

Direction 176 issued under Part 3 of Schedule 4 to the Legal Services Act 2007 to the 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 Board has directed that the following alterations by the SRA to its regulatory arrangements be treated as exempt alterations for the purposes of paragraph 19(2)(c) of Schedule 4:

Proposed changes

4. Alterations to the SRA's regulatory arrangements as a consequence of the introduction of the following:
 - Solicitors Qualifying Examination (SQE)
 - SRA Compensation Fund Rules 2021
 - SRA Standards and Regulations - SRA Glossary (the Glossary)
5. These three sets of minor changes are set out in the SRA Regulatory Arrangements (Amendment) Rules 2021 and are set out below.

Changes consequent on introduction of the SQE and SRA Compensation Fund Rules 2021

6. Changes to the list of regulatory decisions subject to review under the SRA Application, Notice, Review and Appeal Rules to include decisions made under the:
 - Authorisation of Individuals Regulations in relation to individuals seeking to qualify through the SQE, following the introduction of the SQE, and
 - new SRA Compensation Fund Rules 2021.

Rule 1

Annex 1 to the SRA Application, Notice, Review and Appeal Rules shall be amended as follows:

- (a) after "As set out in the SRA Authorisation of Individuals Regulations:" insert:

- "1. A decision made under regulation 1.1(b) not to be satisfied that an individual holds a **degree** or qualifications or experience which are equivalent to a **degree**.
2. A decision made under regulation 3.1(a) not to be satisfied that an individual holds a legal professional qualification that is recognised by the SRA, which confers rights to practise in England and Wales or in an **overseas** jurisdiction.
3. A decision made under regulation 3.1(b) not to be satisfied that an individual holds a **degree** or qualifications or experience which are equivalent to a **degree**.
4. A decision made under regulation 3.2 to refuse to grant an individual an exemption from all or part of the assessment under regulation 1.1(a).";

- (b) in the section under the heading "As set out in the SRA Authorisation of Individuals Regulations", renumber paragraphs 1 to 17 as paragraphs 5 to 21; and

- (c) in paragraph 1 of the section under the heading “Miscellaneous”, delete “rule 19.1 of” and after “SRA Compensation Fund Rules” insert “2019 or the SRA Compensation Fund Rules 2021”

SRA Glossary

7. Changes to the current definition of “separate business” in the SRA Glossary, to clarify that that the definition applies to separate businesses owned by the authorised body itself as well as individuals.

Rule 2

In the SRA Glossary, delete the definition of “separate business” and replace with:

“**separate business** means, where you are an authorised body or own, manage or are employed by an authorised body, a separate business:

- (a) which you own;
- (b) which you are owned by;
- (c) where you actively participate in the provision of its services, including where you have any direct control over the business or any indirect control over the business through another person, or
- (d) which you are connected with,

and which is not an authorised body, an authorised non-SRA firm, or an overseas practice”

Rule 3

These rules come into force on 1 November 2021 or the date on which they are approved by the Legal Services Board, whichever is the later.

Reason for exemption direction

8. The amendments do not represent a change in regulatory policy or approach. They serve to ensure (i) the SRA’s list of regulatory decisions subject to review and appeal under the SRA Application, Notice, Review and Appeal Rules includes decisions in respect of the Authorisation of Individuals Regulations for individuals seeking to qualify through the SQE, and the new SRA Compensation Fund Rules 2021 and (ii) a clearer definition of “separate business” in the SRA Glossary.
9. A copy of the alteration was submitted to the Board on 7 October 2021.
10. This direction is to be deemed made on and to be effective from 3 November 2021.

For and on behalf of the Legal Services Board
3 November 2021