

The University of Hong Kong  
Asian Institute of International Financial Law (AIIFL)

&

RGC Theme-based Research Scheme Project:  
“Enhancing Hong Kong’s Future as a Leading International Financial Centre”

*Seminar*

## Compliance Officers and Professionalism in Legal Services Firms in England and Wales

**Professor Joan Loughrey**

*School of Law, University of Leeds*

Wednesday, 23 November 2016, 12:30 – 1:30 pm  
Academic Conference Room, 11/F Cheng Yu Tung Tower  
The University of Hong Kong

Following the Legal Services Act 2007 the Solicitors’ Regulation Authority in England and Wales adopted a number of meta-regulatory techniques similar to those that had been used in the financial services sector. These included Outcomes Focused Regulation (OFR) which sets the regulatory outcomes that firms must meet but leaves it to firms to best determine what processes to put in place to meet those outcomes, entity regulation, and the requirement for all firms to appoint a Compliance Officer for Legal Practice (COLP). The last is responsible for taking all reasonable steps to ensure that their firms comply with regulatory requirements and that employees, managers and owners do not do anything that causes or substantially contributes to a breach by the firm of its obligations. At the same time solicitors within regulated firms remain individually responsible for complying with their personal professional obligations in the Code of Conduct. The use of these techniques in a professional context is innovative and there is a growing debate over whether COLPs are ‘instrumental in creating a culture of compliance throughout a firm’, as the SRA hoped, or whether the role is instead inadvertently undermining solicitors’ professionalism, by leading to, or exacerbating a tendency for, solicitors to seek their COLP’s decision on what their individual professional obligations require instead of exercising their own judgment. Outcomes Focused Regulation (OFR) may increase this risk insofar as solicitors are uncomfortable with the level of discretionary judgment OFR requires. This lecture examines these issues in the light of interviews with twenty-four COLPs/compliance personnel from a range of legal service firms. It reports the findings of these interviews, and the questions and hypotheses that these provoke and considers the implications for the on-going review of the regulation of solicitors and legal services firms by the SRA. The project has international implications given moves towards entity regulation in the legal profession in other jurisdictions such as Canada and Singapore.

**Professor Joan Loughrey** studied Law at Somerville College, University of Oxford, where she was awarded a College Exhibition. She was admitted as a solicitor of the High Court of England and Wales and later of the Supreme Court of Hong Kong, practising as a solicitor in both jurisdictions before entering academia. Her research interests span two fields: the legal profession and corporate law with a particular focus on regulation, compliance and accountability. She has written widely on corporate law and the legal profession, including a monograph, *Corporate Lawyers and Corporate Governance* (Cambridge University Press, 2011), an edited collection *Directors’ Duties and Shareholder Litigation in the Wake of the Financial Crisis*, (Edward Elgar, 2012) and articles including ‘Accountability and the Regulation of the Large Law Firm Lawyer’, (2014) 77 *Modern Law Review* 732. She has been invited to present her research to policy-makers and at a number of national and international institutions including UCL, Cambridge and Georgetown. She was until last year Deputy Head of the School of Law, University of Leeds, having previously been Director of the Centre for Business Law and Practice, one of the School’s largest research centres.

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