



THE

**LAW SOCIETY**  
OF HONG KONG

香港律師會

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24<sup>th</sup> March 2005

Mrs. Percy Ma,  
Clerk to Panel,  
Legislative Council,  
Legislative Council Building,  
8 Jackson Road, Central,  
Hong Kong.

Dear Mrs. Ma,

**Re : Solicitor Corporations Rules**

I refer to the meeting of the LegCo Panel on Administration of Justice and Legal Services on 31<sup>st</sup> March and enclose copy of the draft rules for the incorporation of solicitors' practices. These rules are sent to you for the information of the LegCo Panel but on the understanding that they have yet to be approved by the Council of the Law Society and the Chief Justice. Subject to this approval the Chinese version is currently being prepared.

Yours sincerely,

Patrick Moss  
Secretary General

Encl.

PM/ff

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## **SOLICITOR CORPORATIONS RULES**

(Made by the Council of The Law Society of Hong Kong under  
section 73 of the Legal Practitioners Ordinance (Cap. 159)  
with the prior approval of the Chief Justice)

### **PART 1**

#### **PRELIMINARY**

##### **1. Commencement**

These Rules shall come into operation on a day to be appointed by the President of The Law Society of Hong Kong by notice published in the Gazette.

##### **2. Interpretation**

In these Rules, unless the context otherwise requires –

“company” ( ) means a company formed and registered under the Companies Ordinance (Cap. 32);

“firm” ( ) means a firm as from time to time constituted, whether of a sole practitioner or as a partnership, carrying on the business of practising as a solicitor or as solicitors and whether conducted from one address or more than one address;

“shares” ( ) has the same meaning as in the Companies Ordinance (Cap. 32).

##### **3. Effect of these Rules**

These Rules shall not affect the application to a solicitor of any laws, enactments, practice directions and codes of conduct relating to the practice of a solicitor by virtue only of the fact that the solicitor is practising as a solicitor in any capacity (whether as a member, officer, consultant or employee) in relation to a solicitor corporation.

## PART 2

### APPROVAL AS SOLICITOR CORPORATION

#### **4. Application for approval of company or proposed company as solicitor corporation**

An application under section 7C of the Ordinance for approval of a company or proposed company as a solicitor corporation shall be made in a form approved by the Society and accompanied by an application fee of \$5,000.

#### **5. Provisions relating to approvals**

(1) The Society shall not approve an application under section 7C of the Ordinance unless the Council is satisfied that –

- (a) the company is, or the proposed company will on its formation and registration as a company become, a qualified company within the meaning of section 6;
- (b) the name of the company or proposed company complies with section 12; and
- (c) giving of the approval is not, in the opinion of the Council, contrary to the interests of the public.

(2) The approval of a company or proposed company as a solicitor corporation may be withdrawn by the Society at any time if –

- (a) the company ceases to be a qualified company within the meaning of section 6; or
- (b) the continuance of the approval is, in the opinion of the Council, contrary to the interests of the public.

(3) The approval of a company as a solicitor corporation ceases to have effect if –

- (a) an order for winding up of the company is made;
- (b) a resolution for voluntary winding up of the company is passed; or

- (c) a person is appointed as receiver or manager of the property of the company.

## 6. **Meaning of qualified company**

(1) For the purpose of these Rules, a company is a qualified company if –

- (a) the company satisfies all the requirements set out in subsection (2); or
  - (b) to the extent that the company does not satisfy any of those requirements, the Council has granted a waiver in respect of each of those requirements that the company does not satisfy.
- (2) The requirements referred to in subsection (1) are as follows –
- (a) all the members of the company are directors or employees of the company;
  - (b) all the directors of the company are members or employees of the company;
  - (c) every member or director of the company is a solicitor holding a current practising certificate which is not subject to the condition imposed under section 6(6) of the Ordinance that he shall not practise as a solicitor on his own account or in partnership;
  - (d) every member of the company beneficially owns the share or shares he holds in the company; and
  - (e) the memorandum and articles of association of the company comply with the Companies Ordinance (Cap. 32) and these Rules.

## PART 3

### CONDUCT OF SOLICITOR CORPORATION AND ITS MEMBERS, ETC.

#### 7. Conduct of solicitor corporation

(1) A solicitor corporation shall not engage in any activity that does not form part of, or is not incidental to, the business of practising as a solicitor or as solicitors.

(2) A solicitor corporation shall at all times be managed and controlled by a solicitor or solicitors.

(3) A solicitor corporation shall not conduct its business in any name other than that approved under these Rules.

(4) Within 14 days after delivering any document to the Registrar of Companies in purported compliance with the Companies Ordinance (Cap. 32), a solicitor corporation shall provide the Society with a copy of the document.

#### 8. Conduct of member, etc.

(1) A member of a solicitor corporation shall not create any charge or other third party interest over any shares in the corporation.

(2) For the purpose of attending and voting at any meeting of a solicitor corporation, a member of the corporation shall not appoint as a proxy any person other than a solicitor who is a member or employee of the corporation.

(3) A member of a solicitor corporation, or an employee of a solicitor corporation who is a solicitor (whether he holds a current practising certificate or not), shall not without the prior written consent of the Council –

- (a) hold in any capacity whatsoever (including that of trustee), or beneficially own any interest in, any share in any other solicitor corporation;

- (b) be or act as an officer, consultant or employee of any other solicitor corporation;
- (c) be or act as a partner, consultant or employee of a firm; or
- (d) practise as a solicitor on his own account.

## PART 4

### DEATH, ETC. OF MEMBER

#### **9. Death of member**

Where a member of a solicitor corporation dies, the corporation shall ensure that any shares in the corporation registered in his name at the time of his death are, within 24 months of his death, registered only in the name of a solicitor who satisfies the requirements set out in section 6(2)(c), or are repurchased by the corporation itself.

#### **10. Member struck off the roll, becoming bankrupt, etc.**

(1) If—

- (a) the name of a member of a solicitor corporation is removed from or struck off the roll of solicitors;
- (b) a member of a solicitor corporation becomes bankrupt; or
- (c) a member of a solicitor corporation is suspended from practice by an order of a Solicitors Disciplinary Tribunal,

any shares in the corporation registered in his name may, notwithstanding section 6(2)(c), remain so registered for not longer than 6 months.

(2) During those 6 months, the member shall not exercise any voting rights in respect of the shares at any meeting of the corporation.

## PART 5

### MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF SOLICITOR CORPORATION

#### **11. Provisions relating to memorandum and articles of association**

(1) The memorandum of association of a solicitor corporation shall provide that the business of the corporation is limited to practising as a solicitor or as solicitors and businesses ancillary thereto.

(2) An application for approval under section 7E of the Ordinance for amendment of the memorandum or articles of association of a solicitor corporation shall be made in a form approved by the Society.

(3) The Society shall not approve an application under subsection (2) if the amendment will render the memorandum or articles of association in contravention of the Companies Ordinance (Cap. 32).

#### **12. Provisions relating to names**

(1) In this section, “name” ( ) includes part of a name or the initials of a name.

(2) Except with the approval of the Council, the name of a solicitor corporation shall –

(a) consist solely of the names of the solicitors who are members of the corporation; and

(b) contain the word “limited” as its last word.

(3) Subsection (1) does not preclude the use of –

(a) the name of any former member of the corporation;

(b) the name of any predecessor firm of the corporation; or

(c) the title “solicitor”, “notary”, “agent for trade marks” or “agent for patents”.

(4) For the purposes of subsection (3), a firm is a predecessor firm of a solicitor corporation if at the time when the approval given in respect of the corporation under section 7C of the Ordinance takes effect –

- (a) the firm ceases to be in practice; and
- (b) the membership of the corporation includes not less than one-third of the principals of the firm immediately before that time.

(5) An application for approval under section 7E of the Ordinance for the change of the name of a solicitor corporation shall be made in a form approved by the Society.

(6) The Society shall not approve an application under section 7C of the Ordinance for approval as a solicitor corporation, or an application under subsection (5) for change of name, if the name or proposed name –

- (a) does not comply with subsection (2);
- (b) is the same as the name of a solicitor corporation or is, in the opinion of the Council, so similar to the name of a solicitor corporation as to be likely to cause confusion to the public;
- (c) is the same as the name of a firm or is, in the opinion of the Council, so similar to the name of a firm as to be likely to cause confusion to the public; or
- (d) is, in the opinion of the Council, offensive or otherwise contrary to the interests of the public.

Approved this            day of            2005.

Chief Justice





### **Explanatory Note**

The purpose of these Rules is to enable solicitors to incorporate their practices and to establish a regulatory framework under which they may do so.