



# THE CITY OF LONDON LAW SOCIETY

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30 June 2009

Rt Hon the Lord Hunt of Wirral MBE  
Legal Regulation Review  
c/o 100 Fetter Lane  
London EC4A 1BN

By email: legalregulationreview@beachcroft.co.uk

Dear Lord Hunt,

## **Initial Response to Evidence**

I write on behalf of the City of London Law Society's Professional Rules and Regulation Committee.

We would wish to make the following points on your paper of May 2009.

First, we do not believe that any benefit would be gained by creating a duality of rules and principles, some of which would fall under a professional standards banner and the others of which would fall within a regulatory code of conduct. We believe that your suggestion would undermine the separation of the representative and regulatory functions.

There would be confusion over how rules and principles were meant to apply where conduct was covered by one code and not the other, where there was overlap but different interpretation and/or consequences under one but not the other and where standards covered areas where the regulatory code was silent.

There would be duplication of effort on the part of solicitors who would have to comply with two sets of rules and duplication of effort and expense by the separate bodies charged with ensuring compliance.

It would be far better, in our view, to have a single set of regulations which covered all aspects of solicitors' conduct whether ethical or administrative in nature.

Second, we are concerned that the conclusions in the Smedley Report might not be given the priority in your final report which they deserve and, indeed, which we think is essential. You should be under no illusion about the strength of feeling among the corporate work firms that the public interest is not currently being served by the existing model for regulation of our firms, and that it will not be served while the SRA continues to operate a single regulatory function covering all firms. Nor should you underestimate the sense of grievance we feel in continuing to subsidise the regulation of other firms while the regulation of our firms is not being conducted in a manner appropriate to our business and our clients.

We fear that the SRA is reluctant to establish and give sufficient autonomy to a separate corporate work firms unit and will instead prefer to maintain the current system with minor adjustments and promises of more apposite regulation to come. We believe that the case for a separate regulation unit is overwhelming, that you should state this in your final report and that you should recommend that the

Smedley proposed timetable is strictly adhered to. If the SRA does not indicate its willingness to follow the Smedley recommendations in accordance with his proposed timetable, we think it inevitable that pressure will grow for a separate regulator for large corporate firms.

In paragraph 41 of your Initial Response, you raise the possibility of "mandatory self-regulation" for the larger corporate firms. While we believe an element of self-certification may be appropriate, we would point out that it is not a recommendation which appears in the Smedley report. Rather, we envisage a regulator who understands the market in which these firms operate meeting on a regular basis with the partner or partners in each firm who have responsibility for regulatory compliance to discuss steps taken by that firm and to suggest additional steps which might be taken. We would be happy to discuss this approach with you in more detail.

In paragraph 29, you say you plan to look at the Code. We believe a number of changes should be made to reflect the needs of sophisticated clients, and the firms which serve them. In addition, we believe the extra-territorial effect of the Code on firms which have overseas offices needs to be relaxed. We would be happy to discuss these points with you further.

Finally, we would be reluctant to support the establishment of a solicitors' defence union, as we think that it would be used only by non-corporate work firms, yet would be paid for in large part by our members.

We would be delighted to meet you if you would like to discuss any of the above matters.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Perrin', written in a cursive style.

**Chris Perrin**  
**Chair**  
**Professional Rules and Regulation Committee**