

Direction 183 issued under Part 3 of Schedule 4 to the Legal Services Act 2007 to the Law Society (TLS)

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 Board has directed that the following alteration by the Law Society to its regulatory arrangements be treated as exempt alterations for the purposes of paragraph 19(2)(c) of Schedule 4:

The removal of provisions in the Law Society/Solicitors Regulation Authority Limited Assurance Protocol (“Assurance Protocol”) relating to the Charity Commission

Proposed changes

4. On 22 April 2021, the LSB directed that TLS’s alterations to its regulatory arrangements relating to the delegation of its regulatory functions to the Solicitors Regulation Authority (SRA) were exempt under paragraph 19(3) of Schedule 4 to the Act.
5. Those alterations to TLS’s the Assurance Protocol between TLS and the SRA, were consequent to the SRA’s proposed charitable status.
6. The alterations made enabled TLS to intervene in the SRA to protect the delivery of the regulatory functions, should the latter be registered as a charity. Such an intervention was intended to occur only in the exceptional circumstance that the SRA ceased to operate due to intervention by the Charity Commission.
7. The alteration was only intended to become operative once the SRA’s registration as a charity was approved by the Charity Commission.
8. The SRA’s board took the decision to withdraw its application for charitable status at a meeting on 19 January 2022. As a result, TLS has concluded that it is appropriate to remove the provisions in the assurance protocol that relate to the Charity Commission and the SRA’s proposed charitable status, as they are no longer required.
9. TLS proposes to make amendments to the assurance protocol as follows:

“9. The Law Society and the SRA shall promptly inform each other of any decision, plan, communication or other arrangement which may reasonably be considered likely to undermine the discharge of Regulatory Functions by the SRA (in compliance with section 28 of the Act) or the discharge of Representative Functions by the Law Society and to promptly inform each other of any decision, plan, communication or other arrangement which relates to the other’s role. ~~For the avoidance of doubt, this would include the notification by the SRA to the Law Society of any statutory inquiry, or other proceedings, by the Charity Commission which may impact the discharge of the Regulatory Functions.~~”

and

“15. The Law Society may only seek to amend or revoke the terms of delegation or to intervene in the exercise of regulatory functions in exceptional circumstances. The expectation is that such circumstances would only arise if:

- a. the SRA becomes ineffective or ceases to operate within the ambit of the Act and the IGR and, due to delegation, the issues fall outside the Law Society's control; ~~or~~ **and**
- ~~b. the SRA is subject to a statutory inquiry by the Charity Commission which gives rise to concerns about the ability of the SRA to exercise of regulatory functions~~
- c. ~~and in both cases~~ the SRA has been given a reasonable opportunity to rectify the issues of concern and has failed to do so in a reasonable time.”

Reason for exemption direction

10. The amendment to **The Assurance Protocol** does not represent a change in regulatory policy or approach under the Act. The amendment reflects the fact the provisions are no longer required as the SRA's application for charitable status is no longer proceeding.

11. A copy of the alteration was submitted to the Board on 19 April 2022.

12. This direction is to be deemed made on and to be effective from 4 May 2022.

For and on behalf of the Legal Services Board

4 May 2022