Guidance

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Approval of role holders

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Updated 12 March 2021 (Date first published: 8 August 2016)

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Status

This guidance is to help you understand your obligations and how to comply with them. We will have regard to it when exercising our regulatory functions.

Who is this guidance for?

- New firms seeking authorisation and approval of managers, owners and compliance officers.
- Existing recognised bodies (RBs) and licensed bodies (LBs) seeking approval of new managers, owners and compliance officers.
- Existing recognised sole practices (RSPs) seeking approval of compliance officers.

Purpose of this guidance

This guidance is about how we approve persons to be managers, owners or compliance officers of firms we regulate.

'Manager' means the sole principal in a recognised sole practice; a member of a UK limited liability partnership; a director of a company; a partner in a partnership that is not a body corporate; or, in relation to any other body, a member of its governing body.

'Owner' means a partner in a partnership (that is not a body corporate) or a person who holds a material interest in any other type of body. What constitutes a material interest can be complex. In its simplest form, it means having an interest of 10% or more in an authorised body or in the parent undertaking of an authorised body. An interest can be shares (or equivalent) in the body or voting rights / power. We assess material interests for both RBs and LBs using the same criteria as that detailed at paragraph 3 of Schedule 13 to the Legal Services Act 2007 (LSA). You can see more guidance on assessing material interests on our guidance,

‘Does your interest in a licensed body require approval?’ [https://higher-rights.sra.org.uk/solicitors/guidance/interest-licensed-body-require-approval/] .

'Compliance officer' means a compliance officer for legal practice (COLP) and a compliance officer for finance and administration (COFA). When we refer to a COLP and COFA in an LB, that means a Head of Legal Practice (HOLP) and a Head of Finance and Administration (HOFA) as required by the LSA.

General

Managers, owners and compliance officers occupy positions of responsibility and trust. Specifically:

- Managers have ultimate responsibility for how their firm is run and its legal services delivered. Specifically, they must make sure that it complies with all legislative and regulatory requirements (paragraph 8.1 of the Code of Conduct for Firms [https://higher-rights.sra.org.uk/solicitors/standards-regulations/authorisation-firms-rules/]). That means making sure that your firm has all the systems needed to achieve that objective.
- Compliance officers have specific responsibility for ensuring your firm, its managers and employees comply with our regulatory requirements. They are also responsible for recording any breaches and reporting those to us, where necessary (paragraphs 9.1 and 9.2 of the Code of Conduct for Firms).
- Owners can potentially exert significant influence over your business. They should not to do anything which causes the firm, or anyone in it, to breach their own regulatory obligations (paragraph 2.1(c) of the Code of Conduct for Firms).

As such, we must be satisfied that these role holders are 'suitable' to hold that role (this may also be referred to as being 'fit and proper'). This means they:

- must be of good character
- satisfy us that they will safeguard regulatory compliance, and
- meet any specific requirements of the role.

This guidance should be read in the context of decision making at the SRA [https://higher-rights.sra.org.uk/sra/decision-making/decision-making-sra/] and other guidance.

When is approval required?

All owners and compliance officers in an authorised firm must be approved.

All managers in an authorised firm must be approved except for:

- the sole practitioner in an RSP (rule 9.2 of the Authorisation of Firms Rules)
- where we have previously agreed with you that certain managers will not require approval (rule 9.3 of the Authorisation of Firms Rules [https://higher-rights.sra.org.uk/solicitors/standards-regulations/authorisation-firms-rules/]) as they are not involved in:
    - the day to day or strategic management of the authorised body,
    - compliance by the authorised body with the SRA's regulatory arrangements, or
    - the carrying on of reserved legal activities, or the provision of legal services in England and Wales.

Your firm must apply for approval of a new role holder, and this must be granted, before the candidate takes up their role (rules 8.1 and 9.1 of the Authorisation of Firms Rules [https://higher-rights.sra.org.uk/solicitors/standards-regulations/authorisation-firms-rules/]). The only exceptions to this are those who are eligible for deemed approval [#DeemedApproval] , in which case no application or formal decision is required; and the following, who may be approved after they have taken up their role:

- owners in licensed bodies who acquire their interest without taking any steps to do so, for example, they inherited shares in a licensed body on the death of the previous owner (paragraphs 21(1)(b) and 21(3) of Schedule 13 LSA)
- compliance officers that are eligible for temporary emergency approval [#TEA] (see below)

Who can hold which roles in firms we regulate?

A summary of the basic requirements for each type of authorised body are as follows (rule 1.1 of the Authorisation of Firms Rules):

- **Recognised sole practices**

  These have a sole practitioner that must be a solicitor or a registered European lawyer (REL). Note that, since 1 January 2021, only a defined group of Swiss lawyers can be RELs.

  For the purposes of our rules, we refer to the sole practitioner as a manager of the recognised sole practice. There can be no other managers or owners. The sole practitioner is approved as part of the authorisation of the recognised sole practice and does not require a separate role holder approval.

- **Recognised bodies**

  These can only have legally qualified persons as managers and owners. At least one manager must be a solicitor or REL.

- **Licensed bodies**

  These must have at least one authorised person as a manager (which is not itself a licensed body), and one non-authorised person as a manager or interest holder.

The roles of manager and owner can be filled by individuals, but may also be filled by bodies.

Each type of firm must have a COLP and a COFA. Compliance officer roles must be filled by individuals and they must (with limited exceptions) be managers or employees of the firm concerned.

In addition, a COLP must be an authorised person (rules 8.1 to 8.3 of the Authorisation of Firms Rules).

An authorised person means an individual or a firm that is authorised to provide reserved legal services by an approved regulator. An approved regulator is a legal services regulator approved by the Legal Services Board to regulate reserved legal activities.

Deemed to be fit and proper and deemed approval

What does it mean to be deemed to be fit and proper?

In some cases, a person that is already authorised by us or another approved regulator can be 'deemed' to be fit and proper. By this, we mean that they are automatically considered to be of the necessary character and suitability to hold the intended role.

There are only limited circumstances where such deeming applies.

Managers and owners

We have the necessary information about SRA-regulated solicitors, RELs, RFLs and firms to determine if they are suitable to be a manager or owner. They will have had their suitability assessed when they were authorised / registered and, from that point on, they will have been under a continuing obligation to notify us of any issues that may affect their suitability. In addition, as their regulator, we have access to information about any ongoing investigations or past regulatory matters.

For other lawyers authorised by approved regulators, where they have previously been approved by us as a manager, owner or compliance officer of an authorised firm, they will have provided evidence from their own regulator of their suitability with their first application. Following that approval, they will be under a continuing obligation to notify us of any issues that affect their suitability, including investigations with their own regulator.

As a result, we will deem a person to be fit and proper to be a manager or owner if they meet the following criteria (rule 13.2 of the Authorisation of Firms Rules):

- they are a solicitor, REL, RFL or SRA-authorised body, or
- they are another lawyer authorised and regulated by an approved regulator, who has previously been approved by us as a manager, owner or compliance officer of an SRA-regulated body

and they are not subject to a regulatory or disciplinary investigation, or adverse finding or decision of the SRA, the Tribunal or another regulatory body.

An 'adverse finding or decision' includes withdrawal of a previous approval.

Where a person is deemed to be fit and proper to be a manager or owner of an authorised body, they will be deemed to be approved to hold the role (rule 13.3 of the Authorisation of Firms Rules). This means no application or formal approval decision is required. In these circumstances, you simply need to notify us [https://higher-rights.sra.org.uk/solicitors/firm-based-authorisation/existing-firms-applications/approval-manager-owner/] that you are appointing that person to the relevant role when they are appointed (rule 13.4 of the Authorisation of Firms Rules).

The rules also make provision for this deeming to be extended to those who are authorised and regulated by a regulatory body which operates a regulatory regime recognised by us as reasonably equivalent to that of an approved regulator. We have not yet recognised any other regulatory regimes that are equivalent to those of the approved regulators but anticipate doing so in the future. This may mean that, in time, we can deem regulated non-lawyers into manager and owner roles such as, for example, chartered accountants.

Compliance officers

Individuals already authorised by us, or who have previously been approved by us as a role holder, will already have been assessed to establish if they are of suitable character and likely to uphold their regulatory obligations in the future. We will therefore deem them to be fit and proper to be a COLP and/or COFA if they meet the following criteria. They must (rule 13.5 of the Authorisation of Firms Rules):

- be a lawyer and a manager of the firm
- not be a compliance officer of any other authorised firm, and
- not be subject to a regulatory or disciplinary investigation, or adverse finding or decision of the SRA, the Tribunal or another regulatory body.

In addition, your firm must have an annual turnover of no more than £600,000. This part of the criteria is about ensuring we can be satisfied that the candidate can meet the core requirements of the role without further scrutiny. A compliance officer that is a manager in a small firm will likely be one of relatively few managers and therefore have sufficient knowledge of the firm, control and seniority to fulfil their obligations. In much larger firms, we need to assess their ability to do so on a case by case basis, which is why the deeming criteria does not extend to large firms.

Where a compliance officer is deemed to be fit and proper, they will still require approval. This is because of legal requirements relating to the HOLP and HOFA in licensed bodies. However, where they are deemed to be fit and proper, that approval is a formality (rule 13.6 of the Authorisation of Firms Rules). Application for approval in these situations is by a very short and simple form confirming the person is deemed to be fit and proper.

Those prospective managers, owners, COLPs and COFAs who do not meet the deeming criteria above will need to go through the full approval process.

What we will need from an applicant to reach a decision on approval?

Basic information and initial screening

Before your firm applies for approval of a role holder, you must make sure that the candidate is eligible for the role [#Eligibility] (see above). If the candidate is not eligible, we will reject the application on receipt. We will also reject an application if:

- you have not fully completed the declarations and the suitability section of the application form, or
- you have not provided, where required, a certificate of good standing from any other professional body or regulator of which the candidate is a member (for example, the Bar Standards Board).

If the application is accepted, we will then undertake screening checks. These include checks against our own systems to make sure that there are no regulatory matters we need to take into consideration. Depending on the regulatory status of the individual, we may also conduct external checks for identity, adverse financial issues and criminal history. The candidate must, if requested, provide information to an external screening provider to allow those checks to be completed (rule 6.4 of the Assessment of Character and Suitability Rules).

Supporting information

You must provide evidence to satisfy us that the candidate is suitable to hold the role applied for (rules 6.1 to 6.7 of the Assessment of Character and Suitability Rules). We therefore expect you to complete a number of questions in the application form, relating, for example, to the candidate's skills and experience. This allows us to assess their suitability to undertake the role.

We may be satisfied from the information provided with the application that the candidate is able to meet the requirements of the role. Where the information provided is insufficient for this purpose, we will ask for further information.

How do we decide if a role holder is suitable?

We can approve an application with or without conditions (rule 13.1 of the Authorisation of Firms Rules and Rule 2.4 of the Assessment of Character and Suitability Rules) or refuse it (referred to as an 'objection' for owners of licensed bodies).

There is no regulatory or statutory time period to make most role holder decisions, although we adopt the same decision period as for authorisation of firms. That period is six months. However, we aim to make the majority of these decisions within three months (or 30 days if we can assess the application as low risk).

The only exception to this is for owners of existing licensed bodies. In these cases, within 90 days of receiving notice of a proposed new owner, we must (paragraph 25 of Schedule 13 LSA):

a. approve the holding of the interest in the firm unconditionally
b. issue a warning notice that we intend to approve the holding subject to conditions, or
c. issue a warning notice that we intend to object to the holding of the interest.

On rare occasions, where we consider there is a specific risk to the regulatory objectives in section 1 of the LSA (set out below), we may approve subject to conditions or object without first issuing a warning notice (paragraphs 28(4) and 31(3) of Schedule 13 LSA). This might arise where it is important that our position is protected quickly. For example, the candidate may have a conviction for fraud offences and we have reason to believe they intend to acquire their interest before receiving our decision. Such an action by the candidate poses a risk to the regulatory objectives of protecting the interests of the public and consumers.

Where we do not issue a warning notice, we must make our decision to approve with conditions or object within the 90 day period itself.

If we issue a warning notice, you and the candidate will have 28 days from the date of the notice to provide representations. We will consider those representations before we make a final decision.

Where approval is refused or granted subject to a condition, you and the candidate have a right of review (Annex 1 3,2, 3,6 and 3.7 of the Application, Notice, Review and Appeal Rules).

Good character

We will consider each application on its own facts, taking into account criteria set out in our Assessment of Character and Suitability Rules [https://higher-rights.sra.org.uk/solicitors/standards-regulations/assessment-character-suitability-rules/] . This highlights the issues that we consider when assessing suitability, for example, criminal convictions and regulatory or other offences or findings, financial history including insolvency, and evidence of behaviour which indicates a lack of honesty or integrity. Where a suitability issue arises from either the declarations or our external checks, we will require the candidate to provide detailed information about the matter.

We consider some issues more serious than others. For example, some, such as criminal convictions for dishonesty or fraud offences, are likely to result in refusal (rule 3.1 and Table 1 of the Assessment of Character and Suitability Rules). We will consider any aggravating or mitigating factors before making our decision.

Mitigating factors may include evidence of rehabilitation. For example, a candidate may demonstrate that in the years since being made subject to an individual voluntary arrangement (IVA), they have complied with that arrangement, paid all sums required under the arrangement on time and in full, and have managed their finances appropriately since.

Where we identify from our screening checks a suitability issue that was not declared, we will take the lack of disclosure into account when making our decision (rule 6.7 of the Assessment of Character and Suitability Rules). Lack of disclosure may increase the risk of us refusing an application. It may also result in disciplinary action. We will raise this with you and the candidate and we expect to receive a full and satisfactory explanation of the failure to disclose. If one is not received, we will make our decision on the information available.

Regulatory compliance and requirements of the role

Our overriding obligation is to protect the public interest, and maintain public trust and confidence in the solicitors' profession and in legal services provided by authorised persons. We will take that into account when assessing a person's character and suitability (rule 2.1 of the Assessment of Character and Suitability Rules). Protecting the public

interest requires us to assess the risk a candidate may pose. We therefore need to be satisfied that there is nothing to indicate the candidate will breach our regulatory requirements, or cause the authorised body, its managers or employees to do so.

For example, if during consideration of the application a role holder indicated their intention to share client information with a separate business, that would be a risk to the regulatory requirement to protect client confidentiality (paragraph 6.3 of the Code of Conduct for Firms). We would explain our concerns and advise of how that needed to be dealt with but, if the firm and individual could not appreciate the issue or satisfy us that they would protect that confidentiality, then we may consider that their appointment would lead to a breach of our regulatory requirements and therefore would not be in the public interest.

The candidate also needs to meet any requirements of the specific role. The following sub-sections detail what we expect of each role-holder.

Owners

Owners, unless they are also managers, will have little involvement in the day-to-day running of the firm and there is no specific knowledge or experience required to be an owner.

However, under paragraph 2.1(c) of the Code of Conduct for Firms, they should be prevented by your firm's systems from doing anything which causes the firm, or anyone in it, to breach their own regulatory obligations

Further, there are obligations set out in legislation in relation to non-authorised owners of licensed bodies which provide that (section 90 LSA):

- the person's holding of the interest does not compromise the regulatory objectives, and
- non-authorised owners do nothing which causes, or substantially contributes to, a breach by the licensed body or its employees or managers of our regulatory arrangements.

We will need to be satisfied that there is nothing to suggest the candidate will not meet these obligations before approving them.

Managers

Managers are expected to be aware of, and be sure the firm complies with, all statutory and regulatory obligations. They must also make sure that any obligations imposed on the firm, its managers, employees or interest holders are complied with (paragraph 2.1 of the Code of Conduct for Firms).

In addition, a non-lawyer manager in a licensed body must do nothing which causes, or substantially contributes to, a breach by the licensed body, or its employees or managers, of our regulatory arrangements (section 90 LSA).

In all cases, we will need to be satisfied that the candidate understands their duties and will comply with those. We cannot foresee their future actions, so we base our assessment of their ability to comply on the information available. If they have an adverse history, then we will consider if that shows a lack of knowledge of, or a risk of failure to comply with, our requirements. For example, if they have previously been found to have breached our client care requirements in circumstances which demonstrated a reckless disregard for our rules. This may mean we cannot be satisfied that they will be able to fulfil the duties of a manager.

If you are a new firm seeking authorisation, if we are not satisfied that there is sufficient understanding across the managers as a whole about their regulatory obligations, we will refuse the authorisation of the firm (rule 2.2 of the Authorisation of Firms Rules). Such refusal will be on the basis that we are not satisfied:

- the managers, interest holders or management and governance arrangements are suitable to operate or control a business providing regulated legal services, and/or
- the firm will comply with our requirements and regulatory arrangements.

This can happen even where all managers are deemed to be approved and do not require specific approval as managers.

Refusing authorisation of the firm on the above grounds does not require refusal of any specific person, as it is about the management of the firm as a whole. However, we may refuse any person who needs approval as well if we do not consider they are suitable to be a manager at all.

In this respect, it is worth noting that we do not require all managers to have managerial experience or competence in this field. We acknowledge there will always have to be a first managerial role for any given person. However, we do need to be satisfied that at least one manager of the firm either has suitable experience or can otherwise demonstrate they fully understand what managing a firm entails.

Therefore, where an application for approval is made for a manager of an existing firm, we are unlikely to assess whether they can competently manage a firm, as the management as a whole will previously have been assessed as suitable. However, if something has happened in the interim to suggest that the existing managers cannot competently manage a firm (for example, an investigation into the firm's operations) or the firm's more experienced managers have left, then we will want to check

that the candidate has sufficient knowledge to adequately manage the firm. We may do this by asking for copies of the firm's policies and procedures, and key documentation, as well as their plans for the business.

More detailed guidance about how we consider authorisation of a firm is in our separate decision making guidance [https://higher-rights.sra.org.uk/solicitors/guidance/authorisation-firms/] .

Compliance officers

COLPs have a key role in maintaining regulatory compliance, including a personal obligation to make sure the firm and its managers, owners and employees comply with their regulatory obligations. They must record breaches and, where appropriate, report these to us. COFAs have an equivalent role in relation to compliance with our Accounts Rules (paragraphs 9.1 and 9.2 of the Code of Conduct for Firms). We therefore need to be satisfied that you have adequate arrangements to make sure that your COLP and COFA can discharge their duties under our rules and the individual is suitable to do so.

As an example, the application form asks for information about the compliance officer's position in the firm, their work history, and an explanation of how they have sufficient seniority and responsibility in your firm. If we do not have sufficient information from that to be satisfied the COLP or COFA will have the unfettered ability to report breaches, we may request a copy of your compliance reporting procedure. We may also need to question the managers as to their understanding and support for the role.

The decision

Unconditional approval

If the candidate is suitable, meeting the limbs described above, we will approve them unconditionally.

Example 1

A licensed body wishes to bring in a new non-lawyer investor who will own 20 percent of the company.

The firm submits an application to have the proposed investor approved as an owner.

The new owner undergoes our screening checks which include a criminal check, identity checks and adverse financial checks through our external screening provider. All information received on the application form is verified, the outcome of which shows nothing adverse against the

investor. There is no information from our checks on the new owner, or his associated companies, to suggest that the regulatory objectives or our own regulatory requirements will be compromised. The new owner is therefore considered suitable to hold such an interest.

The application for approval of the new owner is granted.

Approval with conditions

Where we are not satisfied that an unconditional approval should be granted, we will consider whether the risk posed by the candidate can be managed by way of conditions imposed on the firm. Our reasons for imposing those conditions must be tied to one or more of the grounds under rule 3.2 of the Authorisation of Firms Rules. Under rules 3.1 and 3.3, we can limit what the firm, or an individual in the firm, can do where we believe it is in the public interest to do so. Compliance with the conditions must be capable of mitigating a real and identifiable risk which the candidate poses.

Example 2

A recognised body seeks approval of a new lawyer manager.

The candidate is a solicitor with a current practising certificate. He is subject to a condition that he cannot be a manager without our approval.

He declares an ongoing Individual Voluntary Arrangement (IVA) which has previously been declared to us and is the reason for the current practising condition. He has no other issues.

The candidate entered into the IVA as a result of financial difficulties caused by an acrimonious divorce. Since then, he has settled the financial aspects of his divorce and has been paying off his debts in accordance with the terms of the IVA for over three years.

The firm is asked questions about its governance. It is not that large and each manager plays a substantial role in governing it.

The existence of the IVA raises a risk that the candidate is unable to properly manage his finances and potentially, therefore, the firm's finances. This presents a risk to client money.

In considering the candidate's suitability, it is noted that he made full disclosure of the IVA and provided evidence of rehabilitation. While the circumstances and the rehabilitation go some way to supporting the position that this was a one-off event, we cannot be fully satisfied about that until he has managed his own finances suitably outside of his IVA.

We consider that, while the candidate does not meet the suitability criteria in full, the risks can be mitigated by limiting his activities in the

entity until at least a period of time has elapsed after his IVA is satisfied.

For owners in licensed bodies, we can impose conditions directly on the person's approval (instead of, or in addition to, conditions on the firm's authorisation).

For example, if we had reasons to be concerned an owner with majority control of a licensed body would pose a risk to the regulatory objectives, we may impose a condition which prevents them being involved in certain decisions about the business, or limits the number of shares they can hold. For instance, a candidate may have a disciplinary finding from another regulator, in which they were found to have referred people to a business in which they had an undisclosed personal interest, representing a risk to the professional principles of independence and integrity. However, if the finding was not recent or so serious as to justify refusal, we may still require that the candidate should not have majority control.

This enables us to take action against the owner if the conditions are not complied with. However, our powers in respect of non-authorised individuals are not as wide-ranging as they are for authorised persons, as they do not allow us to take any disciplinary action (eg to fine or rebuke) against non-authorised owners. Our only power directly against an owner is withdrawal of their approval and divestiture of their ownership in the firm. Therefore, depending on the reason for the condition, the level of risk and the nature of the condition, we may also impose a condition on the firm's authorisation that mirrors the one on the owner themselves. That allows us to take disciplinary action for a breach of the condition against the firm and its managers if necessary. This helps to make sure they will take some responsibility for maintaining compliance with those conditions.

Refusal

Where a candidate does not fully meet our suitability requirements, we will always first consider if conditions will mitigate the risk posed by them. If, following such consideration, we are not satisfied that conditions will adequately mitigate the risks posed, we will refuse the application.

This will happen when the candidate falls so far short of being suitable, and the risk they pose to the public interest is so high, we cannot adequately protect against it by use of conditions.

For example, where:

- a history of dishonesty poses a very high risk both to clients and to public confidence and there is no control that can be applied to protect against it,

- a history of non-compliance with our regulations means we cannot be satisfied they would comply with any conditions that may otherwise address the risk,
- there are no conditions that can manage the risk posed (see example 3 below).

Example 3

A small, two-partner firm makes an application for approval of a new COFA.

The candidate is a non-authorised person and will be an employee of the firm. He is new to the firm but has worked as COFA for other small practices. He discloses no adverse matters. However, our screening checks identify that the candidate is under investigation for extensive cash shortages at the practice at which he previously worked. The individual is aware he is being investigated, as he has been interviewed about it on three occasions in the last 12 months.

He is asked to explain why he did not declare the investigation. He says that as nothing has been proven against him yet, he did not think he needed to disclose it. However, the application form makes it clear that all regulatory matters under investigation must be disclosed.

We raise the matter with the firm's managers who tell us they were unaware of the ongoing investigation but would still like the candidate to work for them. As the investigation is ongoing and nothing is proven, they wish to give him the benefit of the doubt.

On the basis of all the information, the candidate does not meet the suitability requirements as there is evidence to suggest he may not comply with his regulatory obligations and be unable or unwilling to perform the duties of a COFA. It is the COFA's role to make sure compliance with the Accounts Rules. We cannot be satisfied on the information available to us that he will comply with that requirement and will not repeat the alleged previous behaviour. While we note the allegations are not yet proven, we must consider not just his own position but also the public interest and specifically that of the clients of the firm.

Had the candidate applied for a different role, such as a manager in a licensed body, it may have been possible to manage the risk he posed by restricting his involvement with client account or accounting records. However, the role of the COFA is to make sure compliance with the Accounts Rules. He would need to have access to the records in order to fulfil the role of COFA. Therefore, we are not satisfied that there are any conditions which could mitigate the risks posed while still allowing him to carry out that role and enabling us to be confident in his ability to fulfil his obligations.

Ongoing requirements

Once a person is approved into a role, they must inform us of anything which occurs which is relevant to an assessment of their character and suitability (rule 13.10 of the Authorisation of Firms Rules and rule 6.5 of the Assessment of Character and Suitability Rules).

If that person has been deemed to be approved under rule 13.3 of the Authorisation of Firms Rules, the obligation to notify us of suitability issues extends to any matters taking place following their approval, regardless of whether they were holding an approved post at the time (rule 13.11 of the Authorisation of Firms Rules).

Where we are notified of a suitability issue for an approved role holder, we may consider if they remain suitable to continue holding the role. If necessary, we may withdraw their approval (see below).

Withdrawal of approval

We have power to withdraw approval granted to a manager, owner or compliance officer, including deemed approval (rule 13.9 of the Authorisation of Firms Rules). We are only likely to do so where:

- a role holder becomes subject to a new suitability issue which makes them unsuitable to continue holding the role
- we become aware of an existing suitability issue about a role holder that was not disclosed as part of the application to approve them, or
- Investigations and/or disciplinary action against the firm and/or the role holders indicate the role holder is not complying with the regulatory requirements that apply to them.

However, this list is not exhaustive and there may be other situations where we consider it is not in the public interest for someone to continue in an approved role.

Temporary emergency approval of compliance officers

If your firm unexpectedly loses its COLP and/or COFA, you may be able to obtain temporary approval of a replacement compliance officer until a full application is considered. Where such approval is granted, it will run from the date the previous compliance officer ceased in their role.

There are strict criteria that govern both how to apply for, and when we may grant, temporary approval of a compliance officer.

Your firm is eligible to apply for temporary approval if you apply to us within seven days of your existing approved COLP or COFA ceasing to hold the role (rule 15.2 of the Authorisation of Firms Rules).

Due to the temporary and emergency nature of these approvals, our checks are necessarily limited. Any decision to grant temporary approval does not affect our ability to refuse, or impose conditions in respect of, the substantive application for approval. You must submit the substantive application within 28 days of commencement of the temporary approval to prevent any gap in your obligation to have a COLP / COFA (rule 15.4(a) and (c) of the Authorisation of Firms Rules).

We will only grant the temporary approval if (rule 15.3 of the Authorisation of Firms Rules):

- we are satisfied that you could not reasonably have started the application for approval in advance of the previous compliance officer ceasing to hold the role, and
- on the face of the application and any other information immediately before us, there is no evidence suggesting that the new compliance officer is not fit and proper to be a compliance officer.

We will also need to be satisfied that the candidate is eligible to be the COLP or COFA (as appropriate) under rules 8.1 to 8.3 of the Authorisation of Firms Rules. Specifically, they must consent to the designation; not be disqualified from acting as a HOLP or HOFA in a licensed body; and, in the case of the COLP, be an authorised person.

If we decide to reject the application as ineligible, or we refuse to approve, there is no right of review. This does not affect your right to seek a judicial review of the decision if the grounds are met.

We may grant a temporary approval subject to conditions being imposed on your firm's authorisation. In such cases, you have a right of review in respect of those conditions (Annex 1 3,2 of the Application, Notice, Review and Appeal Rules).

Further help

If you require further assistance, please contact the Professional Ethics helpline [https://higher-rights.sra.org.uk/contactus] .