

SRA Statutory Trust Rules

Introduction

These rules set out what the SRA does with money it takes possession of following an intervention into a firm's and/or an individual's practice. We hold this money on trust for the people it belongs to. This type of trust is called a statutory trust. The people that the money belongs to are beneficiaries of the trust. We have produced [guidance on the way that we deal with this money](#).

This introduction does not form part of the SRA Statutory Trust Rules.

Part 1: General

Holding statutory trust monies

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- 1.1 The **SRA** shall place all **statutory trust monies** in an identifiable **statutory trust account**.
- 1.2 All interest earned on the funds held in any **statutory trust account** shall be paid into that account.

Glossary terms

SRA

statutory trust monies

statutory trust account

Identifying beneficial entitlements

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- 2.1 The SRA will create a reconciled list or a best list in respect of statutory trust monies held, using the information which it has available.
- 2.2 In creating a reconciled list or a best list, any sums of money which are identified within a statutory trust account as being payments on account of fees or unpaid disbursements, or which are equivalent to the costs incurred in a matter to which the funds relate, will be treated as due to the client rather than the intervened practitioner, unless there is sufficient evidence of a bill or other written notification of costs having been sent to the client.
- 2.3 The SRA will attempt to contact all persons identified as having a potential beneficial interest in the statutory trust monies and invite them to submit a claim in accordance with rule 4.

Glossary terms

SRA

reconciled list

best list

statutory trust monies

statutory trust account

fees

disbursements

costs

client

intervened practitioner

person

Minimum level of funds

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- 3.1 The SRA may set a minimum level of funds to which a beneficiary may be entitled within a statutory trust account below which it will not attempt to identify or locate potential beneficiaries on the basis that, in the opinion of the SRA, it would be unreasonable or disproportionate to do so.

3.2 The level in rule 3.1 applies to the sum identified as relating to a particular **beneficiary**, after the application of any pro-rata adjustment which may be made under rule 6.2 but without including any interest under rule 7.3.

Glossary terms

SRA

statutory trust account

Part 2: Claims

Claimants to money

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4.1 Unless the **SRA** agrees otherwise, every **claimant** must submit to the **SRA** a claim in the **prescribed** form accompanied by any documentation and other evidence as may be required by the **SRA**, and which must include, if requested by the **SRA**, a statement of truth.

Glossary terms

SRA

claimant

prescribed

Verification of claims

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5.1 The **SRA** may verify the individual potential beneficial entitlements claimed under rule 4 by examining all available evidence.

Glossary terms

SRA

Shortfall in statutory trust account

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- 6.1** In cases where a shortfall is revealed between statutory trust monies held, and the beneficial entitlements shown in a reconciled list or best list, the **SRA** may rectify the position, in whole or in part, by the use of other monies taken into its possession in consequence of the intervention to which that list relates.
- 6.2** Where, having applied additional funds under rule 6.1, a shortfall still exists on a statutory trust account, the **SRA** will decide on the method for calculating how to distribute the funds that are available in the account to beneficiaries.

Glossary terms

statutory trust monies

reconciled list

best list

SRA

statutory trust account

Distribution of beneficial entitlements

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- 7.1** In a case where the accounting records of the intervened practitioner are reconciled accounts, payments to beneficiaries will be made on the basis of the reconciled list.
- 7.2** In a case where the accounting records of the intervened practitioner are not reconciled accounts, payments to beneficiaries will be made on the basis of the best list.
- 7.3** Any interest which has accrued on a statutory trust account under rule 1.2, will be distributed to beneficiaries on a pro-rata basis in proportion to the payments made to them under rule 7.1 or 7.2.

Glossary terms

intervened practitioner

reconciled accounts

[reconciled list](#)
[best list](#)
[statutory trust account](#)

Residual balances

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- 8.1** The [SRA](#) may use any funds which remain in a [statutory trust account](#) following the distribution to [beneficiaries](#) under rule 7 to reimburse any costs, charges, or other expenses, which it has incurred in establishing the beneficial entitlements to the [statutory trust monies](#) and in distributing the monies accordingly.
- 8.2** If funds remain in a [statutory trust account](#) after payment to [beneficiaries](#) and the reimbursement of costs, charges and expenses in accordance with rule 8.1, the [SRA](#) may transfer such remaining funds into the compensation fund held by the [SRA](#) and any claim to such funds under these rules shall be extinguished.

Glossary terms

[SRA](#)
[statutory trust account](#)
[statutory trust monies](#)

Interim payments

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- 9.1** The [SRA](#) may make an interim payment to a [beneficiary](#) before the full distribution of funds in a [statutory trust account](#) takes place provided that the [SRA](#) is satisfied that the payment can be made without prejudicing other claims to those funds.

Glossary terms

[SRA](#)
[statutory trust account](#)
Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under paragraph 6B of Schedule 1 to the Solicitors Act 1974, paragraphs 32 to 34 of Schedule 2 to the Administration of Justice Act 1985, and paragraph 6 of Schedule 14 to the Legal Services Act 2007, governing the treatment of sums vested in the Law Society under paragraphs 6 or 6A of Schedule 1 to the Solicitors Act 1974 and under paragraphs 3 or 4 of Schedule 14 to the Legal Services Act 2007