

## Proposed amendments to the SRA Standards and Regulations

Text to be added is shown underlined and text to be deleted is shown in strikethrough.

### Amendments to the SRA Accounts Rules

#### Part 2: Client money and client accounts

##### Client money

2.1 *Client money* is money held or received by you:

- (a) relating to *regulated services* delivered by you to a *client*;
- (b) on behalf of a third party in relation to *regulated services* delivered by you (such as money held as agent, stakeholder or held to the sender's order);
- (c) as a trustee or as the holder of a specified office or appointment, such as done of a power of attorney, *Court of Protection deputy* or trustee of an occupational pension scheme;
- (d) in respect of your *fees* and any unpaid *disbursements* if held or received prior to the delivery of a bill, for the same or other written notification, of the costs once these have been incurred.

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##### Client money must be kept separate

- 4.1 You keep *client money* separate from money belonging to the *authorised body*.
- 4.2 You ensure that you allocate promptly any funds from *mixed payments* you receive to the correct *client account* or business account.
- 4.3 Subject to rule 4.4, where you are holding *client money* and some or all of that money will be used to pay your *costs*:
  - (a) you must give the *client* or the paying party a bill, ~~of *costs*,~~ or other written notification, of the *costs* incurred, ~~to the *client* or the paying party;~~
  - (b) this must be done before you transfer any *client money* from a *client account* to make the payment; and

Sensitivity: General

- (c) any such payment must be for no more than the specific sum identified in the bill, ~~of costs,~~ or other written notification, of the **costs** incurred, and covered by the amount held for the particular **client** or third party.

4.4 Rules 4.3 does not apply where you withdraw **client money** from a **client account** in full or partial reimbursement of money spent by you on behalf of the **client**, or the third party for whom the money is held.

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**Operation of a client's own account**

10.1 If, in the course of practice, you operate a **client's** own account as signatory, Part 2 of these rules does not apply ~~save for:~~ but you:

(a) ~~rule 8.2—obtain periodic~~ statements from **banks**, **building societies** and other financial institutions for each such account;

(b) ~~rule 8.3—reconciliations~~ keep a record showing transactions initiated by you which should be checked against the statements from **banks**, **building societies** or other financial institutions; and

(c) ~~rule 8.4—bills and notifications of costs~~ keep readily accessible a central record of all **clients'** own accounts that you operate including all bills or other written notifications of **costs** given by you.

10.2 The record kept under rule 10.1(b) must be signed off by the **COFA** or a **manager** of the firm at least every 16 weeks. You should promptly investigate and resolve any differences that have been identified.