

立法會
Legislative Council

LC Paper No. CB(4)692/13-14(06)

Ref : CB4/PL/AJLS

**Extract of minutes of meeting of the Panel on Administration of Justice and
Legal Services held on 28 March 2011**

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V. Solicitor Corporation Rules

[LC Paper Nos. CB(2)1332/10-11(05) to (06)]

Briefing by the Law Society of Hong Kong

39. Mr Huen WONG, President of the Law Society, briefed members on the progress of drafting the rules for the implementation of solicitor corporations by the Law Society as detailed in its letter [LC Paper No. CB(2)1332/10-11(05)]. Members noted the latest set of the draft Solicitor Corporation Rules ("the draft Rules") and a set of Solicitors' (Professional Indemnity) (Amendment) (No.2) Rules 2010 which provided for matters relating to approval of company as solicitor corporation. Members also noted the background brief prepared by the LegCo Secretariat on the subject [LC Paper No. CB(2)1332/10-11(06)].

40. The Chairman informed members that the draft Rules were last discussed at the Panel's meeting held in March 2005. The Rules, however, had not yet been brought into force, albeit amendments to the primary legislation on solicitor corporations had been enacted in 1997. She sought the Administration's view on the draft Rules prepared by the Law Society.

41. Deputy Solicitor General ("DSG") of Department of Justice ("DoJ") informed members that DoJ was supportive of the draft Rules. If necessary, DoJ would further discuss with the Law Society and the Judiciary on minor textual changes to fine-tune the draft Rules.

Discussion

42. Ms Audrey EU asked whether publicity work would be arranged to educate the public of the impact of the implementation of the Rules and

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whether cooperation with the Consumer Council would be considered in that area of work.

43. Mr Junius HO, Vice President and Chairman of the Working Party on Incorporation of Solicitors' Practices of the Law Society, advised that a task force of the Working Party would follow up on the practical operation of the Rules. The task force would also prepare guidelines to educate the public on the impact of the implementation of the Rules under which solicitors would be allowed to incorporate their practices with limited liability in the form of solicitor corporations and the requirement of a solicitor corporation to provide \$10 million insurance coverage for the protection of consumer under the Solicitors (Professional Indemnity) Rules.

44. In response to Ms Audrey EU's enquiry on when the Rules would be put into operation, Mr Junius HO advised that it was estimated that the Rules would be finalized by July 2011. Having considered that the Rules should preferably be implemented concurrently with limited liability partnerships for legal practice ("LLP") and that some minor amendments would have to be made to the Rules along the line of relevant proposed provisions in the Companies Bill which was being scrutinized by LegCo, the Law Society envisaged that the Rules could be brought into operation by 2012 at the earliest.

45. Mr Huen WONG said that it was the plan of the Law Society to roll out the Rules and LLP together and carry out public education work at the same time. The Chairman agreed that the two schemes should be implemented concurrently and considered that the public should be kept well-informed of the consumer protection afforded under the two schemes and the differences between the two schemes i.e. solicitor firms constituted of a sole practitioner could incorporate their practices in the form of solicitor corporations whereas solicitor firms with not less than two partners could choose to be registered as LLPs. She pointed out that since the Bill to introduce LLP for law firms in Hong Kong was still under the scrutiny of LegCo, the Law Society should be mindful of when to implement the Rules.

46. Regarding Ms Audrey EU's concern about the amendments to the Rules and the Companies Ordinance, the Chairman referred members to the letter of the Law Society which explained that the Law Society had carved out the discretion of the Council of the Law Society to grant a waiver in respect of the requirement that the memorandum and articles of association of a solicitor corporation must comply with the Companies Ordinance. DSG advised that in order to bring the Rules into operation as soon as possible, the Law Society could consider making further amendments to the Rules at a later stage after the enactment of the Companies Bill. Senior Assistant Legal Adviser 3 ("SALA3")

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advised that as an alternative, corresponding amendments could be made to the Rules as consequential amendments of the Companies Ordinance at a later stage.

47. SALA3 enquired whether a solicitor corporation was allowed to form a partnership with any other solicitor corporation. Mr Huen WONG replied that the existing draft Rules did not provide for such a formation. Ms Heidi CHU, Secretary General of the Law Society, supplemented that under the existing draft Rules, a member of a solicitor corporation was not allowed to act as an employee of any other solicitor corporation without the prior written consent of the Law Society. At the request of the Panel, the Law Society was required to clarify in writing whether a solicitor corporation would be allowed as a matter of policy to join a partnership.

The Law
Society

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Council Business Division 4
Legislative Council Secretariat
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