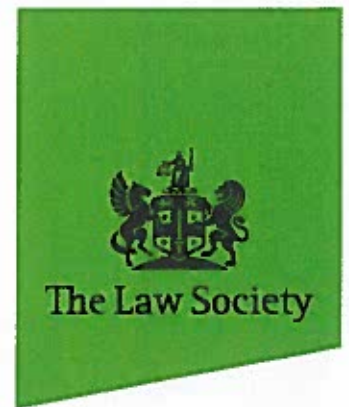


**From the Chief Executive**

Caroline Wallace  
Strategy Director  
Legal Services Board  
1 Kemble Street  
London  
WC2B 4AN



4 December 2015

Dear Caroline,

**LSB Regulation Reform Warning Notice Letters for SRA and The Law Society**

Thank you for your letter dated 28 October 2015.

The Law Society shares the LSB's concerns about whether enabling providers of non-reserved legal services to become authorised amounts to a proper exercise of regulatory functions. We are also concerned as to whether the effect of the proposal would be to introduce accreditation rather than authorisation, which may have a potentially detrimental impact on consumers and to the public interest.

The Society opposed these proposals when the SRA originally consulted on them<sup>1</sup>. We recommended that the authorisation rules to be looked at holistically rather than allowing changes to be made incrementally.

The relevant extract from our consultation is at Appendix 1.

If it would be helpful to discuss and explain the rationale for our view on this issue, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Catherine Dixon'.

Catherine Dixon  
Chief Executive

Direct Line: 020 7320 5601  
Email: [catherine.dixon@lawsociety.org.uk](mailto:catherine.dixon@lawsociety.org.uk)

<sup>1</sup> 'Improving Regulation; proportionate and targeted measures' April 2015

## Appendix 1

"In the Society's view it would be unwise to look at authorisation rules in isolation. All of the rules need to be looked at together. It would have been useful to be provided with the SRA's analysis of the original rationale for the present rules in order to be able to judge whether it is appropriate for them to be removed or relaxed. The Society would have welcomed further information from the SRA to inform our response to this question; particularly around the potential consequences, both positive and negative, that the SRA anticipates being caused by any changes.

The Law Society can see both potential benefits and disadvantages associated with the removal of this rule. Some solicitors work in niche areas where they may rarely, if ever, carry out reserved legal activities. Removing this requirement would protect these professionals and allow them to operate in a way which suits their business models.

However, it is difficult to understand how this would benefit firms that provide more standard services and there is a risk that this proposal may promote perverse incentives. We are aware of isolated instances where firms settle cases as a matter of policy before proceedings are issued. We would not want to create an environment where this is a business model encouraged by the regulator. The proposed change could provide a disincentive for some firms to operate in the best interests of their clients. Abolishing this rule may help to legitimise the activities of such firms and promote unethical behaviour."