Direction 160 issued under Part 3 of Schedule 4 to the Legal Services Act 2007 to the Solicitors Regulation Authority (SRA)

1. This is a direction issued pursuant to paragraph 19(3) of Schedule 4 to the Legal Services Act 2007 (the Act).

2. Unless stated otherwise, words in this direction are used as they are defined in the Act.

3. In accordance with paragraph 19(3) of Schedule 4 to the Act, the Legal Services Board (the Board) has directed that the following alterations to regulatory arrangements be treated as exempt alterations for the purposes of paragraph 19(2)(c) of Schedule 4:

   SRA Indemnity (Amendment) Rules 2020
   These regulatory arrangements will amend the SRA Indemnity Rules 2012

Proposed amendments

4. In 2012 the LSB approved[1] alterations to the SRA's regulatory arrangements in respect of the Solicitors Indemnity Fund (SIF) to extend the closure date to 30 September 2020. In the absence of an application to the LSB to extend the scheme further, it would close on that date.

5. However, while the SRA has not altered its general position on this matter, namely that it is retaining its current approach to Professional Indemnity Insurance as set out in its Minimum Terms and Conditions, with the associated intention to close the SIF, actuarial advice commissioned by the SRA has determined that extending it for a short period of time is financially viable. It has therefore proposed a further one-year extension to the SIF.

6. The proposed regulatory arrangement makes a single amendment to Rule 8.5(a) of the SRA Indemnity Rules 2012. It replaces "30 September 2020" with "30 September 2021".

Reason for exemption direction

7. The proposed alteration does not represent a change in the SRA's regulatory approach or policy. It simply extends a time limited legacy provision and allows for the use of residual funds.

8. A copy of the alteration was submitted to the Board on 7 September 2020.

9. This direction is to be deemed made on and to be effective from 16 September 2020.

For and on behalf of the Legal Services Board
16 September 2020

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1 https://www.legalservicesboard.org.uk/what_we_do/regulation/pdf/20120620_decisionnotice_sra_client_financial_protection%20_final1.pdf