

立法會  
**Legislative Council**

LC Paper No. CB(2)583/02-03

Ref : CB2/SS/11/01

**Subcommittee on Solicitors (Group Practice) Rules**

**Minutes of the second meeting  
held on Thursday, 24 October 2002 at 8:30 am  
in Conference Room A of the Legislative Council Building**

|                                  |   |                                                                                                                                                                                                                  |
|----------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Members present</b>           | : | Hon Margaret NG (Chairman)<br>Hon Albert HO Chun-yan<br>Hon Jasper TSANG Yok-sing, JP<br>Hon Audrey EU, SC, JP                                                                                                   |
| <b>Members absent</b>            | : | Hon Eric LI Ka-cheung, JP<br>Hon Miriam LAU Kin-yee, JP                                                                                                                                                          |
| <b>Public Officers attending</b> | : | Mr Stephen WONG<br>Deputy Solicitor General<br><br>Ms Kitty Shuk-fan FUNG<br>Senior Government Counsel                                                                                                           |
| <b>Attendance by invitation</b>  | : | <u>Law Society of Hong Kong</u><br><br>Mr Michael LINTERN-SMITH<br>Vice-President and Chairman of the<br>Working Party on Chambers Practice<br><br>Ms Heidi CHU<br>Assistant Director<br>Regulation and Guidance |
| <b>Clerk in attendance</b>       | : | Mr Paul WOO<br>Senior Assistant Secretary (2)3                                                                                                                                                                   |
| <b>Staff in attendance</b>       | : | Miss Kitty CHENG<br>Assistant Legal Adviser 5                                                                                                                                                                    |

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**I. Confirmation of minutes**

(LC Paper No. CB(2)129/02-03)

The minutes of the meeting held on 9 October 2002 were confirmed.

The Subcommittee deliberated (index of proceedings attached at **Annex**).

**II. Matters arising from the meeting on 9 October 2002**

(LC Paper No. CB(2)131/02-03(01))

Publicity and guidance to solicitors on operation of group practice

2. Mr Michael LINTERN-SMITH informed members that the Law Society would take steps to assist its members and the public to familiarise with the operation of a group practice. He explained the measures which would be taken by the Law Society to enhance understanding of the new mode of practice, as detailed in the Law Society's letter dated 15 October 2002. Such measures included, inter alia, publication of information leaflets for wide distribution to the public prior to the Rules coming into operation and production of an advisory manual for members of the Law Society.

Chinese translation of "group practice"

3. The Law Society was of the view that any alternative Chinese translation of "group practice" was bound to attract some kind of criticism. It considered that the risk of misunderstanding could be reduced by educating the public on the operation of the new system, instead of trying to find an alternative translation to replace the one used in the Rules. The Subcommittee accepted the Law Society's view.

Ethical issues applicable to members of a group practice

4. Mr LINTERN SMITH said that the Law Society considered that ethical issues relating to conflict of interest and confidentiality etc should more appropriately be dealt with by way of a formal circular setting out the requirements, which would eventually be incorporated as part of the Solicitors' Guide to Professional Conduct. He added that breach of the Guide by any solicitors, including members of a group practice, would be subject to disciplinary proceedings.

### **III. Clause by clause examination of the Rules** (LC Paper No. CB(2)24/02-03(02))

#### Section 7 - Group practice management company

5. Mr Albert HO pointed out that it was not uncommon for solicitors' firms to maintain service companies to minimise tax liabilities, thereby giving rise to a fact of profit sharing. He sought clarification from the Law Society as to whether members of a group practice were permitted to agree on some form of profit sharing arrangements with the group practice management company.
6. Mr LINTERN-SMITH explained that as provided under the Rules, a group practice management company should not engage in any activity other than an activity that consisted of or was related to the management of the affairs of a group practice. The existence of a group practice management company should not be inferred as profit sharing amongst members of a group practice.
7. The Subcommittee requested the Law Society to explain to its members the scope of activities of a group practice management company in the advisory manual to be issued.
8. The Subcommittee completed examination of the Rules clause by clause.
9. The Subcommittee expressed support for the Rules.

### **III. Legislative timetable**

10. The Chairman reminded members that the scrutiny period of the Rules had been extended to 6 November 2002. The deadline for giving notice of amendments, if any, was 30 October 2002. The Chairman said that she would make a verbal report to the House Committee on 25 October 2002, and a written report of the Subcommittee would be submitted to the House Committee on 1 November 2002.
11. There being no other business, the meeting ended at 9:25 am.

**Proceedings of the second meeting of the  
Subcommittee on Solicitors (Group Practice) Rules  
on Thursday, 24 October 2002 at 8:30 am  
in Conference Room A of the Legislative Council Building**

| <b>Time marker</b> | <b>Speaker</b>                                                      | <b>Subject(s)</b>                                                                                                                             | <b>Action required</b> |
|--------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 000001 - 000145    | Chairman                                                            | Confirmation of minutes of the meeting on 9 October 2002 (LC Paper No. CB(2)129/02-03)                                                        |                        |
| 000146 - 002243    | Law Society<br>Chairman<br>Admin<br>Mr Jasper TSANG<br>Ms Audrey EU | Law Society's letter dated 15 October 2002 responding to the issues raised at the meeting on 9 October 2002 (LC Paper No. CB(2)131/02-03(01)) |                        |
| 002244-002745      | Chairman<br>Law Society                                             | Clause by Clause examination of the Rules                                                                                                     |                        |
| 002746 - 002859    | Ms Audrey EU<br>Law Society                                         | Section 6 of the Rules                                                                                                                        |                        |
| 002900 - 003345    | Chairman<br>Law Society                                             | Section 7 of the Rules                                                                                                                        |                        |
| 003346 - 003703    | Mr Albert HO<br>Law Society<br>Chairman                             | Possibility of profit sharing arrangement between members of a group practice and the group practice management company                       |                        |
| 003704 - 004215    | Chairman<br>Law Society<br>Mr Albert HO                             | Continue with clause by clause examination of the Rules                                                                                       |                        |
| 004216 - 004440    | Chairman<br>Law Society                                             | Legislative timetable                                                                                                                         |                        |

**Note : The audio records of the above proceedings are kept at the LegCo Library**

Council Business Division 2  
Legislative Council Secretariat  
6 December 2002