

## News release

# Firms should make sure clients' interests are central in mergers and acquisitions

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Solicitors have been reminded in a new warning notice that their clients' interests must remain paramount during mergers and acquisitions.

Mergers and acquisitions are legitimate strategies for growth and business resilience for law firms. Some firms might look to merge with or acquire other firms to stay competitive in the legal marketplace by offering a more diverse range of services and remain financially robust to continue to trade through tough times.

However, we are reminding managers of both buying and selling firms that there are requirements they must adhere to during and after any merger or acquisition.

Managers should make sure that a firm undergoing changes because of growth does not allow ineffective governance structures that put client interests to develop. Firms need to communicate clearly with clients to let them know what is happening. Clients need to be able to make informed decisions about who should act for them. And any documents that need to be retained for clients should be stored properly.

The warning notice also highlights the need to identify and prioritise urgent client matters, carry out client account reconciliations and for both the buyer and the seller to undertake proper due diligence on each other.

**Paul Philip, SRA Chief Executive**, said: 'There are some 100 mergers and acquisitions taking place every year. In many scenarios, there can be good reasons for mergers and acquisitions, and we do not seek to stand in the way of a healthy, competitive legal market.

'We have seen some firms making multiple acquisitions in a relatively short period of time which can create challenges in respect of business integration, organisational culture, and maintaining standards of service to increased client numbers. Managers of a firm should always make sure that acquisitional growth does not lead to ineffective governance structures, systems or controls which could cause detriment to clients or undermine trust in the profession.'

Read more about our [mergers and acquisitions warning notice](https://rules.sra.org.uk/solicitors/guidance/mergers-acquisitions-sales-law-firms/) [<https://rules.sra.org.uk/solicitors/guidance/mergers-acquisitions-sales-law-firms/>].