



THE  
**LAW SOCIETY**  
OF HONG KONG  
香港律師會

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Incorporated in 1907 as a company limited by guarantee

4 June 2018

(Fax No. 2840 0269)

Mr Lemuel Woo,  
Clerk to Panel,  
Legislative Council,  
Legislative Council Complex,  
1 Legislative Council Road,  
Central, Hong Kong.

Dear Mr Woo,

**Subcommittee on Practising Certificate (Solicitors)  
(Amendment) Rules 2018  
Second Meeting on 5 June 2018**

Thank you for your letter dated 30 May 2018.

The Sub-Committee was set up to study the amendments to the Practising Certificate (Solicitors) Rules ("Rules").

The justifications for the amendments to the Rules were set out in a Law Society brief to LegCo dated 11 May 2018.

The practising certificate fee is the major source of income for the Law Society. The main reason that necessitated an increase to the fee was the substantial intervention costs incurred by the Law Society in 2016 when the Law Society had to exercise its statutory power to intervene into the practice of four law firms to protect the interest of the public. The number of files involved in some of the interventions was voluminous and the records were incomplete, resulting in substantial work in the intervention process. The intervention costs amounted to HK\$37.5 million in 2016.

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Further, the practising certificate fee has remained unchanged since 2010 until now. During this period, the operation of the Law Society has been expanding to meet the needs of our members. For instance, since 2014, the mandatory risk management education ("RME") programme has been provided free to the members who are subject to the statutory RME obligation. Further, with increasing globalisation, the Law Society has been sponsoring young members to participate in international events to widen their exposure.

Based on the 2016 audited accounts, because of the substantial intervention costs, the Law Society's reserve has been depleted to HK\$192.4 million of which HK\$120.5 million comprised of non-current assets. With the experience of intervention costs as high as HK\$37.5 million in 2016, the Council considered it urgent that the reserve be replenished as soon as possible to ensure that the Law Society is financially ready to fulfil its statutory regulatory role whenever it is required to do so.

The Law Society is ready to answer questions that are relevant to the amendments to the Rules and we did so at the first meeting of the Sub-Committee on 29 May 2018.

However, some of the questions raised at the meeting on 29 May 2018 and those set out in the list of questions attached to your letter dated 30 May 2018 fall outside the scope of the amendments to the Rules. The questions all relate to the subjects of Common Entrance Examination ("CEE") and Law Society Examination ("LSE"). The two proposed Examinations are intended to be conducted on a self-funding basis. The candidates taking the CEE or the LSE will be charged for the full cost in relation to the conduct of the examination. The Law Society has no intention to subsidise non-member candidates in their attempt to gain admission as a Hong Kong solicitor. Hence the financing in relation to LSE and CEE is not relevant to the proposed increment to the practising certificate fees. Please find enclosed our response to the questions attached to your letter dated 30 May 2018 (Appendix).

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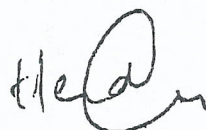
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Clerk to Panel  
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The AJLS Panel will convene a meeting on 25 June 2018 to discuss legal education and training and it will be more appropriate to discuss the CEE and the LSE at that forum. The Law Society will send representatives to attend the meeting on 25 June 2018.

In the circumstances, if the second meeting of the Sub-Committee on 5 June 2018 is to discuss CEE and LSE, the Law Society will not attend as the more appropriate forum to discuss these issues should be the AJLS Panel meeting on 25 June 2018.

Yours sincerely,



Heidi Chu  
Secretary General

## Appendix

### **The Law Society's response to the questions at Appendix II to the letter from the Subcommittee on Practising Certificate Solicitors (Amendment) Rules 2018 dated 30 May 2018**

The numbering of the response below corresponds to the numbering in Appendix II:

- (a) (i) The cost incurred for the CEE Consultation was not a reason for the Law Society to propose an increase to the practising certificate fee. The Law Society therefore does not consider the question relevant to the current proposal of increasing the practising certificate fee and of introducing a bilingual format for the practising certificate ("Proposals").
- (ii) The reasons for not releasing the findings of the CEE Consultation have no bearing on the Proposals. The Law Society therefore does not consider the question relevant to the Proposals.
- (iii) The reasons for declining SCLET's request for sharing the findings of the CEE Consultation with them have no bearing on the Proposals. The Law Society therefore does not consider the question relevant to the Proposals.
- (iv) Whether or not there was a CEE Consultation and the factors for deciding whether to consult members have no bearing on the Proposals. The Law Society therefore does not consider the question relevant to the Proposals.
- (v) The CEE is intended to be conducted on a self-funding basis. The candidates taking the examination will be charged for the full cost in relation to the administration of the examination. The Law Society has no intention to subsidise non-member candidates in their attempt to gain admission as a Hong Kong solicitor. The financing in relation to CEE is therefore not relevant to the Proposals.
- (b) (i) The LSE is intended to be conducted on a self-funding basis. The candidates taking the examination will be charged for the full cost in relation to the administration of the examination. The Law Society has no intention to subsidise non-member candidates in their attempt to gain admission as a Hong Kong solicitor. Whether a decision to establish LSE has been made is therefore not relevant to the Proposals.
- (ii) The relationship between LSE and CEE has no bearing on the Proposals. The Law Society therefore does not consider the question relevant to the Proposals.
- (iii) The detailed examination arrangements for LSE have no bearing on the Proposals. The Law Society therefore does not consider the question relevant to the Proposals.

- (iv) The projected number of candidates of LSE has no bearing on the Proposals. The Law Society therefore does not consider the question relevant to the Proposals.
  - (v) The estimated passing rate of LSE has no bearing on the Proposals. The Law Society therefore does not consider the question relevant to the Proposals.
  - (vi) Whether and when there will be a consultation on LSE has no bearing on the Proposals. The Law Society therefore does not consider the question relevant to the Proposals.
  - (vii) The LSE is intended to be conducted on a self-funding basis. The candidates taking the examination will be charged for the full cost in relation to the administration of the examination. The Law Society has no intention to subsidise non-member candidates in their attempt to gain admission as a Hong Kong solicitor. The projected administrative costs in respect of LSE are therefore not relevant to the Proposals.
- (c) The future demand of solicitors in Hong Kong has no bearing on the Proposals. The Law Society therefore does not consider the question relevant to the Proposals.