

Release notes for the SRA Handbook, Version 6

1 January 2013

The sixth version of the Handbook was published on 1 January 2013.

The changes are summarised in these Release notes for Version 6. For the dates on which the changes are effective, see below. The notes give a brief update only and you will need to refer to the Handbook itself for full details. Any sets of rules or regulations not referred to below remain unchanged in this version.

SRA Code of Conduct 2011

Outcome (6.3) and indicative behaviour (6.2) in the SRA Code of Conduct 2011 have been amended. The effect of these changes is that regulated individuals will no longer be obliged to refer clients who need investment advice to an independent financial adviser. Instead, when making referrals, both in respect of investment advice and also more generally, regulated individuals will need to consider what is in the best interests of their client and ensure that the client is in a position to make an informed decision about how to pursue their matter.

These changes are effective from 1 January 2013.

SRA Financial Services (Scope) Rules 2001

References to 'packaged product(s)' in Rules 5.1 and 5.3 of the SRA Financial Services (Scope) Rules 2001 have been replaced with references to 'retail investment product(s)'.

These changes are effective from 1 January 2013.

SRA Financial Services (Conduct of Business) Rules 2001

References to 'packaged product' in rule 8.1 and in note (iii) to rule 13.1 of the SRA Financial Services (Conduct of Business) Rules 2001 have been replaced with references to 'retail investment product'.

These changes are effective from 1 January 2013.

SRA Compensation Fund Rules 2011

At the time when the Legal Services Act 2007 came into force, the Compensation Fund's statutory framework would not allow the SRA to collect contributions to the Compensation Fund (the Fund) from licensed bodies (ABSs) or to make payments from the Fund to the clients of licensed bodies.

As a temporary measure, an Order was made in 2011 under section 69 of the Legal Services Act 2007 (s69) to modify the basis of the Fund so that the SRA was able to collect contributions to the Fund from ABSs and to make payments from the Fund to the clients of ABSs (the 2011 Order).

The 2011 Order included a "sunset clause", which would take effect on 31 December 2012. This meant that, in the absence of a further Order, the relevant provisions of the 2011 Order would expire on that date and the SRA would no longer be able to collect contributions to the Fund from ABSs or to make payments from it in respect of ABSs. A further s69 order has been made in 2012 removing the "sunset clause".

Corresponding changes have been made in the SRA Compensation Fund Rules 2011 with the amendment of rules 1 and 2, and the deletion of previous rule 26. The purpose of the amendments is to ensure that SRA Compensation Fund Rules 2011 apply to licensed bodies indefinitely pending the outcome of the SRA's Compensation Arrangements Review by removing the "sunset clause" and references to the "transitional period".

These changes are effective from 1 January 2013.

SRA Handbook Glossary 2012

The definition of 'independent intermediary' has been replaced with the definition of 'independent financial adviser'. The definition of 'packaged product' has been replaced with that of 'retail investment product' which will have the meaning given in the FSA Handbook. These amendments are in response to the changes flowing from the FSA's Retail Distribution Review and will provide compatibility between the SRA Handbook and the FSA Handbook.

As a consequence of the changes to the SRA Compensation Fund Rules 2011, rule 4 (Transitional Provisions) of the SRA Handbook Glossary 2012 has been deleted.

These changes are effective from 1 January 2013.