SRA Authorisation Rules & New Firm Authorisation

- Guidance for new & existing firms

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Presenters

Rachel Lewis

- Director of Authorisation at the SRA
- Also responsible for the SRA Contact Centre & Business Support Services
- Has been a key part of the SRA's change of approach from technical regulator to delivering a customer focused experience

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Presenters

David Gilmore

- 23 years experience in the sector & Founded DG Legal in 2000
- Founder of Lester LLP which advises major UK and US charities and philanthropists on how to best spend their money on legal advice charities
- Launched LegalVoice as a NfP in 2012 to help Law Centres & other advice agencies
- Advised various stakeholders & politicians
- Lead a Law Society professional accreditation scheme

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Agenda (1 of 2)

- Key Authorisation Rules
- Applying for authorisation – before you apply
- Key terms and key role holders
- What can go wrong?
- Changing your legal entity?
- Applying to be an ABS

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Agenda (2 of 2)

- Key forms to be aware of when applying
- Tips to avoid delays
- SRA regulated freelancer requirements
- Timescales & how to apply
- Demonstrating compliance with the Standards & Regulations

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Firm Based Authorisation – Guidance for New and Existing Firms

Key Authorisation Rules

Solicitors Regulation Authority

SRA Standards and Regulations

The standards and requirements we expect our regulated community to achieve and observe, for the benefit of the clients they serve and in the public interest

Search the standards and regulations

Accounts Rules

Our requirements for when firms (including sole practices) authorised by us receive or deal with money belonging to clients.

Last updated: 25 November 2019

Application, Notice, Review and Appeal Rules

Our processes for handling applications made to us and the process for internal reviews and external appeals against our decisions.

Last updated: 25 November 2019

Assessment of Character and Suitability Rules

Our criteria for assessing character and suitability.

Last updated: 25 November 2019

Authorisation of Firms Rules

Our arrangements for authorising firms, including recognised bodies, licensed bodies and recognised sole practices.

Last updated: 25 November 2019

Authorisation of Individuals Regulations

Our arrangements for authorising individuals as solicitors, RELs and RFLs.

Last updated: 25 November 2019

Education, Training and Assessment Provider Regulations

Our requirements for organisations which provide or intend to provide education and training.

Last updated: 25 November 2019

Before you apply

Contact us for a pre-engagement meeting authorisation@sra.org.uk

Key Terms Explained

A manager = a partner, a company director, an LLP member, member of its governing body

An owner = a partner, a person who holds a material interest

* Our glossary is useful to help you understand our terms.

What does deemed approved mean?

Deemed approved means that a person fulfils certain criteria to fulfil their proposed role and we do not have to undertake an assessment of their suitability.

Things that impact whether a role holder is deemed

- Adverse regulatory history
- The turnover of the firm
- Whether they hold that role in one or more firms

You can find more information on the deeming criteria under Rule 13 of the SRA Authorisation of Firms Rules.

Key Role Holders - requirements

Solicitors Regulation Authority

COLP & COFA

- You must have a COLP & COFA in place at all times
- They must be an individual manager or employee of the firm
- They must consent to their designation
- Be Fit & Proper
- Requirement to apply for temporary emergency approval within 7 days if replacement does not meet deeming criteria

Authorised to Supervise

- Firms must have in place at all times an individual who supervises the work of the authorised body or procure the service of someone to undertake the role
- Must be a lawyer
- Practised for a minimum of 3 years

Role Holder Approval

	Deemed approved	Non deemed approved
Managers	• Solicitors, RELs, RFLs are added on firm's mySRA account • Authorised bodies and other deemed lawyers, notify us on firm's mySRA account on an FA4	Apply on Firm's mySRA account: • Individuals apply on an FA2 • Entities apply on an FA3
Owners	• Notify us on the firm's mySRA account on an FA4	Apply on Firm's mySRA account: • Individuals apply on an FA2 • Entities apply on an FA3
COLPs/COFAs	• Are added on the firm's mySRA account	• Apply on an FA2 on the firm's mySRA account

What can go wrong when adding new role holders?

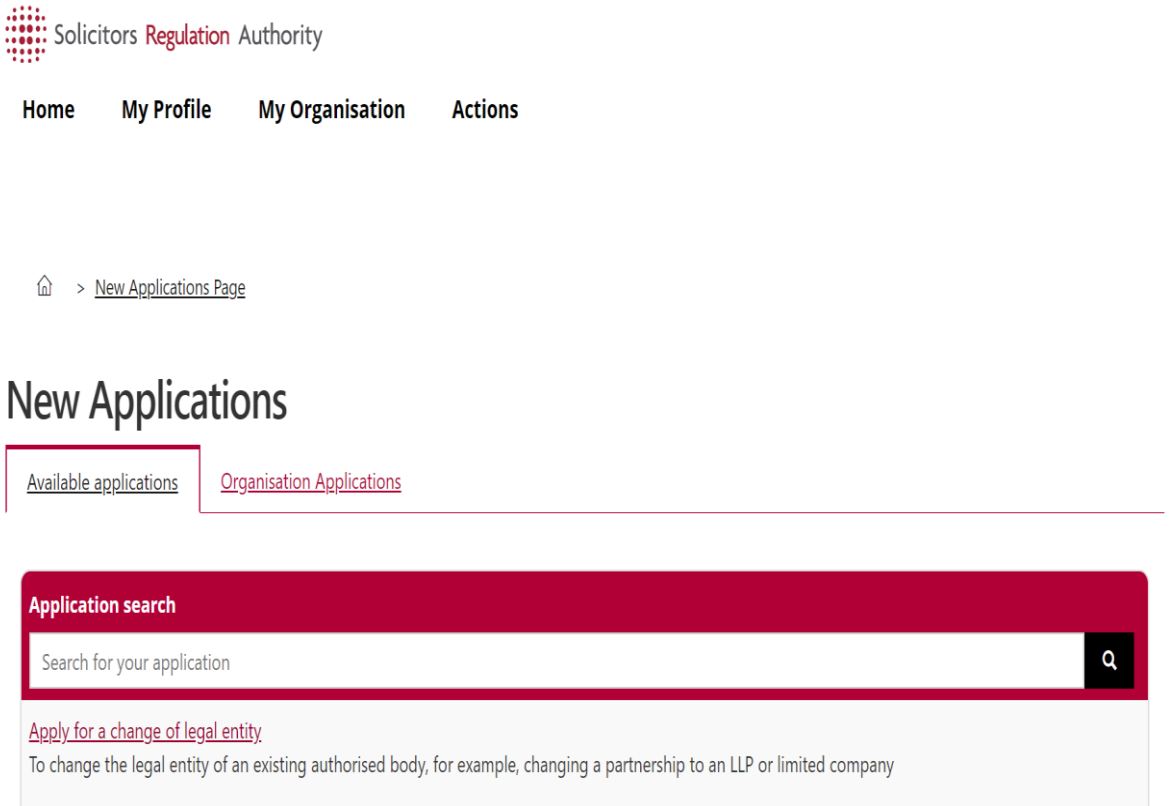
Solicitors Regulation Authority

Sometimes firms add or remove individuals from their structures which make their firm structures ineligible and may jeopardise their authorisation. For example:

- A recognised body (where all managers and interest holders must be legally qualified under the SRA Authorisation of Firms Rules) adds a non-lawyer manager to their firm (making the body licensable)
- A licenced body, licensable as a result of it's one non-lawyer manager, terminates individual's employment or that individual leaves the firm with no warning

In both situations, these firms have 90 days to rectify this breach of our rules. If you are unsure whether your firm's structure has been affected in this way or you need advice about the best way to proceed, please get in touch.

Changing your Legal Entity (CLE)



Apply for a change of Legal entity (FA1b)

Where a firm is changing its legal entity and there are no other material changes to the firm's role holders or structure.

Example: A firm changes from a partnership to a limited company. There are no changes to the role holders; the managers, owners, COLP and COFA are the same and there are no other changes.

Apply on MySRA: Fee is £200. Approval process within 30 days

Applying to be an ABS

- Provide as much information as possible about the structure of your firm, as well as the voting rights and ownership/shareholder details.
- Ensure that all supporting documentation (certificates of good standing, indemnity insurance) is enclosed.
- Assigned a dedicated Authorisation Officer.
- Opportunity for pre-engagement meetings to discuss proposed application.

Key Forms to be aware of when applying

When you apply for authorisation, there are several additional application forms to be aware of:

- **FA8** – If you undertake financial services, you will need to notify us about the services you deliver. A full list of these services are on the form but these include conveyancing and carrying out insurance distribution activities. Once you are authorised, we pass this information to the FCA who will update their Exempt Professional firms list with your firm's details.
- **FA10** – If your firm will be carrying out services subject to the Money Laundering Regulations, you will need to apply for money laundering authorisation using this form.
  - Submit a basic DBS check for each beneficial owner, officers & managers (BOOMs) identified in your application.

Tips to avoid delays

- Forms fully completed and signed (triage in 48 hours)
- Professional Indemnity Insurance – Ensure your insurance quote is in the full legal name of your firm e.g. if you are registered at Companies House as John Smith & Co Ltd, that is the name that *must* be on the quote
- Register at Companies House before making your application if you are a limited company or limited liability partnership
- Make sure that any Certificates of Good Standing you are required to submit are dated within 3 months at the point of application
- Check that you have DBS certificates for all individuals (BOOMS) if carrying out activities covered by Money Laundering Regulations

SRA regulated freelancer – requirements

SRA-regulated freelancers

All freelance solicitors:

- must work on your own
- cannot employ anyone else to provide legal services
- must deal directly with clients

To offer reserved services, you must:

- have 3+ years experience
- have adequate and appropriate insurance
- only hold client money that is fees and disbursements

Timescales & how to apply

Solicitors Regulation Authority

Home | My Profile | My Organisation | Actions

Change of Legal Entity: 30 days
New Firm: 90 days

> New Firm Authorisation Start Page

Apply for authorisation of a new firm

Purpose

To apply for authorisation as a:

- licensed body
- recognised body
- recognised sole practice

Before you start

You must apply for authorisation before you start trading.

Download the authorisation of a new firm application
Download the approval as an authorised role holder application
Download the approval of an organisation manager or owner application
Download the financial services activities notification
Download the anti-money laundering authorisation application

Applying for Authorisation

- Think first about how you are going to operate your business
- Think about how to do demonstrate compliance
- Paper based, excel s/sheets or electronic software?
- The key is to understand what is expected of you

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Applying for Authorisation

- Submitting the application
- Compulsory documents to send with the application
- Optional documents that can assist the Authorisation Officer

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Demonstrating Compliance

- Understand what has changed with STaR
- There is guidance on the SRA website
- We have written a detailed guide including an introductory chapter from the architect of the new(ish) SRA regulations
- Subscribe to updates from the SRA, ICO, TLS and if applicable the LAA

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Demonstrating Compliance

- Firms need systems but what is required?
- Monthly checklists
- Central records
- Meeting other regulatory requirements & best practice

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Prev | Save Record | Delete | Close | Next

Month *

June 2020 | Current

File Reviews

Have the correct number of file reviews taken place in the last month?

Yes | No | N/A

Outsourcing

Has any new outsourcing of tasks taken place in the last month?

Yes | No | N/A

Third Party Introduction and Fee Sharing

Have any new third party introduction and fee sharing arrangements been established in the last month?

Yes | No | N/A

Contractors

Have there been any new contractor activities in the office(s) in the last month?

Yes | No | N/A

Prev | Save Record | Delete | Close | Next

Approved Suppliers

Lexcel

Please see section 7.5 of the Lexcel Standard v6.1

SQM

Please see section F5 of the SQM Standard

Add New | Download | Upload | Delete Selected | Filter by Register: All records | Current Records | Save Record Set

☐	Register	If Other, please specify	Date of entry	Areas of expertise	Department	Title (if applicable)	Supplier Surname (to be entered if required for searches)	Name of supplier	Business name	Professional correspondence address	Email address	Telephone number(s)	Fax number	Website	Reasons for Approval / Performance Evaluation	Date approved	Date reviewed
☐	Medical Expert		01/08/2016	Forensic Psychiatrist	Crime	Professor	Smith	Professor Smith			prof.smith@outlook.com	07123 123 123			Dealt with numerous defendants expertise in fitness to plead / hospital outcomes & learning difficulties	01/08/2016	22/07/2019
☐	Agent		06/09/2017	PS qualified rep.	Crime	Mr	Jones	John Jones		1234 Main Street London	j_jones@yahoo.co.uk	020 123 123 12			Former police officer - good with technical points	06/09/2017	08/07/2019

Complaints

SRA

Please see the SRA Standards and Regulations

Lexcel

Please see section 6.5 of the Lexcel Standard v6.1

SQM

Please see section G1 of the SQM Standard

CQS

Please see section 4.3 of the CQS Standard

Add New | Download | Upload | Delete Selected | Filter by Fee Earner: All records | Current Records | Save Record Set

☐	Complaint Document Reference (If applicable)	Date of Entry	File Reference	File Name	Fee Earner	Office	Brief Details	Category	Complaint Resolved	Referred to Legal Ombudsman	Outcome	Date Matter Concluded	Remarks
☐	John Smith_ABC123	02/09/2019	ABC123	John Smith	BB		Fee earner swearing at client	Conduct	Yes	No	Apology provided, although we maintain that flipping is not a swear word	02/09/2019	NFA
☐	Jane Smith_DEF123	30/09/2016	12345	AA	ZZ		Costs information not sent to client	Costs info	Yes	No	Costs information sent to client, now satisfied	30/09/2016	Fee earner reminded of their duties
☐	Jack Smith_XYZ	13/09/2017	XYZ456	XYZ	FF		Client unhappy with the level of costs	Costs excessive	Yes	No	Client provided with a breakdown of costs	13/09/2017	NFA

Gifts & Hospitality Register

SRA

Please see the SRA Standards and Regulations

Lexcel

Please see section 5.15 of the Lexcel Guidance v6.1

CQS

Please see section 1.6 of the CQS Standard

Add New | Download | Upload | Delete Selected | Filter by Date of entry: All records | Current Records | Save Record Set

☐	Date of entry	Name of donor or third party	Name of recipient	Description of gift / hospitality / arrangement	Approx. financial value / benefit	Date benefit or arrangement received or started	Date benefit or arrangement concluded	Justification for gift / hospitality	Steps taken to remain compliant	Remarks / Notes
☐	12/06/2017	DG Legal	Bob Bobbington	Hospitality at LCFC	£140	12/06/2017	12/06/2017	Supplier / client relationship	NA - gift disclosed in this register	Liverpool were beaten by Leicester thanks to a Jamie Vardy wondergoal
☐	01/07/2019	BO698	Bob Bobbington	Gift - Chocolates and Champagne and a Box of Wine	£100	01/07/2019	01/07/2019	Thank you from client	Chocolates shared with colleagues	

Immigration File Review Checklist

SRA

Please see the SRA Standards and Regulations

Lexcel

Please see sections 5.10 & 5.11 of the Lexcel Standard v6.1

SQM

Please see section E2 of the SQM Standard

CQS

Please see sections 3.5 & 3.6 of the CQS Standard

Add New | Download | Upload | Delete Selected | Current Records | Save Record Set

☐	Client Name	File Reference	Name of Fee Earner	Name of Reviewer	Review Due by Date	Date of Review	Method	Privately Funded / Publicly Funded	Category	Department	Is the file active?	Is Corrective Action Required?	Corrective Action	Name of Fee Earner	Date	Name of Reviewer	Date
☐	John Smith	ABC123	Bob	Fred		14/11/2018	File Content	Privately Funded	Immigration	Immigration & Asylum	No	No					
☐	David Smith	123456	Sean Canning	Matt Howgate		17/07/2019	File Content	Publicly Funded	Asylum	Immigration	Yes	Yes	Apply for costs extension	Sean Canning	17/07/2019	Matt Howgate	17/07/2019

Record of Personally Owned Devices

This register can be used to record relevant information about devices which are personally owned by staff members, but are permitted by the firm for use by the staff members for purposes related to their work

Add New | Download | Upload | Delete Selected

	Type of device (including removable media or equipment)	Make and model of the device	Full name of the owner of the device	Applications used to open or edit documents/process data	Cloud storage services or other facilities used to store data (if relevant)	Details of relevant security feature / software invoked on device	Details of other steps put in place to secure data on the device	Date the security feature / software was implemented on the device	Full name of the person who has checked that the security feature / software have been implemented	Date the implementation of the security feature / software was checked	Date of next review	Details of how this entry will be reviewed	Steps taken to permanently remove the firm's data from the device
☐	Mobile Phone	iPhone XR	Bob Bobbington	Outlook	N/A	2 stage password	N/A	04/07/2018	Fred Fredrikson	04/10/2018	04/07/2019	Check 2 stage password is still in place	

Firm Learning & Development Plan

Lexcel

Please see section 4.3d of the Lexcel Standard v6.1

Add New | Download | Upload | Delete Selected | Filter by Business Objective: All records

	Business Objective	Training Identified	Person(s) to Attend	Target Date	Cost
☐	Requirement in Lexcel Standard to ensure relevant staff trained on Conflicts of Interest	Initial detailed training to be provided by COLP to any new fee earners and support staff who have responsibility for file management such as opening files	All new fee earners and support staff as part of their induction	Conducted as required and documented in individual training plans	No cost
☐	Requirement in Lexcel Standard to ensure relevant staff trained on Conflicts of Interest	Update training to be provided by COLP to all fee earners and support staff who have responsibility for file management such as opening files	All fee earners and support staff who have responsibility for file management such as opening files	Conducted annually or as required and documented in individual training plans	No cost
☐	Requirement in Lexcel Standard to ensure relevant staff trained on AML risks, Policy and procedures	Initial detailed training to be provided by MLRO to any new fee earners and support staff who have responsibility for file management such as opening files	All new fee earners and support staff as part of their induction	Conducted as required and documented in individual training plans	No cost
☐	Requirement in Lexcel Standard to ensure relevant staff trained on AML risks, Policy and procedures	Update training to be provided by MLRO to all fee earners and support staff who have responsibility for file management such as opening files	All fee earners and support staff who have responsibility for file management such as opening files	Conducted annually or as required and documented in individual training plans	No cost
☐	Requirement in Lexcel Standard to ensure relevant staff trained on AML risks, Policy and procedures	Routine update training using external providers and webinars to ensure keeping up to date with developments	Managers	Conducted annually or as required and documented in individual training plans	Cost dependent on provider – kept under review as part of overall budgeting
☐	Requirement in Lexcel Standard to ensure relevant staff trained on Equality & Diversity	Initial detailed training to be provided by COLP to any new fee earners and support staff who have responsibility for file management such as opening files	All new fee earners and support staff as part of their induction	Conducted as required and documented in individual training plans	No cost

Any Questions?

Thanks for watching!

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