

These rules remain in draft and are yet to be made by the SRA Board. They may be subject to minor amendment after consultation on Phase 2 of Looking to the Future.

SRA Code of Conduct for Firms

Introduction

This Code of Conduct describes the standards and business controls that we, the SRA, and the public expect of firms authorised by us to provide legal services. These aim to create and maintain the right culture and environment for the delivery of competent and ethical legal services to clients. These standards apply in relation to your regulated activities.

Sections 8 and 9 set out the requirements of managers and compliance officers in those firms, respectively.

A serious failure to meet our standards or a serious breach of our regulatory requirements may lead to our taking regulatory action against the firm itself as an entity, or its managers or compliance officers, who each have responsibilities for ensuring that the standards and requirements are met. We may also take action against employees working within the firm for any breaches for which they are responsible. A failure or breach may be serious either in isolation or because it comprises a persistent or concerning pattern of behaviour.

The Principles and Codes are underpinned by our Enforcement Strategy, which explains in more detail our views about the issues we consider to be serious, and our approach to taking regulatory action in the public interest.

Maintaining trust and acting fairly

- 1.1 You do not unfairly discriminate by allowing your personal views to affect your professional relationships and the way in which you provide your services.
- 1.2 You do not abuse your position by taking unfair advantage of *clients* or others.
- 1.3 You perform all *undertakings* given by you, and do so within an agreed timescale or if no timescale has been agreed then within a reasonable amount of time.
- 1.4 You do not mislead or attempt to mislead your *clients*, the *court* or others, either by your own acts or omissions or allowing or being complicit in the acts or omissions of others (including your *client*).
- 1.5 You do not abuse your position by taking unfair advantage of *clients* or others.
- 1.6 You monitor, report and publish workforce diversity data, as *prescribed*.

Compliance and business systems

- 2.1** You have effective governance structures, arrangements, systems and controls in place that ensure:
- (a) you comply with all the **SRA's regulatory arrangements**, as well as with other regulatory and legislative requirements, which apply to you;
 - (b) your **managers** and employees comply with the **SRA's regulatory arrangements** which apply to them;
 - (c) your **managers** and **interest holders** and those you employ or contract with do not cause or substantially contribute to a breach of the **SRA's regulatory arrangements** by you or your **managers** or employees;
 - (d) your **compliance officers** are able to discharge their duties under rules 9.1 and 9.2 below.
- 2.2** You keep and maintain records to demonstrate compliance with your obligations under the **SRA's regulatory arrangements**.
- 2.3** You remain accountable for compliance with the **SRA's regulatory arrangements** where your work is carried out through others, including your **managers** and those you employ or contract with.
- 2.4** You actively monitor your financial stability and business viability. Once you are aware that you will cease to operate, you effect the orderly wind-down of your activities.
- 2.5** You identify, monitor and manage all material risks to your business, including those which may arise from your **connected practices**.

Cooperation and information requirements

- 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 promptly report to the **SRA** or another **approved regulator**, as appropriate, any serious breach of their **regulatory arrangements** by any **person** regulated by them (including you) of which you are aware. If requested to do so by the **SRA** you investigate whether there have been any serious breaches that should be reported to the **SRA**.

Service and competence

- 4.1** You only act for **clients** on instructions from the **client**, or from someone properly authorised to provide instructions on their behalf. If you have reason to suspect that the instructions do not represent your **client's** wishes, you do not act unless you have satisfied yourself that they do. However, in circumstances where you have legal authority to act notwithstanding that it is not possible to obtain or ascertain the instructions of your **client**, then you are subject to the overriding obligation to protect your **client's** best interests.

- 4.2 You ensure that the service you provide to *clients* is competent and delivered in a timely manner, and takes account of your *client's* attributes, needs and circumstances.
- 4.3 You ensure that your *managers* and employees are competent to carry out their role, and keep their professional knowledge and skills up to date.
- 4.4 You have an effective system for supervising *clients'* matters.

Client money and assets

- 5.1 You properly account to *clients* for any *financial benefit* you receive as a result of their instructions, except where they have agreed otherwise.
- 5.2 You safeguard money and *assets* entrusted to you by *clients* and others.

Conflict and confidentiality

Conflict of interests

- 6.1 You do not act if there is an *own interest conflict* or a significant risk of such a conflict.
- 6.2 You do not act in relation to a matter or a particular aspect of it if you have a *conflict of interest* or a significant risk of such a conflict in relation to that matter or aspect of it, unless:
- (a) the *clients* have a *substantially common interest* in relation to the matter or the aspect of it, as appropriate; or
 - (b) the *clients* are *competing for the same objective*:
and the conditions below are met, namely that:
 - (i) all the *clients* have given informed consent, given or evidenced in writing, to you acting;
 - (ii) where appropriate, you put in place effective safeguards to protect your *clients'* confidential information; and
 - (iii) you are satisfied it is reasonable for you to act for all the *clients*.

Confidentiality and disclosure

- 6.3 You keep the affairs of current and former *clients* confidential unless disclosure is required or permitted by law or the *client* consents.
- 6.4 Any individual who is acting for a *client* on a matter makes the *client* aware of all information material to the matter of which the individual has knowledge except when:

- (a) the disclosure of the information is prohibited by legal restrictions imposed in the interests of national security or the prevention of crime;
- (b) the *client* gives informed consent, given or evidenced in writing, to the information not being disclosed to them;
- (c) the individual has reason to believe that serious physical or mental injury will be caused to the *client* or another if the information is disclosed; or
- (d) the information is contained in a privileged document that the individual has knowledge of only because they have been mistakenly disclosed.

6.5 You do not act for a *client* in a matter where that *client* has an interest adverse to the interest of another current or former *client* for whom you hold confidential information which is material to that matter, unless:

- (a) effective measures have been taken which result in there being no real risk of disclosure of the confidential information; or
- (b) the current or former *client* whose information you hold has given informed consent, given or evidenced in writing, to you acting, including to any measures taken to protect their information.

Applicable standards in the SRA Code of Conduct for Solicitors and RELs

7.1 The following sections of the SRA Code of Conduct for Solicitors, RELs and RFLs apply to you in their entirety as though references to "you" were references to you as a firm:

- (a) Dispute resolution and proceedings before courts, tribunals and inquiries (2.1 to 2.7);
- (b) Referrals, introductions and separate businesses (5.1 to 5.3); and
- (c) Standards which apply when providing services to the public or a section of the public, namely Client identification (8.1), Complaints handling (8.2 to 8.5), and Client information and publicity (8.6 to 8.11).

Managers in SRA authorised firms

8.1 If you are a *manager*, you are responsible for compliance by your firm with this Code. This responsibility is joint and several if you share management responsibility with other *managers* of the firm.

Compliance officers

9.1 If you are a *COLP* you 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) as soon as reasonably practicable, report to the *SRA* any 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;

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

9.2 If you are a *COFA* you 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) as soon as reasonably practicable, report to the *SRA* any serious breach of the *SRA Accounts Rules* which apply to them.

Supplemental notes

Made by the SRA Board on [date].

Made under sections 9 and 9A of the Administration of Justice Act 1985, 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.

Approved by the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007, on [date].

Commencing on [date].