



THE
LAW SOCIETY
OF HONG KONG
香港律師會

CESSATION OF PRACTICE
GUIDELINES ON APPOINTMENT AS AN AGENT
BY FOREIGN FIRMS

The Law Society of Hong Kong
2010

Guidelines to Firms Appointed as Agents to Foreign Firms Ceasing Practice

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- N.B.** These guidelines are compiled for the convenience of Foreign Firms ceasing practice and their agents and are intended to assist in the smooth and orderly completion of the cessation process. These guidelines are not to be treated as an exhaustive source of information relating to the matters covered thereby. Practitioners should refer to the relevant primary materials to ensure due discharge of their professional as well as contractual duties.

1. Glossary of Terms

- 1.1 Agent
A firm with at least 2 resident partners appointed as the Agent of a Firm and includes (unless the context requires otherwise) a substitute Agent. It can be a Hong Kong firm or a foreign firm in Hong Kong practising the law of the same jurisdiction as the foreign firm which has ceased practice.
- 1.2 Cessation
Cessation of legal practice by the Firm
- 1.3 Council
The Council of the Law Society of Hong Kong
- 1.4 Firm
The foreign firm which has ceased practice
- 1.5 SAR
Solicitors' Accounts Rules
- 1.6 Society
The Law Society of Hong Kong

2. Relationship between the Firm and the Agent and their respective responsibilities

- 2.1 The Firm and the Agent
 - 2.1.1 The relationship between the Firm and the Agent is contractual, namely that of "Principal" and "Agent" on commercial terms. The commercial rate for services provided will be a matter between the parties.
 - 2.1.2 The Firm and the Agent must comply with the requirements of Practice Direction Q. If the contractual arrangements are terminated, the Firm must appoint a substitute Agent within 7 days of the date of termination.
 - 2.1.3 The Firm and the Agent other than a substitute Agent must sign the prescribed Notice of Cessation and file the document with the Society at least 8 weeks before the date of Cessation.
 - 2.1.4 The Firm and the Agent whose appointment has been terminated must inform the Society of the termination in writing within 7 days of the date of termination.

2.2 Firm's Accounts

2.2.1 Subject to the directions of the Council pursuant to Rule 8(2) of the SAR, the Firm will make arrangements to transfer all outstanding balances in the Firm's client accounts at the date of Cessation of practice to the Agent.

2.2.2 The Agent will assist with the preparation of any reconciliation statements to the Firm's Final Accountant's Report to the Society. Any reconciliation statements must be submitted by the Firm within 6 months of the date of Cessation.

2.2.3 The Agent will be responsible for tracing the Firm's former clients for instructions on the unclaimed balances transferred from the Firm's client accounts.

The Agent will be responsible for obtaining the Council's directions under Rule 8(2) of the SAR on any unclaimed balances transferred from the Firm's client accounts to the Agent's client accounts.

2.3 Firm's former clients

2.3.1 The Agent may have a "solicitor/client" relationship with the Firm's former clients.

2.3.2 The Agent should contact former clients whom the Firm failed to reach prior to its Cessation in order to seek instructions on the appointment of a successor firm.

2.3.3 The Firm and the Agent should provide notification of the appointment as Agent to appropriate organisations e.g. clients, banks, solicitors, courts and tribunals.

2.3.4 The Firm must provide the Agent with a comprehensive list of the Firm's current matters and the matter files.

2.4 Firm's Old Files

2.4.1 The Firm must provide the Agent with a comprehensive list of the Firm's old files in storage.

2.4.2 The Firm must provide the Agent with full details of the location of the old files.

- 2.4.3 The Firm must maintain the rental payments for the storage of the old files or make satisfactory arrangements therefor with the Agent.
- 2.4.4 The Agent will be responsible for handling queries from former clients and from third parties, such as the Land Registry on the Firm's old files.

3. Relationship between the Agent and the Law Society

- 3.1 The Agent (other than the substitute Agent) shall inform the Council in writing of the total aggregate amounts transferred from the Firm's client accounts on the date of Cessation. The Agent and a substitute Agent shall inform the Society in writing the total aggregate amounts transferred from the Agent's client accounts to the substitute Agent's client accounts within 7 days of the transfer.
- 3.2 The Agent will be responsible for complying with the directions given by the Council under Rule 8(2) of the SAR.

