

# SRA Financial Services (Scope) Rules



Guidance, changes, terms, notes and tags

## Introduction

The SRA, through the Law Society, is a designated professional body under Part 20 of FSMA. This means that firms (including sole practices) authorised by us may carry on certain regulated financial services activities without being regulated by the FCA if they can meet the conditions in section 327 of FSMA. The purpose of these rules is to set out the scope of the regulated financial services activities that may be undertaken by firms authorised by us and not regulated by the FCA.

These rules do not apply to solicitors, RELs or RFLs practising outside firms authorised by us.

This introduction does not form part of the SRA Financial Services (Scope) Rules.

## SRA Financial Services (Scope) Rules

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### Rule 1: Application

- 1.1** These rules apply to authorised bodies that are not regulated by the FCA their managers and employees and references to "you" in these rules should be read accordingly.
- 1.2** Where an authorised body is a licensed body, these rules apply only in relation to the activities regulated by the SRA in accordance with the terms of the body's licence.

### Rule 2: Basic Conditions

- 2.1** If you carry on any regulated financial services activities you must ensure that:
- (a)** you satisfy the conditions in section 327(2) to (5) of FSMA
  - (b)** the activities arise out of, or are complementary to, the provision of a particular professional service to a particular client
  - (c)** there is not in force any order or direction of the FCA under sections 328 or 329 of FSMA which prevents you from carrying on the activities; and
  - (d)** the activities are not otherwise prohibited by these rules.

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## Rule 3: Prohibited activities



3.1 You must not carry on, or agree to carry on, any of the following activities:

- (a) an activity that is specified in an order made under section 327(6) of FSMA
- (b) an activity that relates to an investment that is specified in an order made under section 327(6) of FSMA
- (c) entering into a regulated credit agreement as lender except where the regulated credit agreement relates exclusively to the payment of disbursements or professional fees due to you;
- (d) exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement except where the regulated credit agreement relates exclusively to the payment of disbursements or professional fees due to you;
- (e) entering into a regulated consumer hire agreement as owner;
- (f) exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement
- (g) operating an electronic system in relation to lending within the meaning of article 36H of the Regulated Activities Order;
- (h) providing credit references within the meaning of article 89B of the Regulated Activities Order;
- (i) insurance distribution activities in relation to insurance-based investment products or
- (j) creating, developing, designing or underwriting a contract of insurance

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## Rule 4: Corporate finance



4.1 You must not act as any of the following:

- (a) sponsor to an issue in respect of securities to be admitted for dealing on the London Stock Exchange;
- (b) nominated adviser to an issue in respect of securities to be admitted for dealing on the Alternative Investment Market of the London Stock Exchange; or
- (c) corporate adviser to an issue in respect of securities to be admitted for dealing on the ICAP Securities and Derivatives Exchange or any similar exchange.

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## Rule 5: Insurance distribution activities



5.1 You may only carry on insurance distribution activities as an ancillary insurance intermediary.

5.2 You must not carry on any insurance distribution activities unless you:

- (a) are registered in the Financial Services Register; and
- (b) have appointed an insurance distribution officer who will be responsible for your insurance distribution activities.

- 5.3** If you are carrying on, or proposing to carry on, insurance distribution activities you must notify the SRA in the prescribed form.
- 5.4** The SRA may give the FC any of the information collected on the prescribed form and you must notify the SRA without undue delay of any changes to this information or to any information about you that appears on the Financial Services Register.
- 5.5** Rule 5.3 does not apply to you if you have been registered in the Financial Services Register and are able to carry on insurance mediation activities before 1 October 2018.

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## Rule 6: Credit-related regulated financial services activities □

- 6.1** You must not enter into any transaction with a client in which you:
- (a)** provide the client with credit card cheques, a credit or store card, credit tokens, running account credit a current account or high-cost short-term credit;
  - (b)** hold a continuous payment authority over the client's account; or
  - (c)** take any article from the client in pledge or pawn as security for the transaction.
- 6.2** You must not:
- (a)** enter into a regulated credit agreement as lender; or
  - (b)** exercise, or have the right to exercise, the lender's rights and duties under a regulated credit agreement
- which is secured on land by a legal or equitable mortgage.
- 6.3** You must not:
- (a)** enter into a regulated credit agreement as lender; or
  - (b)** exercise, or have the right to exercise, the lender's rights and duties under a regulated credit agreement
- which includes a variable rate of interest.
- 6.4** You must not provide a debt management plan to a client.
- 6.5** You must not charge a separate fee for, or attribute any element of your fees to, credit broking services.

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### Supplemental notes

Made by the SRA Board on 30 May 2018.

Made under section 31 of the Solicitors Act 1974, section 9 of the Administration of Justice Act 1985, section 83 of the Legal Services Act 2007 and section 332 of the Financial Services and Markets Act 2000.

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