

Compliance updates for the busy practitioner

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|--------------|---|-----------------|---|---------------------|---|
| Rule changes | ✓ | Tribunal trends | ✓ | Lengthy articles | ✗ |
| New guidance | ✓ | Big deadlines | ✓ | Regulatory politics | ✗ |

Key rule changes

The 12th edition of the SRA Handbook went live on 31 October 2014. There have been a some significant changes, including some far reaching changes to the SRA accounts rules. In summary:

- law firms which only hold client money by virtue of legal aid work will no longer be required to deliver an accountant's report. In addition, all firms whose accountant's reports are not 'qualified' will no longer be required to deliver the reports to the SRA. There has also been a significant increase in sums of client money which can be donated to charity where the client is 'untraceable';
- the rules on the supervision of immigration work in an SRA authorised law firm have been relaxed (rules 6 and 7 of the Practice Framework Rules);
- there has been a relaxation of the rules for multi-disciplinary ABSs making it much easier for certain activities to sit outside of SRA regulation;
- a removal of the need for the SRA to update the roll of solicitors annually; and
- changes have also been made to the application provisions of the SRA Overseas Rules 2013 with potentially significant implications for lawyers working overseas (see the [changes at rule 2 of the amended rules](#)).

There's a more in-depth note of these changes available on the [SRA website](#).

Latest guidance, guides and warnings

- the SRA has published a [video](#) of its keynote address at the recent SRA compliance conference on core ethical obligations and duties (you can train all staff in your firm with our [e-learning](#) on this hot topic from just £119 plus VAT);
- the SRA has published three warning notices on financial crime: (i) [money laundering and terrorist financing generally](#), which lists 35 'red flags' for staff to watch out for in transactions (ii) a warning about the number of poor quality [suspicious activity reports](#) complained of by the NCA as containing insufficient information and (iii) a warning to never allow clients to make use of a client account as a [banking facility](#) i.e. other than for a legal transaction;
- the SRA have published guidance about the need to maintain [confidentiality](#) in certain high risk scenarios, including outsourcing, cloud computing, international 'verein' type structures, working with third parties and pre-merger or acquisition

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audits and investigations. You can give yourself a [refresher on confidentiality and information security requirements](#) for just £35 plus VAT or roll out the [training firm-wide](#) from just £109.00 plus VAT with our e-learning platform;

- the SRA has published a 'sole practitioners and small firms' [starter pack](#). There are additional [free resources](#) available on our website as well as toolkits and compliance packages through our [store](#);
- the SRA has published some further guidance on the [COLP and COFA](#) roles including a [new example](#) of what the SRA considers to be a 'material breach'. We also offer free e-training and an in-depth e-book on the [COLP COFA requirements](#);
- the SRA has published guidance on the need to supervise [immigration work](#) conducted by unqualified persons;
- HMRC is launching a '[solicitors tax campaign](#)' and is encouraging solicitors to investigate their affairs and take appropriate action ahead of this;
- the Law Society has updated its practice note on [consumer credit activities](#). The FCA has also announced an extension of the [transitional provisions](#) in this area;
- the ICO is encouraging security updates for the '[shellshock](#)' IT flaw;

Tribunal Trends

- in broad terms, one trend of note is that referrals to the Solicitors Disciplinary Tribunal have reportedly [increased by 49%](#), signaling a possible return to a volume of prosecutions which hasn't been attempted at the SRA for some years;
- financial crime has been a key area of activity for the SRA in recent months. Two Birmingham based solicitors were [struck off](#) in October, one in connection with money laundering and another for misleading the SRA (among other things);
- the latest [SRA Risk Outlook](#) confirms that current investigation and enforcement concerns include misuse of client money (as ever...), money laundering systems, bogus firms stealing genuine firm identities, confidentiality and information security, independence and 'abusive litigation'. We offer great value e-learning on [confidentiality](#), [information security](#), [independence](#) (including what is really meant by this term!) and the [duties in litigation](#) for individuals and firm-wide;
- the former chief executive officer of [Wolstenholmes](#) solicitors has been struck off following findings that the firm was in 'chaos' and that there was an 'inexcusable array of failings'. Specific allegations made by the SRA against the individual in question included failing to maintain proper books of accounts and allowing third parties to have an inappropriate degree of control over the firm;
- two partners have been fined £15,000 each following Tribunal findings of their involvement in certain [stamp duty land tax avoidance schemes](#) and arrangements;

Important dates

The SRA will shortly begin revoking last year's practising certificates. Make sure that your mySRA contact details are up-to-date, that you and your colleagues have all renewed and do call the [SRA Contact Centre](#) urgently if you still need to renew.

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