



Summary of decision

The purpose of this summary sheet is to provide a high level and accessible summary of the Legal Services Board's ("the LSB") decision. Readers are recommended to read the formal decision notice below for further detail. **This summary is not and should not be taken as a formal part of the LSB's decision notice under the Legal Services Act 2007 ("the Act").**

The LSB's decision is to grant in full the application from the Solicitors Regulation Authority ("SRA") to make changes to its regulatory arrangements under the SRA Regulatory Arrangements (Reporting Concerns) (Amendment) Rules ("the Rules") in respect of the obligations on authorised persons to report serious breaches to the SRA.

The Rules will amend the new SRA Code of Conduct for Solicitors, Registered European Lawyers (REs) and Registered Foreign Lawyers (RFLs) and SRA Code of Conduct for Firms ("the Codes"), which were approved by the LSB on 5 November 2018 and are not yet, but expected to be, in force in November 2019. The Codes currently include an obligation to report serious breaches of regulatory arrangements. This application proposes to amend the Codes to widen and clarify the circumstances in which authorised persons have a duty to report serious breaches of the SRA's regulatory arrangements. The changes also prohibit the detrimental treatment by authorised persons, of persons who make such reports.

Following assessment of the SRA application and the additional information provided by the SRA, the LSB concluded that the changes do not meet the refusal criteria in the Act. Consequently, the LSB considers that there is no reason to refuse this application.

Decision notice

Issued by the Legal Services Board (“LSB”) under Part 3 of Schedule 4 to the Legal Services Act 2007 (“the Act”)

The Solicitors Regulation Authority’s (“SRA”) rule change application for approval of changes to its regulatory arrangements in relation to the reporting concerns amendments to the SRA Code of Conduct for Solicitors, Registered European Lawyers (“RELS”) and Registered Foreign Lawyers (“RFLs”) and SRA Code of Conduct for Firms (collectively “the Codes”), which form part of the SRA Standards and 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 SRA is an approved regulator. The notes at page 10 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.

Proposed changes

4. The Codes were included in the SRA application for regulatory change approved by the LSB on 5 November 2018¹. The Codes, which are expected to be in force in November 2019, include obligations to report serious breaches of regulatory arrangements. The SRA is now seeking LSB approval of the SRA Regulatory Arrangements (Reporting Concerns) (Amendment) Rules (“the Rules”), which amend the Codes. The amendments to the Codes proposed widen and clarify the circumstances in which reports of serious breaches need to be made and prohibit the detrimental treatment by other authorised persons, of those making or proposing to make a report of, or provide information on, serious breaches to the SRA.
5. The Rules amend rule 7 of the SRA Code of Conduct for Solicitors, RELs and RFLs (“Solicitors’ Code of Conduct”) and rule 3 of the SRA Code of Conduct for Firms (“Firms’ Code of Conduct”) to:
 - require authorised persons to report promptly to the SRA or another approved regulator any facts or matters they reasonably believe are capable of amounting to a serious breach of regulatory arrangements by any regulated person
 - require authorised persons to inform the SRA promptly of any facts or matters that they reasonably believe should be brought to the SRA’s attention in order for it to

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https://www.legalservicesboard.org.uk/what_we_do/regulation/pdf/2018/FINAL_Revised_LtTF_Decision_with_Full_Annex_.pdf

investigate whether a serious breach has occurred, or otherwise exercise its regulatory powers

- prohibit the detrimental treatment of any person making or proposing to report or inform the SRA of their reasonable belief of a serious breach, irrespective of whether or not the SRA or another approved regulator subsequently takes action
 - require individuals to, at the SRA's request, investigate whether there have been any serious breaches that should be reported to the SRA.²
6. The Rules also amend rule 9 of the Firms' Code of Conduct to impose reporting obligations on compliance officers that mirror the changes proposed to rule 3 of that Code.
7. The SRA further states in its application that the proposed amendments will ensure that:
- the SRA receives reports of facts or matters which could comprise a serious breach, rather than allegations identifying specific and conclusively determined breaches
 - the obligation applies the same threshold as that which the SRA applies when deciding to open an investigation (that the concerns, if proven, are capable of amounting to a serious breach)
 - the test combines a subjective element (what the person making a report believes) with an objective element (the belief was reasonable bearing in mind the circumstances, information and evidence available to the decision-maker). This serves to avoid the reporting of mere allegations or suspicions and provides a balance on the spectrum between this on the one hand, and fully investigated findings on the other. The SRA believes that this also provides support for appropriate reflection, investigation and professional judgement
 - early reports are made where the SRA might need to use powers to investigate or take urgent action to protect the public
 - those making reports are supported in making these, sometimes difficult, decisions and that those the SRA regulate are clear that they should not subject anyone making, or intending to make, a report to detrimental treatment for doing so.

Background

8. The SRA states in its application that engagement with stakeholders showed that the understanding of the situations that trigger the duty to report serious breaches under the (current) SRA Code of Conduct 2011³ differs. The SRA said some stakeholders consider that they should not report concerns to the SRA until they have conclusively determined both the relevant facts and that these comprise serious misconduct, while others would refer matters at an early stage. We note the SRA's consultation entitled

² This recasts the existing requirement in rule 3.9 of the Code of Conduct for Firms and rule 7.7 of the Code of Conduct for Solicitors, RELs and REFLs so that it applies to the wider reporting circumstances proposed in this application.

³ The duty is set out in outcomes 10.3 and 10.4 of the SRA Code of Conduct 2011.

'reporting concerns'⁴ stated that in recent discussions with firms and individuals it became clear that the understanding of when their duty to report a potential breach is triggered can differ.

9. The SRA's application states that with this in mind, it decided to revisit the reporting obligation in the Codes approved by the LSB in November 2018. The SRA seeks to make sure that all solicitors and firms have a clear and consistent view as to what the SRA expects of them and of what, and, when, they should report. The SRA therefore consulted from August to September 2018 on its proposed approach to reporting requirements for serious breaches of its regulatory arrangements.
10. The SRA's consultation was open for eight weeks and was supported by targeted stakeholder engagement. It received 29 responses from a variety of firms, individuals, representative bodies and Protect, a leading charity that supports whistleblowers. The SRA states the responses were mixed and it made some changes to the proposals after taking the responses into account.
11. The application states that the proposed changes will help the SRA regulate better particularly in terms of transparency and accountability. According to the SRA, the changes will aid transparency by setting out clearly in the Codes the SRA's expectations of when a report should be made as well as what should be reported. The SRA told us that the clarification of reporting obligations in the Codes supports responsible, accountable reporting, and timely, appropriate SRA investigations.

Key issues considered in the assessment of the application

12. During its assessment of the application, the LSB considered the rationale for the proposed amendments and the context within which they would operate. To assist us in our assessment, we sought more information on a number of areas during the assessment period, which were:
 - why the SRA amended the drafting from the consultation to widen the circumstances for reporting serious breaches, to include any facts or matters a person reasonably believes should be brought to the SRA's attention for it to investigate whether a serious breach had occurred or otherwise exercise its regulatory power;
 - other SRA measures to prevent detrimental treatment of those making or proposing to report serious breaches;
 - the SRA's plans to monitor and evaluate the effectiveness of the amendments.
13. The SRA's response is set out below in paragraphs 15 to 25

⁴ <https://www.sra.org.uk/sra/consultations/reporting-concerns.page>

Amendments to the drafting following consultation

14. The SRA consulted on four potential options for updating the current obligation to report concerns. These were:

Option 1: You must promptly report to the **SRA** or another **approved regulator**, as appropriate, any facts or matters that you believe are capable of resulting in a finding of a serious breach of their **regulatory arrangements** by any **person** regulated by them (including you).

Option 2: You must promptly report to the **SRA** or another **approved regulator**, as appropriate, any facts or matters that you have reasonable grounds to believe are capable of amounting to serious breach of their **regulatory arrangements** by any **person** regulated by them (including you).

Option 3: You must promptly report to the **SRA** or another **approved regulator**, as appropriate, any facts or matters that you *believe* indicate a serious breach of their **regulatory arrangements** by any **person** regulated by them (including you) is likely to have occurred.

Option 4: You must promptly report to the **SRA** or another **approved regulator**, as appropriate, any facts or matters that you reasonably believe indicate a serious breach of their **regulatory arrangements** by any **person** regulated by them (including you) is likely to have occurred.

15. The LSB noted that the SRA did not explicitly take forward any of the four options presented in its consultation. Instead, the proposed rule 7.7 of the Solicitors' Code of Conduct and rule 3.10 of the Firms' Code of Conduct appears to be a hybrid of the options. The SRA also included a new requirement in rule 7.8 of the Solicitors' Code of Conduct, mirrored in proposed rule 3.9 of the Firms' Code of Conduct:

Paragraph 7.7: You report promptly to the **SRA** or another **approved regulator**, as appropriate, any facts or matters that you reasonably believe are capable of amounting to a serious breach of their **regulatory arrangements** by any **person** regulated by them (including you)

Paragraph 7.8: Notwithstanding paragraph 7.7, you inform the **SRA** promptly of any facts or matters that you reasonably believe should be brought to its attention in order that it may investigate whether a serious breach of its **regulatory arrangements** has occurred or otherwise exercise its regulatory powers.

16. The LSB asked the SRA to provide further information on why it had chosen to settle on respectively, the wording of, and rationale for, proposed rules 7.7 and 7.8 of the Solicitors' Code of Conduct, and rules 3.9 and 3.10 of the Firms' Code of Conduct).

17. The SRA clarified that the four options which were consulted on were illustrative examples only, containing different variables designed to stimulate discussion and debate as part of the consultation process. Feedback from respondents varied and it

was clear that there was no strong preference or consensus for any of the four options the SRA had set out.

18. The SRA confirmed that new rules 7.8 of the Solicitors' Code of Conduct and 3.10 of the Firms' Code of Conduct were drafted following the consultation to address a number of responses to the consultation about the merits of early reporting. For example, one respondent said: *"There is a real interest in setting the evidential threshold at a balanced point in order to give the SRA the power to regulate effectively in the public interest. On the one hand, the threshold should be sufficiently high so that the matters that are being referred to the SRA do warrant regulatory investigation/action. On the other hand, the threshold should be sufficiently low so that matters can be reported at an early enough stage for the SRA to be able to investigate fully and take preventative actions"*.
19. The SRA said that it became clear through the consultation process, including in discussions with firms that it was necessary to include a specific rule to allow for early investigation. The SRA told us that this will allow the SRA to cover the scenario where a firm has not gained (or is not able to gain) sufficient knowledge of the facts to satisfy itself whether the matter is capable of comprising a serious breach of SRA regulatory arrangements (and is therefore reportable). According to the SRA, the SRA can use its wider regulatory powers to investigate in situations where a firm cannot. This would include, for example, where the evidence sits within another firm or with a client. Further, the SRA can use its regulatory powers in other ways including to:
- compel the production of documents and information from a regulated individual or firm or third party
 - take statements and test evidence at oral hearings where matters turn on one person's word against another
 - take action to protect the public through a range of regulatory powers including the withdrawal of approvals and the application of practising conditions
 - in the most serious cases of all, the SRA can use its intervention powers to close a firm.

SRA measures to prevent detrimental treatment of persons making or proposing to make a report

20. The LSB noted in the application that the SRA will develop a range of supporting materials through dialogue with the profession to provide guidance, including updating its guidance on whistleblowing. The LSB asked for further information on this to ensure the SRA will be providing an adequate level of support and assurance to individuals who may be concerned about making a report.
21. In response, the SRA confirmed that it intends to provide up-to-date and clear information for the public and profession, as part of a package of support to encourage and enable early reporting of issues, on a confidential basis where appropriate. It plans to prioritise updating the SRA whistleblowing guidance as part of this. The SRA confirmed that it wants to make sure that the updated guidance reflects up-to-date law and practice and provides support to those wishing to bring concerns to the SRA's

attention, often in difficult circumstances. The SRA confirmed that this work is at an early stage but that it intends to publish guidance before or alongside the Codes.

22. The LSB recognises that having good internal reporting systems in place will significantly improve the chances of concerns being acted on and minimise the risk to the whistleblower of detrimental treatment. The SRA has informed the LSB that its Regulatory Management team works closely with larger firms and will engage with them through a series of round table events. As well as discussing the changes with them, the SRA will also invite them to contribute anonymised case studies, including on matters that have not been referred to the SRA. The SRA confirmed it has also been working on the following guidance and tools to assist all firms:

- started to develop scenarios and case studies to address 'grey areas' and to help compliance officers and others decide at which point during an internal investigation they should consider reporting a serious breach to the SRA and why
- started to work with firms to develop further guidance and case studies on how the overseas rules apply (and what international firms need to report to the SRA, and why)
- developed an 'at a glance' assessment of seriousness tool, which the SRA is currently testing internally, with the intention of making it available externally after testing.

23. The SRA confirmed that reporting concerns is an area that it will keep under review and it also said that the prompt reporting of concerns, and the action the SRA subsequently takes, is key. The SRA has informed the LSB that it is keen to ensure that whistleblowing is seen as a strong mitigating factor when considering whether or not to take any action against a whistleblower, where the whistleblower him or herself has also been involved in any breaches or wrongdoing. Prompt reporting is the strongest mitigating factor against the SRA taking action against a whistleblower. Conversely, evidence from a whistleblower that they have been subject to (or have been threatened with) detrimental treatment (e.g. threats of sacking or bullying) would be an aggravating factor against the individual who had carried out that behaviour.

Monitoring and evaluation of impacts

24. The LSB sought additional assurance on how the SRA proposes to monitor the effectiveness of the rule change to ensure that a person making or proposing to make a report is not subject to detrimental treatment. The SRA confirmed that it will evaluate the impacts of the changes as part of the evaluation of the new Standards and Regulations (StaRs⁵) at 1, 3 and 5 year points and that it can also undertake a thematic review on any area at any time and will do so wherever the evidence suggests one is needed.

⁵ Previously referred to as Looking to the Future. Further information on the evaluation is noted on page 9 of the LSB decision notice on changes to the SRA's Regulatory Arrangements relating to its Looking to the Future proposals (https://www.legalservicesboard.org.uk/what_we_do/regulation/pdf/2018/FINAL_Revised_LtF_Decision_with_Full_Annex_.pdf)

Consideration of representations received during the assessment period

25. During the assessment period, the LSB received unsolicited correspondence from the Legal Services Consumer Panel (“**the Panel**”) and the Law Society (“**TLS**”). The LSB also noted relevant comments from the Junior Lawyers Division (“**JLD**”) provided as part of its response to the LSB draft business plan 2019/20. Concerns were raised about:
- the coverage and robustness of the SRA whistleblowing policy
 - consultation options in relation to the reporting concerns obligation
 - defining terms such as ‘serious breach’
 - clarifying ‘who should report’ as part of the SRA enforcement strategy
26. While there is no mandatory consultation requirement under Part 3 of Schedule 4 to the Act for applications to alter regulatory arrangements, the LSB considered the issues raised in the correspondence received insofar as they were relevant to the SRA’s application, in reaching its decision.
27. The LSB is satisfied that the SRA has addressed the first two issues in its response to questions posed by the LSB. The latter two issues were raised only by TLS, to whom the SRA has responded in its letter dated 8 April 2019 (published alongside this decision). The SRA has explained in its letter that it sees real risks in defining the term ‘serious breach’ by reference to types of conduct as this may become outdated or prove inflexible. The SRA considers that this is a matter for professional judgement and that the SRA Enforcement Strategy⁶ which sets out the factors to take into account when determining seriousness should be applied. In respect of TLS’ concern about clarifying who should report, the SRA considers that new rule 7.7 of the Solicitors’ Code of Conduct makes this clear. According to the SRA, where an individual has notified their compliance officer of their concerns, the obligation on that individual to report is only discharged on the understanding that the compliance officer will report those concerns to the SRA⁷. The SRA has clarified in its letter that individuals should retain ethical responsibility where they are in a position to form a view, consider that a report should be made and are not satisfied the compliance officer will do so. The SRA has stated that it plans to publish a full range of supporting guidance this summer which will include the case studies and decision-making tool set out in paragraph 22. Given the above, the LSB is satisfied that the SRA’s reply addresses issues raised by TLS.
28. For the purposes of transparency, the representations from TLS and the Panel were published alongside the SRA application on the LSB’s website.

Decision

29. 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.

⁶ <https://www.sra.org.uk/sra/strategy/sub-strategies/sra-enforcement-strategy.page>

⁷ This assumes that the obligation to report arises, because for example the compliance officer believes, or has sufficient information to form a view whether, a report should be made.

30. **Annex A** to this decision notice contains the amended regulatory arrangements that are approved by the LSB.

Chronology

- The LSB confirmed receipt of an application from the SRA on 25 February 2019.
- The 28 day initial decision period for considering the application ended on 22 March 2019.
- On 19 March 2019 the LSB issued an extension notice, which extended the initial decision period to 25 May 2019 (the last business day of the extension is Friday 24 May 2019).
- This decision notice will be effective from 9 May 2019.
- The decision notice will be published on the LSB's website on 10 May 2019.

Neil Buckley, Chief Executive

Acting under delegated authority granted by the Legal Services Board

9 May 2019

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 rules⁸ 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.

⁸ Rules for Rule Change Applications – Version 2, April 2018
[https://www.legalservicesboard.org.uk/what_we_do/regulation/pdf/New%20folder%20\(2\)/FINAL_Rules_for_applications_to_alter_regulatory_arrangements.pdf](https://www.legalservicesboard.org.uk/what_we_do/regulation/pdf/New%20folder%20(2)/FINAL_Rules_for_applications_to_alter_regulatory_arrangements.pdf)

Annex A – SRA Reporting Concerns Rules

SRA Regulatory Arrangements (Reporting Concerns) (Amendment) Rules 2019

Rules made by the Solicitors Regulation Authority Board on 23 January 2019.

Made under sections 31 and 32 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, section 89 of, and paragraphs 2 and 3 of Schedule 14 to, the Courts and Legal Services Act 1990, section 83 of the Legal Services Act 2007 and section 57(2) and (8) of the Legal Aid, Sentencing and Punishment of Offenders Act 2012.

Rule 1

Paragraph 7 of the SRA Code of Conduct for Solicitors, RELs and RFLs and paragraphs 3 and 9 of the SRA Code of Conduct for Firms are amended in accordance with the changes annexed to these rules, with additions underlined and deletions struck through.

Rule 2

These amendment rules come into force on such date as may be decided by the Solicitors Regulation Authority Board.

Annex to the SRA Regulatory Arrangements (Reporting Concerns) (Amendment) Rules [2019]

SRA Code of Conduct for Solicitors, RELs and RFLs

Cooperation and accountability

- 7.1 You keep up to date with and follow the law and regulation governing the way you work.
- 7.2 You are able to justify your decisions and actions in order to demonstrate compliance with your obligations under the *SRA's regulatory arrangements*.
- 7.3 You cooperate with the *SRA*, other regulators, ombudsmen, and those bodies with a role overseeing and supervising the delivery of, or investigating concerns in relation to, legal services.
- 7.4 You respond promptly to the *SRA* and:
- (a) provide full and accurate explanations, information and documents in response to any request or requirement; and
 - (b) ensure that relevant information which is held by you, or by third parties carrying out functions on your behalf which are critical to the delivery of your legal services, is available for inspection by the *SRA*.
- 7.5 You do not attempt to prevent anyone from providing information to the *SRA* or any other body exercising regulatory, supervisory, investigatory or prosecutory functions in the public interest.
- 7.6 You notify the *SRA* promptly if:
- (a) you are subject to any criminal charge, conviction or caution, subject to the Rehabilitation of Offenders Act 1974;
 - (b) a *relevant insolvency event* occurs in relation to you; or
 - (c) if you become aware:
 - (i) of any material changes to information previously provided to the *SRA*, by you or on your behalf, about you or your practice, including any change to information recorded in the *register*; and

- (ii) that information provided to the **SRA**, by you or on your behalf, about you or your practice is or may be false, misleading, incomplete or inaccurate.

- 7.7 ~~You ensure that a prompt report is made to the **SRA**, or another **approved regulator**, as appropriate, of any serious breach of their **regulatory arrangements** by any **person** regulated by them (including you) of which you are aware. You report promptly to the **SRA** or another **approved regulator**, as appropriate, any facts or matters that you reasonably believe are capable of amounting to a serious breach of their **regulatory arrangements** by any **person** regulated by them (including you). If requested to do so by the **SRA** you investigate whether there have been any serious breaches that should be reported to the **SRA**.~~
- 7.8 Notwithstanding paragraph 7.7, you inform the **SRA** promptly of any facts or matters that you reasonably believe should be brought to its attention in order that it may investigate whether a serious breach of its **regulatory arrangements** has occurred or otherwise exercise its regulatory powers.
- 7.9 You do not subject any **person** to detrimental treatment for making or proposing to make a report or providing or proposing to provide information based on a reasonably held belief under paragraph 7.7 or 7.8 above, or paragraph 3.9, 3.10, 9.1(d) or (e) or 9.2(b) or (c) of the SRA Code of Conduct for Firms, irrespective of whether the **SRA** or another approved regulator subsequently investigates or takes any action in relation to the facts or matters in question.
- 7.810 You act promptly to take any remedial action requested by the **SRA**. If requested to do so by the **SRA** you investigate whether there have been any serious breaches that should be reported to the **SRA**.
- 7.911 You are honest and open with **clients** if things go wrong, and if a **client** suffers loss or harm as a result you put matters right (if possible) and explain fully and promptly what has happened and the likely impact. If requested to do so by the **SRA** you investigate whether anyone may have a claim against you, provide the **SRA** with a report on the outcome of your investigation, and notify relevant persons that they may have such a claim, accordingly.
- 7.1012 Any obligation under this section or otherwise to notify, or provide information to, the **SRA** will be satisfied if you provide information to your firm's **COLP** or **COFA**, as and where appropriate, on the understanding that they will do so.

SRA Code of Conduct for Firms

Cooperation and accountability

- 3.1 You keep up to date with and follow the law and regulation governing the way you work.
- 3.2 You cooperate with the **SRA**, other regulators, ombudsmen and those bodies with a role overseeing and supervising the delivery of, or investigating concerns in relation to, legal services.
- 3.3 You respond promptly to the **SRA** and:
- (a) provide full and accurate explanations, information and documentation in response to any requests or requirements;
 - (b) ensure that relevant information which is held by you, or by third parties carrying out functions on your behalf which are critical to the delivery of your legal services, is available for inspection by the **SRA**.
- 3.4 You act promptly to take any remedial action requested by the **SRA**.
- 3.5 You are honest and open with **clients** if things go wrong, and if a **client** suffers loss or harm as a result you put matters right (if possible) and explain fully and promptly what has happened and the likely impact. If requested to do so by the **SRA** you investigate whether anyone may have a claim against you, provide the **SRA** with a report on the outcome of your investigation, and notify relevant persons that they may have such a claim, accordingly.
- 3.6 You notify the **SRA** promptly:
- (a) of any indicators of serious financial difficulty relating to you;
 - (b) if a **relevant insolvency event** occurs in relation to you;
 - (c) if you intend to, or become aware that you will, cease operating as a legal business;
 - (d) of any change to information recorded in the **register**.
- 3.7 You provide to the **SRA** an information report on an annual basis or such other period as specified by the **SRA** in the **prescribed** form and by the **prescribed** date.
- 3.8 You notify the **SRA** promptly if you become aware:
- (a) of any material changes to information previously provided to the **SRA**, by you or on your behalf, about you or your **managers, owners** or **compliance officers**; and
 - (b) that information provided to the **SRA**, by you or on your behalf, about you or your **managers, owners** or **compliance officers** is or may be false, misleading, incomplete or inaccurate.

- 3.9 ~~You ensure that a prompt report is made to the **SRA**, or another **approved regulator**, as appropriate, of any serious breach of their **regulatory arrangements** by any **person** regulated by them (including you) of which you are aware. You report promptly to the **SRA** or another **approved regulator**, as appropriate, any facts or matters that you reasonably believe are capable of amounting to a serious breach of their **regulatory arrangements** by any **person** regulated by them (including you). If requested to do so by the **SRA**, you investigate whether there have been any serious breaches that should be reported to the **SRA**.~~
- 3.10 Notwithstanding paragraph 3.9, you inform the **SRA** promptly of any facts or matters that you reasonably believe should be brought to its attention in order that it may investigate whether a serious breach of its **regulatory arrangements** has occurred or otherwise exercise its regulatory powers.
- ~~3.10~~11 You do not attempt to prevent anyone from providing information to the **SRA** or any other body exercising regulatory, supervisory, investigatory or prosecutory functions in the public interest.
- 3.12 You do not subject any **person** to detrimental treatment for making or proposing to make a report or providing, or proposing to provide, information based on a reasonably held belief under paragraph 3.9 or 3.10 above or 9.1(d) or (e) or 9.2(b) or (c) below, or under paragraph 7.7 or 7.8 of the SRA Code of Conduct for Solicitors, RELs and RFLs, irrespective of whether the **SRA** or another approved regulator subsequently investigates or takes any action in relation to the facts or matters in question.

Compliance officers

- 9.1 If you are a **COLP** you must take all reasonable steps to:
- (a) ensure compliance with the terms and conditions of your firm's authorisation;
 - (b) ensure compliance by your firm and its **managers**, employees or **interest holders** with the **SRA's regulatory arrangements** which apply to them;
 - (c) ensure that your firm's **managers** and **interest holders** and those they employ or contract with do not cause or substantially contribute to a breach of the **SRA's regulatory arrangements**;
 - (d) ensure that a prompt report is made to the **SRA** of any facts or matters that you reasonably believe are capable of amounting to a serious breach of the terms and conditions of your firm's authorisation, or the

SRA's regulatory arrangements which apply to your firm, *managers* or employees;

- (e) notwithstanding sub-paragraph (d), you ensure that the *SRA* is informed promptly of any facts or matters that you reasonably believe should be brought to its attention in order that it may investigate whether a serious breach of its *regulatory arrangements* has occurred or otherwise exercise its regulatory powers,

save in relation to the matters which are the responsibility of the *COFA* as set out in paragraph 9.2 below.

9.2 If you are a *COFA* you must take all reasonable steps to:

- (a) ensure that your firm and its *managers* and employees comply with any obligations imposed upon them under the *SRA Accounts Rules*;
- (b) ensure that a prompt report is made to the *SRA* of any facts or matters that you reasonably believe are capable of amounting to a serious breach of the *SRA Accounts Rules* which apply to them;
- (c) notwithstanding sub-paragraph (b), you ensure that the *SRA* is informed promptly of any facts or matters that you reasonably believe should be brought to its attention in order that it may investigate whether a serious breach of its *regulatory arrangements* has occurred or otherwise exercise its regulatory powers.