

SRA Financial Services (Scope) Rules

Introduction

The SRA, through the Law Society, is a designated professional body under Part 20 of FSMA. This means that firms 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.

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 any **regulated activities**.

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.

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**; or
- (h) providing credit references within the meaning of article 89B of the **Regulated Activities Order**.

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.

Rule 5: Insurance mediation activities

[Note: This rule is subject to further amendments in order to implement the requirements of the Insurance Distribution Directive (IDD) (EU) 2016/97]

- 5.1 Unless you are registered in the **Financial Services Register**, you must not carry on any **insurance mediation activities**.
- 5.2 If you carry on **insurance mediation activities**, you must appoint an **insurance mediation officer** whose details will be made known to the **FCA** and who will be responsible for your **insurance mediation activities**.

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.

Supplemental notes

Made by the SRA Board on [date]

Made under sections 31, 79 and 80 of the Solicitors Act 1974, sections 9 and 9A 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

Approved by the Financial Conduct Authority under section 332(5) of the Financial Services and Markets Act 2000 on [date] and by the Legal Services Board under paragraph 19 of Schedule 4 to the Legal Services Act 2007, on [date]

Commencing on [date] and replacing the SRA Financial Services (Scope) Rules 2001.