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This note offers guidance to Costs Lawyers who work in firms that are authorised and regulated by the Solicitors Regulation Authority (SRA). As at 2019, 41% of Costs Lawyers were employed in SRA regulated firms. The SRA introduced its new Standards and Regulations in November 2019.

## Costs Lawyers subject to SRA regulation

1. As employees or managers of SRA regulated firms, Costs Lawyers need to comply with the SRA's Standards and Regulations. These include, in particular, the [SRA Principles](#) and the [SRA Code of Conduct for Firms](#).
2. In relation to the Code of Conduct for Firms, managers are jointly and severally liable for any breaches by the firm, and the SRA can take action against individual employees who are personally responsible for the firm's breach.
3. Costs Lawyers working in SRA regulated firms should therefore familiarise themselves with the Code of Conduct for Firms. Your firm should be in a position to provide you with appropriate training as part of their obligations to ensure that their employees comply with the rules. The extent to which the obligations will apply to you as an individual will depend on your role – and whether, for example, you provide services to external clients as well as to the firm itself.

## SRA enforcement powers

4. The SRA can take action under its Regulatory and Disciplinary Procedure Rules against a manager or employee who has been responsible for a serious breach of SRA rules by the firm. Sanctions can include rebukes, fines or an order that the individual should not be employed in an SRA regulated firm going forward.
5. The SRA prioritises serious breaches of its rules. Its enforcement strategy also states that it will take into account the role of the individual within the firm. Action is more likely to be taken against those who have more senior roles within the firm with real control and influence. The SRA recognises that a person's inexperience or relatively junior role within an organisation may impact on their ability to take

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appropriate action, although this will not be an answer to serious misconduct such as dishonesty.

## Dual regulation

6. As a Costs Lawyer, you will remain personally regulated by the CLSB and will be required to comply with the Costs Lawyer Handbook as well as the SRA's Standards and Regulations that apply to you as an employee.
7. In the event of a conflict between the CLSB's rules that apply to you as an individual practitioner and the SRA's rules that apply to you as an employee, section 52(4) of the Legal Services Act 2007 provides that the rules of the regulator authorising the firm (i.e. the SRA in this case) prevail over the rules of the regulator authorising the person (i.e. the CLSB in this case).
8. In practice it is unlikely that there will be a conflict between the rules. The core principles and Codes of both regulators overlap to a considerable degree. Compliance with the SRA Code of Conduct for Firms will take you a long way to compliance with the CLSB Code of Conduct and vice versa. A number of your CLSB obligations (such as providing information to clients, having a system to deal with complaints and arranging insurance) are likely to be met by the firm itself.
9. As regulators, both we and the SRA have a duty to minimise conflicts between the rules. If a conduct issue arose in relation to a Costs Lawyer who worked in an SRA regulated firm, and that conduct could also constitute a breach of the SRA's rules that apply to the Costs Lawyer, we would liaise with the SRA to determine which regulator was best-placed to investigate (we have a memorandum of understanding in place with the SRA to cover this kind of scenario).
10. It is worth noting your duties to report in this context. You should report to us any event that you consider to be a breach of the CLSB Code of Conduct (whether by you or another Costs Lawyer). However, if you consider this event to also be a breach of the SRA rules, you should also report this to the firm's Compliance Officer.

**END**