

Setting up in practice

Professional Ethics
Last amended January 2007

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Introduction

In January 2007, the Solicitors Regulation Authority ('SRA') took over responsibility from the Law Society for protecting the public interest by setting and enforcing standards for solicitors in England & Wales.

Professional Ethics forms part of the new SRA and we have used our experience from assisting countless solicitors in setting up in practice to produce this booklet. We hope that it will help you identify the regulatory requirements to which you must adhere, and what other matters you should consider. We have also highlighted some of the areas where you need to be cautious, such as money laundering and the giving of undertakings.

The Law Society will continue to represent the interests of the profession to the SRA, the government and others and this booklet contains a section on the services the Law Society provides to help you run and manage your practice.

Where reference is made to "Guide Online", this refers to the electronic version of "The Guide to the Professional Conduct of Solicitors" 8th edition (1999) which can be accessed at www.guide.sra.org.uk. The electronic version of the Guide is updated as new rules or guidance are introduced or amended. For this reason, you should no longer rely on the printed version of the Guide. A new Code of Conduct will be introduced during the course of 2007. Please refer to the SRA website for updates on this.

We hope that you will find this booklet practical and useful. If you have any comments about the booklet, or identify areas where further information may be of assistance to solicitors, then please let us know.

Finally, may we take this opportunity to wish you success in the establishment and running of your practice.

Professional Ethics

January 2007

1. Contact details

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Telephone:	0870 606 2555
DX:	19114 – Redditch
Fax:	01527 510213
Website:	www.sra.org.uk
Information Services:	0870 606 2555
Lawyerline helpline:	0870 606 2588
Professional Ethics:	
Helpline	0870 606 2577
Fax	0207 320 5897
E-mail	professional.ethics@sra.org.uk
Professional Indemnity:	
Fax	0207 320 5897
E-mail	professionalindemnity@sra.org.uk
Registration Projects Team	regprojects@sra.org.uk
Resolution Team:	
E-mail	resolutionteamenquiries@sra.org.uk
Fax number	01527 883233
Guide Online:	www.guide.sra.org.uk

2. Abbreviations used in this booklet

ARP	assigned risks pool
CPD	compulsory professional development
EU	countries covered by the Establishment Directive (which includes Iceland, Liechtenstein, Norway and Switzerland)
FSA	Financial Services Authority
IPS	inadequate professional services
IT	information technology
LCS Service)	Legal Complaints Service (formerly the Consumer Complaints Service)
LLP	limited liability partnership
MDP	multi-disciplinary partnership
MNP	multi-national partnership
OISC	Office of the Immigration Services Commissioner
REL	registered European lawyer
RFL	registered foreign lawyer
SDT	Solicitors' Disciplinary Tribunal
SRA	Solicitors Regulation Authority

3. Types of practice

Most practices are partnerships of solicitors, or solicitors' sole practices, but there are other ways to practice. The SRA regulates solicitors in whatever form they practise.

3.01 Permitted partnerships

Only the following types of partnership are permitted by rule 7(6) of the Solicitors' Practice Rules 1990:

- (a) a partnership consisting of solicitors and/or registered European lawyers (RELs) and/or "recognised bodies";
- (b) a partnership consisting of solicitors and/or RELs, together with registered foreign lawyers (RFLs);
- (c) a partnership consisting of RELs and non-registered European lawyers, with or without solicitors and/or RFLs; and
- (d) a partnership consisting of RELs, non-registered European lawyers and recognised bodies, with or without solicitors.

A "non-registered European lawyer" means a member of a legal profession which is covered by the Establishment of Lawyers Directive 98/5/EC, but who is not a solicitor, REL or RFL, a barrister of England and Wales, Northern Ireland or the Irish Republic, or a Scottish advocate, and who is not based at an office in England and Wales.

For RELs, RFLs and "recognised bodies", see below.

3.02 Registered European lawyers (RELs)

An EU lawyer who is a national of an EU or EEA country or Switzerland who wishes to practise on a permanent basis in the UK, must register with one of the UK Bars or Law Societies. This is required by the Establishment of Lawyers Directive 98/5/EC.

A REL is an EU lawyer who is registered with the SRA under the Directive. Once registered, the REL becomes subject to the same rules as solicitors. A REL may practise as a sole practitioner, or in partnership, or in an incorporated practice (a "recognised body"), or as an assistant or consultant in private practice, or as an in-house lawyer. Solicitors may practise in partnership, or in an incorporated practice, with RELs. An information pack entitled 'Registered European Lawyers and the Establishment Directive' is available on Guide Online or can be obtained by emailing Professional Ethics (see section 1).

3.03 Multi-national practice and registered foreign lawyers (RFLs)

A multi-national practice is one which includes at least one solicitor or REL, together with at least one RFL. An RFL is a foreign lawyer who is registered with the SRA under section 89 of the Courts and Legal Solicitors Act 1990 in order to be permitted to enter into practice with a solicitor and/or a REL. Registration as an RFL confers no right other than the right to enter into practice with a solicitor or REL.

The multi-national practice can be a partnership or a recognised body. An information pack entitled 'Registered foreign lawyers and multi-national legal practice' is available on Guide Online. Alternatively, you can obtain a printed version by emailing Professional Ethics (see section 1).

3.04 Incorporated practices (companies and LLPs)

Under section 9 of the Administration of Justice Act 1985 and rule 7(7) of the Solicitors' Practice Rules 1990, you may practise through a body corporate, provided it is recognised by the Law Society as a "recognised body" and complies with the Solicitors' Incorporated Practice Rules 2001. You need to apply for recognition from the SRA **before** you start practising.

A recognised body may (inter alia) be:

- a limited company;
- an unlimited company; or
- a limited liability partnership (LLP).

There are two information packs available to assist you in setting up an incorporated practice entitled 'Recognised bodies – companies' and 'Recognised bodies – limited liability partnerships' respectively. Both can be accessed on Guide Online or a printed copy of the information packs may be obtained by emailing Professional Ethics (see section 1).

3.05 Multi-disciplinary partnerships (MDPs)

Multi-disciplinary partnerships (MDPs) and multi-disciplinary incorporated practices are currently prohibited by rule 7(6) and (7) of the Solicitors' Practice Rules 1990. The Government have indicated their intention to allow outside ownership of legal practices, but this will require primary legislation and is not allowed under the current law.

3.06 Practice outside England and Wales

Practice outside England and Wales is governed by the Solicitors' Overseas Practice Rules 1990 which can be accessed on Guide Online. A printed copy of the rules can be obtained by emailing professional Ethics (see section 1).

4. Requirements for setting up in practice

To set up in practice you must have:

- a current practising certificate;
- qualifying insurance with a qualifying insurer;
(unless granted exemption under Appendix 4 of the Indemnity Insurance Rules);
- a principal (or, if a company, a director; or, if an LLP, a member) who is “qualified to supervise”;
- to be “qualified to supervise” a solicitor must have:
 - (i) held a practising certificate for 36 months in the last 10 years; and
 - (ii) undertaken 12 hours of management skills training

4.01 Practising certificates

Section 1 of the Solicitors Act 1974 requires all solicitors to have a practising certificate before they are allowed to practise as solicitors. You must therefore have a practising certificate if you are in private practice as:

- a principal, whether as a sole practitioner or a partner; or
- a director, member or shareowner of a recognised body

This is a statutory requirement and the SRA has no discretion to waive it. It is a criminal offence to practise uncertificated. It is also professional misconduct, which may result in your being referred for disciplinary proceedings. Information on practising certificates generally, including the fees payable, the concessions available and the contribution payable to the Compensation Fund can be found on the website at www.pc.sra.org.uk. In particular, the document ‘Do I need a practising certificate?’ deals with the following areas:

- Working in private practice in England & Wales;
- Working for a non-solicitor organisation;
- Practising overseas; and
- Temporary break or retirement.

You will also need to bear in mind section 1A of the Solicitors Act if you intend to take on a solicitor in your practice as an employee, a consultant, a locum or in some other capacity in connection with the provision of legal services. The effect of section 1A is

that if the solicitor is on the roll, he or she will be held in law to be practising as a solicitor, even if they are not held out as a solicitor or are only doing work which an unqualified person could do (e.g. as a secretary for a fee earner, a librarian or a paralegal). The solicitor will therefore need a practising certificate before commencing work for you. For further guidance on this point, please see www.pc.sra.org.uk >Do I need a practising certificate? >Working in private practice in England & Wales.

4.02 Indemnity insurance

Before commencing practice, you **must** obtain “qualifying insurance” from a “qualifying insurer” (unless you are a REL and are granted an exemption under Appendix 3 of the Solicitors’ Indemnity Insurance Rules). Details of qualifying insurers and brokers are on the website at www.indemnity.sra.org.uk, or are available from the SRA’s Professional Indemnity Section (see section 1). Premiums vary and it is worth getting quotes from a number of insurers, so make sure you allow sufficient time to “shop around” for quotes.

(1) Assigned risks pool

If you cannot obtain insurance from a qualifying insurer, you can apply to enter the assigned risks pool (ARP). Any solicitor or REL who does not obtain insurance from a qualifying insurer or apply to join the ARP will nevertheless be covered by the ARP, but will be required to pay a default premium. The ARP is funded by the qualifying insurers, to ensure that all practices are insured. However, there are disadvantages to being in the ARP, namely:

- The premiums will generally be higher than those quoted by a qualifying insurer, and the default premiums higher still.
- Firms in the ARP will be subject to monitoring by the SRA, and will be liable for those costs.
- Firms in the ARP may be subject to special measures, again at their cost.
- Firms will only be able to remain within the ARP for a maximum of 2 years in any five year period. If they are not able to obtain cover with a qualifying insurer during or at the end of that period the firm will have to close.
- Qualifying insurers may take into account your time in the ARP when assessing future premiums.

The ARP is managed by Capita London Market Services. Their e-mail address is ARP@capita.co.uk ; telephone 0870 402 7788.

(2) Indemnity cover for incorporated practices

An incorporated practice which is a recognised body must obtain indemnity insurance from a qualifying insurer in the same way as an unincorporated practice.

If your firm will own a recognised body which is an executor, trustee, nominee or company secretarial company, you should make sure that your qualifying insurer knows about the company, which will be covered by your firm's qualifying insurance.

(3) Indemnity insurance - run-off cover

Although it seems premature at the start of a new practice to advise upon the consequences of closing that practice down, it is important to draw attention at the outset to this often unforeseen, and sometimes onerous consequence of closure of your practice.

Professional Indemnity Insurance operates on a "claims made" basis rather than an "events occurring" basis. In other words, the responsibility for paying a claim lies with the insurer on cover when a claim is made against the practice (or when the insurer is notified of circumstances that may give rise to a claim). That insurer may not necessarily be the insurer on cover when the alleged negligence happened.

If you cease to be a principal or sole practitioner and there is a successor practice to your firm, then claims arising will be dealt with by the qualifying insurer providing cover for the successor practice at the time the claim is notified (or when the insurer is notified of circumstances that may give rise to a claim). This is not intended to fix the successor practice with legal liability for claims arising from your practice, but merely to provide the mechanism through which run-off cover is provided.

However, if you cease to be a principal or sole practitioner and there is no successor practice to your firm, the Qualifying Insurer on cover at the date of closure of your practice will be liable to provide six years run-off cover from the date of expiry of the policy. Insurers cannot charge additional premiums for run-off cover unless this was provided for at the inception of the policy. However it is usual for such a run-off premium to be payable which is typically 2½ to 3 times the level of the annual premium.

(4) Solicitors Indemnity Fund Limited

You are also required to inform Solicitors Indemnity Fund Limited (see the "other useful addresses" section) of the commencement of your practice.

4.03 Supervising and managing your practice

(1) Solicitors

Rule 13 of the Solicitors' Practice Rules 1990 sets out the minimum standards for ensuring that a solicitor's practice is properly supervised and managed.

Every practice must have at least one principal (or a director in the case of a practice incorporated as a company, or a member in the case of a practice incorporated as an LLP) who is "qualified to supervise".

Each office of the practice must have at least one solicitor (or other lawyer) who is "qualified to supervise" and who is based at that office.

To be “qualified to supervise” a solicitor must have:

- held a practising certificate for 36 months in the last 10 years; and
- undertaken 12 hours of management skills training (although see Annex 1, note (k) for the transitional provisions).

(2) RELs

If you are a REL you may fulfil the role of a principal qualified to supervise or the role of a solicitor qualified to supervise if you have:

- practised as a lawyer for at least 36 months in the last 10 years; and
- undertaken 12 hours of management skills training, either in England and Wales or elsewhere

A copy of Practice Rule 13 and guidance on the training requirements are set out in Annexes 1 and 2 respectively.

(3) Supervision and the new Code of Conduct

A note of caution! The new draft Code of Conduct is currently going through the statutory approval process, but it is anticipated that it will be introduced during the course of 2007 and this could cause a problem for your new practice if the person who is fulfilling the role of the ‘principal qualified to supervise’ has not undertaken the requisite management training.

As is currently the case, the new rule will require your practice to have a principal who is qualified to supervise as above. However, the existing rule contains generous transitional provisions (see Annex 1, note (k)) which, provided the conditions can be met, allow a solicitor to fulfil the role of the ‘principal qualified to supervise’ despite not having done the requisite management training. The transitional provisions under the current rule continue until December 2009.

It is important to note that there are no equivalent transitional provisions under the new Code. This means that once the new Code is adopted, it will come into force 3 months later, whereupon the existing Practice Rule 13 will be repealed. At that stage, your ‘principal qualified to supervise’ must have completed the training to avoid being in breach of the new rule. If, therefore, you are relying on the existing transitional provisions, you should arrange to do the training as soon as possible.

Please note, however, that this only applies to the person who will be fulfilling the role of the ‘principal qualified to supervise’. The current rule also requires every office in your practice to have a ‘solicitor qualified to supervise’, but this will not be mandatory under the new Code (although you will still be required to make appropriate arrangements for the effective management of your firm as a whole). This means that under the new Code, a solicitor can supervise more than one office, but you will need to be able to demonstrate that you have proper arrangements in place to effectively manage your offices.

4.04 Financial services

A firm may provide financial services in the course of legal practice without obtaining authorisation from the Financial Services Authority (FSA), provided the firm stays within the limitations laid down in the Solicitors' Financial Services (Scope) Rules 2001, and complies with the Solicitors' Financial Services (Conduct of Business) Rules 2001.

There is an information pack available entitled "Financial Services and Solicitors" (September 2004) which provides guidance on what solicitors can do without being authorised by the FSA. The information pack is available on the SRA's website or can be obtained by emailing Professional Ethics (see section 1). The website also contains further information tailored to specific issues arising from financial services regulation (such as independent financial advisers and commission) and some frequently asked questions.

A firm wishing to step outside these limitations and provide mainstream financial services must first obtain authorisation from the FSA. Further information on authorisation is available on the FSA website at www.fsa.gov.uk.

(1) Insurance mediation

The FSA's regulatory regime includes the regulation of most insurance contracts (e.g. arranging a title indemnity policy). Regulated activities carried on in respect of insurance contracts are known as insurance mediation activities. Detailed guidance on this is in the "Financial Services and Solicitors" information pack at section 8.

All firms carrying on insurance mediation activities (whether they are authorised by the FSA or not) must be included in the FSA Register and appoint a compliance officer. Firms which are not authorised by the FSA, but wish to carry on insurance mediation activities, must therefore email their firm's details (including the name of the compliance officer) to the SRA's Registration Projects Team (regprojects@sra.org.uk) who will arrange for this information to be forwarded to the FSA. **Firms must not carry on any insurance mediation activities until their details appear on the Register.**

Guidance on insurance mediation and these requirements is on the SRA's website(see section 1).

(2) Mortgages

Solicitors who wish to advise on the merits of entering into a particular regulated mortgage contracts must be authorised by the FSA and not the Mortgage Code Compliance Board as was previously the case.

4.05 Money laundering

It is essential that you familiarise yourself with the substantive criminal law relating to money laundering and the principal offences under the Proceeds of Crime Act 2002 (POCA) to minimise the risk of your being used by a money launderer. In addition,

you must ensure that you comply with the Money Laundering Regulations 2003 when undertaking particular types of work, which includes:

- appointing a Money Laundering Reporting Officer;
- ensuring that all staff receive appropriate training;
- setting up procedures for client identification and record keeping.

Failure to comply with the Regulations when required to do so is a criminal offence.

Detailed money laundering guidance in respect of both POCA and the Money Laundering Regulations together with some frequently asked questions can be accessed online at www.moneylaundering.sra.org.uk

4.06 Solicitors' and RELs' accounts

The accounts of both solicitors and RELs are governed by the Solicitors' Accounts Rules 1998. These can be accessed on Guide Online or by emailing Professional Ethics for a printed copy (see section 1). You must set up accounting procedures to comply with the Accounts Rules. Even if you employ a cashier or accountant to keep your books, you will be personally responsible for compliance with the rules. The system you operate can be manual or computerised.

For assistance in complying with the rules, you may find it helpful to refer to a document entitled 'SAR guidance for accountants' which can be downloaded on the website at www.accountants.sra.org.uk. Although it is aimed at reporting accountants, it contains useful information on the rules generally.

(1) Accountant's report

If you or your recognised body holds or receives client money or "controlled trust money", or operate a client's own account as signatory, you will need a suitably qualified accountant, as defined by rule 37 of the Accounts Rules, to prepare and sign the report. Rule 38 sets out the terms which must be included in your letter of engagement to the accountant. An accountant's report must be submitted annually in compliance with section 34 of the Solicitors Act 1974 (or Schedule 14 paragraph 8(1) of the Courts and Legal Services Act 1990) and rule 35 of the Accounts Rules. It is your responsibility to ensure that an accountant's report is delivered by the due date. The discharge of this responsibility cannot be transferred or delegated to the reporting accountant.

(2) Late accountant's report

Failure to submit, or late delivery of, an accountant's report will bring you within section 12(1)(ee) of the Solicitors Act 1974. This means that you will be required to give 6 weeks notice of your intention to apply for your next practising certificate, and you will be liable to pay an additional fee – currently £200 for each principal in the practice. You will also be required to get an independent solicitor to certify that you are fit to practise. In addition, the SRA could impose a condition on your current practising certificate under section

13A, or on your next practising certificate under section 12. Analogous sanctions apply to a REL.

(3) Extension of time to deliver accountant's report

If there are difficulties in submitting your accountant's report, then you should contact the Resolution Team by email or fax (see section 1), on or before the due date, explaining the reason for the delay and asking for an extension of time. The Resolution Team can grant extensions of up to 3 months, but an extension will not be granted if you are already out of time.

4.07 What do I need to tell the SRA?

Once you have set up your practice you have a duty under section 84 of the Solicitors Act 1974 to inform the SRA of your new practising address or addresses – this includes all the offices of a practice in which you are a partner, advisor or a member. Notification should be sent to the SRA's Customer Records Team (see section 1).

N.B. It will save time if, when notifying the SRA of your new practice, you also supply the information set out in Annex 3.

4.08 Checklist for a new practice

You must:

- (a) have a current practising certificate;
- (b) ensure you are "qualified to supervise" under practice rule 13, or have a partner (or a fellow director in the case of a company, or a fellow member in the case of an LLP) who is;
- (c) ensure that each office has a solicitor (or other lawyer) "qualified to supervise" (but see section 4.03(3) in respect of future developments);
- (d) have a name for the practice which complies with section 1(c) of the Solicitors' Publicity Code 2001;
- (e) notify the SRA (Registration) about your new practising address(es).
- (f) have indemnity insurance cover from a qualifying insurer (unless you have exemption under Appendix 4.1 of the Indemnity Insurance Rules);
- (g) inform the Solicitors Indemnity Fund Limited about the setting up of your new practice;
- (h) set up accounting procedures to comply with the Solicitors' Accounts Rules;
- (i) obtain authorisation from the Financial Services Authority if you want to do mainstream investment business, or make or approve financial promotions;

- (j) notify the SRA (Registration Projects Team) of your firm's details (including the name of your compliance officer) if you intend to carry on insurance mediation activities so that the SRA can forward your details to the FSA for inclusion on the register;
- (k) appoint a money laundering reporting officer if you will be carrying on 'relevant business' under the Money Laundering Regulations 2003 and set up procedures for the training of staff, client identification and record keeping in accordance with the Regulations;
- (l) register with the Information Commissioner under the Data Protection Act 1998;
- (m) contact the SRA (Registration) if you want to become a member of the Criminal Litigation Accreditation Scheme for duty solicitors;

You are requested to:

- (n) supply to the SRA the information requested in Annex 3

You are advised to:

- (o) have a business plan;
- (p) ensure you are sufficiently capitalised;
- (q) contact your local tax office and your local office of the Customs and Excise;
- (r) make sure you have the most up-to-date versions of the booklets on the Solicitors' Practice Rules 1990 and the Solicitors' Accounts Rules 1998 (available on Guide Online or by emailing Professional Ethics – see section 1).

5. Other considerations

5.01 Financing your practice

You should ensure that you have a business plan and that you have sufficient capitalisation to start your firm. Grants and subsidies may be available to you to help with the initial cost of setting up. Advice may be sought from your local Small Business Centre or your bank manager.

The Law Society has a range of publications with practical advice on running a sound and profitable business – see the Law Society’s website at www.lawsociety.org.uk >Products and services>Publications and gifts>Law Society publishing for further details.

(1) Tax and national insurance

Information is available on the Inland Revenue’s website at <http://www.inlandrevenue.gov.uk/>. See in particular the page entitled “Starting Up In Business”. You should also contact your local tax office.

(2) VAT

For guidance on whether you should be registered for VAT, you should speak to your local Customs and Excise office.

The Law Society produces a Solicitors’ VAT Guide. You can obtain copies by contacting: marketing@lawsociety.org.uk (or see the section on Law Society publications above).

5.02 Data protection

If you will be using a computer in your practice, you will probably need to register with the Information Commissioner’s Office under the Data Protection Act 1998. Further information about the Act and the need to register can be obtained from the Information Commissioner’s website at www.ico.gov.uk .

5.03 Panels and accreditations

The SRA maintains a number of specialist panels to help members of the public find specialist legal advice. The solicitors and RELs on each panel are vetted by the SRA, so clients can be sure that the solicitors/RELs have the right qualifications and experience to deal with a specialist area of the law. Panel membership is voluntary and is open to all solicitors and RELs who meet the accreditation criteria. The panel system offers benefits to solicitors/RELs with relevant experience – by way of professional endorsement, and hopefully as an additional source of work. The panels include the following:

Children Panel,
Clinical Negligence Panel,
Family Law Panel,
Immigration Law Panel,
Mental Health Review Tribunal Panel,

Personal Injury Panel,
Planning Panel,
licensing of insolvency practitioners,

For a complete list of the panels and further information, see www.panels.sra.org.uk or contact Information Services (see section 1).

(1) Higher rights of audience

Solicitors and RELs can apply to the SRA for the right to exercise rights of audience in the higher courts. A solicitor/REL with sufficient advocacy or judicial experience may not need to undertake additional training and assessment before being granted a higher courts advocacy qualification. Alternative routes to qualification are available for those whose opportunities to gain advocacy experience have been limited. For further details contact Information Services (see section 1).

(2) Duty solicitor scheme

The SRA's Criminal Litigation Accreditation Scheme has taken the place of the former duty solicitor scheme. If you wish to become a member of the scheme, visit the website at www.panels.sra.org.uk or contact Information Services (see section 1). RELs, as well as solicitors, are eligible for membership.

5.04 Advertising and other publicity

Any advertising or other publicity (including your stationery) must comply with the Solicitors' Publicity Code 2001. The Code can be accessed on Guide Online (see section 1) using the search facility.

5.05 Contacting former clients

(1) Contacting former clients – assistant solicitor

If you are a former assistant solicitor setting up in practice on your own account, you need to be aware of principle 3.12 in Guide Online (see section 1) with regard to the circumstances in which you may write to clients of your former firm inviting their instructions.

(2) Contacting former clients – partner

If you are presently in partnership, and are leaving the firm to set up your own practice or join another practice, principle 3.11 in Guide Online (see section 1) deals with the notification procedure when there is a material alteration to the composition of the firm. Annex 3F gives a specimen letter that could be circulated to clients.

5.06 Continuing professional development

All solicitors and RELs must spend time maintaining and developing their skills, knowledge and expertise. This continuing professional development (CPD) is obligatory for both solicitors and RELs who are in legal practice or employment in England & Wales. It can be achieved through a variety of activities which include attendance at courses, writing books and articles and gaining additional qualifications, but at least 25% must consist of participation in accredited training courses. Management training undertaken for the purpose of Practice Rule 13 (see section 4.03(3)) will also count towards your CPD obligations.

A solicitor must do one hour of CPD for each whole month in legal practice or employment between admission and the next 1 November. After that, solicitors and RELs must do 16 hours of CPD per year. You must keep a record of all CPD undertaken.

A detailed guide to the CPD requirements is available online at www.cpd.sra.org.uk, or from Information Services (see section 1).

5.07 Business Names Act 1985

If the name of your firm does not consist only of the names of all the principals, then the Business Names Act 1985 details what information is required to be published on your professional stationery (letters, orders, invoices, receipts and demands for payment). If the Act applies, you must state on your stationery the name of every partner (or of the sole practitioner) and an address for service.

If there are over 20 partners, all the partners' names may be left off the stationery provided it states the address of the partnership's principal place of business and that a list of the partners' names is open to inspection at that place.

See also section 5.04 for the conduct requirements in respect of your notepaper.

N.B. The Business Names Act will be repealed by the Companies Act 2006 once this comes into force. The new disclosure requirements will be set out in regulations to be made by the Secretary of State pursuant to section 82 of the Act in due course.

5.08 Sharing premises

You may share premises, but you must ensure that clients clearly understand when they are in your practice. Most importantly, any arrangements regarding sharing premises must safeguard client confidentiality. To safeguard confidentiality it is preferable that you do not share a fax or a photocopier with a third party.

5.09 Salaried partners

The SRA will treat any solicitor (or other lawyer) held out as a partner (for instance, on the notepaper) as being a full partner, whether he or she is an equity or salaried partner. Therefore salaried partners will be regarded as holding or receiving client money, and will be required to deliver an accountant's report.

5.10 Sham partnerships

The Solicitors' Disciplinary Tribunal (SDT) has denounced "sham" partnerships, where a solicitor merely places his or her name on the notepaper so that a practice appears larger than it really is. An example of this is if two sole principals agree to appear on each other's notepaper in order to mislead lenders who do not routinely instruct sole practitioners.

5.11 Administering oaths

Any solicitor with a practising certificate and any REL may exercise the powers of a Commissioner for Oaths and use that title. Conduct issues regarding administering oaths are dealt with in Guide Online in principles 17.06 and 17.07 (see section 1). The Law Society also publishes a useful book entitled 'Oaths and Affirmations'.

6. What to watch out for

6.01 Money laundering and other financial scams

The phrase “money laundering” means a process by which money that is the proceeds of crime is “laundered” so that it appears to have come from a legitimate source. Solicitors and their employees must take steps to ensure that they are not used to launder money by those seeking to legitimise the proceeds of crime. In addition to the guidance referred to in section 4.05, the following warning cards previously issued by the Law Society are reproduced in the annexes:

Banking Instrument Fraud (Annex 4),

Mortgage Fraud (Annex 5),

Money Laundering (Annex 6).

6.02 Client Care

Rule 15 of the Solicitors Practice Rules 1990 requires you to operate a complaints handling procedure to deal with any complaints you receive from your clients concerning the service you provide.

The purpose of rule 15 is to encourage solicitors and RELs to try and resolve complaints direct with clients. If you are able to do this, you may “save” a client. Be pro-active and flexible in trying to resolve the issue. In some instances, if it is warranted, an apology may be sufficient to satisfy the client. A dissatisfied client may harm your reputation and cause you to lose other potential clients.

The rule does not prescribe what form your complaints procedure should take. However, guidance on the points you should consider is available in a booklet entitled ‘Handling Complaints Effectively’ which can be accessed online at www.clientcare.sra.org.uk. The booklet also contains models of complaints procedures for different types of practice which can be adapted to suit your needs and gives advice on how to handle complaints generally. Help in resolving a complaint can also be sought from Lawyer Line (see section 7.02).

The information which you are generally required to give every client, both at the outset of a retainer and as the retainer progresses, is set out in the Solicitors’ Costs Information and Client Care Code 1999 which can be viewed on Guide Online (see section 1). You are not required to hand a copy of your complaints procedure to the client at the outset of the retainer, but you must tell the client who to contact in the event of a complaint.

Guidance on the matters which should be included in your client care letter can be found in ‘Your clients – your business’ which can also be accessed at www.clientcare.sra.org.uk.

6.03 Complaints

(1) Inadequate professional services (IPS)

If you cannot resolve your client's complaint, the client may refer the matter to the Legal Complaints Service ('LCS', formerly the Consumer Complaints Service) for investigation. Bear in mind that responding to a formal complaint to the LCS will involve you in time and effort - time that could be used to generate income.

If the LCS finds that a complaint of IPS is justified, the solicitor or REL can be ordered:

- to reduce or remit his or her fees; and/or
- to pay compensation to a maximum of £15,000; and/or
- to take other remedial action; and
- to pay a contribution towards the costs of the investigation.

Serious cases may be referred to the Solicitors Disciplinary Tribunal (SDT).

(2) Misconduct and regulatory breaches

The SRA is responsible for regulating the solicitors' profession in England & Wales, which in addition to setting the standards to which the profession must adhere, also includes investigating regulatory breaches and complaints of misconduct.

Where a solicitor or REL is found to be in breach of a rule of conduct, the SRA has a range of sanctions available, from issuing a letter of warning to referring the solicitor/REL to the SDT for formal disciplinary proceedings. The SDT has the power to impose a fine, to suspend a solicitor or REL from practice, or to strike a solicitor or REL off the roll/register. Like the LCS, the SRA can also order the solicitor or REL to contribute towards the costs of the investigation.

6.04 Undertakings

An undertaking is personally binding on a solicitor (or REL or RFL) and failure to comply with it is prima facie misconduct. Breach of an undertaking can lead to disciplinary proceedings. An undertaking may be enforceable at law, and if negligently given can result in a claim on your indemnity insurance. Be careful when giving undertakings. For more information see the Warning Card on undertakings at Annex 7, and Chapter 18 in Guide Online (see section 1).

6.05 Paying for referrals

The rules were relaxed in 2003 to enable solicitors and RELs to pay an introducer for the referral of clients to their practice. However, this is subject to various strict safeguards and conditions which are set out in section 2A of the Solicitors' Introduction and Referral Code. It is essential that you familiarise yourself with these requirements and the associated guidance if you intend to do this. The SRA Regulation Board has made it clear that breaches of the Code are unacceptable and any breach will be taken very seriously.

Both the Code and the guidance can be accessed at www.referrals.sra.org.uk. A copy of the warning card issued by the SRA is reproduced in Annex 8.

6.06 Supervising immigration services

Under the Immigration and Asylum Act 1999, it is a criminal offence for advisers to provide immigration advice or services unless they are registered with the Office of the Immigration Services Commissioner (OISC), or they are authorised to practise by a designated professional body or are supervised by an authorised person.

The SRA is a designated professional body for this purpose and solicitors and RELs are not therefore required to be registered with OISC. However, you should not lend your name to or supervise the work of an unqualified immigration adviser in circumstances where the adviser in question is not working within your practice under proper supervision. You should ensure that you have read the detailed guidance on this issue entitled 'Immigration Services – Supervision and obtaining work' which is available on Guide Online at Annex 12D. Failure to comply with the guidance may lead to a finding that you are in breach of Practice Rule 1.

7. Services provided by the SRA to help you

7.01 Professional Ethics advice service

The Professional Ethics guidance team offers confidential guidance on the application and the interpretation of the rules and principles of professional conduct. This guidance encompasses such issues as to how the rules affect your plans to develop your practice, or your relationships with clients, the court and others with whom you have dealings. Professional Ethics also handles applications for waivers of the rules. However, the guidance team cannot give authoritative legal advice.

The helpline operates between 11am to 1pm, and 2pm to 4pm on a daily basis. However, the lines are particularly busy in the mornings and you may find it quicker to get through if you telephone in the afternoon.

7.02 Lawyer Line

This service is to help solicitors who are having difficulty in resolving a client's complaint under their internal complaints handling procedure. Lawyer Line is a confidential telephone service offering solicitors help and advice to get the matter settled (see section 1).

7.03 Solicitors' Assistance Scheme

The Solicitors' Assistance Scheme is made up of independent solicitors around the country who will help practitioners with problems from personal difficulties to financial or disciplinary problems. To find a member in your area, telephone 020 7320 5795.

8. Services provided by the Law Society to help you

8.01 Practice Advice Service

The Practice Advice Service answers solicitors' questions on legal practice problems in all areas of practice, including rights of audience, conveyancing, probate, multi-party actions, conditional fee agreements and costs.

The service produces booklets on the following issues (obtainable from Practice Advice or on the Law Society's website):

- Non-Contentious Costs,
- Contentious Costs,
- Conditional Fees,
- Guide to Solicitors' Networks, Specialist Groups and Associations.

For contact details, see section 10.01.

8.02 Library enquiry service

There is a practitioners' reference library of English and EU law and parliamentary affairs. Librarians will answer members' telephone enquiries free of charge, the majority immediately. The document delivery service provides copies from printed and electronic sources, subject to copyright, usually within 24 hours or less. Charges are invoiced on a monthly basis.

For contact details, see section 10.01.

8.03 Lexcel

Written by lawyers for lawyers, Lexcel is the Law Society's practice management quality mark. Lexcel is awarded to practices and legal departments that have been independently assessed as having achieved the Law Society's Practice Management Standards. It specifies standards, but not procedures (what to do, not how to do it). Using a simple and transparent process, the Lexcel award lasts for three years, subject to annual monitoring. There is also an option to combine assessment with other quality standards.

Increasingly, professional indemnity insurers will be looking to see what risk management procedures a practice has in place. Areas identified as the main causes of claims against solicitors include risk assessment and management responsibility, diary control, conflict of interest, workload monitoring, supervision of staff, terms of engagement, and compliance with practice rule 15 and the Solicitors' Costs Information and Client Care Code 1999. Lexcel provides the structure to avoid pitfalls in these areas, and is likely to lead to discounts on a practice's indemnity insurance premiums.

Lexcel can also deliver a competitive advantage as it is evidence of a well managed practice committed to quality of service, best value for clients, improved profitability and a foundation for growth.

Lexcel also provides a training course.

For more information or a free information pack, visit www.lexcel.lawsociety.org.uk or contact LEXCEL (Tel: 020 7320 5749; email: lexcel@lawsociety.org.uk)

8.04 Newsletters

The Law Society produces the following newsletters:

Despatch
(a Law Society legal aid newsletter)
available from:
The Legal Services Team,
DX 56 – London/Chancery Lane

Inside Track
(a Law Society civil litigation newsletter)
available from:
The Secretary of the Civil Litigation Committee,
DX 56 – London/Chancery Lane

Criminal Practitioner's Newsletter
available from:
The Secretary of the Criminal Law Committee,
DX 56 – London/Chancery Lane

Family Law News
available from:
The Children Law Policy Adviser,
DX 56 – London/Chancery Lane

8.05 Sections & Groups

(1) Law Society sections

There are four self-governing, subscription-based membership services which offer specific guidance, information and support in the following areas:

Probate Section – wills, financial planning, trusts, tax planning, Court of Protection, care planning and estate management.
For further information, see www.probatesection.org.uk

Property Section – e-conveyancing, housing, land registration, money laundering, planning and environment, tax and revenue.
For further information, see www.propertysection.org.uk

Law Management Section –management of practices generally, including HR, finance, marketing, IT, business development, client care and risk.
For further information, see www.lms.lawsociety.org.uk

Dispute Resolution Section – all areas of dispute resolution, including arbitration, litigation and mediation.
For further information, see www.lawsociety.org.uk >products and services >support for solicitors >groups sections and associations)

(2) Law Society Groups

There are a number of groups which are supported and recognised by the Law Society as follows:

- Association of Women Solicitors
- Black Solicitors Network
- Commerce & Industry Group
- Group for Solicitors with Disabilities
- Law Society European Group
- Solicitor Sole Practitioners Group
- Young Solicitors Group

Information about these groups and other associations can be found on the Law Society's website at www.lawsociety.org.uk > products and services > support for solicitors > groups sections and associations

9. Other support

9.01 Your local law society

Practical advice can be obtained from your local law society.

9.02 LawCare

LawCare (formerly SolCare) aims to help solicitors, barristers, their staff and their families by providing advice and support in dealing with health problems such as alcohol, drugs, stress or depression. Further information about LawCare is available on its website at www.lawcare.org.uk.

The helpline is open from 9am – 7pm Mon – Fri, and from 10am – 4pm on weekends and bank holidays. The phone number is 0800 279 6888. Alternatively, you can email LawCare at help@lawcare.org.uk.

10. Other useful addresses

10.01 Law Society contact details

113-114 Chancery Lane, London WC2A 1PL
DX 56 – London/Chancery Lane
Tel 020 7242 1222

The Practice Advice Service:
Tel 0870 606 2522
Fax 020 7316 5541
E-mail lib-pas@lawsociety.org.uk

Library enquiry service:
Tel 0870 606 2511
Fax 020-7831 1687
E-mail lib-enq@lawsociety.org.uk.

For the photocopy service:
Tel 020-7320 5929
Fax 020-7831 1687.
E-mail lib-photo@lawsociety.org.uk.

10.02 Other useful addresses

Court of Protection
The Public Trust Office
Protection Division
Stewart House
24 Kingsway
London WC2B 6JX
Tel: 020-7269 7358

Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
Tel: 020-7676 1000

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire SK9 5AF
Tel: 01625 545700

Institute of Legal Cashiers
146-148 Eltham Hill
Eltham
London SE9 5DX
DX: 32501 – Eltham
Tel: 01234 841000

Institute of Legal Executives
Kempston Manor
Bedford MK42 7AB
Tel: 020-8294 2887
Tel: 020-7759 0000

Legal Services Commission
85 Gray's Inn Road
London WC1X 8TX
DX 328 – London/Chancery Lane

Legal Services Ombudsman
22 Oxford Court
Oxford Street
Manchester M2 3WQ
Tel: 0161-236 9532

Lord Chancellor's Department
Trevelyan House
30 Great Peter Street
London SW1P 2BY
Tel: 020-7210 8500

Official Solicitor to the Supreme Court

81 Chancery Lane
London WC2A 1DD
DX: 0012 – London/Chancery Lane
Tel: 020-7911 7127

Solicitors Indemnity Fund Limited

24 Martin Lane
London EC4R 0DR
DX: 46601 Barbican
Tel: 020- 7621 3900
Fax: 020- 7621 3949

Annexes

Annex 1 – Rule 13 (Supervision and management of a practice)

[See also Former version of rule 13, Solicitors' Practice Rules 1990.]

In this rule, words in italics are defined in the notes.

- (1) The principals in a practice must ensure that their practice is supervised and managed so as to provide for:
 - (a) compliance with principal solicitors' duties at law and in conduct to exercise proper supervision over their admitted and unadmitted staff;
 - (b) adequate supervision and direction of clients' matters;
 - (c) compliance with the requirements of sections 22(2A) and 23(3) of the Solicitors Act 1974, section 9(4) of the Administration of Justice Act 1985 and section 84(2)(e) of the Immigration and Asylum Act 1999 as to the direction and supervision of unqualified persons;
 - (d) effective management of the practice generally.
- (2) Every practice must have at least one principal who is a solicitor qualified to supervise.
- (3)
 - (a) Except as provided in (b) below, every office of the practice must have at least one solicitor qualified to supervise, for whom that office is his or her normal place of work.
 - (b) Without prejudice to the requirements of paragraph (1) of this rule, an office which undertakes only property selling and ancillary mortgage related services as defined in rule 6 of these rules, survey and valuation services, must be managed and supervised to the following minimum standards:
 - (i) the day-to-day control and administration must be undertaken by a suitably qualified and experienced office manager who is a fit and proper person to undertake such work; and for whom that office is his or her normal place of work; and
 - (ii) the office must be supervised and managed by a solicitor qualified to supervise, who must visit the office with sufficient frequency and spend sufficient time there to allow for adequate control of and consultation with staff, and if necessary consultation with clients.
- (4) This rule is to be interpreted in the light of the notes, and is subject to the transitional provisions set out in note (k).
- (5)
 - (a) This rule applies to private practice, and to solicitors employed by a law centre.

- (b) The rule also applies to other employed solicitors, but only:
 - (i) if they advise or act for members of the public under the legal aid scheme; or
 - (ii) if, in acting for members of the public, they exercise any right of audience or right to conduct litigation, or supervise anyone exercising those rights.

Notes

- (a) Principals' responsibility for the practice

Principals are responsible at law and in conduct for their practices, and compliance with the rule does not derogate from this responsibility. Under rule 6 of these rules, property selling or mortgage related services to one party to a conveyance, and conveyancing services for the other party, may not be supervised by the same solicitor.

- (b) "Supervision" and "management"

- (i) "Supervision" refers to the professional overseeing of staff and the professional overseeing of clients' matters.
- (ii) "Management" is a wider concept, which encompasses the overall direction and development of the practice and its day-to-day control and administration. Management functions include business efficiency as well as professional competence.
- (iii) Operationally, supervision and management may be delegated within an established framework for reporting and accountability. However, the responsibility under paragraph (1)(a) of the rule, and the responsibility referred to in note (a) above, remain with the principals.
- (iv) "With sufficient frequency" in paragraph (3)(b)(ii) would normally mean daily; but if the office is open at weekends it may be possible to defer consultations with clients until a weekday and be available only at need to staff.

- (c) Evidence of effective supervision and management

Where a question arises as to compliance with paragraph (1) of the rule, principals will be expected to be able to produce evidence of a systematic and effective approach to the supervision and management of the practice. Such evidence may include the implementation by the practice of one or more of the following:

- (i) guidance on the supervision and execution of particular types of work issued from time to time by the Law Society including guidance on solicitors' responsibilities for the supervision of clerks exercising rights of audience under section 27(2)(e) of the Courts and Legal Services Act 1990;

- (ii) the practice's own properly documented management standards and procedures;
- (iii) practice management standards promoted from time to time by the Law Society;
- (iv) accounting standards and procedures promoted from time to time by the Law Society;
- (v) external quality standards such as BS EN ISO 9000 or Investors in People; and
- (vi) in the case of solicitors employed by a law centre, any management standards or procedures laid down by its management committee.

(d) "Qualified to supervise"

A solicitor is qualified to supervise if he or she:

- (i) has held practising certificates for at least 36 months within the last ten years; and
- (ii) has completed the training specified from time to time by the Law Society for the purpose of the rule.

(e) "Normal place of work"

- (i) A solicitor's "normal place of work" is the office from which he or she normally works, even though the day-to-day demands of practice may often take the solicitor out of the office.
- (ii) If a solicitor normally works from a particular office for a part of the working week, that office is his or her "normal place of work" for that part of the week. The solicitor may have a different "normal place of work" for another part of the week.
- (iii) A solicitor who has a different "normal place of work" for different parts of the week could be the sole solicitor qualified to supervise at different offices at different times in the week. However, no solicitor can be the sole solicitor qualified to supervise at two different offices for the same part of the week.
- (iv) For compliance with paragraph (3) of the rule, an office must, for every part of the working week, have a solicitor qualified to supervise for whom that office is his or her "normal place of work" for that part of the week. This could be a different solicitor for different parts of the week.
- (v) The working week of an office includes early mornings, late evenings and weekends if work is carried on, and if so the office must have a solicitor qualified to supervise for those times. However, it is not required that the solicitor qualified to supervise normally works at those times, provided that he or she:

- (A) is available for emergency consultation, and
 - (B) pays occasional visits to the office during such times.
- (f) Working away from the office

It is particularly important that systems of supervision and management encompass the work of:

- (i) those persons from time to time working away from the office – e.g. at home, visiting clients, at court, at a police station, at a consulting room open only for a few hours per week, or staffing a stand at an exhibition;
 - (ii) any person who normally works away from the office, such as a teleworker or homeworker.
- (g) Absence of solicitor qualified to supervise, or office manager
 - (i) When the solicitor qualified to supervise at an office is away on holiday, on sick leave, etc., suitable arrangements must be in place to ensure that any duties to clients and others are fully met. A similar standard applies to the absence of an office manager with responsibility for the day-to-day control and administration of a property selling office.
 - (ii) If the solicitor qualified to supervise will be away for a month or more, the arrangements will normally need to include the provision of another solicitor qualified to supervise at that office. A similar standard applies to the absence of an office manager with responsibility for the day-to-day control and administration of a property selling office.
- (h) "Right of audience" and "right to conduct litigation"

"Right of audience" and "right to conduct litigation" are to be interpreted in accordance with Part II and section 119 of the Courts and Legal Services Act 1990 – see Rule 18(2)(fe).
- (i) "Principals"
 - (i) "Principal", in Rule 13(1) and notes (a)–(c), means:
 - (A) a sole practitioner;
 - (B) if the practice is a partnership, an individual or recognised body who or which is a partner in the practice;
 - (C) if the practice is a recognised body which is a company, the company and its directors;

- (D) if the practice is a recognised body which is a limited liability partnership, the limited liability partnership and its members.
- (ii) "Principal", in Rule 13(2) and note (j), means an individual who is:
- (A) a sole practitioner;
 - (B) if the practice is a partnership, a partner in the practice;
 - (C) if the practice is a recognised body which is a company, a director of the company;
 - (D) if the practice is a recognised body which is a limited liability partnership:
 - (I) a member of the body; or
 - (II) a director of a company (a recognised body) which is a member of the body; or
 - (III) a member of a limited liability partnership (a recognised body) which is a member of the body.
- (ia) Registered European lawyers
- (i) A registered European lawyer may fulfil the role of a "solicitor qualified to supervise" for the purpose of paragraph (2) or (3) of the rule or note (k)(ii)(C) below, provided that he or she has:
 - (A) practised as a lawyer for at least 36 months within the last ten years; and
 - (B) completed any training specified from time to time by the Law Society under note (d)(ii) above.
 - (ii) A solicitor of the Supreme Court who was formerly a registered European lawyer will be a "solicitor qualified to supervise" if he or she has:
 - (A) practised as a lawyer for at least 36 months within the last ten years; and
 - (B) completed the training specified from time to time by the Law Society under note (d)(ii) above.
- (j) Registered foreign lawyers
- (i) A registered foreign lawyer who is a principal in the practice may fulfil the role of a "solicitor qualified to supervise" for the purpose of paragraph (2) of the rule, provided that:

- (A) the practice has at least one principal who is a solicitor of the Supreme Court or registered European lawyer; and
 - (B) the practice does not exercise or assume responsibility for any right of audience or any right to conduct litigation; and
 - (C) the registered foreign lawyer has practised as a lawyer for at least 36 months within the last ten years; and
 - (D) he or she has completed the training specified under note (d)(ii) above.
- (ii) A registered foreign lawyer who is a principal in the practice may fulfil the role of a "solicitor qualified to supervise" for the purpose of paragraph (3) of the rule or note (k)(ii)(C) below, provided that:
- (A) no right of audience or right to conduct litigation is exercised or supervised from that office; and
 - (B) the practice has at least one principal who is a solicitor of the Supreme Court or registered European lawyer; and
 - (C) the registered foreign lawyer has practised as a lawyer for at least 36 months within the last ten years; and
 - (D) he or she has completed the training specified under note (d)(ii) above.
- (ja) Conveyancing and probate

A registered foreign lawyer, or a registered European lawyer (unless qualified to do conveyancing or probate work under regulation 12 or 13 of the European Communities (Lawyer's Practice) Regulations 2000), may not supervise conveyancing or probate work for the purposes of section 22(2A) or 23(3) of the Solicitors Act 1974 or section 9(4) of the Administration of Justice Act 1985, but may, subject to the requirements of the rule, fulfil the role of a "solicitor qualified to supervise" in a practice or at an office where such work is done.

(k) Transitional provisions

For a period of 10 years from 23rd December 1999:

- (i) a solicitor of the Supreme Court, registered European lawyer or registered foreign lawyer who would not satisfy the requirements for a solicitor qualified to supervise can nevertheless fulfil that role for the purpose of paragraph (2) of the rule or note (k)(ii)(C) below, provided that:

- (A) immediately before 12th December 1996 he or she was qualified to supervise an office under Practice Rule 13(1)(a) as it then stood, or any waiver of that rule; and
 - (B) any requirements of that rule or of any waiver continue to be met;
- (ii) a person who would not satisfy the requirements for a solicitor qualified to supervise can nevertheless fulfil that role for the purpose of paragraph (3) of the rule, provided that:
- (A) immediately before 12th December 1996 he or she was managing or employed to manage an office in compliance with Practice Rule 13(1)(b) as it then stood, or any waiver of that rule; and
 - (B) any requirements of that rule or of any waiver continue to be met; and
 - (C) the office is attended on a daily basis by a solicitor qualified to supervise.

Annex 2 – Guidance note on the training requirement of practice rule 13

Practice Rule 13 imposes a general duty to ensure that a practice is properly supervised and managed.

The rule also includes the concept of a solicitor “qualified to supervise”, defined as a solicitor who has held a practising certificate for at least thirty six months within the previous ten years and has completed the training specified from time to time by the Solicitors Regulation Authority (SRA). Equivalent provision is made for registered European lawyers and registered foreign lawyers to be “qualified to supervise”.

Every practice must have at least one principal who is a solicitor (or other lawyer) “qualified to supervise”.

Every office of the practice must have, for every part of the working week, at least one solicitor (or other lawyer) “qualified to supervise” for whom that office is his or her normal place of work.

The training presently specified by the SRA for the purpose of the rule is attendance at or participation in any course(s), or programme(s) of learning, on management skills involving attendance or participation for a minimum of 12 hours.

The nature of the training that would satisfy the requirements of the rule is deliberately non-prescriptive in order to encourage solicitors to undertake training and development which they feel will help them in running their practice.

If solicitors attend or have attended Management Course Stage 1 (the 7 hour course compulsory for those in their first 3 years following admission) as well as Management Course Stage 2 (the additional optional part, which lasts for a minimum of 5 hours) that will satisfy the requirement. If solicitors have attended the previous compulsory management course, Best Practice, they will have satisfied 6 hours of the requirement and simply need to undertake a further 6 hours. Even the half day compulsory course on practice management run by the Society from 1987 to 1989 will satisfy 3 hours of the requirement.

Those who wish to consider further the reason behind the requirement may wish to think more broadly about what training or development they might undertake and which will count for the purposes of the requirement, for example:

Courses on personal as well as practice management including courses for example, on time management or personal effectiveness.

Courses on supervision skills, e.g. satisfying the Legal Services Commission requirement.

Distance learning courses which are assessed or require work to be done (for example working towards the Management Charter Initiative Competences).

Annex 3 – Information to be supplied to the SRA on setting up a practice

The following list refers to information the Customer Records Team will need in order to accurately record the details of your sole practitioner or partnership practice on our database. On receiving the information requested and recording your firm's details on the SRA's database, the SRA will not have vetted or checked that your firm is in compliance with any applicable regulations in relation to the points below. This is your responsibility.

The full name and address of your firm.

The exact date on which your practice will begin trading.

Any e-mail/website addresses.

The name of the qualifying insurance company through whom your broker has placed your indemnity insurance, the policy number and the start and end date of the policy. It is essential that you supply this information. You may also be asked for a copy of the policy cover note.

- a) Whether the firm, including any branch offices will be holding client money;
- b) Whether the firm, including any branch offices will be holding controlled trust money;
- c) Whether any solicitor will be operating a client's own account as signatory.

If the answer to any of the above is yes we need to know the following:

- a) the exact date you will start holding client money; and
- b) the accounting period you want the first report to cover (this should be 12 months or less from the date you start to hold client money).

This information is needed in order to calculate the date we should receive your Accountants Report.

If the firm, including any branch offices, is holding client money or controlled trust money please provide the name of the accountant's report contact person within your office.

Whether your firm will be authorised by the Financial Services Authority to carry on mainstream investment business.

If it is not we need to know whether you will be carrying on insurance mediation activities and the name of your compliance officer.

The full names and SRA numbers of any solicitors or registered European lawyers to be employed by the new firm if applicable, with their exact start date and their status within the firm (i.e. assistant, associate, etc.).

The full names and SRA numbers of any solicitor, registered European lawyer or registered foreign lawyer partners in the new firm and the exact dates when each commenced as a partner in the new firm and ceased to be a partner with their previous firm.

Whether you wish your firm's details to be entered on the SRA's website

Whether you wish your firm's details to be entered in the Law Society's Directory of Solicitors and Barristers.

Whether you wish to be authorised to take on trainee solicitors, and if so, the name of the training principal.

Whether you wish to renew the practising certificates for the solicitors, registration for registered European lawyers and registered foreign lawyers within the firm on one renewal form (RF1); and if so, the name of an individual responsible for receiving the form.

A specimen copy of your firms' letterhead.

The name of the person in the firm who will be responsible for operating your complaints handling procedure for the purpose of Rule 15 of the Solicitors Practice Rules.

The name(s) of your supervising principal(s) for the purpose of practice Rule 13.

The name of the nominated money laundering officer for the firm in compliance with the Money Laundering Regulations 2003.

Annex 4 – Banking instrument fraud

Fraud Intelligence Office

Warning Banking Instrument Fraud

Fraudulent investment schemes are on the increase. 'Prime Bank Guarantees', 'Prime Bank Letters of Credit', and 'Zero Coupon Letters of Credit' are not issued by the legitimate banking community. The legitimacy of such investments must always be questioned.

Solicitors should exercise extreme caution if approached by individuals promoting such transactions.

Example of such schemes

Investors are often persuaded that these types of investment, 'can be bought and sold by investing say \$8.8m to purchase a prime bank instrument with a face value of £10m, issued by a prime bank, which will mature in one year and one day or can be traded in a second tier bond market for an immediate 7% profit'. The fraudster will often claim that these instruments are so special that the banks are keeping them secret and therefore will not discuss them with the general public.

There is no trading of such Instruments in the legitimate financial market.

Solicitors may have read that the Salvation Army was a victim of a scheme involving fraudulent trading and standby letters of credit and is only one of a growing number of victims worldwide.

Clients anxious, perhaps desperate to obtain substantial loans, should be warned about the dangers of making advance payments to brokers or individuals offering these types of instruments

Why involve you as a solicitor?

The fraudster wants to be associated with the legitimacy and respectability which you as a solicitor can provide.

- (a) He/she wants you to endorse the scheme by confirming that you will participate, and will act as his/her banker, solicitor etc.
- (b) He/she may ask you to provide a communication to someone he/she will nominate.
- (c) The fraudster may seek a letter from you, addressed to his/her company, or a third party.
- (d) He/she would like you to open an account, awaiting receipt of funds.
- (e) Fraudsters have frequently included, within the voluminous documentation accompanying such schemes, reference to the solicitor being insured with the Solicitors' Indemnity Fund.

Exercise caution in communicating with potential fraudsters.

- (a) Never send them anything fax, letter, memo.
- (b) Never even give them your visiting card.
- (c) Never meet them on your own.
- (d) Never assume that a 'Bank's telephone number` given to you is actually that of a bank it's probably not.

Common characteristics of banking Instrument fraud

- (a) Large transactions (ranging from US \$1 million to US £100 million of much more).
- (b) Promises of further sizeable transactions (often huge sums US \$100 Billion); there may be reference to secret markets.
- (c) Small first transaction with several subsequent tranches to follow.
- (d) Unusual currencies (eg Billions of New Kuwaiti Dinars).
- (e) Prime Bank Guarantees (PBGs) being offered or being the 'Product' to be financed
- (f) Proposals received by FAX.
- (g) Letterheads of companies which could have been easily produced by Laser printer.
- (h) The issuing bank may not be identified, be geographically remote or licensed within a jurisdiction with little or no regulations. Letters, possibly forged, from respectable banks being used to support the documentation.
- (i) Strange, weird, confusing and complex transactions, hazy descriptions.
- (j) Overwhelming amount of transaction description along with supporting papers and even flowcharts of the transaction.
- (k) Large commission, even large 'Bonus' or large 'Discount or 'Spread' being offered to the bank.
- (l) Suggestions that the scheme is supported by, or operates under the auspices of a major international body (e.g. IMF, UN, Federal Reserve or Bank of England).
- (m) Outlandish projects, difficult to verify, e.g. Financing of Island Resort on far away (unknown) island. Retirement Home Village in a far away country or good causes such as United Nations Development or third world reconstruction.
- (n) Documents will invariably be signed by 'The President' or 'The Chairman of the Board' or 'The Chief Executive Officer'.

- (o) A Power of Attorney document may be produced, duly authenticated by a bank and/ or lawyer.

Look for typical phrases some of them meaningless.

Ready Willing and Able
Prime Bank Guarantees (PBG 's)
Prime Bank Notes (PBN's)
Guaranteed by Top 100 World Prime Bank
Unconditional S.W.I.F.T. Wire Transfer
Freely negotiable, irrevocable, clear SWIFT wire transfers
Callable Conditional Sight Drafts.
Closing Bank
Issuing Bank
Fiduciary Bank
Bank Menu
International Banking Days
ICC (International Chamber of Commerce) 400
UCC (Uniform Commercial Code) Form references
Banking coordinates
Fresh Cut Paper.
Seasoned Paper.
Collateral Houses, Collateral Source, Collateral Supplier
Collateral First Transaction
Grand Master Collateral Commitment
Validation of the MCC (Master Collateral Commitment)
Collateral Purchase Orders. Collateral provider.
Instruments delivered free of all liens and/ or encumbrances
Non Circumvention and Non Disclosure agreements.
Irrevocable Pay Order.
Irrevocable, irrevocable commitment of funds to purchase instruments.
Lending Bank, Funding Bank, Closing Bank.
Good clear cleared funds of non criminal origin
With full corporate and legal responsibility.
Interest at seven and one half per cent, payable annually in arrears
5, 10, 20 years etc. plus one week or one day
Fully binding commercial letter contract
Client Company Principals
Transaction Tranches
Millions or Billions or US dollars with rolls and extensions.
Emissions, remission, commissions and fallout
Transaction parameters
There is to be no communication with our bank other than through the normal bank channels; no phone call allowed.

Request for details of client account

Beware of any scheme which requires the depositing of any substantial sums of money to you for safe keeping at lucrative rates for doing very little. It may sound too good to be true and probably is.

Beware of any scheme which requires you to send details of your bank, client account or blank letterheads. Such information may be used to make unauthorised payments from your client account.

Do not give any form of undertaking to guarantee a financial obligation unless you have funds or equivalent security. The word of someone backed by 'an International Bank' is not enough. If asked to provide money from client account on the security of another firm's undertaking, ask that firm for evidence of their ability to comply. NEVER send a client account cheque on the basis of a verbal confirmation that the money is on its way into your client account check it's there.

If you require further information concerning investment seams, especially those involving Prime Bank Instrument or Standby Letters of Credit you may contact the Fraud Intelligence Office on 0207320 5703 or Professional Ethics on 0870 606 2577.

REMEMBER if it sounds too good to be true it probably is!

Fraud Intelligence Unit telephone number is: 01926 439662

Professional Ethics: 0870 606 2577

September 1997, revised July 2001
Office for the Supervision of Solicitors
Victoria Court, 8 Dormer Place
Leamington Spa
Warwickshire
CV32 SAE

Annex 5 – Mortgage fraud

Could you be involved or implicated?

Could you be unwittingly assisting in a fraud? The general assumption is that if there has been a property fraud a solicitor must have been involved. Solicitors should therefore be vigilant to protect both their clients and themselves. Steps can be taken to minimise the risk of being involved or implicated in a fraud (see below).

Could you spot a property fraud?

The signs to watch for include the following (but this list is not exhaustive):

- Fraudulent buyer or fictitious solicitors – especially if the buyer is introduced to your practice by a third party (for example a broker or estate agent) who is not well known to you. Beware of clients whom you never meet and solicitors not known to you.
- Unusual instructions – for example a solicitor being instructed by the seller to remit the net proceeds of sale to anyone other than the seller.
- Misrepresentation of the purchase price – ensure that the true cash price actually to be paid is stated as the consideration in the contract and transfer and is identical to the price shown in the mortgage instructions and in the report on title to the lender.
- A deposit or any part of purchase price paid direct – a deposit or the difference between the mortgage advance and the price, paid direct, or said to be paid direct, to the seller.
- Incomplete contract documentation – contract documents not fully completed by the seller's representative, i.e. dates missing or the identity of the parties not fully described or financial details not fully stated.
- Changes in the purchase price – adjustments to the purchase price, particularly in high percentage mortgage cases, or allowances off the purchase price, for example, for works to be carried out.
- Unusual transactions – transactions which do not follow their normal course or the usual pattern of events:
 - (a) client with current mortgage on two or more properties
 - (b) client using alias
 - (c) client buying several properties from same person or two or more persons using same solicitor
 - (d) client reselling property at a substantial profit, for which no explanation has been provided.

What steps can I take to minimise the risk of fraud?

Be vigilant: if you have any doubts about a transaction, consider whether any of the following steps could be taken to minimise the risk of fraud:

- Verify the identity and bona fides of your client and solicitors' firms you do not know – meet the clients where possible and get to know them a little. Check that the solicitor's firm and office address appear in the Directory of Solicitors and Barristers or contact the Law Society's Regulation and Information Services (tel: 0870 606 2555).
- Question unusual instructions – if you receive unusual instructions from your client discuss them with your client fully.
- Discuss with your client any aspects of the transaction which worry you – if, for example, you have any suspicion that your client may have submitted a false mortgage application or references, or if the lender's valuation exceeds the actual price paid, discuss this with your client. If you believe that the client intends to proceed with a fraudulent application, you must refuse to continue to act for the buyer and the lender.
- Check that the true price is shown in all documentation – check that the actual price paid is stated in the contract, transfer and mortgage instructions. Where you are also acting for a lender, tell your client that you will have to cease acting unless the client permits you to report to the lender all allowances and incentives. See also the guidance printed in [1990] Gazette, 12 December, 16 [see Annex 25F, p.500 in the Guide].
- Do not witness pre-signed documentation – no document should be witnessed by a solicitor or his or her staff unless the person signing does so in the presence of the witness. If the document is pre-signed, ensure that it is re-signed in the presence of a witness.
- Verify signatures – consider whether signatures on all documents connected with a transaction should be examined and compared with signatures on any other available documentation.
- Make a company search – where a private company is the seller, or the seller has purchased from a private company in the recent past, and you suspect that the sale may not be on proper arm's length terms, you should make a search in the Companies Register to ascertain the names and addresses of the officers and shareholders, which can then be compared with the names of those connected with the transaction and the seller and buyer.

Remember that, even where investigations result in a solicitor ceasing to act for a client, the solicitor will still owe a duty of confidentiality which would prevent the solicitor passing on information to the lender. It is only where the solicitor is satisfied that there is a strong prima facie case that the client was using the solicitor to further a fraud or other criminal purpose that the duty of confidentiality would not apply.

Any failure to observe these signs and to take the appropriate steps may be used in court as evidence against you if you and your client are prosecuted, or if you are sued for negligence.

Further guidance can be obtained from the Law Society's Practice Advice Service (tel: 0870 606 2522)

Annex 6 – Money laundering

Warning to all solicitors

Money laundering

Be on your guard.

Your firm, whatever its size or nature of practice could be a target for criminals wishing to launder the proceeds of their crime through legal transactions. You might commit a criminal offence if you help them by missing the warning signs.

The Proceeds of Crime Act 2002 means that if you fail to report to the National Criminal Intelligence Service you will be judged by the standard of whether a reasonable solicitor should have been suspicious in all the surrounding circumstances. Learning to spot warning signals is more important than ever before.

The criminal law and regulatory requirements are undergoing rapid change. Keep up to date by reading Law Society guidance and interim updates which can be found at www.lawsociety.org.uk.

What does this mean in practice?

You will need to ask your clients more questions. By June 2003 most solicitors will be legally required to establish the identity of most clients. Honest clients should be happy to assist. Make sure you and your colleagues receive some training about money laundering.

Know your client

- Check the identity of new clients and be wary of clients who are reluctant to provide such details.
- Where possible, meet new clients in person and be cautious about third parties introducing clients who you do not meet.

If anything about the circumstances, particularly those warning signals set out below, gives you cause for concern, then ask more questions. The answers may deal with your initial causes for concern. If they do not, then the answers may give foundation to a suspicion and you may have to consider whether or not to make a report under the legislation.

Causes for concern can include the following:

Unusual settlement requests

Anything that is unusual or unpredictable, or otherwise gives cause for concern should lead you to ask questions about the source of the funds. Remember, proceeds of crime can arrive through the banking system as well.

Think carefully if any of the following are proposed or occur:

- Settlements by cash

- Surprise payments by way of third party cheque
- Money transfers where there is a variation between the account holder or the signatory
- Requests to make regular payments out of client account
- Settlements which are reached too easily

Unusual instructions

- Why has the client chosen your firm? Could the client find the same service nearer their home?
- Are you being asked to do something that does not fit in with the normal pattern of your business?
- Be cautious if instructions change without a reasonable explanation
- Be cautious about transactions which take an unusual turn.

Use of your client account

- Using solicitors' client accounts to transmit money is useful to money launderers
- Do not provide a banking facility if you do not undertake any related legal work
- Be cautious if you are instructed to do legal work, receive funds into your client account, but then the instructions are cancelled and you are asked to return the money either to the client or a third party

Remember you may still be assisting a money launderer even though the money does not pass through your firms bank accounts

Suspect territory

- If you are instructed in transactions with an international element you can refer to the Financial Action Task Force (www.oecd.org/fatf) who produce up to date information about different countries
- Be cautious when a client is introduced through an overseas bank or third party based in countries where the production of drugs, drug trafficking, or terrorism may be prevalent
- Take care if funds are being routed into and out of the UK without a logical explanation

Loss making transactions

- Be alert to instructions which could lead to some financial loss to your client or a third party without a logical explanation, particularly where your client seems unconcerned.
- Be cautious about confusing movements of funds between different accounts, institutions or jurisdictions without apparent reason.

The better you know your client and the full details of and reasons for the transaction before accepting the retainer, and particularly before accepting funds, the less likely you are to become involved in money laundering.

What if you are suspicious?

In many situations, the law will require you to make an official disclosure to:

The National Criminal Intelligence Service
Spring Gardens
Vauxhall
London SE11 5EF
Tel 020 7238 8282
Fax 020 7238 8286

Helpful guidance notes about money laundering are issued by:

The Joint Money Laundering Steering Group
Pinnars Hall
105 – 108 Old Broad Street
London, EC2N 1EX
Tel: 020 7216 8800
Fax 020 7216 8811

Confidential advice can be obtained from:

The Professional Adviser
Professional Ethics
Solicitors Regulation Authority
Ipsley Court
Berrington Close
Redditch, B98 0TD
DX 19114 Redditch
Tel: 0870 6062577
Fax: 0207 320 5897

Annex 7 – Warning card - Undertakings

Cost to the profession

The giving of sloppy or negligent undertakings is a considerable drain on the Solicitors Indemnity Fund and the Compensation Fund. SIF estimates that such undertakings cost in excess of £5 million per annum. However, many undertakings may result in a liability within the deductible (i.e. excess) – exposing solicitors to considerable personal liability. Your work is made easier because people know they can rely on a solicitor's undertaking. However, it can be a two-edged sword. The wide and routine use of undertakings can result in a lack of care. The profession can no longer afford to underwrite the bill!

Remember – there is no obligation on a solicitor to give an undertaking, even to assist the progress of a client's matter.

Financial guarantee

Think twice before standing guarantor for a client – you could be personally liable for a substantial sum. There can be cases where SIF provides no cover if an undertaking is given which amounts to a bare guarantee of the financial obligation of a client or third party. Moreover, you would have no cover from SIF if you give an undertaking to a lender to repay money which you have borrowed and which you then re-lend to a client who subsequently defaults.

Be SMART when giving undertakings – make sure they are:

Specific

Undertakings should refer to a particular task or action which has been clearly identified and defined. Do not give general or open-ended undertakings, such as an undertaking to discharge “all outstanding mortgages on a property” or “the usual undertaking”. Make sure that any undertaking to pay monies out of a fund is qualified by the proviso that the fund comes into your hands, and that it is sufficient.

Measurable

Undertakings should include agreed measures or steps which are understood by both parties and can be easily monitored or checked, so that there can be no dispute as to whether an undertaking has been fully discharged. If an undertaking involves the payment of a sum of money, make sure the amount is clear or that it is easy to calculate. Ambiguous undertakings will be constituted in favour of the recipient.

Agreed

Undertakings should be expressly agreed by both the person giving them and the person receiving them and should be confirmed in writing. They may be given orally or in writing and are binding even if they do not include the word “undertake” – beware of inadvertent undertakings.

Realistic

Undertakings should be achievable. Before giving an undertaking consider carefully whether you will be able to implement it. If any events must happen before you will be able to implement your undertaking, it is good practice to spell out those events on the face of the undertaking. An undertaking is still binding even if it is to do something outside your control. As you give the undertaking – you can stay in control.

Timed

Undertakings should indicate when, or on the happening of which event, they will be implemented. In the absence of an express term, there is an implied term that an undertaking will be performed within a reasonable time, having regard to its nature.

General points

Costs

- Don't ask other solicitors to provide an undertaking in terms you wouldn't give yourself. This applies particularly to undertakings as to costs: it's unfair to expect another solicitor to give an open-ended undertaking to pay your costs. Be prepared to give an upper limit or agree a basis of charging.
- An undertaking to pay another party's costs is generally discharged if the matter does not proceed to completion. If you intend some other arrangement, make this clear.

Conveyancing

- The Law Society's formulae for exchange of contracts and its code for completion by post contain certain undertakings. Are you sure that you and your staff really know what undertakings they are giving in normal conveyancing transactions?
- Make sure that each of your replies to requisitions on title concerning mortgages specifies exactly which mortgages or charges you intend to discharge. Vague replies will probably result in you being liable to discharge all charges – whether you know of them or not.
- Do not give unconditional undertakings without sufficient enquiry into the amount owed on prior charges – don't always rely on what your client tells you.

- If your ability to comply with an undertaking depends on action to be taken by another solicitor, makes sure that he or she will be able to comply, e.g. by obtaining an undertaking to a similar effect.
- Beware of bank “standard form” undertakings – they sometimes go beyond what is in your control. It may be necessary to amend them.

Good management

- Principals are responsible for undertakings given by staff. Clear guidance should be given to staff specifying those permitted to give undertakings and prescribing the manner in which they can be given. Find out how safe you are by doing an “undertaking audit” – ask staff to check files for undischarged undertakings. Note how many have been given in a sloppy or negligent manner and calculate the size of the potential claims if things go wrong. Then introduce a system to put things right. This might be to:-
 - Draw up standard undertakings for use, where possible, by all fee-earners, with any deviation from the norm to be authorised by a partner
 - Have all undertakings checked by another fee-earner prior to being given, or at least those which amount to a financial obligation
 - Confirm all telephone undertakings (given or received) in writing
 - Make sure that undertakings are not overlooked by:
 - Copying undertakings and attaching them the file
 - Indicating on the file cover, using coloured labels, that an undertaking has been given and its date.

The Guide to the Professional Conduct of Solicitors has a chapter about undertakings which contains useful guidance – please read it!

Be Smart!

May 1993

Annex 8 – Warning Card – Referrals

SRA crackdown on improper referrals

Are your referral arrangements ethical?

Are you in breach of the Code of Conduct?

“Secret cash scandal of injury lawyers” Mail on Sunday

“Vulture solicitors lambasted” The Guardian

The Solicitors Regulation Authority is cracking down on solicitors whose referral arrangements compromise their clients’ interests, and who undermine public confidence in solicitors.

Do your referral arrangements comply with your core duties?

- **Justice and the rule of law** – You must uphold the rule of law and the proper administration of justice.
- **Integrity** – You must act with integrity.
- **Independence** – You must not allow your independence to be compromised.
- **Best interests of clients** – You must act in the best interests of each client.
- **Standard of service** – You must provide a good standard of service to your clients.
- **Public confidence** – You must not behave in a way that is likely to diminish the trust the public places in you or the profession.

You must comply with these core duties as well as the detailed requirements of the rules on referrals (e.g. on disclosure). So keep the core duties firmly in mind when you enter into referral arrangements and act for referred clients.

Ask yourself:

- Do I always explain the nature of any referral arrangements and disclose any referral fees to my client at the outset?
- Am I being up-front with my clients about the nature of these payments? Am I trying to disguise the payments as something they are not, e.g. as administration or marketing fees?
- Am I sure that the introducer has also disclosed this information to my client?

- Do I know how the introducer obtained the client?
- Is the agreement between the introducer and the client fair and in the client's best interests, and if it isn't, am I able to advise my client accordingly?
- Am I sure that there is nothing in my agreement with the introducer which compromises my independence and/or my ability to act in my client's best interests, for example:
 - restrictions on my client's choice of advocate or expert;
 - the introducer, rather than the client, telling me how to deal with my client's money?
- Am I able to advise my client independently without fear of offending the introducer and at the risk of losing a valuable stream of work?
- Is the introducer regulated by the regulator of claims management services, if appropriate?

If the answer to any of these questions is "no", you are likely to be breaching your core duties and are liable to disciplinary action. You will need to change the terms of your agreement with the introducer or to end your relationship with the introducer.

"Solicitors who allow referral arrangements to undermine their role as independent advisers let down their clients and the profession. Public confidence in solicitors has been damaged by a number of recent cases in which solicitors have placed their own advantage above their clients' interests. The Solicitors Regulation Authority is determined to stamp this out."

Peter Williamson, Chair of the Solicitors Regulation Authority

"The good name of solicitors is being jeopardised by a minority who betray the high principles of which our profession is proud. The Law Society backs the Solicitors Regulation Authority in its efforts to help good solicitors to comply with the rules, and in its efforts to drive bad practice from the profession."

Fiona Woolf, President of the Law Society

Your obligations are currently set out in rules 1, 3, and 15 of the Solicitors' Practice Rules 1990; in the Solicitors' Introduction and Referral Code; in the Costs Information and Client Care Code, and in published guidance. Rules 1, 2, and 9, and related guidance, of the Solicitors Code of Conduct will apply when the new code comes into force later this year.

You can get help from our website: www.sra.org.uk, or call the Ethics Helpline: 0870 606 2577.

So take care of your clients: act independently and in their best interests. Put your clients first.

If you don't, you will be liable to disciplinary action.

Issued by the Solicitors Regulation Authority February 2007