

SRA Authorisation of Firms Rules

Introduction

These provisions set out the SRA's arrangements for the authorisation of firms. This includes recognised bodies, licensed bodies and recognised sole practices.

The rules set out our authorisation and application requirements, the effect of authorisation by the SRA on the legal activities such bodies may provide, and how and when we may restrict or limit a firm's authorisation or bring it to an end.

If you are unsure whether you are eligible for authorisation, or need to be authorised, please see our guidance [\[link\]](#).

This introduction does not form part of the SRA Authorisation of Firms Rules.

Part 1: Eligibility

Eligibility

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1.1 You will be eligible to apply for authorisation:

- 1.2 as a **licensed body**, if you are a **licensable body** and have at least one **manager** that is an **authorised person** (other than a **licensed body**);
- 1.3 as a **recognised body**, if you are a **legal services body** in which all of the **managers** and **interest holders** are **legally qualified**; or
- 1.4 as a **recognised sole practice**, if you are a **solicitor** or an **REL** who is the sole principal in a practice,

and you intend to deliver legal services, or (if you fall within (b)) the **SRA** is satisfied that it is in

the public interest for you to be eligible to apply for authorisation notwithstanding that you do not intend to deliver legal services.

- 1.5** The eligibility requirements in rule 1.1 are subject to the transitional arrangements set out in annex 1.
- 1.6** An **authorised body** must:
- 1.7** if you are a company:
- 1.8** be incorporated and registered in England and Wales, Scotland or Northern Ireland under Parts 1 and 2 of the Companies Act 2006;
- 1.9** be incorporated in an **Establishment Directive state** and registered as an overseas company under Part 34 of the Companies Act 2006; or
- 1.10** be incorporated and registered in an **Establishment Directive state** as a **societas Europaea**; and
- 1.11** have at least one practising address in the **UK** or, if you are a **licensed body**, in England or Wales.

Glossary terms

licensed body

licensable body

manager

authorised person

legal services body

interest holder

legally qualified

recognised sole practice

solicitor

REL

SRA

authorised body

Establishment Directive state

societas Europaea

UK

Part 2: Determination of authorisation applications, duration and validity

Authorisation decision

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- 2.1 The **SRA** may grant an application for authorisation in relation to one or more reserved legal activity.
- 2.2 The **SRA** will refuse an application for authorisation if it is not satisfied that, if authorisation is granted:
- 2.3 the applicant's managers, interest holders or management and governance arrangements are suitable to operate or control a business providing regulated legal services;
- 2.4 the applicant will comply with the SRA's requirements and regulatory arrangements, or, if the **SRA** considers that it would be otherwise against the public interest or incompatible with the regulatory objectives to grant the application.
- 2.5 In reaching a decision on the application, the **SRA** may take into account any person that the applicant, manager, employee or interest holder is related to, affiliated with, or acts together with that it has reason to believe may have an influence over the way in which the applicant, manager, employee or interest holder will exercise their role.

Glossary terms

SRA

reserved legal activities

manager

interest holder

regulatory arrangements

regulatory objectives

person

employee

Conditions

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- 3.1** The **SRA** may at any time, whether on grant of an application for authorisation or otherwise, impose such conditions on a body's authorisation (whether indefinite or for a specified period), where it considers it appropriate in the public interest to do so and in accordance with rules 3.2 and 3.3.
- 3.2** The **SRA** may impose conditions under rule 3.1 if it is satisfied that the **authorised body**, or a **manager**, **compliance officer**, **employee**, **owner**, or **interest holder** of the **authorised body**:
- 3.3** is unsuitable to undertake certain activities or engage in certain business or practising arrangements;
 - 3.4** is putting or is likely to put at risk the interests of **clients**, third parties or the public;
 - 3.5** will not comply with the **SRA's regulatory arrangements**, or requires monitoring of compliance with the **SRA's regulatory arrangements**; or
 - 3.6** should take specified steps conducive to the **regulatory objectives**.
- 3.7** The conditions imposed by the **SRA** under rule 3.1 may:
- 3.8** specify certain requirements that must be met or steps that must be taken;
 - 3.9** restrict the carrying on of particular activities or holding of particular roles; or
 - 3.10** prohibit the taking of specified steps without its approval.

Glossary terms

SRA

authorised body

manager

compliance officer

employee

owner

interest holder

regulatory arrangements

regulatory objectives

Duration of authorisation

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- 4.1** A body's authorisation takes effect from the date the certificate of authorisation is issued to it by the SRA.
- 4.2** A body's authorisation shall cease to have effect:
- 4.3** subject to Part 5, if the body ceases to exist; or
- 4.4** if the body is a licensed body and is issued with a licence by another approved regulator.
- 4.5** The SRA may revoke or suspend a body's authorisation, if:
- 4.6** it is satisfied that the authorisation was granted as a result of error, misleading or inaccurate information, or fraud;
- 4.7** the body is or becomes ineligible to be authorised, or the grounds for refusal of an application under rule 2.2 are met;
- 4.8** the body has failed to provide any information the SRA has reasonably requested;
- 4.9** the body has failed to pay any prescribed fee to the SRA;
- 4.10** the body makes an application to the SRA for its authorisation to be revoked, but the SRA may refuse the application if the applicant is subject to any proceedings, investigation or consideration of their conduct or practice by the SRA or the Tribunal;
- 4.11** the body has failed to comply with any obligations under the SRA's regulatory arrangements;
- 4.12** the body, or an owner, interest holder, manager or employee of the body fails to comply with any duty imposed on them by sections 90 or 176 of the LSA;
- 4.13** a relevant insolvency event has occurred in relation to the body, or the sole principal is made the subject of bankruptcy proceedings or makes a proposal for an individual voluntary arrangement;
- 4.14** the SRA has decided to exercise its powers of intervention in relation to the body or a solicitor's practice within the body; or
- 4.15** for any other reason, it considers it to be in the public interest to do so.

4.16 In the case of a licensed body, the SRA may revoke or suspend the body's authorisation:

4.17 as a result of a person who holds an interest in the licensed body taking a step in circumstances where that constitutes an offence under paragraph 24(1) of Schedule 13 to the LSA (whether or not the person is charged with or convicted of an offence under that paragraph);

4.18 where such a person is in breach of conditions imposed under paragraphs 17, 28 or 33 of that Schedule; or

4.19 where a person's holding of an interest in the licensed body is subject to an objection by the SRA under paragraph 31 or 36 of that Schedule.

4.20 The SRA must not revoke or suspend a body's authorisation other than under rule 4.3(e) unless it has first given the body no less than 28 days' notice of its intention to revoke or suspend the authorisation, inviting representations regarding the issues giving rise to the proposed revocation or suspension.

Glossary terms

SRA

licensed body

approved regulator

prescribed

Tribunal

regulatory arrangements

owner

interest holder

manager

employee

LSA

relevant insolvency event

intervention

solicitor

person

interest

Part 3: Effect of authorisation and conditions of practice

Effect of authorisation

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5.1 If you are a **recognised body** or a **recognised sole practice** authorised by the **SRA** you are entitled to carry on:

5.2 all **reserved legal activities** except notarial activities; and

5.3 **immigration work**.

5.4 If you are a **licensed body** you are entitled to carry on the activities set out in rule 5.1, in accordance with the terms of your licence.

5.5 An **authorised body** may only carry on a **reserved legal activity** through a **person** who is entitled to do so.

Glossary terms

recognised body

recognised sole practice

SRA

reserved legal activities

immigration work

licensed body

authorised body

person

General conditions of practice

Restrictions on services provided by a recognised body or recognised sole practice

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6.1 If you are a recognised body or **recognised sole practice**, your business may consist only of the provision of:

- 6.2 professional services of the sort provided by individuals practising as solicitors and/or lawyers of other jurisdictions; and
- 6.3 the services set out in annex 2 (whether or not they are also included in paragraph (a)), and if you have a notary public as a manager or employee, then professional services of the sort provided by notaries public.

Glossary terms

recognised sole practice

solicitor

lawyer

manager

employee

Payment of periodical fees

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7.1 Every authorised body must pay to the SRA a periodical fee in the amount, and by the date prescribed.

Glossary terms

authorised body

SRA

prescribed

Compliance officers

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8.1 An authorised body must at all times have an individual who is designated as its COLP and an individual who is designated as its COFA, and whose designations the SRA has approved.

8.2 Subject to rule 8.3, an individual who is designated under rule 8.1 must:

- 8.3** be a manager or employee of the authorised body;
- 8.4** consent to the designation;
- 8.5** not be disqualified from acting as a HOLP or HOFA under section 99 of the LSA; and
- 8.6** in the case of a COLP, be an individual who is authorised to carry on reserved legal activities by an approved regulator.
- 8.7** An authorised body is not required to comply with rule 8.2(a) where an individual who is designated under rule 8.1:
- 8.8** is currently approved by the SRA as a compliance officer for an authorised body with a manager or owner in common with the body; and
- 8.9** is a manager or employee of that related authorised body.

Glossary terms

authorised body

COLP

COFA

SRA

manager

employee

HOLP

HOFA

LSA

reserved legal activities

approved regulator

compliance officer

owner

Management, control, and supervision

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- 9.1** Subject to rules 9.2 and 9.3, an authorised body must ensure that the SRA has approved any manager or owner of the authorised body under Part 4.
- 9.2** A sole principal whose practice has been authorised as a recognised sole practice is not

required to be approved separately as a **manager** of that practice.

9.3 If the **SRA** is satisfied that a **manager** of an **authorised body** is not involved in any of the following:

9.4 the day to day or strategic management of the **authorised body**;

9.5 compliance by the **authorised body** with the **SRA's regulatory arrangements**; or

9.6 the carrying on of **reserved legal activities**, or the provision of legal services in England and Wales,

the **SRA** may decide that the **authorised body** is not required to comply with rule 9.1 in respect of that **manager**.

9.4 An **authorised body** must have at least one **manager** or **employee**, or must procure the services of an individual, who:

9.5 is a **lawyer** and has practised as such for a minimum of three years; and

9.6 supervises the work undertaken by the **authorised body** (or, if the body is a **licensed body**, the work undertaken by the body that is regulated by the **SRA** in accordance with the terms of the body's licence).

Glossary terms

authorised body

SRA

manager

owner

recognised sole practice

regulatory arrangements

reserved legal activities

employee

lawyer

licensed body

Restrictions on employment and remuneration of certain individuals

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- 10.1** An **authorised body** must not employ or remunerate, or permit to be a **manager**, **owner** or **interest holder** of the body, a person:
- 10.2** who is subject to an order under section 43 of the **SA**, without the **SRA's** written permission;
 - 10.3** whose name has been struck off the roll, or who is suspended from practising as a **solicitor**, without the **SRA's** written permission;
 - 10.4** in respect of whom there is a direction in force under section 47(2)(g) of the **SA**, without the **SRA's** written permission; or
 - 10.5** who has been disqualified from the relevant role.

Glossary terms

authorised body

manager

owner

interest holder

SA

SRA

solicitor

Information return and notification events

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11.1 An **authorised body** must complete and deliver to the **SRA** an annual return by the date and in the form **prescribed**.

Glossary terms

authorised body

SRA

prescribed

Modification of terms and conditions

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12.1 The SRA may at any time, extend, revoke or vary any terms or conditions on a body's authorisation, imposed in accordance with rule 3 or otherwise, either on the application of the authorised body or on the SRA's own initiative.

Glossary terms

SRA

authorised body

Part 4: Approval of role holders

Approval of role holders

- Log in or register to post comments

13.1 Subject to rules 13.2 to 13.4, the SRA may approve a person's designation as a COLP or COFA or to be a manager or owner of an authorised body if it is satisfied that the individual is fit and proper to undertake the role, in accordance with the SRA Assessment of Character and Suitability Rules.

13.2 The SRA will deem a person to be fit and proper to be a manager or owner of an authorised body if the person is:

13.3 a solicitor, an REL, RFL or an authorised body; or

13.4 a person who has previously been approved by the SRA under rule 13.1 and is:

13.5 authorised and regulated by another approved regulator; or

13.6 authorised and regulated by a regulatory body which operates a regulatory regime recognised by the SRA as reasonably equivalent to that of an approved regulator,

and who is not subject to a regulatory or disciplinary investigation, or adverse finding or decision of the SRA, the Tribunal or another regulatory body.

13.7 A person who meets the conditions under rule 13.2, shall be deemed to be approved to be designated as a manager or owner of any authorised body.

13.8 An authorised body must notify the SRA promptly in the prescribed form of the designation as a manager or owner of that body of a person who has been deemed to be approved under rule 13.3.

- 13.9** The **SRA** will deem an individual to be fit and proper to be a **compliance officer** of an **authorised body** if:
- 13.10** that individual is a **lawyer** and a **manager** of the **authorised body**;
 - 13.11** the **authorised body** has an annual turnover of no more than £600,000;
 - 13.12** they are not a **compliance officer** of any other **authorised body**; and
 - 13.13** they are not subject to a regulatory or disciplinary investigation, or adverse finding or decision of the **SRA**, the **Tribunal** or another regulatory body.
- 13.14** An **authorised body** must notify the **SRA** promptly, in the **prescribed** form, of the identity of a **compliance officer** whose fitness and propriety has been deemed under rule 13.5, and the **SRA** shall approve their designation to undertake the role in that body accordingly.
- 13.15** Approval of a **person's** designation under rule 13.1 or 13.6:
- 13.16** takes effect from the date of the decision unless otherwise stated;
 - 13.17** remains effective only if the **person** takes up the designated role within the period specified in the notice of approval, or the period of one year if no period is specified; and
 - 13.18** expires when the **person** ceases to carry out the designated role.
- 13.19** The **SRA** may at any time, on granting approval for the designation of a **person** under this Part, or otherwise, make the holding of a **material interest** in a **licensed body** subject to conditions in accordance with paragraphs 17, 28 or 33 of Schedule 13 to the **LSA**.
- 13.20** The **SRA** may at any time withdraw approval of a **person's** designation under rule 13.1, 13.3 or 13.6 if it is not satisfied that the **person** is fit and proper to undertake the designated role.
- 13.21** A **person** whose designation has been approved under rule 13.1, 13.3 or 13.6, must notify the **SRA** promptly of any information in relation to them which would be relevant to an assessment of their fitness and propriety under the SRA Assessment of Character and Suitability Rules, and may be required to provide a self-declaration of their fitness and propriety on request by the **SRA**.
- 13.22** In respect of a **person** whose designation has been approved under rule 13.3, the obligation to notify under rule 13.10 applies when the **person** is holding an approved post and extends to information relating to matters taking place at any time, following their approval, irrespective of whether they were holding an approved post at the time.
- 13.23** Where the **SRA** withdraws approval for the designation of a **person** who is the **director** of a **company**, the **SRA** may set separate dates for the individual ceasing to be a **director** and disposing of their shares.

Glossary terms

SRA
person
COLP
COFA
manager
owner
authorised body
solicitor
REL
RFL
approved regulator
Tribunal
prescribed
compliance officer
lawyer
material interest
licensed body
LSA
authorised non-SRA firm
director
company

Part 5: Succession, loss of eligibility and temporary emergency authorisation

Loss of eligibility

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14.1 If the last remaining **legally qualified manager** of an **authorised body** whose role ensures the body's compliance with the eligibility requirements for its authorisation under rule 1:

14.2 is sentenced to imprisonment;

14.3 becomes unable to carry on their role because of incapacity;

14.4 abandons the business;

14.5 is made subject to a restriction, condition or other regulatory decision by the **SRA** or another regulatory body which would prevent or restrict them acting as a **manager**, or

14.6 is unable to fulfil the role for any other reason,

the body must inform the **SRA** within seven days of becoming aware of the relevant event and, within 28 days of becoming aware of the event, must either become eligible for authorisation (without reference to the **manager** in question), or cease to carry on reserved legal activities and to hold themselves out as an **authorised body**.

14.7 Subject to any **prescribed** application requirements, the **SRA** may:

14.8 transfer a body's authorisation to another body where the first body ceases to exist and the second body succeeds to the whole or substantially the whole of its business;

14.9 substitute a body's authorisation for another type of authorisation where it is satisfied that the body is materially carrying on the same practice, notwithstanding a change in its management or control; and

14.10 permit any **person** previously approved as a **manager**, **owner**, or **compliance officer** of the body to continue to act in their designated role, notwithstanding the transfer or substitution.

Glossary terms

legally qualified

manager

authorised body

SRA

prescribed

person

owner

compliance officer

Temporary emergency authorisation or approval

- **Log in** or **register** to post comments

15.1 An application for temporary emergency authorisation may be made:

- 15.2** within seven days of any change in the management or control of an **authorised body** which brings into being a new unauthorised body or practice;
- 15.3** within 28 days of the death or incapacity of a **sole practitioner** by a **solicitor** or an **REL** who is:
- 15.4** the **sole practitioner's** executor, personal representative, attorney under a lasting power of attorney, or Court of Protection deputy (as appropriate);
- 15.5** a practice manager appointed by the **sole practitioner's** executor, personal representative, attorney under a lasting power of attorney, or Court of Protection deputy (as appropriate); or
- 15.6** an **employee** of the practice.
- 15.7** An application for temporary emergency approval of a **compliance officer** may be made within seven days of an **authorised body** ceasing to have a **COLP** or **COFA** whose designation is approved under Part 4.
- 15.8** The **SRA** will only grant an application under rule 15.1(a) or 15.2 if it is satisfied that:
- 15.9** the body or its **managers** could not reasonably have commenced a substantive application for authorisation under Part 2 in advance of the events giving rise to the application;
- 15.10** in relation to an application under rule 15.1(a) the body meets the eligibility requirements under rule 1.1 and will comply with our **regulatory arrangements** as they apply to **authorised bodies**; or
- 15.11** in relation to an application under rule 15.2, it has no reason to believe that the individual to which the application relates is not fit and proper to be a **compliance officer** of the **authorised body**.
- 15.12** Temporary emergency authorisation or approval:
- 15.13** shall be granted for an initial period of 28 days from the date specified;
- 15.14** may be extended for such period as the **SRA** thinks fit;
- 15.15** shall be extended, if a substantive application for authorisation or approval is made during the period of temporary emergency authorisation or approval, pending determination of the substantive application;
- 15.16** may be revoked, withdrawn, or made subject to such conditions as the **SRA** considers appropriate, in the public interest,
- save that, if the **SRA** grants temporary emergency authorisation under rule 15.1(b), the authorisation will be deemed to run from the date of death or incapacity and will cease to have

effect on the earliest of the date of the winding up of the estate or 12 months from the date of death or incapacity.

Glossary terms

authorised body

sole practitioner

solicitor

REL

employee

compliance officer

COLP

COFA

SRA

manager

regulatory arrangements

Apportionment of periodical fees on succession

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16.1 An authorised body which:

16.2 has taken over the whole or a part of one or more authorised bodies; or

16.3 has split or ceded part of its practice to another authorised body and wishes the SRA to take this into account in determining its periodical fee,

must within 28 days of the change taking place deliver to the SRA a notice in the prescribed form.

Glossary terms

authorised body

SRA

prescribed

Annexes

Annex 1: Transitional arrangements under paragraph 7(3) of Schedule 5 to the LSA

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1.1 A **licensable body** will be eligible to be a **recognised body** if as at 6 October 2011, it has been recognised by the **SRA** under section 9 of the **AJA** but has an **interest holder** or **manager** that is not a **lawyer** or a legally qualified body. It shall continue to be treated as a **recognised body** for the purposes of these rules and the **SRA's regulatory arrangements** until:

- .2 such time as it ceases to comply with the management and control requirements set out in paragraph 2 below; or
- .3 the end of the transitional period under Part 2 of Schedule 5 to the **LSA**, or such earlier time as the body may elect,

at which time it must apply for authorisation as a **licensed body**.

2.4 The management and control requirements are:

- .5 at least 75% of the body's **managers** must be:
 - .6 individuals who are, and are entitled to practise as, **lawyers of England and Wales**, **lawyers of Establishment Directive professions** or **RFLs**; or
 - .7 bodies corporate which are legally qualified bodies,although a legally qualified body cannot be a **director** of a body which is **company**;
- .8 individuals who are, and are entitled to practise as, **lawyers of England and Wales**, **lawyers of Establishment Directive professions** or **RFLs** must make up at least 75% of the ultimate beneficial ownership of the body; and
- .9 individuals who are, and are entitled to practise as, **lawyers of England and Wales**, **lawyers of Establishment Directive professions** or **RFLs**, and/or legally qualified bodies, must:
 - .10 exercise or control the exercise of at least 75% of the **voting rights** in the body; and
 - .11 if the body is a **company** with shares, hold (as registered members of the **company**) at least 75% of the shares.
- .12 every **interest holder** of the **recognised body**, and every **person** who exercises or

controls the exercise of any voting rights in the body, must be:

- .13 an individual who is, and is entitled to practise as, a lawyer of England and Wales, a lawyer of an Establishment Directive profession or an RFL;
 - .14 a legally qualified body; or
 - .15 an individual who is approved by the SRA, and is a manager of the body;
- .16 an individual who is not entitled under paragraph 2(d)(i) may be an interest holder of a recognised body without being a manager of the body if:
- .17 the recognised body is a company which is wholly or partly owned by a partnership or LLP which is a legally qualified body;
 - .18 the individual is approved by the SRA and is a manager of the partnership or LLP; and
 - .19 the individual is precluded under the partnership agreement or members' agreement from exercising or authorising any vote in relation to the company.
 - .20 For the purposes of this annex, "legally qualified body" means a body which is:
 - a.21 a recognised body;
 - a.22 an authorised non-SRA firm of which individuals who are, and are entitled to practise as, lawyers of England and Wales, lawyers of Establishment Directive professions or RFLs make up at least 75% of the ultimate beneficial ownership; or
 - a.23 a European corporate practice which is a lawyers' practice and is a body incorporated in an Establishment Directive state, or a partnership with separate legal identity formed under the law of an Establishment Directive state:
 - I.24 which has an office in an Establishment Directive state but does not have an office in England and Wales;
 - .25 whose ultimate beneficial owners include at least one individual who is not a lawyer of England and Wales but is, and is entitled to practise as, a lawyer of an Establishment Directive profession;
 - .26 whose managers include at least one such individual, or at least one body corporate whose managers include at least one such individual;

- .27** 75% of whose ultimate beneficial ownership is in the hands of individuals who are, and are entitled to practise as, lawyers of Establishment Directive professions, lawyers of England and Wales, and/or RFLs; and
- .28** 75% of whose managers comprise such individuals, and/or bodies corporate 75% of whose managers comprise such individuals.

Glossary terms

licensable body

recognised body

SRA

AJA

interest holder

manager

lawyer

regulatory arrangements

LSA

licensed body

lawyer of England and Wales

Establishment Directive profession

RFL

director

company

voting rights

person

partnership

LLP

member

authorised non-SRA firm

Establishment Directive state

Annex 2: Professional services

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The professional services referred to in rule 6.1(b) are:

- 1.1** Alternative dispute resolution.
- 1.2** Financial services.
- 1.3** Estate agency.
- 1.4** Management consultancy.
- 1.5** Company secretarial services.
- 1.6** Other professional and specialist business support services including human resources, recruitment, systems support, outsourcing, transcription and translating.
- 1.7** Acting as a parliamentary agent.
- 1.8** Practising as a lawyer of another jurisdiction.
- 1.9** Acting as a bailiff.
- 1.10** Accountancy services.
- 1.11** Education and training activities.
- 1.12** Authorship, journalism and publishing.

Supplemental notes

Made by the SRA Board on 30 May 2018.

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