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If you're a solicitor who operates a client account; i.e.

- you hold client money relating to regulated services delivered by you to a client
- on behalf of a third party in relation to regulated services delivered by you
- as a trustee or as the holder of a specified office of appointment
- in respect of your fees and any unpaid disbursements if held or received prior to delivery of a bill for the same *exemption can apply here

You are expected to follow the SRA accounts rules. What are they?

1. Money is paid promptly into a client account (exemptions can apply)
2. The client account must be a bank or building society in England and Wales
3. The name of the client account includes the name of the authorised body AND the word 'client'
4. The client account must not be used to provide banking facilities for clients or third parties. Payments into, and transfers of withdrawals from a client account must be in respect of delivery by you of regulated services
5. Client money must be kept separate from money belonging to the authorised body
6. Funds from mixed payments received are allocated to the correct account; i.e. client or business account.
7. Before transferring funds in respect of your costs, you must give a bill of costs or other written notification of the costs incurred, to the client or paying party. This must be done before any transfer is made, and any such payment must be for the specific sum identified in the bill of costs, or other written notification of the costs incurred, and covered by the amount held for the particular client or third party
8. Withdrawals from the client account can only be made for the purpose for which it is being held; following receipt of instructions from the client or the third party for whom the money is held; or on the SRA's prior written authorisation or in prescribed circumstances.
9. All withdrawals are authorised and supervised.
10. You only withdraw client money from a client account if sufficient funds are held on behalf of that specific client or third party to make the payment.
11. You account to clients or third parties for a fair sum of interest on any client money held by you on their behalf. A written agreement can be arranged with the client or third party for whom the money is held as to the payment of interest, but you must provide sufficient information to enable them to give informed consent.
12. You correct any breaches of these rules promptly upon discovery.
13. You keep and maintain accurate, contemporaneous, and chronological records to:
    a. Record in client ledgers identified by the client's name and an appropriate decision of the matter to which they relate:
        i. All receipts and payments which are client money on the client side of the client ledger account

ii. All receipts and payments which are not client money and bills of costs including transactions through the authorised body's accounts on the business side of the client ledger account

b. Maintain a list of all the balances shown by the client ledger accounts of all the liabilities to clients (and third parties) with a running total of all the balances; and

c. Provide a cashbook showing a running total of all transactions through client accounts held or operated by you

14. You obtain at least every five weeks, statements from your bank or building society for all client accounts and business accounts held or operated by you.
15. You complete at least every five weeks, for all client accounts held or operated by you, a reconciliation of the bank or building society statement balance with the cash book balance and the client ledger total, a record of which must be signed off by the COFA or a manger of the firm. You should promptly investigate and resolve any differences shown by the reconciliation.
16. You keep readily accessible a central record all bills or other written notifications of costs given by you.
17. If you have, at any time during an accounting period, held or received client money, or operated a joint account or a client's own account as a signatory, you must:
    a. Obtain an accountant's report for that accounting period within six months of the end of the period; and
    b. Deliver it to the SRA within six months of the end of the accounting period if the accountant's report is qualified to show a failure to comply with these rules, such that money belonging to clients or third parties is, or has been, or is likely to be placed at risk.
18. You are not required to obtain an accountant's report if:
    a. All of the client money held or received during an accounting period is money received from the LAA, or
    b. In the accounting period, the statement or passbook balance of client money you have held or received does not exceed:
        i. An average of £10,000; and
        ii. A maximum of £250,000;

    Or the equivalent in foreign currency.
19. A statement or passbook balance is the total balance of
    a. All client accounts held or operated by you; and
    b. Any joint accounts and clients' own accounts operated by you
20. The SRA may require you to obtain or deliver an accountant's report to the SRA on reasonable notice if you cease to operate as an authorised body and to hold or operate a client account, or the SRA considers that it is otherwise in the public interest to do so.
21. You ensure that any report obtained under this rule is prepared and signed by an accountant who is a member of one of the chartered accountancy bodies and who is, or works for, a registered auditor.
22. You must store all accounting records securely and retain these for at least six years.