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No. S 724

LEGAL PROFESSION ACT
(CHAPTER 161)

LEGAL PROFESSION (DEPOSIT INTEREST)
(AMENDMENT) RULES 2015

In exercise of the powers conferred by section 72(1) of the Legal Profession Act, the Council of the Law Society of Singapore, with the approval of the Chief Justice, makes the following Rules:

Citation and commencement

1. These Rules may be cited as the Legal Profession (Deposit Interest) (Amendment) Rules 2015 and come into operation on 1 December 2015.

Deletion and substitution of rule 2

2. Rule 2 of the Legal Profession (Deposit Interest) Rules (R 5) is deleted and the following rule substituted therefor:

“Fixed deposits and interest payable

2.—(1) Subject to rule 4, a solicitor who receives any money exceeding the threshold amount for or on account of any particular client to hold in the applicable circumstances —

(a) must —

(i) deposit the money separately in a bank or an approved finance company by way of fixed deposit repayable on demand in compliance with paragraph (3); and

(ii) account to the client for all interest earned on the money deposited; or

(b) must pay to the client out of the solicitor’s own money the amount of the interest which would have accrued for

the client's benefit if the money had been deposited in accordance with sub-paragraph (a)(i).

(2) However, subject to rule 4, if a solicitor receives, on or after 1 December 2015, any money not exceeding the threshold amount but more than \$5,000 (or the equivalent in foreign currency on the date of receipt) for or on account of any particular client to hold in the applicable circumstances, and chooses to deposit the money by way of fixed deposit, the solicitor must —

- (a) deposit the money separately in a bank or an approved finance company by way of fixed deposit repayable on demand in compliance with paragraph (3); and
- (b) account to the client for all interest earned on the money deposited.

(3) Every fixed deposit referred to in paragraph (1)(a) or (2)(a) must be —

- (a) in the name of —
 - (i) the solicitor receiving money for or on account of the client; or
 - (ii) the solicitor's law practice; and
- (b) in the name of the client or the matter concerned.

(4) In this rule —

“applicable circumstances”, for a solicitor who receives money for or on account of a client, means circumstances in which —

- (a) the solicitor knows, from the instructions to the solicitor when receiving the sum of money, that the sum will not, within 4 months after the receipt of the sum, be withdrawn in whole or reduced to a sum below the threshold amount (if paragraph (1) applies) or \$5,000 (if paragraph (2) applies) for or on account of the client; and

(b) the sum of money is not so withdrawn or reduced within that 4 months;

“approved finance company” means a finance company registered under the Finance Companies Act (Cap. 108) which is approved by the Minister to accept deposits of client’s money for the purpose of these Rules;

“law practice”, in relation to a solicitor, means —

- (a) the law firm of which the solicitor is the sole proprietor, a partner or an employee;
- (b) the law corporation of which the solicitor is a director or an employee; or
- (c) the limited liability law partnership of which the solicitor is a partner or an employee;

“threshold amount”, for money received by a solicitor for or on account of a particular client, means —

- (a) \$5,000 (or the equivalent in foreign currency on the date of receipt) if received from that client before 1 December 2015; or
- (b) \$20,000 (or the equivalent in foreign currency on the date of receipt) if received from that client on or after 1 December 2015.”.

[G.N. No. S 394/2011]

Made on 18 November 2015.

THIO SHEN YI, SC
President,
Council of the Law Society of
Singapore.

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(To be presented to Parliament under section 185 of the Legal Profession Act).