

Changes to legislation: There are currently no known outstanding effects for the Administration of Justice Act 1985, Cross Heading: Intervention by Society. (See end of Document for details)

SCHEDULES

SCHEDULE 2

[^{F1}LEGAL SERVICES PRACTICES]: SUPPLEMENTARY PROVISIONS

Textual Amendments

- F1** Words in Sch. 2 heading substituted (31.3.2009) by [Legal Services Act 2007 \(c. 29\)](#), ss. 177, 211, [Sch. 16 para. 85](#) (with ss. 29, 192, 193); S.I. 2009/503, [art. 2\(b\)\(ii\)](#)

Modifications etc. (not altering text)

- C1** Sch. 2 applied (with modifications) by SI 2000/1119 Sch. 4 para. 24(2) (as substituted (1.11.2015) by [The Legal Services Act 2007 \(The Law Society\) \(Modification of Functions\) Order 2015 \(S.I. 2015/401\)](#), art. 1(3), [Sch. 2 para. 3\(c\)\(ii\)](#))

Commencement Information

- I1** Sch. 2 wholly in force at 1.1.1992 see s. 69(2) and [S.I. 1991/2683](#), [art. 2](#)

Intervention by Society

- 32 (1) Subject to sub-paragraph (2), where—
- (a) the [^{F1}Society is] satisfied that a recognised body [^{F2}or a manager of such a body] has failed to comply with any rules applicable to [^{F3}the body or manager] by virtue of section 9 of this Act; or
 - (b) a person has been appointed receiver or manager of property of a recognised body; or
 - [^{F4}(c) a relevant insolvency event occurs in relation to a recognised body; or]
 - (d) the [^{F5}Society has] reason to suspect dishonesty on the part of any [^{F6}manager] or employee of a recognised body in connection with
 - [^{F7}(i) that body's business,
 - (ii) any trust of which that body is or was a trustee,
 - (iii) any trust of which the manager or employee is or was a trustee in his capacity as such a manager or employee, or
 - (iv) the business of another body in which the manager or employee is or was a manager or employee or the practice (or former practice) of the manager or employee; or]
 - [^{F8}(da) the Society considers that there has been undue delay on the part of the personal representatives of a deceased solicitor who immediately before death was practising as the sole principal of a recognised body in connection with the recognised body's business or in connection with any trust; or
 - (db) the Society is satisfied that a solicitor practising as the sole principal of a recognised body is incapacitated by illness, injury or accident to such an

Changes to legislation: There are currently no known outstanding effects for the Administration of Justice Act 1985, Cross Heading: Intervention by Society. (See end of Document for details)

extent as to be unable to attend to the solicitor's practice or to the recognised body's business; or]

[^{F9}(e) the Society is satisfied that it is necessary to exercise the powers conferred by Part 2 of Schedule 1 to the 1974 Act (or any of them) in relation to a recognised body to protect—

- (i) the interests of clients (or former or potential clients) of the recognised body,
- (ii) the interests of the beneficiaries of any trust of which the recognised body is or was a trustee, or
- (iii) the interests of the beneficiaries of any trust of which a person who is or was a manager or employee of the recognised body is or was a trustee in that person's capacity as such a manager or employee;]

the powers conferred by Part II of Schedule 1 to the 1975 Act shall be exercisable in relation to the recognised body and its business in like manner as they are exercisable in relation to a solicitor and his practice.

[^{F10}(1A) For the purposes of this paragraph a relevant insolvency event occurs in relation to a recognised body if—

- (a) a resolution for a voluntary winding-up of the body is passed without a declaration of solvency under section 89 of the Insolvency Act 1986;
- (b) the body enters administration within the meaning of paragraph 1(2)(b) of Schedule B1 to that Act;
- (c) an administrative receiver within the meaning of section 251 of that Act is appointed;
- (d) a meeting of creditors is held in relation to the body under section 95 of that Act (creditors' meeting which has the effect of converting a members' voluntary winding up into a creditors' voluntary winding up);
- (e) an order for the winding up of the body is made.]

(2) ^{F11}

Textual Amendments

- F1** Words in Sch. 2 para. 32(1)(a) substituted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 119(2)(a)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**
- F2** Words in Sch. 2 para. 32(1)(a) inserted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 119(2)(b)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**
- F3** Word in Sch. 2 para. 32(1)(a) substituted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 119(2)(c)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**
- F4** Sch. 2 para. 32(1)(c) substituted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 119(3)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**
- F5** Words in Sch. 2 para. 32(1)(d) substituted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 119(4)(a)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**
- F6** Word in Sch. 2 para. 32(1)(d) substituted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 119(4)(b)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**
- F7** Words in Sch. 2 para. 32(1)(d) substituted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 119(4)(c)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**
- F8** Sch. 2 para. 32(1)(da), (db) inserted (1.11.2015) by The Legal Services Act 2007 (The Law Society) (Modification of Functions) Order 2015 (S.I. 2015/401), art. 1(3), **Sch. 1 para. 20(14)(a)**
- F9** Sch. 2 para. 32(1)(e) inserted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 119(5)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**

Changes to legislation: There are currently no known outstanding effects for the Administration of Justice Act 1985, Cross Heading: Intervention by Society. (See end of Document for details)

F10 Sch. 2 para. 32(1A) inserted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 119(6)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**

F11 Sch. 2 para. 32(2) repealed (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 210, 211, Sch. 16 para. 119(7), **Sch. 23** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)(f)(v)(bb)**

Commencement Information

II Sch. 2 para. 32 wholly in force at 1.1.1992 see s. 69(2) and S.I. 1991/2683, **art. 2**

[^{F12}32A. On the death of a solicitor practising as the sole principal of a recognised body, paragraphs 6 to 8 of Schedule 1 to the 1974 Act shall apply to the client accounts of the recognised body.]

Textual Amendments

F12 Sch. 2 para. 32A inserted (1.11.2015) by The Legal Services Act 2007 (The Law Society) (Modification of Functions) Order 2015 (S.I. 2015/401), art. 1(3), **Sch. 1 para. 20(15)**

33 The powers conferred by Part II of Schedule 1 to the 1974 Act shall also be exercisable as mentioned in paragraph 32(1) of this Schedule where—

- [^{F13}(a) the Society is satisfied that there has been undue delay—
- (i) on the part of a recognised body in connection with any matter in which it is or was acting on behalf of a client or with any trust of which it is or was a trustee, or
 - (ii) on the part of a person who is or was a manager or employee of a recognised body in connection with any trust of which the manager or employee is or was a trustee in his capacity as such a manager or employee;]
- (b) the Society by notice in writing invites the body to give an explanation within such period following the giving of the notice as may be specified in it, being a period of not less than eight days; and
- (c) the body fails within that period to give an explanation which the [^{F14}Society regards] as satisfactory; and
- (d) the Society gives notice of the failure to the body and (at the same or any later time) notice that the powers conferred by Part II of Schedule 1 to the 1974 Act are accordingly exercisable in its case by virtue of this paragraph.

Textual Amendments

F13 Sch. 2 para. 33(a) substituted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 120(a)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**

F14 Words in Sch. 2 para. 33(c) substituted (31.3.2009) by Legal Services Act 2007 (c. 29), ss. 177, 211, **Sch. 16 para. 120(b)** (with ss. 29, 192, 193); S.I. 2009/503, **art. 2(b)(ii)**

Commencement Information

I2 Sch. 2 para. 33 wholly in force at 1.1.1992 see s. 69(2) and S.I. 1991/2683, **art. 2**

34 (1) Where the recognition of a body ^{F15}. . . under section 9 of this Act—

(a) has been revoked [^{F16}in accordance with rules under that section or] by an order of the Tribunal under this Schedule; or

Changes to legislation: There are currently no known outstanding effects for the Administration of Justice Act 1985, Cross Heading: Intervention by Society. (See end of Document for details)

(b) has expired and no further recognition of that body has been granted under that section,

the powers conferred by Part II of Schedule 1 to the 1974 Act shall be exercisable in relation to the body^{F15} . . . and its former business as a recognised body as they are exercisable in relation to a solicitor and his practice.

(2) Where the powers conferred by Part II of Schedule 1 to the 1974 Act are exercisable in relation to a recognised body in accordance with paragraph 32 or 33 of this Schedule they shall continue to be so exercisable after that body's recognition under section 9 of this Act has been revoked or has otherwise ceased to be in force.

Textual Amendments

F15 Words in Sch. 2 para. 34(1) repealed (31.3.2009) by [Legal Services Act 2007 \(c. 29\)](#), ss. 177, 210, 211, Sch. 16 para. 121(a), [Sch. 23](#) (with ss. 29, 192, 193); S.I. 2009/503, [art. 2\(b\)\(ii\)\(f\)\(v\)\(bb\)](#)

F16 Words in Sch. 2 para. 34(1)(a) inserted (31.3.2009) by [Legal Services Act 2007 \(c. 29\)](#), ss. 177, 211, [Sch. 16 para. 121\(b\)](#) (with ss. 29, 192, 193); S.I. 2009/503, [art. 2\(b\)\(ii\)](#)

Commencement Information

I3 Sch. 2 para. 34 wholly in force at 1.1.1992 see s. 69(2) and [S.I. 1991/2683](#), [art. 2](#)

35 In connection with the application of Part II of Schedule 1 to the 1974 Act for the purposes of this Schedule, in that Part of that Schedule—

- (a) any reference to the solicitor or to his practice shall be construed as including a reference to the body^{F17} . . . in relation to which the powers conferred by that Part of that Schedule are exercisable by virtue of paragraph 32, [^{F18}32A,] 33 or 34(1) of this Schedule or to its business (or former business) as a recognised body;
- (b) any reference to paragraph 1 of that Schedule shall be construed as including a reference to paragraph 32 or 34(1) of this Schedule;^{F19} . . .
- [^{F20}(ba) any reference to paragraph 2 of that Schedule shall be construed as including a reference to paragraph 32A of this Schedule;]
- (c) any reference to paragraph 3 of that Schedule shall be construed as including a reference to paragraph 33 of this Schedule.
- [^{F21}(d) paragraph 6(2)(a) of that Schedule is to be construed as including a reference to sums of money held by or on behalf of the recognised body in connection with any trust of which a person who is or was a manager of the recognised body is or was a trustee in his capacity as such a manager;
- (e) paragraph 9 of that Schedule is to be construed—
 - (i) as if sub-paragraph (1) included a reference to documents in the possession or under the control of the recognised body in connection with any trust of which a person who is or was a manager or employee of the recognised body is or was a trustee in his capacity as such a manager or employee, and
 - (ii) as applying to such a manager or employee and documents and property in his possession or under his control in connection with such a trust as it applies to a solicitor and documents and property in the possession or under the control of the solicitor;
- (f) paragraph 11(1) of that Schedule is to be construed as including a power for the Society to apply to the High Court for an order for the appointment

Changes to legislation: There are currently no known outstanding effects for the Administration of Justice Act 1985, Cross Heading: Intervention by Society. (See end of Document for details)

- of a new trustee to a trust in substitution for a person who is a trustee, in his capacity as a manager or employee of the recognised body; and
- (g) paragraph 13A of that Schedule is to be read as if the references to a former partner were references—
- (i) in the case of a recognised body which is a partnership, to a former partner in the partnership, and
 - (ii) in any other case to a manager or former manager of the recognised body.]

Textual Amendments

- F17** Word in Sch. 2 para. 35(a) repealed (31.3.2009) by [Legal Services Act 2007 \(c. 29\)](#), ss. 177, 210, 211, Sch. 16 para. 122(a), [Sch. 23](#) (with ss. 29, 192, 193); S.I. 2009/503, [art. 2\(b\)\(ii\)\(f\)\(v\)\(bb\)](#)
- F18** Word in Sch. 2 para. 35(a) inserted (1.11.2015) by [The Legal Services Act 2007 \(The Law Society\) \(Modification of Functions\) Order 2015 \(S.I. 2015/401\)](#), art. 1(3), [Sch. 1 para. 20\(16\)\(a\)](#)
- F19** Word in Sch. 2 para. 35(b) repealed (31.3.2009) by [Legal Services Act 2007 \(c. 29\)](#), ss. 177, 210, 211, Sch. 16 para. 122(b), [Sch. 23](#) (with ss. 29, 192, 193); S.I. 2009/503, [art. 2\(b\)\(ii\)\(f\)\(v\)\(bb\)](#)
- F20** Sch. 2 para. 35(ba) inserted (1.11.2015) by [The Legal Services Act 2007 \(The Law Society\) \(Modification of Functions\) Order 2015 \(S.I. 2015/401\)](#), art. 1(3), [Sch. 1 para. 20\(16\)\(b\)](#)
- F21** Sch. 2 para. 35(d)-(g) inserted (31.3.2009) by [Legal Services Act 2007 \(c. 29\)](#), ss. 177, 211, [Sch. 16 para. 122\(b\)](#) (with ss. 29, 192, 193); S.I. 2009/503, [art. 2\(b\)\(ii\)](#)

Commencement Information

- I4** Sch. 2 para. 35 wholly in force at 1.1.1992 see s. 69(2) and S.I. 1991/2683, [art. 2](#)

Changes to legislation:

There are currently no known outstanding effects for the Administration of Justice Act 1985,
Cross Heading: Intervention by Society.