



Summary of Decision

The following table is a high level summary of the decision of the Legal Services Board. It is not a formal part of the decision notice.

Purpose of notice
To set out the LSB's decision to grant the application from the Solicitors Regulation Authority ('SRA') to make changes to introduce Transparency Rules and to make alterations to the SRA Roll, Registers and Publication Regulations.
Alterations that are being approved by this decision
<p>The SRA alterations aim to improve price and service transparency. Broadly, the proposed Transparency Rules will:</p> <ul style="list-style-type: none">• Require an SRA regulated firm to publish price and service information for specified services and complaints procedures (including in relation to complaints to the Legal Ombudsman)• Require digital badges to appear on firms' websites to verify the fact that they are regulated by the SRA• Amend the SRA Roll, Registers and Publication Regulations so that the information the SRA holds can assist transparency.

Decision notice

The Solicitors Regulation Authority (SRA) application for the approval of changes to the regulatory arrangements to introduce Transparency Rules and to make alterations to the SRA Roll, Registers and Publication Regulations.

The Legal Services Board (“**LSB**”) has granted an application from the Solicitors Regulation Authority (“**SRA**”) for approval of changes to its regulatory arrangements in order to introduce Transparency Rules and to make alterations to the SRA Roll, Registers and Publication Regulations (“**RRP Regulations**”).

1. This decision notice sets out the decision taken, including a brief description of the changes.
2. The LSB is required by Part 3 of Schedule 4 to the Legal Services Act 2007 (“**the Act**”) to review and grant or refuse applications by approved regulators to make alterations to their regulatory arrangements. The Law Society is an approved regulator and the SRA is the regulatory arm to which the Law Society has delegated its regulatory functions. The notes at page 5 of this notice explain the statutory basis for the decision.
3. The chronology for the LSB’s handling of this application is also set out at the end of this decision notice.

Background and proposed changes

Background

4. The changes follow the Competition and Markets Authority (“**CMA**”) report published in December 2016¹ which made recommendations to address its conclusion that competition in the market is not working well for consumers. In particular, the CMA found that consumers need to be given access to more information to help them navigate the market and make informed decisions and choices when accessing legal services. In implementing the recommendations, the SRA has said that it is seeking to ensure that consumers have the information they need about firms, the services they offer, the prices they charge and the protections they have in place.

Transparency Rules

5. The proposed Transparency Rules will require firms to:
 - I. publish, on their website, price and service information for specified legal services
 - II. publish, on their website, their complaints procedure, including how and when complaints may be made to the Legal Ombudsman or the SRA
 - III. display, on their website, a digital badge that verifies that a firm is regulated by the SRA

¹ <https://www.gov.uk/cma-cases/legal-services-market-study#final-report>

The SRA Roll, Registers and Publications Regulations

6. The RRP Regulations will set out the information the SRA will keep in electronic form and the information it will publish. The purpose is to help the SRA develop its digital register and to combine requirements already in SRA Practising Regulations. They include a new requirement that will allow the digital register to include the types of work that firms offer as well as existing information on individuals and firms.

Key issues considered in the assessment of the application

7. The LSB welcomes the SRA's changes, which implement recommendations made by the CMA. This is a significant first step in the SRA's endeavour to improve transparency, through introducing targeted rules setting out requirements for service providers. In the long term, the LSB considers that this should help to promote competition and contribute to improving access to justice.
8. The LSB makes the following key points in relation to the application.

Guidance

9. We note that the SRA has previously published draft guidance. We remind the SRA of the need to ensure that the final guidance is clear and consistent with the approved regulations, and is written in such a way as not to impose any additional regulatory compliance on firms.

References to Authorised Individuals

10. The Transparency Rules and RRP Regulations make references to SRA Authorised Individuals who may, as a result of changes yet to be submitted to the LSB as part of the Handbook reforms, include 'freelance solicitors'. Under those changes the SRA would propose to allow individual self-employed solicitors that are working alone as freelancers to provide reserved legal services to the public under individual authorisation. The LSB's decision in relation to the Transparency Rules and RRP Regulations does not fetter the LSB's assessment or decision making in respect of any proposed rule changes in the intended Handbook application.

Amendments to the proposed regulations during the LSB assessment

11. During the course of the LSB's assessment the SRA proposed amendments to the Transparency Rules. These were to remove Rules 4.3 and 4.4. These rules would have introduced certain transparency requirements (in relation to insurance and Compensation Fund status) on solicitors² working in unregulated firms. The SRA's proposals for solicitors to be allowed to work in unregulated firms will form part of the SRA's Handbook reforms application, which has not yet been submitted to the LSB. The

² Including Registered European Lawyers and Registered Foreign Lawyers

SRA concluded that a better approach would be for Rules 4.3 and 4.4 to be submitted as part of that separate Handbook reforms application.

12. It also made two minor drafting amendments to the rules. In the Transparency Rules the SRA deleted the words “*money, property and other*” from Rule 1.3(b). Money and property are assets, so it considered that referring simply to assets is clearer and fits more with the SRA’s overall drafting approach. In the RRP Regulations, “SRA” has been placed in bold and italics in Rule 2.1(i)(v). This is only a presentational change.

Decision

13. The LSB has considered the SRA’s application against the criteria in paragraph 25(3) of Schedule 4 to the Act. It accordingly grants the application in full.
14. **Annex A** to this decision notice contains the amended Transparency Rules that are approved by the LSB. **Annex B** contains the amended **RRP Regulations** that are also approved by the LSB.

Chronology

- The LSB confirmed receipt of an application from the SRA on 5 July 2018
- An extension notice was issued on 1 August 2018 extending the initial decision period to 8 August,
- This decision notice is effective from 3 August 2018.
- This decision notice will be published on our website on 7 August 2018.

Neil Buckley, Chief Executive

**Acting under delegated authority granted by the Board of the Legal Services Board
3 August 2018**

Notes:

1. The LSB is required by Part 3 of Schedule 4 to the Act to review and grant or refuse applications by approved regulators to make alterations to their regulatory arrangements.
2. Paragraph 25(3) of Schedule 4 to the Act explains that the LSB may refuse an application setting out a proposed change to the regulatory arrangements only if it is satisfied that
 - (a) granting the application would be prejudicial to the regulatory objectives
 - (b) granting the application would be contrary to any provision made by or by virtue of this Act or any other enactment or would result in any of the designation requirements ceasing to be satisfied in relation to the approved regulator
 - (c) granting the application would be contrary to the public interest
 - (d) the alteration would enable the approved regulator to authorise persons to carry on activities which are reserved legal activities in relation to which it is not a relevant approved regulator
 - (e) the alteration would enable the approved regulator to license persons under Part 5 [of the Act] to carry on activities which are reserved legal activities in relation to which it is not a licensing authority, or
 - (f) the alteration has been or is likely to be made otherwise than in accordance with the procedures (whether statutory or otherwise) which apply in relation to the making of the alteration.
3. The designation requirements referred to in paragraph 2(b) above are set out in paragraph 25(4) of Schedule 4 to the Act and are
 - (a) a requirement that the approved regulator has appropriate internal governance arrangements in place
 - (b) a requirement that the applicant is competent, and has sufficient resources to perform the role of approved regulator in relation to the reserved legal activities in respect of which it is designated, and
 - (c) the requirements set out in paragraphs 13(2)(c) to (e) of Schedule 4, namely that the regulatory arrangements are appropriate, comply with the requirements in respect of resolution of regulatory conflict (imposed by sections 52 and 54 of the Act) and comply with the requirements in relation to the handling of complaints (imposed by sections 112 and 145 of the Act).
4. In accordance with paragraphs 20(1) and 23(3) of Schedule 4 to the Act, the LSB has made rules³ about the manner and form in which applications to alter regulatory arrangements must be made. Amongst other things, the rules highlight the applicant's obligations under section 28 of the Act to have regard to the Better Regulation Principles. They also require applicants to provide information about each proposed change and details of the consultation undertaken.
5. If the LSB is not satisfied that one or more of the criteria for refusal are met, then it must approve the application in whole, or the parts of it that can be approved.

³ Rules for Rule Change Applications – Version 2 (November 2010)

Annex A

SRA Transparency Rules

Introduction

These rules set out the information authorised firms, and individuals providing services to the public from outside authorised firms, should make available to clients and potential clients.

The rules aim to ensure people have accurate and relevant information about a solicitor or firm when they are considering purchasing legal services and will help members of the public and small businesses make informed choices, improving competition in the legal market.

Costs information

- 1.1 An **authorised body**, or an individual practising in the circumstances set out in regulation 10.2(b)(i) to (vii) of the SRA Authorisation of Individuals Regulations, who publishes as part of its usual business the availability of any of the services set out at rule 1.3 to individuals or at rule 1.4 to businesses, must, in relation to those services, publish on its website cost information in accordance with rule 1.5 and 1.6.
- 1.2 Rule 1.1 does not apply to publicly funded work.
- 1.3 The services in relation to individuals are:
 - (a) The conveyance of residential real property or real estate which comprise:
 - (i) freehold or leasehold sales or purchases; or
 - (ii) mortgages or re-mortgages;
 - (b) the collection and distribution of assets belonging to a person following their death, where these are within the **UK** and the matters are not contested;
 - (c) the preparation and submission of immigration applications, excluding asylum applications;
 - (d) the provision of advice and representation at the First-tier Tribunal (Immigration and Asylum Chamber) in relation to appeals against Home Office visa or immigration decisions, excluding asylum appeals;
 - (e) the provision of advice and representation at the Magistrates Court in relation to summary only road traffic offences dealt with at a single hearing;
 - (f) the provision of advice and representation to employees in relation to the bringing of claims before the Employment Tribunal against an employer for unfair dismissal or wrongful dismissal.
- 1.4 The services in relation to businesses are:

- (a) the provision of advice and representation to employers in relation to defending claims before the Employment Tribunal brought by an employee for unfair dismissal or wrongful dismissal;
- (b) debt recovery up to the value of £100,000;
- (c) the provision of advice and assistance and representation in relation to licensing applications for business premises.

1.5 Costs information must include:

- (a) the total cost of the service or, where not practicable, the average cost or range of costs;
- (b) the basis for your charges, including any hourly rates or fixed fees;
- (c) the experience and qualifications of anyone carrying out the work, and of their supervisors;
- (d) a description of, and the cost of, any likely **disbursements**, and where the actual cost of a **disbursement** is not known, the average cost or range of costs;
- (e) whether any fees or **disbursements** attract VAT and if so the amount of VAT they attract;
- (f) details of what services are included in the price displayed, including the key stages of the matter and likely timescales for each stage, and details of any services that might reasonably be expected to be included in the price displayed but are not; and
- (g) if you use conditional fee or damages based agreements, the circumstances in which **clients** may have to make any payments themselves for your services (including from any damages).

1.6 Cost information published under this rule must be clear and accessible and in a prominent place on your website.

Complaints information

- 2.1 An **authorised body**, or an individual practising in the circumstances set out in regulation 10.2(b)(i) to (vii) of the SRA Authorisation of Individuals Regulations, must publish on its website details of its complaints handling procedure including, details about how and when a complaint can be made to the **Legal Ombudsman** and to the **SRA**.

Publication

- 3.1 An **authorised body**, or an individual practising in the circumstances set out in regulation 10.2(b)(i) to (vii) of the SRA Authorisation of Individuals Regulations, that does not have a website, must make the information set out in Rules 1 to 2 available on request.

Regulatory information

- 4.1 An **authorised body** must display in a prominent place on its website (or, in the case of a **licensed body**, the website relating to its legal services, if separate) its **SRA** number and the **SRA's** digital badge.
- 4.2 An **authorised body's** letterhead and e-mails must show its **SRA** authorisation number and the words "authorised and regulated by the Solicitors Regulation Authority".

Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under section 31 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985 and section 83 of, and Schedule 11 to, the Legal Services Act 2007.

Annex B

SRA Roll, Registers and Publication Regulations

These regulations set out the nature and contents of the registers and the roll that the SRA is required to keep. They contain certain information about the individuals and firms that the SRA regulates and how we make this information available to the public.

The roll and registers

- 1.1 The **SRA** shall keep in electronic form:
- (a) the roll;
 - (b) a register of all **solicitors** who hold practising certificates;
 - (c) the **register of European lawyers**;
 - (d) the **register of foreign lawyers**; and
 - (e) a register of **authorised bodies**.

Information in respect of individuals

- 2.1 The roll, and the registers in regulation 1.1(b) to (d) shall contain the following information in respect of each individual included in the same:
- (a) their full name;
 - (b) their authorisation number;
 - (c) the date of their admission as a **solicitor** or commencement of their registration, as appropriate;
 - (d) in respect of **solicitors** that hold a current practising certificate, the fact that they do so and the commencement date of the certificate;
 - (e) in respect of **solicitors** whose practising certificate has expired, the expiry date;
 - (f) their main practising address;
 - (g) the name of all organisations through which they practise, and whether the organisation is authorised by the **SRA**, by another **approved regulator**, or is not authorised under the **LSA**. If they are not practising through an organisation, the fact that this is the case, and whether they are practising in

accordance with regulation 10.2(a) of the SRA Authorisation of Individuals Regulations or the circumstances set out in 10.2(b)(ii) to (vii) of the same;

- (h) if they are not practising, an address for correspondence;
- (i) details of:
 - (i) any conditions on their practising certificate or registration to which they are subject;
 - (ii) any current suspension of their practising certificate or registration;
 - (iii) any other decision subject to publication under rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules;
 - (iv) any other order made by the *Tribunal*; and
 - (v) the exercise by the *SRA* of any powers of *intervention* in relation to their practice.

Information in respect of authorised bodies

- 3.1 The register of *authorised bodies* under regulation 1.1(e) shall contain the following information in respect of each body included within it:
- (a) the name under which the body is authorised;
 - (b) the body's authorisation number;
 - (c) the body's main practising address in the *UK*;
 - (d) all the body's other practising addresses including addresses of its *overseas practices*;
 - (e) any previous name under which the body has been authorised by the *SRA*;
 - (f) any other trading styles used by the body;
 - (g) the date from which the body's authorisation has effect;
 - (h) the *prescribed* categories of work that the body provides;
 - (i) the *reserved legal activities* that the body is authorised to carry on;
 - (j) whether the body is a *recognised body*, a *recognised sole practice* or a *licensed body*;

- (k) details of:
 - (i) any current condition to which the body's authorisation is subject;
 - (ii) any suspension or revocation of the body's authorisation;
 - (iii) any other decision subject to publication under rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules;
 - (iv) any other order made by the *Tribunal*; and
 - (v) the exercise by the *SRA* of any powers of *intervention* in relation to the body.

3.2 For each *licensed body* the register of *authorised bodies* must contain:

- (a) the name of the individual who is designated as the body's *HOLP*, together with details of the *approved regulator* with whom that person is authorised;
- (b) the name of the individual who is designated as the body's *HOFA*; and
- (c) the body's registered office and registered number if it is an *LLP* or *company* and if it is a *charity*, its *charity* number.

General provisions

4.1 The *SRA* may include in the roll or registers such other *prescribed* information it considers conducive to help it meet the *regulatory objectives*.

4.2 The *SRA* shall keep and publish lists of:

- (a) orders made by the *Tribunal* and disciplinary or regulatory decisions made under the SRA Regulatory and Disciplinary Procedure Rules, in respect of individuals who are not *solicitors*, *RELS* or *RFLs* (including former *solicitors*, *RELS* or *RFLs*); and
- (b) individuals whose practising certificate has expired or who have been struck off the roll, or whose registration has been revoked, together with details of any relevant decision.

Publication of information

5.1 The *SRA* shall publish all entries on the roll or registers, except for any address included under regulation 2.1(h).

- 5.2 If the **SRA** considers that it would be in the public interest to do so, it may withhold from publication any or all of the information subject to publication under regulation 5.1.
- 5.3 The **SRA** may publish such further information or classes of information as it may consider in the public interest to do so.

Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under section 28 of the Solicitors Act 1974, section 89 of, and paragraphs 2 and 3 of Schedule 14 to, the Courts and Legal Services Act 1990, section 9 of the Administration of Justice Act 1985 and section 83 of, and Schedule 11 to, the Legal Services Act 2007.