

Direction 100 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) to Schedule 4 of 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) to Schedule 4 of 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:

SRA Compensation Fund contributions for the practising year 2016/17

Proposed changes

4. The SRA is seeking approval of changes to regulatory arrangements relating to Compensation Fund contributions. Compensation Fund contributions are not covered by section 51 of the Act, which is concerned with fees that are charged and allocated to permitted purposes.
5. The level of contribution for 2016/17 remains the same as for 2015/16:
 - Individuals: £32
 - Firms: £548
6. The method of calculation also remains the same as in 2015/16 and previous years, that is 50% of the funding to be met by a fixed contribution from regulated individuals and 50% by a fixed contribution from regulated firms. The funding requirement from contributions for 2016/17 is £8.5m, the same as for 2015/16.

Reason for exemption direction

7. There is no change to the level of contribution for 2016/17 and neither is there an alteration to the basis of the calculation. The proposed alterations are made for the purpose of setting the SRA's new Compensation Fund contributions for the practising year 2016/17. The methodology used to (i) allocate the cost of the Fund throughout the regulated community and (ii) calculate the proposed level of contribution, remains the same as for the practising year 2015/16. There are accordingly no changes to the underlying framework for determining Compensation Fund contributions.

8. A copy of the alteration was submitted to the Board on 18 July 2016.
9. This direction is to be deemed made on and effective from 12 August 2016

**For and on behalf of the Legal Services Board
12 August 2016**