

SRA Compensation Fund Rules 2011

Rules dated 17 June 2011 made by the Solicitors Regulation Authority Board, subject to the coming into force of relevant provisions of an Order made under section 69 of the Legal Services Act 2007, S.I. 2011 No. 1716, under sections 36, 36A, 79 and 80 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, sections 21(2) and 83(5)(e) of, and paragraph 19 of Schedule 11 to, the Legal Services Act 2007, and the aforementioned Order, with the approval of the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007.

Part 1: General

Rule 1: Interpretation

- 1.1 The SRA Handbook Glossary 2012 shall apply and, unless the context otherwise requires:
 - (a) all italicised terms shall be defined; and
 - (b) terms shall be interpreted, in accordance with the *Glossary*.
- 1.2 These rules, in so far as they apply to *licensed bodies*, shall remain in force from the date they come into effect until 31 December 2012 (the "Transitional Period").
- 1.3 Notwithstanding the provisions of rule ~~25~~26.2, the *Society* shall remain at liberty to receive claims, make grants and loans, recover, and raise contributions after the Transitional Period in respect of matters arising in the Transitional Period.

Part 2: The Fund

Rule 2: Maintenance of and contributions to the Fund

- 2.1 The *Society* shall establish and maintain the fund called the Solicitors' Compensation Fund ("the Fund") for making grants in respect of compensation claims.
- 2.2 The *Society* may hold monies raised for the purposes of the Fund in a single fund, and may distribute any monies, pursuant to the provisions of the *SA*, *LSA* and these rules, out of such fund.
- 2.3 Rule 2.2 shall remain in force until 31 December 2012 when it shall, unless renewed, cease to have effect.
- 2.4 The *Society* may after the Transitional Period hold, apportion and distribute the funds held by the *Society* as it considers appropriate and in accordance with the statutory purposes for which the funds were received. In so doing the *Society* will have regard to (i) the sources from which the funds were received; (ii) the

contributions made; and (iii) the anticipated level of claims and demands upon the Fund.

- 2.5 The termination of the single fund will not affect the lawfulness of any steps taken by the **Society** with regard to it, nor will it prevent the **Society** from raising contributions which the **Society** considers may be required in order to meet claims, or discharge any of the **Society's** obligations with regard to the Fund.
- 2.6 Every **solicitor**, **REL**, **RFL** and **recognised body** shall make contributions to the Fund in such amounts, at such times and in such circumstances, as may be prescribed from time to time by the **SRA**. Any unpaid contributions may be recovered as a debt due to the **Society**.
- 2.7 Every **licensed body** shall be required under these rules, to make contributions to the Fund in such amounts, at such times and in such circumstances, as may be prescribed from time to time by the **SRA**. Any unpaid contributions may be recovered as a debt due to the **Society**. The **Society** may recover unpaid contributions from **licensed bodies** after the Transitional Period, and may require **licensed bodies** to make such further contributions as the **Society** considers necessary after the Transitional Period in order to maintain a fund with sufficient resources to meet claims and discharge the **Society's** obligations with regard to the Fund.
- 2.8 Rule 2.6 shall not apply to a **solicitor**, **REL** or **RFL** who is a Crown Prosecutor.
- 2.9 The **Society** may invest any money which forms part of the Fund in any investments in which trustees may invest under the general power of investment in section 3 of the Trustee Act 2000 (as restricted by sections 4 and 5 of that Act).
- 2.10 The **Society** may insure with authorised insurers, in relation to the Fund, for such purposes and on such terms as it considers appropriate.
- 2.11 The **Society** may
 - (a) borrow for the purposes of the Fund;
 - (b) charge investments which form part of the Fund as security for borrowing by the **Society** for the purposes of the Fund.
- 2.12 The Fund may be applied by the **SRA** for the following purposes (in addition to the making of grants in respect of compensation claims):
 - (a) payment of premiums on insurance policies effected under rule 2.10;
 - (b) repayment of money borrowed by the **Society** for the purposes of the Fund and payment of interest on any money so borrowed under rule 2.11;
 - (c) payment of any other costs, charges or expenses incurred by the **Society** in establishing, maintaining, protecting, administering or applying the Fund;

- (d) payment of any costs, charges or expenses incurred by the **SRA** in exercising its powers under Part 2 of Schedule 1 to the **SA** or Schedule 14 to the **LSA** (intervention powers);
- (e) payment of any costs or damages incurred by the **Society**, the **SRA**, their **employees** or agents as a result of proceedings against any or either of them for any act or omission of its or theirs in good faith and in the exercise or purported exercise of such powers.

Part 3: Grants and applications

Rule 3: Grants which may be made from the Fund

3.1 The **primary** object of the Fund is to replace money which a **defaulting practitioner** or a **defaulting practitioner's employee** or **manager** has misappropriated or otherwise failed to account for. The **applicant** need not necessarily be or have been the **defaulting practitioner's** client.

~~3.13.2~~ It is also an object of the Fund to provide compensation in respect of the civil liability of a **defaulting practitioner** or a **defaulting practitioner's employee** or **manager** who in accordance with the **SRA Indemnity Insurance Rules** should have had, but did not have, in place a **policy** of **qualifying insurance** against which a **claim** could be made in respect of such civil liability.

~~3.23.3~~ A grant out of the Fund is made wholly at the discretion of the **SRA**. No person has a right to a grant enforceable at law.

~~3.33.4~~ For any grant to be made out of the Fund, (save in respect of a grant made under rule 5), an **applicant** must satisfy the **SRA** that:

- (a) he has suffered or is likely to suffer loss in consequence of the dishonesty of a **defaulting practitioner** or the **employee** or **manager** or **owner** of a **defaulting practitioner**; or
- (b) he has suffered or is likely to suffer loss and hardship in consequence of a failure to account for money which has come into the hands of a **defaulting practitioner** or the **employee** or **manager** or **owner** of a **defaulting practitioner**, which may include the failure by a **defaulting practitioner** to complete work for which he was paid;

in the course of an activity of a kind which is part of the usual business of a **defaulting practitioner** and, in the case of a **defaulting licensed body**, the act or default arose in the course of performance of a **regulated activity**.

~~3.43.5~~ For the purposes of rule 3.34(b):

- (a) an individual whose dealings with the **defaulting practitioner** have been in a personal capacity and who has suffered or is likely to suffer loss due to a failure to account shall be deemed to have suffered hardship; and

- (b) a body corporate, or an individual whose dealings with the **defaulting practitioner** have been in a business capacity and who has suffered or is likely to suffer loss due to a failure to account must provide evidence to satisfy the **SRA** that it, he or she (the body or individual) has suffered or is likely to suffer hardship.

3.53.6 A grant may, at the sole discretion of the **SRA**, be made as an interim measure.

Rule 4: Grants in respect of persons in default of regulatory requirements

- 4.1 A grant may be made in respect of a **defaulting solicitor** even if the **defaulting solicitor** had no practising certificate in force at the date of the relevant act or default, provided that the **SRA** is reasonably satisfied that the **applicant** was unaware of the absence of a valid practising certificate.
- 4.2 A grant may be made in respect of a **defaulting REL** even if, at the date of the relevant act or default, the registration of that lawyer in the **SRA's** register of European lawyers had expired or been revoked under the SRA Practising Regulations, provided that the **SRA** is reasonably satisfied that the **applicant** was unaware of the expiry or revocation.
- 4.3 A grant may be made in respect of a **defaulting recognised body** even if the recognition of that body was suspended or was revoked under the SRA Recognised Bodies Regulations or the **SRA Authorisation Rules** (as the case may be) on or before the date of the relevant act or default, provided that the **SRA** is reasonably satisfied that the **applicant** was unaware of such suspension or revocation.
- 4.4 A grant may be made in respect of a **defaulting licensed body** even if the licence issued to that body under the **SRA Authorisation Rules** has been suspended or revoked on or before the date of the relevant act or default, provided that the **SRA** is reasonably satisfied that the **applicant** was unaware of the suspension or revocation.
- 4.5 A grant may be made in respect of a **defaulting RFL** even if, at the date of the relevant act or default, the registration of that lawyer in the register of foreign lawyers had expired or been revoked under the SRA Practising Regulations, provided that the **SRA** is reasonably satisfied that the **applicant** was unaware of the expiry or revocation.

Rule 5: Grants in respect of uninsured defaulting practitioners

- 5.1 A grant may be made to provide compensation for loss suffered as a result of the civil liability of a **defaulting practitioner** or a **defaulting practitioner's employee or manager** who in accordance with the **SRA Indemnity Insurance Rules** should have had, but did not have, in place a **policy of qualifying insurance** against which a **claim** could be made in respect of such civil liability.
- 5.2 Where an application for a grant is made under rule 5.1 a grant will only be made in circumstances where:

(a) the **defaulting practitioner** should have had, but did not have, in place a **policy of qualifying insurance** against which a **claim** could be made in respect of the civil liability of the **defaulting practitioner** or the **defaulting practitioner's employee or manager**.

(b) the liability of the **defaulting practitioner** or the **defaulting practitioner's employee or manager** arises from **private legal practice** in connection with the **defaulting practitioner's practice**; and

(c) the loss is not covered by the **SIF**.

5.3 Any grant made under this rule 5 will be made in accordance with these rules and otherwise will be assessed and determined in accordance with the terms, conditions and exclusions of the **MTC** as though the **defaulting practitioner** had a **policy of qualifying insurance** against which a **claim** in respect of the loss had been made.

5.4 Rules 4, 6, 7, 8.1, 9, 10.3, 14, 15.3 and 20 shall not apply to any grant made under this rule 5.

Rule 5: Rule 6: Grants to practitioners

5.46.1 A grant may be made to a **defaulting practitioner** who or which has suffered or is likely to suffer loss by reason of his, her or its liability to any client in consequence of some act or default of:

- (a) in the case of a **defaulting solicitor, defaulting REL or defaulting RFL**, any of his or her **employees** or any fellow **manager**;
- (b) in the case of a **defaulting recognised body**, any of its **managers** or **employees** or any fellow **manager**;
- (c) in the case of a **defaulting licensed body**, any of its **managers** or **employees** or any fellow **manager**, provided that such act or default arose in the course of performance of a **regulated activity**;

in circumstances where but for the liability of that **defaulting practitioner** a grant might have been made from the Fund to some other person.

5.26.2 No grant shall be made under rule 56.1 unless the **SRA** is satisfied that no other means of making good the loss is available and that the **defaulting practitioner** is fit and proper to receive a grant.

5.36.3 A grant under rule 56.1 shall normally be made by way of a loan and shall be repayable by the recipient at the time and upon such terms as shall be specified by the **SRA**.

5.46.4 In the case of a **defaulting recognised body** or a **defaulting licensed body**, such grant may be payable to one or more of the **managers** of the **defaulting recognised body** or **defaulting licensed body**. If a loan is made to more than one **manager**, they shall be jointly and severally liable for the repayment of the loan to the **Society**.

~~Rule 6:~~ **Rule 7: Foreign lawyers**

~~6.47.1~~ If an *REL* is exempted from contributing to the Fund on the basis that he or she has completely equivalent cover under home state rules, no grant shall be made:

- (a) in respect of any act or default of the *REL* or his or her *employee* unless, in the case of an *employee*, the *employee* is:
 - (i) a *solicitor*; or
 - (ii) the *employee* of a *partnership* which includes at least one person who or which contributes to the Fund; or
- (b) under rule ~~56~~, to the *REL*.

~~6.27.2~~ No grant shall be made in respect of any act or default of an *REL* or an *EEL*, or the *employee* of an *REL*, where such act or default took place outside the United Kingdom, unless the *SRA* is satisfied that the act or default was, or was closely connected with, the act or default of a *solicitor* or the *employee* of a *solicitor*, or that the act or default was closely connected with the *REL's practice* in the United Kingdom.

~~6.37.3~~ No grant shall be made in respect of the act or default of an *RFL*, or of the *employee* of an *RFL*, where such act or default took place outside England and Wales, unless the *SRA* is satisfied that the act or default was, or was closely connected with, the act or default of a *solicitor* or the *employee* of a *solicitor*, or that the act or default was closely connected with *practice* in England and Wales.

~~Rule 7:~~ **Rule 8: Losses outside the remit of the Fund**

~~7.48.1~~ For the avoidance of doubt, a grant will not be made in respect of the following:

- (a) Losses arising solely by reason of professional negligence by a *defaulting practitioner*, or the *employee* or *manager* of a *defaulting practitioner*.
- (b) Losses which are the personal debts of a *defaulting practitioner* and where the facts would not otherwise give rise to a claim on the Fund.
- (c) The loss results from, but does not form part of, any misappropriation of, or failure to account for, money or money's worth.
- (d) The loss results from the trading debts or liabilities of the *defaulting practitioner*.
- (e) The loss amounts to a claim for contractually agreed interest between the *applicant* and the *defaulting practitioner*.
- (f) The *SRA* was not notified of the *applicant's* loss in accordance with rule ~~10~~11.
- (g) The loss occurred in relation to an overseas partnership which does not fall within rule 50.1(c) or 50.2(b) of the *SRA Accounts Rules*, unless:

- (i) the loss occurred as a result of a *solicitor's* dishonesty; or
 - (ii) the loss occurred as a result of failure to account by a *solicitor* acting as a named trustee.
- (h) The application is by the Legal Services Commission for loss occasioned through making regular payments under the Commission's contracting schemes for civil and/or criminal work.
- (i) In the case of a *defaulting licensed body*, losses incurred other than in the course of performance of a *regulated activity*.

8.2 For the avoidance of doubt, a grant will not be made under rule 5 in respect of the following:

- (a) Where there is a *policy* or *policies of qualifying insurance* against which a *claim* could be or has been made in respect of the civil liability of the *defaulting practitioner* or the *defaulting practitioner's employee or manager*.
- (b) Any losses that would not be covered under the terms, conditions and exclusions of the *MTC* had the loss been subject to a *claim* under a *policy of qualifying insurance*.

~~Rule 8:~~Rule 9: Undertakings

~~8.19.1~~ 8.29.1 A grant in respect of a failure by a *defaulting practitioner* to comply with an undertaking will be considered if it can be shown that the undertaking was given in the course of the *defaulting practitioner's* usual business acting on behalf of a client, that the recipient acted reasonably in accepting the undertaking and placing reliance on the undertaking and that:

- (a) the undertaking was given with dishonest intent for the purpose of procuring money or money's worth; or
- (b) the undertaking, although not given with dishonest intent, is subsequently dishonestly not performed for the purpose of procuring money or money's worth.

~~8.29.2~~ 8.29.2 The *SRA* does not consider the giving of an undertaking in circumstances which amount to the giving of a bare guarantee of the *defaulting practitioner's* personal liabilities, or the financial obligations and liabilities of a client or third party, to form part of the usual business of a *solicitor* or other legal practitioner, and in the case of a *defaulting licensed body* the *SRA* does not consider such an undertaking to be part of its *regulated activities*.

~~Rule 9:~~Rule 10: Multi-party and multi-profession issues

~~9.410.1~~ 9.410.1 Where the loss has been sustained as a result of the combined activities of more than one party (e.g. a *defaulting practitioner* conspires with an accountant or surveyor, or is assisted by a negligent accountant or valuer), the *SRA* will consider

the role of each contributing factor in causing the *applicant's* loss. The *SRA* will base any grant on its assessment of that portion of the loss primarily attributable to the acts of the *defaulting practitioner* as opposed to that portion which is primarily attributable to the acts or omissions of the other parties, or to other factors. The *SRA* may decide to make a grant on a pro-rata basis in accordance with its assessment of the importance of each contributing factor in the loss, or may reject an application in its entirety if it is of the opinion that the loss was primarily due to other factors rather than the *defaulting practitioner's dishonesty* conduct.

9.210.2 When a *solicitor*, *REL* or *RFL* is practising as the *manager* or *employee* of a body authorised not by the *SRA* but by another *approved regulator*, the *SRA* will not consider any claim in respect of that individual's act or default, or his or her *employee's* act or default.

9.310.3 When an individual authorised not by the *SRA* but by another *approved regulator* is practising as the *manager* or *employee* of a *recognised body*, the *SRA* will in its discretion consider a claim in respect of that individual's act or default.

9.410.4 In the case of a *defaulting licensed body*, the *SRA* will assess the extent (if any) to which the loss is attributable to an act or default in the course of performance of a *regulated activity* (as opposed to an activity not regulated by the *SRA* or to other factors). The *SRA* will take that assessment into account in deciding whether to make a grant and, if so, in what amount. The *SRA* may refuse to make any grant in a case where it assesses that the loss was primarily attributable to an act or default in the course of performance of an activity not regulated by the *SRA* or to other factors.

~~Rule 10:~~ Rule 11: **Applications: form and time limit**

40.411.1 Every application must be delivered to the *SRA*, in such form as may from time to time be prescribed by the *SRA*, within twelve months after the loss, or likelihood of loss, or failure to account, as the case may be, first came, or reasonably should have come, to the knowledge of the *applicant*. The *SRA* may extend this period if satisfied that there are circumstances which justify the extension of the time limit.

~~Rule 11:~~ Rule 12: **Documentation in support**

41.412.1 The burden of proving a claim rests with the *applicant* who must provide such documentation as may be required by the *SRA* including when requested, a statement of truth. Failure to provide such documentation or to co-operate with the *SRA* will be taken into account when determining the merits of the application.

~~Rule 12:~~ Rule 13: **Exhausting other remedies**

42.413.1 A grant may be refused or limited where the loss or part of the loss is an insured risk or where the loss is capable of being made good by some other means.

42.213.2 The *SRA* may, before deciding whether to make a grant, require the *applicant*.

- (a) to pursue any civil remedy which may be available to the *applicant* in respect of the loss;
- (b) to commence insolvency proceedings;
- (c) to make a formal complaint to the Police in respect of any dishonesty on the part of the *defaulting practitioner*, or
- (d) to assist in the taking of any action against the *defaulting practitioner*.

13.3 In respect of an application for a grant under rule 5, the *SRA* may, before deciding whether to make a grant, require the *applicant* and/or the *defaulting practitioner* to seek indemnity from one or more *qualifying insurers* under a *policy* or *policies of qualifying insurance*.

~~12.3~~13.4 In the absolute discretion of the *SRA*, a grant may be made before requiring the *applicant* to resort to other means of recovery.

~~Rule 13:~~Rule 14: Notice to defaulting practitioner

~~13.4~~14.1 The *SRA* shall not make a grant unless:

- (a) a communication has been sent to the *defaulting practitioner* at his, her or its last known correspondence address or to his, her or its representative informing the *defaulting practitioner* of the nature and value of the application; and
- (b) not less than eight days have elapsed since the date of receipt of such communication, which shall be regarded as the day following the date of the communication.

14.2 If it appears to the *SRA* that:

- (a) any communication sent under rule ~~13~~14.1 will not come to the attention of the *defaulting practitioner* or his, her or its *representative*; or
- (b) a grant should be made urgently as an interim measure to protect the interests of an *applicant* or potential *applicant* to the Fund,

then the *SRA* may make a grant notwithstanding failure to comply with the provisions of this rule.

14.3 Where the *SRA* has made a grant as an interim measure in accordance with rule 14.2(b), the *SRA* shall as soon as practicable send the communication referred to in rule 14.1(a) and may (insofar as the failure to communicate before the making of the grant has prejudiced the *defaulting practitioner*) waive in whole or in part the Fund's right of recovery against the *defaulting practitioner*.

~~Rule 14:~~Rule 15: Costs

Litigation

~~44.4~~15.1 Where an *applicant* intends to or has already instituted proceedings for recovery of his loss and wishes to apply for a grant in respect of the costs of the proceedings, the *SRA* will only consider such costs where:

- (a) they can be shown to be proportionate to the loss and the amount likely to be recovered; or
- (b) the proceedings were necessary for the making of an application to the Fund.

Application

~~44.2~~15.2 Where a grant is made, the *SRA* may consider an application for a further grant in respect of the reasonable costs properly incurred by the *applicant* with either his *solicitor* or other professional adviser, provided that such costs were incurred wholly, necessarily and exclusively in connection with the preparation, submission and proof of the application.

Costs where the defaulting practitioner has failed to complete work

~~44.3~~15.3 If the *defaulting practitioner* did not complete the work for which he was paid, a failure to account shall be deemed to have arisen within the meaning of rule 3.3(b) of these rules. In such circumstances, the *SRA* may consider making a grant in respect of the additional reasonable legal costs incurred by the *applicant* in completing the outstanding work or a grant by way of contribution towards those costs.

~~Rule 15:~~Rule 16: Interest

~~45.4~~16.1 The *SRA* may consider an application for a supplementary grant by way of a sum in lieu of lost interest on a principal grant. Such interest will be calculated in accordance with the rates prescribed from time to time by the *SRA*. This will normally be calculated from the day the loss which was the subject of the principal grant was incurred, up to the next working day after payment of the principal grant. Such payment will take into account that a grant is a gift and is therefore not subject to tax.

~~45.2~~16.2 Where the application for the principal grant is in respect of a failure to redeem a mortgage, the *SRA* may also make a grant in respect of the additional interest accrued to the mortgage account as a result of the *defaulting practitioner's* failure to redeem.

~~Rule 16:~~Rule 17: Maximum grant

~~46.4~~17.1 Subject to rule ~~23~~24 the maximum grant that may be made is £2million.

~~Rule 17:~~Rule 18: Recovery and subrogation

~~47.4~~18.1 Where a grant is made otherwise than by way of loan or if by way of a loan repayment of the loan is waived or otherwise the borrower has failed to repay part or all of the loan, the *Society* shall be subrogated to the rights and remedies of the

person to whom or on whose behalf the grant is made (the recipient) to the extent of the amount of the grant. In such event the recipient shall if required by the **SRA** whether before or after the making of a grant and upon the **SRA** giving to the recipient a sufficient indemnity against costs, prove in any insolvency and/or winding-up of the **defaulting practitioner** and sue for recovery of the loss in the name of the recipient but on behalf of the **Society**. The recipient shall also comply with all proper and reasonable requirements of the **SRA** for the purpose of giving effect to the **Society's** rights and shall permit the **SRA** to have conduct of such proceedings.

~~Rule 18:~~Rule 19: **Reduction in grants**

~~18.4~~19.1 Where an **applicant** or the **applicant's** servant or agent has contributed to the loss as a result of his, her or its activities, omissions or behaviour whether before, during or after the event giving rise to the application, the **SRA** may, in the exercise of discretion and to the extent that such activity, omission or behaviour has contributed to the loss, reduce the amount of any grant that may be authorised or reject the application in its entirety.

~~Rule 19:~~Rule 20: **Deduction from grants**

~~19.4~~20.1 The **SRA** may deduct from any grant the costs that would have been legally due to the **defaulting practitioner** so that the **applicant** will not be in a better position by reason of a grant than he, she or it would otherwise have been in.

~~19.2~~20.2 The **SRA** may within its discretion deduct from any grant all monies already recovered by an **applicant** and monies which either will be or should have been recovered.

~~Rule 20:~~Rule 21: **Refusal of an application**

~~20.4~~21.1 If the **SRA** refuses to make a grant of either the whole or part of the amount applied for, the **applicant** will be informed in writing of the reasons for the decision.

~~20.2~~21.2 The fact that an application has been rejected does not prevent a further application being submitted provided that substantial new relevant evidence, information or submissions are produced in support of the new application.

~~Rule 21:~~Rule 22: **Appeals**

~~21.4~~22.1 Should the **applicant** wish to appeal against refusal of an application, written notice of intention to appeal must be delivered to the **SRA** within thirty days of the date of receipt of the decision, which shall be regarded as the day following the date of the written communication of the decision. Such notice must be accompanied by details of the grounds of appeal together with any additional evidence in support.

~~Rule 22:~~Rule 23: **Notice of requirements**

~~22.4~~23.1 Any requirement of the **SRA** under these rules will be communicated in writing.

~~Rule 23:~~ Rule 24: **Waivers**

~~23.4~~24.1 The *SRA* may waive any of the provisions of these rules except rules ~~43~~14 and ~~20~~21 to ~~24~~25.

Part 4: **Repeals, commencement and transitional provisions**

~~Rule 24:~~ Rule 25: **Repeals and commencement**

~~24.4~~25.1 These rules shall come into effect on 6 October 2011, whereupon the Solicitors' Compensation Fund Rules 2009 ("the 2009 Rules") shall cease to have effect save in respect of applications submitted before that date, which shall continue to be subject to the 2009 Rules.

~~Rule 25:~~ Rule 26: **Transitional and savings provisions**

~~25.4~~26.1 From 1 January 2013, the savings provisions in rules 1.3, 2.4, 2.5 and 2.7 shall apply.

~~25.2~~26.2 Subject to rule ~~25~~26.1, from 1 January 2013 these rules shall have effect subject to the following amendments:

- (a) in rule 3.3(a) and (b) the words "or *owner*" shall be omitted;
- (b) in rule 3.3 the words "and, in the case of a *defaulting licensed body*, the act or default arose in the course of performance of a *regulated activity*" shall be omitted;
- (c) rule 4.4 shall be omitted;
- (d) rule ~~56~~.1(c) shall be omitted;
- (e) in rule ~~56~~.4, the words "or a *defaulting licensed body*" and "or *defaulting licensed body*" shall be omitted;
- (f) rule ~~78~~.1(i) shall be omitted;
- (g) in rule ~~89~~.2 the words ", and in the case of a *defaulting licensed body* the *SRA* does not consider such an undertaking to be part of its *regulated activities*" shall be omitted;
- (h) rule ~~910~~.4 shall be omitted.

~~25.3~~26.3 These rules shall not apply to *licensed bodies* until such time as the *Society* is designated as a *licensing authority* under Part 1 of Schedule 10 to the *LSA* and all definitions shall be construed accordingly.

~~25.4~~26.4 In these rules references in the preamble to the rules being made under sections 21(2) and 83(5)(e) of, and paragraph 19 of Schedule 11 to, the Legal Services Act 2007 shall have no effect until the *Society* is designated as a *licensing authority* under Part 1 of Schedule 10 to the *LSA*.