candidate will exercise their role.
- (ii) See also regulation 6 of the *SRA* Practising Regulations 2009 under which the *SRA* has the power to impose conditions on a practising certificate or registration which restrict an individual's ability to be involved in an authorised body.
- (iii) Specific provisions exist in the *LSA* about imposing conditions on the approval of owners of a licensed body:
 - o For the approval of ownership on an application for a licence, see paragraph 17 of Schedule 13 to the *LSA*. For the approval of ownership on a change of interests after a licence is issued, see paragraph 28 of that Schedule. These give the *SRA* the power to approve an owner's or a prospective owner's holding subject to conditions where the Rule 15 criteria are not met in relation to that investment, but only if the *SRA* considers that, if the conditions are complied with, it will be appropriate

for the owner to hold the interest.

- For the imposition of conditions (or further conditions) on an existing ownership interest, see paragraph 33 of Schedule 13 to the LSA. This gives the SRA the power to impose conditions (or further conditions) on a person's holding of an interest, if the SRA is not satisfied that the Rule 15 criteria are met, or if the SRA is satisfied that a condition imposed under paragraphs 17, 28 or 33 of Schedule 13 (see above) on the person's holding of that interest has not been, or is not being, complied with. The SRA may only use the paragraph 33 power if it considers that, if the conditions are complied with, it will be appropriate for the owner to hold the interest without the approval requirements being met.

- (iv) Under paragraphs 19 and 20 of Schedule 13 to the LSA the SRA has the power, when dealing with an application for a licence, to object to the holding of an interest if it is not satisfied that the rule 15 criteria are met in relation to that holding. The mechanism for objecting is set out in those paragraphs.

Rule 16 – Effect of approval

- 16.1 Approval takes effect from the date of the decision unless otherwise stated and continues until:
- (a) it is withdrawn by the *SRA*; or
 - (b) the approved *person* ceases to be a *manager, interest holder or compliance officer* of the *authorised body*, as appropriate

Rule 17 – Withdrawal of approval

- 17.1 Where the *SRA* has granted an approval of a *person* to be a *manager, owner or compliance officer* of a body (including a deemed approval under Rule 13.2), it may subsequently withdraw that approval if:
- (a) it is not satisfied that an approved *person* met or meets the criteria for approval in Rule 15;
 - (b) it is satisfied that a condition imposed on the body's *authorisation* under Rule 14.5 has not been, or is not being complied with;
 - (c) it is satisfied that the approved *person* has breached a duty or obligation imposed upon them in or under the *SRA's regulatory arrangements* or any enactments; or
 - (d) information or documentation is not promptly supplied in response to a request made under Rule 14.8.
- 17.2 Where withdrawal of approval relates to a *director* of a *company*, the *SRA* may set separate dates for that individual ceasing to be a *director* and

disposing of his or her *shares*.

Rule 18 – Temporary emergency approvals for compliance officers

18.1 If an *authorised body* ceases to have a *COLP* or *COFA* whose designation has been approved by the *SRA*, the *authorised body* must immediately and in any event within 7 days:

- (a) notify the *SRA*;
- (b) designate another *manager* or *employee* to replace its previous *COLP* or *COFA*, as appropriate; and
- (c) make an application to the *SRA* for temporary approval of the new *COLP* or *COFA*, as appropriate.

18.2 The *SRA* may grant a temporary approval under this rule if:

- (a) it is satisfied that the *authorised body* could not reasonably have commenced an application for approval of designation in advance of the non-compliance;
- (b) on the face of the application and any other information immediately before the *SRA*, there is no evidence suggesting that the new *compliance officer* is not suitable to carry out the duties imposed on them under these rules.

18.3 Temporary approval under this rule:

- (a) may be granted initially for 28 days;
- (b) may be granted to have effect from the date the body ceases to have a *COLP* or *COFA* whose designation has been approved;
- (c) may be extended in response to a reasonable request by the *authorised body*;
- (d) must be extended pending determination of a substantive application for approval commenced in accordance with Rule 17.4;
- (e) may be granted or extended subject to such conditions on the *authorised body's authorisation* as the *SRA* thinks fit having regard to the criteria in Rule 9;
- (f) has effect only while the criteria in Rule 8.5(g) are met;
- (g) if granted, cannot prejudice the discretion of the *SRA* to refuse a substantive application for approval of designation or to impose any

conditions on that approval; and

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

18.4 If granted temporary approval under Rule 18.3 above for its designation of a new *COLP* or *COFA*, the *authorised body* must:

- (a) designate a permanent *COLP* or *COFA*, as appropriate; and
- (b) submit a substantive application for approval of that designation under Rule 13;

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

PART 5 – NOTIFICATION, EFFECT AND DURATION OF AUTHORISATION

Rule 19 – Notification of decisions

19.1 The *SRA* must notify its decision and reasons in writing when it:

- (a) refuses an application made under these rules;
- (b) grants an application subject to a condition;
- (c) refuses a permission required under a condition on a body's *authorisation*; or
- (d) withdraws its approval of a *candidate* under Rules 17 and 18.

19.2 The notification in Rule 19.1 must be given to the applicant body and to the *candidate* concerned, where appropriate.

19.3 The *SRA* must give 28 days written notice:

- (a) to the *authorised body* concerned, when the *SRA* decides to impose a condition on an *authorised body's authorisation* at any time after the grant of the *authorisation*;
- (b) to the body and the individual concerned, when the *SRA* decides to withdraw an approval granted under Rule 17 and 18.

19.4 The *SRA* may shorten or dispense with the 28 day period under Rule 19.3(a) if it is satisfied that it is in the public interest to do so.

Guidance note

The SRA's notification "in writing" may be by any form of written electronic communication normally used for business purposes, such as emails.

Rule 20 – Notifying third parties of decisions

- 20.1** The SRA may, if it considers it in the public interest to do so, publish and notify any *persons* of a decision concerning a body or an individual made under these rules, including but not limited to:
- (a) an *authorised person* of which the body or individual concerned is a current, past or prospective *manager, employee* or *interest holder*;
 - (b) any *approved regulator*;
 - (c) any statutory regulator;
 - (d) the Legal Services Board;
 - (e) the *Legal Ombudsman*;
 - (f) the regulatory body for any profession of which the individual concerned is a member or which regulates the body concerned;
 - (g) any law enforcement agency.

Rule 21 – Effect and validity of authorisation

- 21.1** A grant of *authorisation* takes effect from the date of the decision unless otherwise stated.
- 21.2** *Authorisation* continues in force unless it ceases to have effect in accordance with Rule 21.3.
- 21.3** An *authorised body's authorisation* ceases to have effect so that the body is no longer authorised by the SRA under these rules:
- (i) from the time that the *authorisation* is revoked under Rule 22;
 - (ii) at any time during which the *authorisation* is suspended;
 - (iii) subject to Part 6, if the body is wound up or for any other reason ceases to exist; or
 - (iv) if in relation to a *licensed body*, the body is issued with a licence by another *approved regulator*.

Rule 22 – Revocation and suspension of authorisation

22.1 Subject to Rule 23, the *SRA* may revoke or suspend a body's *authorisation*, where:

- (a)** in the case of an *authorised body*:
 - (i)** *authorisation* was granted as a result of error, misleading or inaccurate information, or fraud;
 - (ii)** the body is or becomes ineligible to be authorised in accordance with the criteria set out in Rule 6;
 - (iii)** the *SRA* is satisfied that the body has no intention of carrying on the *legal activities* for which it has been authorised under these rules;
 - (iv)** the body has failed to provide any information required by the *SRA* under these rules;
 - (v)** the body has failed to pay any fee payable to the *SRA* under these rules;
 - (vi)** a *relevant insolvency event* has occurred in relation to the body;
 - (vii)** the body makes an application to the *SRA* for its *authorisation* to be revoked or suspended;
 - (viii)** the *SRA* has decided to exercise its intervention powers under section 102 of and Schedule 14 to the *LSA*, Parts *I and II* of Schedule 1 to the Solicitors Act 1974, Paragraph 5 of Schedule 14 to the Courts and Legal Services Act 1990 and Part II of Schedule 1 to the Solicitors Act 1974 or Paragraph 32 of Schedule 2 to the *AJA and Part II of Schedule 1 to the Solicitors Act 1974*, as appropriate;
 - (ix)** the body, or an *owner, interest holder, manager or employee* of the body fails to comply with the duties imposed by or under these rules or under any enactments including payment of any fine or other financial penalty imposed on the body by the *SRA*, the Solicitors Disciplinary Tribunal, the High Court or the [Appellate Body];
- (x)**
 - (A)** in the case of a *licensed body*, the body fails to comply with Rule 8.6(b) (prohibition on *disqualified managers*);
or
 - (B)** in the case of an *authorised body*, the body fails to comply with Rule 8.11 (employment or remuneration of *disqualified persons*);

and

(c) the *manager* or *employee* concerned was *disqualified* as a result of breach of the duties imposed upon the *manager* or *employee* by sections 176 or 90 of the LSA;

(xi) the body does not comply with Rule 8.5 (compliance officers);

(xii) the body fails to comply with Rule 8.6 (management and control); or

(xiii) for any other reason it is in the public interest;

(b) in the case of a *licensed body*

a non-authorized person holds an interest in the licensed body:

(i) as a result of the *person* taking a step in circumstances where that constitutes an offence under paragraph 24(1) of Schedule 13 to the LSA (whether or not the *person* is charged with or convicted of an offence under that paragraph),

(ii) in breach of conditions imposed under paragraphs 17, 28 or 33 of that Schedule, or

(iii) the *person's* holding of which is subject to an objection by the licensing authority under paragraph 31 or 36 of that Schedule.

22.2 The SRA must not revoke or suspend an *authorisation* under this rule:

(a) unless it has first provided the *authorised body* with an opportunity to provide representations to it regarding the issues giving rise to the proposed revocation or suspension;

(b) unless it has first given the *authorised body* notice of its intention to revoke or suspend the *authorisation*; and

- (c) before the end of the period of 28 days beginning with the day on which the notice in (b) above is given to the body or any longer period specified in the notice.

Guidance notes

- (i) Rule 22.1(a)(x)(C) refers to sections 90 and 176 of the LSA. Section 90 sets out the duty of non-authorized persons, as defined by the LSA, not to do anything which causes or substantially contributes to a breach by a licensed body, or by a manager or an employee of the licensed body who is an authorized person, of the duties imposed on them by section 176. Section 176 imposes the statutory duty on a regulated person to comply with the SRA's regulatory arrangements when practising through an SRA firm. Regulated person includes the firm itself as well as the managers and employees of the firm.
- (ii) Rule 22.1(b)(i) refers to the offence under paragraph 24(1) of Schedule 13 to the LSA. This is the offence of an unauthorised person who is required to notify the licensed body and the SRA of a proposal to take a step leading to acquiring a restricted interest in a licensed body taking the step prior to the SRA's approval. Rule 21.1(b)(ii) refers to breaches of the specific provisions about imposing conditions on approval of owners – see guidance note (ii) to rule 15 above. Rule 21.1(b)(iii) refers to paragraphs 31 (the SRA having an objection to a notifiable interest) and 36 (the SRA having an objection to an existing restricted interest) of Schedule 13 to the LSA.
- (iii) Revocation and suspension of authorisation is a discretionary power of the SRA. The SRA is unlikely to revoke or suspend authorisation if doing so at that time would present any risk to clients, the public, the protection of public money or to any SRA investigation.

Rule 23 – Unforeseen temporary breach of certain conditions and eligibility criteria

23.1

Unforeseen breach of eligibility criteria

- (a) If due to an event which could not reasonably have been foreseen, a *licensed body* is no longer a *licensable body* because:
 - (i) the body no longer has at least one *manager* who is an individual and who is an *authorised person* (other than an *RFL* or an *EEL*) in relation to a *licensed activity*; or
 - (ii) the body no longer has a *manager* or *interest holder* who is a *non-authorized person*; or
 - (iii) *non-authorized persons* are no longer entitled to exercise, or control the exercise of, at least 10% of the *voting rights* in any body which is a *manager* or *interest holder* of the *licensed*

body;

but the *SRA* is informed of that fact within 7 days of the event first occurring and the body becomes a *licensable body* again within 28 days of the event first occurring, then the *licensable body* will be deemed to have remained a *licensable body* and to that extent will not be liable to have its *authorisation* revoked or suspended under Rule 22.

- (b) If due to an event which could not reasonably have been foreseen, a *recognised body* is no longer a *legal services body* because the body no longer has at least one *manager* who is:
 - (i) a *solicitor*;
 - (ii) an *REL*; or
 - (iii) a *legally qualified body* with at least one *manager* who is a *solicitor* or an *REL*;

but the *SRA* is informed of the fact within 7 days of the event first occurring and the body becomes a *legal services body* again within 28 days of the event first occurring, then the *recognised body* will be deemed to have remained a *legal services body* and to that extent will not be liable to have its *authorisation* revoked or suspended under Rule 22.

23.2

An LLP having fewer than two members

If an event which could not reasonably have been foreseen results in an *LLP* having fewer than two *members*, and therefore being in breach of Rule 16.3 (requirement to have at least two *members*) of the *Practice Framework Rules*, but within six months the situation is remedied, and provided the *LLP* has remained in a position to comply with the remainder of the *SRA's regulatory arrangements* including these rules and any conditions imposed on its *authorisation*, the *LLP* will be deemed to have remained in compliance with Rule 16.3 of the *Practice Framework Rules* and to that extent will not be liable to have its *authorisation* revoked under Rule 22.

23.3

Death of member or shareowner of a company

- (a) If an *authorised body* is a *company* with *shares* and a *member* or *shareowner* dies who had been approved under Part 4 to be a *member* or *shareowner* of the body at the date of death, then, whether or not the personal representatives have been approved

under Part 4, 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 have been approved under Part 4 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 *authorised body* must cancel or acquire the *shares* or ensure that they are held and owned by *persons* who can *hold the interest* in the body in compliance with Rule 8.6 (management and control), but without this resulting in *RFLs* being the only *shareowners* of a *recognised body*; 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 Rule 8.6 (management and control), and to that extent will not be liable to have its *authorisation* revoked under Rule 22.

23.4

Member or shareowner ceasing to be approved

- (a) If an *authorised body* is a *company* with *shares* and a *member* or *shareowner* ceases to be approved under Part 4 to be a *member* or *shareowner* of the body, or ceases to exist as a *body corporate*, then provided that:
- (i) no vote is exercised or accepted on the *shares* held by or on behalf of that *member* or *shareowner*;
 - (ii) a trustee in bankruptcy or liquidator (whether approved under Part 4 or not) replaces that *member* or *shareowner* in the capacity of trustee or liquidator for a period not exceeding six months from the date the *member* or *shareowner* ceased to be approved; and
 - (iii) the *company* cancels or acquires the *shares* within six months, or within that time ensures that the *shares* are held and owned by *persons* in compliance with Rule 8.6, but without this resulting in the body ceasing to be a *licensable body* (in the

case of a *licensed body*), or ceasing to be a *legal services body* (in the case of a *recognised body*);

the *company* will be deemed to have remained in compliance with Rule 8.6 (management and control), and to that extent will not be liable to have its *authorisation* revoked under Rule 22.

23.5

Member or shareowner becoming insolvent but remaining compliant

- (a) If an *authorised body* is a *company* with *shares* and a *member* or *shareowner* becomes insolvent but continues to *hold an interest* in the body in compliance with Rule 8.6, then the trustee in bankruptcy or liquidator (whether approved under Part 4 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 can hold the *interest* in the *company* in compliance with Rule 8.6;
 - (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* who can *hold an interest* in the *company* in compliance with Rule 8.6, but without this resulting in the body ceasing to be a *licensable body* (in the case of a *licensed body*), or ceasing to be a *legal services body* (in the case of a *recognised body*); 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 Rule 8.6 (management and control), and to that extent will not be liable to have its *authorisation* revoked under Rule 22.

23.6

Court of Protection deputy

- (a) A Court of Protection deputy appointed under section 19 of the Mental

Capacity Act 2005 may be a *member* or *shareowner* in that capacity, without breaching Rule 8.6 (management and control), provided that:

- (i) the person in respect of whom the deputy has been appointed *holds the interest* in compliance with Rule 8.6; and
 - (ii) if the deputy is not a *member* or *shareowner* in compliance with Rule 8.6, 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 Rule 8.6, and to that extent will not be liable to have its *authorisation* revoked under Rule 21.

PART 6 – CHANGES IN PARTNERSHIPS

Rule 24 – Change to the composition of a partnership

24.1 *Authorisation* of a *partnership* may continue despite a change in its composition, subject to Rules 24.2, 24.3, 24.4 and 25.

24.2 If there is a change to an *authorised body*, which is a *partnership*, which results in there being:

- (a) no remaining *partner* who was a *partner* before the change and the 28 day period under Rule 23.1 does not apply, the *authorisation* of the body ceases to have effect from the date of the change to the *partnership*;
- (b) only one remaining *principal* who needs to be authorised as a *sole practitioner* but could not reasonably have commenced an application in advance of the change:
 - (i) the firm may continue to *practise* provided that the remaining *principal*:
 - (A) is a *solicitor* or *REL*;
 - (B) notifies the *SRA* within seven days;
 - (C) is granted temporary emergency recognition under Regulation 4 of the *SRA Practising Regulations 2009*.
 - (ii) during the initial 28 day period, or such extended period as the *SRA* may allow, the remaining *principal* must:
 - (A) cease to *practise*, and notify the *SRA*; or
 - (B) commence a substantive application for *authorisation*

as a *recognised sole practitioner* under the SRA Practising Regulations 2009, or if the remaining *principal* has taken on a new *partner*, as an *authorised body*.

- (c) an *authorised body* which will continue but one or more of the former *partners* intend to carry on as a separate *firm*, which must be authorised as an *authorised body*, a *recognised body* or a *recognised sole practitioner*, but the *principal(s)* in the new *firm* could not reasonably have commenced an application for *authorisation* in advance of the change:
 - (i) the new *firm* may *practise* from the date of the change provided that the new *firm*:
 - (A) is a *partnership* which complies with Part 3 of the *Practice Framework Rules* in its formation, composition and structure, or is a *solicitor* or *REL sole practitioner*;
 - (B) complies with the *SRA Indemnity Insurance Rules*;
 - (C) notifies the *SRA* within seven days; and
 - (D) is granted temporary emergency authorisation under Rule 25 below or temporary emergency recognition under Regulation 5 of the *SRA Recognised Bodies Regulations 2009* or Regulation 4 of the *SRA Practising Regulations 2009*.
 - (ii) during the initial 28 day period, or such extended period as the *SRA* may allow, the new *firm* must:
 - (i) cease to *practise*, and notify the *SRA*; or
 - (ii) commence a substantive application for *authorisation*;
- (d) a failure by the firm to comply with Rule 13 of the *Practice Framework Rules*, the *firm* must cease to *practise*.

24.3 Following a *partnership* change under Rule 24.2(c), the *SRA* will if necessary decide which of the groups of former *partners* will continue to be covered by the existing *authorisation* and which must apply for a new *authorisation*, and may apportion *authorisation* fees and Compensation Fund contributions between the groups.

- 24.4** Any decision made under Rule 24.3 will be without prejudice to the outcome of any legal dispute between the former *partners*.

Rule 25 – Temporary emergency authorisation

- 25.1** If a *partnership* split brings into being a new *partnership* which is not an *authorised body*:
- (a) the *SRA* must be notified within 7 days; and
 - (b) temporary emergency *authorisation* may be granted, subject to 25.2 to 25.4 below, so as to enable the *partners* in the new *partnership* to *practise* through the new *partnership* for a limited period without breach of these rules and the *Practice Framework Rules*.
- 25.2** An application for temporary emergency *authorisation* must be made on the *prescribed form* within 7 days of the *partnership* split, and must be accompanied by all information and documentation the *SRA* may reasonably require.
- 25.3** The *SRA* may grant an application for temporary emergency *authorisation* if the following conditions are met.
- (a) The *SRA* must be satisfied that the *partners* could not reasonably have commenced an application for *authorisation* in advance of the change.
 - (b) In the case of a *licensable body*, the *partnership* must comply with Rule 14 (Eligibility criteria and fundamental requirements for licensable bodies) of the *Practice Framework Rules*.
 - (c) In the case of a *legal services body*, the *partnership* must comply with Rule 13 (Eligibility criteria and fundamental requirements for recognised bodies) of the *Practice Framework Rules*.
 - (d) The *partnership* must comply with Rules 12 (Persons who must be "qualified to supervise"), 15 (Formation, registered office and practising address) and 16 (Composition of an authorised body) of the *Practice Framework Rules*.
 - (e) The *partnership* must comply with the *SRA* Indemnity Insurance Rules, and must have adopted a name under which it is to be registered and which complies with Chapter 8 (Publicity) of the *Code of Conduct*.
- 25.4** Temporary emergency *authorisation*:
- (a) may be granted initially for 28 days;

- (b) may be granted to have effect from the date of the *partnership* split or any other appropriate subsequent date;
- (c) may be extended in response to a reasonable request by the *applicant*;
- (d) must be extended (subject to (h) below) pending determination of a substantive application for *authorisation* commenced during the currency of a temporary emergency *authorisation*;
- (e) is granted or extended subject to the general conditions in Rule 8, unless otherwise specified by the *SRA*, and may be granted or extended subject to such other conditions as the *SRA* sees fit to impose having regard to the criteria in Rule 9;
- (f) is to be treated as a new *authorisation* for the purpose of these rules;
- (g) if granted, cannot prejudice the discretion of the *SRA* to refuse a substantive application for *authorisation* of the body under Part 2 or to impose any conditions on any such *authorisation*; and
- (h) in exceptional circumstances, and for reasonable cause, may be revoked at any time.

PART 7 – SPECIAL BODIES, TRANSITIONAL PROVISIONS AND PASSPORTING

Rule 26 – Special kinds of licensable bodies

26.1 The *SRA* does not accept applications for *authorisation* from any *licensable body* which is:

- (a) an independent trade union;
- (b) a not for profit body;
- (c) a community interest company; or
- (d) any other body of such description as may be prescribed by the Lord Chancellor under section 106 the *LSA*.

Rule 27 – Commencement transitional provisions and repeals

27.1 These rules shall come into force:

- (a) on [10 August 2011], in respect of applications for *authorisation* from *licensable bodies*;
- (b) on [31 March 2012] ("the relevant date"), in respect of applications for

authorisation from *legal services bodies*, the SRA Recognised Bodies Regulations 2009 ("the Regulations") shall be repealed, save that:

- (i) applications for initial recognition made under regulation 2.1 of the Regulations but not decided on the relevant date shall be considered and decided in accordance with the Regulations;
- (ii) applications for approval of an individual as suitable to be a *manager* made under regulation 3 of the Regulations but not decided on the relevant date shall be considered and decided in accordance with the Regulations;
- (iii) applications for temporary emergency recognition made under Regulation 5.2 of the Regulations, or requests for extension of temporary emergency recognition made under Regulation 5.4(b) of the Regulations, but not decided on the relevant date shall be considered and decided in accordance with the Regulations;
- (iv) where a *person* has invoked the internal appeal procedure under Regulation 7 of the Regulations, but the appeal has not been concluded by the relevant date, then the appeal shall be considered and determined in accordance with the Regulations; and
- (v) where directions have been issued in respect of a reconsideration under Regulation 16 of the Regulations, the reconsideration shall proceed in accordance with the Regulations,

and for the avoidance of doubt, on the relevant date:

- (aa) where a notice of succession has been delivered to the SRA under Regulation 2A.3 or 2A.5 of the Regulations in respect of which the SRA has made no fee determination, the SRA will proceed to consider the matter in accordance with Rule 8.3(d) to (k) above;
 - (bb) where condition(s) have been imposed on a *recognised body's* recognition under Regulation 4 of the Regulations, such conditions(s) shall continue to apply as if they had been imposed under Rule 9 above; and
- (c) From 31 March 2012 ("the relevant date") the SRA Practising Regulations 2009 ("the Practising Regulations") shall have effect with the following amendments:
- (i) Regulations 1.6, 4, 4A, 7.2(b), 7.4(d), 7.4(j), 7.4(l), 8.1(d), 8.2(d), 9.1(d), 9.2(b), 10.2(g), 11.2(h) and 13.1(d) shall be

repealed;

- (ii) in Regulation 7.4(e), "13ZA(6)," shall be omitted;
 - (iii) in Regulation 7.5(a)(ii) the words "including, where applicable, the renewal of an existing authorisation as a *recognised sole practitioner* endorsed on the practising certificate or registration," shall be omitted;
 - (iv) in Regulations 9.2(c) and 9.3(a) the word "or" shall be substituted for the ", " between "practising certificate" and "registration" and the words ",or authorisation as a *recognised sole practitioner*" shall be omitted;
 - (v) in Regulations 10.3(b) and 11.3(b) the word "*recognised*" shall be omitted;
 - (vi) in Regulation 12.2(h) and 15(b) the words "*recognised sole practitioner*," shall be omitted;
- (d) Notwithstanding the provisions of sub-rule (c) above:
- (i) applications for authorisation as a *recognised sole practitioner* made under regulation 4.1 of the Practising Regulations but not decided on the relevant date shall be considered and decided in accordance with the Practising Regulations;
 - (ii) applications for temporary emergency recognition made under Regulation 4.4(a) or for recognition made under Regulation 4.5(b) of the Practising Regulations, or requests for extension of temporary emergency recognition made under Regulation 4.6(c)(ii) of the Practising Regulations, but not decided on the relevant date shall be considered and decided in accordance with the Practising Regulations;

and, for the avoidance of doubt, where on the relevant date, a notice of succession has been delivered to the *SRA* under Regulation 4A.1 or 4A.3 of the Practising Regulations in respect of which the *SRA* has made no fee determination, the *SRA* will proceed to consider the matter in accordance with Rule 8.3(d) to (k) above.

27.2 From 31 March 2012, these rules shall have effect subject to the following amendments:

- (a) in Rule 6.3(a) the words ", as a group, are, or the *sole practitioner* is, suitable" shall be substituted for the words "are suitable, as a group";

- (b) in Rule 8.3(d), 8.3(h)(i) and 8.3(h)(ii) the words "*recognised bodies* and *recognised sole practitioners*" shall be omitted;
- (c) in Rule 8.3(e), 8.3(i) and 8.3(j) the words "*recognised bodies* or *recognised sole practitioners*" shall be omitted;
- (d) in Rule 8.3(f) and 8.3(k), the words "*recognised body* or *recognised sole practitioner*" shall be omitted;
- (e) in Rule 8.3(g)(i), the words "and/or *recognised body* and *recognised sole practitioner*" shall be omitted;
- (f) Rule 24.2(b) shall be omitted;
- (g) in Rule 24.2(c), the words "a *recognised body* or a *recognised sole practitioner*" shall be omitted;
- (h) in Rule 24.2(c)(i)(D), the words "or temporary emergency recognition under Regulation 5 of the SRA Recognised Bodies Regulations 2009 or Regulation 4 of the SRA Practising Regulations 2009" shall be omitted;
- (i) Rule 25.1 shall have effect as if the words "or a new *sole practitioner firm*" were inserted after the word "*partnership*";
- (j) Rule 25.1(b) shall have effect as if the words ", or the new *sole principal*," were inserted after the words "the new partnership";
- (k) Rule 25.3(a) shall have effect as if the words "or *sole principal*" were inserted after the word "*partners*"; and
- (l) Rule 25.3(c), 25.3(d) and 25.3(e) shall have effect as if the words "or *sole principal*" were inserted after the word "*partnership*".

27.3 From [31 March 2012], a *legal services body* which does not comply with Rule 8.5 above may be treated as an *authorised body* for the purposes of these rules and the SRA's *regulatory arrangements*, until [31 October 2012], at which time a *legal services body* shall be required to comply with Rule 8.5 in order to be authorised under these rules.

27.4 Unless the context otherwise requires, references in these rules to:

- (a) these rules, or a provision of these rules; and
- (b) the *Code of Conduct*, rules, regulations or *regulatory arrangements*, or a provision of the same,

include a reference to the equivalent rules, regulations or provisions previously in force.

Rule 28 – Transition of Recognised Bodies and Sole Practitioners

28.1 From [31 March 2012]:

- (a) the recognition of a body recognised under section 9 of the AJA, shall have effect as if it were *authorisation* granted under these rules;
- (b) a sole *solicitor* or *REL* who has been recognised as a *sole practitioner* by way of an endorsement under section 1B of the Solicitors Act 1974 shall be deemed to have been recognised as a *legal services body* under section 9 of the AJA; and
- (c) all *managers* and *owners* of bodies falling within sub-rule (a) or (b) shall be deemed to have been approved under Part 4 of these rules, as applicable, including those approved under Rule 27.1(b)(ii) above.

PART 8 – RECONSIDERATION AND APPEALS

Rule 29 – Reconsideration

29.1 The *SRA* may reconsider a decision made under these rules when it appears that the decision maker:

- (a) was not provided with material evidence that was available to the *SRA*;
- (b) was materially misled;
- (c) failed to take proper account of material facts or evidence;
- (d) took into account immaterial facts or evidence;
- (e) made a material error of law;
- (f) made a decision which was otherwise irrational or procedurally unfair;
- (g) made a decision which was otherwise ultra vires; or
- (h) failed to give sufficient reasons.

29.2

- (a) A decision may be reconsidered under 29.1 only on the initiative of

the *SRA*.

- (b) The *SRA*, when considering the exercise of its powers under this rule, may also give directions for:
 - (i) further investigations to be undertaken;
 - (ii) further information or explanation to be obtained from any *person*; and
 - (iii) the reconsideration to be undertaken by the original decision maker or by a different decision maker or panel.

Rule 30 – Appeals by legal services bodies

30.1 A *legal services body* may invoke the *SRA*'s own appeals procedure:

- (a) against the *SRA*'s decision to modify or refuse an application for modification of the terms and conditions of an *authorisation* under Rule 10;
- (b) before exercising its right of appeal to the High Court:
 - (i) against refusal of *authorisation*, under paragraph 2(1)(a) of Schedule 2 to the *AJA*;
 - (ii) against the imposition of a condition on its *authorisation*, under paragraph 2(1)(b) or (c) of that Schedule; or
 - (iii) against refusal by the *SRA* to approve a step which, under a condition on the body's *authorisation*, requires such prior approval, under paragraph 2(2) of that Schedule.

30.2 A *legal services body* and/or the *person* who is the subject of the decision, may invoke the *SRA*'s internal appeal procedure against the *SRA*'s decision:

- (a) not to approve the *person* to be an *owner* or *compliance officer* of a *legal services body* under Rules 8.5(a) or (c) or 8.6(a);
- (b) to approve the *person* to be a *manager*, *owner* or *compliance officer* of a *legal services body* under Rules 8.5(a) or (c) or 8.6(a) subject to conditions on the body's *authorisation*; or
- (c) to withdraw its approval of the *person* to be an *owner* or *compliance officer* of the body under Rule 17 or Rule 18.

30.3 A *legal services body* may appeal to the High Court against the *SRA's* decision to suspend or revoke the body's *authorisation*, but must first invoke the *SRA's* own appeals procedure.

30.4 A *legal services body* and/or the *person* who is the subject of the decision, may appeal to the High Court against the *SRA's* decision:

- (a) not to approve the *person* to be a *manager* of the body under Rule 8.6(a); and
- (b) to withdraw its approval of the *person* to be a *manager* of the body under Rule 17;

but must first invoke the *SRA's* own appeals procedure.

30.5

- (a) An application by a *legal services body* for *authorisation* under Rule 4 is deemed, for the purpose of any appeal under Rule 30.1(b) above, to be refused on the day of the expiry of the *decision period*, if by the end of that day the *SRA* has not notified the applicant body of its decision.
- (b) An application for approval of a *person* under Part 4 is deemed, for the purpose of any appeal under Rule 30.4(a) above, to be refused on the day of the expiry of the *decision period*, if by the end of that day the *SRA* has not notified the applicant body, and the *person* who is the subject of the approval, of its decision.

Guidance note

Rule 30.05 allows an applicant to regard their application as refused on certain dates to allow an appeal to be commenced. However, this is only for the purpose of ensuring the applicant has appeal rights and despite the deemed refusal the *SRA* may still determine the application.

Rule 31 – Appeals by licensable bodies

31.1 A *licensable body* may appeal to the [Appellate Body] against:

- (a) the *SRA's* decision to:
 - (i) refuse an application for *authorisation*;
 - (ii) impose a condition on an *authorisation*;
 - (iii) revoke or suspend a body's *authorisation*;
 - (iv) refuse to approve a step which, under a condition on the body's *authorisation*, requires such prior approval;

(v) modify or refuse an application for modification of the terms and conditions of an *authorisation* under Rule 10; or

(b) the *SRA's* failure to make a decision within the *decision period*;

but must first invoke the *SRA's* own appeal procedure.

31.2 A *licensable body* and/or the *person* who is the subject of the approval may appeal to the [Appellate Body] against the *SRA's* decision:

(a) not to approve the *person* to be a *manager* or *compliance officer* of the body under Rules 8.5(a) or (c) or 8.6(a);

(b) to approve the *person* to be a *manager* or *compliance officer* of the body under Rules 8.5(a) or (c) or 8.6(a) subject to conditions on the body's *authorisation*; or

(c) to withdraw its approval of the *person* to be a *manager* or *compliance officer* of the body under Rule 17;

but must first invoke the *SRA's* own appeals procedure.

31.3 Any *person* may invoke the *SRA's* own appeals procedure, before exercising their right of appeal to the [Appellate Body]:

(a) against the *SRA's* imposition of a financial penalty, under section 96 of the *LSA*;

(b) against the *SRA's* imposition of conditions on an *authorisation* in connection with its approval of a *person* being an *owner* of a *licensed body*, under paragraphs 18, 29 or 34 of Schedule 13 to the *LSA*; or

(c) against the *SRA's* decision not to approve, or its decision to withdraw its approval of a *person* being an *owner* of a *licensed body*, under paragraphs 20, 32 or 37 of Schedule 13 to the *LSA*.

Rule 32 – Appeals – general provisions

32.1 Appeals under the *SRA's* own appeals procedure must be made within 28 days of:

(a) notification of the *SRA's* decision and reasons;

(b) deemed refusal under Rule 31.5 above; or

(c) expiry of the *decision period* or extension notice under Rule 5;

as applicable.

32.2 Unless otherwise provided in rules of the High Court or [Appellate Body] concerned, an appeal to the court or [Appellate Body] must be made:

- (a) within 28 days of notification of the relevant decision;
- (b) within 28 days of notification of refusal of an appeal under the *SRA's* own appeals procedure; or
- (c) within 28 days of notification of the imposition of a condition under the *SRA's* own appeals procedure;

as appropriate.

32.3 An appeal under the *SRA's* own appeals procedure under Rules 30.2(a), 30.4(a) or 31.2(a), or against the *SRA's* decision to refuse an approval under Rule 31.3(c), shall be treated as an application for the purpose of these rules.

32.4 If an appeal is made under:

- (a) Rules 30.2(c), 30.4(b), 31.2(c) or 31.3(c), against the *SRA's* decision to withdraw an approval; or
- (b) Rules 30.3 or 31.1(a)(iii), against the *SRA's* decision to revoke or suspend an *authorisation* under Rule 22;

before the decision takes effect, the decision shall not take effect pending the determination or discontinuance of the appeal, unless in the opinion of the *SRA* the proceedings on that appeal have been unduly protracted by the appellant or are unlikely to be successful.

Guidance note

Whenever the internal appeal procedure is invoked under Rule 31.2, the 28 day time limit for appeals to an external appeals body starts to run from the date of notification of the appeal decision. (See also Rule 1.2(i) regarding the date of notification.)

PART 9 – REGISTER AND CERTIFICATE OF AUTHORISATION

Rule 33 – Name of an authorised body

33.1 A *body corporate* will be authorised under its corporate name.

33.2 A *partnership* must elect to have a name under which it is to be authorised.

Rule 34 – The register of authorised bodies

34.1 The *SRA* must keep a register of all *authorised bodies* authorised by the

SRA, which may be kept in electronic form.

34.2 The register must contain, for each *authorised body*:

- (a) the name and number under which the body is authorised;
- (b) whether the *authorised body* is a *recognised body* or a *licensed body*;
- (c) any other *practising* styles used by the body;
- (d) the *authorised body's* registered office and registered number, if it is an *LLP* or *company*;
- (e) the *authorised body's* main *practising address* in England and Wales;
- (f) all the *authorised body's* other *practising addresses*;
- (g) whether the *authorised body* is a *partnership*, an *LLP* or a *company*;
- (h) if the *authorised body* is a *company*, whether it is:
 - (i) a *company* limited by *shares*;
 - (ii) a *company* limited by guarantee;
 - (iii) an unlimited *company*;
 - (iv) an overseas company registered in England and Wales;
 - (v) an overseas company registered in Scotland; or
 - (vi) a *societas Europaea*;
- (i) a list of the *authorised body's managers*, and in respect of each *manager*, whether that *manager* is:
 - (i) a *lawyer of England and Wales*, and if so the nature of his or her qualification;
 - (ii) an *REL*, and if so his or her professional title and jurisdiction of qualification;
 - (iii) an *EEL* registered with the Bar Standards Board, and if so his or her professional title and jurisdiction of qualification;
 - (iv) an *EEL* based entirely at an office or offices outside England and Wales, and if so his or her professional title and jurisdiction of qualification;
 - (v) an *RFL*, and if so his or her professional title and jurisdiction of

qualification;

- (vi) any other individual approved under Part 4;
 - (vii) a *company* approved under Part 4, and if so whether it is a *licensed body*, a *recognised body*, a *European corporate practice* or an *authorised non-SRA firm*;
 - (viii) an *LLP* approved under Part 4, and if so whether it is a *licensed body*, a *recognised body*, a *European corporate practice* or an *authorised non-SRA firm*; or
 - (ix) a *partnership* with separate legal personality approved under Part 4, and if so whether it is a *licensed body*, a *recognised body*, a *European corporate practice* or an *authorised non-SRA firm*;
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- (j) any condition to which the body's *authorisation* is subject;
 - (k) if the *authorised body's authorisation* is for the time being suspended, a note to state that fact; and
 - (l) any other information considered necessary by the *SRA* for carrying out its statutory functions in the public interest, as may from time to time be prescribed.

34.3

- (a) Entries in the register must be available for inspection by any member of the public except that the *SRA* may withhold a *recognised body's* address in exceptional circumstances where the *SRA* considers that to do so would be in the public interest.
- (b) The date on which, and the circumstances in which, an *authorised body's authorisation* expired or was revoked must be made available to a member of the public on request.

Rule 35 – Certificates of authorisation

- 35.1 When a body is granted an *authorisation*, the *SRA* must issue a *certificate of authorisation*.
- 35.2 Each *certificate of authorisation* must state, in respect of the *authorised body*:
 - (a) whether it is a licence or a certificate of recognition;

- (b) the name and number under which the body is authorised;
- (c) its registered office, if it is an *LLP* or *company*;
- (d) its main *practising address* in England and Wales;
- (e) whether it is a *partnership*, an *LLP* or a *company*; and
- (f) if it is a *company*, whether it is:
 - (i) a *company* limited by *shares*;
 - (ii) a *company* limited by guarantee;
 - (iii) an unlimited *company*;
 - (iv) an overseas company registered in England and Wales;
 - (v) an overseas company registered in Scotland;
 - (vi) a *societas Europaea*; or
 - (vii) an *LLP*;
- (g) the date from which *authorisation* is granted; and
- (h) the terms and conditions to which the body's *authorisation* is subject.