

Changes to legislation: There are currently no known outstanding effects for the Legal Services Act 2007, Part 2. (See end of Document for details)

SCHEDULES

SCHEDULE 16

THE LAW SOCIETY, SOLICITORS, RECOGNISED BODIES AND FOREIGN LAWYERS

PART 2

THE ADMINISTRATION OF JUSTICE ACT 1985 (C. 61)

80 The Administration of Justice Act 1985 is amended in accordance with this Part of this Schedule.

Commencement Information

II Sch. 16 para. 80 in force at 7.3.2008 by [S.I. 2008/222](#), [art. 2\(j\)\(ii\)](#)

81 (1) Section 9 (incorporated practices) is amended as follows.

(2) In subsection (1)—

- (a) for “Council” (in both places) substitute “ Society ”,
- (b) in paragraph (a) for “by solicitors” to the end substitute “ of legal services bodies; ”,

^{F1}(c)

- (d) in paragraph (c)—
 - (i) for “conditions” substitute “ requirements ”, and
 - (ii) omit “corporate”.

(3) After that subsection insert—

“(1A) Where the Society makes rules under subsection (1), it must by rules under subsection (1)(c) prescribe the requirement that (subject to any exceptions provided by the rules) recognised bodies must not provide services other than—

- (a) solicitor services, or
- (b) solicitor services and other relevant legal services.

(1B) “Relevant legal services” means—

- (a) solicitor services, and
- (b) where authorised persons other than solicitors or registered European lawyers are managers or employees of, or have an interest in, a recognised body, services of the kind provided by individuals practising as such authorised persons (whether or not those services involve the carrying on of reserved legal activities within the meaning of the Legal Services Act 2007).

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(1C) The Society may by rules under this section provide that services specified, or of a description specified, in the rules are not to be treated as solicitor services or other relevant legal services.”

(4) In subsection (2)—

- (a) for “Council” (in both places) substitute “ Society ”,
- (b) in paragraph (a) for “are to be” to the end substitute “ , or for the renewal of such recognition, are to be made, and requiring such applications to be accompanied by a fee of such amount as the Society may from time to time determine; ”,
- (c) after that paragraph insert—
 - “(aa) for the manner and form in which other applications under the rules are to be made, and requiring such applications to be accompanied by a fee of such amount as the Society may from time to time determine;”
- (d) for paragraphs (c) to (e) substitute—
 - “(c) about the time when any recognition, or renewal of recognition, takes effect and the period for which it is (subject to the provisions made by or under this Part) to remain in force;
 - (d) for the suspension or revocation of any such recognition, on such grounds and in such circumstances as may be prescribed by the rules;
 - (e) about the effect on the recognition of a partnership or other unincorporated body (“the existing body”) of any change in the membership of the existing body, including provision for the existing body's recognition to be transferred where the existing body ceases to exist and another body succeeds to the whole or substantially the whole of its business;
 - (ea) for the keeping by the Society of a register containing the names and places of business of all bodies which are for the time being recognised under this section, and such other information relating to those bodies as may be specified in the rules;
 - (eb) for information (or information of a specified description) on such a register to be made available to the public, including provision about the manner in which, and times at which, information is to be made so available;”
- (e) after paragraph (f) insert—
 - “(fa) about the education and training requirements to be met by managers and employees of recognised bodies;
 - (fb) for rules made under any provision of the 1974 Act to have effect in relation to managers and employees of recognised bodies with such additions, omissions or other modifications as appear to the Society to be necessary or expedient;
 - (fc) requiring recognised bodies to appoint a person or persons to monitor compliance, by the recognised body, its managers and its employees, with requirements imposed on

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them by or by virtue of this Act or any rules applicable to them by virtue of this section;”.

(5) After subsection (2) insert—

“(2A) If rules under this section provide for the recognition of legal services bodies which have one or more managers who are not legally qualified, the rules must make provision—

- (a) for the recognition of such bodies to be suspended or revoked, on such grounds and in such circumstances as may be prescribed by the rules;
- (b) as to the criteria and procedure for the Society's approving, as suitable to be a manager of a recognised body, an individual who is not legally qualified (and for the Society's withdrawing such approval).

(2B) Rules under this section may make provision for appeals to the High Court against decisions made by the Society under the rules—

- (a) to suspend or revoke the recognition of any body;
- (b) not to approve, as suitable to be the manager of a recognised body, an individual who is not legally qualified (or to withdraw such approval).

(2C) The rules may provide for appeals against decisions within subsection (2B) (b) to be brought by the individual to whom the decision relates (as well as the body).

(2D) In relation to an appeal under rules made by virtue of subsection (2B), the High Court may make such order as it thinks fit as to payment of costs.

(2E) The decision of the High Court on such an appeal shall be final.

(2F) Where the Society decides to recognise a body under this section it must grant that recognition subject to one or more conditions if—

- (a) the case is of a kind prescribed for the purposes of this section by rules made by the Society, and
- (b) the Society considers that it is in the public interest to do so.

(2G) While a body is recognised under this section, the Society—

- (a) must direct that the body's recognition is to have effect subject to one or more conditions if—
 - (i) the case is of a prescribed kind, and
 - (ii) the Society considers that it is in the public interest to do so;
- (b) may, in such circumstances as may be prescribed, direct that the body's recognition is to have effect subject to such conditions as the Society may think fit.

“Prescribed” means prescribed by rules made by the Society.

(2H) The conditions which may be imposed under subsection (2F) or (2G) include—

- (a) conditions requiring the body to take specified steps that will, in the opinion of the Society, be conducive to the carrying on by the body of an efficient business;

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- (b) conditions which prohibit the body from taking any specified steps except with the approval of the Society;
- (c) if rules under this section provide for the recognition of legal services bodies which have one or more managers who are not legally qualified, a condition that all the managers of the body must be legally qualified.

“Specified” means specified in the condition.

- (2I) Rules made by the Society may make provision about when conditions imposed under this section take effect (including provision conferring power on the Society to direct that a condition is not to have effect until the conclusion of any appeal in relation to it).
- (2J) Section 86A of the 1974 Act applies to rules under this section as it applies to rules under that Act.
- (2K) Rules under this section may contain such incidental, supplemental, transitional or transitory provisions or savings as the Society considers necessary or expedient.”

(6) For subsection (3) substitute—

“(3) Despite section 24(2) of the 1974 Act, section 20 of that Act (prohibition on unqualified person acting as solicitor) does not apply to a recognised body; and nothing in section 24(1) of that Act applies in relation to such a body.”

(7) Omit subsection (4).

(8) In subsection (5) omit “corporate”.

(9) In subsection (7)—

- (a) for “Secretary of State” (in both places) substitute “ Lord Chancellor ”, and
- (b) for “the commencement of this section” substitute “ or in the same session as the Legal Services Act 2007 was passed ”.

(10) In subsection (8)—

(a) after the definition of “the 1974 Act” insert—

““authorised person” means an authorised person in relation to an activity which is a reserved legal activity (within the meaning of the Legal Services Act 2007);”,

(b) for ““the Council” and “the Society” have” substitute “ “the Society” has ”,

(c) after the definition of “the Society” insert—

““legally qualified” and “legal services body” have the meaning given by section 9A;

“manager”, in relation to a body, has the same meaning as in the Legal Services Act 2007 (see section 207 of that Act);”,

(d) omit the definition of “officer”,

(e) in the definition of “recognised body” omit “corporate”, and

(f) after the definition of “registered European lawyer” insert—

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““solicitor services” means professional services such as are provided by individuals practising as solicitors or lawyers of other jurisdictions;

and a person has an interest in a body if the person has an interest in the body within the meaning of Part 5 of the Legal Services Act 2007 (see sections 72 and 109 of that Act).”

(11) Omit subsection (9).

Textual Amendments

F1 Sch. 16 para. 81(2)(c) repealed (1.11.2015) by [The Legal Services Act 2007 \(The Law Society\) \(Modification of Functions\) Order 2015 \(S.I. 2015/401\)](#), arts. 1(3), **3(3)**

Commencement Information

I2 Sch. 16 para. 81(1)(9) in force at 30.6.2008 by [S.I. 2008/1436](#), art. **2(d)(ii)**; Sch. 16 para. 81 in force at 31.3.2009 by [S.I. 2009/503](#), art. **2(b)(ii)** (subject to art. 4)

82 After that section insert—

“9A Legal services bodies

- (1) For the purposes of section 9, a “legal services body” means a body (corporate or unincorporate) in respect of which —
 - (a) the management and control condition, and
 - (b) the relevant lawyer condition,
 are satisfied.
- (2) The management and control condition is satisfied if—
 - (a) at least 75% of the body's managers are legally qualified,
 - (b) the proportion of shares in the body held by persons who are legally qualified is at least 75%,
 - (c) the proportion of voting rights in the body which persons who are legally qualified are entitled to exercise, or control the exercise of, is at least 75%,
 - (d) all the persons with an interest in the body who are not legally qualified are managers of the body, and
 - (e) all the managers of the body who are not legally qualified are individuals approved by the Society as suitable to be managers of a recognised body.
- (3) The Society may by rules under section 9 provide that, in relation to specified kinds of bodies, subsection (2) applies as if the references to 75% were to such greater percentage as may be specified (and different percentages may be specified for different kinds of bodies).
- (4) The relevant lawyer condition is satisfied in relation to a body if at least one manager of the body is—
 - (a) a solicitor,
 - (b) a registered European lawyer, or

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- (c) a qualifying body.
- (5) For that purpose a qualifying body is a body in respect of which—
- (a) the management and control condition [^{F2}is] satisfied ^{F3}. . .
 - (b) the relevant lawyer condition is satisfied by virtue of subsection (4) (a) or (b), and
 - (c) the services condition is satisfied.
- (6) For the purposes of this section the following are legally qualified—
- (a) an authorised person who is an individual;
 - (b) a registered foreign lawyer (within the meaning of section 89 of the Courts and Legal Services Act 1990 (c. 41));
 - (c) a person entitled to pursue professional activities under a professional title to which the Directive applies in a state to which the Directive applies (other than the title of barrister or solicitor in England and Wales);
 - (d) an authorised person which is a body in respect of which—
 - (i) the services condition is satisfied, and
 - (ii) the management and control condition would be satisfied if the references in subsection (2) to persons who are legally qualified were to persons who are legally qualified by virtue of paragraphs (a) to (c);
 - (e) a body which provides professional services such as are provided by individuals who are authorised persons or lawyers of other jurisdictions, and in respect of which the management and control condition would be satisfied if the references in subsection (2) to persons who are legally qualified were to persons who are legally qualified by virtue of paragraphs (a) to (c).
- ^{F4}(f) a legal partnership which—
- (i) was in existence immediately before the commencement of this paragraph,
 - (ii) since that time has continued to be a partnership of the kind mentioned in rule 12.01(1)(b), 12.02(1)(b) or 12.04(1)(c) (i) of the pre-commencement conduct rules (framework of practice), and
 - (iii) has not, since that time, had a body corporate (other than a body within paragraph (g)) as a member;
- (g) a body corporate which—
- (i) was recognised under section 9 immediately before the commencement of this paragraph, and
 - (ii) has since that time continued to satisfy the requirements of rule 14.03(1) and 14.04(1) to (3) or the requirements of rule 14.05(1) to (3) of the pre-commencement conduct rules (restrictions on directors, owners etc. of incorporated practices);
- (h) a body which—
- (i) is an authorised person and satisfies the services condition,
- or

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- (ii) provides professional services such as are provided by individuals who are authorised persons or lawyers of other jurisdictions,
and which satisfies the requirements of rules under subsection (6C).
- (6A) For the purposes of subsection (6)(f), a partnership is to be treated as the same partnership despite a change in membership, if any person who was a member before the change remains a member.
- (6B) For the purposes of subsection (6)(f) and (g), the references in the pre-commencement conduct rules to a recognised body are to be construed as references to a body which was recognised under section 9 immediately before the commencement of subsection (6)(f) and (g).
- (6C) The Society must make rules for the purposes of paragraph (h) of subsection (6) prescribing the requirements relating to management and control which must be satisfied by or in relation to a body for it to fall within that paragraph.]
- (7) For the purposes of this section, the services condition is satisfied in relation to a body if the body provides only services which may be provided by a recognised body (having regard to rules under section 9(1A) and (1C)).
- (8) For the purposes of this section—
- “authorised person” has the same meaning as in section 9;
- [^{F5} “ the Directive ” means Directive 98/5/EC of the European Parliament and the Council, to facilitate practice of the profession of lawyer on a permanent basis in a Member State other than that in which the qualification was obtained;]
- “legal partnership” means a partnership in which a solicitor, a registered European lawyer or a recognised body is permitted to practise by virtue of rules made under section 31 of the Solicitors Act 1974 (c. 47), as those rules had effect immediately before the commencement of subsection (6)(f);
- “manager”, in relation to a body, has the meaning given by section 9;
- [^{F6} “ pre-commencement conduct rules ” means rules under Part 2 of the Solicitors Act 1974 or section 9 of this Act, known as the Solicitors' Code of Conduct 2007, as those rules had effect immediately before the commencement of subsection (6)(f) and (g);]
- “recognised body” has the same meaning as in section 9 [^{F7}(subject to subsection (6B) above)];
- “registered European lawyer” has the same meaning as in section 9;
- “shares” has the same meaning as for the purposes of Part 5 of the Legal Services Act 2007 (see sections 72 and 109 of that Act);
- [^{F8} “ the Society ” has the meaning given by section 87(1) of the Solicitors Act 1974;]
- “specified” means specified in rules made by the Society;
and a person has an interest in a body if the person has an interest in the body for the purposes of section 9.”

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Textual Amendments

- F2** Word in Sch. 16 para. 82 substituted (27.11.2008) by [The Legal Services Act 2007 \(Functions of a Designated Regulator\) Order 2008 \(S.I. 2008/3074\)](#), [art. 2\(2\)\(a\)](#)
- F3** Words in Sch. 16 para. 82 omitted (27.11.2008) by virtue of [The Legal Services Act 2007 \(Functions of a Designated Regulator\) Order 2008 \(S.I. 2008/3074\)](#), [art. 2\(2\)\(b\)](#)
- F4** Words in Sch. 16 para. 82 inserted (27.11.2008) by [The Legal Services Act 2007 \(Functions of a Designated Regulator\) Order 2008 \(S.I. 2008/3074\)](#), [art. 2\(3\)](#)
- F5** Words in Sch. 16 para. 82 inserted (27.11.2008) by [The Legal Services Act 2007 \(Functions of a Designated Regulator\) Order 2008 \(S.I. 2008/3074\)](#), [art. 2\(4\)\(a\)](#)
- F6** Words in Sch. 16 para. 82 inserted (27.11.2008) by [The Legal Services Act 2007 \(Functions of a Designated Regulator\) Order 2008 \(S.I. 2008/3074\)](#), [art. 2\(4\)\(b\)](#)
- F7** Words in Sch. 16 para. 82 inserted (27.11.2008) by [The Legal Services Act 2007 \(Functions of a Designated Regulator\) Order 2008 \(S.I. 2008/3074\)](#), [art. 2\(4\)\(c\)](#)
- F8** Words in Sch. 16 para. 82 substituted (27.11.2008) by [The Legal Services Act 2007 \(Functions of a Designated Regulator\) Order 2008 \(S.I. 2008/3074\)](#), [art. 2\(4\)\(d\)](#)

Commencement Information

- I3** Sch. 16 para. 82 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 83 (1) Section 10 (penalty for pretending to be a body recognised under section 9) is amended as follows.
- (2) In subsection (1) omit “corporate” (in both places).
- (3) In subsection (2) omit “corporate”.
- (4) For subsection (3) substitute—
- “(3) Where an offence under this section committed by a body corporate is proved to have been committed with the consent or connivance of or to be attributable to any neglect on the part of an officer of the body corporate, that officer (as well as the body corporate) is guilty of the offence and is liable to be proceeded against and punished accordingly.
- (4) Where the affairs of a body corporate are managed by its members, subsection (3) applies in relation to the acts and defaults of a member in connection with the member's functions of management as it applies to an officer of the body corporate.
- (5) Proceedings for an offence under this section alleged to have been committed by an unincorporated body are to be brought in the name of that body (and not in that of any of its members) and, for the purposes of any such proceedings, any rules of court relating to the service of documents have effect as if that body were a corporation.
- (6) A fine imposed on an unincorporated body on its conviction of an offence under this section is to be paid out of the funds of that body.
- (7) If an unincorporated body is charged with an offence under this section, section 33 of the Criminal Justice Act 1925 (c. 86) and Schedule 3 to the Magistrates' Courts Act 1980 (c. 43) (procedure on charge of an offence against a corporation) have effect in like manner as in the case of a corporation so charged.

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- (8) Where an offence under this section committed by an unincorporated body (other than a partnership) is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any officer of the body or any member of its governing body, that officer or member as well as the unincorporated body is guilty of the offence and liable to be proceeded against and punished accordingly.
- (9) Where an offence under this section committed by a partnership is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, a partner, that partner as well as the partnership is guilty of the offence and liable to be proceeded against and punished accordingly.
- (10) In this section “officer”, in relation to a body corporate, means—
- (a) any director, secretary or other similar officer of the body corporate, or
 - (b) any person who was purporting to act in any such capacity.”

Commencement Information

I4 Sch. 16 para. 83 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

I5 Sch. 16 para. 83(3) in force at 1.10.2011 by [S.I. 2011/2196](#), [art. 2\(1\)\(f\)](#)

- 84 (1) Section 43 (jurisdiction and powers of Solicitors Disciplinary Tribunal in relation to complaints against solicitors) is amended as follows.
- (2) In subsection (2)(a) for “(7) to” substitute “(9) to”.
- (3) After subsection (3) insert—
- “(3A) Nothing in section 157 of the Legal Services Act 2007 (approved regulators not to make provision for redress) prevents an order being made under subsection (3).”
- (4) For subsection (5) substitute—
- “(5) An appeal under section 49 of the Solicitors Act 1974 against an order of the Tribunal under subsection (3) lies only at the instance of the solicitor with respect to whom the legal aid complaint was made.”

Commencement Information

I6 Sch. 16 para. 84(1)(2)(4) in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 85 In the title of Schedule 2, for “Incorporated practices” substitute “Legal services practices”.

Commencement Information

I7 Sch. 16 para. 85 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 86 In paragraph 1 of that Schedule (interpretation)—
- (a) in sub-paragraph (1) omit “corporate”,

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- (b) in sub-paragraph (2) omit—
 - (i) paragraph (b) and the “or” immediately preceding it,
 - (ii) “corporate”, and
 - (iii) “or application”,
- (c) after that sub-paragraph insert—
 - “(2A) References in this Schedule to a manager or employee of a recognised body, in relation to a complaint (other than such a complaint as is mentioned in paragraph 16(1A)(a)), include references to a person who was such a manager or employee at the time when the conduct to which the complaint relates took place.”,
- (d) omit sub-paragraph (3),
- (e) in sub-paragraph (4) omit from “; and for those purposes” to the end,
- (f) in sub-paragraph (5) for “sub-paragraphs (3) and (4)” substitute “ sub-paragraphs (4) and (6) ”, and
- (g) for sub-paragraph (6) substitute—
 - “(6) In this Schedule—
 - “manager”, in relation to a body, has the same meaning as in the Legal Services Act 2007 (see section 207 of that Act);
 - “registered European lawyer” has the same meaning as in section 9A;
 - “the 1974 Act” means the Solicitors Act 1974.”

Commencement Information

I8 Sch. 16 para. 86(g) in force for certain purposes at 30.6.2008 by [S.I. 2008/1436](#), [art. 2\(d\)\(ii\)](#); Sch. 16 para. 86 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#) (subject to [art. 4](#))

87 For paragraph 2 of that Schedule (appeal against refusal of Council to grant recognition) substitute—

“Appeal against refusal of Society to grant recognition etc

- 2 (1) A body may appeal to the High Court against—
 - (a) a decision to refuse an application by the body for recognition under section 9;
 - (b) a decision to impose a condition under subsection (2F) of that section on the body's recognition under that section;
 - (c) a decision to impose a condition under subsection (2G) of that section on the body's recognition under that section.
- (2) A recognised body whose recognition is subject to a condition within section 9(2H)(b) may appeal to the High Court against any decision by the Society to refuse to approve the taking of any step for the purposes of that condition.
- (3) Rules made by the Society may make provision, as respects any application for recognition that is neither granted nor refused by the Society within such period as may be specified in the rules, for enabling

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an appeal to be brought under this paragraph in relation to the application as if it had been refused by the Society.

- (4) On an appeal under sub-paragraph (1)(a) or (b), the High Court may—
 - (a) affirm the decision of the Society,
 - (b) direct the Society to grant the body recognition under section 9 free from conditions or subject to such conditions as the High Court may think fit,
 - (c) direct the Society not to recognise the body,
 - (d) if the Society has recognised the body, by order suspend the recognition, or
 - (e) make such other order as the High Court thinks fit.
- (5) On an appeal under sub-paragraph (1)(c), the High Court may—
 - (a) affirm the decision of the Society,
 - (b) direct that the body's recognition under section 9 is to have effect subject to such conditions as the High Court may think fit,
 - (c) by order revoke the direction given by the Society under section 9(2G), or
 - (d) make such other order as the High Court thinks fit.
- (6) On an appeal under sub-paragraph (2), the High Court may—
 - (a) affirm the decision of the Society,
 - (b) direct the Society to approve the taking of one or more steps for the purposes of a condition within section 9(2H)(b), or
 - (c) make such other order as the High Court thinks fit.
- (7) In relation to an appeal under this paragraph, the High Court may make such order as it thinks fit as to payment of costs.
- (8) The decision of the High Court on an appeal under this paragraph is final.”

Commencement Information

19 Sch. 16 para. 87 in force at 31.3.2009 by S.I. 2009/503, art. 2(b)(ii)

88 For paragraph 3 of that Schedule (accounts rules) substitute—

- “3
- (1) This paragraph applies where rules made under section 32(1) of the 1974 Act are applied—
 - (a) to recognised bodies in accordance with section 9(2)(f) of this Act, or
 - (b) to managers or employees of such bodies in accordance with section 9(2)(fb) of this Act.
 - (2) The Society may disclose a report on or information about the accounts of a recognised body, or a manager or employee of a recognised body, obtained in pursuance of such rules for use—
 - (a) in investigating the possible commission of an offence by the body or any of its managers or employees, and

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- (b) in connection with any prosecution of the body or any of its managers or employees consequent on the investigation.”

Commencement Information

I10 Sch. 16 para. 88 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 89 In paragraph 4 of that Schedule (interest on clients' money)—
- (a) in sub-paragraph (1)—
- (i) for “section 33(1)(a)” substitute “ section 33(1) ”, and
- (ii) for the words from “and subject to” to the end substitute “, a recognised body is not liable to account to any client, other person or trust for interest received by the recognised body on money held at a bank or building society in an account which is for money received or held for, or on account of—
- (a) clients of the recognised body, other persons or trusts, generally, or
- (b) that client, person or trust separately.”, and
- (b) omit sub-paragraph (2).

Commencement Information

I11 Sch. 16 para. 89 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 90 After that paragraph insert—
- “4ZA Where rules made under section 32 of the 1974 Act and containing any such provision as is referred to in section 33(1) of that Act are applied to managers or employees of recognised bodies in accordance with section 9(2)(fb), then, except as provided by the rules, a manager or employee to whom the rules are applied is not liable to account to any client, other person or trust for interest received by the manager or employee on money held at a bank or building society in an account which is for money received or held for, or on account of—
- (a) clients of the recognised body, other persons or trusts, generally, or
- (b) that client, person or trust, separately.”

Commencement Information

I12 Sch. 16 para. 90 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 91 For paragraph 4A of that Schedule (inspection of bank accounts) substitute—
- “4A (1) This paragraph applies where rules made under section 33A(1) of the 1974 Act are applied—
- (a) to recognised bodies in accordance with section 9(2)(f) of this Act, or
- (b) to managers or employees of such bodies in accordance with section 9(2)(fb) of this Act.

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- (2) The Society may disclose information about the accounts of a recognised body, or a manager or employee of a recognised body, obtained in pursuance of such rules for use—
- (a) in investigating the possible commission of an offence by the body or any of its managers or employees, and
 - (b) in connection with any prosecution of the body or any of its managers or employees consequent on the investigation.”

Commencement Information

I13 Sch. 16 para. 91 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 92 For paragraph 5 of that Schedule (accountants' reports) substitute—
- “5 Where rules made under section 34 of the 1974 Act are applied to recognised bodies in accordance with section 9(2)(f), section 34(9) and (10) of that Act apply in relation to a recognised body as they apply in relation to a solicitor.”

Commencement Information

I14 Sch. 16 para. 92 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 93 After that paragraph insert—
- “5A Where rules made under section 34 of the 1974 Act are applied to managers or employees of recognised bodies in accordance with section 9(2)(fb), section 34(9) and (10) of that Act apply in relation to a manager or employee to which the rules are applied as they apply in relation to a solicitor.”

Commencement Information

I15 Sch. 16 para. 93 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 94 For paragraph 6 of that Schedule (compensation fund) substitute—
- “6 (1) Section 36 of the 1974 Act applies in relation to recognised bodies as if for paragraphs (a) and (b) of subsection (1) there were substituted—
- “(a) an act or omission of a recognised body or former recognised body;
 - (b) an act or omission of a manager or employee, or former manager or employee, of a recognised body or former recognised body;”.
- (2) Section 36A(2) and (3) of the 1974 Act applies in relation to recognised bodies as it applies in relation to solicitors.”

Commencement Information

I16 Sch. 16 para. 94 wholly in force at 31.3.2009, see s. 211 and [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#) (subject to [art. 5](#))

Changes to legislation: There are currently no known outstanding effects for the Legal Services Act 2007, Part 2. (See end of Document for details)

- 95 In paragraph 7 of that Schedule (solicitor who is justice of the peace not to act in certain proceedings) for “an officer” (in both places) substitute “ a manager ”.

Commencement Information

I17 Sch. 16 para. 95 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 96 In paragraph 9 of that Schedule (restriction on employment of person struck off roll or suspended)—
- (a) the existing provision becomes sub-paragraph (1) and in that sub-paragraph after “recognised body” insert “ (and any manager or employee of it) ”, and
 - (b) after that sub-paragraph insert—
 - “(2) No recognised body (or manager or employee of such a body) may, except in accordance with a written permission granted by the Society under this paragraph, permit a person to whom sub-paragraph (3) applies to—
 - (a) be a manager of the body, or
 - (b) have an interest in the body;
 and for this purpose a person has an interest in the body if he has an interest in the body within the meaning of Part 5 of the Legal Services Act 2007 (see sections 72 and 109 of that Act).
 - (3) This sub-paragraph applies to a person who to the knowledge of the recognised body (or, as the case may be, the manager or employee) is a person—
 - (a) who is disqualified from practising as a solicitor by reason of one of the facts mentioned in section 41(1)(a), (b) or (c) of the 1974 Act (name struck off the roll, suspension etc), or
 - (b) in respect of whom there is a direction in force under section 47(2)(g) of that Act (prohibition on restoration to roll).
 - (4) Permission granted for the purposes of sub-paragraph (2) may be granted for such period and subject to such conditions as the Society thinks fit.
 - (5) A person aggrieved by the refusal of the Society to grant permission under sub-paragraph (4), or by any conditions attached by the Society to the grant of any such permission may appeal to the High Court which may—
 - (a) confirm the refusal or the conditions, as the case may be, or
 - (b) grant a permission under this paragraph for such period and subject to such conditions as it thinks fit.
 - (6) In relation to an appeal under sub-paragraph (5) the High Court may make such order as it thinks fit as to payment of costs.
 - (7) The decision of the High Court on an appeal under sub-paragraph (5) is final.”

Changes to legislation: There are currently no known outstanding effects for the Legal Services Act 2007, Part 2. (See end of Document for details)

Commencement Information

I18 Sch. 16 para. 96 in force at 31.3.2009 by S.I. 2009/503, art. 2(b)(ii)

- 97 In paragraph 10 of that Schedule (failure to disclose striking off or suspension)—
- (a) the existing paragraph becomes sub-paragraph (1) of that paragraph,
 - (b) in that sub-paragraph after “recognised body” insert “ (or any manager or employee of such a body) ”, and
 - (c) after that sub-paragraph insert—
 - “(2) It is an offence for a person (“P”) to whom sub-paragraph (3) applies—
 - (a) to seek or accept from any person an interest in a recognised body, without previously informing that person (and, if different, the recognised body) that P is a person to whom that sub-paragraph applies, or
 - (b) to seek or accept a position as a manager of a recognised body, without previously informing that body that P is such a person.
 - (3) This sub-paragraph applies to a person—
 - (a) who is disqualified from practising as a solicitor by reason of one of the facts mentioned in section 41(1)(a), (b) or (c) of the 1974 Act (name struck off the roll, suspension etc), or
 - (b) in respect of whom there is a direction in force under section 47(2)(g) of that Act (prohibition on restoration to roll).
 - (4) A person guilty of an offence under sub-paragraph (2) is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
 - (5) Subsection (2) of section 42 of the 1974 Act applies in relation to an offence under sub-paragraph (2) as it applies in relation to an offence under that section.
 - (6) For the purposes of sub-paragraph (2)(a) a person seeks or accepts an interest in a recognised body if the person seeks or accepts an interest which if it were obtained by the person would result in the person having an interest in that body within the meaning of Part 5 of the Legal Services Act 2007 (see sections 72 and 109 of that Act).”

Commencement Information

I19 Sch. 16 para. 97 in force at 31.3.2009 by S.I. 2009/503, art. 2(b)(ii)

- 98 Omit paragraph 11 of that Schedule (control of employment of persons convicted of offences of dishonesty and certain other persons).

Changes to legislation: There are currently no known outstanding effects for the Legal Services Act 2007, Part 2. (See end of Document for details)

Commencement Information

I20 Sch. 16 para. 98 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 99 Omit paragraph 12 of that Schedule (offences in connection with orders under section 43(2) of the 1974 Act).

Commencement Information

I21 Sch. 16 para. 99 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 100 Omit paragraph 13 of that Schedule (redress for inadequate professional services).

Commencement Information

I22 Sch. 16 para. 100 in force at 6.10.2010 by [S.I. 2010/2089](#), [art. 2\(b\)](#) (with [art. 6](#))

- 101 For paragraph 14 of that Schedule (examination of files) substitute—

“Information about suitability for recognition

- 14 (1) The Society may give a notice under this paragraph if it is satisfied that it is necessary to do so for the purpose of investigating whether—
- (a) a recognised body continues to be suitable to be recognised under section 9, or
 - (b) a manager of a recognised body who is not legally qualified (within the meaning of section 9A) continues to be suitable to be a manager of a recognised body.
- (2) A notice under this paragraph is a notice which requires a person within sub-paragraph (3)—
- (a) to provide information, or information of a description, specified in the notice, or
 - (b) to produce documents, or documents of a description, specified in the notice.
- (3) The persons are—
- (a) the recognised body;
 - (b) an employee or manager of the recognised body;
 - (c) a person who has an interest in the recognised body (within the meaning of the Legal Services Act 2007 (see sections 72 and 109 of that Act)).
- (4) For the purposes of this paragraph, section 44B(4) to (7) of the 1974 Act applies—
- (a) in relation to a notice under this paragraph as if it were a notice under section 44B of that Act, and
 - (b) in relation to a person given a notice under this paragraph as if that person were a person given a notice under that section,

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and references in subsections (6) and (7) of that section to powers conferred by that section are to be read as references to powers conferred by this paragraph.

- (5) Where powers conferred by Part 2 of Schedule 1 to the 1974 Act are exercisable in relation to a person within paragraph (a), (b) or (c) of subparagraph (3), they continue to be so exercisable after the person has ceased to be a person within the paragraph in question.
- (6) Section 44BA of the 1974 Act (power to require explanation of document or information) applies in relation to a notice under this paragraph and the person to whom such a notice is given as it applies in relation to a notice under section 44B of the 1974 Act and the person to whom such a notice is given.
- (7) Subsection (1) of section 44BC of that Act (falsification of documents etc) applies in relation to an investigation of the kind mentioned in subparagraph (1) as it applies in relation to the investigations mentioned in that subsection, and subsections (2), (4) and (5) of that section apply accordingly.
- (8) Subsection (3) of that section (provision of false information etc) applies in relation to a requirement imposed under this paragraph as it applies in relation to a requirement imposed by section 44B of that Act, and subsections (4) and (5) of that section apply accordingly.”

Commencement Information

I23 Sch. 16 para. 101 wholly in force at 31.3.2009 see s. 211 and [S.I. 2009/503, art. 2\(b\)\(ii\)](#) (subject to [art. 4](#))

102 For paragraph 14A of that Schedule (payment of costs of investigations) substitute—

“Power to charge for costs of investigation

- 14A (1) The Society may make regulations prescribing charges to be paid to the Society by recognised bodies who are the subject of a discipline investigation.
- (2) A discipline investigation is an investigation carried out by the Society into a failure or apprehended failure by a recognised body to comply with any requirement imposed by or by virtue of this Act or any rules applicable to it by virtue of section 9.
- (3) Regulations under this paragraph may—
- (a) make different provision for different cases or purposes;
 - (b) provide for the whole or part of a charge payable under the regulations to be repaid in such circumstances as may be prescribed by the regulations.
- (4) Any charge which a recognised body is required to pay under regulations under this paragraph is recoverable by the Society as a debt due to the Society from the recognised body.

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- (5) This paragraph applies in relation to a manager or employee of a recognised body as it applies in relation to a recognised body.”

Commencement Information

I24 Sch. 16 para. 102 wholly in force at 31.3.2009 see s. 211 and [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#) (subject to [art. 4](#))

103 After that paragraph insert—

“Disciplinary powers of the Society

- 14B (1) This paragraph applies where the Society is satisfied that a recognised body, or a manager or employee of a recognised body, has failed to comply with a requirement imposed by or by virtue of this Act or any rules applicable to that person by virtue of section 9 of this Act.
- (2) The Society may do one or both of the following—
- (a) give the person a written rebuke;
 - (b) direct the person to pay a penalty not exceeding £2,000.
- (3) The Society may publish details of any action it has taken under sub-paragraph (2)(a) or (b), if it considers it to be in the public interest to do so.
- (4) Where the Society takes action against a person under sub-paragraph (2)(b), or decides to publish under sub-paragraph (3) details of such action under sub-paragraph (2)(a) or (b), it must notify the person in writing that it has done so.
- (5) A penalty imposed under sub-paragraph (2)(b) does not become payable until—
- (a) the end of the period during which an appeal against the decision to impose the penalty, or the amount of the penalty, may be made under paragraph 14C, or
 - (b) if such an appeal is made, such time as it is determined or withdrawn.
- (6) The Society may not publish under sub-paragraph (3) details of any action under sub-paragraph (2)(a) or (b)—
- (a) during the period within which an appeal against—
 - (i) the decision to take the action,
 - (ii) in the case of action under sub-paragraph (2)(b), the amount of the penalty, or
 - (iii) the decision to publish the details,
 may be made under paragraph 14C, or
 - (b) if such an appeal has been made, until such time as it is determined or withdrawn.
- (7) The Society must make rules—
- (a) prescribing the circumstances in which the Society may decide to take action under sub-paragraph (2)(a) or (b);
 - (b) about the practice and procedure to be followed by the Society in relation to such action;

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- (c) governing the publication under sub-paragraph (3) of details of action taken under sub-paragraph (2)(a) or (b);
and the Society may make such other rules in connection with the exercise of its powers under this paragraph as it considers appropriate.
- (8) Before making rules under sub-paragraph (7), the Society must consult the Tribunal.
- (9) A penalty under this paragraph may be recovered as a debt due to the Society, and is to be forfeited to Her Majesty.
- (10) The Lord Chancellor may, by order, amend paragraph (b) of sub-paragraph (2) so as to substitute for the amount for the time being specified in that paragraph such other amount as may be specified in the order.
- (11) Before making an order under sub-paragraph (10), the Lord Chancellor must consult the Society.
- (12) An order under sub-paragraph (10) is to be made by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (13) This paragraph is without prejudice to any power conferred on the Society, or any other person, to make an application or complaint to the Tribunal.
- 14C (1) A person may appeal against—
- (a) a decision by the Society to rebuke that person under paragraph 14B(2)(a) if a decision is also made to publish details of the rebuke;
 - (b) a decision by the Society to impose a penalty on that person under paragraph 14B(2)(b) or the amount of that penalty;
 - (c) a decision by the Society to publish under paragraph 14B(3) details of any action taken against that person under paragraph 14B(2)(a) or (b).
- (2) Subsections (9)(b), (10)(a) and (b), (11) and (12) of section 46 of the 1974 Act (Tribunal rules about procedure for hearings etc) apply in relation to appeals under this paragraph as they apply in relation to applications or complaints, except that subsection (11) of that section is to be read as if for “the applicant” to “application)” there were substituted “any party to the appeal”.
- (3) Rules under section 46(9)(b) of the 1974 Act may, in particular, make provision about the period during which an appeal under this paragraph may be made.
- (4) On an appeal under this paragraph, the Tribunal has power to make an order which—
- (a) affirms the decision of the Society;
 - (b) revokes the decision of the Society;
 - (c) in the case of a penalty imposed under paragraph 14B(2)(b), varies the amount of the penalty;
 - (d) in the case of a recognised body, contains provision for any of the matters mentioned in paragraph 18(2);
 - (e) in the case of a manager or employee of a recognised body, contains provision for any of the matters mentioned in paragraph 18A(2);

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- (f) makes such provision as the Tribunal thinks fit as to payment of costs.
- (5) Where, by virtue of sub-paragraph (4)(e), an order contains provision for any of the matters mentioned in sub-paragraph (2)(c) of paragraph 18A, sub-paragraphs (5) and (6) of that paragraph apply as if the order had been made under sub-paragraph (2)(c) of that paragraph.
- (6) An appeal from the Tribunal shall lie to the High Court, at the instance of the Society or the person in respect of whom the order of the Tribunal was made.
- (7) The High Court shall have power to make such order on an appeal under this paragraph as it may think fit.
- (8) Any decision of the High Court on an appeal under this section shall be final.
- (9) This paragraph is without prejudice to any power conferred on the Tribunal in connection with an application or complaint made to it.”

Commencement Information

I25 Sch. 16 para. 103 wholly in force at 31.3.2009 see s. 211 and [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#) (subject to [art. 4](#))

- 104 In paragraph 16 of that Schedule (complaints to Tribunal with respect to recognised bodies)—
- (a) in sub-paragraph (1), in paragraph (a) omit “in the United Kingdom”,
 - (b) in paragraph (b) of that sub-paragraph for “section 34 of the 1974 Act” substitute “any requirement imposed by or by virtue of this Act”,
 - (c) for paragraph (c) of that sub-paragraph substitute—
 - “(c) a complaint that the body has acted in contravention of section 41 of the 1974 Act or paragraph 9(2) of this Schedule or of any conditions subject to which a permission has been granted under section 41 of that Act or that paragraph of this Schedule; or”, and
 - (d) after that sub-paragraph insert—
 - “(1A) The Tribunal shall have jurisdiction to hear and determine any of the following complaints made to it under this paragraph with respect to a manager or employee of a recognised body (“the relevant person”)—
 - (a) a complaint that the relevant person has been convicted by any court of a criminal offence which renders that person unsuitable to be a manager or employee (or both) of a recognised body;
 - (b) a complaint that the relevant person has failed to comply with any requirement imposed by or by virtue of this Act or any rules applicable to the relevant person by virtue of section 9 of this Act;
 - (c) a complaint that the relevant person has acted in contravention of section 41 of the 1974 Act or paragraph 9(2) of this Schedule or of any conditions subject to which a permission has been granted under that section or for the purposes of paragraph 9(2) of this Schedule;

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- (d) a complaint that the relevant person has knowingly acted in contravention of an order under section 43(2) of the 1974 Act or of any conditions subject to which a permission has been granted under such an order.”

Commencement Information

I26 Sch. 16 para. 104 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 105 In paragraph 17 of that Schedule (procedure on applications and complaints)—
- (a) for “(7)” substitute “ (9) ”,
 - (b) in paragraph (a)—
 - (i) omit “11(1), 15(2) or”,
 - (ii) omit “13(3) or”, and
 - (iii) after “16(1)” insert “ or (1A) ”, and
 - (c) in paragraph (c) after “body” insert “ or, in the case of such a complaint as is mentioned in paragraph 16(1A), to a manager or employee of such a body ”.

Commencement Information

I27 Sch. 16 para. 105(a)(b)(i)(iii)(c) in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

I28 Sch. 16 para. 105(b)(ii) in force at 6.10.2010 by [S.I. 2010/2089](#), [art. 2\(b\)](#) (with [art. 6](#))

- 106 In paragraph 18 of that Schedule (powers of Tribunal with respect to recognised bodies)—
- (a) in sub-paragraph (1) after “this Schedule” insert “ (other than paragraph 16(1A) ”,
 - (b) in paragraph (b) of that sub-paragraph for “section 34 of the 1974 Act” substitute “ any requirement imposed by or by virtue of this Act ”,
 - (c) omit paragraph (d) of that sub-paragraph and the “or” immediately preceding it,
 - (d) in sub-paragraph (2) omit “not exceeding £3,000”, and
 - (e) omit sub-paragraphs (3) and (4).

Commencement Information

I29 Sch. 16 para. 106(a)(b)(d) in force and Sch. 16 para. 106(e) in force for certain purposes at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

I30 Sch. 16 para. 106(c) in force at 6.10.2010 by [S.I. 2010/2089](#), [art. 2\(b\)](#) (with [art. 6](#))

I31 Sch. 16 para. 106(e) in force at 1.10.2011 in so far as not already in force by [S.I. 2011/2196](#), [art. 2\(1\)\(f\)](#)

- 107 After that paragraph insert—
- “18A(1) Where, on the hearing of any complaint made to it under paragraph 16(1A) of this Schedule, the Tribunal is satisfied that a manager or employee of a recognised body—
- (a) has been convicted as mentioned in paragraph (a) of paragraph 16(1A),

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- (b) has failed to comply with any requirement imposed by or by virtue of this Act or any rules applicable to the relevant person by virtue of section 9 of this Act, or
 - (c) has acted as mentioned in paragraph (c) or (d) of paragraph 16(1A), the Tribunal may, if it thinks fit, make one or more of the orders referred to in sub-paragraph (2).
- (2) Those orders are—
- (a) an order directing the payment by the relevant person of a penalty to be forfeited to Her Majesty;
 - (b) an order requiring the Society to consider taking such steps as the Tribunal may specify in relation to the relevant person;
 - (c) if the person is not a solicitor, an order which states one or more of the matters mentioned in sub-paragraph (3);
 - (d) an order requiring the Society to refer to an appropriate regulator any matter relating to the conduct of the relevant person.
- (3) The matters referred to in sub-paragraph (2)(c) are—
- (a) that as from the specified date—
 - (i) no solicitor or employee of a solicitor shall employ or remunerate, in connection with the practice carried on by that solicitor, the person with respect to whom the order is made, and
 - (ii) no recognised body, or manager or employee of such a body, shall employ or remunerate that person, in connection with the business of the recognised body, except in accordance with a Society permission;
 - (b) that as from the specified date no recognised body or manager or employee of such a body shall, except in accordance with a Society permission, permit the person with respect to whom the order is made to be a manager of the body;
 - (c) that as from the specified date no recognised body or manager or employee of such a body shall, except in accordance with a Society permission, permit the person with respect to whom the order is made to have an interest in the body.
- (4) For this purpose a person has an interest in a body if the person has an interest in the body within the meaning of Part 5 the Legal Services Act 2007 (see sections 72 and 109 of that Act).
- (5) Subsections (1) to (1C), (3) and (4) of section 44 of the 1974 Act (offences in connection with orders under section 43(2) of that Act) apply in relation to an order under sub-paragraph (2)(c) as they apply in relation to an order under section 43(2) of that Act, except that references in those subsections to provision within section 43(2)(a), (b) or (c) of that Act are to be read as references to provision within sub-paragraph (3)(a), (b) or (c).
- (6) Section 44(2) of the 1974 Act, paragraph 16(1)(d) and (1A)(d) of this Schedule and paragraph 15(3A) of Schedule 14 to the Courts and Legal Services Act 1990 apply in relation to an order under sub-paragraph (2)(c) as they apply in relation to an order under section 43(2) of the 1974 Act.

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- (7) For the purposes of sub-paragraph (2)(d) an “appropriate regulator” in relation to the relevant person means—
- (a) if the person is an authorised person in relation to a reserved legal activity for the purposes of the Legal Services Act 2007, any relevant approved regulator (within the meaning of that Act) in relation to that person, and
 - (b) if the person carries on activities which are not reserved legal activities, any body which regulates the carrying on of such activities by the person.”

Commencement Information

I32 Sch. 16 para. 107 wholly in force at 31.3.2009 see s. 211 and [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#) (subject to [art. 4](#))

- 108 In paragraph 20 of that Schedule (powers of Tribunal in respect of legal aid complaints), in sub-paragraph (1)—
- (a) for “an officer” substitute “ a manager ”,
 - (b) for “director” substitute “ manager ”, and
 - ^{F9}(c)
- and omit sub-paragraph (2).

Textual Amendments

F9 Sch. 16 para. 108(c) repealed (1.4.2013) by [Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(c. 10\)](#), s. 151(1), [Sch. 5 Pt. 2](#); [S.I. 2013/453](#), [art. 3\(h\)](#) (with savings and transitional provisions in [S.I. 2013/534](#), art. 6)

Commencement Information

I33 Sch. 16 para. 108 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 109 In paragraph 21 of that Schedule (revocation of recognition by reason of default by director)—
- (a) in sub-paragraph (1), in paragraph (a) for “director” substitute “ manager ”,
 - (b) in paragraph (b) of that sub-paragraph for “director” (in both places) substitute “ manager ”,
 - (c) in paragraph (c) of that sub-paragraph for “director” (in both places) substitute “ manager ”,
 - (d) in sub-paragraph (3) for “director” (in both places) substitute “ manager ”, and
 - (e) after that sub-paragraph insert—
- “(4) The reference in paragraph (c) of sub-paragraph (1) to a person employed by a recognised body includes a reference to a person who was so employed at the time of the conduct leading to the making of the order referred to in that paragraph.”

Commencement Information

I34 Sch. 16 para. 109 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

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- 110 In paragraph 23 (orders as to remuneration for non-contentious business)—
- (a) the existing provision becomes sub-paragraph (1) of that paragraph,
 - (b) in that sub-paragraph for “regulating (in accordance with paragraph 22)” substitute “prescribing (by virtue of paragraph 22) general principles to be applied when determining”,
 - (c) in that sub-paragraph for paragraph (b) substitute—
 - “(b) in paragraph (d), the reference to the solicitor or any employee of the solicitor who is an authorised person were a reference to any manager or employee of the recognised body who is an authorised person.”, and
 - (d) after that sub-paragraph insert—
 - “(2) In this paragraph “authorised person” means a person who is an authorised person in relation to an activity which is a reserved legal activity, within the meaning of the Legal Services Act 2007 (see section 18 of that Act).”

Commencement Information

I35 Sch. 16 para. 110 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 111 For paragraph 24 of that Schedule (effect of contentious business agreements) substitute—
- “24 (1) This paragraph applies in relation to a contentious business agreement made between a recognised body and a client.
- (2) A provision in the agreement that the body shall not be liable for the negligence of any of its managers or employees shall be void if the client is a natural person who, in entering that agreement, is acting for purposes which are outside his trade, business or profession.
 - (3) A provision in the agreement that the body shall be relieved from any responsibility to which it would otherwise be subject in the course of carrying on its business as a recognised body shall be void.
 - (4) A provision in the agreement that any manager of the body shall be relieved from any responsibility to which the manager would otherwise be subject in the course of the carrying on by the body of its business as a recognised body shall be void.”

Commencement Information

I36 Sch. 16 para. 111 in force at 30.6.2008 by [S.I. 2008/1436](#), [art. 2\(d\)\(ii\)](#)

- 112 In paragraph 25 of that Schedule (effect of supervening incapacity on contentious business agreements)—
- (a) for sub-paragraph (1)(b) substitute—
 - “(b) a relevant insolvency event occurs in relation to the body;”,
 - (b) in sub-paragraphs (2) and (3)—
 - (i) for “taxation” (in each place) substitute “assessment”, and

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- (ii) for “taxing officer” (in each place) substitute “ costs officer ”,
- (c) in sub-paragraph (3) for “any officer” substitute “ any manager ”, and
- (d) after that sub-paragraph insert—

“(4) 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.”

Commencement Information

I37 Sch. 16 para. 112(a)(c)(d) in force at 30.6.2008 by [S.I. 2008/1436](#), [art. 2\(d\)\(ii\)](#); Sch. 16 para. 112(b) in force at 1.1.2010 by [S.I. 2009/3250](#), [art. 2\(f\)\(ii\)](#) (with [art. 9](#))

113 In paragraph 26 of that Schedule (taxations with respect to contentious business)—

- (a) in the paragraph heading for “Taxations” substitute “ Assessments ”,
- (b) the existing paragraph becomes sub-paragraph (1) and in that sub-paragraph —
 - (i) for “taxation” substitute “ assessment ”,
 - (ii) for “taxing officer” substitute “ costs officer ”,
 - (iii) after “the body” (in the second place) insert “ or any manager or employee of the body ”, and
 - (iv) for “any solicitor, being an officer” substitute “ any authorised person, being a manager ”, and
- (c) after that sub-paragraph insert—

“(2) In this paragraph “authorised person” means an authorised person, in relation to an activity which is a reserved legal activity, within the meaning of the Legal Services Act 2007.”

Commencement Information

I38 Sch. 16 para. 113(b)(iii) in force at 30.6.2008 by [S.I. 2008/1436](#), [art. 2\(d\)\(ii\)](#) (as amended by [S.I. 2008/1591](#), [art. 2\(2\)](#)); Sch. 16 para. 113(b)(iv)(c) in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#); Sch. 16 para. 113(a)(b)(i)(ii) in force at 1.1.2010 by [S.I. 2009/3250](#), [art. 2\(f\)\(ii\)](#) (with [art. 9](#))

114 In paragraph 28 (power of court to order recognised body to pay over clients' money) after “client” (in the third place) insert “ or any manager or employee of such a body ”.

Changes to legislation: There are currently no known outstanding effects for the Legal Services Act 2007, Part 2. (See end of Document for details)

Commencement Information

I39 Sch. 16 para. 114 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 115 For paragraph 29 of that Schedule (actions to recover costs) substitute—
- “29 (1) Subsection (2A) of section 69 of the 1974 Act shall have effect in relation to a bill of costs delivered by a recognised body as if for paragraphs (a) and (b) there were substituted—
- “(a) signed on behalf of the recognised body by any manager or employee of the body authorised by it to do so, or
- (b) enclosed in, or accompanied by, a letter which is so signed and refers to the bill.”
- (2) Subsection (2E) of that section shall have effect in relation to such a bill as if for “the solicitor” there were substituted “ the recognised body ”.”

Commencement Information

I40 Sch. 16 para. 115 in force at 7.3.2008 by [S.I. 2008/222](#), [art. 2\(j\)\(ii\)](#)

- 116 In paragraph 30 (power of Society to inspect files relating to certain proceedings), for paragraph (b) substitute—
- “(b) for the appointment of an administrative receiver within the meaning of section 251 of the Insolvency Act 1986; or”.

Commencement Information

I41 Sch. 16 para. 116 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 117 In paragraph 31 of that Schedule (bank accounts)—
- (a) omit “or (2)”, and
- (b) after “bank” insert “ or building society ”.

Commencement Information

I42 Sch. 16 para. 117 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

- 118 After that paragraph insert—
- “31A Where rules made under section 32(1) of the 1974 Act are applied to managers or employees in accordance with section 9(2)(fb) of this Act, section 85 of the 1974 Act shall apply in relation to a manager or employee to whom the rules are applied who keeps an account with a bank or building society in pursuance of any such rules as it applies in relation to a solicitor who keeps such an account in pursuance of rules under section 32.”

Commencement Information

I43 Sch. 16 para. 118 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

Changes to legislation: There are currently no known outstanding effects for the Legal Services Act 2007, Part 2. (See end of Document for details)

- 119 (1) Paragraph 32 of that Schedule (intervention by Society) is amended as follows.
- (2) In sub-paragraph (1)(a)—
- (a) for “Council are” substitute “ Society is ”,
 - (b) after “recognised body” insert “ or a manager of such a body ”, and
 - (c) for “it” substitute “ the body or manager ”.
- (3) For sub-paragraph (1)(c) substitute—
- “(c) a relevant insolvency event occurs in relation to a recognised body; or”.
- (4) In sub-paragraph (1)(d)—
- (a) for “Council have” substitute “ Society has ”,
 - (b) for “officer” substitute “ manager ”, and
 - (c) for “that body's” to the end substitute—
 - “(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”.
- (5) After sub-paragraph (1)(d) insert—
- “(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;”.
- (6) After sub-paragraph (1) insert—
- “(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

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members' voluntary winding up into a creditors' voluntary winding up);

(e) an order for the winding up of the body is made.”

(7) Omit sub-paragraph (2).

Commencement Information

I44 Sch. 16 para. 119 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

120 For paragraph 33 of that Schedule (further grounds for intervention)—

(a) for paragraph (a) substitute—

“(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;”, and

(b) in paragraph (c) for “Council regard” substitute “ Society regards ”.

Commencement Information

I45 Sch. 16 para. 120 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

121 In paragraph 34 of that Schedule (powers of intervention on revocation of recognition etc), in sub-paragraph (1)—

(a) omit “corporate” (in both places), and

(b) in paragraph (a), after “revoked” insert “ in accordance with rules under that section or ”.

Commencement Information

I46 Sch. 16 para. 121 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

122 In paragraph 35 of that Schedule (provision relating to the application of Part 2 of Schedule 1 to the Solicitors Act 1974)—

(a) in paragraph (a) omit “corporate”, and

(b) omit “and” at the end of paragraph (b) and after paragraph (c) insert—

“(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—

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- (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 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.”

Commencement Information

I47 Sch. 16 para. 122 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

123 In paragraph 36 of that Schedule (privilege from disclosure etc)—

(a) for sub-paragraph (1) substitute—

“(1) Where a recognised body acts as such for a client, any communication, document, material or information is privileged from disclosure in like manner as if the recognised body had at all material times been a solicitor acting for the client.”,

(b) in sub-paragraph (3) for “an officer” substitute “a manager”, and

(c) after that sub-paragraph insert—

“(4) This paragraph does not apply to a recognised body which holds a licence under Part 5 of the Legal Services Act 2007 (alternative business structures).”

Commencement Information

I48 Sch. 16 para. 123 in force at 31.3.2009 by [S.I. 2009/503](#), [art. 2\(b\)\(ii\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Legal Services Act 2007, Part 2.