



Solicitors
Regulation
Authority

Notes on form RB3:

**Application for initial recognition of a
company**

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About form RB3

This is the prescribed form to apply for approval of a new company to practise as a recognised body under the SRA Recognised Bodies Regulations 2011. This is also the appropriate form to use when an existing recognised body wishes to convert to a company.

This form can be used for all sizes of firm, including complex multi-layered structures. If you are applying for approval of a firm with a simple structure, much of the content of these notes will not apply to you.

There are separate forms to apply for approval of a new partnership (RB1) or a new LLP (RB2)¹ to practise as a recognised body. There will also be a separate application to apply for authorisation to practise as a licensed body once the SRA has become a designated licensing authority for Alternative Business Structures (ABS).

All references (unless otherwise stated) mean the following:

- “the Code” means the SRA Code of Conduct 2011,
- “the Recognised Bodies Regulations” means the SRA Recognised Bodies Regulations 2011,
- “the Practising Regulations” means the SRA Practising Regulations 2011,
- “the Practice Framework Rules” means the SRA Practice Framework Rules 2011.

The SRA Handbook is published at www.sra.org.uk/handbook.

How to use the form

Please answer all questions and complete all the relevant boxes. You may find it helpful to refer to the [glossary](#) at the end of these notes.

If you make an error during completion of the form please put a line through any deletions. Do not use liquid paper.

If you are providing any additional information in separate sheets or documents, please provide a list of the enclosures and mark each document clearly with the section of the form to which it relates.

The declaration must be signed before submitting the form.

¹ See www.sra.org.uk/RB1 and www.sra.org.uk/RB2

Please note that we will not be able to process your application until we have a completed application. This means an application that

- includes the completed form and appropriate fee;
- provides sufficient information to show compliance with the requirements of regulation 2.1 of the Recognised Bodies Regulations i.e. that
 - the company's composition and structure complies with Rules 15 and 16 of the Practice Framework Rules,
 - the company has appropriate indemnity cover,
 - at least one of the directors is a person qualified to supervise; and,
- provides any additional information that the SRA requests in connection with the matters in regulations 2.2 and 2.3 of the Recognised Bodies Regulations (this may be requested after you submit your application form to us).

How to contact us and where to return the form (and any additional information)

You can contact us on

- 0870 606 2555
- +44 (0) 1527 504450
- operations@sra.org.uk

Lines are open 09.00 - 17.00, Monday to Friday. Calls may be monitored/recorded for training purposes.

Please return the form and all supporting documents to

Operations
Solicitors Regulation Authority
Ipsley Court
Berrington Close
Redditch
Worcestershire
B98 0TD

or

DX 19114 Redditch

For alternative formats, email contactcentre@sra.org.uk or telephone 0870 606 2555

Frequently asked questions

Who to include on the form

You must include details of all directors, registered members and shareowners in the company. The following can be directors, registered members and/or shareowners:

solicitors

registered European lawyers (RELS)

registered foreign lawyers (RFLs)

exempt European lawyers

other lawyers

legally qualified bodies (such bodies cannot be directors but may be registered members and/or shareowners).

Most of the terms referred to above are defined in the SRA Handbook, and brief descriptions are contained in the [glossary](#) below.

Please also include all prospective employees who are solicitors, RELs and/or RFLs so that we can ensure that the records are accurate and up to date.

What about non-lawyer directors, registered members and shareowners?

The SRA's move to outcomes-focused regulation and the new SRA Handbook came into effect on 6 October 2011. Part 5 of the Legal Services Act 2007 (LSA 2007) also come into effect on this date. This is the section of the LSA 2007 which allows the introduction of Alternative Business Structures (ABS).

This means that on 6 October 2011, the door to new non-lawyer manager Legal Disciplinary Practices (LDPs) closed and all bodies that are "licensable" will need to apply to a Licensing Authority to become authorised as an ABS. Applications for all lawyer LDPs are not affected by this change.

ABS will need to have a licence in order to operate. The SRA has applied (on behalf of the Law Society) to the Legal Services Board (LSB) to become a Licensing Authority for ABS. On 13 June 2011, the LSB approved the SRA's application and recommended to the Lord Chancellor the SRA's designation as a Licensing Authority. When the SRA will formally be designated to license ABS is dependent upon the parliamentary timetable. It is hoped that the SRA will be designated before the end of 2011.

You can access further information about ABS on our website at www.sra.org.uk/abs.

For alternative formats, email contactcentre@sra.org.uk or telephone 0870 606 2555

How do we know who the "qualifying insurers" are?

Please refer to the qualifying insurers list at www.sra.org.uk/indemnity.

Section 1 – Name

Name under which the company is to be recognised

Please give the company's registered name—this is the only name under which we can grant recognition to the firm (Recognised Bodies Regulation 13.1). (See below regarding other trading names or practising styles.)

This name will appear on the SRA's public register and you must show it, together with your registered number (i.e. Companies House number), on your website and emails as well as on your letterhead (Chapter 8 of the Code).

Name under which the company will trade

We ask this so that we can identify any part of the firm about which we are asked. Firms may want to practise under more than one style, and clients and the SRA must be able to identify a firm, however it is described.

Please provide details (on a separate sheet if necessary) of all trading names of the firm if different from the name under which the firm is to be recognised.

Please note that if you adopt any new practising style(s) once recognition has been granted, you must update your firm's online profile at my SRA, as all practising styles must be shown in our register of your firm (Recognised Bodies Regulation 14.2).

Please note that if you practise under a style other than your registered name, you must include your registered name (and registered number i.e. Companies House number) on your letterhead, website and emails (Chapter 8 of the Code).

Please state in your covering letter **whether the firm will hold client money under any trading name other than your registered name.**

If you are converting an existing recognised body to be a company, please confirm this and give the SRA number of the existing recognised body. By answering "Yes" you are confirming the closure of the existing recognised body once recognition has been granted for the new company.

Section 2 – Preferred practice commencement date

Please let us know the date you would like your company to start providing legal services.

When providing your proposed practice commencement date, please consider that we are unable to grant recognition until a completed application has been received (Recognised Bodies Regulation 1.1).

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We will notify you of our decision within 90 days of receiving your application and all additional information and documentation required, although we will aim to determine your application or notify you that additional information is required within 30 days. If you do not allow sufficient time for us to process your application, or your application is not fully in order, your actual approval date may be different from the proposed commencement date that you specify.

If you do not have a specific date in mind and would like recognition at the earliest opportunity, you should leave this question blank.

You must not start practising until your company has been approved by us.

Section 3 – Registered office details

Under Rule 15.3 of the SRA Practice Framework Rules a recognised body which is a company must be

- (a) incorporated and registered in England and Wales, Scotland or in northern Ireland under Parts 1 and 2 of the Companies Act 2006;
- (b) incorporated in an Establishment Directive state and registered as an overseas company under Parts 34 of the Companies Act 2006; or
- (c) incorporated and registered in an Establishment Directive state as a *societas Europaea*.

Please indicate where your company is incorporated and registered by ticking one of these options.

Please state the company's registered number (i.e. Companies House number) and registered office address, including the country of incorporation, as we must record these on the register of recognised bodies (Recognised Bodies Regulation 14.2). We will record the registered office as the main contact address for the firm.

Although we ask for an email address for the firm in this section, later in the application you will be asked to give details of contacts for specific purposes—these are to facilitate communications between us and will generally be our first points of contact.

Section 4 – Other offices

We need to have details of all offices of the firm, including overseas offices, so that we know where the practice is located. Please provide the addresses and contact details of all branch offices and any other places of business from which your firm will practise. This might be, for example, a consulting room of which you will have exclusive use although no members of the firm will be based there.

Although we ask for an email address for each office, the main contacts requested in [Section 8](#) will generally be our first points of contact.

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If you do not intend to have any branch offices please leave this section blank.

If you will have more than four branch offices, please photocopy this section before completion and submit any additional pages with your list of enclosures (see the notes to [Section 21](#)).

Section 5 – Accountant’s reports section

We ask for the information in this section so that we know whether you expect to hold client money. Some firms, for example those dealing only with publicly funded work, can sometimes function without holding client money. The section also helps us to know whether, and when, we should expect to receive accountant’s reports from you.

The SRA Accounts Rules—see www.sra.org.uk/handbook—require that, if a firm or any member or employee of the firm holds or receives client money, or operates a client’s own account (e.g. as an attorney) during your accounting period, the firm must submit an accountant’s report.

Client money is money held or received for a client or as a trustee, and all other money which is not office money (only money which belongs to the firm will be office money).

Your accounting period must normally cover twelve months and will need to begin on the date when client money is first held or received (or a client’s own account is first operated). Accountant’s reports will need to be submitted annually and within six months of the end of your accounting period (unless instructed otherwise by the SRA). See Rules 32 and 33 of the SRA Accounts Rules.

The accountant’s report will need to be in the name of the company and all directors of the company. Any employee (or consultant) who holds client money, or operates a client’s own account, will also need to be included in the report.

Section 6 – Person qualified to supervise

To comply with Rule 12 of the Practice Framework Rules, the firm must have at least one lawyer qualified to supervise, who must be a director of the company.

You may have more than one such director, but for our records purposes we only require one name. Giving the details of one director who is qualified to supervise does not impose additional responsibilities on that individual.

Non-solicitors and solicitors without 36 months of PCs – if the lawyer who is qualified to supervise is not a solicitor (e.g. he or she is a licensed conveyancer) please provide evidence that he or she has been entitled to practise as a lawyer for at least 36 months within the last 10 years. This may be, for example, by providing certified copies of their practising certificates (if appropriate) or a letter from their regulator confirming the position. This would also apply to a solicitor who has not held sufficient practising certificates but, for example, has practised as an overseas lawyer in the last 10 years.

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Waivers – please note that we will not proceed with your application for recognition if the firm cannot comply with Rule 12 of the Practice Framework Rules. If you wish to apply for a waiver of this rule you should contact our Professional Ethics team and obtain a waiver before submitting this application.

Management training – we do not ask you to provide evidence with this application that the director who is qualified to supervise has completed the training required under Rule 12.2(a) of the Practice Framework Rules (presently 12 hours of management skills training), but this may be requested separately.

Section 7 – Authorisation to take trainee solicitors

Firms wishing to take on trainee solicitors must be authorised to do so.

Training principal – please say whether you wish to take on trainee solicitors and, if so, provide the name and SRA number of the person who would be the training principal (see Regulation 1 of the SRA Training Regulations 2011 Part 2 – Training Provider Regulations for the requirement in respect of a training principal).

Application to take trainees – once your firm has been recognised, we will send you an application form to apply for authorisation to take trainee solicitors to the training contact that you name in [Section 8](#) of the RB3 form.

Section 8 – Main contacts

The SRA contacts firms at various times throughout the year. To help us ensure effective communication channels we ask for the details of the most appropriate contacts in a number of areas. Please provide the individuals' names, email addresses and SRA numbers (where appropriate). If you cannot provide these details at the moment, please write "to follow" and update your firm's online profile at mySRA as soon as possible following recognition of the firm.

Authorised signatory

The firm's authorised signatory must be an eligible individual, who is authorised by the firm and its directors to make declarations on its behalf. In a company this must be a solicitor or REL director.

The firm's authorised signatory will have access to the firm's online profile at mySRA and will be able to make updates on behalf of the firm. They will also have access to firm applications and will be able to make amendments to online applications, including the completion of the declaration. The authorised signatory will be the only person in the firm that can complete online declarations and they will also act as a point of contact for online communications regarding the firm. You can nominate more than one authorised signatory.

Once the firm has been recognised, an online profile will be created at mySRA and the authorised signatory will be able to nominate an organisation contact. Anyone within your firm can be the organisation contact, although you must determine the suitability of the individual that you nominate. The organisation contact will have

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access to the firm's online profile at mySRA and will be able to make updates on behalf of the firm. They will also have access to firm applications and will be able to make amendments to online applications, excluding the completion of the declaration (unless they are also the authorised signatory). The organisation contact will also be our point of contact for online communications regarding the firm. You can nominate more than one organisation contact.

Designated complaints handler

This is the individual who is responsible for complaints handling in your firm. If a number of individuals in the firm deal with complaints, the individual named should be the most convenient contact.

Money laundering nominated officer

This is the money laundering nominated officer (also known as a Money Laundering Reporting Officer) required by the Money Laundering Regulations 2007. Most firms are required to have to have a nominated officer but not all (see the Law Society's practice note "Anti-money laundering practice note – 22 February 2008").²

If you are not required to have a money laundering nominated officer, please write N/A.

Please note that the nominated individual should be of sufficient seniority and in a position of sufficient responsibility to enable him or her to have access to all of the firm's client files and business information. Firms regulated by the Financial Services Authority (FSA) will need to obtain its approval to the appointment of the nominated officer, as this is a controlled function under FSA rules.

Accountant's report contact

This is the most appropriate individual for us to contact about the firm's accountant's reports. Please note that this individual should have sufficient responsibility for this purpose.

Financial Services Authority (FSA) compliance officer

The compliance officer is the individual within the firm who is responsible for ensuring compliance with the SRA Financial Services (Scope) Rules 2001 and the SRA Financial Services (Conduct of Business) Rules 2001 in respect of insurance mediation activities — see www.sra.org.uk/handbook. The compliance officer need not be a manager or a solicitor, but ought to be someone with sufficient seniority within the management structure.

You may deal with a variety of insurance contracts such as life policies, after-the-event legal expenses policies, unoccupied property insurance, restrictive covenant and defective title indemnity policies. As the FSA regulates most contract of insurance, you will need to consider whether you can carry out insurance mediation activities.

² See www.lawsociety.org.uk/productsandservices/practicenotes/aml/450.article

Insurance mediation is the term used to describe the financial services activities which arise in respect of insurance contracts. You will be carrying out an insurance mediation activity if you

- deal as an agent in contracts of insurance;
- arrange, or make arrangements with a view to a person entering into, a contract of insurance;
- assist in the administration and performance of a contract of insurance;
- advise on the merits of buying or selling a contract of insurance; or
- agree to carry out any of the above.

Firms working within the designated professional body (DPB) regime (i.e. the vast majority of firms) will be able to carry out insurance mediation activities provided they can satisfy the basic conditions in the SRA Financial Services (Scope) Rules 2001.

All firms carrying out insurance mediation activities (whether they are regulated by the FSA or not), must be included in the FSA Register and appoint a compliance officer. Firms which are not authorised by the FSA will appear in the part of the register known as the Exempt Professional Firms (EPF) register. We will ensure that firms regulated by us, under the DPB regime, will comply with this requirement if they advise us that they are carrying on insurance mediation and provide us with details of the firm's compliance officer.

By providing the name of the firm's compliance officer, you are confirming that the firm carries out insurance mediation activities.

Training contact

This is the most appropriate person to whom all correspondence about trainee solicitors should be sent.

Section 9 – Indemnity insurance

The SRA Indemnity Insurance Rules apply to all recognised bodies.

Indemnity insurance cover – you are required to submit details of your qualifying insurer's name, the policy number and period of cover. The list of qualifying insurers can be found at www.sra.org.uk/indemnity. Please ensure the details provided are not those of an insurance broker.

Period of cover – if the policy has not yet commenced, for period of cover please confirm that cover will run from “commencement of practice to [enter expiry date of cover]”.

More than one insurer – if your indemnity insurance cover will be provided by more than one qualifying insurer, please provide details of the additional policy(ies) in the

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additional information box on the form. In respect of each policy, please give the name of the insurer, the policy number and the period of cover.

Exemptions – if your firm has insurance under the home professional rules of an REL director who has been granted exemption/partial exemption under paragraphs 1 and 2 of Appendix 3 to the SRA Indemnity Insurance Rules, please provide the details requested of the exemption and of the insurance cover.

On 1 October 2010 the Assigned Risks Pool ceased to provide cover to new firms (in this context a new firm is any firm that is not a successor practice as defined in Appendix 4 to the SRA Indemnity Insurance Rules). If you are unsure if your firm is a successor practice for indemnity purposes, you can contact our Client Protection Policy Unit on 01527 504487 for further guidance.

If you are insured through the ARP you must show "Assigned Risks Pool" as your insurer, and provide the ARP policy number and the date on which the cover commenced.

On 1 October 2011 the Assigned Risks Pool eligibility period for a firm that is eligible was reduced from 12 to 6 months.

Visit www.sra.org.uk/ARPform to find out how to apply.

Evidence of cover – the SRA may request evidence of the indemnity whilst processing your application.

The SRA will not grant approval for your firm if you do not have indemnity insurance (or an offer of such cover) for your firm under the Minimum terms and Conditions appended to the SRA Indemnity Insurance Rules

Section 10 – Solicitor, REL and RFL directors

Please photocopy this section of the RB3 if you are providing details of more than two solicitors, REL and RFL directors (see [glossary](#)). Any individual who will be a member or shareowner but **not** a director or employee should be included in [Section 14](#) (member/shareowners). Solicitor, REL and RFL employees (but not directors) should be included in [Section 13](#) (employees).

SRA number – every solicitor, REL and RFL has a unique individual SRA number which should be included on the RB3.

Main practising address (where the individual will be based) – please provide the firm's address where the individual will work. If the individual will work from a number of offices please provide the address of the office where the individual would like their correspondence sent.

Name of previous/current firm and date left previous firm (if applicable) – please provide details of each individual's former or current firm and the **specific** date they left or plan to leave (if applicable) so that we can update our records accurately.

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Registered member? – although most members of companies will also be shareowners, there may be instances where this is not the case.

Please state whether or not the individual will be a registered member of the company. A registered member (or member) is a person who holds a share in the company, whether on his or her own behalf or as nominee on behalf of someone else (or both). Please note that you may hold shares as nominee but only for an individual or body who or which is qualified to be a member or shareowner i.e. a solicitor, REL, RFL, EEL, an "other lawyer" (see [Section 12](#)), or a legally qualified body.

A director need not be a member or a shareowner. Likewise, a member need not be a director or a shareowner; and a shareowner need not be a director or a member. If you are not a director but hold and/or beneficially own shares, you should not be included here, but in [Section 13](#) (solicitor/REL/RFL employees) or in [Section 14](#) (other individual member and/or shareowners).

Shareowner? – please state whether or not the individual is a beneficial owner of any share in the company (whether or not the share is held in their name or by a nominee - for more detail see "Registered member?" above). You should notify us if they have any interest in the shares of the company.

Section 11 – Exempt European lawyer (EEL) directors

Please photocopy this section of the RB3 if you are providing details of more than two EEL directors. Any individual who will be a member or shareowner but **not** a director should be included in [Section 14](#) (member/shareowners).

General information for Section 11

A member of an Establishment Directive profession will be exempt from registration as an REL or RFL (i.e. can be an EEL) if he or she is registered as the equivalent of an REL with the Bar Standards Board, or is based entirely outside of England and Wales, provided he or she is not also a lawyer of England and Wales.

"Exempt European lawyer" or EEL (formally "non-registered European lawyer" (non-REL)) is defined in the [glossary](#)) but note in particular:

a European lawyer who is also qualified as a lawyer of England and Wales (e.g. as a notary public) **is not** an EEL;

a European lawyer who is registered with the Bar Standards Board **is** an EEL (provided he or she is not a lawyer of England and Wales).

Notes to questions in Section 11

SRA number – EEL directors will have an SRA number if they have been recorded previously with the SRA (e.g. as a non-REL, an EEL or an REL). If they have not, and do not therefore have a number, please write N/A.

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Main practising address (where the individual will be based) – please give the address where the individual will work. If he or she will work from a number of offices please provide the address of the office where the individual would like any correspondence to be sent.

Name of previous/current SRA firm and date left previous firm (if applicable) – please provide details of any SRA regulated firms of which the individual is or has been a partner, member, director or employee, and the date they left or plan to leave (if applicable) so that we can update our records accurately.

Office outside England and Wales? – a European lawyer cannot be an EEL if he or she is based at an office in England and Wales, unless he or she is registered with the Bar Standards Board as the equivalent of an REL.

Registered with the Bar Standards Board? – a European lawyer can be an EEL if he or she is registered with the Bar Standards Board as the equivalent of an REL, unless he or she is also a lawyer of England and Wales.

Lawyer of England and Wales? – a European lawyer cannot be an EEL if he or she is also a lawyer of England and Wales. This is the case, wherever the lawyer is based, and even if the lawyer is not entitled to practise as a lawyer of England and Wales.

Please note that, if any of the above change, you must contact the SRA as you may no longer be eligible to be registered as an EEL and may need to register as an REL or an RFL.

Registered member? – see the notes to [Section 10](#) above.

Shareowner? – see the notes to [Section 10](#) above.

Section 12 – Other lawyer directors

Please photocopy this section of the RB3 if you are providing details of more than two “other lawyer” directors. Any individual who will be a member or shareowner but **not** a director should be included in [Section 14](#) (member/shareowners).

Other lawyers who can be directors of a company

Type of lawyer	Approved regulator
Barrister	Bar Council (through the Bar Standards Board) www.barstandardsboard.org.uk
Legal executive	Institute of Legal Executives (through ILEX Professional Standards Ltd) www.ilex.org.uk
Licensed conveyancer	Council for Licensed Conveyancers www.conveyancer.org.uk
Patent agent	Chartered Institute of Patent Attorneys (through the Intellectual Property Regulation Board) www.cipa.org.uk
Trade mark agent	Institute of Trade Mark Attorneys (through the Intellectual Property Regulation Board) www.itma.org.uk
Law costs draftsman	Association of Law Costs Draftsman www.alcd.org.uk
Notary public	Faculty Office of the Archbishop of Canterbury www.facultyoffice.org.uk
Lawyers approved by the Association of Chartered Certified Accountants	Association of Chartered Certified Accountants www.acca.org.uk
Lawyers approved by the Institute of Chartered Accountants of Scotland	Institute of Chartered Accountants of Scotland www.icas.org.uk

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Notes to questions in Section 12

Main practising address (where the individual will be based) – please provide the firm’s address where the individual will work. If the individual will work from a number of offices, please provide the address of the office where the individual would like their correspondence sent.

Name of previous SRA-regulated firm and date left previous SRA-regulated firm – this is only applicable if the individual has previously been an employee in an SRA-regulated firm or was formerly a partner, member or director of such a firm. In either case, please provide the individual’s SRA number.

If they have previously been in an SRA-regulated firm, please provide the **specific** date that they left or expect to leave (if applicable) so that we are able to update our records accurately.

Is the individual entitled to practise and not subject to a condition or restriction? – we are seeking confirmation that the firm has complied with the requirements of Rule 4.1(b) of the Recognised Bodies Regulations.

- “4.1 A recognised body must not take on a new manager without first being satisfied of that manager’s eligibility, by [...]
- (b) obtaining (and retaining, for production to the SRA if required) in respect of any lawyer authorised by an approved regulator but not by the SRA, written confirmation from the approved regulator to the effect that the lawyer is authorised by that approved regulator, entitled to practise and not subject to a condition or other restriction which would preclude that person becoming a manager.

Please note – if an “other lawyer” is authorised by more than one approved regulator, please give details of all legal qualifications and approved regulators. This would include, for example, a legal executive who is also a member of an establishment directive profession and is registered with the Bar Standards Board. In this case, please also provide the European professional title and jurisdiction of qualification.

Registered member? – see the notes to [Section 10](#) above.

Shareowner? – see the notes to [Section 10](#) above.

Section 13 – Solicitor/REL/RFL employees

Please photocopy this section of the RB3 if you are providing details of more than two solicitor, REL and/or RFL employees. Any individual who will be a member or shareowner but **not** an employee or a director should be included in [Section 14](#) of RB3.

Status – employees of a firm can only be recorded as one of the following for the purposes of SRA records: associate, assistant, consultant or professional support lawyer.

Previous/current firm – please provide details of each individual’s former or current SRA regulated firm and the specific dates they left or are expected to leave (if applicable) so that we can update our records accurately.

Registered member? – see the notes to [Section 10](#) above.

Shareowner? – see the notes to [Section 10](#) above.

Section 14 – Other individual members and/or shareowners

Please photocopy this section of the RB3 if you are providing details of more than one such individual.

General information for Section 14

This section relates to:

- a) any solicitor, REL or RFL who is not a director or employee but is a member and/or shareowner
- b) any EEL (see [Section 11](#)) or “other lawyer” (see [Section 12](#)) who is not a director but is a member and/or shareowner (whether or not they are also an employee).

Notes to questions in Section 14

SRA number – solicitors, RELs and RFLs will have an SRA number, but EELs and other lawyers will not, unless recorded previously with the SRA. If they do not have a number, please write N/A.

Address – please give a contact address where the individual would like any correspondence to be sent.

- 1) Please give your status to be a member/shareowner.

EELs – please refer to [Section 11](#) for eligibility to be recorded as an EEL and other background information. If you are not already recorded as an EEL, please state:

your professional title

your jurisdiction of qualification

whether you will be based entirely at an office or offices outside England and Wales

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whether you are registered as a European lawyer with the Bar Standards Board

whether you are also a lawyer of England and Wales (regardless of whether you are entitled to practise).

Please note that, if any of the above change, you must contact the SRA as you may no longer be eligible to be an EEL and may need to register as an REL or an RFL.

- 2) Registered member? – see the notes to [Section 10](#) above.
- 3) Shareowner? – see the notes to [Section 10](#) above.

Section 15 – Legally qualified body members and/or shareowners

Please photocopy this section of the RB3 if you are providing details of more than one legally qualified body member and/or shareowner.

General information for Section 16

Structure and composition – the SRA is able to recognise a firm with a relatively complex structure, involving various tiers of ownership, provided that the structure and composition of all bodies in the firm satisfy the requirements of Rule 15 and 16 of the SRA Practice Framework Rules.

Although a legally qualified body may not be a director, Rule 16.1(e) of the Practice Framework Rules permits such a body to be a member and/or shareowner of a recognised body which is a company.

Rule 23 of the Practice Framework Rules defines a legally qualified body as:

“23.1 [...] means any of the following:

- (i) a lawyer;
- (ii) a recognised body;
- (iii) an authorised non-SRA firm of which all the managers and interest holders are lawyers save that where another body (“A”) is a manager of or has an interest in the firm, non-authorised persons are entitled to exercise, or control the exercise of, less than 10% of the voting rights in A;
- (iv) European corporate practice of which all the managers and interest holders are lawyers;

and reference to a “legally qualified body” shall be construed accordingly;”

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European corporate practice – is defined in Rule 23 of the Practice Framework Rules but is essentially a body corporate (including in this context a partnership with legal personality) which was formed and functions in an Establishment Directive state but not in England and Wales.

Notes to questions in Section 15

Type of body – only a company, an LLP incorporated in England and Wales, Scotland or Northern Ireland, or a partnership with legal personality (see below) can be a legally qualified body. Please specify the type of body.

Partnership with legal personality – whether a partnership has its own legal identity will depend on the jurisdiction under whose law it is formed. Examples of partnerships which have separate legal identities are a general partnership formed under the law of Scotland, a limited liability partnership formed under the law of Jersey, and a general partnership or limited liability partnership formed under the law of Texas or California. Examples of partnerships which do not have separate legal identities are a general partnership or limited partnership formed under the law of England and Wales, and a general partnership or limited liability partnership formed under the law of New York. A general partnership or limited liability partnership formed under Delaware law has legal personality unless the partners exercise their right to opt out of that status.

Authorised non-SRA firm – if the legally qualified body is an authorised non-SRA firm, please specify the approved regulator of the body.

Main office address – please give the main office address of the body, which should be the registered office (including country of incorporation) of a corporate body. If the body does not practise from its registered office, please write “non-practising office” against that address and provide details separately of the main practising address. Please note that the registered office of a recognised body must be a practising address of the firm.

Contact details – we do not ask for a contact name or details about the composition of legally qualified bodies, but ask for the website address so that, if we need to make contact or find out more about the body, we can obtain details from the website. If the body does not have a website, please write N/A—we will contact you for further details of the legally qualified body if we need them.

Registered member? – see the notes to [Section 10](#) above.

Shareowner? – see the notes to [Section 10](#) above.

Section 16 – Other information

In this section we are seeking information to help us understand more fully the ways in which firms actually practise, and therefore develop a profile of the profession and potential regulatory risk factors. Our aim is to develop a system of risk-assessment so we are better able to target our resources and pre-empt regulatory difficulties in the interests of the public and the profession.

We are trying to gather information about professional independence and areas of influence that might affect firms. We need this to help us establish that firms are complying with the law and are not subject to any improper control. We hope that the information will also help us to develop our understanding of professional independence, and how this can best be applied in the new regulatory framework to alternative business structures.

This will be a continuing project to improve our regulatory effectiveness, so we will ask for annual updates of the information provided.

If relevant, this information can be taken into account in assessing applications for recognition. Under Recognised Bodies Regulation 2.2(c), the SRA may refuse recognition if it reasonably considers that it would be against the public interest to grant it. However, we will be unlikely to exercise discretion to refuse an application based only on the information provided in this section, but it may lead us to contact you and make further enquiries to help us with the decision.

Associations – Introductions and referrals

Chapter 9 of the Code sets out the outcomes that you must achieve concerning referrals of business.

Please tell us if your firm has any arrangements with third parties for introducing clients now or in the future, even if there is no “financial arrangement”.

If you have answered “yes”, please give us the following details in respect of each introducer, on a separate sheet:

the name of the organisation or individual with whom your firm has/will have an arrangement for introducing work;

the date of commencement of the agreement, if known;

the area(s) of work involved (e.g. conveyancing, personal injury);

the percentage of your firm’s total estimated fee income that you expect to arise in your first year of trading from your arrangements with each introducer;

the total sum or details of any other consideration (e.g. provision of services or secondment of staff to the introducer, or an agreement to purchase services or products from the introducer where the purchase is a condition of referrals being made to you) which you think you are likely to pay to each introducer under the arrangement(s) in your first year of trading.

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For detailed guidance on referrals, visit www.sra.org.uk/referrals.

Associations – Sharing fees

Chapter 9 of the Code sets out the outcomes that you must achieve concerning fee-sharing.

Please tell us whether your firm has, or expects to have, any arrangements with any individuals or organisations outside of the firm to share its fees with another party, or to receive a share of the fees of another party, now or in the future.

If you have answered “yes” to either question, using a separate sheet, please give us the following details in respect of each third party:

the name of the organisation or individual with whom your firm has an agreement;

the date of commencement of the agreement, if known;

brief details of the nature of the arrangement;

the area(s) of work involved, if an arrangement relates to a particular area (e.g. conveyancing, personal injury);

the percentage of your firm’s total estimated fee income that you expect to pay and receive under such arrangements in your first year of trading;

the sum or details of any other consideration (e.g. provision of services or secondment of staff to the introducer, or an agreement to purchase services or products from the introducer where the purchase is a condition of referrals being made to you) which you think you are likely to pay to, or receive from, each individual or organisation with whom you have such an arrangement in your first year of trading.

Involvement/influence

Please provide details of any contractual or other type of relationship that the firm or any of the managers has that might affect, or might be perceived to affect, the integrity or independence of the firm. This type of situation is likely to be unusual, but might arise, for example, where

an individual’s role in the firm could include being a representative in any way of another body which he or she is involved in

the role or involvement of an employee in the running of the firm amounts to some element of control over it

finance agreements or loans to your firm have particular strings attached

certain contractual conditions in agreements with referrers of business or funders effectively pass control of your firm to an outside body

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granting options to purchase your interest in your firm is for nominal value

you form a relationship or enter arrangements that put any outsider in de facto control of any votes in a directors' meeting.

If you have answered "yes", please provide details on a separate sheet of the relevant circumstances.

Other roles

This question is not aimed at trying to identify, for example, where directors work on a part-time basis or are involved in "out of work" activities such as coaching the local football team. What we want to identify is whether there are certain types of situation where firms' effectiveness, or even compliance, might be affected by other activities of the directors. This may be as a result of time spent away from the firm, or the nature of another role might in some way interfere with responsibilities to the firm and clients.

If you have answered "yes", please provide details on a separate sheet of the relevant director(s) and a brief summary of the relevant role(s) he or she has outside of the firm. Again, this type of situation may well be unusual, but might arise, for example, where

a director, particularly if he or she is the only person in the firm who is "qualified to supervise", plays a major role in another firm or is, for some other reason, frequently absent from the firm

a director is a member of or owns a non-legal business, the business demands of which (perhaps a need for capital input) might affect the firm

a significant number of non-executive directorships that are not related to the work of the firm are held by a director, or where the nature of such positions, may compromise the director's role or work in the firm.

We do not intend to capture here information, for example, about trusteeships if these roles are undertaken as part of the normal activities of the directors as representatives of the firm and do not clash with the interests or needs of the firm.

Reliance on single income source

This information is intended to provide us a better understanding of a firm's reliance on a single source of fee income. The information is not used in isolation but informs our view of particular types of risk (such as lack of independence) crystallising in a firm.

A group of clients means a number of related clients involved in the same or related case, for example class action clients. Referral sources are any intended arrangements with third parties for introducing clients to your firm. The estimated total used for gross fees should be that used to define your estimated gross fees for your first complete financial year.

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Section 17 – Character and suitability of directors

All proposed directors must declare whether they have been subject to or affected by any of the matters listed in Regulation 3 of the Practising Regulations.

Period of declaration – the period that this declaration should cover may vary for individuals. Solicitors will have made a declaration at the time of issue of their last practising certificate (or on admission if they have not held a PC); and RELs and RFLs at the time they applied to be registered and on renewal of registration. I. Other lawyers may have made declarations of this nature to their own regulatory body but may not have done previously to the SRA, and should therefore declare or update details of any such occurrences.

Practising Regulation 3.1 lists the following matters:

“3.1 (a) [...] has been:

- (i) reprimanded, made the subject of disciplinary sanction or made the subject of an order under section 43 of the SA, ordered to pay costs or made the subject of a recommendation to the Society or the SRA to consider imposing a condition, by the Tribunal, or struck off or suspended by the court;
- (ii) made the subject of an order under section 43 of the SA by the Society or the SRA or rebuked or fined under section 44D of that Act by the SRA;
- (iii) made the subject of, or been a manager, owner or compliance officer of a recognised body, licensed body or an authorised non-SRA firm which has been the subject of, an intervention by the Society or the SRA or by any other approved regulator;
- (iv) made the subject of a disciplinary sanction by, or refused registration with or authorisation by, another approved regulator, professional or regulatory tribunal, or regulatory authority, whether in England and Wales or elsewhere;
- (v) disqualified from acting as a HOLP or a HOFA or from being a manager of, or being employed by, a licensed body or an authorised non-SRA firm;
- (vi) refused authorisation as a recognised sole practitioner or had such authorisation revoked under regulation 10.2(b)(i), (iii), (iv) or (vi);
- (vii) refused approval to be a manager, owner or compliance officer of an authorised body or of an authorised non-SRA firm or had such approval withdrawn;
- (viii) a manager, owner or compliance officer of an authorised body whose authorisation has been suspended or revoked by the

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SRA under Rule 22 of the SRA Authorisation Rules, except under 22.1(a)(vii), or by another approved regulator; or

- (ix) made subject to a revocation of his or her practising certificate or registration under regulation 10.2(a)(i) or (v).
- (b) The SRA (or previously the Society) has requested an explanation from the applicant in respect of a matter relating to the applicant's conduct and has notified the applicant in writing that it does not regard the applicant's response, or lack of response, as satisfactory.
- (c) The applicant has failed to deliver within the period allowed an accountant's report required by rules made under section 34 of the SA.
- (d) The applicant's practising certificate or registration has been suspended and the suspension:
 - (i) has come to an end;
 - (ii) was continuing when the applicant's last practising certificate or previous registration expired or was revoked; or
 - (iii) is continuing.
- (e) The applicant has been suspended from practice (or suspended from the register, if the applicant is a European lawyer), and the suspension has come to an end.
- (f) The applicant's last practising certificate or previous registration expired or was revoked whilst subject to a condition.
- (g) The applicant's practising certificate or registration is currently subject to a condition.
- (h) The applicant's right to practise as a lawyer of another jurisdiction or as a lawyer of England and Wales (other than as a solicitor) is subject to a condition or restriction.
- (i) The applicant has been restored to the roll or register, having previously been struck off.
- (j) The applicant is an undischarged bankrupt.
- (k) The applicant:
 - (i) has been adjudged bankrupt and discharged
 - (ii) has entered into an individual voluntary arrangement or a partnership voluntary arrangement under the Insolvency Act 1986;

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- (iii) has been a manager of a recognised body, a licensed body or an authorised non-SRA firm which has entered into a voluntary arrangement under the Insolvency Act 1986;
 - (iv) has been a director of a company or a member of an LLP which has been the subject of a winding up order, an administration order or administrative receivership; or has entered into a voluntary arrangement under the Insolvency Act 1986; or has been voluntarily wound up in circumstances of insolvency.
- (l) The applicant lacks capacity (within the meaning of the Mental Capacity Act 2005) and powers under sections 15 to 20 or section 48 of that Act are exercisable in relation to the applicant.
- (m) The applicant has been committed to prison in civil or criminal proceedings and:
- (i) has been released; or
 - (ii) has not been released.
- (n) The applicant has been made subject to a judgment which involves the payment of money, other than one:
- (i) which is limited to the payment of costs; or
 - (ii) in respect of which the applicant is entitled to indemnity or relief from another person as to the whole sum; or
 - (iii) which the applicant has paid, and supplied evidence of payment to the SRA (or previously to the Society).
- (o) The applicant is currently charged with an indictable offence.
- (p) The applicant has been convicted of an indictable offence or any offence under the SA, the Financial Services and Markets Act 2000, the Immigration and Asylum Act 1999 or the Compensation Act 2006.
- (q) The applicant has been disqualified from being a company director.
- (r) The applicant has been removed from the office of charity trustee or trustee for a charity by an order within the terms of section 72(1)(d) of the Charities Act 1993.
- (s) The applicant has been the subject in another jurisdiction of any circumstance equivalent to those listed in (j) to (r).

Spent convictions – Please note that convictions which are “spent” under the Rehabilitation of Offenders Act 1974 must be disclosed by virtue of the Rehabilitation of Offenders Act 1974 (Exceptions) (Amendment) (England and Wales) Order 2008.

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Section 18 – Turnover

This information will help us to develop our profiles of firms. Importantly, recognised bodies are required to pay periodical fees (normally annually) which are calculated using the firm's turnover.

We acknowledge that information about firms' fees is commercially sensitive. We will use it for regulatory purposes only, and we will not use it in a way that allows the information to be attributed to a particular firm.

Providing your turnover figure

The way the turnover figure is determined varies depending on whether the firm, on approval, is a New Recognised Body or a Successor Recognised Body or if the firm is an existing recognised body which is changing its legal status.

Please see the [glossary](#) for the meaning of New Recognised Body and Successor Recognised Body, for the purpose of providing your turnover figure.

New Recognised Body

For a New Recognised Body (i.e. not a Successor Recognised Body nor one resulting from change in status), an estimate for the first twelve months of practice (irrespective of whether this is after 31 October 2011) will be accepted. The basis upon which the firm has made the estimate should be provided on a separate sheet.

Please provide the turnover figure **both in numerical and word** format. If you only provide one format you will be asked to provide the missing format and this will delay your application being processed.

Successor Recognised Body

For a Successor Recognised Body, a separate Notice of Succession (form NS1) should be submitted providing an agreed successor turnover figure.

Regulation 3 of the Recognised Bodies Regulations requires firms affected by a change, for example, an acquisition, merger or split, to provide the SRA with a successor turnover figure which is calculated by apportioning the historic turnover figures for each of the firms affected by the change.

Form NS1 is the prescribed form to notify the SRA of a successor turnover figure for each of the affected firms where:

- A firm has succeeded to the whole or part of the practice of one or more firms, and/or
- A firm has split or ceded part of the practice to another firm and wishes this change to be considered by the SRA when determining the firm's next periodical fee.

You can download form NS1 and further guidance from our website at www.sra.org.uk/ns1.

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Notice of Succession submission - where form NS1 is required, it must be submitted within 28 days of the change taking place. Please indicate if a Notice of Succession has been submitted and provide the submission date where appropriate.

Existing recognised body which is changing its legal status (e.g. LLP to partnership)

For a firm that is changing its legal status, it should provide the firm's turnover figure from its last complete accounting period prior to 1 November 2011 as if there were no change in status.

Please provide the turnover figure **both in numerical and word** format. If you only provide one format you will be asked to provide the missing format and this will delay your application being processed.

The turnover figure will need to be based on closed accounts, audited where possible. Closed accounts are defined as having, in order of preference:

- an audited set of financial statements
- an unaudited set of financial statements signed off by an accountant
- a submitted tax return for the year.

The turnover figure should be an exact figure wherever possible. A figure rounded to the nearest £1000 will be acceptable **only** if more detail is unavailable and an explanation is provided. In such a case you should provide details in a covering letter.

Accounting period - please provide the exact dates of the accounting period to which the turnover figure relates.

The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to 1 November 2011 (e.g. to 31 March 2011). The latest acceptable annual accounting period end date will be 31 October 2011.

Please confirm what the turnover figure you have provided is based on by ticking just one of the following tick boxes.

Based on closed accounts (see above for the definition of closed accounts).

An estimate as the accounts for the period given in your "accounting period" have not yet been closed.

An estimate for the first twelve months as the firm commenced trading after 1 November 2010.

Accountant's confirmation

Please say whether your accountant(s) has/have provided written confirmation or are able to validate the turnover figure provided. The SRA may request a copy of this confirmation.

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Where the firm will, on approval, be a New Recognised Body, you should also tick "Yes" if your accountant(s) is/are able to verify the figure provided as a reasonable estimate.

Section 19 – Declaration of compliance

Knowingly or recklessly giving the SRA information which is false or misleading in a material particular, or failure to inform the SRA of materially significant information of which the company or its directors are aware, may lead to disciplinary action by the SRA or revocation of the body's recognition.

The SRA reserves the right to carry out or to request you to carry out fresh checks in relation to the firm's or directors' compliance with the SRA's rules and relevant legal requirements.

Who may sign? – the form must be signed by a solicitor or an REL who is a director of the company and who is authorised by all directors of the company to make the declarations in [Section 19](#).

Signing the form – when you have completed the form on behalf of the company please clearly and accurately state your full name and SRA number, and sign and date the declaration.

Determination of application – the Recognised Bodies Regulations allow us to grant or refuse recognition (regulations 2.1 and 2.2) or to grant recognition subject to conditions which we consider appropriate in the public interest (regulation 6), for example preventing the firm undertaking certain activities. The regulations also permit us to revoke recognition in appropriate circumstances (regulation 11).

Regulation 2.2 – the SRA may refuse an application for initial recognition if:

- (a) the SRA is not satisfied that a manager or a person with an interest in the body is a suitable person to be engaged in the management or ownership of a recognised body, taking into account that person's history, character, conduct or associations; or
- (b) the SRA is not satisfied that the body's managers or owners are suitable, as a group, to operate or control a business providing regulated legal services; or
- (c) for any other reason the SRA reasonably considers that it would be against the public interest to grant recognition. "

Regulation 11.1 – the SRA may revoke a body's recognition, if:

- (a) recognition was granted as a result of error or fraud; or
- (b) the body would not be eligible to be recognised if it were at that time applying for initial recognition;
- (c) the renewal date has passed and the SRA has not received an application for renewal of recognition and all required fees, information and documentation;

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- (d) the body has a temporary emergency recognition but has not within the initial 28 day period or any extension of that period commenced a substantive application for recognition;
- (e) the body has ceased to practise;
- (f) an approved regulator other than the SRA has authorised the body; or
- (g) the SRA has decided under regulation 2.4 not to renew the body's recognition,
- (h) a relevant insolvency event within the meaning of paragraph 32(1A) of Schedule 2 of the AJA has occurred in relation to the recognised body which has not triggered expiry of recognition under regulation 12,

and the SRA is satisfied that revocation would not present a risk to clients, to the protection of client money or to any investigative process.”

Appeals – under Recognised Bodies Regulation 9, you can appeal against a decision of the SRA to reject the application for recognition of the company or to impose a condition. Note that there are time limits.

Notes to Section 19 declarations

- 1) All directors, members and shareowners must be named on the form.
- 2) Rule 13.1(a) of the Practice Framework Rules requires solicitor or REL participation in a firm and Rule 16.1 sets out who may be a director, member or shareowner in a firm.
- 3) Regulation 4 of the Recognised Bodies Regulations sets out the steps that a firm must take to satisfy itself of the eligibility of a prospective director. Different steps are required in each case.

Section 20 – Fees

The fee for approval of a new company varies depending on whether the firm will, on approval, be a New Recognised Body or a Successor Recognised Body or if it is an existing recognised body which is changing its legal status.

Please see the [glossary](#) for the meaning of New Recognised Body and Successor Recognised Body, for the purpose of calculating your firm's fee.

For a New Recognised Body

The fees for a firm which, on approval, will be a New Recognised Body are listed below. Please note the charge for handling the application is £200, this charge is included in the fees below. If you decide to withdraw your application or your application is refused we will issue you a refund, however the charge for handling your application will be retained.

Recognition approval date between:	Fee
1 November 2011 to 31 December 2011 inclusive	£1,000
1 January 2012 to 31 March 2012 inclusive	£800
1 April 2012 to 30 June 2012 inclusive	£600
1 July 2012 to 31 October 2012 inclusive	£400

Compensation Fund contribution

A Compensation Fund contribution is payable by firms which intend to hold or receive client money. If you intend to hold or receive client money (as defined in the SRA Accounts Rules) at any time during the period 1 November 2011 to 31 October 2012, you are required to pay this contribution when you submit your application.

Recognition approval date between:	Contribution
1 November 2011 to 31 December 2011 inclusive	£772
1 January 2012 to 31 March 2012 inclusive	£579
1 April 2012 to 30 June 2012 inclusive	£386
1 July 2012 to 31 October 2012 inclusive	£193

Please note, the date of our decision will determine the final fees payable. We will aim to approve your recognition on your preferred practice commencement date. If however, you do not allow sufficient time for us to process your application, or your application is not fully in order, your actual approval date may be different from the

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proposed practice commencement date that you specify. If this is the case, we will automatically send you a refund or request further fees from you, if applicable.

Recognised bodies are required to pay periodical fees (normally annually) which are calculated using the firm's turnover. Your firm's next periodical fee will be calculated using the turnover figure that you provide in [Section 18](#).

For a Successor Recognised Body

The fee for a firm which, on approval, will be a Successor recognised body is £200. This is the charge for handling the application.

If however the predecessor sole practitioner(s) or recognised body(ies) have not paid a fee for the practising year 1 November 2011 to 31 October 2012, the fee shall be determined as if the body were applying for renewal, plus a fee of £200. This is the charge for handling the initial application.

If you decide to withdraw your application or your application is refused the charge for handling your application will be retained.

Compensation Fund contribution

The SRA will waive this contribution where the application is made by a firm which is succeeding to the practice of another recognised body(ies) or recognised sole practitioner(s) and the predecessor body(ies) or practitioner(s) has already paid a contribution to the Compensation Fund.

Recognised bodies are required to pay periodical fees (normally annually) which are calculated using the firm's turnover. Your firm's next periodical fee will be calculated using the successor turnover figure agreed in the associated Notice of Succession (form NS1). You can download form NS1 and further guidance at www.sra.org.uk/ns1.

For an existing recognised body that is changing its legal status

The fee for an existing recognised body that is changing its legal status is £200. This is the charge for handling the initial application. If you decide to withdraw your application or your application is refused the charge for handling your application will be retained.

If however the predecessor recognised body has not paid a fee for the practising year 1 November 2011 to 31 October 2012, the fee shall be determined as if the body were applying for renewal, plus a fee of £200. This is the charge for handling the initial application.

Compensation Fund contribution

The SRA will waive this contribution where the application is made by a firm which is changing its legal status and the predecessor recognised body has already paid a contribution to the Compensation Fund.

Recognised bodies are required to pay periodical fees (normally annually) which are calculated using the firm's turnover. Your firm's next periodical fee will be calculated using the turnover figure that you provide in [Section 18](#).

How to pay – please refer to information on ways to pay at www.sra.org.uk/payment.

Your application will not be accepted without the correct fee.

Section 21 – Returning the form

Please provide a list of any additional documents that you are sending, including additional pages, other supporting documents and information, and any other forms. Please mark each document clearly with the section of the form to which it relates.

Please send the form, appropriate fee and all documents to the SRA's postal or DX address referred to in [Section 21](#) of the form.

Section 22 – Application checklist

Please refer to the checklist to ensure that you have completed the form and provided the information we need, so that we can deal with your application as quickly as possible.

Glossary of terms

Approved regulators

A regulatory body approved under the Act to authorise individuals or firms to undertake reserved legal activities; the approved regulators named in the Act are the Law Society (which will act through its independent regulatory body, the SRA), the Bar Council, the Master of Faculties, the Institute of Legal Executives, the Council for Licensed Conveyancers, the Chartered Institute of Patent Attorneys, the Institute of Trade Mark Attorneys, the Association of Law Costs Draftsmen, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants of Scotland. (See [Section 12](#))

Authorised non-SRA firm

A firm which is authorised to carry on legal activities by an approved regulator other than the SRA (see [Section 12](#)).

European corporate practice

A lawyers' practice which is a body incorporated in an Establishment Directive state, or a partnership with separate legal identity formed under the law of an Establishment Directive state:

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- (i) which has an office in an Establishment Directive state but does not have an office in England and Wales;
- (ii) whose ultimate beneficial owners include at least one individual who is not a lawyer of England and Wales but is, and is entitled to practise as, a lawyer of an Establishment Directive profession; and
- (iii) whose managers include at least one such individual, or at least one body corporate whose managers include at least one such individual;

Exempt European lawyer (EEL)

A member of an Establishment Directive profession

- (a) registered with the Bar Standards Board; or
- (b) based entirely at an office or offices outside England and Wales,

who is not a lawyer of England and Wales (whether entitled to practise as such or not).

Firm

Includes a sole practitioner, partnership, LLP or company through which a solicitor or REL practises (other than in-house).

Head or main office

The "head or main office" is the office address that we will hold in our records as the main address for your firm.

Legal disciplinary practice

LDPs are a type of firm which includes one or more other lawyers; there can be no outside participation in an LDP.

Legally qualified body

A legally qualified body can be a recognised body, an authorised non-SRA firm or a European corporate practice.

Manager

A manager of a firm is a
partner in a partnership
member of an LLP
director of a company.

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Member

Please refer to the details of “registered member?” in [Section 10](#) above. A full definition appears in Chapter 14 of the Code.

New Recognised Body

A New Recognised Body means a recognised body which obtained recognition after 31 October 2011 and is not a Successor Recognised Body.

Other lawyer

Types of lawyer not authorised by the SRA—i.e. barristers, notaries, legal executives, licensed conveyancers, patent agents, trade mark agents or law costs draftsmen etc (see [Section 12](#)).

Other office

"Other office" is any office of a firm other than the head or main office.

RB3

This is the application form to apply for approval of a new company to practise under the SRA Recognised Bodies Regulations 2011 (including a new partnership which is a legal disciplinary practice).

Recognised body

A partnership, LLP or company recognised by the SRA under section 9 of the Administration of Justice Act 1985 as suitable for the provision of legal services.

Registered European lawyer (REL)

A European lawyer registered with the SRA under regulation 17 of the European Communities (Lawyer's Practice) Regulations 2000 (S.I. 2000 No. 1119) to permit practice in the UK.

Registered foreign lawyer (RFL)

A lawyer of another jurisdiction registered with the SRA under section 89 of the Courts and Legal Services Act 1990 to permit them to participate in a recognised body.

Shareowner

Please refer to the details of “shareowner?” in [Section 10](#) above. A full definition appears in Rule 23 of the Practice Framework Rules.

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Successor Recognised Body

Successor Recognised Body means for the purposes of calculating the firm's fees, a recognised body which after 31 October 2011 succeeds to the whole or any part of any recognised body or recognised sole practitioner, for value or otherwise, in any of the following cases:

case (I):

a recognised body which acquires the whole or part of one or more recognised bodies or recognised sole practitioners;

case (II):

A recognised body resulting from the merger between the whole or part of two or more recognised bodies or recognised sole practitioners;

case (III):

A recognised body remaining after it has split or ceded part of its practice to another recognised body or recognised sole practitioner.

Successor Turnover

Successor turnover is relevant where firms have changed through, for example, an acquisition, merger or split. Certain firms affected are required to submit a Notice of Succession to the SRA with an agreed apportionment of turnover among the affected firms.

As guidance successor turnover should be calculated based on the Turnover Figures for each of the affected firms.

If a firm has succeeded to the whole or a part of one or more firms (e.g. through merger or acquisition), successor turnover will be calculated by combining the appropriate proportion of the turnover figure for each of the affected firms which has become part of the successor practice:

- In a simple merger between firms A and B, combine the Turnover for each firm.
- In a merger of one firm (firm A) with part of another firm (e.g. one third of firm B) then firm A should add the corresponding proportion of firm B's Turnover Figure to its Turnover Figure (e.g. firm A's Turnover Figure + third of firm B's Turnover Figure).

For a firm which has split or ceded part of their practice to another firm and wishes this change to be reflected in a Successor Turnover Figure, the Successor Turnover Figure will be a proportion of the Turnover Figure, as long as it is clear how the

Turnover Figure for such a firm is to be distributed between the successor firms. 100% of the Turnover Figure must be accounted for between the successor firms.

For example:

- In a merger of firm A with one third of firm B then,
 - firm B's successor turnover figure will be two thirds of its Turnover Figure, Firm A's will be its Turnover Figure plus one third of B's Turnover Figure;
- Where firm A and one third of firm B become new firm C,
 - firm A's turnover will be £0 (closed) and B's turnover will be two thirds of its Turnover Figure. Firm C's successor turnover figures will be the combination of A's Turnover Figure and one third of firm B's.

In a case where all successor firms agree on the apportionment of 100% of the Turnover Figures, then the SRA will accept the successor turnover figures.

In the case where all successor firms are unable to agree the apportionment of 100% of the Turnover Figures, then the SRA will treat the Notice of Succession as an application for it to determine the Turnover Figures for the purposes of determining periodical fees. The SRA will determine this apportionment based on the information available and its decision will be final.

Turnover Figure

The following paragraphs describe how the turnover figure that will be used for the purposes of determining the renewal fee will be calculated.

1. Turnover figure means a firm's total gross fees arising from work undertaken from offices in England and Wales.
 - *Gross fees includes:* all professional fees of the firm including remuneration, retained commission, and income of any sort whatsoever of the firm (including notarial fees). Work in Progress (WIP) should be included.
 - *Gross fees does not include:* interest, reimbursement of disbursements, VAT, remuneration from a non-private practice source, dividends, rents, and investment profit.
2. The turnover figures that will be used when billing firms in October 2012 will be based on **closed accounts**, audited where possible.
 - Closed accounts are defined, in order of preference, as:
 1. an audited set of financial statements
 2. an unaudited set of financial statements signed off by an accountant
 3. a submitted tax return for the year.
3. Bad debt should be handled under normal accounting procedures. Where it has been allowed for in the turnover figure for a firm's last closed accounting period

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prior to 1 November 2011, that is acceptable. If a bad debt has been discovered after closing the firm's accounts, then the turnover figure cannot be re-adjusted. Those adjustments could potentially be accounted for in the following year's closed accounts.

4. The turnover figure should, wherever possible, be for the last complete (12 months) accounting period prior to the 1 November 2011 (e.g. 31 March 2011). The latest acceptable annual accounting period end date is 31 October 2011.
5. The turnover figure should be an exact figure wherever possible. A figure rounded to the nearest £1,000 will be acceptable only if more detail is unavailable.
6. Those firms who do not have closed accounts which ended within the period from 1 November 2010 to 31 October 2011, should provide the SRA with an estimate of the turnover figure as well as the previous year's turnover figure based on accounts which have been closed.
7. The turnover figure must be for a 12-month period.
 - (a) For a brand new firm (i.e. not a successor firm nor one resulting from change in status), an estimate for the first 12 months of practice (irrespective of whether this is after 31 October 2011) will be accepted; the basis upon which the firm has made the estimate should be provided to the SRA.
 - (b) If a firm has changed its annual accounting period, its latest closed accounting period prior to the 1 November 2011 will be shorter or longer than 12 months. The following approach should be used by the firm, providing an explanation of how they have derived their turnover figure:
 - Preferably, provide the turnover for the 12-month period immediately preceding the new accounting period end date (as long as prior to 1 November 2011).
 - Alternatively, if this is not possible then take the last closed accounts period prior to the 1 November 2011 and scale it appropriately (e.g. if the last closed accounting period was for six months then it should be doubled; if the last closed accounting period was for 15 months, then it should be divided by 15 and then multiplied by 12).
8. If a firm has a change in status (e.g. partnership to LLP, sole practitioner to partnership), then at renewal it should respond as if there were no change in status.

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