

Agenda

Bencher Meeting

Date:	Friday, July 3, 2026		
Time:	9:00 am – Call to Order		
Location:	The Bencher Meeting is taking place as a virtual meeting. If you would like to attend the meeting as a virtual attendee, please email BencherRelations@lsbc.org		
Recording:	<i>The public portion of the meeting will be recorded.</i>		
RECOGNITION			
1	2026 Rule of Law Essay Contest: Presentation of Winner and Runner-up		
CONSENT AGENDA			
Any Bencher may request that a consent agenda item be moved to the regular agenda by notifying the President or the Manager, Governance & Board Relations prior to the meeting.			
2	Minutes of May 30, 2026 meeting (regular session)		
3	Minutes of May 30, 2026 meeting (<i>in camera</i> session)		
4	Rule Amendments: Further Amendments to Admission Program Transition Rules		
5	2026 Law Society Scholarship for Graduate Legal Studies Recipient/Co-Recipients		
6	2026 Law Society Indigenous Scholarship Recipient/Co-Recipients		
7	Revisions to Schedule of Authorizations		
REPORTS			
8	President's Report	10 min	Thomas L. Spraggs, KC
9	CEO's Report	5 min	Gigi Chen-Kuo
10	Briefing by the Law Society's Member of the Federation Council	5 min	Tanya Chamberlain, KC

Agenda

DISCUSSION & DECISION			
11	Amendments to Trust Rules and Related Rules	30 min	Thomas L. Spraggs, KC
UPDATES			
12	2026-2028 Strategic Plan: Implementation Approach and Year 1 Mid-Year Progress Report	10 min	Gigi Chen-Kuo Barbara Lu
13	Journey of Practice – Mid-year Update	10 min	Sherry Small
14	AI, the Legal Profession, and the Protection of the Public	10 min	Gigi Chen-Kuo Barbara Lu
15	Bullying, Harassment and Discrimination Survey Results	20 min	Barbara Lu
16	2026 May Financial Report	10 min	Jeanette McPhee
17	2025 Tribunal Annual Report	10 min	Herman Van Ommen, KC
18	Update from First Vice-President	5 min	Michael Welsh, KC
IN CAMERA			
OTHER BUSINESS			

Law Society

of British Columbia

2026 Rule of Law Essay Contest: Presentation of Winner and Runner-up

To: Benchers

Purpose: Recognition

From: Staff

Date: July 3, 2026

1. Since it was first held in 2015 in recognition of the 800th anniversary of the Magna Carta, the Rule of Law Essay Contest (“Essay Contest”) for BC secondary school students has been an important Law Society initiative to engage learning at the high school level about the fundamental role the rule of law plays in our democratic society.
2. The Essay Contest was again held this year, with submissions closing on April 12, 2026. Students were asked to write an essay of between 1000 – 1500 words on the question:

In a famous case in 1958 called *Roncarelli v. Duplessis*, the Supreme Court of Canada held that the rule of law was a fundamental postulate of the Canadian constitutional structure. What do you think the Court meant by that, and give examples of how the Court’s judgment may still be relevant today.

3. Muhammed Goghari, a Grade 11 student at Victoria High School in Victoria, won with the essay “Political Authority and Legal Limits: The Rule of Law in *Roncarelli v. Duplessis* and Its Continuing Significance” (**Appendix A**). Beau Wong, a Grade 12 student at Prince of Wales Secondary School in Vancouver, was selected as runner-up with the essay “The Rule of Law: A Safeguard Against Arbitrary Government” (**Appendix B**).
4. The winner and runner-up are awarded \$1000 and \$500 respectively, and have been invited to attend the July 3, 2026 virtual Bencher meeting to be recognized for their achievements. Their essays have also been profiled on the Law Society’s website.
5. Congratulations to Muhammed and Beau on their achievements. Thanks, too, to Thomas L. Spraggs, KC, Marcia McNeil, and Jon Festinger, KC who volunteered their time to judge the competition.

COVER SHEET

Full Name: Muhammed Goghari

School: Victoria High School

Word Count: 1,202 (*excluding in-text citations*)

Political Authority and Legal Limits: The Rule of Law in Roncarelli v. Duplessis and Its Continuing Significance

In the winter of 1946, Maurice Duplessis, simultaneously the Premier of Quebec and its Attorney General, made a telephone call that would destroy a man's livelihood. His target was Frank Roncarelli, a successful Montreal restaurateur whose only offence was posting bail for fellow members of his Jehovah's Witness faith. Duplessis found this intolerable. Without any statutory authority, he personally ordered the Quebec Liquor Commission to revoke Roncarelli's liquor licence permanently. The restaurant closed. The family was ruined. For years, it appeared that the most powerful man in the province had simply gotten away with it.

He had not. In 1959, the Supreme Court of Canada ruled in Roncarelli's favour and held Duplessis personally liable for the harm he caused. In doing so, the Court made a declaration whose meaning still shapes Canadian law today: the rule of law is a "fundamental postulate of the Canadian constitutional structure" (Roncarelli v. Duplessis, [1959] S.C.R. 121). Understanding what that phrase actually means, and why it still matters, requires looking carefully at both the word "postulate" and the principles it was designed to protect.

What Does "Fundamental Postulate" Actually Mean?

The word "postulate" was not chosen casually. In logic and mathematics, a postulate is a premise accepted as self-evidently true before any reasoning begins; it is not something proved from more basic truths, but something everything else depends upon. By calling the rule of law a "fundamental postulate," the Supreme Court was saying something more powerful than simply

declaring it important. It was saying that the rule of law is a pre-legal foundation: a principle so basic to the Canadian constitutional order that it does not derive its authority from any statute or written text. It pre-exists the legal system and makes the legal system possible.

This interpretation is supported by the Court's later decision in *Reference re Secession of Quebec* ([1998] 2 S.C.R. 217), where the Court identified the rule of law as one of four unwritten constitutional principles (alongside federalism, democracy, and the protection of minorities) underlying Canada's entire system of governance. These principles, the Court explained, carry genuine legal force; they can constrain government action even where the written constitution is silent. *Roncarelli* had already established this logic forty years earlier. The rule of law was not a principle the Court invented or discovered in a statute. It was one the Court recognized as always having been there.

Three Core Principles

Three interlocking ideas give the rule of law its practical substance.

The first is that no one stands above the law. A.V. Dicey, whose foundational work on constitutional theory remains influential, described this as the rule of law's most essential feature: that every person, regardless of rank or office, is subject to the ordinary law and answerable through ordinary courts (Dicey, *Introduction to the Study of the Law of the Constitution*). *Roncarelli* gave this principle its sharpest Canadian expression. Duplessis was not merely a bureaucrat who overstepped; he was the premier of a province acting with deliberate malice and zero legal authority. The Court refused to treat his political office as a shield.

The second principle is that discretionary power is never unlimited. The Liquor Commission technically had discretion over licensing decisions, but Justice Rand stated plainly that “there is no such thing as absolute and untrammelled discretion” (Roncarelli, [1959] S.C.R. 121). Every grant of governmental authority carries implicit legal limits: it must be exercised for the purposes the legislature intended, in good faith, and without personal animus or discriminatory motivation. Duplessis failed every one of these tests. He used the machinery of state not to regulate liquor, but to punish a man for his religious associations and his lawful support of an unpopular minority.

The third principle is judicial accountability. Courts exist precisely to review the exercise of public power and to provide remedies when that power is abused. Without independent judicial oversight, the rule of law would be aspirational rather than binding. That Roncarelli could sue the premier of Quebec personally, and win, demonstrated that legal accountability is real, not ceremonial.

Why It Still Matters

These principles did not belong only to 1940s Quebec. They remain central to Canadian law today, operating across three distinct contexts.

The most direct modern expression is *Canada (Minister of Citizenship and Immigration) v. Vavilov* ([2019] 4 S.C.R. 653), in which the Supreme Court restructured the framework for reviewing administrative decisions. The Court held that decision-makers must justify their

choices with transparent, intelligible reasons grounded in law and the facts before them, and that courts must intervene when that standard is not met. *Vavilov* reads as a systematic elaboration of what Roncarelli implied: discretionary power is legitimate only when exercised according to law, not according to preference or convenience.

Emergency governance presents a second context. During the COVID-19 pandemic, federal and provincial governments invoked extraordinary powers to restrict movement and mandate public health measures, raising serious questions about proportionality and legal authority. Courts reviewing these measures consistently asked whether they were authorized by statute, rationally connected to their stated purpose, and subject to meaningful oversight. Roncarelli provided the framework: emergency circumstances do not suspend the rule of law. If anything, they intensify its importance. Expanded state power during a crisis is precisely the context in which arbitrary decision-making is most dangerous.

The third context is the protection of minority rights. Roncarelli was targeted not because he broke any law, but because Duplessis found his religious community politically inconvenient. Today, the Canadian Charter of Rights and Freedoms (Constitution Act, 1982, Part I) provides explicit protections for freedom of religion, expression, and equality. But the Charter's effectiveness depends entirely on courts that take the rule of law seriously, insisting that statutory discretion be exercised lawfully and not deployed as a weapon against those who lack political influence.

The Harder Question

It would be dishonest to suggest the rule of law resolves every governance challenge cleanly. Governments must make thousands of decisions quickly, often under pressure, with incomplete information and competing priorities. Requiring extensive written justification for every administrative act is genuinely impractical in some contexts, and judicial oversight can slow decision-making in ways that affect people who need timely answers.

But Roncarelli does not resolve this tension by eliminating flexibility; it resolves it by insisting that flexibility has limits. There is a meaningful difference between an administrative decision that is imperfect and one motivated by religious hostility, political retaliation, or bad faith. Courts reviewing administrative decisions do not demand perfect judgment; they demand lawful judgment. Accepting that distinction does not constrain good governance. It defines what good governance means.

Conclusion

The Supreme Court called the rule of law a “fundamental postulate” because constitutional democracy requires more than elections and written rights. It requires a culture of legality: a shared and enforceable commitment, binding on every official from the most powerful to the most ordinary, to act within legal limits and to accept accountability when those limits are crossed. Frank Roncarelli was an ordinary man whose livelihood was destroyed by extraordinary official malice. That the courts gave him a remedy is not simply a story about one case. It is a statement about what kind of country Canada chooses to be: one where authority flows not from political dominance, but from lawful justification, reasoned decision-making, and respect for every person’s equal standing before the law.

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Government of Canada. Canadian Charter of Rights and Freedoms, Part I of the Constitution Act, 1982.

Law Society of British Columbia. The Rule of Law and the Legal Profession.

Name: Beau Wong

School: Prince of Wales Secondary School

Word Count: 1423 (not including citations and bibliography)

The Rule of Law: A Safeguard Against Arbitrary Government

Canada was founded as a confederation of British colonies amidst the fears of annexation in the aftermath of the American Civil War. The *Constitution Act of 1867* explicitly stated that Canada was to be federally united “with a Constitution similar in principle to that of the United Kingdom”. It was assumed that the unwritten constitutional conventions and principles from British law were to be incorporated or adopted into the new Canadian federal constitutional foundation. One of these unwritten principles was the rule of law (Oliver).

The rule of law is a principle where individuals and public bodies are bound to, governed by, and constrained by the law (Council of the European Union). In a free society like that of Canada’s, the rule of law is essential to the continued existence of democratic rights (Provincial Court of British Columbia). It ensures that there is coherence in decisions, established rules that facilitate democratic action, and realistic thresholds that allow for democratic change (Britton-Purdy).

The rule of law is especially a pertinent theme in the case of *Roncarelli v. Duplessis*. The case arose when Maurice Duplessis, the then-Premier of Quebec, ordered the cancellation of Frank Roncarelli’s liquor license in light of him posting bail for Jehovah’s Witnesses who had been arrested for distributing religious literature that was deemed seditious by the provincial authorities. Roncarelli sued for damages and alleged that the decision to cancel his license was an abuse of power by Duplessis. Duplessis advanced four main justifications for his decision. First, he argued that the issuance of the liquor license was a “privilege” and not a right, and the Quebec Liquor Commission had absolute authority with unfettered discretion to cancel any permit pursuant to section 35 of the *Alcoholic Liquor Act*. Second, he claimed that there was a duty for him as the Premier and Attorney-General of Quebec to preserve public order by preventing seditious activities as well as the use of state granted privileges that may contribute to the activities, and interference with justice. Third, he

maintained that he should not be held liable as he acted in good faith in an official capacity. Finally, he contended that the lawsuit was invalid since Roncarelli failed to provide a one month notice prior to suing him in accordance with Article 88 of the *Code of Civil Procedure*.

The court ruled in favor of Roncarelli. In its judgement, the court rejected the notion of absolute discretion, found that there was not a legal power for Duplessis to interfere in the Liquor Commission whose mandate was supposed to be independent, that he was not entitled to the protections granted in Article 88 of the *Code of Civil Procedure* since he had acted beyond the scope of his functions in a private capacity, and most importantly, identified the rule of law as “a fundamental postulate of our constitutional structure”.

In the context of this case, the court affirmed that the exercise of power must be legally authorised, and directed for a proper statutory purpose. This principle was violated when Duplessis wrongfully applied the powers vested in the *Alcoholic Liquor Act* to impose punishment on Roncarelli for the lawful conduct of furnishing bail for others. The statutory purpose of the *Alcoholic Liquor Act* was, obviously, not to suppress an unpopular religious pact or activity, but rather to regulate alcohol. The rule of law in this sense is a binding principle that forbids arbitrary and retaliatory actions from the state even where discretion in laws are broad. Applying this principle to the Canadian constitutional structure, the court had given the notion that acts of authority, whether executive or legislative, must be conducted for a lawful purpose, and remains reviewable even when these acts depart from the confines of the rule of law.

Roncarelli remains applicable in the world that we live in today. Most relevantly, the recent judgement of *Canada (Attorney General) v. Canadian Civil Liberties Association et al.* (2026) handed down by the Federal Court of Appeal is a prime example of the application of the very principles of the rule of law as demonstrated in *Roncarelli*. The case centers around the “freedom convoy” protests in 2022 and the subsequent use of the *Emergencies Act* by the

federal government. The applicants in the original case alleged that the federal government's issuance of the proclamation was *ultra vires* and that the use of the *Emergencies Act* was not justified as the protests did not satisfy the threshold of a "national emergency". The applicants had also alleged that the *Emergency Measures Regulations* imposed as a result of the invocation of *Emergencies Act* violated the *Charter of Rights and Freedoms*, specifically Sections 2(b), 2(c), 2(d), and 7.

The court mostly aligned with their claims, finding that the bar for a designation of a national emergency was not met due to the fact that other laws such as the *Criminal Code*, could have been used to deal with the situation. It had also concluded that the government had in part infringed upon Charter rights such as the freedom of expression and the right to be secure against unreasonable search or seizure.

Despite arising in radically different circumstances and contexts, both *Roncarelli* and the convoy case engaged in similar explorations as to how the rule of law constrained acts of authority with the executive holding broad and discretionary powers. The convoy case had applied the principles derived from *Roncarelli* in producing its judgement. The Federal Cabinet does indeed have extraordinary powers and discretion granted by the *Emergencies Act* to quell threats pertaining to national security, or to restore public order in a national emergency. However, as prescribed in *Roncarelli*, the pure existence of a broad statutory authority does not set aside the constitutional postulates that public bodies are bound to. In the convoy case, the Court was clear in saying that the powers granted by the *Emergencies Act* are conditional upon the satisfaction of narrow statutory thresholds and cannot be invoked on the basis of political necessity or preference. By reviewing the facts presented in Court, it had determined that such a threshold had indeed not been met. This fundamentally reaffirms the concept of subordination in all acts of authority to the rule of law, even if that act was conducted under the guise of national emergencies or crises. Looking beyond this

case, it is evident that the principles set out in *Roncarelli* actively function as a foundational basis of the rule of law's constraint on authority, but also as a fundamental postulate of Canada's constitutional structure.

It is quintessential for us to highlight the potential consequences of the failure to preserve and defend that postulate in our constitutional skeleton. We need not look further to our southern neighbours to understand why that is. The United States, once regarded as a vibrant and stable liberal democracy, has in recent years been perceived as experiencing democratic backsliding (Massey) and a declining public confidence in the judicial system (Brenan). This can be evident in many acts of the Trump administration but is especially pertinent in the recent serving of grand jury subpoenas to the Chair of the Federal Reserve, Jerome Powell. Powell was accused of being in contempt to Congress by providing a false statement regarding the Fed's building renovations project. In his public statement, Powell claimed that he had "deep respect for the rule of law and for accountability in our democracy". He also hinted that he was targeted as a consequence of abiding to his role as a member of the Fed in setting interest rates independently based on economic conditions rather than political sentiments ("Statement From Federal Reserve Chair Jerome H. Powell"). This is a fundamental breach of the rule of law in the way that the head of an administration undermines an independent institution within the executive and uses an arbitrary rationale, in this case the building renovations project, as a way to signal or register their dissatisfaction towards that institution. In a democratic society with the rule of law held as the supreme or constitutional principle of the land, the way in which the executive interacts with other organs of state and institutions must be constrained by law. The actions taken by the administration goes out to demonstrate what could happen if the rule of law is not defended consistently. In a world of ever increasing volatility and the rise of autocratic rule, the postulate of the rule of

law is crucial to preserving not just our homeland that we call Canada, but also democracy as a whole.

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Law Society *of British Columbia*

Bencher Meeting: Minutes (Draft)

To: Benchers

Purpose: Approval (Consent Agenda)

Date: Saturday, May 30, 2026

Present:

Thomas L. Spraggs, KC, President	Benjamin D. Levine
Michael Welsh, KC, 1st Vice-President	Jaspreet Singh Malik
Katrina Harry, KC, 2nd Vice-President	Marcia McNeil
Simran Bains	Jay Michi
Nazanin Aram	Arun Mohan
Aleem Bharmal, KC	David Perry
Tanya Chamberlain, KC	Georges Rivard, KC
Christina J. Cook, KC	Michèle Ross
Cheryl D'Sa, KC	Gurminder Sandhu, KC
Tim Delaney, KC	Karen K.L. Tse, KC
John Greschner	Nicole E. Smith
Tanya Heuchert	Natasha Tony
Ravi R. Hira, KC	Kevin B. Westell
Sara K. Hopkins	Ruth Wittenberg
James A. S. Legh	Michael Zimmerman

Absent: James Struthers

Senior and Meeting Support Staff

Gigi Chen-Kuo, Chief Executive Officer/Executive Director
 Kerryn Holt, Chief Operation Officer
 Tara McPhail, Chief Legal Officer
 Jeanette McPhee, Chief Financial Officer & Senior Director, Trust Reg.
 Su Forbes, KC, Chief Operating Officer, Lawyers Indemnity Fund
 Lesley Small, Senior Director, Credentials, Prof. Dev. & Practice Supp.

Barbara Lu, Director, Policy & Strategic Initiatives
 Michael Lucas, KC, General Counsel/Senior Policy Counsel
 Sherry Small, Director, Indigenous Initiatives
 Christine Tam, Director, Communications
 Adam Whitcombe, KC, Senior Advisor
 Jeffrey Hoskins, KC, Legislative Counsel
 Avalon Bourne, Manager, Governance & Board Relations
 Rebecca Neal, Senior Administrator, Governance & Board Relations
 Volodymyr Burlachenko, Administrator, Governance & Board Relations
 Nicolette Lang-Andersen,
 Deborah Mah, Administrator, Governance & Board Relations

Staff present:

Barbara Buchanan, KC
 Joyce Johner
 Doug Munro

Guests:

Anita Bal Representative, Mediate BC Society
 Louis-Martin Beaumont President, Federation of Law Societies of Canada
 Connor Bildfell First Vice-President, Canadian Bar Association, BC Branch
 Tim Brown, KC Chief Executive Officer, Law Society of Saskatchewan
 James Fyfe, KC President, Law Society of Saskatchewan
 Jonathan G. Herman Chief Executive Officer, Federation of Law Societies of Canada
 Leah Kosokowsky Chief Executive Officer, Law Society of Manitoba
 Derek LaCroix, KC Former Executive Director, Lawyers Assistance Program of BC
 Jim Lutz, KC President-elect, Law Society of Alberta
 Desmond MacMillan Assistant Dean of Law, Thompson Rivers University
 Ken Mandzuik, KC President, Law Society of Manitoba
 Bud Melnyk, KC President, Law Society of Alberta
 Joven Narwal, KC Guest
 Elizabeth Osler, KC Chief Executive Officer, Law Society of Alberta
 Kerry L. Simmons, KC Executive Director, Canadian Bar Association, BC Branch

Consent Agenda

1. Minutes of February 6, 2026 meeting (regular session)

The minutes of the meeting held on February 6, 2026 were approved unanimously and by consent as circulated.

2. Minutes of February 6, 2026 meeting (*in camera* session)

The minutes of the *in camera* meeting held on February 6, 2026 were approved unanimously and by consent as circulated.

3. Minutes of April 17, 2026 meeting (regular session)

The minutes of the meeting held on April 17, 2026 were approved unanimously and by consent as circulated.

4. Minutes of April 17, 2026 meeting (*in camera* session)

The minutes of the *in camera* meeting held on April 17, 2026 were approved unanimously and by consent as circulated.

5. Minutes of May 1, 2026 special meeting (*in camera* session)

The minutes of the *in camera* special meeting held on May 1, 2026 were approved unanimously and by consent as circulated.

6. Terms of Reference: Bullying Harassment and Discrimination Task Force

The following resolution was passed unanimously and by consent:

BE IT RESOLVED the Benchers approve the proposed Terms of Reference for the Bullying, Harassment, and Discrimination Task Force, attached to the meeting materials as Appendix A.

7. Amendments to *BC Code Commentary*

The following resolution was passed unanimously and by consent:

BE IT RESOLVED to amend rule 3.3-3 of the Code of Professional Conduct for British Columbia by striking the words “in all cases” from the second sentence in Commentary [4].

Reports

8. President's Report

President Thomas L. Spraggs, KC began his report by providing an overview of his recent activities and events, including attending the Prince George Bench and Bar Dinner and visiting the First Nations Justice Council Diversion Centre, attending the Vancouver Bench and Bar Dinner, attending the New Westminster Judges' Dinner, attending Gold Medal Award presentation ceremonies, attending welcome ceremonies, and speaking at various events a Access 2 Justice BC and Federation of Asian Canadian Lawyers of BC event.

Mr. Spraggs announced the results of the election for the Benchers' nominee for the 2027 Second Vice President. He congratulated Cheryl D'Sa KC, and thanked all those who put forward their names for consideration.

Mr. Spraggs concluded his report by informing Benchers about the establishment of an Executive Committee sub-committee, which would be focused on governance matters.

9. CEO's Report

Gigi Chen-Kuo, Chief Executive Officer & Executive Director began her report by speaking about the Prince George Bench and Bar Dinner and other events.

Ms. Chen-Kuo then spoke about the Supreme Court of British Columbia's dismissal of the Law Society's challenge to the constitutionality of the new *Legal Professions Act*. She indicated that this is the first time that a court in Canada has affirmed the independence of the bar as an unwritten constitutional principle. Ms. Chen-Kuo then then spoke about the Law Society's decision to appeal.

Ms. Chen-Kuo updated the Benchers about next steps regarding the Law Society's consideration of artificial intelligence and its impact on the regulation of the profession. She indicated that staff were in the process of reviewing the recommendations submitted by Lawrence Alexander and Allan Seckel, KC, and that staff will be providing updates at upcoming Bencher meetings.

Ms. Chen-Kuo indicated that the first-year update of the Law Society's Strategic Plan for 2026-2028 would be presented to Benchers at the July Bencher meeting, following which the intention would be to provide semi-annual updates.

Ms. Chen-Kuo concluded her report by speaking about Mental Health week and the Law Society's initiatives to recognize this week.

Guest Presentation

10. Updates from the Federation of Law Societies of Canada and Western Law Societies

Mr. Spraggs welcomed and introduced Louis-Martin Beaumont, President of the Federation of Law Societies of Canada, Ken Mandzuik, KC, President of the Law Society of Manitoba, Bud Melnyk, KC, President of the Law Society of Alberta, and James Fyfe, KC, President of the Law Society of Saskatchewan.

Mr. Beaumont, Mr. Fyfe, Mr. Mandzuik, and Mr. Melnyk provided updates regarding the work and priorities of the Federation of Law Societies of Canada, the Law Society of Saskatchewan, the Law Society of Manitoba, and the Law Society of Alberta, respectively.

Update

11. Articled Student Education Update

Lesley Small, Senior Director, Credentials, Professional Development, and Practice Support provided an update on the in-person educational and community-building initiatives being planned for articled students in 2026 and 2027.

Discussion & Decision

12. Commentary for Bencher Resolution regarding Statutory Compliance

Mr. Spraggs introduced the item and provided some background regarding the draft commentary that was before Benchers for consideration. He indicated that the commentary would accompany the Bencher resolution regarding statutory compliance that would be included on the agenda of the 2026 annual general meeting (AGM).

Benchers discussed the proposed commentary to accompany the Bencher resolution. Some Benchers raised concerns regarding the procedure contemplated by the resolution and the commentary, including whether or not the full wording of the rule being contemplated by the resolution would require membership approval. Some Benchers were also of the view that further information was needed before Benchers could make a decision.

Mr. Spraggs clarified that the item for decision was the commentary to accompany the Bencher resolution, and the resolution itself had already received Bencher approval at the April Bencher meeting, and would be included on the agenda for the AGM.

Michael Lucas, KC, General Counsel/Senior Policy Counsel advised the Benchers that the practice for Bencher resolutions for Rule amendments falling within s. 12 has been to request the DM5295616

membership to authorize the Benchers to amend the Rules, in principle, leaving the actual wording of any Rule amendment for the Benchers to approve. Mr. Lucas stated that this approach permits the membership to approve the amendment in principle, leaving the Benchers the requirement to operationalize the decision made by the membership, and further avoids the risk and challenge of the entire meeting trying to determine or draft the specific language of the Rules.

Benchers discussed next steps in the process, as well as the importance to demonstrate commitment to governance reform and providing sufficient information and explanation to the membership about the purpose of the resolution.

Following these discussions, the majority of Benchers approved the inclusion of the below note and commentary to accompany the Bencher resolution on the agenda for the 2026 AGM:

Note:

Section 12 of the Legal Profession Act requires the approval of two-thirds of members voting in a general meeting or referendum to permit the Benchers to make rule changes with respect to the removal of a bencher.

Commentary:

Section 12(1) of the Legal Profession Act states that the Benchers “must make rules respecting the following ... (c) the removal of the president, first vice-president, second vice-president or a bencher.” While a process for the removal of a President or Vice-President is provided for in Rule 1-6, and Rule 1-7 provides a process for the resignation of a Bencher, currently there is no rule that provides a process for the removal of a Bencher, should one be needed. This Bencher Resolution would provide Benchers with the authority to set out a process for the removal of a Bencher, consistent with the Act and in alignment with the best practices of other law societies and regulatory bodies.

13. Revisions to Bencher Expense Reimbursement Policy & Bencher Professional Development

Ms. Chen-Kuo introduced the item and provided some background information regarding the proposed revisions to the Bencher Expense Reimbursement Policy. She indicated that the proposed revisions would provide for greater clarity and alignment with current practices, and she noted that a further amendment was proposed for section 5.03 of policy to provide for the reimbursement of meal and beverage expenses in special circumstances, in the event that the Law Society is already providing a meal, should a Bencher have dietary or religious restrictions. Ms. Chen-Kuo also reviewed the provision in the Policy that would allow for Benchers to claim up to \$1000 per year for pre-approved professional development opportunities related to governance, which had already been approved in principle by the Executive Committee.

Benchers discussed the proposed revisions, including the overall scope of the Policy and what constitutes “Law Society business”, airfare and the permissible class depending on the flight length, and the allowance for professional development opportunities. Some Benchers were of the view that the definition for Law Society business was too narrow, and that further flexibility and discretion should be provided for in the Policy.

Ms. Chen-Kuo advised that the intention of the revisions to the Policy was to promote consistency and clarity and to provide additional guidance to Benchers. She suggested that further time be taken for staff to consider the comments raised by Benchers, and that this item could be brought back at later date for further consideration.

A motion to adjourn this item to a future Bencher meeting was approved.

14. Rule Amendments: Admission Program Transition Rules

Ms. Small introduced the item and provided some background information regarding the proposed amendments to the admission program transition Rules. Mr. Lucas provided further information regarding the drafting of the proposed Rule amendments, and he indicated that the first paragraph in the resolution in the materials should be updated as follows: “admission program” means the program that existed prior to June 1, 2026 administered by the Society for articulated students, as opposed to “admission program” means the program administered by the Society for articulated students that existed prior to June 1, 2026. Mr. Lucas further indicated that additional amendments would need to be made to some of the Rules, but he recommended that Benchers proceed with approving the resolution provided in the materials, subject to the aforementioned revision, and that further amendments would be brought forward at the July Bencher meeting.

The majority of Benchers agreed to proceed as Mr. Lucas recommended, with one abstention.

For Information

15. External Appointment: Federation of Law Societies of Canada Council

There was no discussion on this item.

The Benchers then commenced the *in camera* portion of the meeting.

RN
2026-06-18

Rule Amendments: Further Amendments to Admission Program Transition Rules

To: Benchers

Purpose: Approval (Consent Agenda)

From: Executive Committee

Date: July 3, 2026

Purpose

1. At the May 30, 2026 Bencher Meeting, the Benchers approved a package of Rule amendments that would effect the transition in training courses necessary for call and admission from the Professional Legal Training Course (“PLTC”) that has been operated by the Law Society to the Practice Readiness Education Program (“PREP”) operated by the Canadian Centre for Professional Legal Education.
2. At the time the Rules were presented for approval, staff advised that an issue had been noted regarding Rule 2-72. It was proposed to pass the Rules as presented, and staff would bring forward recommendations for addressing the issue noted, together with any other issues identified by staff.
3. Staff brought the proposed amendment to Rule 2-72, together with some further amendments, to the Executive Committee for consideration at its meeting on June 18, 2026. The Committee reviewed those proposed amendments, and agreed to recommend them to the Benchers for approval.
4. Redlined and clean versions of the proposed further amendments are attached as Appendices “A” and “B” respectively.

Discussion

Rule 2-72

5. The issue identified with Rule 2-72 was that the Rule provided for an exemption from PLTC if the student had already taken a bar admission program elsewhere in Canada, or had engaged in the active practice of law in a common law jurisdiction outside Canada for at least 5 full years, but did not provide a similar exemption from PREP in similar circumstances.
6. Staff recommends, and the Executive Committee agrees, that Rule 2-72 (7) (the subrule that provided the opportunity for an exemption from PLTC) be rescinded, and that a new Rule 2-72.1 be added. The new Rule will replicate the former Rule 2-72 (7), but will add the words “training course” so an exemption from PREP (which is now the “training course”) will be available if the circumstances warrant it.

Rule 2-69

7. For the last batch of Rule amendments, staff took the opportunity to address some amendments to the Rule dealing with leave during articles. A number of provisions that are set out in other

legislation were removed from the Rules, as they were duplicative and unnecessary to include in the Law Society Rules.

8. Other amendments were made to terminologies that were amended in the broader package of Rules being presented. In subrules (8) and (9), the phrase “enrolment in the admission program” appeared. In the broader Rules package amendment, this had been altered to “admission as an articulated student,” and that change was included in the package presented on May 30, 2026 where it appeared in subrules (8) and (9).
9. On further consideration, staff realized that the amendment proposed on May 30, 2026 did not work in Rule 2-69 (8) and (9). Rather, the proper consideration of time for the leave of absence provisions was the “admission period” that is now defined in Rule 2-76 (0.1) and (0.2).
10. Prior to the amendments, the “enrolment in the admission program” was the starting date for consideration of time. Following the amendments, however, the “training program” and the “articling term” are no longer linked together in one program.
11. The key consideration in the leave during articles is that the articles are completed (subject to an extension that may be granted by the Credentials Committee in Rule 2-69 (9)) with the two-year period that is now set out for the “admission period” for the purposes of call and admission. This should be clarified in subrules (8) and (9).
12. Equally, for Rule 2-59 (6), because the definition of “enrolment start date” was removed in the first batch of amendments, the proper reference is to the “admission period” as defined in Rule 2-76, so that amendment is made.

Rule 2-76

13. Some small amendments are recommended to Rule 2-76 to ensure that the start of a clerking term also triggers the running of the “admission period,” and to recognize that the Credentials Committee may extend an admission period beyond 2 years pursuant to Rule 2-69 (9).

Decision

14. The Executive Committee recommends that the Benchers resolve as follows:

BE IT RESOLVED that the Benchers approve the further proposed amendments to the Admission Program rules as set out in the Resolution attached as Appendix “C.”

LAW SOCIETY RULES

PART 2 – MEMBERSHIP AND AUTHORITY TO PRACTISE LAW

Division 2 – Admission and Reinstatement

Articling term

- 2-59** (1) Subject to this rule and to Rules 2-62 to 2-65, an articulated student must work in the office of the student's principal for a period of not less than the articling term.
- (2) Unless otherwise permitted in this division, the articling term must be continuous, except that this period may be interrupted by
- (a) participation in either the professional legal training course or the training course,
 - (b) annual vacation of up to 10 working days at the discretion of the principal, or
 - (c) a leave of absence as permitted under Rule 2-69 [*Leave during articles*].
- (3) Any time taken for matters referred to in subrule (2) must not be included in the calculation of the articling term.
- (4) Except in the case of an application made under Rule 2-63 (1) [*Law clerks*], the articling term must not be reduced by more than 5 months under any other rule or the combined effect of any rules.
- (5) The Credentials Committee may increase the articling term to not more than 2 years if
- (a) the articulated student's performance has been unsatisfactory,
 - (b) the articulated student has not completed the student's obligations under the articling agreement, or
 - (c) other circumstances justify an increase.
- (6) If it would result in the articulated student qualifying for call and admission within ~~2 years of the student's first enrolment start date~~, the admission period defined in Rule 2-76, a student enrolled for a second time is entitled to credit for
- (a) successful completion of the training course or the professional legal training course, as applicable, and
 - (b) time spent in articles.
- (7) If an articulated student is enrolled for a second or subsequent time, the Credentials Committee may grant credit for successful completion of the training course or the professional legal training course, as applicable, and some or all time spent in articles when the articulated student was previously enrolled.

LAW SOCIETY RULES

Leave during articles

2-69 (0.1) In this rule, “admission period” has the same meaning as defined in Rule 2-76 (0.1) and encompasses the same time period set out in Rule 2-76 (0.2).

- (1) During the articling term, an articulated student may take a leave of absence, provided
 - (a) the total time of leaves of absence, , during the period does not exceed 22 working days,
 - (b) if applicable, the leave of absence does not affect the student’s attendance at the professional legal training course as required, and
 - (c) if any part of the leave is to take place during the articling term, the principal consents to the leave in advance.
- (2) Any time taken for a leave of absence under this rule is not part of the articling term.
- (3) – (5) [rescinded]
- (6) An articulated student who takes a leave of absence under subrule (1) must notify the Executive Director in writing .
- (7) [rescinded]
- (8) On the written application of an articulated student, the Executive Director may allow the student to take a leave of absence that is not otherwise authorized by this rule, provided that the articulated student will be eligible for call and admission within the admission period~~2 years of the student’s enrolment as an articling student.~~
- (9) On the written application of an articulated student, the Credentials Committee may allow the student to take a leave of absence that the Executive Director has not approved, including a leave that will result in the student not being eligible for call and admission within the admission period~~.2 years of the students enrolment as an articling student.~~

Professional legal training course

- 2-72** (1) The Executive Director may set the dates on which sessions of the professional legal training course will begin and may set the dates for all exams and assessments that form part of the course.
- (2) – (4) [rescinded]
 - (5) The Executive Director must deliver to each student who was registered in a professional legal training course session and to each student’s principal, if applicable, a transcript stating whether the student passed or failed the professional legal training course.
 - (6) [rescinded]

LAW SOCIETY RULES

- (7) ~~An articled student or law clerk may apply in writing to the Credentials Committee for exemption from all or a portion of the professional legal training course, and the Committee may, in its discretion, grant all or part of the exemption applied for with or without conditions, if the student or law clerk has~~
- ~~(a) successfully completed a bar admission course in another Canadian jurisdiction, or~~
 - ~~(b) engaged in the active practice of law in a common law jurisdiction outside Canada for at least 5 full years. [rescinded]~~

Exemption from training course

- 2-72.1 An articled student or law clerk may apply in writing to the Credentials Committee for exemption from all or a portion of the training course or the professional legal training course, and the Committee may, in its discretion, grant all or part of the exemption applied for with or without conditions, if the student or law clerk has
- (a) successfully completed a bar admission course in another Canadian jurisdiction, or
 - (b) engaged in the active practice of law in a common law jurisdiction outside Canada for at least 5 full years.

Call and admission

- 2-76 (0.1) In this rule, “**admission period**” means the time between the earlier of an applicant’s articling, ~~clerkship start date~~ or training program start date, and the applicant’s date of application for call and admission.
- (0.2) ~~Subject to Rule 2-69 (9) For the purpose of this rule,~~ the admission period must not exceed 24 months.
- (1) To qualify for call and admission, an applicant who is an articled student or a law clerk must, successfully complete the following requirements within the admission period:
- (a) in the case of an articled student, the articling term;
 - (a.1) in the case of a law clerk who is not enrolled as an articled student, a clerkship term of not less than 9 months;
 - (b) either
 - (i) the training course or,
 - (ii) for applicants who were enrolled in the professional legal training course before June 1, 2026, the professional legal training course;
 - (b.1) the practice management course;

LAW SOCIETY RULES

(c) any other requirements of the Act or these rules imposed by the Credentials Committee or the Benchers.

(2) [rescinded]

LAW SOCIETY RULES

PART 2 – MEMBERSHIP AND AUTHORITY TO PRACTISE LAW

Division 2 – Admission and Reinstatement

Articling term

- 2-59** (1) Subject to this rule and to Rules 2-62 to 2-65, an articulated student must work in the office of the student's principal for a period of not less than the articling term.
- (2) Unless otherwise permitted in this division, the articling term must be continuous, except that this period may be interrupted by
- participation in either the professional legal training course or the training course,
 - annual vacation of up to 10 working days at the discretion of the principal, or
 - a leave of absence as permitted under Rule 2-69 [*Leave during articles*].
- (3) Any time taken for matters referred to in subrule (2) must not be included in the calculation of the articling term.
- (4) Except in the case of an application made under Rule 2-63 (1) [*Law clerks*], the articling term must not be reduced by more than 5 months under any other rule or the combined effect of any rules.
- (5) The Credentials Committee may increase the articling term to not more than 2 years if
- the articulated student's performance has been unsatisfactory,
 - the articulated student has not completed the student's obligations under the articling agreement, or
 - other circumstances justify an increase.
- (6) If it would result in the articulated student qualifying for call and admission within the admission period defined in Rule 2-76, a student enrolled for a second time is entitled to credit for
- successful completion of the training course or the professional legal training course, as applicable, and
 - time spent in articles.
- (7) If an articulated student is enrolled for a second or subsequent time, the Credentials Committee may grant credit for successful completion of the training course or the professional legal training course, as applicable, and some or all time spent in articles when the articulated student was previously enrolled.

LAW SOCIETY RULES

Leave during articles

- 2-69** (0.1) In this rule, “admission period” has the same meaning as defined in Rule 2-76 (0.1) and encompasses the same time period set out in Rule 2-76 (0.2).
- (1) During the articling term, an articulated student may take a leave of absence, provided
 - (a) the total time of leaves of absence, , during the period does not exceed 22 working days,
 - (b) if applicable, the leave of absence does not affect the student’s attendance at the professional legal training course as required, and
 - (c) if any part of the leave is to take place during the articling term, the principal consents to the leave in advance.
 - (2) Any time taken for a leave of absence under this rule is not part of the articling term.
 - (3) – (5) [rescinded]
 - (6) An articulated student who takes a leave of absence under subrule (1) must notify the Executive Director in writing .
 - (7) [rescinded]
 - (8) On the written application of an articulated student, the Executive Director may allow the student to take a leave of absence that is not otherwise authorized by this rule, provided that the articulated student will be eligible for call and admission within the admission period.
 - (9) On the written application of an articulated student, the Credentials Committee may allow the student to take a leave of absence that the Executive Director has not approved, including a leave that will result in the student not being eligible for call and admission within the admission period.

Professional legal training course

- 2-72** (1) The Executive Director may set the dates on which sessions of the professional legal training course will begin and may set the dates for all exams and assessments that form part of the course.
- (2) – (4) [rescinded]
 - (5) The Executive Director must deliver to each student who was registered in a professional legal training course session and to each student’s principal, if applicable, a transcript stating whether the student passed or failed the professional legal training course.
 - (6) [rescinded]
 - (7) [rescinded]

LAW SOCIETY RULES

Exemption from training course

- 2-72.1** An articled student or law clerk may apply in writing to the Credentials Committee for exemption from all or a portion of the training course or the professional legal training course, and the Committee may, in its discretion, grant all or part of the exemption applied for with or without conditions, if the student or law clerk has
- (a) successfully completed a bar admission course in another Canadian jurisdiction, or
 - (b) engaged in the active practice of law in a common law jurisdiction outside Canada for at least 5 full years.

Call and admission

2-76 (0.1) In this rule, “**admission period**” means the time between the earlier of an applicant’s articling, clerkship or training program start date, and the applicant’s date of application for call and admission.

(0.2) Subject to Rule 2-69 (9), the admission period must not exceed 24 months.

- (1) To qualify for call and admission, an applicant who is an articled student or a law clerk must, successfully complete the following requirements within the admission period:
- (a) in the case of an articled student, the articling term;
 - (a.1) in the case of a law clerk who is not enrolled as an articled student, a clerkship term of not less than 9 months;
 - (b) either
 - (i) the training course or,
 - (ii) for applicants who were enrolled in the professional legal training course before June 1, 2026, the professional legal training course;
 - (b.1) the practice management course;
 - (c) any other requirements of the Act or these rules imposed by the Credentials Committee or the Benchers.
- (2) [rescinded]

**TITLE: FURTHER AMENDMENTS – ADMISSION PROGRAM
TRANSITION RULES**

RESOLUTION:

BE IT RESOLVED to amend the Law Society Rules, as follows:

1. *In Rule 2-59 (6), by rescinding the phrase “2 years of the student’s first enrolment start date” and replacing it with “the admission period defined in Rule 2-76”;*

2. *In Rule 2-69,*

By adding the following as subrule (0.1):

“(0.1) In this rule, “admission period” has the same meaning as defined in Rule 2-76 (0.1) and encompasses the same time period set out in Rule 2-76 (0.2).”

In subrules (8) and (9), by rescinding the phrase “2 years of the students enrolment as an articling student” and replacing it in each case with “the admission period”;

3. *In Rule 2-72 by rescinding subrule (7);*

4. *By adding the following as Rule 2-72.1:*

Exemption from training course

2-72.1 An articulated student or law clerk may apply in writing to the Credentials Committee for exemption from all or a portion of the training course or the professional legal training course, and the Committee may, in its discretion, grant all or part of the exemption applied for with or without conditions, if the student or law clerk has

- (a) successfully completed a bar admission course in another Canadian jurisdiction, or
- (b) engaged in the active practice of law in a common law jurisdiction outside Canada for at least 5 full years.

5. *In Rule 2-76*

In subrule (0.1), by deleting the words “articling start date or training program start date” and substituting the words “articling, clerkship or training program start date”;

In subrule (0.2), by deleting the words “For the purposes of this rule” and substituting “Subject to Rule 2-69(9)”.

REQUIRES 2/3 MAJORITY OF BENCHERS PRESENT

Law Society

of British Columbia

CEO Report

To: Benchers

Purpose: Report

From: Gigi Chen-Kuo, CEO/Executive Director

Date: July 3, 2026

1. National Indigenous History Month

Throughout the month of June, we shared resources for staff, the profession and the public on our website, Lex and LinkedIn to celebrate National Indigenous History Month.

On June 10, 2026 we were fortunate to welcome special key note speaker, Madelaine McCallum, for a moving presentation in our staff atrium. Madelaine is a Métis dancer, motivational speaker, facilitator, and emcee from Île-à-la-Crosse Nation in Saskatchewan. She offered us the opportunity to learn about and engage with Indigenous perspectives on identity, resilience, and community, and to reflect on the paths toward understanding and reconciliation.

June 21 was also National Indigenous Peoples Day - a day to honour the diversity, cultural vibrance and outstanding contributions of First Nations, Inuit and Métis people in Canada.

2. Single Legal Regulator

The most recent meeting of the transitional board and the transitional Indigenous council was held on June 8, 2026.

At the meeting, the transitional board and the transitional Indigenous council completed a second review of the Rules for Governance, Professional Conduct, Competence & Discipline and Enforcement. They also conducted a first review of the proposed *Code of Professional Conduct* covering Conflicts and a second review of *Code* provisions regarding Quality of Service and Confidentiality.

A hiring committee is actively working with an executive search firm to fill two positions, the transition manager (who will become the first CEO of Legal Professions BC) and transitional tribunal chair, both mandated by the *Legal Professions Act*.

The Regulated Paralegal Working Group has completed public consultation on its draft recommendations and delivered the final report to the Ministry of the Attorney General. The *Legal Professions Act* requires the Attorney General to consult with the transitional board before making regulations prescribing the scope of practice for regulated paralegals.

The Law Society of BC and the Society of Notaries Public of BC are in the final stages of updating the combined operations workplan (governing the operational amalgamation of the two organizations) to reflect the revised target transition date of January 1, 2028.

3. One-time Practice Fee Rebate Pilot Program

The Law Society is currently in the process of implementing the practice fee rebate pilot program, which will support lawyers who are experiencing financial hardship. This program was approved

by the Benchers in 2025 as a one-year pilot, to be funded from reserves (up to a maximum of \$1 million).

To be eligible for a fee rebate, the applicant must be a member in good standing who held practising status during the 2025 year, paid the applicable 2025 practice fee, and earned a maximum of \$65,000 per year (based on their 2025 personal tax return).

The fee rebate application will be available in the member portal from July 15 to August 31, 2026. Eligible lawyers will be notified by email of their rebate amount in early October. The rebate amount will be up to \$1,000, depending on the number of eligible applicants.

4. Ours to Protect Campaign

The second phase of the Ours to Protect public awareness campaign, focused on youth education, is underway. The campaign began with research and engagement with youth in Canada to gain insights into current knowledge, sentiment and interest around rule of law and topics related to human rights, democracy, as well as lawyer and judicial independence.

The research revealed that youth believe strongly in the concept of fairness, but are not aware of the connection to the rule of law. Once defined, virtually all Canadian youth who participated in the campaign, found the rule of law personally important. The research also shows that youth see a gap between the idea and the lived reality.

A virtual summit took place on June 23, 2026 with speakers and attendees from across Canada and internationally, to facilitate learning and conversations around how we can increase youth awareness of the rule of law in Canada. These discussions, as well as the research, will inform educational materials that will be developed for youth audiences in English and French.

There will be a targeted media and public awareness campaign to help publicize the research conducted and the educational tools.

In BC, we will be amplifying the national public awareness campaign through additional advertising opportunities on bus shelters, billboards, digital ads, print and television.

5. Western Canada Competency Profile

In April 2024, the Benchers adopted the Western Canada Competency Profile (“WCCP”), which is a set of common competencies to be demonstrated at entry to legal practice. The WCCP serves as a foundational document that represents the first stage of a much larger set of potential changes to the system of lawyer licensing in BC.

Consultation with the legal profession on potential changes to the bar admission process, as part of the implementation of the WCCP, commenced in late June and will remain open until July 16, 2026. A report on the findings will be prepared for the fall of 2026, with a final report to the Executive Committee and Benchers for discussion and decision thereafter.

Gigi Chen-Kuo
Chief Executive Officer/Executive Director

Law Society
of British Columbia

Briefing by the Law Society's Member of the Federation Council

To: Benchers

Purpose: Report

From: Tanya Chamberlain, KC
Law Society Representative on the Federation Council

Date: July 3, 2026

Purpose

1. This memorandum is intended to provide a brief overview of the functions and purpose of the Federation and a summary of the Federation Council's June 2026 meeting.

Federation Primer

2. The Federation of Law Societies of Canada ("the Federation") is a national voluntary association structured as a not for profit composed of the 14 provincial and territorial law societies in Canada and mandated by statute to govern Canada's legal profession in the public interest. 2026 is the 100th anniversary of its founding. The Federation's head office is located in Ottawa.
3. The Federation is an association of its members, and so it does what the members collectively decide.
4. There are 17 Federation Council members, 14 of whom are directors nominated by their respective Law Societies (the "Council"). The remaining three Council members are the Past-President, President and President-Elect and they do not have a vote. The Federation is a consensus-based organization.
5. The Vice President and President of the Federation are selected from the Council based on regional rotation: regional rotation guarantees a ladder position twice every 9 years for each region, except the North, which has a guaranteed position once every 9 years.
6. The Executive Committee is composed of the President, Vice President, President-Elect, Past President and CEO.
7. The Indigenous Advisory Council was established by the Council in 2023 as part of the Federation's reconciliation efforts with Indigenous peoples. The Indigenous Advisory Council has 8 Indigenous members.
8. The Council meets at least three times per year in person: March, June, and September/October. There is a fourth virtual meeting in December.
9. Council meetings are open to the public and are attended by law society CEOs and senior staff in the spring and fall.
10. The day-to-day operations of the Federation are managed by the CEO and the staff.
11. The Federation derives its revenues from fees collected from the individual law societies per member.
12. Members are appointed by the Council and the Executive Committee to committees which include:

- a. Finance and Audit
- b. National Committee on Accreditation (“NCA”)
- c. Approval Committee
- d. Standing Committee on Model Code of Professional Conduct
- e. Standing Committee on National Discipline Standards
- f. Standing Committee on Mental Health and Wellness
- g. Indigenous Advisory Council
- h. Public Affairs and Government Relations Committee
- i. Litigation Committee
- j. CLE Program Committee
- k. CanLII Nominating Board Committee
- l. Joint Working Group on Legal Education and Entry to Practice
- m. Joint Working Group TRC calls to action
- n. Strategic Plan and Governance Review

13. The Federation supports the following national initiatives:

- a. CanLII
- b. Coordination of national mobility arrangements
- c. NCA
- d. Canadian Common Law Program Approval Committee
- e. National Discipline Standards
- f. Model Code of Professional Conduct
- g. Anti- Money Laundering
- h. National Family Law Program and National Criminal Law Program
- i. Public affairs and government relations.

The Federation Council Meeting

14. The Council met in person on June 8, 2026, in Ottawa. I was warmly welcomed to the meeting as the new council member for British Columbia.

15. The meeting was attended on behalf of the Indigenous Advisory Council by Beth Kotierk.

16. The Council approved a motion to dissolve the CCLD-FLSC Joint Working Group on Approaches to TRC Calls to Action on the recommendation of the Joint Working Group.

17. The Council approved a motion to refer the revised National Discipline Standards to the law societies for adoption and implementation effective January 1, 2027, as follows:

- a. Standard 5: There is a process in place to review the status of a complaint every 90 days during the investigation stage to determine the type of communication needed, if any, to ensure the complainant, lawyer and/or Quebec notary is appropriately informed; and

- b. Standard 11: Where a complaint is resolved and the complainant initiates an internal review or internal appeal process, there is public participation in that process.

18. The Council approved a revised budget for the 2026 National Family Law Program as a result of increased revenue due to increased registration.

Governance Review

- 19. The Federation initiated a governance review by retaining Watson Board Advisors (“Watson”) to assess the effectiveness of its governance model, leadership relationships, and decision-making processes.
- 20. Following consultation, Watson presented their findings to the Council for discussion. The next phase of the review will be for Watson to make recommendations to the Council for further discussion and action.

The Indigenous Advisory Council (IAC)

- 21. The IAC met virtually on March 19. The members recommended and approved a new process of appointment to the IAC. The IAC currently has 9 members, 3 of whom will complete their terms in November 2026.
- 22. An Expression of Interest (“EOI”) with vacancies to be filled was provided to the Council of Canadian Law Deans for recommendations for a new Indigenous Law Professor.
- 23. A subsequent EOI was sent to the law societies seeking two additional appointees to replace outgoing members Wina Sioui and Terri-Lynn Williams-Davidson.
- 24. At the March meeting, the IAC received updates on Federation initiatives they have advised on including the Model Code of Professional Conduct, the NCA transition to a competency-based assessment system, and CanLII’s Indigenous Laws project.
- 25. The IAC recommended that the Federation consider and potentially incorporate Indigenous models of governance in the process in their governance review. The committee noted that “exploring opportunities for non-Indigenous people to de-colonize their structures and invite Indigenous peoples to help shape the direction of an organization is a form of reconciliation.”
- 26. The IAC was invited to provide further input to the Federation on how it can be involved in the governance review of the Federation.
- 27. At the Council meeting, Beth Kotierk provided a report about the course she developed and is teaching at the law school at the University of Ottawa concerning reconciliation and decolonization. She expressed her desire to collaborate across law societies to continue to develop appropriate curriculum for learning as part of reconciliation.

National Committee on Accreditation (NCA)

28. Theresa Donnelly provided a report to the Council on the Federation’s strategic objective to develop and implement a new competency-based assessment system for internationally trained lawyers. The NCA assessment plan proposal was approved by the Council in October 2025.
29. Commencing on March 1, 2026, all NCA applicants will have to complete a language screen.
30. The NCA staff have worked with CPLED to develop a course to provide Indigenous content as part of their NCA process. “Indigenous Peoples and the Law” (“IPL”) seeks to provide students with foundational knowledge about Indigenous legal traditions, and their interaction with Canadian law and frameworks to develop competency and legal insight.
31. Effective March 11 2026, IPL will be a required component of the Certificate of Qualification.
32. The Committee also discussed the preliminary issues and questions for the NCA committee to consider as it prepares to implement the new NCA competency-based assessment system in 2028.

Money Laundering Prevention

33. The Standing Committee on Anti-Money Laundering and Terrorist Financing reported that they are engaged with the government regarding the establishment of the new Financial Crimes Agency, (“FCA”) including providing a submission to the House of Commons Finance Committee. Bill C-29 grants broad authority to the FCA to investigate financial crime which includes any offence under any Act of Parliament relating to financial assets, financial services or markets, including money laundering.
34. In November 2025, the Financial Action Task Force (the “FATF”) completed a mutual evaluation of the Canada’s Anti-Money Laundering and Terrorist Financing laws (“AML/TF”). The final FATF report on Canada’s compliance will be received this summer.
35. This evaluation was an opportunity for the Federation to highlight its collaboration with the Federal government and the collective efforts of the law societies in addressing AML/TF.
36. There is renewed concern that the FATF may be critical that the legal profession is not covered by the federal AML/TF regime and as a result, the Standing Committee has worked diligently to demonstrate how law society regulation in the regulatory space is compliant with the FATF requirements.

Standing Committee on Mental Health and Wellness

37. The Council approved changes to the composition of the Standing Committee, which resulted from three members stepping down in 2026.
38. The Standing Committee will provide a detailed work plan and timeline for the October 17, 2026, Council meeting.
39. The Standing Committee submitted updated terms of reference to the Council for informational purposes.

Public Affairs and Government Relations Committee

40. The Federation continues to engage with the Federal Government and provide submissions on legislation that is of concern, including Bill C-22, the foreign influence registry regime, IRCC Administrative Penalties and Consequences regime and the rule of law, (Ours to Protect Campaign).

International Engagement

41. The President and the CEO of the Federation attended the International Bar Association Leader's Conference where Jonathan Herman spoke at the session on the Rule of Law. He showcased the Ours to Protect Campaign as a case study of concrete action that law societies can take to educate the public about the rule of law.
42. Attendees reported that the Ours to Protect initiative was the highlight of the conference for them and inspirational in thinking about how to address the erosion of the rule of law globally.

Finance and Audit

43. The revised budget for the 2026 NFLP was approved by the Council. The committee provided Council with Q3 Financial statements, the audited financial statements for CanLII and financial status of the NFLP, the NCLP and Law Society Special Projects Funds.
44. There was a discussion about the current funding formula for CanLII which will be further reviewed and considered.

2026 Annual Conference in Montreal

45. Jonathan Herman reported that plans are underway for the Federation's annual conference October 15-16 in Montreal which will mark the 100th anniversary of the Federation.
46. He reported that the annual conferences are an important opportunity to bring together the leaders of the law societies to discuss matters of strategic importance, share best practices

and seek ways to improve regulation across Canada.

47. The theme for this year's conference, proposed by the law society CEOs, is to focus on an environmental scan of the current regulatory landscape that drives law society priorities.
48. Mr. Herman believes the work at the conference will assist the Federation in developing the next Strategic Plan, following the completion of the Governance Review.

CanLII and Lexum Reports

49. CanLII's update celebrated the 25th anniversary of this beloved, open access search tool and the ongoing efforts to integrate AI into the existing platform.
50. Lexum reports their ongoing success with being an innovator in legal research and publishing globally.
51. Both are focused on providing webinars to educate users on the new AI tools being integrated into the platforms.

Next Meeting

52. The next meeting will be in Montreal for the annual conference and business meetings October 15-16 followed by the Federation Council meeting on October 17.

Law Society
of British Columbia

Amendments to the Trust Rules and Related Rules

Drafting Notes and Related Information

To: Benchers

Purpose: Discussion & Decision

From: Executive Committee

Date: July 3, 2026

Overview and Purpose

1. Attached to this report are proposed amendments to the trust and accounting rules in Part 3, Division 7 of the Law Society Rules that have been prepared by staff and reviewed by the Executive Committee. Some proposed amendments to the Client Identification and Verification Rules in Part 3, Division 11 of the Law Society Rules are also included. In order to accomplish these amendments, certain other rules have also required amending, and those are included in this package as well.
2. This work has been required in order to implement the 40 recommendations identified in the Final Report of the Trust Review Task Force.¹ Those recommendations were considered by the Benchers in February and May 2025. A resolution to approve 39 of the 40 recommendations was approved in May 2025, and a resolution approving the last outstanding recommendation was approved in September 2025.
3. The attached proposed amendments mark the first large-scale review of the accounting rules at the Law Society for at least twenty years. The package is therefore sizeable and has been the result of a significant review by staff involved.
4. A report with related drafting notes was prepared by staff to assist the Executive Committee in reviewing the proposed amendments by explaining some of the reasoning and rationale behind some of the amendments, and to assist the Committee in determining which amendments deal specifically with the various recommendations made by the Task Force. The report has been revised so as to be presented to the Benchers from the Executive Committee, with recommended resolutions for the Benchers to approve.
5. To that end, accompanying this memorandum are red-lined and clean drafts of the proposed rule amendments as Schedules “A” and “B.”
6. Also attached (as Schedule “C”) is a table identifying which rules have been prepared to implement the recommendations of the Task Force.
7. Draft Tables of Concordance for the Part 7 revisions allowing one to identify where the old rules can be found in the new rules, and vice versa are also included. These tables, attached as Schedules “D” and “E,” respectively, are prepared as aids, and more complete versions will be prepared for the profession.

¹ Trust Review Task Force Final Report, February 7, 2025, available at. [Trust-Review-Task-Force-Report.pdf](#)

Background: Trust Review Task Force

8. The Benchers established the Trust Review Task Force in July 2022, following the Final Report of the Commission of Inquiry into Money Laundering in British Columbia (“Cullen Report”) dated June 2022².
9. While the initial impetus for the creation of the Task Force was to address recommendations made by the Cullen Report, it was recognized that a review of all the accounting rules was likely timely given the length of time since they had last been reviewed. The Law Society also now had legislative authority to regulate law firms, and part of the rationale for the amendments to the legislation in that regard had been to assist in better regulating accounting requirements. Moreover, given the high likelihood of an amalgamation of the regulation of lawyers and notaries public, along with the regulation of paralegals, the time was ripe for review of accounting requirements for all legal professionals.
10. The Task Force thus comprised a range of lawyers from various areas of practice and size of firms, and included a notary public and a paralegal. It was given a fairly broad mandate that was to focus on
 - (a) the obligations to maintain accounting records and properly deal with funds;
 - (b) the compliance audit process and submitting of mandatory trust reports;
 - (c) fiduciary property;
 - (d) unclaimed trust funds; and
 - (e) anti-money laundering rules including the client identification and verification (the “CIV”) obligations and the cash transaction rule.
11. The Task Force also undertook an on-line consultation with the profession.
12. The proposed rule amendments have been prepared to implement the recommendations of the Task Force, but also to implement the broader conclusions that the Task Force reached as a result of its review and consultations. In particular, when drafting the rules, care has been taken to recognise the objectives for such rules as identified by the Task Force, which were:
 - (a) to protect funds entrusted to lawyers from loss;

² Commission of Inquiry into Money Laundering in British Columbia, Final Report, June 2022 [Commission of Inquiry into Money Laundering in British Columbia](#)

- (b) to maintain public confidence in the integrity of the profession and in the ability of the Law Society as the regulator;
- (c) to mitigate the risk of legal services, including a trust account, from being used to further dishonest or illegal conduct, including money laundering and terrorist financing;
- (d) to set clear, effective requirements for the handling of funds entrusted to legal professionals to ensure funds are accounted for and properly handled;
- (e) to promote strong regulatory oversight such that the regulator is able to assess risks and conduct audits to identify issues and investigate conduct concerns;
- (f) to deter deliberate, reckless, or grossly negligent handling of client funds and encouraging financial responsibility in respect to practice obligations; and
- (g) to ensure that the regulatory requirements placed on legal professionals through the imposition of necessary accounting rules is proportionate to the risk that the rules seek to prevent.

13. Preparing rules to implement the recommendations of the Task Force is a fairly straightforward task. Reviewing and amending the remaining rules with the Task Force’s objectives in mind has been less straightforward.

14. As the Task Force noted, ensuring the *proportionality* of regulation is important. Proportionate regulation allows both the regulated legal professional and the regulator to focus on the areas of greatest risk. Regulation that is understood and accepted by the legal professions is more likely to be properly adhered to. The rules should not require legal professionals to do things just for the sake of doing things. There should be a purpose for doing them. The rules should not be more onerous than necessary.

15. However, as the Task Force also noted, courts have held that the regulator of legal professionals plays a crucial role in regulating accounting practices of legal professionals. For example, courts make it clear that “the proper handling of trust funds is an integral part of the practice of law.”³ The regulator also:

plays a key role in enforcing the practice standards in ensuring lawyers are properly playing their gatekeeper role in respect of the proper use of trust accounts. There is, undoubtedly, a pressing public interest in it being able to do so effectively.⁴

³ *Law Society of BC v. Tungohan*, 2017 BCCA 423

⁴ *A Lawyer v. The Law Society of British Columbia*, 2021 BCSC 914, upheld 2021 BCCA 437, (leave to appeal to Supreme Court of Canada dismissed, May 2022).

16. Moreover, the Task Force referenced the Supreme Court of Canada’s specific comments that public trust in professionals is directly related to the extent regulators are able to supervise the conduct of those professionals and that a professional regulator therefore has an “onerous obligation” to ensure the protection of the public.⁵
17. Lastly, Commissioner Cullen himself noted trust rules are “critically important” to the Law Society’s anti-money laundering regulations as they require lawyers to keep a variety of records, reconcile their accounts monthly, make annual reports, and undergo regular audits. Commissioner Cullen noted that the Law Society had created a robust regulatory scheme that mitigated many of the identified risks relating to money-laundering and noted, while there remained room for improvement, its regulation “goes a long way to addressing the exclusion of lawyers from the PCMLTFA regime.”⁶
18. It was, as a result, clear that rule revisions needed to be relatively specific – or prescriptive – about what lawyers (or legal professionals) need to do.⁷ This follows the recommendations of the Task Force, which steered away from recommending “outcomes-focused” rules on the basis that they would not meet the onerous obligations that courts have applied to law societies in regulating the public interest.⁸ Moreover, they clarify what is required of legal professionals to ensure internal controls are in place, and that the movement of funds is traceable.

Drafting Notes

General

19. Staff advised that, in drafting the revisions while adhering to the objects and recommendations of the Task Force, it would be prudent to be specific rather than vague, and that therefore the rules should set out relatively prescriptive requirements for matters such as what records legal professionals must keep, and how certain things – like reconciliations of accounts – are to be done. This, it was hoped, would let legal professionals understand clearly what was required of them, and to assist them in

⁵ *Pharmascience Inc. v. Binet*, 2006 SCC 48.

⁶ Cullen Report at p. 22

⁷ Cullen Report at pp. 22-23:

Critically important to the Law Society’s anti-money laundering regulation are its trust accounting rules. Lawyers must keep a variety of records, reconcile their trust accounts every month, make annual reports, and undergo regular audits. This oversight is crucial given that others, particularly law enforcement, cannot compel lawyers to produce privileged information or documents. The trust accounting rules and audit process significantly mitigate the money laundering risks associated with trust accounts.

⁸ Trust Review Task Force Final Report, page 22.

understanding how to account for funds, which is a matter that not all lawyers starting practice are necessarily familiar with.

20. Equally, the requirements for compliance, and the consequence for non-compliance, are set out in some detail. Here, however, some of the detail of past rules has been replaced by reference to “prescribed forms” which the rules allow the Executive Director to require. The particulars of reporting can be contained in the prescribed forms rather than being detailed in the rules, and where it made sense to do that, the attached rules do so.
21. Where possible, archaic accounting practices referred to in the rules have been removed. Some rules (or at least subrules) have been combined, and others, especially where noted that they may be superfluous, have been removed.
22. Careful consideration was given to the rules setting out the various records that must be kept. Efforts were made to clarify these rules, and in some instances (especially where the records required seem to be duplicative), rules were removed. However, a decision was made not to completely overhaul the records requirements, given the favourable comments from the Cullen Commission about the Law Society accounting requirements and their critical importance to combatting money-laundering.
23. Lastly, the rules have been reviewed in an effort to make them as clear as possible, and while prescriptive in places, an effort has been made to ensure the rules contain the essential requirements for good accounting practices and are no more preceptive than necessary for that purpose.

Reorganization of Rules

24. Recommendation 6 of the Task Force was to reorganize the rules to follow the progression of (a) the opening of accounts, (b) the deposit of funds into accounts, (c) the withdrawal of funds from accounts, and (d) obligations required upon closing accounts.
25. That progression has been implemented. Following general introductory requirements, Part 3, Division 7 starts with the requirements for a general account, including records and reconciliations, and is followed by the requirements for a trust account, including records and reconciliations. Depositing to a trust account follows that, which in turn is followed by the various ways to withdraw from trust accounts. The rule regarding fiduciary funds is next, followed by when cash can be dealt with in all accounts and how to do so. Next is reporting requirements, followed by the compliance regime. Last are the rules on closing a law firm and the disposition of the practice and requirements on doing so.

26. The new progression outlined above marks a fairly significant re-organization of the rules into what is hoped to be a more logical progression.
27. This has however complicated the way amendments are usually done. To accommodate what essentially amounted to a re-writing of Part 7, it is proposed to rescind the current Part 7 and re-place it with the amended Part 7. The amended Part 7 does, however, contain rules from the old Part 7, some of which are amended heavily and others much more lightly so.
28. In order to be able to trace the current rules backwards, which can be important for research and for litigation purposes, tables of concordance will be included in the materials published.
29. The amendments to the rules in other Parts is done in the usual fashion.

Law Firms

30. Possibly the biggest change resulting from the proposed amendments is the use of law firms.
31. In 2012, the Law Society obtained amendments to the *Legal Profession Act* to permit it to regulate law firms. Part of the rationale for the amendments was to allow the Law Society to focus the accounting requirements on the entities that really discharged the requirements – the firms – rather than on each individual lawyer.
32. The attached proposed amendments have been drafted to accomplish that goal. This, it is hoped, will also be seen to reduce the burden on individual lawyers, or, at least recognize that lawyers' law firms, in reality, already do the accounting requirements. Where formally "a lawyer" was required to do certain things, now the requirements are that "a law firm" do so. This has been extended into Part 3, Division 8 – Unclaimed Trust Funds.
33. Individual lawyers still remain ultimately responsible for accounting. Lawyers should not be able to delegate personal responsibility for the handling of funds. But it was recognized that setting out the requirements on law firms rather than on lawyers better reflected the reality of how accounting is done in the practice of law. The "day-to-day" requirements are now clearly on law firms, not lawyers.
34. Therefore, the rules on law firms in Part 2 – particularly Rule 2-12.1 *et seq* - have been amended to set out increased registration requirements for when a law firm starts to practise law. There are now also rules right at the start of Part 3, Division 7 to implement recommendation 32 of the Task Force Report for law firms to identify a specific owner of

the firm to file its annual trust report and to produce the firm's books and records if required for a compliance audit. The amended rules also include requirements for that owner to sign off on the reconciliations on behalf of the firm. A sole practitioner is deemed to be the owner lawyer for their law firm.

35. This owner, though, for the purposes of compliance and enforcement, is no different than the other owners of the firm. This "designated owner" will bear no increased responsibility for the law firm's accounting than any of the other "owners" of the firm.
36. This is important, because one of the major revisions recommended by the Task Force was that the owners of the law firm – the ones who have the capacity to ensure proper systems and to ensure compliance with the rules – will bear the responsibility and consequences of the law firm's failure to comply with the rules. The non-owner lawyers at the law firm, the Task Force concluded, should not bear the consequences if a law firm failed to do what it is required to do, because those non-owner lawyers have very little, if any, capacity to force the law firm's management structure to do what is required. This is a proportional response to the issue of consequences and accountability.
37. As recommended by the Task Force, the amended rules therefore include provisions to enforce compliance obligations and sanctions on *all* owners of the law firm. Where the law firm fails to comply with reporting obligations, all the owners of the firm may also be responsible if reporting has still not occurred after the firm is notified by the Law Society of the non-compliance.
38. In drafting the rules, it was recognized that the Task Force's recommendation could result in the owners of a law firm all being prevented from the practice, while the associates were not. This would leave the associates in the invidious situation of having to run the law firm on their own. The solution to this problem was found by permitting the Executive Director to not suspend the owners (or some of them) or prevent them from practising where exceptional circumstances existed.

Accounting records and reconciliations

39. The rules have been revised somewhat to specify particular records that the Law Society expects the law firm to keep. These are records that would be usual in meeting "best practices" for accounting purposes, to provide the right information to be able to appropriately handle funds and to ensure that internal controls are in place. Specification of the records is included so that law firms will know what records the Law Society will be looking for when periodic audits of the law firm take place.

40. Equally, some care has been taken in the drafting of the rules to set out what is expected of a law firm when a reconciliation of the accounts is required. The Task Force considered it important to have language that sets out what a trust reconciliation entails in a clear and concise manner. This would enable lawyers and law firms to understand, by reading the rules, what they were required to do.
41. As a result, the proposed amended rules detail what is required for reconciliations of both trust accounts and general accounts, the latter which the Task Force recommended be required as well.
42. Retention and maintenance of records requirements have been simplified so that a law firm no longer has to keep records “on site.” They must be kept current, of course, and capable of production. Here, the requirements of Rule 10-3 are relied on, specifically Rule 10-3 (2).
43. As a result, the rules go into some detail in each of these instances. This is done not in an effort to add burden to law firm requirements, but to provide clarity about Law Society expectations to assist law firms in their accounting practices.

Courses

Anti money-laundering course

44. Recommendation 5 of the Task Force was to implement a one-time mandatory anti-money laundering training required for all lawyers. The proposed rule is included in Part 3, Division 3 (Education) rather than Part 3, Division 7, as course requirements for lawyers are generally set out here. The rule will not have any practical effect until the Executive Director prescribes the “anti money-laundering course” (which is a defined term, like the “practice management course”).
45. The draft rule attached in the package requires it of *practising* lawyers, rather than *all* lawyers, as it is directed at lawyers who are engaging in the practice of law. The requirement is on *all* practising lawyers, even those who do not operate trust accounts.

Course for signatories for trust funds

46. Recommendation 10 of the Task Force Report was to require education before one could be a signatory on a trust account. Unlike the anti money-laundering course, this course is specific to signatories for trust accounts, and when drafting the rule, it was thought to be better included in the rules on trust accounts in Division 7 itself, rather than in Division 3.

47. There are as of yet no courses prescribed by the Executive Director under this rule, so this rule is currently simply a placeholder for the time being.

Funds vs. Money

48. When preparing amendments, it was noticed that the rules not infrequently use “money” and “funds” interchangeably. This is in part a result of the use of “money” in many places in the *Legal Profession Act* when referring to trust accounts.
49. The amendments propose to use “funds” throughout the accounting rules, instead of “money” in recognition that “money” is merely one constituent of the broader definition of “funds.” To clarify this, while the definition of “funds” in the Rules likely already included “money,” the word “money” has been added to the definition. The definition of “money,” which had been in Part 11 only, is now moved to Rule 1 to apply throughout the Rules.

Financial Institution vs. Savings Institution vs. Designated Savings Institution

50. Like “funds” and “money,” “financial institution,” “savings institution” and “designated savings institution” were found to have been used throughout the rules somewhat interchangeably.
51. The amendments address this by amending usage so that “financial institution” is used to refer to such institutions in the broader sense. A “designated savings institution” on the other hand is a specific type of “financial institution” at which trust accounts must be held. Consequently, “designated savings institution” tends to be used where referring to an institution at which a trust account is held. “Savings institution” on its own has been removed from the rules.
52. Note that in light of Task Force recommendation 12, *all* trust accounts – both pooled and separate – must be held in a designated savings institution.

Client Identification and Verification Rules

53. While the responsibilities in Part 3, Division 7 have now been placed primarily on law firms, the obligations in Division 11 remain on lawyers. This is in part to convey the importance of individual lawyers ensuring their compliance with the identification and verification requirements, and in part to conform with the language of the Federation’s Model Rule on this subject.
54. To emphasize the personal responsibility of lawyers, Rule 3-98.1 has been added.

55. “Lawyer” remains defined as including law firms, so the obligations can be met by law firms.

Electronic Funds Transfer Exemption from CIV

56. The main focus of the Task Force on Part 3, Division 11 was the exemption from client verification requirements for electronic funds transfers. The Task Force recommended making the exemption similar to that provided by the Law Society of Ontario in its bylaws.
57. The amendments have been drafted with those instructions in mind. Definitions from the Ontario bylaw have been adopted for the revised rules in Division 11.
58. The result of this amendment will exempt a lawyer or law firm from being required to verify the client’s identity when there is an electronic funds transfer between financial institutions, which are regulated Canadian entities and which may themselves have some requirements to identify the client (although not necessarily all financial institutions will have the same requirements as those set by the Law Society), or between financial entities, which are entities that are headquartered in a country that is a member of the Financial Action Task Force.
59. It needs to be pointed out clearly that there is no guarantee that a “financial entity” as defined by the Law Society of Ontario bylaw will be strategically regulated to counter money laundering, terrorist financing or proliferation financing. There may be an expectation that it will be so regulated, given that it operates in a country that is a member of the Financial Action Task Force (“FATF”), but there are varying degrees of compliance by FATF members and varying degrees of regulation that occur in other countries.
60. Currently FATF has 40 member countries (including Russia, which is currently under suspension) and nine associate members. Even of the FATF members, however, FATF has identified countries that need to work to address strategic deficiencies with their regulatory schemes.
61. It would therefore likely be prudent to provide a more robust definition of “financial entity” to ensure that it bears some greater similarity to a “financial institution,” which is currently very broadly defined and, while likely meant to ensure that the entity is regulated to some degree, the actual degree of regulation is not always guaranteed to be very robust. Again, it is important to note that, even amongst “financial institutions,” the degree of regulation varies.

62. Two final points are noteworthy. One, following the Task Force recommendations, the revised Electronic Funds Transfer exemption (now set out in Rule 3-102 (2)) requires a number of conditions that are taken from the Law Society of Ontario's bylaw. The second is that, following the Task Force recommendation, the exemption applies only to client verification, not to obtaining and recording information about the source of money.

Source of money

63. Recommendation 2 was to amend the CIV Rules to clarify what a lawyer must do when obtaining and recording information about "source of money," with clear reference to the requirements set out in the Fall 2019 Benchers' Bulletin.
64. The proposed amendments accomplish this by parsing out the salient requirements from the Fall 2019 Benchers' Bulletin and listing them in a revised Rule 3-102.

Obligations when ceasing to practise law

65. In recommendation 37, dealing with obligations on ceasing to practise law, the Task Force recommended that "the Rules should exempt lawyers from the reporting requirements on withdrawing from practice where the lawyer can satisfy the Executive Director that arrangements have been made for another lawyer to manage the lawyer's trust account, files and reporting obligations in the lawyer's absence."
66. The recommendation was silent, however, on how long the absence from practice could be before the exemption should no longer apply.
67. When drafting the rule to implement the recommendation, an absence of up to three years has been suggested. This accords with the rules on return to practice, which allow a lawyer an absence of up to three years from practice before any requirements for return to practice are required.

Non-compliance with Part 7

68. Recommendation 34 was that Rules should be added to permit the Executive Director to place conditions on the operation of trust accounts where the Executive Director is satisfied that a lawyer or law firm has not adequately complied with the duties and responsibilities set out in Part 3, Division 7 of the Rules.
69. A rule has been added to implement that recommendation. When drafting it, however, it was considered advisable to include a provision to allow a review of the Executive

Director's decision. The rule proposes the reviewer to be the chair of the Discipline Committee.

Specific Notes

Rule Requiring a General Account

70. Recommendation 8 of the Trust Review Task Force was as follows:

Each lawyer or law firm that provides legal services for a fee is required to operate a general account separate from any personal accounts of the lawyers practising at or through the firm.

71. At its May 14, 2026 meeting, the Executive Committee discussed this recommendation and the rule that had initially been presented to it to implement the recommendation, which stated:

(3) A law firm must not use the general account for any personal or other transactions of any individual or of the law firm that are not related to the law firm's business in relation to the practice of law.

72. The Committee agrees that each firm requires a separate trust account through which to account for its day-to-day general obligations in running a law firm in order to provide legal services.

73. The Committee, however, was concerned, after reading the draft rule presented to it, that it was necessary to impose a regulatory requirement to separate personal accounting of lawyers at the law firm from the general accounts of the law firm.

74. The Committee agreed that such a *practice* may be wise, and that by doing so it would make it easier to review the accounts for auditing purposes. It may even assist law firms to ensure that the general account does not intermingle with the personal accounting of its lawyers. But the Committee also noted that funds in a general account are no longer client funds, and there may be increased accounting expenses for lawyers if there was a requirement that personal and law firm expenses be kept separate in all instances. This could be especially important for sole practitioners or firms of two or three lawyers, in order to remove the likelihood that a what might be interpreted as a personal accounting expenditure charged to the general account of the law firm would not give rise to the risk of disciplinary sanctions.

75. Instead, the Committee concluded that rather than include subrule (3), that subrule should be reformatted as guidance for law firm best practices.
76. The Committee recommends that the Benchers adopt this amendment to Recommendation 8 of the Task Force report (and resolution to that end is proposed at the end of this report). The attached rules reflect this proposed amendment to the Recommendation, and thus do not include a rule that *requires* that a law firm not to use the general account for personal transactions of any individual lawyer not related to the law firm’s business in relation to the practice of law.

Recording transactions

77. Current Rule 3-72 (2) and (3) have been revised significantly.
78. Subrules (1) and (4) of Rule 3-72 have been moved to the rule on recording and maintaining accounting records.
79. More significantly, though, subrules (2) and (3) have been moved to Part 8 of the Rules under Lawyers’ Fees, as the funds referenced in those rules relate to how to record funds received on account of fees.
80. Existing subrule (2) (a) has been maintained, but subrule (c), which referenced what are “true retainers” – that is, money given to a lawyer to retain a lawyer if needed, but even if the lawyer was never needed, the money would belong to the lawyer - has been removed. It seems that this form of retainer is a relic of a distant past.
81. Subrule (2) (b) dealt with fixed fee retainers, and indicated that these fees needed to be recorded in the general account. However, in 2022, the Court of Appeal affirmed a Tribunal Decision that determined that funds received by a lawyer pursuant to fixed or flat fee arrangements for services to be performed are trust funds that must be deposited into a trust account until the services have been performed, unless there is an express agreement with the client. The proposed amended rule (Rule 8-0.1 (2)) follows this decision.⁹

Increasing dollar amounts in various places in the rules

82. In various places in the rules, there are reference to dollar amounts. The Task Force specifically recommended that there be increases to late fees and assessments for

⁹ *Law Society of British Columbia v. Guo*, 2022 BCCA 154

outstanding annual accounting reports, without saying how much the increase should be. In other places, there are references to the amount of money below which a trust shortage need not be reported, or how much of a lawyer's own money can be in a pooled trust account. These numbers have not been changed for almost 30 years.

83. Because no direction was given to how much the late fee or assessment should be increased, the rules have been drafted to account roughly for inflation and nothing else at this time.
84. The current late fee for filing a trust report (now to be called annual accounting report) is \$200. This has been in place for at least 25 years. It is suggested therefore that this increase to this amount to \$325 (see Schedule 1).
85. The current assessment for an outstanding annual accounting report is \$400 per month. This was put in place around 2005 (when the benchers actually decreased the amount from \$50 *per day*). It is suggested this amount be increased to \$600 per month. As recommended by the Task Force, the dollar amount has been removed from the rule and placed into Schedule 1.
86. A trust shortage currently is not reported if it is less than \$2,500. This amount has been in place for at least 30 years. It is suggested that it increase to \$5,000.
87. A lawyer may currently have up to \$300 of the lawyer's own money in a pooled trust account. This amount has been in place for almost 30 years. It is suggested that it increase to \$600.

Implementation

88. With this volume of rule changes and in recognition of the time needed for law firms to be operationally ready to implement the changes, it would be prudent to make them effective January 1, 2027. This will allow the profession some time to familiarize themselves with the new rules and revise their accounting processes. Staff understood, as well, that December 31 is the most common financial year-end for most law firms in the province, so this will allow most law firms to complete their current financial year on the current accounting rules.
89. Staff will be working to produce resources or educational material to tie into the new rules to assist law firms with their implementation.

Decision and Resolutions

90. As noted above, the amended rules were prepared to implement the Trust Review Task Force recommendations that have been approved by the benchers.
91. After reviewing the draft rules, and reviewing the Task Force recommendations, the Executive Committee was concerned that recommendation 8 of the Task Force should be reconsidered and amended (as discussed in paragraphs 71 to 77 above). In order to accomplish that, the Executive Committee recommends the following resolution:

BE IT RESOLVED that the Committee recommend to the Benchers to amend its adoption of Recommendation 8 of the Trust Review Task Force, made on May 31, 2025 by deleting the words “separate from any personal accounts of the lawyers practising at or through the firm” from that recommendation, with the result that the resolution will read that “Each lawyer or law firm that provides legal services for a fee is required to operate a general account.”

92. If the Benchers agree to resolution set out in paragraph 91 above, the Executive Committee recommends the resolution attached as Schedule “F” to this Report be approved.

LAW SOCIETY RULES

RULE 1 – DEFINITIONS

Definitions

1 In these rules, unless the context indicates otherwise:

“anti money-laundering course” means a course of study designated as such and administered by the Society or its agents and includes any assignment, examination or remedial work taken during or after the course of study;

“fiduciary funds” means

- (a) funds, other than trust funds, held by a lawyer as an executor, or as administrator of an estate pursuant to a court order, or as an attorney appointed under a power of attorney, provided that in each case the lawyer’s appointment is derived from a current or previous solicitor-client relationship

but does not include

- (b) any funds that are subject to a power of attorney granted to the lawyer if the lawyer has not taken control of or otherwise dealt with the funds;

“funds” includes current coin, government or bank notes, bills of exchange, cheques, drafts, money, money orders, charge card sales slips, credit slips and electronic transfers;

“general” in relation to accounts, books, records and transactions means those pertaining to general funds;

“general account” means an account required by Rule 3-58;

“general funds” means funds received by a lawyer in relation to the practice of law, but does not include

- (a) trust funds, or
- (b) fiduciary ~~property~~funds;

“lawyer” means a member of the Society;

LAW SOCIETY RULES

“money” includes cash, currency, securities, negotiable instruments or other financial instruments, in any form, that indicate a person’s title or right to or interest in them, and electronic transfer of deposits at financial institutions;

~~“qualified CPA” means a person in public accounting practice who is permitted to perform audit engagements by the Organization of Chartered Professional Accountants of British Columbia~~

“prescribed form” means a form approved by the Executive Director;

“pooled trust account” means a pooled trust account permitted by Rule 3-65;

“Society” means the Law Society of British Columbia continued under section 2 (1) *[Incorporation]*

“separate trust account” means a separate trust account permitted by Rule 3-66;

“suspension” means temporary disqualification from the practice of law;

“trust account ” means a pooled trust account or a separate trust account used by a lawyer or law firm for the handling of client funds in conjunction with the provision of legal services.

“trust funds” means funds directly related to legal services provided by a lawyer or law firm received in trust by the lawyer or law firm acting in that capacity, including funds

- (a) received from a client for services to be performed or for disbursements to be made on behalf of the client, or
- (b) belonging partly to a client and partly to the lawyer or law firm if it is not practicable to split the funds;

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“valuables” means anything of value that can be negotiated or transferred, including but not limited to

- (a) securities,
- (b) bonds,
- (c) treasury bills, and
- (d) personal or real property;

“visiting lawyer” means a member of a governing body who is qualified to practise law in another Canadian jurisdiction.

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PART 2 – MEMBERSHIP AND AUTHORITY TO PRACTISE LAW

Division 1 – Practice of Law

Members

Non-practising members

- 2-3 Subject to Rule 3-85.7 (3) [Disposition of files, trust money funds and other documents and valuables], any member of the Society in good standing may become a non-practising member by
- (a) undertaking in writing to the Executive Director not to engage in the practice of law until released from the undertaking, and
 - (b) paying the application fee specified in Schedule 1 and a prorated annual fee for non-practising members as provided in Schedule 3.
- (2) [rescinded]

Retired members

- 2-4 (1) Subject to Rule 3-85.7 (3) [Disposition of files, trust money funds and other documents and valuables], A member of the Society in good standing who has done one of the following qualifies to become a retired member:
- (a) reached the age of 55 years;
 - (b) been a member of the Society in good standing for 20 of the previous 25 years;
 - (c) engaged in the full-time active practice of law for 20 of the previous 25 years.
- (2) A lawyer who qualifies under subrule (1) may become a retired member by
- (a) undertaking in writing to the Executive Director not to engage in the practice of law until released from the undertaking, and
 - (b) paying the application fee specified in Schedule 1 and the prorated annual fee for retired members as provided in Schedule 3.
- (3) and (4) [rescinded]

Law firms

Registration

- 2-12.2 (1) A law firm ~~that must, within 30 days of commencing or engaging in the practice of law, is engaged in the practice of law on May 1, 2018 or commences or resumes~~

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- ~~engaging in the practice of law after that date must register by delivering to the Executive Director a registration form in the prescribed form within 30 days.~~
- (2) ~~The Executive Director may at any time require a law firm to immediately provide to the Executive Director a current list of all lawyers who are partners, shareholders or other persons who have an ownership interest in the law firm.~~
- (3) A law firm must inform the Executive Director immediately of a change of any information included in the registration form.
- (4) ~~Subject to subrule (5), where a law firm has confirmed to the Executive Director that it has ceased to practise law under Rule 3-85.7 (2) [Disposition of files, trust funds and other documents and valuables], the Executive Director must terminate the registration of the law firm.~~
- (5) ~~The Executive Director must not terminate the registration of a law firm unless satisfied that the law firm has completed the requirements set out in Rule 3-85.7 (2) (a) – (c).~~

Division 3 – Fees and Assessments

Trust administration fee

- 2-110 (1) A ~~lawyer-law firm~~ must pay to the Society the trust administration fee specified in Schedule 1 for each client matter undertaken by the ~~lawyer-law firm or by a lawyer practising through the law firm~~ in connection with which the ~~law firm or~~ lawyer receives in trust funds in an aggregate amount greater than \$10,000.
- (2) Only one trust administration fee is payable in respect of a single client matter in which
- a ~~lawyer-law firm~~ represents joint clients, or
 - more than one lawyer in a law firm acts.
- (3) For each quarter year ending on the last day of March, June, September or December, a ~~lawyer-law firm~~ must remit the following to the Society within 30 days of the end of the quarter year to which they apply:
- trust administration fees that have become payable under subrule (1) during the quarter year;
 - a completed trust administration report in the prescribed form.

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PART 3 – PROTECTION OF THE PUBLIC

Division 3 – Education

Application

3-27 Rule 3-28 [*Practice management course*] applies to a lawyer when

- (a) the lawyer begins practice in a small firm or, while practising in a small firm, becomes a signatory on a trust account, unless the lawyer has done both of the following in a Canadian jurisdiction for a total of 2 years or more in the preceding 5 years:
 - (i) engaged in the practice of law in a small firm;
 - (ii) been a signatory on a trust account, or
- (b) the Practice Standards Committee, by resolution, so orders.

Practice management course

- 3-28 (1) Within 6 months after and not more than 12 months before the date on which this Rule applies to a lawyer, the lawyer must
- (a) successfully complete the practice management course, and
 - (b) certify to the Executive Director in the prescribed form that the lawyer has successfully completed the practice management course.
- (2) A lawyer who is in breach of subrule (1) has failed to meet a minimum standard of practice, and the Executive Director may refer the matter to the Discipline Committee or the chair of the Discipline Committee.

Anti-money laundering education

3-28.01 (1) A practising lawyer must, within 6 months of the first time the lawyer becomes entitled to practise law,

- (a) successfully complete the anti money-laundering course and
- (b) certify to the Executive Director in the prescribed form that the lawyer has completed the courses prescribed under this subrule.

(2) A practising lawyer who is in breach of subrule (1) has failed to meet a minimum standard of practice, and the Executive Director may refer the matter to the Discipline Committee or the chair of the Discipline Committee.

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Division 7 – Accounts and Accounting

Definitions and General

Definitions

3-53 In this division, unless the context indicates otherwise,

“accounting record” means all records required in this division, and includes all related supporting documents as well as billing records required by Part 8;

“cancelled cheque” means a cheque that has been cashed, otherwise negotiated, or is no longer valid;

“cash” means

- (a) coins referred to in section 7 of the *Currency Act* (Canada),
- (b) notes intended for circulation in Canada issued by the Bank of Canada under the *Bank of Canada Act*, and
- (c) coins or bank notes of countries other than Canada;

~~**“cash receipt book”** means the book of duplicate receipts referred to in Rule 3-70 (1) [Records of cash transactions];~~

“client” includes any beneficial owner of funds or valuables received by a lawyer in connection with the lawyer’s practice;

“compliance audit” means an examination of a lawyer’s books, records and accounts and the answering of questions by lawyers ordered under Rule 3-85.3 [Compliance audit of books, records and accounts];

“disbursements” means amounts paid or required to be paid to a third party by a lawyer or law firm on behalf of a client in connection with the provision of legal services to the client by the lawyer or law firm that are to be reimbursed by the client;

“expenses” means costs incurred by a lawyer or law firm in connection with the provision of legal services to a client that are to be reimbursed by the client;

“financial institution” means

- (a) an authorized foreign bank within the meaning of section 2 [Definitions] of the *Bank Act* (Canada) in respect of its business in Canada or a bank to which the *Bank Act* applies,
- (b) a co-operative credit society, savings and credit union or caisse populaire that is regulated by a provincial or territorial Act,

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- (c) an association that is regulated by the *Cooperative Credit Associations Act* (Canada),
- (d) a financial services co-operative that is regulated by *An Act respecting financial services cooperatives*, CQLR, c. C-67.3, or *An Act respecting the Mouvement Desjardins*, SQ 2000, c. 77, other than a caisse populaire,
- (e) a company to which the *Trust and Loan Companies Act* (Canada) applies,
- (f) a trust company or loan company regulated by a provincial or territorial Act,
- (g) a ministry, department or agent of Her Majesty in right of Canada or of a province or territory where the ministry, department or agent accepts deposit liabilities in the course of providing financial services to the public, or
- (h) a subsidiary of a financial institution whose financial statements are consolidated with those of the financial institution;

“**lawyer**” includes a law firm;

“**owner**” means a lawyer who is a sole proprietor, partner, shareholder or other member of a law firm who has an ownership interest in the law firm and includes a former owner.

“**professional fees**” means amounts billed or to be billed to a client for legal services provided or to be provided to the client by the lawyer or law firm;

“**public body**” means

- (a) a ministry, department or agent of Her Majesty in right of Canada or of a province or territory,
- (b) a local public body as defined in paragraphs (a) to (c) of the definition in Schedule 1 to the *Freedom of Information and Protection of Privacy Act*, or a similar body incorporated under the law of another province or territory, or
- (c) a subsidiary of a public body whose financial statements are consolidated with those of the public body.

“**supporting documents**” means all documents not referred to in these Rules that are required to support accounting records, including

- (a) validated deposit receipts,
- (b) periodic bank statements,
- (c) cancelled cheques,
- (d) bank vouchers and similar documents,
- (e) vendor invoices, and
- (f) bills for fees, expenses and disbursements.

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Law Firms

- 3-54 (1) A law firm must designate an owner to
- (a) oversee its accounting obligations under these Rules,
 - (b) file the firm's annual accounting report, and
 - (c) produce the firm's books and records if required for the purpose of a compliance audit.
- (2) A sole practitioner is deemed to be the owner designated under subrule (1) for the purposes of this Part.
- (3) Where the owner designated under subrule (1) fails to comply with any requirement under these Rules, all owners of the firm are deemed responsible for the failure if it is not corrected promptly to the satisfaction of the Executive Director after the designated representative of the law firm required by Rule 2-12.5 [Designated representative] has been notified.

Responsibility for accounting

- 3-55 A law firm must
- (a) account to a client in writing for all funds and valuables, whether held as trust funds or as fiduciary funds, received on a client's behalf;
 - (b) maintain and keep current a list of all trust funds, fiduciary funds, and valuables held in trust for which the law firm is responsible;
 - (c) maintain sufficient funds on deposit in each pooled or separate trust account to meet the law firm's obligations with respect to the funds held in trust for clients; and
 - (d) immediately notify the Executive Director in writing if the law firm's ability to access the funds in any account maintained by the law firm in the course of the law firm's practice of law is removed or otherwise restricted.

Individual responsibility

- 3-56 Despite Rules 3-54 [Law firms] and 3-55 [Responsibility for accounting], a lawyer remains individually and personally responsible to ensure that the duties and responsibilities under this division are carried out with regard to accounting matters relating to the lawyer's delivery of legal services whether or not the lawyer or law firm has delegated, where permitted, any of the duties or responsibilities set out under this division.

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Recording and maintaining accounting records

- 3-57 (1) A law firm's accounting records must be kept current at all times in accordance with these rules.
- (2) A law firm must keep all accounting records for as long as the records apply to money held as trust funds or to valuables held in trust for a client and for at least 10 years from the final accounting transaction or disposition of valuables
- (3) A law firm must keep all accounting records not referred to in subrule (2) for at least 10 years from the date the records were completed.
- (4) A law firm must record all funds received and disbursed in connection with the law firm's practice of law by maintaining the accounting records required under this division.
- (5) A law firm must record all transactions in its accounting records in chronological order and in an easily traceable form.
- (6) A law firm must record each trust or general account transaction promptly, and in any event not more than
- (a) 7 days after a transaction in any trust account, or
 - (b) 30 days after a transaction in the general account.
- (7) As an exception to subrule (6) (a), a law firm must record the receipt of interest on a separate trust account within 30 days of payment or of notice that funds have been credited to the account.
- (8) A law firm must maintain accounting records in
- (a) legibly handwritten form, in ink or other duplicated or permanent form,
 - (b) printed form, or
 - (c) an electronic form maintained in a manner that will allow compliance with Rule 10-3 (2) [Records]

General Account

Requirement for a general account

- 3-58 (1) A law firm must maintain a general account relating to the business and operation of the law firm in the course of its provision of legal services.
- (2) The general account required under subrule (1) must be
- (a) held at a financial institution in the name of the law firm through which the practice of law is carried on, and
 - (b) designated as a "general account" on the records of the financial institution and of the law firm.

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Records for general account

- 3-59 (1) A law firm must maintain a bank journal of all receipts and withdrawals relating to the general account that includes:
- (a) the amount of funds received or withdrawn;
 - (b) the dates that funds were received or authorized for withdrawal;
 - (c) the name of the person from whom the funds were received or to whom they were paid;
 - (d) the payment method of funds received or withdrawn, whether by cash, cheque, bank draft or electronic funds transfer;
 - (e) the cash receipt number, cheque number, bank draft number, or electronic funds transfer number relating to the funds;
 - (f) the client matter number if the receipt or withdrawal of the funds relates to a client;
 - (g) the running balance after each transaction.
- (2) A law firm must maintain an accounts receivable ledger relating to the general account for each client matter that includes:
- (a) all invoices issued to a client;
 - (b) all transfers from the trust account to the general account;
 - (c) all other receipts of funds from or on behalf of a client; and
 - (d) the running balance after each transaction.
- (3) A law firm must maintain all accounting records relating to the reconciliation of the general account required under Rule 3-60 [*Reconciliation of general account*].

Reconciliation of general account

- 3-60 (1) A law firm must prepare a monthly reconciliation of each general account comparing:
- (a) the amount of funds recorded in the account according to the law firm's records as shown in the bank journal;
 - (b) the amount of funds recorded in the account according to the financial institution's records as shown in the bank statement;
- (2) When preparing the reconciliation required by subrule (1), a law firm must identify, explain and eliminate:
- (a) any outstanding deposits.

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- (b) any accounts receivable balances indicating that funds are owed to clients,
- (c) any trust funds held in error in the general account, and
- (d) any other differences or errors.
- (3) A law firm that identifies any trust funds held in error in the general account must immediately transfer the funds into a trust account.
- (4) A law firm must ensure each reconciliation of each general account
 - (a) is prepared no later than 30 days after each month end,
 - (b) is reviewed and signed by the owner designated by the law firm under Rule 3-54 (1) [Law firms], and
 - (c) includes the preparation and review dates.

Trust Accounts

Requirement for trust account

- 3-61 (1) A law firm that handles trust funds in the course of engaging in the practice of law must open one or more trust accounts.
- (2) A trust account must be held in the name of a law firm.
- (3) Trust accounts may be either pooled trust accounts or separate trust accounts.
- (4) A trust account must be designated as a “trust account” on the records of the financial institution and of the law firm.

Trust account only for legal services

- 3-62 (1) Except as permitted by the Act, subrule (2) (a) or (b) or otherwise required by law, a law firm must not permit funds to be deposited to or withdrawn from a trust account unless the funds are directly related to legal services provided by the law firm.
- (2) Despite subrule (1), a law firm may permit the following funds to be deposited to a trust account, provided they arise from activity associated with a lawyer who otherwise practises law through the law firm:
 - (a) fiduciary funds, or
 - (b) funds that are received as a retainer for services as a mediator, arbitrator or parenting co-ordinator
- (3) Despite subrule (1), a law firm may deposit funds to a trust account to comply with Rule 3-71 [Trust shortage].

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- (4) A law firm must take reasonable steps to obtain appropriate instructions and pay out funds held in a trust account as soon as practicable on completion of the services or, in the case of fiduciary funds, the completion of the purposes to which the funds relate.
- (5) Funds deposited to a trust account by a law firm under subrule (2) are subject to all rules pertaining to trust funds as if the funds were received from a client in relation to legal services provided by the law firm.

Trust account to be held in a designated savings institution

- 3-63 (1) A trust account must be held at a British Columbia branch of a financial institution that is a designated savings institution.
- (2) A financial institution is a designated savings institution within the meaning of s. 33 (3) (b) [Trust accounts] and subrule (1) if it has an office in British Columbia accepting demand deposits and is insured by
- (a) the Canada Deposit Insurance Corporation, or
- (b) the Credit Union Deposit Insurance Corporation of British Columbia.
- (3) Despite subrule (2), the Executive Committee may resolve that a financial institution is not or ceases to be a designated savings institution within the meaning of s. 33 (3) (b) [Trust accounts].
- (4) A law firm that holds trust funds in a financial institution that is not or ceases to be a designated savings institution must immediately transfer those funds into a designated savings institution.

Canada Deposit Insurance Corporation

- 3-64 (1) A law firm that holds pooled trust funds in a designated savings institution insured by the Canada Deposit Insurance Corporation must meet the conditions required under the Schedule to the *Canada Deposit Insurance Corporation Act* to ensure that each client's funds, rather than the account itself, are insured up to the limit of Canada Deposit Insurance Corporation insurance.
- (2) When providing information under subrule (1), the law firm must not disclose information that is subject to solicitor-client privilege or confidentiality without the consent of the client.

Pooled trust account

- 3-65 (1) A law firm that receives trust funds for a client in the course of providing legal services must maintain a pooled trust account.

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- (2) The following provisions apply to a pooled trust account:
- (a) the account must be readily available for the law firm to draw on;
 - (b) the law firm must, on a regular basis, receive
 - (i) cancelled cheques, and
 - (ii) bank statements for the account covering all transactions on the account;
 - (c) the terms of the agreement with the designated savings institution at which the account is held must include that the institution agrees to pay interest to the Foundation at least quarterly;
- (3) A law firm must notify the designated savings institution that the account is a trust account containing the funds of more than one client.
- (4) A law firm may maintain in a pooled trust account no more than \$600 of the law firm's own funds.

Separate Trust Account

- 3-66 (1) A law firm may open a separate trust account for the deposit of client trust funds where the client has instructed the law firm, in writing, to do so.
- (2) A separate trust account must be identified by a number that identifies the client on inspection of the lawyer's books and accounts.

Signatories to trust account

- 3-67 (1) Subject to subrule (2), before a lawyer becomes a signatory to a trust account, the lawyer must have completed, to the satisfaction of the Executive Director, all courses prescribed by the Executive Director for the purposes of this rule.
- (2) A lawyer who is a signatory to a trust account on the coming into force of this rule must complete all courses prescribed by the Executive Director for the purposes of this rule within the time designated by the Executive Director.
- (3) A lawyer who is in breach of this rule has failed to meet a minimum standard of financial responsibility, and the Executive Director may refer the matter to the Discipline Committee or the chair of the Discipline Committee.

Where lawyer practises law in other jurisdictions

- 3-68 A practising lawyer who practises law in a jurisdiction other than British Columbia must not deposit trust funds relating to the practice of law in British Columbia into a pooled trust account in the other jurisdiction.

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Trust account records

3-69 (1) A law firm that has opened one or more trust accounts must maintain the following accounting records:

- (a) a bank journal of all receipts and withdrawals for each trust account that includes:
 - (i) the amount of funds received or withdrawn
 - (ii) the dates that funds were received or authorized for withdrawal;
 - (iii) the name of the person from whom the funds were received or to whom they were paid;
 - (iv) the payment method of funds received or withdrawn, whether by cash, cheque, bank draft or electronic funds transfer
 - (v) the cash receipt number, cheque number, bank draft number or electronic funds transfer number relating to the funds;
 - (vi) the client matter number regarding the receipt or withdrawal of the funds;
 - (vii) the running balance after each transaction;
- (b) a trust ledger for each client matter that includes:
 - (i) the client name and file number;
 - (ii) all funds received or withdrawn, including all information itemized under subrule (1) (a);
 - (iii) the name or identifier of each trust account in which trust funds are held;
 - (iv) the running balance after each transaction;
- (c) a transfer journal showing each transfer of funds between client trust ledgers that includes
 - (i) the name and file number of each of the source file and destination file, and
 - (ii) an explanation of the purpose for which each transfer was made, and
- (d) the monthly trust reconciliations required by Rule 3-70 [Reconciliation of trust account].

(2) A law firm must maintain a list of valuables received and delivered in trust for each client, including the undelivered portion of valuables that the law firm continues to hold.

Reconciliation of trust account

3-70 (1) A law firm must prepare for each trust account a monthly reconciliation that compares

- (a) the amount of funds recorded in the account, according to the law firm's records as shown in the bank journal,

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- (b) the amount of funds recorded in the account, according to the designated savings institution's records as shown in the bank statement, and
 - (c) the amount of funds recorded in the law firm's records, as shown in the client trust ledgers.
- (2) The trust reconciliation must be supported by
- (a) a bank reconciliation for each pooled trust account that reconciles the bank journal with the bank statement,
 - (b) a client trust liability listing report that lists the balances held in the trust accounts of each client matter at month end and the last trust activity date pertaining to the client matter,
 - (c) listings of outstanding deposits and outstanding withdrawals,
 - (d) an explanation of any unreconciled differences together with the reasons for the difference and an explanation of the steps taken to correct any differences once identified, and
 - (e) a list of balances for each separate trust account, identifying the client for whom each separate trust account is held.
- (3) A law firm must, when reconciling a trust account, identify and take all appropriate steps to
- (a) eliminate all overdrawn balances on the client trust liability list,
 - (b) eliminate all outstanding deposits and trust shortages,
 - (c) eliminate any other differences or banking errors
 - (d) reverse and reissue all stale-dated cheques, and
 - (e) ensure that trust funds have been paid out of trust to the appropriate persons on the completion of the legal services performed by the law firm.
- (4) A law firm must not permit any errors, shortages or outstanding deposits identified through the reconciliation of any trust account to be carried over to the following month's reconciliation of the account.
- (5) A law firm must ensure each reconciliation of each trust account
- (a) is prepared no later than 30 days after month end,
 - (b) is reviewed and signed by the owner designated by the law firm under Rule 3-54 (1) [Law firms], and
 - (c) includes the preparation and review dates.

Trust shortage

- 3-71 (1) A trust shortage occurs when a law firm fails to maintain sufficient funds in a trust account to meet the law firm's obligations with respect to trust funds held from or on behalf of each and every client and client matter.

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- (2) Without limiting subrule (1), a trust shortage includes, but is not limited to, the following circumstances:
- (a) trust funds have been deposited into an account that is not a trust account;
 - (b) a client trust ledger indicates that more funds have been withdrawn than deposited into trust in relation to the client or client matter;
 - (c) the client trust liability listing indicates that more funds have been withdrawn than deposited into trust;
 - (d) the accounts receivable client ledger indicates that the law firm has received more funds than have been billed on a client matter;
 - (e) a trust deposit remains pending or outstanding at the time the trust funds are withdrawn from trust;
 - (f) service charges, merchant fees, or bank errors cause funds to be withdrawn from trust in error.
- (3) A law firm that discovers a trust shortage must immediately pay enough funds into the trust account to eliminate the shortage.
- (4) A law firm must immediately make a written report to the Executive Director including all relevant facts and circumstances if
- (a) the law firm discovers a trust shortage greater than \$5,000,
 - (b) a cheque from the law firm's trust account is returned by a financial institution, or not negotiated due to non-sufficient funds in the trust account,
 - (c) the law firm's access to or use of a trust account has been suspended or restricted by a designated savings institution, or
 - (d) the law firm is or will be unable pay trust funds when due.

Deposits to Trust Accounts

Deposit of trust funds

- 3-72 As soon as it is practicable to do so, a law firm must
- (a) deposit all trust funds that it receives into a trust account, and
 - (b) where funds are received that belong partly to the client and partly to the law firm, deposit the funds to a trust account and immediately withdraw the law firm's funds from the trust account.

Deposits into trust account by electronic transfer

- 3-73 (1) A law firm must not accept funds into a trust account by means of electronic transfer unless

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- (a) the law firm obtains a confirmation in writing providing details of the transfer from the financial institution or the remitter of the funds within 2 banking days of the deposit, and
 - (b) the deposit confirmation contains sufficient documentation to enable the lawyer to meet the record-keeping requirements under this division.
- (2) Where a law firm receives funds into a trust account by means of electronic transfer contrary to subrule (1), the law firm must immediately contact the designated savings institution at which the account is held and advise it to reject the transfer.

Withdrawals from trust accounts

Withdrawal from trust account

- 3-74 (1) A law firm is only permitted to withdraw funds from a trust account if the withdrawal is authorized by a practising lawyer who has completed the courses prescribed by the Executive Director under Rule 3-67 [Signatories to trust account].
- (2) A law firm must not make a payment from a trust account unless
- (a) trust accounting records are current, and
 - (b) there are sufficient funds held to the credit of the client on whose behalf the funds are to be paid.
- (3) A law firm must not withdraw or authorize a withdrawal of any trust funds unless the funds are
- (a) properly required for the payment to or on behalf of a client or to satisfy a court order,
 - (b) funds of a lawyer permitted to be in the account under Rule 3-65 (4) [Pooled trust account],
 - (c) in the trust account as the result of
 - (i) a mistake, or
 - (ii) a deposit contrary to Rule 3-73 (1) [Deposits into by electronic transfer],
 - (d) paid to a law firm to pay outstanding fees, disbursements or expenses that have been billed provided that the requirements of Rule 8-0.5 [Payment of fees from trust] have been met,
 - (e) transferred between trust accounts,
 - (f) due to the Foundation under section 62 (2) (b) [Interest on trust accounts], or
 - (g) unclaimed trust funds remitted to the Society under Division 8 [Unclaimed trust money]

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- (4) A law firm must not make or authorize the withdrawal of funds from a trust account, except
- (a) by cheque as permitted by subrule (5),
 - (b) by electronic transfer as permitted by Rule 3-76 [Withdrawal from trust account by electronic transfer],
 - (c) by bank draft as permitted by Rule 3-75 [Withdrawal from trust account by bank draft],
 - (d) by instruction to a designated savings institution to pay funds to the Foundation under subrule (3) (f), or
 - (e) in cash if required under Rule 3-80 (4) or (5) [Cash transactions].
- (5) Every trust cheque authorizing the withdrawal of funds from a trust account must
- (a) be marked “Trust,”
 - (b) not be payable to “Cash” or “Bearer,”
 - (c) be signed only by a practising lawyer who has completed the courses prescribed by the Executive Director under Rule 3-67 [Signatories to trust account] who affixes the lawyer’s own signature to the cheque, regardless of the method used to affix the signature, and
 - (d) prior to being signed, include the payee, date of cheque and amount of the cheque.
- (6) A law firm who makes or authorizes the withdrawal of funds from a separate trust account in respect of which cancelled cheques and bank statements are not received from the savings institution monthly and kept in the law firm’s accounting records must first transfer the funds into the law firm’s pooled trust account.

Withdrawal from trust account by bank draft

- 3-75 (1) In this rule, “bank draft requisition” means a requisition in the prescribed form for the withdrawal of funds from trust by bank draft in the prescribed form.
- (2) A law firm may only withdraw funds from a trust account by bank draft where the recipient of the funds consents in writing in advance to receive the funds in the form of a bank draft.
- (3) Where trust funds have been withdrawn from a trust account by bank draft, the law firm must
- (a) use and retain the bank draft requisition to record the transaction,
 - (b) retain the information obtained in subrule (2),
 - (c) retain a copy of the bank draft, and
 - (d) obtain and retain a written receipt from the recipient of the funds.

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Withdrawal from trust account by electronic transfer

- 3-76 (1) In this rule, “electronic transfer requisition” means a requisition in the prescribed form for the electronic transfer of trust funds .
- (2) A law firm may withdraw funds from a trust account by electronic transfer, provided that the electronic funds transfer system used by the law firm
- (a) requires a dual authentication of authorization codes in order for the transfer to be completed, and
 - (b) is a commercial banking platform and does not permit transfers by email or text messages.
- (3) Despite subrule (2) (a), a lawyer who practises law as the only lawyer in a law firm and who has no other staff may transfer funds electronically if the lawyer personally uses
- (a) one password or authorization code to enter data into the electronic funds transfer system describing the details of the transfer, and
 - (b) a different password or authorization code into the electronic funds transfer system authorizing the designated savings institution to carry out the transfers.
- (4) The electronic funds transfer system used by the law firm must produce, no later than the close of the banking day immediately after the day on which the electronic transfer of funds is authorized, a confirmation in writing from the designated savings institution confirming that the data describing the details of the transfer and authorizing the designated savings institution to carry out the transfer were received.
- (5) The confirmation required in subrule (4) must contain all of the following:
- (a) the name of, or an identifier for, the person authorizing the transfer;
 - (b) the amount of the transfer;
 - (c) the trust account name, trust account number and branch name and address of the financial institution from which the funds are transferred;
 - (d) the name of the account, account number and address of the financial institution to which the funds are transferred;
 - (e) the time and date that the data describing the details of the transfer and authorizing the financial institution to carry out the transfer are received by the financial institution;
 - (f) the time and date that the confirmation in writing from the financial institution was sent to the lawyer authorizing the transfer.
- (6) Before any data describing the details of the transfer or authorizing the financial institution to carry out the transfer is entered into the electronic funds transfer

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system, the lawyer must complete and sign an electronic transfer requisition authorizing the transfer.

(7) The data entered into the electronic funds transfer system describing the details of the transfer and authorizing the financial institution to carry out the transfer must be as specified in the electronic transfer requisition.

(8) The law firm must

(a) retain in the law firm's records a copy of

(i) the electronic transfer requisition, and

(ii) the confirmation required in subrule (4).

(b) compare the requisition and confirmation to ensure that the data and other information recorded on each document is the same, and

(c) indicate on the printed copy of the confirmation

(i) the name of the client,

(ii) the subject matter of the file, and

(iii) any file number in respect of which the funds were drawn from the trust account.

Land title transfers

3-77 Despite Rule 3-76 [Withdrawal from trust account by electronic transfer], a law firm may withdraw funds from a trust account by electronic transfer using the electronic filing system of the Land Title and Survey Authority of British Columbia for the purpose of the payment of property transfer tax on behalf of a client, provided that the law firm

(a) retains in the law firm's records a copy of

(i) all electronic payment authorization forms submitted to the electronic filing system,

(ii) the property transfer tax return, and

(iii) the transaction receipt provided by the electronic filing system,

(b) digitally signs the property transfer tax return in accordance with the requirements of the electronic filing system, and

(c) verifies that the funds were drawn from the trust account as specified in the property transfer tax return.

Passwords and authorization codes

3-78 (1) A lawyer must not:

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- (a) disclose to any other person, including another lawyer or employee of the lawyer's law firm, the lawyer's password or authentication code associated with the electronic transfer system; or
 - (b) permit any other person, including another lawyer or employee of the lawyer's law firm, to use the lawyer's password or authorization code to gain access to the electronic funds transfer system.
- (2) Except with regard to s. 168.7 (2) (b) of the *Land Title Act*, where exceptional circumstances exist that would require an accommodation for a lawyer who would otherwise be unable to comply with subrule (1), the Executive Director may exempt the lawyer from subrule (1), with any conditions the Executive Director considers necessary to protect the public interest.

Fiduciary Funds

Fiduciary funds

- 3-79 (1) In addition to any other obligations required by law or equity, this rule applies to lawyers who are responsible for fiduciary funds.
- (2) A lawyer who holds fiduciary funds in a trust account must comply with all rules in this division with respect to the fiduciary funds for which the lawyer is responsible.
- (3) A lawyer who holds fiduciary funds in an account other than a trust account must maintain and produce on demand the following records for any period for which the lawyer is responsible for the fiduciary funds:
- (a) a current list of the fiduciary funds held;
 - (b) all invoices, bank statements, cancelled cheques or images and other records necessary to create a full accounting of the receipt or disbursement of the fiduciary funds;
 - (c) all records required by any legislation governing the lawyer's responsibilities as a fiduciary relating to the fiduciary capacity in which the lawyer is acting.
- (4) The records required under this rule form part of the books, records and accounts of a lawyer, and the lawyer must produce them and permit them to be copied as required under these rules.

Dealing with Cash

Cash transactions

- 3-80 (1) A law firm or a lawyer must not receive or accept cash in an aggregate amount greater than \$7,500 in respect of any one client matter.

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- (2) Despite subrule (1), a law firm may receive or accept cash in connection with the practice of law by the law firm
- (a) from a peace officer, law enforcement agency or other agent of the Crown acting in an official capacity,
 - (b) pursuant to the order of a court or other tribunal for the release to the law firm or the law firm's client of cash that has been seized by a peace officer, law enforcement agency or other agent of the Crown acting in an official capacity,
 - (c) to pay a fine, penalty or bail,
 - (d) from a financial institution or public body, or
 - (e) in respect of a client matter for professional fees, disbursements or expenses or for anticipated professional fees, disbursements or expenses.
- (3) Any cash received or accepted by a law firm under subrule (2) (e) must be no greater than the amount commensurate for reasonably anticipated fees, disbursements or expenses for the matter on which the lawyer is retained.
- (4) A law firm that receives or accepts cash in an aggregate amount greater than \$7,500 under subrule (2) (e) must make any refund out of such funds in cash.
- (5) A law firm that receives cash, unless permitted under this rule to accept it, must
- (a) make no use of the cash,
 - (b) return the cash, or if that is not possible, the same amount in cash, to the payer immediately,
 - (c) make a written report of the details of the transaction to the Executive Director within 7 days of receipt of the cash, and
 - (d) comply with all other rules pertaining to the receipt of trust funds.
- (6) For the purposes of this rule, a law firm that receives or accepts cash in foreign currency is deemed to have received or accepted the cash converted into Canadian dollars based on
- (a) the official conversion rate of the Bank of Canada for that currency as published in the Bank of Canada's Daily Noon Rates in effect at the relevant time, or
 - (b) if no official conversion rate is published as set out in paragraph (a), the conversion rate of the Bank of Canada in effect on the most recent business day.

Cash transaction records

3-81 (1) A law firm that receives any amount of cash for a client matter must issue, and retain a copy of, a receipt to the person from whom the cash was received.

(2) Each receipt issued by a law firm under this rule must

- (a) be signed by

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- (i) the individual designated by the law firm under Rule 3- 54 [Law firms] or by another individual authorized by the law firm,
 - (ii) the person from whom the cash is received, and
- (b) identify each of the following:
 - (i) the date on which cash is received;
 - (ii) the person from whom cash is received;
 - (iii) the amount of cash received;
 - (iv) the name of the client for whom cash is received;
 - (v) the client matter in respect of which cash is received, and
 - (vi) all dates on which the receipt was created or modified.
- (3) A law firm that is required by Rule 3-80 (5) (b) [Cash transactions] to return cash must obtain and record a receipt for the transaction signed on behalf of the law firm and by the person to whom the cash is returned that records and identifies
 - (a) the date on which the cash was returned,
 - (b) the name of the person to whom the cash was returned,
 - (c) the amount of cash returned,
 - (d) the name of the client for whom the cash had initially been received,
 - (e) the client matter in respect of which the cash had been received, and
 - (f) all dates on which the receipt was created or modified.
- (4) A law firm is not in breach of this rule if a receipt is not signed by the person from whom the cash is received if the law firm makes reasonable efforts to obtain the signature of that person.

Reporting

Annual accounting report

- 3-82 (1) A law firm must deliver to the Executive Director, in the prescribed form completed to the satisfaction of the Executive Director and signed by the owner designated under Rule 3-54 [Law firms], an annual accounting report for reporting periods of 12 months.
- (2) A law firm must deliver a completed annual accounting report to the Executive Director within 3 months of the end of each reporting period.
- (3) On a written request made by a law firm before the due date of the annual accounting report, the Executive Director may allow a law firm to submit the required report covering a time other than 12 months.

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- (4) The date on which a law firm ceases to practise law is the end of a reporting period, whether or not it has been less than 12 months since the law firm filed its most recent annual accounting report.
- (5) The owners of the law firm at the time a law firm ceased to practise law are required to ensure that the annual accounting report of the law firm is completed as required.
- (6) Subrule (5) applies to an owner of a law firm at the time the law firm ceased to practise law who has subsequently become a former member of the Society.
- (7) A law firm must list in the annual accounting report the names of all lawyers who have practised at the law firm during any portion of the reporting period.
- (8) A lawyer who is a non-practising or retired member during a portion of a reporting period is required to file an annual accounting report if the lawyer
 - (a) has been named on a trust account, including a dormant or inactive trust account, in British Columbia or in any other jurisdiction that has not been included on an annual accounting report filed by a law firm, and
 - (b) has either
 - (i) received, held or withdrawn funds in a trust account in any capacity, or
 - (ii) received, held or withdrawn fiduciary funds.
- (9) A former lawyer must deliver to the Executive Director an annual accounting report as required under subrule (1) for any period during which the former lawyer was a member of the Society if no other annual accounting report has been delivered that includes the former lawyer's practice of law during a reporting period.

CPA report

- 3-83 (1) The Executive Director may require a law firm, a law firm that has ceased to practise law, a non-practising or retired member, or a former lawyer who is required to deliver an annual accounting report under Rule 3-82 [Annual accounting report] to also deliver a CPA report.
- (2) Where a CPA report is required under subrule (1), it must be completed and signed by a Chartered Professional Accountant licensed by the Chartered Professional Accountants of British Columbia to complete audit or review engagements and who is not otherwise employed or retained by the law firm or former lawyer to prepare any other accounting records required by these rules.
- (3) A CPA report required by the Executive Director forms part of the annual accounting report.
- (4) The CPA report must be in the prescribed form, be completed to the satisfaction of the Executive Director and delivered within the time specified by the Executive Director.

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Non-Compliance

Definitions

3-84 In Rules 3-85 to 3-87.3

“law firm” includes, where the context requires, a non-practising or retired member or a former lawyer who is personally required to file an annual accounting report or a CPA report;

“owner” includes, where the context requires, a non-practising or retired member or a former lawyer who is personally required to file an annual accounting report or a CPA report.

Non-compliance concerning annual accounting report or CPA report

3-85 (1) The annual accounting report, including any required CPA report, of a law firm that has not complied with this division must state the non-compliance with these rules, together with an explanation of the circumstances of the non-compliance and reasons for them.

(2) Where an annual accounting report, including any required CPA report, has not been completed to the satisfaction of the Executive Director, the Executive Director may require the law firm to file an amended report by a date set by the Executive Director.

(3) The Executive Director may, following a review of an annual accounting report or CPA report identifying non-compliance, accept the law firm’s explanation and reasons

(a) without condition, in which case the law firm is deemed to have complied with Rule 3-82 [Annual accounting report], or

(b) subject to the law firm fulfilling accounting conditions specified by the Executive Director, in which case, on fulfillment of those conditions to the satisfaction of the Executive Director, the law firm is deemed to have complied with Rule 3-82 [Annual accounting report].

Late filing of annual accounting report or CPA Report

3-86 (1) In this Rule and in Rules 3-85.2 [Failure to file a CPA report] and 3-85.3 [Compliance audit], “lawyer” includes a former lawyer.

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- (2) Where a law firm fails to deliver an annual accounting report or a CPA report as required, the Executive Director must immediately notify the law firm by delivering notice of the failure to the representative of the law firm designated under Rule 2-12.5 [Designated representative].
- (3) A law firm that fails to deliver an annual accounting report or CPA report by the date required under Rule 3-82 [Annual Accounting report] or 3-85 (2) [Non-compliance concerning annual accounting report or CPA report], or a CPA report by the date required under Rule 3-83 (5) [CPA report], is deemed to have been in compliance with the rules during the period of time that the law firm was late in delivering the report if the law firm delivers the following to the Executive Director within 30 days of the due date:
- (a) all required reports;
 - (b) the late fee specified in Schedule 1.
- (4) Each owner of a law firm that does not deliver a report within 30 days after delivery of the notice required under subrule (2) is liable to pay the assessment specified in Schedule 1 until the report is delivered.
- (5) When there are special circumstances, the Executive Director may, on application in writing by the law firm or an individual owner of the law firm, and in the Executive Director's discretion, waive payment of all or part of an assessment made under this rule either without conditions or on any conditions that the Executive Director considers appropriate.
- (6) An application under subrule (5) may only be made if the required report has been delivered.

Failure to file annual accounting report or CPA report

- 3-87 (1) Subject to subrules (3) and (4), all owners of a law firm that does not deliver a report under Rule 3-82 [Annual Accounting report] or 3-83 [CPA report] for 60 days after it is required are suspended until the report is completed to the satisfaction of the Executive Director and delivered as required.
- (2) A report is not delivered for the purposes of subrule (1) unless all explanations of any non-compliance required by the Executive Director are delivered to the Executive Director.
- (3) Where there are special circumstances, the Executive Director may on application in writing, in the Executive Director's discretion, waive or delay for a specific period of time the suspension of any individual owner of the law firm.
- (4) Where the Executive Director is not prepared to waive or delay the suspension of any individual owner of the law firm, the Executive Director must refer the application to the Chair of the Discipline Committee to confirm the Executive Director's decision, or to allow the application.

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- (5) At least 30 days before a suspension under subrule (1) can take effect, the Executive Director must deliver to each owner of the law firm notice of the following:
- (a) the date on which the suspension will take effect;
 - (b) the reasons for the suspension;
 - (c) the means by which the law firm or any individual owner of the law firm may apply to the Executive Director for an order under subrule (3) and the deadline for making such an application before the suspension is to take effect.
- (6) If the law firm has not delivered an annual accounting report, including any required CPA report, after it is required, the Executive Director may engage or assign a person qualified under 3-83 (2) [CPA report] to complete the required report.
- (7) The chair of the Discipline Committee may order that a law firm pay to the Society all or part of the costs associated with the annual accounting report referred to in subrule (6).
- (8) A law firm that is ordered by the chair of the Discipline Committee, under subrule (7) to pay costs, must pay those costs in full by the date set or extended by the chair.
- (9) If any part of the amount owing under subrule (7) remains unpaid by the date set in Rule 2-105 (2) or (3) [Annual practising and indemnity fee instalments], the owners of the law firm concerned must not engage in the practice of law unless the Benchers order otherwise.

Compliance Audit

- 3-87.1** (1) The Executive Director may at any time order a compliance audit of the books, records and accounts of a law firm for the purpose of determining whether the law firm or a lawyer practising law through the law firm meets standards of financial responsibility established under this Part, including but not limited to the maintenance of all books, records and accounts in accordance with this division.
- (2) When an order is made under subrule (1),
- (a) the Executive Director must notify the law firm of the order, and
 - (b) on notification of the order, the law firm concerned must, by the date specified in the notification and as required by the Executive Director
 - (i) produce to the Executive Director, and permit the copying of all files, books, records, accounting records and any other evidence, and
 - (ii) provide to the Executive Director any explanations required for the purpose of completing the compliance audit.

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Failure to produce records on compliance audit

- 3-87.2** (1) Subject to subrules (2) and (3), where a law firm that is the subject of a compliance audit under Rule 3-87.1 [Compliance audit] has not complied with Rule 3-87.1 (2) (b), its owners are suspended until, to the satisfaction of the Executive Director,
- (a) the law firm has produced and permitted the copying of all books, records, accounting records, material and other evidence required to be produced to conduct the audit;
 - (b) the law firm's records are accurate, reliable, and complete, and
 - (c) the law firm has provided explanations as required under Rule 3-87.1 (2) (b) (ii)
- (2) Where there are special circumstances, the Executive Director may on application, in the Executive Director's discretion, waive or delay for a particular period of time the suspension of any individual owner of the law firm.
- (3) Where the Executive Director is not prepared to waive or delay the suspension of any individual owner of the law firm, the Executive Director must refer the application to the Chair of the Discipline Committee to confirm the Executive Director's decision, or to allow the application.
- (4) At least 7 days before a suspension under this rule can take effect, the Executive Director must deliver to each owner of the law firm notice of the following:
- (a) the date on which the suspension will take effect;
 - (b) the reasons for the suspension;
 - (c) the means by which the law firm or any individual owner of the law firm may apply to the chair of the Discipline Committee for an order under subrule (2) and the deadline for making such an application before the suspension is to take effect.
- (5) Where the material produced at the compliance audit is incomplete, inaccurate, or unreliable, and where the law firm has failed to provide an adequate explanation, the Executive Director may order a follow-up audit.

Costs

- 3-87.3** (1) The Executive Director may order that a law firm or any of its owners pay to the Society all or part of the costs of a follow-up audit ordered under Rule 3-87.1 (4) [Compliance audit], and may set and extend the date for payment.
- (2) A law firm that is, or any of its owners who are, ordered by the Executive Director, under subrule (1), to pay costs must pay those costs in full by the date set or extended by the Executive Director.
- (3) If any part of the amount owing under subrule (1) remains unpaid by the date set in Rule 2-105 (2) or (3) [Annual practising and indemnity fee instalments], all owners

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of the law firm must not engage in the practice of law unless the Benchers order otherwise.

Non-Compliance

Non-compliance with this division

- 3-87.4** (1) Where the Executive Director is satisfied that a law firm has not complied with the requirements set out in this division, the Executive Director may, where it is in the public interest to do so, place conditions on a law firm's operation of a trust account.
- (2) Where the Executive Director acts under subrule (1), the Executive Director must provide the law firm with written reasons for the decision.
- (3) A law firm that is subject to an order under subrule (1) may apply to chair of the Discipline Committee for a review of the Executive Director's decision

Disposition of Practice

Disposition of files, trust funds and other documents and valuables

- 3-87.5** (1) A law firm that intends to cease the practice of law must advise the Executive Director in writing of
- (a) the date on which it intends to cease the practice of law, and
 - (b) its intended disposition of all of the following that relate to the law firm's law practice
 - (i) trust accounts and trust funds;
 - (ii) open and closed files;
 - (iii) wills and wills indices;
 - (iv) titles and other important documents and records;
 - (v) other valuables;
 - (vi) the fiduciary funds held by any lawyer working at the firm on the date of cessation.
- (2) Within 30 days after ceasing to practise law, a law firm must confirm to the Executive Director in writing the date that it ceased to practise law and that
- (a) all trust accounts referred to in subrule (1) (b) (i) have been closed and that
 - (i) all the balances have been
 - (A) remitted to the clients or other persons on whose behalf they were held,
 - (B) transferred to another lawyer with written instructions concerning the conditions attaching to them, or

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- (C) paid to the Society under Rule 3-89 [Payment of unclaimed trust money to the Society], and
- (ii) any net interest earned on a pooled trust account has been remitted to the Foundation in accordance with this division, and,
- (b) the documents and property referred to in subrule (1) (b) (ii) to (vi) have been disposed of, and any way in which the disposition differs from that reported under subrule (1),
- (c) the law firm has notified all clients and other persons for whom any lawyer working at the law firm at the time the law firm ceased to practise law is or may become a personal representative, executor, trustee or other fiduciary regarding the lawyer or former lawyer's withdrawal from practice and any change in the lawyer's membership status.
- (3) If a lawyer who leaves a law firm and who ceases to practise law intends to deal with the documents and property listed in subrule (1) (b) (ii) – (vi) other than by leaving them at the law firm, the lawyer must advise the Executive Director as to how the lawyer has dealt with those documents and property.
- (4) Unless the requirements of subrule (2) (a) – (c) or subrule (3) have been met, a lawyer who practised law at the law firm at the date of its ceasing to practise law or a lawyer to whom subrule (3) applies, is not eligible to be
- (a) a non-practising member under Rule 2-3 [Non practising members] or
- (b) a retired member under Rule 2-4 [Retired members].
- (5) Where a law firm has ceased the practice of law and all the members of the law firm have ceased to be members of the Society, the requirements under subrule (2) must be discharged by those former lawyers.
- (6) Subrules (1) and (2) do not apply to a law firm operated by a sole practitioner who becomes a non-practising member in order to accommodate a leave of absence from the practice of law of no more than three years, provided that the law firm has satisfied the Executive Director that arrangements have been made by the law firm for the handling of its practice and trust accounts during the period that the lawyer will be a non-practising member.
- (7) On written application by a law firm that is subject to subrule (4) or by a lawyer who practised law at the law firm at the date of its ceasing to practise law, the Executive Director may extend the time limit referred to in subrule (1) or (2) or, if in the opinion of the Executive Director it is in the public interest, relieve the lawyer or former lawyer of any of the requirements of those subrules.
- (8) On an enquiry, the Executive Director may disclose information collected under this rule if satisfied that
- (a) the person enquiring has a bona fide reason to obtain the information, and
- (b) disclosure of the information would not be an unreasonable invasion of anyone's privacy.

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Division 8 – Unclaimed Trust MoneyFunds

Definition

3-88 In this division:

“**efforts to locate**” means steps that are reasonable and adequate in all the circumstances, including the amount of money-funds involved;

“**lawyer**” includes a law firm.

Payment of unclaimed trust money-funds to the Society

- 3-89** (1) A lawyer who has held money-funds in trust on behalf of a person whom the lawyer has been unable to locate for 2 years may apply to the Executive Director to pay those funds to the Society under section 34 [*Unclaimed trust money*].
- (2) A lawyer must make the application referred to in subrule (1) in writing containing all of the following information that is available to the lawyer:
- the full name and last known mailing address of each person on whose behalf the lawyer held the moneyfunds;
 - the exact amount to be paid to the Society in respect of each such person;
 - the efforts made by the lawyer to locate each such person;
 - any unfulfilled undertakings given by the lawyer in relation to the moneyfunds;
 - the details of the transaction in respect of which the money-funds were was deposited with the lawyer.
- (3) A lawyer who cannot provide all the information described in subrule (2) must advise the Executive Director of the reasons why the lawyer does not have that information and deliver to the Executive Director copies of all records in the lawyer’s power or possession that relate to the ownership and source of the moneyfunds.
- (4) If the Executive Director is satisfied that the lawyer has made appropriate efforts to locate the owner of the moneyfunds, the Executive Director may accept the money funds under section 34 [*Unclaimed trust money*].
- (5) The Executive Director must account for money-funds received by the Society under subrule (4) separately from the other funds of the Society.

Investigation of claims

- 3-90** (1) A person may make a claim under section 34 [*Unclaimed trust money*] in writing, in the prescribed form by delivering it to the Executive Director.
- (2) A claimant must provide the Executive Director with information and documents that the Executive Director reasonably requires.

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- (3) In order to determine the validity of a claim, the Executive Director may make or authorize inquiries or further investigations that the Executive Director considers desirable.

Adjudication of claims

- 3-91** (1) The Executive Director may
- (a) approve a claim if satisfied that the claim is valid, or
 - (b) refer the claim to the Executive Committee.
- (2) When the Executive Director refers a claim to the Executive Committee, the Committee may, in its discretion
- (a) approve or reject a claim based on the information received under Rule 3-90 [*Investigation of claims*], or
 - (b) order a hearing to determine the validity of a claim.
- (3) If a hearing is ordered, the Executive Director must give the claimant reasonable notice in writing of the date, time and place of the hearing.
- (4) The Executive Director must serve the notice referred to in subrule (3) in accordance with Rule 10-1 [*Service and notice*].
- (5) The Executive Committee must conduct every hearing under this rule in private unless the Committee determines, in the public interest, that a specific individual or the public generally may be present at part or all of the hearing.
- (6) Subject to the Act and these rules, the Executive Committee may determine the practice and procedure to be followed at a hearing.
- (7) The claimant or the Society may call a witness to testify, who
- (a) if competent to do so, must take an oath or make a solemn affirmation before testifying, and
 - (b) is subject to cross-examination.
- (8) Following completion of the evidence, the Executive Committee must invite the claimant and the Society to make submissions on the issues to be decided by the Committee.
- (9) Following the hearing of the evidence and submissions, the Executive Committee must determine whether the claimant is entitled to the ~~money-funds~~ held in trust by the Society.
- (10) If the claim is approved under subrule (1) (a) or (9), the Executive Director must
- (a) calculate the exact amount owing to the claimant,
 - (b) calculate, in accordance with Rule 3-92 [*Calculation of interest*], the interest owing to the claimant on that amount, and
 - (c) pay to the claimant the total of the amounts calculated under paragraphs (a) and (b).

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Calculation of interest

- 3-92** (1) In calculating the interest owing to a claimant under Rule 3-91 [*Adjudication of claims*], the Executive Committee must allow interest, for each 3-month period, at 2% below the prime lending rate of the Society's banker on March 31, June 30, September 30 and December 31 respectively, in each year, with interest to be compounded on June 30 and December 31 in each year.
- (2) Interest calculated under subrule (1) is payable from the first day of the month following receipt of the unclaimed money by the Society, until the last day of the month before payment out by the Society.

Efforts to locate the owner of funds

- 3-93** From time to time, the Executive Director must conduct or authorize efforts to locate the owner of money-funds held under this Part.

Payment to the Law Foundation

- 3-94** Before paying the principal amount received under Rule 3-89 [*Payment of unclaimed trust money-funds to the Society*] to the Foundation under section 34 [*Unclaimed trust money*], the Executive Director must be satisfied that the owner of the money-funds cannot be located following efforts to locate the owner.

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Division 11 – Client Identification and Verification

Definitions

3-98 (1) In this division,

“**client**” includes

- (a) another party that a lawyer’s client represents or on whose behalf the client otherwise acts in relation to obtaining legal services from the lawyer, and
- (b) in Rules 3-102 to 3-105, an individual who instructs the lawyer on behalf of a client in relation to a financial transaction;

“**disbursements**” has the same meaning as in Rule 3-53 [*Definitions*];

“**expenses**” has the same meaning as in Rule 3-53;

“**financial entity**” means a financial entity headquartered and operating in a country that is a member of the Financial Action Task Force on Money Laundering;

“**financial institution**” has the same meaning as in Rule 3-53;

“**financial transaction**” means the receipt, payment or transfer of money on behalf of a client or giving instructions on behalf of a client in respect of the receipt, payment or transfer of money;

“**interjurisdictional lawyer**” means a member of a governing body who is authorized to practise law in another Canadian jurisdiction;

“**lawyer**” includes a law firm;

[definition of “**money**” moved to Rule 1]

“**organization**” means a body corporate, partnership, fund, trust, co-operative or an unincorporated association;

“**professional fees**” has the same meaning as in Rule 3-53;

“**public body**” has the same meaning as in Rule 3-53;

“**reporting issuer**” means an organization that is

- (a) a reporting issuer within the meaning of the securities law of any province or territory of Canada,
- (b) a corporation whose shares are traded on a stock exchange that is prescribed by the *Income Tax Act* (Canada) and operates in a country that is a member of the Financial Action Task Force on Money Laundering, or
- (c) controlled by a reporting issuer;

“**securities dealer**” means an entity that is authorized under federal, provincial or territorial legislation to engage in the business of dealing in securities or any other financial instruments or to provide portfolio management or investment advising services, other than an entity that acts exclusively on behalf of an entity so authorized.

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- (2) In this division, a person controls an organization if the person, directly or indirectly, has the power to elect a majority of the directors or equivalent body of the organization by virtue of
- (a) ownership or direction over voting securities of the organization,
 - (b) being or controlling the general partner of a limited partnership, or
 - (c) being a trustee of or occupying a similar position in the organization.

Personal Responsibility

3-98.1 A lawyer remains individually and personally responsible to ensure that the duties and responsibilities under this division are carried out whether or not the lawyer has delegated to another person, where permitted, any of the duties or responsibilities set out under this division.

Application

3-99 (1) Subject to subrule (2), this division applies to a lawyer who is retained by a client to provide legal services.

(1.01) Where a lawyer holds fiduciary funds, the rules in this division apply as if the person for whom the funds are held is a client of the lawyer.

- (1.1) The requirements of this division are in keeping with a lawyer's obligation to know the lawyer's client, understand the client's financial dealings in relation to the retainer with the client and manage any risks arising from the professional business relationship with the client.
- (2) Rules 3-100 to 3-108 and 3-110 do not apply when a lawyer provides legal services
- (a) on behalf of the lawyer's employer, or
 - (b) in the following circumstances if no financial transaction is involved:
 - (i) as part of a duty counsel program sponsored by a non-profit organization;
 - (ii) in the form of pro bono summary advice.
- (2.1) A lawyer is not required to repeat compliance with Rules 3-100 to 3-106 when another lawyer or an interjurisdictional lawyer who has complied with those rules or the equivalent provisions of a governing body
- (a) engages the lawyer to provide legal services to the client as an agent, or
 - (b) refers a matter to the lawyer for the provision of legal services.
- (3) In this division, the responsibilities of a lawyer may be fulfilled by the lawyer's firm, including members or employees of the firm wherever located.

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Requirement to identify client

- 3-100** (1) A lawyer who is retained by a client to provide legal services must obtain and record, with the applicable date
- (a) [rescinded]
 - (b) for individuals, all of the following information:
 - (i) the client's full name;
 - (ii) the client's home address, home telephone number and occupation;
 - (iii) the address and telephone number of the client's place of work or employment, where applicable, and
 - (c) for organizations, all of the following information:
 - (i) the client's full name, business address and business telephone number;
 - (ii) the name, position and contact information for individuals who give instructions with respect to the matter for which the lawyer is retained;
 - (iii) if the client is an organization other than a financial institution, public body or reporting issuer
 - (A) the general nature of the type of business or activity engaged in by the client, and
 - (B) the organization's incorporation or business identification number and the place of issue of its incorporation or business identification number.
- (2) When a lawyer has obtained and recorded the information concerning the identity of an individual client under subrule (1) (b), the lawyer is not required subsequently to obtain and record that information about the same individual unless the lawyer has reason to believe the information, ~~or the accuracy of it,~~ has changed or become inaccurate.

Exemptions

- 3-101** (1) Rules 3-102 to 3-106 do not apply
- (a) if the client is
 - (i) a financial institution,
 - (ii) a public body,
 - (iii) a reporting issuer, or
 - (iv) an individual who instructs the lawyer on behalf of a client described in subparagraphs (i) to (iii),
 - (b) when a lawyer
 - (i) pays money to or receives money from any of the following acting as a principal:
 - (A) a financial institution;
 - (B) a public body;

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- (C) a reporting issuer,
- (ii) receives money paid from the trust account of another lawyer or an interjurisdictional lawyer,
- (iii) receives money from a peace officer, law enforcement agency or other public official acting in an official capacity, or
- (iv) pays or receives money
 - (A) [rescinded]
 - (B) to pay a fine, penalty or bail, or
 - (C) [rescinded]
 - (D) for professional fees, disbursements or expenses.

(2) Where money is paid, received or transferred by electronic funds transfer between financial institutions or financial entities, a lawyer is exempt from the requirements relating to the verification of the identity of the client in Rules 3-102 to 3-106, provided the transmission record contains

- (a) a reference number,
- (b) the date of the transfer of the money,
- (c) the currency of the money transferred,
- (d) the amount of money transferred,
- (e) a reference number,
- (f) the date of the transfer, and
- (g) the names of the sending and receiving account holders and the sending and receiving financial institutions or financial entities.

(3) Where subrule (2) applies, a lawyer remains obligated to make and record the enquiries and information regarding the source of money set out in Rule 3-102 (1) (a).

Requirement to verify client identity and obtain information on source of money

3-102 (1) When a lawyer provides legal services in respect of a financial transaction, the lawyer must

- (a) obtain from the client and record, with the applicable date, the following information about the source of money:
 - (i) the payer's full name, occupation and contact information;
 - (ii) the relationship of the payer to the client;
 - (iii) the date on which the money was received by the lawyer from the payer;
 - (iv) the economic activity or action that generated the money;

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- (v) the form in which the money was received by the lawyer;
- (vi) the full name and address of all financial institutions or other entities through which the payer processed or transmitted the money to the lawyer;
- (vii) any other information relevant to determining the source of money, and

(b) verify the identity of the client using documents or information described in subrule (2).

(2) For the purposes of subrule (1), the client's identity must be verified by means of the following documents and information, provided ~~that the~~ documents are valid, authentic and current and information is valid and current:

- (a) if the client is an individual
 - (i) an identification document issued by the government of Canada, a province or territory or a foreign government, other than a municipal government, that
 - (A) contains the individual's name and photograph, and
 - (B) is used in the presence of the individual to verify that the name and photograph are those of the individual,
 - (ii) information in the individual's credit file that is used to verify that the name, address and date of birth in the credit file are those of the individual, if that file is located in Canada and has been in existence for at least three years, or
 - (iii) any two of the following obtained by the lawyer from a reliable source:
 - (A) information that contains the individual's name and address that is used to verify that the name and address are of those of the individual;
 - (B) information that contains the individual's name and date of birth that is used to verify that the name and date of birth are those of the individual;
 - (C) information that contains the individual's name and confirms that the individual has a deposit account or a credit card or other loan amount with a financial institution that is used to verify that information;
- (b) if the client is an organization such as a corporation or society that is created or registered pursuant to legislative authority, a written confirmation obtained by the lawyer from a government registry as to the existence, name and address of the organization, including the names of its directors where applicable, such as
 - (i) a certificate of corporate status issued by a public body,
 - (ii) a copy obtained from a public body of a record that the organization is required to file annually under applicable legislation, or

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- (iii) a copy of a similar record obtained from a public body that confirms the organization's existence;
 - (c) if the client is an organization that is not registered in any government registry, such as a trust or partnership, a copy of the organization's constating documents, such as a trust or partnership agreement, articles of association, or any other similar record that confirms its existence as an organization.
- (2.1) For the purposes of subrule (2) (a) (i), an electronic image of a document issued by the government of Canada, a province or a territory or a foreign government, other than a municipal government, may be treated as authentic, provided the lawyer has used reliable technology to confirm that the identification document is genuine, and has confirmed that the name and photograph are those of the individual in the identification document.
- (3) and (3.1) [rescinded]
- (4) For the purposes of subrule (2) (a) (iii)
 - (a) the information referred to must be from different sources, and
 - (b) the individual, the lawyer or an agent is not a source.
 - (5) To verify the identity of an individual who is under 12 years of age, the lawyer must verify the identity of a parent or guardian of the individual.
 - (6) To verify the identity of an individual who is 12 years of age or over but less than 15 years of age, the lawyer may refer to information referred to in subrule (2) (a) (iii) (A) that contains the name and address of a parent or guardian of the individual and verifying that the address is that of the individual.

Requirement to identify directors, shareholders and owners

- 3-103** (1) When a lawyer provides legal services in respect of a financial transaction for a client that is an organization referred to in Rule 3-102 (2) (b) or (c) [*Requirement to verify client identity and obtain information on source of money*], the lawyer must
- (a) obtain and record, with the applicable date, the names of all directors of the organization, other than an organization that is a securities dealer, and
 - (b) make reasonable efforts to obtain and, if obtained, record with the applicable date
 - (i) the names and addresses of all persons who own, directly or indirectly, 25 per cent or more of the organization or of the shares of the organization,
 - (ii) the names and addresses of all trustees and all known beneficiaries and settlors of the trust, and
 - (iii) information identifying the ownership, control and structure of the organization.

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- (2) A lawyer must take reasonable measures to confirm the accuracy of information obtained under this rule.
- (3) A lawyer must keep a record, with the applicable dates, of the following:
 - (a) all efforts made under subrule (1) (b);
 - (b) all measures taken to confirm the accuracy of information obtained under this rule.
- (4) If a lawyer is not able to obtain the information referred to in subrule (1) or to confirm the accuracy of that information in accordance with subrule (2), the lawyer must
 - (a) take reasonable measures to ascertain the identity of the most senior managing officer of the organization,
 - (b) determine whether the following are consistent with the purpose of the retainer and the information obtained about the client as required by this rule:
 - (i) the client's information in respect of its activities;
 - (ii) the client's information in respect of the source of the money to be used in the financial transaction;
 - (iii) the client's instructions in respect of the transaction,
 - (c) assess whether there is a risk that the lawyer may be assisting in or encouraging fraud or other illegal conduct, and
 - (d) keep a record, with the applicable date, of the results of the determination and assessment under paragraphs (b) and (c).

Use of an agent for client verification

- 3-104** (1) A lawyer may retain an agent to obtain the information required under Rule 3-102 [*Requirement to verify client identity and obtain information on source of money*], provided the lawyer and the agent have an agreement or arrangement in writing for this purpose in compliance with this rule.
- (2) to (5) [rescinded]
- (6) A lawyer must not rely on information obtained by an agent under this rule unless the lawyer
 - (a) obtains from the agent all of the information obtained by the agent under that agreement or arrangement, and
 - (b) is satisfied that the information is valid and current and that the agent verified identity in accordance with Rule 3-102 [*Requirement to verify client identity and obtain information on source of money*].
- (7) A lawyer may rely on an agent's previous verification of an individual client if the agent was, at the time of the verification

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- (a) acting in the agent's own capacity, whether or not the agent was acting under this rule, or
- (b) acting as an agent under an agreement or arrangement in writing entered into with another lawyer required under this division to verify the identity of a client.

Timing of verification for individuals

- 3-105** (1) At the time that a lawyer provides legal services in respect of a financial transaction, the lawyer must verify the identity of a client who is an individual.
- (2) When a lawyer has verified the identity of an individual, the lawyer is not required subsequently to verify that same identity unless the lawyer has reason to believe the information, ~~or the accuracy of it,~~ has changed or become inaccurate.

Timing of verification for organizations

- 3-106** (1) A lawyer who provides legal services in respect of a financial transaction must verify the identity of a client that is an organization promptly and, in any event, within 30 days.
- (2) When a lawyer has verified the identity of a client that is an organization and obtained and recorded information under Rule 3-103 [*Requirement to identify directors, shareholders and owners*], the lawyer is not required subsequently to verify that identity or obtain and record that information, unless the lawyer has reason to believe that the information, ~~or the accuracy of it,~~ has changed or become inaccurate.

Record keeping and retention

- 3-107** (1) A lawyer must obtain and retain a copy of every document used to verify the identity of any individual or organization or to obtain information about the source of any money for the purposes of Rule 3-102 (1) [*Requirement to verify client identity and obtain information on source of money*].
- (2) The documents referred to in subrule (1) may be kept in a machine-readable or electronic form, if a paper copy can be readily produced from it.
- (3) A lawyer must retain a record of the information, with applicable dates, and any documents obtained or produced for the purposes of
- (a) Rule 3-100 [*Requirement to identify client*],
 - (b) Rule 3-103 [*Requirement to identify directors, shareholders and owners*],
 - (c) Rule 3-102 [*Requirement to verify client identity and obtain information on source of money*],
 - (d) Rule 3-104 [*Use of an agent for client verification*], or
 - (e) Rule 3-110 [*Monitoring*].

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- (4) The lawyer must retain information and documents referred to in subrule (3) for the longer of
- (a) the duration of the lawyer and client relationship and for as long as is necessary for the purpose of providing services to the client, and
 - (b) a period of at least 6 years following completion of the work for which the lawyer was retained.

Existing matters

3-108 Rules 3-99 to 3-107 do not apply to matters for which a lawyer was retained before December 31, 2008, but they do apply to all matters for which the lawyer is retained after that time, regardless of whether the client is a new or existing client.

Criminal activity, duty to withdraw

- 3-109** (1) If, in the course of obtaining the information and taking the steps required in Rule 3-100 [*Requirement to identify client*], 3-102 (2) [*Requirement to verify client identity and obtain information on source of money*], 3-103 [*Requirement to identify directors, shareholders and owners*] or 3-110 [*Monitoring*], or at any other time while retained by a client, a lawyer knows or ought to know that the lawyer is or would be assisting a client in fraud or other illegal conduct, the lawyer must withdraw from representation of the client.
- (2) This rule applies to all matters for which a lawyer is retained before or after this division comes into force.

Monitoring

- 3-110** (1) While retained by a client in respect of a financial transaction, a lawyer must monitor on a periodic basis the professional business relationship with the client for the purposes of
- (a) determining whether the following are consistent with the purpose of the retainer and the information obtained about the client under this division:
 - (i) the client's information in respect of their activities;
 - (ii) the client's information in respect of the source of the money used in the financial transaction;
 - (iii) the client's instructions in respect of transactions, and
 - (b) assessing whether there is a risk that the lawyer may be assisting in or encouraging dishonesty, fraud, crime or other illegal conduct.
- (2) A lawyer must keep a record, with the applicable date, of the measures taken and the information obtained under subrule (1) (a).

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PART 8 – LAWYERS’ FEES

Recording funds received on fees, expenses and disbursements

- 8-0.1 (1) A law firm must record in its general account records all funds received by the law firm expressly on account of fees earned and billed or incurred as expenses or disbursements.
- (2) A law firm must record in its trust account records all funds subject to a retainer of a fixed fee agreement for professional fees with the client until the point in time that the fees have been earned.
- (3) A law firm that has provided the services relating to funds recorded under subrule (2) must promptly deliver a bill containing sufficient particulars to identify the services performed and the fees, disbursements and expenses incurred.

Billing

- 8-0.2 A bill required by section 69 [Lawyer’s bill] must be delivered to a client by,
- (a) delivering it personally to the client,
 - (b) mailing it to the client’s last known address,
 - (c) transmitting it by electronic facsimile to the client at the client’s last known electronic facsimile number,
 - (d) transmitting it by electronic mail to the client at the client’s last known electronic mail address, or
 - (e) made available to the client by other means agreed to in writing by the client.
- (2) ~~As an exception to subrule (1), a lawyer need not deliver a bill if the client instructs the lawyer otherwise in writing.~~

Billing records

- 8-0.3 (1) A law firm must keep file copies of all bills delivered to clients or persons charged
- (a) showing the amounts and the dates charges are made,
 - (b) indicating all dates on which the bill was created or modified,
 - (c) identifying the client or person charged, and
 - (d) filed in chronological, alphabetical or numerical order.
- (2) The records required by this Rule form part of the books, records and accounts of a law firm.

Billing of disbursements

- 8-0.4 A law firm must not bill for disbursements or expenses before they have been incurred.

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Payment of fees from trust

- 8-0.5 (1) A law firm that withdraws or authorizes the withdrawal of trust funds for payment of professional fees, expenses or disbursement relating to the provision of legal services must
- (a) prior to the withdrawal or authorization of the withdrawal, deliver a bill to the client in accordance with Rule 8-0.2 [Billing]
 - (b) transfer the funds to the law firm's general account before distribution to any persons.
- (2) A lawyer must not take fees from trust funds when the lawyer knows that the client disputes the right of the lawyer to receive payment from trust funds, unless
- (a) the client has agreed that the lawyer may take funds from trust to satisfy the lawyer's account and the client has acknowledged that agreement in writing or the lawyer has confirmed the client's agreement in a letter delivered to the client,
 - (b) a bill has been delivered under subrule (1),
 - (c) the lawyer has given the client written notice that the fees will be taken from trust unless, within one month, the client commences a fee review under section 70 [Review of a lawyer's bill] or an action disputing the lawyer's right to the funds, and
 - (d) the client has not commenced a fee review under section 70 or an action at least one month after written notice is given under paragraph (c).
- (3) Despite subrule (2), if a lawyer knows that the client disputes a part of the lawyer's account, the lawyer may take from trust funds fees that are not disputed.
- (4) A lawyer must not take fees from trust funds impressed with a specific purpose, if the object of the trust has not been fulfilled, without the express consent of the client or another person authorized to give direction on the application of the trust funds.

Lawyer's right to claim funds

- 8-0.6 Nothing in these Rules deprives a lawyer of any recourse or right, whether by way of lien, set-off, counterclaim, charge or otherwise, against
- (a) funds standing to the credit of a client in a trust account, or
 - (b) valuables held for a client.

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Reasonable remuneration

- 8-1** (1) A lawyer who enters into a contingent fee agreement with a client must ensure that, under the circumstances existing at the time the agreement is entered into,
- (a) the agreement is fair, and
 - (b) the lawyer's remuneration provided for in the agreement is reasonable.
- (2) A lawyer who prepares a bill for fees earned under a contingent fee agreement must ensure that the total fee payable by the client
- (a) does not exceed the remuneration provided for in the agreement, and
 - (b) is reasonable under the circumstances existing at the time the bill is prepared.

Maximum remuneration in personal injury actions

- 8-2** (1) Subject to the court's approval of higher remuneration under section 66 (7) [*Contingent fee agreement*], the maximum remuneration to which a lawyer is entitled under a contingent fee agreement for representing a plaintiff up to and including all matters pertaining to the trial of an action is as follows:
- (a) in a claim for personal injury or wrongful death arising out of the use or operation of a motor vehicle, 33 1/3% of the amount recovered;
 - (b) in any other claim for personal injury or wrongful death, 40% of the amount recovered.
- (2) Despite subrule (1), a contingent fee agreement may provide that the lawyer may elect to forego any remuneration based on a proportion of the amount recovered and receive instead an amount equal to any costs awarded to the client by order of a court.
- (3) This rule does not prevent a lawyer and client from making a separate agreement for payment beyond the amount specified in subrule (1) to compensate the lawyer for representing the client in an appeal from a trial judgment pronounced in the proceeding for which the lawyer was retained.

Form and content of contingent fee agreements

- 8-3** A contingent fee agreement must
- (a) be in writing,
 - (b) state that the person who entered into the agreement with the lawyer may, within 3 months after the agreement was made or the retainer between the solicitor and client was terminated by either party, apply to a district registrar of the Supreme Court of British Columbia to have the agreement examined, even if the person has made payment to the lawyer under the agreement, and
 - (c) not include a provision that
 - (i) the lawyer is not liable for negligence or is relieved from any responsibility to which a lawyer would otherwise be subject,

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- (ii) the claim or cause of action that is the subject matter of the agreement cannot be abandoned, discontinued or settled without the consent of the lawyer, a law firm or a law corporation, or
- (iii) the client may not change lawyers before the conclusion of the claim or cause of action that is the subject matter of the agreement.

Statement of rules in contingent fee agreements

- 8-4** (1) A contingent fee agreement between a lawyer and a plaintiff in a claim for personal injury or wrongful death arising out of the use or operation of a motor vehicle must include the following statement, prominently placed:

Under the Rules of the Law Society of British Columbia, without court approval, a lawyer may charge a maximum of 33 1/3% of the total amount recovered in a claim for personal injury or wrongful death arising out of the use of a motor vehicle.

The percentage limit applies to all matters related to the trial of a lawsuit, but does not include any appeal. A lawyer and a client may make a separate agreement for legal fees for an appeal.

Fees charged by different lawyers vary.

- (2) A contingent fee agreement between a lawyer and a plaintiff in a claim for personal injury or wrongful death not affected by subrule (1) must include the following statement, prominently placed:

Under the Rules of the Law Society of British Columbia, without court approval, a lawyer may charge a maximum of 40% of the total amount recovered in a claim for personal injury or wrongful death.

The percentage limit applies to all matters related to the trial of a lawsuit, but does not include any appeal. A lawyer and a client may make a separate agreement for legal fees for an appeal.

Fees charged by different lawyers vary.

- (3) If a contingent fee agreement includes a provision permitted under Rule 8-2 (2) [*Maximum remuneration in personal injury actions*], the statement required under subrule (1) or (2) must include the following:

The Law Society Rules allow a lawyer and client to agree that the lawyer may choose to charge the amount of costs awarded instead of a percentage of the amount recovered.

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SCHEDULE 1 – 2026 LAW SOCIETY FEES AND ASSESSMENTS

L. Late fees <u>and assessments</u>	\$
1. Trust report late filing fee (<u>Rule 3-86 (3) (b) [Late filing of <i>annual accounting report or CPA report</i>]</u> trust report)	200.00
.....	325.00
<u>1.1 Assessment for each month a trust report has not been filed (Rule 3-6 (4) [Late filing of <i>annual accounting report or CPA report</i>])</u>	<u>600.00</u>
2. Professional development late completion fee (Rule 3-31 (1) (c) [<i>Late completion of professional development</i>])	500.00
3. Professional development late reporting fee (Rule 3-31 (3) (b))	200.00
4. Late registration delivery fee (Rule 2-12.4)	200.00
5. Late self-assessment delivery fee (Rule 2-12.4)	500.00
6. Indigenous intercultural course late completion fee (Rule 3-28.11 (1) (c) [<i>Late completion of Indigenous intercultural course</i>])	500.00
7. Indigenous intercultural course late reporting fee (Rule 3-28.11 (2) (b))	200.00
 M. Multi-disciplinary practice fees	
1. Application fee (Rule 2-40 (1) (b) [<i>Application to practise law in MDP</i>]).....	300.00
2. Application fee per proposed non-lawyer member of MDP (Rules 2-40 (1) (c) and 2-42 (2) [<i>Changes in MDP</i>]).....	1,125.00

Note: The federal goods and services tax applies to Law Society fees and assessments.

LAW SOCIETY RULES

RULE 1 – DEFINITIONS

Definitions

1 In these rules, unless the context indicates otherwise:

“**anti money-laundering course**” means a course of study designated as such and administered by the Society or its agents and includes any assignment, examination or remedial work taken during or after the course of study;

“**fiduciary funds**” means

(a) funds, other than trust funds, held by a lawyer as an executor, or as administrator of an estate pursuant to a court order, or as an attorney appointed under a power of attorney, provided that in each case the lawyer’s appointment is derived from a current or previous solicitor-client relationship

but does not include

(b) any funds that are subject to a power of attorney granted to the lawyer if the lawyer has not taken control of or otherwise dealt with the funds;

“**funds**” includes current coin, government or bank notes, bills of exchange, cheques, drafts, money, money orders, charge card sales slips, credit slips and electronic transfers;

“**general**” in relation to accounts, books, records and transactions means those pertaining to general funds;

“**general account**” means an account required by Rule 3-58;

“**general funds**” means funds received by a lawyer in relation to the practice of law, but does not include

(a) trust funds, or

(b) fiduciary funds;

“**lawyer**” means a member of the Society;

“**money**” includes cash, currency, securities, negotiable instruments or other financial instruments, in any form, that indicate a person’s title or right to or interest in them, and electronic transfer of deposits at financial institutions;

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“**prescribed form**” means a form approved by the Executive Director;

“**pooled trust account**” means a pooled trust account permitted by Rule 3-65;

“**Society**” means the Law Society of British Columbia continued under section 2 (1)
[Incorporation]

“**separate trust account**” means a separate trust account permitted by Rule 3-66;

“**suspension**” means temporary disqualification from the practice of law;

“**trust account**” means a pooled trust account or a separate trust account used by a lawyer or law firm for the handling of client funds in conjunction with the provision of legal services.

“**trust funds**” means funds directly related to legal services provided by a lawyer or law firm received in trust by the lawyer or law firm acting in that capacity, including funds

- (a) received from a client for services to be performed or for disbursements to be made on behalf of the client, or
- (b) belonging partly to a client and partly to the lawyer or law firm if it is not practicable to split the funds;

“**valuables**” means anything of value that can be negotiated or transferred, including but not limited to

- (a) securities,
- (b) bonds,
- (c) treasury bills, and
- (d) personal or real property;

LAW SOCIETY RULES

“**visiting lawyer**” means a member of a governing body who is qualified to practise law in another Canadian jurisdiction.

LAW SOCIETY RULES

PART 2 – MEMBERSHIP AND AUTHORITY TO PRACTISE LAW

Division 1 – Practice of Law

Members

Non-practising members

2-3 Subject to Rule 3-85.7 (3) [*Disposition of files, trust money funds and other documents and valuables*], any member of the Society in good standing may become a non-practising member by

- (a) undertaking in writing to the Executive Director not to engage in the practice of law until released from the undertaking, and
- (b) paying the application fee specified in Schedule 1 and a prorated annual fee for non-practising members as provided in Schedule 3.

(2) [rescinded]

Retired members

2-4 (1) Subject to Rule 3-85.7 (3) [*Disposition of files, trust money funds and other documents and valuables*], a member of the Society in good standing who has done one of the following qualifies to become a retired member:

- (a) reached the age of 55 years;
- (b) been a member of the Society in good standing for 20 of the previous 25 years;
- (c) engaged in the full-time active practice of law for 20 of the previous 25 years.

(2) A lawyer who qualifies under subrule (1) may become a retired member by

- (a) undertaking in writing to the Executive Director not to engage in the practice of law until released from the undertaking, and
- (b) paying the application fee specified in Schedule 1 and the prorated annual fee for retired members as provided in Schedule 3.

(3) and (4) [rescinded]

Law firms

Registration

2-12.2 (1) A law firm must, within 30 days of commencing or engaging in the practice of law, register by delivering to the Executive Director a registration form in the prescribed form r.

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- (2) The Executive Director may at any time require a law firm to immediately provide to the Executive Director a current list of all lawyers who are partners, shareholders or other persons who have an ownership interest in the law firm.
- (3) A law firm must inform the Executive Director immediately of a change of any information included in the registration form.
- (4) Subject to subrule (5), where a law firm has confirmed to the Executive Director that it has ceased to practise law under Rule 3-85.7 (2) [*Disposition of files, trust funds and other documents and valuables*], the Executive Director must terminate the registration of the law firm.
- (5) The Executive Director must not terminate the registration of a law firm unless satisfied that the law firm has completed the requirements set out in Rule 3-85.7 (2) (a) – (c).

Division 3 – Fees and Assessments

Trust administration fee

- 2-110** (1) A law firm must pay to the Society the trust administration fee specified in Schedule 1 for each client matter undertaken by the law firm or by a lawyer practising through the law firm in connection with which the law firm or lawyer receives in trust funds in an aggregate amount greater than \$10,000.
- (2) Only one trust administration fee is payable in respect of a single client matter in which
- (a) a law firm represents joint clients, or
 - (b) more than one lawyer in a law firm acts.
- (3) For each quarter year ending on the last day of March, June, September or December, a law firm must remit the following to the Society within 30 days of the end of the quarter year to which they apply:
- (a) trust administration fees that have become payable under subrule (1) during the quarter year;
 - (b) a completed trust administration report in the prescribed form.

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PART 3 – PROTECTION OF THE PUBLIC

Division 3 – Education

Application

3-27 Rule 3-28 [*Practice management course*] applies to a lawyer when

- (a) the lawyer begins practice in a small firm or, while practising in a small firm, becomes a signatory on a trust account, unless the lawyer has done both of the following in a Canadian jurisdiction for a total of 2 years or more in the preceding 5 years:
 - (i) engaged in the practice of law in a small firm;
 - (ii) been a signatory on a trust account, or
- (b) the Practice Standards Committee, by resolution, so orders.

Practice management course

- 3-28** (1) Within 6 months after and not more than 12 months before the date on which this Rule applies to a lawyer, the lawyer must
- (a) successfully complete the practice management course, and
 - (b) certify to the Executive Director in the prescribed form that the lawyer has successfully completed the practice management course.
- (2) A lawyer who is in breach of subrule (1) has failed to meet a minimum standard of practice, and the Executive Director may refer the matter to the Discipline Committee or the chair of the Discipline Committee.

Anti-money laundering education

- 3-28.01** (1) A practising lawyer must, within 6 months of the first time the lawyer becomes entitled to practise law,
- (a) successfully complete the anti money-laundering course and
 - (b) certify to the Executive Director in the prescribed form that the lawyer has completed the courses prescribed under this subrule.
- (2) A practising lawyer who is in breach of subrule (1) has failed to meet a minimum standard of practice, and the Executive Director may refer the matter to the Discipline Committee or the chair of the Discipline Committee.

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Division 7 – Accounts and Accounting

Definitions and General

Definitions

3-53 In this division, unless the context indicates otherwise,

“**accounting record**” means all records required in this division, and includes all related supporting documents as well as billing records required by Part 8;

“**cancelled cheque**” means a cheque that has been cashed, otherwise negotiated, or is no longer valid;

“**cash**” means

- (a) coins referred to in section 7 of the *Currency Act* (Canada),
- (b) notes intended for circulation in Canada issued by the Bank of Canada under the *Bank of Canada Act*, and
- (c) coins or bank notes of countries other than Canada;

“**client**” includes any beneficial owner of funds or valuables received by a lawyer in connection with the lawyer’s practice;

“**compliance audit**” means an examination of a lawyer’s books, records and accounts and the answering of questions by lawyers ordered under Rule 3-85.3 [*Compliance audit*];

“**disbursements**” means amounts paid or required to be paid to a third party by a lawyer or law firm on behalf of a client in connection with the provision of legal services to the client by the lawyer or law firm that are to be reimbursed by the client;

“**expenses**” means costs incurred by a lawyer or law firm in connection with the provision of legal services to a client that are to be reimbursed by the client;

“**financial institution**” means

- (a) an authorized foreign bank within the meaning of section 2 [*Definitions*] of the *Bank Act* (Canada) in respect of its business in Canada or a bank to which the *Bank Act* applies,
- (b) a co-operative credit society, savings and credit union or caisse populaire that is regulated by a provincial or territorial Act,
- (c) an association that is regulated by the *Cooperative Credit Associations Act* (Canada),

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- (d) a financial services co-operative that is regulated by *An Act respecting financial services cooperatives*, CQLR, c. C-67.3, or *An Act respecting the Mouvement Desjardins*, SQ 2000, c. 77, other than a caisse populaire,
- (e) a company to which the *Trust and Loan Companies Act* (Canada) applies,
- (f) a trust company or loan company regulated by a provincial or territorial Act,
- (g) a ministry, department or agent of Her Majesty in right of Canada or of a province or territory where the ministry, department or agent accepts deposit liabilities in the course of providing financial services to the public, or
- (h) a subsidiary of a financial institution whose financial statements are consolidated with those of the financial institution;

“lawyer” includes a law firm;

“owner” means a lawyer who is a sole proprietor, partner, shareholder or other member of a law firm who has an ownership interest in the law firm and includes a former owner.

“professional fees” means amounts billed or to be billed to a client for legal services provided or to be provided to the client by the lawyer or law firm;

“public body” means

- (a) a ministry, department or agent of Her Majesty in right of Canada or of a province or territory,
- (b) a local public body as defined in paragraphs (a) to (c) of the definition in Schedule 1 to the *Freedom of Information and Protection of Privacy Act*, or a similar body incorporated under the law of another province or territory, or
- (c) a subsidiary of a public body whose financial statements are consolidated with those of the public body.

“supporting documents” means all documents not referred to in these Rules that are required to support accounting records, including

- (a) validated deposit receipts,
- (b) periodic bank statements,
- (c) cancelled cheques,
- (d) bank vouchers and similar documents,
- (e) vendor invoices, and
- (f) bills for fees, expenses and disbursements.

Law Firms

- 3-54 (1) A law firm must designate an owner to

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- (a) oversee its accounting obligations under these Rules,
 - (b) file the firm's annual accounting report, and
 - (c) produce the firm's books and records if required for the purpose of a compliance audit.
- (2) A sole practitioner is deemed to be the owner designated under subrule (1) for the purposes of this Part.
- (3) Where the owner designated under subrule (1) fails to comply with any requirement under these Rules, all owners of the firm are deemed responsible for the failure if it is not corrected promptly to the satisfaction of the Executive Director after the designated representative of the law firm required by Rule 2-12.5 [*Designated representative*] has been notified.

Responsibility for accounting

- 3-55** A law firm must
- (a) account to a client in writing for all funds and valuables, whether held as trust funds or as fiduciary funds, received on a client's behalf;
 - (b) maintain and keep current a list of all trust funds, fiduciary funds, and valuables held in trust for which the law firm is responsible;
 - (c) maintain sufficient funds on deposit in each pooled or separate trust account to meet the law firm's obligations with respect to the funds held in trust for clients; and
 - (d) immediately notify the Executive Director in writing if the law firm's ability to access the funds in any account maintained by the law firm in the course of the law firm's practice of law is removed or otherwise restricted.

Individual responsibility

- 3-56** Despite Rules 3-54 [*Law firms*] and 3-55 [*Responsibility for accounting*], a lawyer remains individually and personally responsible to ensure that the duties and responsibilities under this division are carried out with regard to accounting matters relating to the lawyer's delivery of legal services whether or not the lawyer or law firm has delegated, where permitted, any of the duties or responsibilities set out under this division.

Recording and maintaining accounting records

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- 3-57** (1) A law firm's accounting records must be kept current at all times in accordance with these rules.
- (2) A law firm must keep all accounting records for as long as the records apply to money held as trust funds or to valuables held in trust for a client and for at least 10 years from the final accounting transaction or disposition of valuables
- (3) A law firm must keep all accounting records not referred to in subrule (2) for at least 10 years from the date the records were completed.
- (4) A law firm must record all funds received and disbursed in connection with the law firm's practice of law by maintaining the accounting records required under this division.
- (5) A law firm must record all transactions in its accounting records in chronological order and in an easily traceable form.
- (6) A law firm must record each trust or general account transaction promptly, and in any event not more than
- (a) 7 days after a transaction in any trust account, or
 - (b) 30 days after a transaction in the general account.
- (7) As an exception to subrule (6) (a), a law firm must record the receipt of interest on a separate trust account within 30 days of payment or of notice that funds have been credited to the account.
- (8) A law firm must maintain accounting records in
- (a) legibly handwritten form, in ink or other duplicated or permanent form,
 - (b) printed form, or
 - (c) an electronic form maintained in a manner that will allow compliance with Rule 10-3 (2) *[Records]*

General Account

Requirement for a general account

- 3-58** (1) A law firm must maintain a general account relating to the business and operation of the law firm in the course of its provision of legal services.
- (2) The general account required under subrule (1) must be
- (a) held at a financial institution in the name of the law firm through which the practice of law is carried on, and
 - (b) designated as a "general account" on the records of the financial institution and of the law firm.

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Records for general account

- 3-59** (1) A law firm must maintain a bank journal of all receipts and withdrawals relating to the general account that includes:
- (a) the amount of funds received or withdrawn;
 - (b) the dates that funds were received or authorized for withdrawal;
 - (c) the name of the person from whom the funds were received or to whom they were paid;
 - (d) the payment method of funds received or withdrawn, whether by cash, cheque, bank draft or electronic funds transfer;
 - (e) the cash receipt number, cheque number, bank draft number, or electronic funds transfer number relating to the funds;
 - (f) the client matter number if the receipt or withdrawal of the funds relates to a client;
 - (g) the running balance after each transaction.
- (2) A law firm must maintain an accounts receivable ledger relating to the general account for each client matter that includes:
- (a) all invoices issued to a client;
 - (b) all transfers from the trust account to the general account;
 - (c) all other receipts of funds from or on behalf of a client; and
 - (d) the running balance after each transaction.
- (3) A law firm must maintain all accounting records relating to the reconciliation of the general account required under Rule 3-60 [*Reconciliation of general account*].

Reconciliation of general account

- 3-60** (1) A law firm must prepare a monthly reconciliation of each general account comparing:
- (a) the amount of funds recorded in the account according to the law firm's records as shown in the bank journal;
 - (b) the amount of funds recorded in the account according to the financial institution's records as shown in the bank statement;
- (2) When preparing the reconciliation required by subrule (1), a law firm must identify, explain and eliminate:
- (a) any outstanding deposits,
 - (b) any accounts receivable balances indicating that funds are owed to clients,

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- (c) any trust funds held in error in the general account, and
 - (d) any other differences or errors.
- (3) A law firm that identifies any trust funds held in error in the general account must immediately transfer the funds into a trust account.
- (4) A law firm must ensure each reconciliation of each general account
- (a) is prepared no later than 30 days after each month end,
 - (b) is reviewed and signed by the owner designated by the law firm under Rule 3-54 (1) [*Law firms*], and
 - (c) includes the preparation and review dates.

Trust Accounts

Requirement for trust account

- 3-61** (1) A law firm that handles trust funds in the course of engaging in the practice of law must open one or more trust accounts.
- (2) A trust account must be held in the name of a law firm.
- (3) Trust accounts may be either pooled trust accounts or separate trust accounts.
- (4) A trust account must be designated as a “trust account” on the records of the financial institution and of the law firm.

Trust account only for legal services

- 3-62** (1) Except as permitted by the Act, subrule (2) (a) or (b) or otherwise required by law, a law firm must not permit funds to be deposited to or withdrawn from a trust account unless the funds are directly related to legal services provided by the law firm.
- (2) Despite subrule (1), a law firm may permit the following funds to be deposited to a trust account, provided they arise from activity associated with a lawyer who otherwise practises law through the law firm:
- (a) fiduciary funds, or
 - (b) funds that are received as a retainer for services as a mediator, arbitrator or parenting co-ordinator
- (3) Despite subrule (1), a law firm may deposit funds to a trust account to comply with Rule 3-71 [*Trust shortage*].
- (4) A law firm must take reasonable steps to obtain appropriate instructions and pay out funds held in a trust account as soon as practicable on completion of the services or,

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in the case of fiduciary funds, the completion of the purposes to which the funds relate.

- (5) Funds deposited to a trust account by a law firm under subrule (2) are subject to all rules pertaining to trust funds as if the funds were received from a client in relation to legal services provided by the law firm.

Trust account to be held in a designated savings institution

- 3-63** (1) A trust account must be held at a British Columbia branch of a financial institution that is a designated savings institution.
- (2) A financial institution is a designated savings institution within the meaning of s. 33 (3) (b) [*Trust accounts*] and subrule (1) if it has an office in British Columbia accepting demand deposits and is insured by
- (a) the Canada Deposit Insurance Corporation, or
 - (b) the Credit Union Deposit Insurance Corporation of British Columbia.
- (3) Despite subrule (2), the Executive Committee may resolve that a financial institution is not or ceases to be a designated savings institution within the meaning of s. 33 (3) (b) [*Trust accounts*].
- (4) A law firm that holds trust funds in a financial institution that is not or ceases to be a designated savings institution must immediately transfer those funds into a designated savings institution.

Canada Deposit Insurance Corporation

- 3-64** (1) A law firm that holds pooled trust funds in a designated savings institution insured by the Canada Deposit Insurance Corporation must meet the conditions required under the Schedule to the *Canada Deposit Insurance Corporation Act* to ensure that each client's funds, rather than the account itself, are insured up to the limit of Canada Deposit Insurance Corporation insurance.
- (2) When providing information under subrule (1), the law firm must not disclose information that is subject to solicitor-client privilege or confidentiality without the consent of the client.

Pooled trust account

- 3-65** (1) A law firm that receives trust funds for a client in the course of providing legal services must maintain a pooled trust account.
- (2) The following provisions apply to a pooled trust account:
- (a) the account must be readily available for the law firm to draw on;

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- (b) the law firm must, on a regular basis , receive
 - (i) cancelled cheques, and
 - (ii) bank statements for the account covering all transactions on the account;
 - (c) the terms of the agreement with the designated savings institution at which the account is held must include that the institution agrees to pay interest to the Foundation at least quarterly;
- (3) A law firm must notify the designated savings institution that the account is a trust account containing the funds of more than one client.
 - (4) A law firm may maintain in a pooled trust account no more that \$600 of the law firm's own funds.

Separate Trust Account

- 3-66** (1) A law firm may open a separate trust account for the deposit of client trust funds where the client has instructed the law firm, in writing, to do so.
- (2) A separate trust account must be identified by a number that identifies the client on inspection of the lawyer's books and accounts.

Signatories to trust account

- 3-67** (1) Subject to subrule (2), before a lawyer becomes a signatory to a trust account, the lawyer must have completed, to the satisfaction of the Executive Director, all courses prescribed by the Executive Director for the purposes of this rule.
- (2) A lawyer who is a signatory to a trust account on the coming into force of this rule must complete all courses prescribed by the Executive Director for the purposes of this rule within the time designated by the Executive Director.
- (3) A lawyer who is in breach of this rule has failed to meet a minimum standard of financial responsibility, and the Executive Director may refer the matter to the Discipline Committee or the chair of the Discipline Committee.

Where lawyer practises law in other jurisdictions

- 3-68** A practising lawyer who practises law in a jurisdiction other than British Columbia must not deposit trust funds relating to the practice of law in British Columbia into a pooled trust account in the other jurisdiction.

Trust account records

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- 3-69** (1) A law firm that has opened one or more trust accounts must maintain the following accounting records:
- (a) a bank journal of all receipts and withdrawals for each trust account that includes:
 - (i) the amount of funds received or withdrawn
 - (ii) the dates that funds were received or authorized for withdrawal;
 - (iii) the name of the person from whom the funds were received or to whom they were paid;
 - (iv) the payment method of funds received or withdrawn, whether by cash, cheque, bank draft or electronic funds transfer
 - (v) the cash receipt number, cheque number, bank draft number or electronic funds transfer number relating to the funds;
 - (vi) the client matter number regarding the receipt or withdrawal of the funds;
 - (vii) the running balance after each transaction;
 - (b) a trust ledger for each client matter that includes:
 - (i) the client name and file number;
 - (ii) all funds received or withdrawn, including all information itemized under subrule (1) (a);
 - (iii) the name or identifier of each trust account in which trust funds are held;
 - (iv) the running balance after each transaction;
 - (c) a transfer journal showing each transfer of funds between client trust ledgers that includes
 - (i) the name and file number of each of the source file and destination file, and
 - (ii) an explanation of the purpose for which each transfer was made, and
 - (d) the monthly trust reconciliations required by Rule 3-70 [*Reconciliation of trust account*].
- (2) A law firm must maintain a list of valuables received and delivered in trust for each client, including the undelivered portion of valuables that the law firm continues to hold.

Reconciliation of trust account

- 3-70** (1) A law firm must prepare for each trust account a monthly reconciliation that compares
- (a) the amount of funds recorded in the account, according to the law firm's records as shown in the bank journal,
 - (b) the amount of funds recorded in the account, according to the designated savings institution's records as shown in the bank statement, and

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- (c) the amount of funds recorded in the law firm's records, as shown in the client trust ledgers.
- (2) The trust reconciliation must be supported by
- (a) a bank reconciliation for each pooled trust account that reconciles the bank journal with the bank statement,
 - (b) a client trust liability listing report that lists the balances held in the trust accounts of each client matter at month end and the last trust activity date pertaining to the client matter,
 - (c) listings of outstanding deposits and outstanding withdrawals,
 - (d) an explanation of any unreconciled differences together with the reasons for the difference and an explanation of the steps taken to correct any differences once identified, and
 - (e) a list of balances for each separate trust account, identifying the client for whom each separate trust account is held.
- (3) A law firm must, when reconciling a trust account, identify and take all appropriate steps to
- (a) eliminate all overdrawn balances on the client trust liability list,
 - (b) eliminate all outstanding deposits and trust shortages,
 - (c) eliminate any other differences or banking errors
 - (d) reverse and reissue all stale-dated cheques, and
 - (e) ensure that trust funds have been paid out of trust to the appropriate persons on the completion of the legal services performed by the law firm.
- (4) A law firm must not permit any errors, shortages or outstanding deposits identified through the reconciliation of any trust account to be carried over to the following month's reconciliation of the account.
- (5) A law firm must ensure each reconciliation of each trust account
- (a) is prepared no later than 30 days after month end,
 - (b) is reviewed and signed by the owner designated by the law firm under Rule 3-54 (1) [*Law firms*], and
 - (c) includes the preparation and review dates.

Trust shortage

- 3-71** (1) A trust shortage occurs when a law firm fails to maintain sufficient funds in a trust account to meet the law firm's obligations with respect to trust funds held from or on behalf of each and every client and client matter.
- (2) Without limiting subrule (1), a trust shortage includes, but is not limited to, the following circumstances:

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- (a) trust funds have been deposited into an account that is not a trust account;
 - (b) a client trust ledger indicates that more funds have been withdrawn than deposited into trust in relation to the client or client matter;
 - (c) the client trust liability listing indicates that more funds have been withdrawn than deposited into trust;
 - (d) the accounts receivable client ledger indicates that the law firm has received more funds than have been billed on a client matter;
 - (e) a trust deposit remains pending or outstanding at the time the trust funds are withdrawn from trust;
 - (f) service charges, merchant fees, or bank errors cause funds to be withdrawn from trust in error.
- (3) A law firm that discovers a trust shortage must immediately pay enough funds into the trust account to eliminate the shortage.
- (4) A law firm must immediately make a written report to the Executive Director including all relevant facts and circumstances if
- (a) the law firm discovers a trust shortage greater than \$5,000,
 - (b) a cheque from the law firm's trust account is returned by a financial institution, or not negotiated due to non-sufficient funds in the trust account,
 - (c) the law firm's access to or use of a trust account has been suspended or restricted by a designated savings institution, or
 - (d) the law firm is or will be unable pay trust funds when due.

Deposits to Trust Accounts

Deposit of trust funds

- 3-72** As soon as it is practicable to do so, a law firm must
- (a) deposit all trust funds that it receives into a trust account, and
 - (b) where funds are received that belong partly to the client and partly to the law firm, deposit the funds to a trust account and immediately withdraw the law firm's funds from the trust account.

Deposits into trust account by electronic transfer

- 3-73** (1) A law firm must not accept funds into a trust account by means of electronic transfer unless

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- (a) the law firm obtains a confirmation in writing providing details of the transfer from the financial institution or the remitter of the funds within 2 banking days of the deposit, and
 - (b) the deposit confirmation contains sufficient documentation to enable the lawyer to meet the record-keeping requirements under this division.
- (2) Where a law firm receives funds into a trust account by means of electronic transfer contrary to subrule (1), the law firm must immediately contact the designated savings institution at which the account is held and advise it to reject the transfer.

Withdrawals from trust accounts

Withdrawal from trust account

- 3-74** (1) A law firm is only permitted to withdraw funds from a trust account if the withdrawal is authorized by a practising lawyer who has completed the courses prescribed by the Executive Director under Rule 3-67 [*Signatories to trust account*].
- (2) A law firm must not make a payment from a trust account unless
- (a) trust accounting records are current, and
 - (b) there are sufficient funds held to the credit of the client on whose behalf the funds are to be paid.
- (3) A law firm must not withdraw or authorize a withdrawal of any trust funds unless the funds are
- (a) properly required for the payment to or on behalf of a client or to satisfy a court order,
 - (b) funds of a lawyer permitted to be in the account under Rule 3-65 (4) [*Pooled trust account*],
 - (c) in the trust account as the result of
 - (i) a mistake, or
 - (ii) a deposit contrary to Rule 3-73 (1) [*Deposits into by electronic transfer*],
 - (d) paid to a law firm to pay outstanding fees, disbursements or expenses that have been billed provided that the requirements of Rule 8-0.5 [*Payment of fees from trust*] have been met,
 - (e) transferred between trust accounts,
 - (f) due to the Foundation under section 62 (2) (b) [*Interest on trust accounts*], or
 - (g) unclaimed trust funds remitted to the Society under Division 8 [*Unclaimed trust money*]

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- (4) A law firm must not make or authorize the withdrawal of funds from a trust account, except
- (a) by cheque as permitted by subrule (5),
 - (b) by electronic transfer as permitted by Rule 3-76 [*Withdrawal from trust account by electronic transfer*],
 - (c) by bank draft as permitted by Rule 3-75 [*Withdrawal from trust account by bank draft*],
 - (d) by instruction to a designated savings institution to pay funds to the Foundation under subrule (3) (f), or
 - (e) in cash if required under Rule 3-80 (4) or (5) [*Cash transactions*].
- (5) Every trust cheque authorizing the withdrawal of funds from a trust account must
- (a) be marked “Trust,”
 - (b) not be payable to “Cash” or “Bearer,”
 - (c) be signed only by a practising lawyer who has completed the courses prescribed by the Executive Director under Rule 3-67 [*Signatories to trust account*] who affixes the lawyer’s own signature to the cheque, regardless of the method used to affix the signature, and
 - (d) prior to being signed, include the payee, date of cheque and amount of the cheque.
- (6) A law firm who makes or authorizes the withdrawal of funds from a separate trust account in respect of which cancelled cheques and bank statements are not received from the savings institution monthly and kept in the law firm’s accounting records must first transfer the funds into the law firm’s pooled trust account.

Withdrawal from trust account by bank draft

- 3-75** (1) In this rule, “**bank draft requisition**” means a requisition in the prescribed form for the withdrawal of funds from trust by bank draft in the prescribed form.
- (2) A law firm may only withdraw funds from a trust account by bank draft where the recipient of the funds consents in writing in advance to receive the funds in the form of a bank draft.
- (3) Where trust funds have been withdrawn from a trust account by bank draft, the law firm must
- (a) use and retain the bank draft requisition to record the transaction,
 - (b) retain the information obtained in subrule (2),
 - (c) retain a copy of the bank draft, and
 - (d) obtain and retain a written receipt from the recipient of the funds.

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Withdrawal from trust account by electronic transfer

- 3-76** (1) In this rule, “**electronic transfer requisition**” means a requisition in the prescribed form for the electronic transfer of trust funds .
- (2) A law firm may withdraw funds from a trust account by electronic transfer, provided that the electronic funds transfer system used by the law firm
- (a) requires a dual authentication of authorization codes in order for the transfer to be completed, and
 - (b) is a commercial banking platform and does not permit transfers by email or text messages.
- (3) Despite subrule (2) (a), a lawyer who practises law as the only lawyer in a law firm and who has no other staff may transfer funds electronically if the lawyer personally uses
- (a) one password or authorization code to enter data into the electronic funds transfer system describing the details of the transfer, and
 - (b) a different password or authorization code into the electronic funds transfer system authorizing the designated savings institution to carry out the transfers.
- (4) The electronic funds transfer system used by the law firm must produce, no later than the close of the banking day immediately after the day on which the electronic transfer of funds is authorized, a confirmation in writing from the designated savings institution confirming that the data describing the details of the transfer and authorizing the designated savings institution to carry out the transfer were received.
- (5) The confirmation required in subrule (4) must contain all of the following:
- (a) the name of, or an identifier for, the person authorizing the transfer;
 - (b) the amount of the transfer;
 - (c) the trust account name, trust account number and branch name and address of the financial institution from which the funds are transferred;
 - (d) the name of the account, account number and address of the financial institution to which the funds are transferred;
 - (e) the time and date that the data describing the details of the transfer and authorizing the financial institution to carry out the transfer are received by the financial institution;
 - (f) the time and date that the confirmation in writing from the financial institution was sent to the lawyer authorizing the transfer.
- (6) Before any data describing the details of the transfer or authorizing the financial institution to carry out the transfer is entered into the electronic funds transfer

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system, the lawyer must complete and sign an electronic transfer requisition authorizing the transfer.

- (7) The data entered into the electronic funds transfer system describing the details of the transfer and authorizing the financial institution to carry out the transfer must be as specified in the electronic transfer requisition.
- (8) The law firm must
- (a) retain in the law firm's records a copy of
 - (i) the electronic transfer requisition, and
 - (ii) the confirmation required in subrule (4),
 - (b) compare the requisition and confirmation to ensure that the data and other information recorded on each document is the same, and
 - (c) indicate on the printed copy of the confirmation
 - (i) the name of the client,
 - (ii) the subject matter of the file, and
 - (iii) any file number in respect of which the funds were drawn from the trust account.

Land title transfers

3-77 Despite Rule 3-76 [*Withdrawal from trust account by electronic transfer*], a law firm may withdraw funds from a trust account by electronic transfer using the electronic filing system of the Land Title and Survey Authority of British Columbia for the purpose of the payment of property transfer tax on behalf of a client, provided that the law firm

- (a) retains in the law firm's records a copy of
 - (i) all electronic payment authorization forms submitted to the electronic filing system,
 - (ii) the property transfer tax return, and
 - (iii) the transaction receipt provided by the electronic filing system,
- (b) digitally signs the property transfer tax return in accordance with the requirements of the electronic filing system, and
- (c) verifies that the funds were drawn from the trust account as specified in the property transfer tax return.

Passwords and authorization codes

3-78 (1) A lawyer must not:

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- (a) disclose to any other person, including another lawyer or employee of the lawyer's law firm, the lawyer's password or authentication code associated with the electronic transfer system; or
 - (b) permit any other person, including another lawyer or employee of the lawyer's law firm, to use the lawyer's password or authorization code to gain access to the electronic funds transfer system.
- (2) Except with regard to s. 168.7 (2) (b) of the *Land Title Act*, where exceptional circumstances exist that would require an accommodation for a lawyer who would otherwise be unable to comply with subrule (1), the Executive Director may exempt the lawyer from subrule (1), with any conditions the Executive Director considers necessary to protect the public interest.

Fiduciary Funds

Fiduciary funds

- 3-79** (1) In addition to any other obligations required by law or equity, this rule applies to lawyers who are responsible for fiduciary funds.
- (2) A lawyer who holds fiduciary funds in a trust account must comply with all rules in this division with respect to the fiduciary funds for which the lawyer is responsible.
- (3) A lawyer who holds fiduciary funds in an account other than a trust account must maintain and produce on demand the following records for any period for which the lawyer is responsible for the fiduciary funds:
- (a) a current list of the fiduciary funds held;
 - (b) all invoices, bank statements, cancelled cheques or images and other records necessary to create a full accounting of the receipt or disbursement of the fiduciary funds;
 - (c) all records required by any legislation governing the lawyer's responsibilities as a fiduciary relating to the fiduciary capacity in which the lawyer is acting.
- (4) The records required under this rule form part of the books, records and accounts of a lawyer, and the lawyer must produce them and permit them to be copied as required under these rules.

Dealing with Cash

Cash transactions

- 3-80** (1) A law firm or a lawyer must not receive or accept cash in an aggregate amount greater than \$7,500 in respect of any one client matter.

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- (2) Despite subrule (1), a law firm may receive or accept cash in connection with the practice of law by the law firm
- (a) from a peace officer, law enforcement agency or other agent of the Crown acting in an official capacity,
 - (b) pursuant to the order of a court or other tribunal for the release to the law firm or the law firm's client of cash that has been seized by a peace officer, law enforcement agency or other agent of the Crown acting in an official capacity,
 - (c) to pay a fine, penalty or bail,
 - (d) from a financial institution or public body, or
 - (e) in respect of a client matter for professional fees, disbursements or expenses or for anticipated professional fees, disbursements or expenses.
- (3) Any cash received or accepted by a law firm under subrule (2) (e) must be no greater than the amount commensurate for reasonably anticipated fees, disbursements or expenses for the matter on which the lawyer is retained.
- (4) A law firm that receives or accepts cash in an aggregate amount greater than \$7,500 under subrule (2) (e) must make any refund out of such funds in cash.
- (5) A law firm that receives cash, unless permitted under this rule to accept it, must
- (a) make no use of the cash,
 - (b) return the cash, or if that is not possible, the same amount in cash, to the payer immediately,
 - (c) make a written report of the details of the transaction to the Executive Director within 7 days of receipt of the cash, and
 - (d) comply with all other rules pertaining to the receipt of trust funds.
- (6) For the purposes of this rule, a law firm that receives or accepts cash in foreign currency is deemed to have received or accepted the cash converted into Canadian dollars based on
- (a) the official conversion rate of the Bank of Canada for that currency as published in the Bank of Canada's Daily Noon Rates in effect at the relevant time, or
 - (b) if no official conversion rate is published as set out in paragraph (a), the conversion rate of the Bank of Canada in effect on the most recent business day.

Cash transaction records

- 3-81** (1) A law firm that receives any amount of cash for a client matter must issue, and retain a copy of, a receipt to the person from whom the cash was received.
- (2) Each receipt issued by a law firm under this rule must
- (a) be signed by

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- (i) the individual designated by the law firm under Rule 3- 54 [*Law firms*] or by another individual authorized by the law firm,
- (ii) the person from whom the cash is received, and
- (b) identify each of the following:
 - (i) the date on which cash is received;
 - (ii) the person from whom cash is received;
 - (iii) the amount of cash received;
 - (iv) the name of the client for whom cash is received;
 - (v) the client matter in respect of which cash is received, and
 - (vi) all dates on which the receipt was created or modified.
- (3) A law firm that is required by Rule 3-80 (5) (b) [*Cash transactions*] to return cash must obtain and record a receipt for the transaction signed on behalf of the law firm and by the person to whom the cash is returned that records and identifies
 - (a) the date on which the cash was returned,
 - (b) the name of the person to whom the cash was returned,
 - (c) the amount of cash returned,
 - (d) the name of the client for whom the cash had initially been received,
 - (e) the client matter in respect of which the cash had been received, and
 - (f) all dates on which the receipt was created or modified.
- (4) A law firm is not in breach of this rule if a receipt is not signed by the person from whom the cash is received if the law firm makes reasonable efforts to obtain the signature of that person.

Reporting

Annual accounting report

- 3-82 (1) A law firm must deliver to the Executive Director, in the prescribed form completed to the satisfaction of the Executive Director and signed by the owner designated under Rule 3-54 [*Law firms*], an annual accounting report for reporting periods of 12 months.
- (2) A law firm must deliver a completed annual accounting report to the Executive Director within 3 months of the end of each reporting period.
- (3) On a written request made by a law firm before the due date of the annual accounting report, the Executive Director may allow a law firm to submit the required report covering a time other than 12 months.

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- (4) The date on which a law firm ceases to practise law is the end of a reporting period, whether or not it has been less than 12 months since the law firm filed its most recent annual accounting report.
- (5) The owners of the law firm at the time a law firm ceased to practise law are required to ensure that the annual accounting report of the law firm is completed as required.
- (6) Subrule (5) applies to an owner of a law firm at the time the law firm ceased to practise law who has subsequently become a former member of the Society.
- (7) A law firm must list in the annual accounting report the names of all lawyers who have practised at the law firm during any portion of the reporting period.
- (8) A lawyer who is a non-practising or retired member during a portion of a reporting period is required to file an annual accounting report if the lawyer
 - (a) has been named on a trust account, including a dormant or inactive trust account, in British Columbia or in any other jurisdiction that has not been included on an annual accounting report filed by a law firm, and
 - (b) has either
 - (i) received, held or withdrawn funds in a trust account in any capacity, or
 - (ii) received, held or withdrawn fiduciary funds.
- (9) A former lawyer must deliver to the Executive Director an annual accounting report as required under subrule (1) for any period during which the former lawyer was a member of the Society if no other annual accounting report has been delivered that includes the former lawyer's practice of law during a reporting period.

CPA report

- 3-83** (1) The Executive Director may require a law firm, a law firm that has ceased to practise law, a non-practising or retired member, or a former lawyer who is required to deliver an annual accounting report under Rule 3-82 [*Annual accounting report*] to also deliver a CPA report.
- (2) Where a CPA report is required under subrule (1), it must be completed and signed by a Chartered Professional Accountant licensed by the Chartered Professional Accountants of British Columbia to complete audit or review engagements and who is not otherwise employed or retained by the law firm or former lawyer to prepare any other accounting records required by these rules.
- (3) A CPA report required by the Executive Director forms part of the annual accounting report.
- (4) The CPA report must be in the prescribed form, be completed to the satisfaction of the Executive Director and delivered within the time specified by the Executive Director.

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Non-Compliance

Definitions

3-84 In Rules 3-85 to 3-87.3

“**law firm**” includes, where the context requires, a non-practising or retired member or a former lawyer who is personally required to file an annual accounting report or a CPA report;

“**owner**” includes, where the context requires, a non-practising or retired member or a former lawyer who is personally required to file an annual accounting report or a CPA report.

Non-compliance concerning annual accounting report or CPA report

- 3-85** (1) The annual accounting report, including any required CPA report, of a law firm that has not complied with this division must state the non-compliance with these rules, together with an explanation of the circumstances of the non-compliance and reasons for them.
- (2) Where an annual accounting report, including any required CPA report, has not been completed to the satisfaction of the Executive Director, the Executive Director may require the law firm to file an amended report by a date set by the Executive Director.
- (3) The Executive Director may, following a review of an annual accounting report or CPA report identifying non-compliance, accept the law firm’s explanation and reasons
- (a) without condition, in which case the law firm is deemed to have complied with Rule 3-82 [*Annual accounting report*], or
 - (b) subject to the law firm fulfilling accounting conditions specified by the Executive Director, in which case, on fulfillment of those conditions to the satisfaction of the Executive Director, the law firm is deemed to have complied with Rule 3-82 [*Annual accounting report*].

Late filing of annual accounting report or CPA Report

- 3-86** (1) In this Rule and in Rules 3-85.2 [*Failure to file a CPA report*] and 3-85.3 [*Compliance audit*], “**lawyer**” includes a former lawyer.

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- (2) Where a law firm fails to deliver an annual accounting report or a CPA report as required, the Executive Director must immediately notify the law firm by delivering notice of the failure to the representative of the law firm designated under Rule 2-12.5 [*Designated representative*].
- (3) A law firm that fails to deliver an annual accounting report or CPA report by the date required under Rule 3-82 [*Annual Accounting report*] or 3-85 (2) [*Non-compliance concerning annual accounting report or CPA report*], or a CPA report by the date required under Rule 3-83 (5) [*CPA report*], is deemed to have been in compliance with the rules during the period of time that the law firm was late in delivering the report if the law firm delivers the following to the Executive Director within 30 days of the due date:
 - (a) all required reports;
 - (b) the late fee specified in Schedule 1.
- (4) Each owner of a law firm that does not deliver a report within 30 days after delivery of the notice required under subrule (2) is liable to pay the assessment specified in Schedule 1 until the report is delivered.
- (5) When there are special circumstances, the Executive Director may, on application in writing by the law firm or an individual owner of the law firm, and in the Executive Director's discretion, waive payment of all or part of an assessment made under this rule either without conditions or on any conditions that the Executive Director considers appropriate.
- (6) An application under subrule (5) may only be made if the required report has been delivered.

Failure to file annual accounting report or CPA report

- 3-87** (1) Subject to subrules (3) and (4), all owners of a law firm that does not deliver a report under Rule 3-82 [*Annual Accounting report*] or 3-83 [*CPA report*] for 60 days after it is required are suspended until the report is completed to the satisfaction of the Executive Director and delivered as required.
- (2) A report is not delivered for the purposes of subrule (1) unless all explanations of any non-compliance required by the Executive Director are delivered to the Executive Director.
 - (3) Where there are special circumstances, the Executive Director may on application in writing, in the Executive Director's discretion, waive or delay for a specific period of time the suspension of any individual owner of the law firm.
 - (4) Where the Executive Director is not prepared to waive or delay the suspension of any individual owner of the law firm, the Executive Director must refer the application to the Chair of the Discipline Committee to confirm the Executive Director's decision, or to allow the application.

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- (5) At least 30 days before a suspension under subrule (1) can take effect, the Executive Director must deliver to each owner of the law firm notice of the following:
 - (a) the date on which the suspension will take effect;
 - (b) the reasons for the suspension;
 - (c) the means by which the law firm or any individual owner of the law firm may apply to the Executive Director for an order under subrule (3) and the deadline for making such an application before the suspension is to take effect.
- (6) If the law firm has not delivered an annual accounting report, including any required CPA report, after it is required, the Executive Director may engage or assign a person qualified under 3-83 (2) [*CPA report*] to complete the required report.
- (7) The chair of the Discipline Committee may order that a law firm pay to the Society all or part of the costs associated with the annual accounting report referred to in subrule (6).
- (8) A law firm that is ordered by the chair of the Discipline Committee, under subrule (7) to pay costs, must pay those costs in full by the date set or extended by the chair.
- (9) If any part of the amount owing under subrule (7) remains unpaid by the date set in Rule 2-105 (2) or (3) [*Annual practising and indemnity fee instalments*], the owners of the law firm concerned must not engage in the practice of law unless the Benchers order otherwise.

Compliance Audit

- 3-87.1** (1) The Executive Director may at any time order a compliance audit of the books, records and accounts of a law firm for the purpose of determining whether the law firm or a lawyer practising law through the law firm meets standards of financial responsibility established under this Part, including but not limited to the maintenance of all books, records and accounts in accordance with this division.
- (2) When an order is made under subrule (1),
- (a) the Executive Director must notify the law firm of the order, and
 - (b) on notification of the order, the law firm concerned must, by the date specified in the notification and as required by the Executive Director
 - (i) produce to the Executive Director, and permit the copying of all files, books, records, accounting records and any other evidence, and
 - (ii) provide to the Executive Director any explanations required for the purpose of completing the compliance audit.

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Failure to produce records on compliance audit

- 3-87.2** (1) Subject to subrules (2) and (3), where a law firm that is the subject of a compliance audit under Rule 3-87.1 [*Compliance audit*] has not complied with Rule 3-87.1 (2) (b), its owners are suspended until, to the satisfaction of the Executive Director,
- (a) the law firm has produced and permitted the copying of all books, records, accounting records, material and other evidence required to be produced to conduct the audit;
 - (b) the law firm's records are accurate, reliable, and complete, and
 - (c) the law firm has provided explanations as required under Rule 3-87.1 (2) (b)
 - (ii)
- (2) Where there are special circumstances, the Executive Director may on application, in the Executive Director's discretion, waive or delay for a particular period of time the suspension of any individual owner of the law firm.
- (3) Where the Executive Director is not prepared to waive or delay the suspension of any individual owner of the law firm, the Executive Director must refer the application to the Chair of the Discipline Committee to confirm the Executive Director's decision, or to allow the application.
- (4) At least 7 days before a suspension under this rule can take effect, the Executive Director must deliver to each owner of the law firm notice of the following:
- (a) the date on which the suspension will take effect;
 - (b) the reasons for the suspension;
 - (c) the means by which the law firm or any individual owner of the law firm may apply to the chair of the Discipline Committee for an order under subrule (2) and the deadline for making such an application before the suspension is to take effect.
- (5) Where the material produced at the compliance audit is incomplete, inaccurate, or unreliable, and where the law firm has failed to provide an adequate explanation, the Executive Director may order a follow-up audit.

Costs

- 3-87.3** (1) The Executive Director may order that a law firm or any of its owners pay to the Society all or part of the costs of a follow-up audit ordered under Rule 3-87.1 (4) [*Compliance audit*], and may set and extend the date for payment.
- (2) A law firm that is, or any of its owners who are, ordered by the Executive Director, under subrule (1), to pay costs must pay those costs in full by the date set or extended by the Executive Director.
- (3) If any part of the amount owing under subrule (1) remains unpaid by the date set in Rule 2-105 (2) or (3) [*Annual practising and indemnity fee instalments*], all owners

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of the law firm must not engage in the practice of law unless the Benchers order otherwise.

Non-Compliance

Non-compliance with this division

- 3-87.4** (1) Where the Executive Director is satisfied that a law firm has not complied with the requirements set out in this division, the Executive Director may, where it is in the public interest to do so, place conditions on a law firm's operation of a trust account.
- (2) Where the Executive Director acts under subrule (1), the Executive Director must provide the law firm with written reasons for the decision.
- (3) A law firm that is subject to an order under subrule (1) may apply to chair of the Discipline Committee for a review of the Executive Director's decision

Disposition of Practice

Disposition of files, trust funds and other documents and valuables

- 3-87.5** (1) A law firm that intends to cease the practice of law must advise the Executive Director in writing of
- (a) the date on which it intends to cease the practice of law, and
 - (b) its intended disposition of all of the following that relate to the law firm's law practice
 - (i) trust accounts and trust funds;
 - (ii) open and closed files;
 - (iii) wills and wills indices;
 - (iv) titles and other important documents and records;
 - (v) other valuables;
 - (vi) the fiduciary funds held by any lawyer working at the firm on the date of cessation.
- (2) Within 30 days after ceasing to practise law, a law firm must confirm to the Executive Director in writing the date that it ceased to practise law and that
- (a) all trust accounts referred to in subrule (1) (b) (i) have been closed and that
 - (i) all the balances have been
 - (A) remitted to the clients or other persons on whose behalf they were held,
 - (B) transferred to another lawyer with written instructions concerning the conditions attaching to them, or

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- (C) paid to the Society under Rule 3-89 [*Payment of unclaimed trust money to the Society*], and
- (ii) any net interest earned on a pooled trust account has been remitted to the Foundation in accordance with this division, and,
- (b) the documents and property referred to in subrule (1) (b) (ii) to (vi) have been disposed of, and any way in which the disposition differs from that reported under subrule (1),
- (c) the law firm has notified all clients and other persons for whom any lawyer working at the law firm at the time the law firm ceased to practise law is or may become a personal representative, executor, trustee or other fiduciary regarding the lawyer or former lawyer's withdrawal from practice and any change in the lawyer's membership status.
- (3) If a lawyer who leaves a law firm and who ceases to practise law intends to deal with the documents and property listed in subrule (1) (b) (ii) – (vi) other than by leaving them at the law firm, the lawyer must advise the Executive Director as to how the lawyer has dealt with those documents and property.
- (4) Unless the requirements of subrule (2) (a) – (c) or subrule (3) have been met, a lawyer who practised law at the law firm at the date of its ceasing to practise law or a lawyer to whom subrule (3) applies, is not eligible to be
- (a) a non-practising member under Rule 2-3 [*Non practising members*] or
- (b) a retired member under Rule 2-4 [*Retired members*].
- (5) Where a law firm has ceased the practice of law and all the members of the law firm have ceased to be members of the Society, the requirements under subrule (2) must be discharged by those former lawyers.
- (6) Subrules (1) and (2) do not apply to a law firm operated by a sole practitioner who becomes a non-practising member in order to accommodate a leave of absence from the practice of law of no more than three years, provided that the law firm has satisfied the Executive Director that arrangements have been made by the law firm for the handling of its practice and trust accounts during the period that the lawyer will be a non-practising member.
- (7) On written application by a law firm that is subject to subrule (4) or by a lawyer who practised law at the law firm at the date of its ceasing to practise law, the Executive Director may extend the time limit referred to in subrule (1) or (2) or, if in the opinion of the Executive Director it is in the public interest, relieve the lawyer or former lawyer of any of the requirements of those subrules.
- (8) On an enquiry, the Executive Director may disclose information collected under this rule if satisfied that
- (a) the person enquiring has a bona fide reason to obtain the information, and
- (b) disclosure of the information would not be an unreasonable invasion of anyone's privacy.

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Division 8 – Unclaimed Trust Funds

Definition

3-88 In this division:

“**efforts to locate**” means steps that are reasonable and adequate in all the circumstances, including the amount of funds involved;

“**lawyer**” includes a law firm.

Payment of unclaimed trust funds to the Society

- 3-89** (1) A lawyer who has held funds in trust on behalf of a person whom the lawyer has been unable to locate for 2 years may apply to the Executive Director to pay those funds to the Society under section 34 [*Unclaimed trust money*].
- (2) A lawyer must make the application referred to in subrule (1) in writing containing all of the following information that is available to the lawyer:
- (a) the full name and last known mailing address of each person on whose behalf the lawyer held the funds;
 - (b) the exact amount to be paid to the Society in respect of each such person;
 - (c) the efforts made by the lawyer to locate each such person;
 - (d) any unfulfilled undertakings given by the lawyer in relation to the funds;
 - (e) the details of the transaction in respect of which the funds were deposited with the lawyer.
- (3) A lawyer who cannot provide all the information described in subrule (2) must advise the Executive Director of the reasons why the lawyer does not have that information and deliver to the Executive Director copies of all records in the lawyer’s power or possession that relate to the ownership and source of the funds.
- (4) If the Executive Director is satisfied that the lawyer has made appropriate efforts to locate the owner of the funds, the Executive Director may accept the funds under section 34 [*Unclaimed trust money*].
- (5) The Executive Director must account for funds received by the Society under subrule (4) separately from the other funds of the Society.

Investigation of claims

- 3-90** (1) A person may make a claim under section 34 [*Unclaimed trust money*] in writing, in the prescribed form by delivering it to the Executive Director.
- (2) A claimant must provide the Executive Director with information and documents that the Executive Director reasonably requires.
- (3) In order to determine the validity of a claim, the Executive Director may make or authorize inquiries or further investigations that the Executive Director considers desirable.

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Adjudication of claims

- 3-91** (1) The Executive Director may
- (a) approve a claim if satisfied that the claim is valid, or
 - (b) refer the claim to the Executive Committee.
- (2) When the Executive Director refers a claim to the Executive Committee, the Committee may, in its discretion
- (a) approve or reject a claim based on the information received under Rule 3-90 [*Investigation of claims*], or
 - (b) order a hearing to determine the validity of a claim.
- (3) If a hearing is ordered, the Executive Director must give the claimant reasonable notice in writing of the date, time and place of the hearing.
- (4) The Executive Director must serve the notice referred to in subrule (3) in accordance with Rule 10-1 [*Service and notice*].
- (5) The Executive Committee must conduct every hearing under this rule in private unless the Committee determines, in the public interest, that a specific individual or the public generally may be present at part or all of the hearing.
- (6) Subject to the Act and these rules, the Executive Committee may determine the practice and procedure to be followed at a hearing.
- (7) The claimant or the Society may call a witness to testify, who
- (a) if competent to do so, must take an oath or make a solemn affirmation before testifying, and
 - (b) is subject to cross-examination.
- (8) Following completion of the evidence, the Executive Committee must invite the claimant and the Society to make submissions on the issues to be decided by the Committee.
- (9) Following the hearing of the evidence and submissions, the Executive Committee must determine whether the claimant is entitled to the funds held in trust by the Society.
- (10) If the claim is approved under subrule (1) (a) or (9), the Executive Director must
- (a) calculate the exact amount owing to the claimant,
 - (b) calculate, in accordance with Rule 3-92 [*Calculation of interest*], the interest owing to the claimant on that amount, and
 - (c) pay to the claimant the total of the amounts calculated under paragraphs (a) and (b).

Calculation of interest

- 3-92** (1) In calculating the interest owing to a claimant under Rule 3-91 [*Adjudication of claims*], the Executive Committee must allow interest, for each 3-month period, at

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2% below the prime lending rate of the Society's banker on March 31, June 30, September 30 and December 31 respectively, in each year, with interest to be compounded on June 30 and December 31 in each year.

- (2) Interest calculated under subrule (1) is payable from the first day of the month following receipt of the unclaimed money by the Society, until the last day of the month before payment out by the Society.

Efforts to locate the owner of funds

- 3-93** From time to time, the Executive Director must conduct or authorize efforts to locate the owner of funds held under this Part.

Payment to the Law Foundation

- 3-94** Before paying the principal amount received under Rule 3-89 [*Payment of unclaimed trust funds to the Society*] to the Foundation under section 34 [*Unclaimed trust money*], the Executive Director must be satisfied that the owner of the funds cannot be located following efforts to locate the owner.

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Division 11 – Client Identification and Verification

Definitions

3-98 (1) In this division,

“**client**” includes

- (a) another party that a lawyer’s client represents or on whose behalf the client otherwise acts in relation to obtaining legal services from the lawyer, and
- (b) in Rules 3-102 to 3-105, an individual who instructs the lawyer on behalf of a client in relation to a financial transaction;

“**disbursements**” has the same meaning as in Rule 3-53 [*Definitions*];

“**expenses**” has the same meaning as in Rule 3-53;

“**financial entity**” means a financial entity headquartered and operating in a country that is a member of the Financial Action Task Force on Money Laundering;

“**financial institution**” has the same meaning as in Rule 3-53;

“**financial transaction**” means the receipt, payment or transfer of money on behalf of a client or giving instructions on behalf of a client in respect of the receipt, payment or transfer of money;

“**interjurisdictional lawyer**” means a member of a governing body who is authorized to practise law in another Canadian jurisdiction;

“**lawyer**” includes a law firm;

[definition of “**money**” moved to Rule 1]

“**organization**” means a body corporate, partnership, fund, trust, co-operative or an unincorporated association;

“**professional fees**” has the same meaning as in Rule 3-53;

“**public body**” has the same meaning as in Rule 3-53;

“**reporting issuer**” means an organization that is

- (a) a reporting issuer within the meaning of the securities law of any province or territory of Canada,
- (b) a corporation whose shares are traded on a stock exchange that is prescribed by the *Income Tax Act* (Canada) and operates in a country that is a member of the Financial Action Task Force on Money Laundering, or
- (c) controlled by a reporting issuer;

“**securities dealer**” means an entity that is authorized under federal, provincial or territorial legislation to engage in the business of dealing in securities or any other financial instruments or to provide portfolio management or investment advising services, other than an entity that acts exclusively on behalf of an entity so authorized.

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- (2) In this division, a person controls an organization if the person, directly or indirectly, has the power to elect a majority of the directors or equivalent body of the organization by virtue of
- (a) ownership or direction over voting securities of the organization,
 - (b) being or controlling the general partner of a limited partnership, or
 - (c) being a trustee of or occupying a similar position in the organization.

Personal Responsibility

3-98.1 A lawyer remains individually and personally responsible to ensure that the duties and responsibilities under this division are carried out whether or not the lawyer has delegated to another person, where permitted, any of the duties or responsibilities set out under this division.

Application

- 3-99** (1) Subject to subrule (2), this division applies to a lawyer who is retained by a client to provide legal services.
- (1.01) Where a lawyer holds fiduciary funds, the rules in this division apply as if the person for whom the funds are held is a client of the lawyer.
- (1.1) The requirements of this division are in keeping with a lawyer's obligation to know the lawyer's client, understand the client's financial dealings in relation to the retainer with the client and manage any risks arising from the professional business relationship with the client.
- (2) Rules 3-100 to 3-108 and 3-110 do not apply when a lawyer provides legal services
- (a) on behalf of the lawyer's employer, or
 - (b) in the following circumstances if no financial transaction is involved:
 - (i) as part of a duty counsel program sponsored by a non-profit organization;
 - (ii) in the form of pro bono summary advice.
- (2.1) A lawyer is not required to repeat compliance with Rules 3-100 to 3-106 when another lawyer or an interjurisdictional lawyer who has complied with those rules or the equivalent provisions of a governing body
- (a) engages the lawyer to provide legal services to the client as an agent, or
 - (b) refers a matter to the lawyer for the provision of legal services.
- (3) In this division, the responsibilities of a lawyer may be fulfilled by the lawyer's firm, including members or employees of the firm wherever located.

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Requirement to identify client

- 3-100** (1) A lawyer who is retained by a client to provide legal services must obtain and record, with the applicable date
- (a) [rescinded]
 - (b) for individuals, all of the following information:
 - (i) the client's full name;
 - (ii) the client's home address, home telephone number and occupation;
 - (iii) the address and telephone number of the client's place of work or employment, where applicable, and
 - (c) for organizations, all of the following information:
 - (i) the client's full name, business address and business telephone number;
 - (ii) the name, position and contact information for individuals who give instructions with respect to the matter for which the lawyer is retained;
 - (iii) if the client is an organization other than a financial institution, public body or reporting issuer
 - (A) the general nature of the type of business or activity engaged in by the client, and
 - (B) the organization's incorporation or business identification number and the place of issue of its incorporation or business identification number.
- (2) When a lawyer has obtained and recorded the information concerning the identity of an individual client under subrule (1) (b), the lawyer is not required subsequently to obtain and record that information about the same individual unless the lawyer has reason to believe the information has changed or become inaccurate.

Exemptions

- 3-101** (1) Rules 3-102 to 3-106 do not apply
- (a) if the client is
 - (i) a financial institution,
 - (ii) a public body,
 - (iii) a reporting issuer, or
 - (iv) an individual who instructs the lawyer on behalf of a client described in subparagraphs (i) to (iii),
 - (b) when a lawyer
 - (i) pays money to or receives money from any of the following acting as a principal:
 - (A) a financial institution;
 - (B) a public body;
 - (C) a reporting issuer,

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- (ii) receives money paid from the trust account of another lawyer or an interjurisdictional lawyer,
 - (iii) receives money from a peace officer, law enforcement agency or other public official acting in an official capacity, or
 - (iv) pays or receives money
 - (A) [rescinded]
 - (B) to pay a fine, penalty or bail, or
 - (C) [rescinded]
 - (D) for professional fees, disbursements or expenses.
- (2) Where money is paid, received or transferred by electronic funds transfer between financial institutions or financial entities, a lawyer is exempt from the requirements relating to the verification of the identity of the client in Rules 3-102 to 3-106, provided the transmission record contains
- (a) a reference number,
 - (b) the date of the transfer of the money,
 - (c) the currency of the money transferred,
 - (d) the amount of money transferred,
 - (e) a reference number,
 - (f) the date of the transfer, and
 - (g) the names of the sending and receiving account holders and the sending and receiving financial institutions or financial entities.
- (3) Where subrule (2) applies, a lawyer remains obligated to make and record the enquiries and information regarding the source of money set out in Rule 3-102 (1)
- (a).

Requirement to verify client identity and obtain information on source of money

- 3-102** (1) When a lawyer provides legal services in respect of a financial transaction, the lawyer must
- (a) obtain from the client and record, with the applicable date, the following information about the source of money:
 - (i) the payer's full name, occupation and contact information;
 - (ii) the relationship of the payer to the client;
 - (iii) the date on which the money was received by the lawyer from the payer;
 - (iv) the economic activity or action that generated the money;
 - (v) the form in which the money was received by the lawyer;

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- (vi) the full name and address of all financial institutions or other entities through which the payer processed or transmitted the money to the lawyer;
 - (vii) any other information relevant to determining the source of money, and
- (b) verify the identity of the client using documents or information described in subrule (2).
- (2) For the purposes of subrule (1), the client's identity must be verified by means of the following documents and information, provided the documents are valid, authentic and current and information is valid and current:
- (a) if the client is an individual
 - (i) an identification document issued by the government of Canada, a province or territory or a foreign government, other than a municipal government, that
 - (A) contains the individual's name and photograph, and
 - (B) is used in the presence of the individual to verify that the name and photograph are those of the individual,
 - (ii) information in the individual's credit file that is used to verify that the name, address and date of birth in the credit file are those of the individual, if that file is located in Canada and has been in existence for at least three years, or
 - (iii) any two of the following obtained by the lawyer from a reliable source:
 - (A) information that contains the individual's name and address that is used to verify that the name and address are of those of the individual;
 - (B) information that contains the individual's name and date of birth that is used to verify that the name and date of birth are those of the individual;
 - (C) information that contains the individual's name and confirms that the individual has a deposit account or a credit card or other loan amount with a financial institution that is used to verify that information;
 - (b) if the client is an organization such as a corporation or society that is created or registered pursuant to legislative authority, a written confirmation obtained by the lawyer from a government registry as to the existence, name and address of the organization, including the names of its directors where applicable, such as
 - (i) a certificate of corporate status issued by a public body,
 - (ii) a copy obtained from a public body of a record that the organization is required to file annually under applicable legislation, or

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- (iii) a copy of a similar record obtained from a public body that confirms the organization's existence;
 - (c) if the client is an organization that is not registered in any government registry, such as a trust or partnership, a copy of the organization's constating documents, such as a trust or partnership agreement, articles of association, or any other similar record that confirms its existence as an organization.
- (2.1) For the purposes of subrule (2) (a) (i), an electronic image of a document issued by the government of Canada, a province or a territory or a foreign government, other than a municipal government, may be treated as authentic, provided the lawyer has used reliable technology to confirm that the identification document is genuine and has confirmed that the name and photograph are those of the individual in the identification document.
- (3) and (3.1) [rescinded]
- (4) For the purposes of subrule (2) (a) (iii)
 - (a) the information referred to must be from different sources, and
 - (b) the individual, the lawyer or an agent is not a source.
 - (5) To verify the identity of an individual who is under 12 years of age, the lawyer must verify the identity of a parent or guardian of the individual.
 - (6) To verify the identity of an individual who is 12 years of age or over but less than 15 years of age, the lawyer may refer to information referred to in subrule (2) (a) (iii) (A) that contains the name and address of a parent or guardian of the individual and verifying that the address is that of the individual.

Requirement to identify directors, shareholders and owners

- 3-103** (1) When a lawyer provides legal services in respect of a financial transaction for a client that is an organization referred to in Rule 3-102 (2) (b) or (c) [*Requirement to verify client identity and obtain information on source of money*], the lawyer must
- (a) obtain and record, with the applicable date, the names of all directors of the organization, other than an organization that is a securities dealer, and
 - (b) make reasonable efforts to obtain and, if obtained, record with the applicable date
 - (i) the names and addresses of all persons who own, directly or indirectly, 25 per cent or more of the organization or of the shares of the organization,
 - (ii) the names and addresses of all trustees and all known beneficiaries and settlors of the trust, and
 - (iii) information identifying the ownership, control and structure of the organization.

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- (2) A lawyer must take reasonable measures to confirm the accuracy of information obtained under this rule.
- (3) A lawyer must keep a record, with the applicable dates, of the following:
 - (a) all efforts made under subrule (1) (b);
 - (b) all measures taken to confirm the accuracy of information obtained under this rule.
- (4) If a lawyer is not able to obtain the information referred to in subrule (1) or to confirm the accuracy of that information in accordance with subrule (2), the lawyer must
 - (a) take reasonable measures to ascertain the identity of the most senior managing officer of the organization,
 - (b) determine whether the following are consistent with the purpose of the retainer and the information obtained about the client as required by this rule:
 - (i) the client's information in respect of its activities;
 - (ii) the client's information in respect of the source of the money to be used in the financial transaction;
 - (iii) the client's instructions in respect of the transaction,
 - (c) assess whether there is a risk that the lawyer may be assisting in or encouraging fraud or other illegal conduct, and
 - (d) keep a record, with the applicable date, of the results of the determination and assessment under paragraphs (b) and (c).

Use of an agent for client verification

- 3-104** (1) A lawyer may retain an agent to obtain the information required under Rule 3-102 [*Requirement to verify client identity and obtain information on source of money*], provided the lawyer and the agent have an agreement or arrangement in writing for this purpose in compliance with this rule.
- (2) to (5) [rescinded]
- (6) A lawyer must not rely on information obtained by an agent under this rule unless the lawyer
 - (a) obtains from the agent all of the information obtained by the agent under that agreement or arrangement, and
 - (b) is satisfied that the information is valid and current and that the agent verified identity in accordance with Rule 3-102 [*Requirement to verify client identity and obtain information on source of money*].
- (7) A lawyer may rely on an agent's previous verification of an individual client if the agent was, at the time of the verification

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- (a) acting in the agent's own capacity, whether or not the agent was acting under this rule, or
- (b) acting as an agent under an agreement or arrangement in writing entered into with another lawyer required under this division to verify the identity of a client.

Timing of verification for individuals

- 3-105** (1) At the time that a lawyer provides legal services in respect of a financial transaction, the lawyer must verify the identity of a client who is an individual.
- (2) When a lawyer has verified the identity of an individual, the lawyer is not required subsequently to verify that same identity unless the lawyer has reason to believe the information has changed or become inaccurate.

Timing of verification for organizations

- 3-106** (1) A lawyer who provides legal services in respect of a financial transaction must verify the identity of a client that is an organization promptly and, in any event, within 30 days.
- (2) When a lawyer has verified the identity of a client that is an organization and obtained and recorded information under Rule 3-103 [*Requirement to identify directors, shareholders and owners*], the lawyer is not required subsequently to verify that identity or obtain and record that information, unless the lawyer has reason to believe that the information has changed or become inaccurate.

Record keeping and retention

- 3-107** (1) A lawyer must obtain and retain a copy of every document used to verify the identity of any individual or organization or to obtain information about the source of any money for the purposes of Rule 3-102 (1) [*Requirement to verify client identity and obtain information on source of money*].
- (2) The documents referred to in subrule (1) may be kept in a machine-readable or electronic form, if a paper copy can be readily produced from it.
- (3) A lawyer must retain a record of the information, with applicable dates, and any documents obtained or produced for the purposes of
- (a) Rule 3-100 [*Requirement to identify client*],
 - (b) Rule 3-103 [*Requirement to identify directors, shareholders and owners*],
 - (c) Rule 3-102 [*Requirement to verify client identity and obtain information on source of money*],
 - (d) Rule 3-104 [*Use of an agent for client verification*], or
 - (e) Rule 3-110 [*Monitoring*].
- (4) The lawyer must retain information and documents referred to in subrule (3) for the longer of

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- (a) the duration of the lawyer and client relationship and for as long as is necessary for the purpose of providing services to the client, and
- (b) a period of at least 6 years following completion of the work for which the lawyer was retained.

Existing matters

3-108 Rules 3-99 to 3-107 do not apply to matters for which a lawyer was retained before December 31, 2008, but they do apply to all matters for which the lawyer is retained after that time, regardless of whether the client is a new or existing client.

Criminal activity, duty to withdraw

- 3-109** (1) If, in the course of obtaining the information and taking the steps required in Rule 3-100 [*Requirement to identify client*], 3-102 (2) [*Requirement to verify client identity and obtain information on source of money*], 3-103 [*Requirement to identify directors, shareholders and owners*] or 3-110 [*Monitoring*], or at any other time while retained by a client, a lawyer knows or ought to know that the lawyer is or would be assisting a client in fraud or other illegal conduct, the lawyer must withdraw from representation of the client.
- (2) This rule applies to all matters for which a lawyer is retained before or after this division comes into force.

Monitoring

- 3-110** (1) While retained by a client in respect of a financial transaction, a lawyer must monitor on a periodic basis the professional business relationship with the client for the purposes of
- (a) determining whether the following are consistent with the purpose of the retainer and the information obtained about the client under this division:
 - (i) the client's information in respect of their activities;
 - (ii) the client's information in respect of the source of the money used in the financial transaction;
 - (iii) the client's instructions in respect of transactions, and
 - (b) assessing whether there is a risk that the lawyer may be assisting in or encouraging dishonesty, fraud, crime or other illegal conduct.
- (2) A lawyer must keep a record, with the applicable date, of the measures taken and the information obtained under subrule (1) (a).

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PART 8 – LAWYERS’ FEES

Recording funds received on fees, expenses and disbursements

- 8-0.1** (1) A law firm must record in its general account records all funds received by the law firm expressly on account of fees earned and billed or incurred as expenses or disbursements.
- (2) A law firm must record in its trust account records all funds subject to a retainer of a fixed fee agreement for professional fees with the client until the point in time that the fees have been earned.
- (3) A law firm that has provided the services relating to funds recorded under subrule (2) must promptly deliver a bill containing sufficient particulars to identify the services performed and the fees, disbursements and expenses incurred.

Billing

- 8-0.2** A bill required by section 69 [*Lawyer’s bill*] must be delivered to a client by,
- (a) delivering it personally to the client,
 - (b) mailing it to the client’s last known address,
 - (c) transmitting it by electronic facsimile to the client at the client’s last known electronic facsimile number,
 - (d) transmitting it by electronic mail to the client at the client’s last known electronic mail address, or
 - (e) made available to the client by other means agreed to in writing by the client.

Billing records

- 8-0.3** (1) A law firm must keep file copies of all bills delivered to clients or persons charged
- (a) showing the amounts and the dates charges are made,
 - (b) indicating all dates on which the bill was created or modified,
 - (c) identifying the client or person charged, and
 - (d) filed in chronological, alphabetical or numerical order.
- (2) The records required by this Rule form part of the books, records and accounts of a law firm.

Billing of disbursements

- 8-0.4** A law firm must not bill for disbursements or expenses before they have been incurred.

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Payment of fees from trust

- 8-0.5** (1) A law firm that withdraws or authorizes the withdrawal of trust funds for payment of professional fees, expenses or disbursement relating to the provision of legal services must
- (a) prior to the withdrawal or authorization of the withdrawal, deliver a bill to the client in accordance with Rule 8-0.2 [*Billing*]
 - (b) transfer the funds to the law firm's general account before distribution to any persons.
- (2) A lawyer must not take fees from trust funds when the lawyer knows that the client disputes the right of the lawyer to receive payment from trust funds, unless
- (a) the client has agreed that the lawyer may take funds from trust to satisfy the lawyer's account and the client has acknowledged that agreement in writing or the lawyer has confirmed the client's agreement in a letter delivered to the client,
 - (b) a bill has been delivered under subrule (1),
 - (c) the lawyer has given the client written notice that the fees will be taken from trust unless, within one month, the client commences a fee review under section 70 [*Review of a lawyer's bill*] or an action disputing the lawyer's right to the funds, and
 - (d) the client has not commenced a fee review under section 70 or an action at least one month after written notice is given under paragraph (c).
- (3) Despite subrule (2), if a lawyer knows that the client disputes a part of the lawyer's account, the lawyer may take from trust funds fees that are not disputed.
- (4) A lawyer must not take fees from trust funds impressed with a specific purpose, if the object of the trust has not been fulfilled, without the express consent of the client or another person authorized to give direction on the application of the trust funds.

Lawyer's right to claim funds

- 8-0.6** Nothing in these Rules deprives a lawyer of any recourse or right, whether by way of lien, set-off, counterclaim, charge or otherwise, against
- (a) funds standing to the credit of a client in a trust account, or
 - (b) valuables held for a client.

Reasonable remuneration

- 8-1** (1) A lawyer who enters into a contingent fee agreement with a client must ensure that, under the circumstances existing at the time the agreement is entered into,
- (a) the agreement is fair, and

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- (b) the lawyer's remuneration provided for in the agreement is reasonable.
- (2) A lawyer who prepares a bill for fees earned under a contingent fee agreement must ensure that the total fee payable by the client
 - (a) does not exceed the remuneration provided for in the agreement, and
 - (b) is reasonable under the circumstances existing at the time the bill is prepared.

Maximum remuneration in personal injury actions

- 8-2** (1) Subject to the court's approval of higher remuneration under section 66 (7) [*Contingent fee agreement*], the maximum remuneration to which a lawyer is entitled under a contingent fee agreement for representing a plaintiff up to and including all matters pertaining to the trial of an action is as follows:
- (a) in a claim for personal injury or wrongful death arising out of the use or operation of a motor vehicle, 33 1/3% of the amount recovered;
 - (b) in any other claim for personal injury or wrongful death, 40% of the amount recovered.
- (2) Despite subrule (1), a contingent fee agreement may provide that the lawyer may elect to forego any remuneration based on a proportion of the amount recovered and receive instead an amount equal to any costs awarded to the client by order of a court.
- (3) This rule does not prevent a lawyer and client from making a separate agreement for payment beyond the amount specified in subrule (1) to compensate the lawyer for representing the client in an appeal from a trial judgment pronounced in the proceeding for which the lawyer was retained.

Form and content of contingent fee agreements

- 8-3** A contingent fee agreement must
- (a) be in writing,
 - (b) state that the person who entered into the agreement with the lawyer may, within 3 months after the agreement was made or the retainer between the solicitor and client was terminated by either party, apply to a district registrar of the Supreme Court of British Columbia to have the agreement examined, even if the person has made payment to the lawyer under the agreement, and
 - (c) not include a provision that
 - (i) the lawyer is not liable for negligence or is relieved from any responsibility to which a lawyer would otherwise be subject,
 - (ii) the claim or cause of action that is the subject matter of the agreement cannot be abandoned, discontinued or settled without the consent of the lawyer, a law firm or a law corporation, or
 - (iii) the client may not change lawyers before the conclusion of the claim or cause of action that is the subject matter of the agreement.

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Statement of rules in contingent fee agreements

- 8-4** (1) A contingent fee agreement between a lawyer and a plaintiff in a claim for personal injury or wrongful death arising out of the use or operation of a motor vehicle must include the following statement, prominently placed:

Under the Rules of the Law Society of British Columbia, without court approval, a lawyer may charge a maximum of 33 1/3% of the total amount recovered in a claim for personal injury or wrongful death arising out of the use of a motor vehicle.

The percentage limit applies to all matters related to the trial of a lawsuit, but does not include any appeal. A lawyer and a client may make a separate agreement for legal fees for an appeal.

Fees charged by different lawyers vary.

- (2) A contingent fee agreement between a lawyer and a plaintiff in a claim for personal injury or wrongful death not affected by subrule (1) must include the following statement, prominently placed:

Under the Rules of the Law Society of British Columbia, without court approval, a lawyer may charge a maximum of 40% of the total amount recovered in a claim for personal injury or wrongful death.

The percentage limit applies to all matters related to the trial of a lawsuit, but does not include any appeal. A lawyer and a client may make a separate agreement for legal fees for an appeal.

Fees charged by different lawyers vary.

- (3) If a contingent fee agreement includes a provision permitted under Rule 8-2 (2) [*Maximum remuneration in personal injury actions*], the statement required under subrule (1) or (2) must include the following:

The Law Society Rules allow a lawyer and client to agree that the lawyer may choose to charge the amount of costs awarded instead of a percentage of the amount recovered.

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SCHEDULE 1 – 2026 LAW SOCIETY FEES AND ASSESSMENTS

L. Late fees and assessments	\$
1. Trust report late filing fee (Rule 3-86 (3) (b) [<i>Late filing of annual accounting report or CPA report</i>])	325.00
1.1 Assessment for each month a trust report has not been filed (Rule 3-6 (4) [<i>Late filing of annual accounting report or CPA report</i>]).....	600.00
2. Professional development late completion fee (Rule 3-31 (1) (c) [<i>Late completion of professional development</i>])	500.00
3. Professional development late reporting fee (Rule 3-31 (3) (b))	200.00
4. Late registration delivery fee (Rule 2-12.4)	200.00
5. Late self-assessment delivery fee (Rule 2-12.4)	500.00
6. Indigenous intercultural course late completion fee (Rule 3-28.11 (1) (c) [<i>Late completion of Indigenous intercultural course</i>])	500.00
7. Indigenous intercultural course late reporting fee (Rule 3-28.11 (2) (b))	200.00
 M. Multi-disciplinary practice fees	
1. Application fee (Rule 2-40 (1) (b) [<i>Application to practise law in MDP</i>]).....	300.00
2. Application fee per proposed non-lawyer member of MDP (Rules 2-40 (1) (c) and 2-42 (2) [<i>Changes in MDP</i>]).....	1,125.00

Note: The federal goods and services tax applies to Law Society fees and assessments.

Table of Recommendations of Trust Review Task Force and the Rules prepared to implement them

Recommendation	Rule
<p>Recommendation 1 Amend Rule 3-59 to make explicit that any cash received under the professional fee exception must be commensurate with the amount required for a retainer or for reasonably anticipated fees, and that guidelines be prepared to assist in determining what is “commensurate.”</p>	Rule 3-80 (3)
<p>Recommendation 2 The CIV Rules should be amended to clarify what a lawyer must do when obtaining and recording information about “source of money,” with clear reference to the requirements set out in the Fall 2019 Benchers’ Bulletin.</p>	Change to header Rule 3-102, Rule 3-102 additions of (i) – (vii) in subrule (2) Rule 3-107 (1)
<p>Recommendation 3 While the Rules should extend client verification requirements to retainers beyond those dealing with “financial transactions,” the Task Force recommends they not be extended to all retainers purposed in the Cullen Report, but be limited to client matters where there are objectively suspicious circumstances or heightened risk factors. Consultation with the Federation’s Standing Committee on Anti-Money Laundering and Terrorist Financing should be encouraged to work toward a common amendment across the country.</p>	No amendments or new rules required.
<p>Recommendation 4 The Rules should be amended to extend the application of the CIV Rules to when a lawyer holds funds as fiduciary property (in accordance with recommendations made by the Task Force in Part 2, below).</p>	Rule 3-99 (1.01)
<p>Recommendation 5 The Law Society should implement a one-time mandatory anti-money laundering training for all lawyers, maintained and updated by the Law Society, and to ensure such training identifies areas of greatest risk (specifics not included here).</p>	Rule 3-28.01

Table of Recommendations of Trust Review Task Force and the Rules prepared to implement them

<p>Recommendation 6 The Rules regarding accounting should be re-organized and follow the progression of (a) the opening of accounts, (b) the deposit of funds into accounts, (c) the withdrawal of funds from accounts, and (d) obligations required upon closing accounts.</p>	<p>General throughout revised Part 3, Division 7</p>
<p>Recommendation 7 Amend the Rules to include definitions for “general account,” and “trust account.”</p>	<p>Rule 1 (definition of “General account” and “trust account” added).</p>
<p>Recommendation 8 Each lawyer or law firm that provides legal services for a fee is required to operate a general account separate from any personal accounts of the lawyers practising at or through the firm.</p>	<p>Rule 3-58</p>
<p>Recommendation 9 Rule 3-65 (1.1) should be amended to require the funds addressed in that Rule to be deposited to the firm General Account.</p>	<p>Rule 3-58 Rule 8-0.5</p>
<p>Recommendation 10 Require all lawyers who are signatories to a trust account to complete a course of prescribed education regarding the operation of a trust account.</p>	<p>Rule 3-67</p>
<p>Recommendation 11 The definition of “fiduciary property” in the Rules will be replaced with “fiduciary funds” and narrowed to include only funds held by a lawyer as an executor or administrator of an estate pursuant to a court order, or as an attorney appointed under a power of attorney, provided the appointment in any such capacity is directly derived from a previous solicitor-client relationship.</p> <p>A lawyer acting in a fiduciary role in any circumstances other than those noted above, regardless of how the appointment arose, must account for and deal with those funds in the same manner as any other fiduciary. Those funds will not be allowed to be deposited to a “trust account”.</p>	<p>Rule 1 – definition of “fiduciary property” amended – changed to “fiduciary funds.” Changes to 3-79 (Fiduciary funds) and 3-80 (cash transactions rule) to apply to fiduciary funds as well.</p>
<p>Recommendation 12 The Rules should require pooled trust accounts for matters relating to BC legal</p>	<p>Rule 3-63 (1) and (2), Rule 3-68</p>

Table of Recommendations of Trust Review Task Force and the Rules prepared to implement them

<p>services to be held in an account in British Columbia.</p> <p>BC client matters are not to be commingled in another jurisdiction's pooled trust account.</p>	
<p>Recommendation 13 Amend the Rules to make clear that a client cannot instruct a lawyer to place trust funds into anything other than "an interest-bearing trust account or a savings, deposit, investment or similar form of account" in a designated savings institution with offices in British Columbia.</p>	Rule 3-63 (1)
<p>Recommendation 14 Remove Rule 3-62 to end the practice of permitting a lawyer to endorse over to a third party or to a client a cheque made payable to the lawyer in trust. If a client makes a cheque for fees payable to a lawyer rather than to the lawyer's firm, the lawyer will be permitted to endorse that cheque over to the firm only.</p>	Rule 3-72
<p>Recommendation 15 Every trust cheque must be signed by a practising lawyer, after the payee, date and amount are entered onto the trust cheque. Lawyers must not sign a blank trust cheque.</p>	Rule 3-74 (5) (d)
<p>Recommendation 16 Amend Rule 3-64 (5) to reinforce that only a practising lawyer authorized to sign a trust cheque can affix their own signature to the cheque, regardless of the method used to affix the signature.</p>	Rule 3-74 (5) (c)
<p>Recommendation 17 Amend Rule 3-64.1 to provide that lawyers using electronic transfers from trust must do so using a requisition form prescribed by the Executive Director and requirements contained in the form should not be replicated in the Rule.</p>	Rule 3-76 (1)
<p>Recommendation 18 With proper protections to ensure that commercial banking platforms are utilized and personal online banking systems are not utilized, electronic transfers from trust must be performed by a lawyer using dual</p>	Rule 3-76 (2)

Table of Recommendations of Trust Review Task Force and the Rules prepared to implement them

authentication passwords, not necessarily a dual person authentication.	
Recommendation 19 No changes need be made to the substance of Rule 3-66 (1), although the Rule itself should be moved to be included in Rule 3-64 regarding withdrawal from trust. Subrules (2) and (3) can be deleted.	See comments, Rule 3-74 (8) (recommendation not implemented for reasons given)
Recommendation 20 Add a definition of “Trust Shortage” to the Rules to improve lawyer understanding and compliance with the reporting requirement.	Rule 3-71 (2)
Recommendation 21 A lawyer must immediately notify the Law Society when any account is frozen by a financial institution.	Rule 3-55
Recommendation 22 Amend Rule 3-65 to move provisions in the subrules that pertain to billing requirements to Part 8 of the Rules, thereby retaining in the Rule only matters relating expressly to trust accounts. Move the statutory solicitors’ lien in Rule 3-78 to Part 8 and adjust the language to indicate that the requirements in Division 7 do not alter the right to a lien (statutory or common law). Move Rule 3-71 (1) to Part 8 of the Rules, and revise Rule 3-71 (2) considering the recommendation to remove the Rule to which it refers.	Rule 8-0.2, Rule 8-0.3, Rule 8-0.6
Recommendation 23 Amend the Rules to make it explicit that a client can only be billed for disbursements that have been incurred and that anticipated disbursements cannot be charged.	Rule 8-0.4
Recommendation 24 While Rule 3-72 (1) should remain unchanged, subrules (2) and (3) should be considered further against their objectives to provide better guidance around the timing of the recording of transactions.	Rule 8-0.1
Recommendation 25	Rule 3-60

Table of Recommendations of Trust Review Task Force and the Rules prepared to implement them

<p>The law firm general account must be reconciled.</p>	
<p>Recommendation 26 The requirements for a trust reconciliation should be clarified and the supporting documents amended to include listing of specified matters such as stale-dated cheques and unclaimed or inactive balances. Subrule (2) (d) can also be removed.</p> <p>Lawyers must be required to correct errors immediately and eliminate shortages and outstanding deposits. The errors, shortages and outstanding deposits should not be permitted to be carried forward to the next month's reconciliation.</p> <p>Lawyers must sign off on the reconciliation of their accounts.</p>	<p>Rule 3-70 (4) and (5)</p>
<p>Recommendation 27 Rename the current "trust report" so that it is clear that an annual report relating to the accounts of law firms must be filed even if the firm is not operating a trust account.</p>	<p>Rule 3-82</p>
<p>Recommendation 28 The "accountant's report" should be renamed to be called a "CPA Report," and the Rule creating it be moved to follow, or be part of, Rule 3-79 in order to clarify that the CPA Report is part of what is currently called the "trust report." A "qualified CPA" should be defined to reference the qualifications needed to prepare a "CPA Report," including being independent.</p>	<p>Rule 3-83</p>
<p>Recommendation 29 Amend Rule 3-79 (6) to clarify that an annual trust report is required to be filed for a firm if the firm had any lawyers who held a practising status and were not exempt from professional liability indemnity coverage for any part of the reporting period. Law firms will be required to include in their annual trust report a list of all lawyers practising at the firm during the reporting period, including those who change their status to an exempt status at any time during reporting period.</p>	<p>Rule 3-82 (7)</p>

Table of Recommendations of Trust Review Task Force and the Rules prepared to implement them

<p>Recommendation 30 Rule 3-83 should be a subrule of Rule 3-79 [Trust report] and be amended so that “non-compliance with the accounting Rules” or similar phrase be utilized instead of “exceptions and qualifications,” and require an explanation from the lawyer as to how they will remedy the non-compliance.</p>	New Section Header before Rule 3-84
<p>Recommendation 31 Where the trust report is not complete to the satisfaction of the Executive Director, lawyers must file an amended report within a timeframe set by the Executive Director.</p>	Rule 3-85 (2)
<p>Recommendation 32 A “law firm” (as defined in the Act) may identify a specific partner/owner of the firm to file its annual trust report and to produce the firm’s books and records if required for a compliance audit. A sole practitioner is deemed to be the owner lawyer for their law firm. Where the specified lawyer(s) fails to comply, the owners of the firm may also be responsible for these requirements if they have not been completed after being notified by the Law Society of the non-compliance.</p> <p>The Rules will continue to require any lawyer at a firm at the relevant time to answer questions or produce records during a compliance audit or in response to questions about a trust report. The Rules will also continue to hold a lawyer personally responsible for their own conduct in respect to compliance with the Part 3, Division 7 of the Rules.</p>	Rule 3-54 (slight variation on recommendation – “must” instead of “may”) Rule 3-86 (4)
<p>Recommendation 33 Revise the Rules to provide that if the records produced at a compliance audit are inaccurate, unreliable or incomplete, and a follow-up audit is required, the Executive Director may require the firm to pay a fee intended to represent part of the costs of the additional audit, expressed as a range in the Rule. As per the recommendation above, this responsibility is intended to apply to the owners of the firm.</p>	Rule 3-87.2

Table of Recommendations of Trust Review Task Force and the Rules prepared to implement them

<p>Recommendation 34 Rules should be added to permit the Executive Director to place conditions on the operation of trust accounts where the Executive Director is satisfied that a lawyer or law firm has not adequately complied with the duties and responsibilities set out in Part 3, Division 7 of the Rules.</p>	Rule 3-87.4
<p>Recommendation 35 Fees and assessments for late filing of a trust report assessed should be increased.</p>	Rule 3-86 (5), Schedule 1
<p>Recommendation 36 Rule 3-75 should focus on the requirement to retain the records, and not include “chief place of practice” or reference to “on demand”. This policy change may logically permit Rule 3-76 to be removed or modified.</p>	Rule 3-57
<p>Recommendation 37 The Rules setting out requirements when moving from one practice setting to another, or when leaving the practice of law altogether, need to be revised to update current processes and include new requirements recommended in this Report. When drafting the new Rules, consideration must be given to ensuring the requirements are clearly stated and are readily capable of enforcement.</p> <p>Recognizing that “non-practising” membership status has been created to allow lawyers to take time away from practice in the expectation that they will return at a later date, the Rules should exempt lawyers from the reporting requirements on withdrawing from practice where the lawyer can satisfy the Executive Director that arrangements have been made for another lawyer to manage the lawyer’s trust account, files and reporting obligations in the lawyer’s absence.</p>	<p>Rule 3-87.5</p> <p>Rule 3-87.5 (6)</p>
<p>Recommendation 38 Recommend a policy change so that TAF will apply to all client matters with a trust transaction, without exemptions.</p>	Rule 2-110 (1) (already implemented, amended to address law firms instead of lawyers)

**Table of Recommendations of Trust Review Task Force and the
Rules prepared to implement them**

<p>Recommendation 39 The Law Society explore the creation of an expert tool for use by the profession to assist in compliance with the CIV Rules.</p>	No rule needed
<p>Recommendation 40 The EFT provision should be amended so that it is similar to the Ontario provision, expressly preserves the obligation to make and record inquiries as to source of funds, and provides further guidance to reinforce the ongoing application of other professional obligations, including the duty to make inquiries in the face of suspicious circumstances.</p>	Rule 3-102 (2) and (3).

Part 7 – Table of Concordance (Old Rules to New Rules)

Existing Rule		New Rule	
3-53	Definitions	Rule 3-53	Definitions
3-54	Personal responsibility	Rule 3-55	Responsibility for Accounting (new)
		Rule 3-56	Individual responsibility
3-55	Fiduciary property	Rule 3-79	Fiduciary funds
3-56	Designated savings institutions	Rule 3-63	Trust account to be held in a designated savings institution
3-57	Removal of designation		
3-58	Deposit of trust funds	3-72	Deposit of trust funds
3-58.1	Trust account for legal services only	3-62	Trust account for legal services only
3-59	Cash Transactions	3-80	Cash transactions
3-60	Pooled trust account	3-65	Pooled trust account
3-61	Separate trust account	3-66	Separate trust account
3-62	Cheque endorsed over		(rule removed)
3-63	Trust account balance	3-55	Responsibility for accounting
3-64	Withdrawal from trust	3-75	Withdrawal from trust account
3-64.1	Electronic transfers from trust	3-76	Withdrawal from trust account by electronic transfer
		3-77	Land title transfers
3-64.2	Electronic deposits into trust	3-73	Deposits into trust account by electronic transfer
3-64.3	Withdrawal from trust by bank draft	3-75	Withdrawal from trust account by bank draft
3-65	Payment of fees from trust	8.02	Billing
		8.0.5	Payment of fees from trust
3-66	Withdrawal from separate trust account	3-74	Withdrawal from trust account
3-67	Accounting records	3-57	Recording of accounting records
		3-53	Definitions
3-68	Trust account records	3-69	Trust account records
3-69	General account records	3-59	Records for general account
3-70	Records of cash transactions	3-81	Cash transaction records
3-71	Billing records	8-0.3	Billing records
3-72	Recording transactions	8-0.1	Recording funds received on fees, expenses and disbursements
		3-57	Recording and maintaining accounting records
3-73	Monthly trust reconciliation	3-70	Reconciliation of trust account
3-74	Trust shortage	3-71	Trust shortage
3-75	Retention of records	3-57	Recording of accounting records

			See also Rule 10-3 (2)
3-76	Executive director's modification		removed
3-77	Canada Deposit Insurance Corporation	3-64	Canada Deposit Insurance Corporation
3-78	Lawyer's right to claim funds	8-0.6	Lawyer's right to claim funds
3-79	Trust report	3-82	Annual accounting report
3-80	Late filing of trust report	3-86	Late filing of annual accounting report or CPA Report
3-81	Failure to file trust report	3-87	Failure to file annual accounting report or CPA report
3-82	Accountant's report	3-83	CPA report
3-83	Exceptions and qualifications	3-87	Failure to file annual accounting report or CPA report
		3-85	Non-compliance concerning annual accounting report or CPA report
3-84	Former lawyers		Subsumed into Rule 3-84 definition
3-85	Compliance audit of books, records and accounts	3-87.1	Compliance audit
3-86	Failure to produce records on compliance audit	3-87.2	Failure to produce records on compliance audit
3-87	Disposition of files, trust money and other documents and valuables	3-87.5	Disposition of files, trust money funds and other documents and valuables

Part 7 - Table of Concordance (New Rules to Old Rules)

New Rules		Old Rules	
3-53	Definitions	3-53	Definitions
3-54	Law firms		new
3-55	Responsibility for accounting		new
3-56	Individual responsibility	3-54	Personal responsibility
3-57	Recording and maintaining of accounting records	3-67	Accounting records
		3-72	Recording transactions
3-58	Requirement for general account		new
3-59	Records for general account	3-69	General account records
3-60	Reconciliation of general account		new
3-61	Requirement for trust account		new
3-62	Trust account only for legal services	3-58.1	Trust account for legal services only
3-63	Trust account to be held in a designated savings institution	3-56	Designated savings institutions
		3-57	Removal of designations
3-64	Canada Deposit Insurance Corporation	3-77	Canada Deposit Insurance Corporation
3-65	Pooled trust account	3-60	Pooled trust account
3-66	Separate trust account	3-61	Separate trust account
3-67	Signatories to trust account		new
3-68	Where lawyer practises law in other jurisdictions		new
3-69	Trust account records	3-68	Trust account records
3-70	Reconciliation of trust account	3-73	Monthly trust reconciliation
3-71	Trust shortage	3-74	Trust shortage
3-72	Deposit of trust funds	3-58	Deposit of trust funds
3-73	Deposits into trust account by electronic transfer	3-64.2	Electronic deposits into trust
3-74	Withdrawal from trust account	3-64	Withdrawal from trust
		3-66	Withdrawal from separate trust account
3-75	Withdrawal from trust account by bank draft	3-64.3	Withdrawal from trust by bank draft
3-76	Withdrawal from trust account by electronic transfer	3-64.1	Electronic transfers from trust
3-77	Land title transfers	3-64.1	Electronic transfers from trust
3-78	Passwords and authorization codes		new
3-79	Fiduciary funds	3-55	Fiduciary property
3-80	Cash transactions	3-59	Cash transactions
3-81	Cash transaction records	3-70	Records of cash transactions

3-82	Annual accounting report	3-70	Trust report
3-83	CPA report	3-82	Accountant's report
3-83	Definitions		new
3-85	Non-compliance concerning annual accounting report or CPA report	3-83	Exceptions and qualifications
3-86	Late filing of annual accounting report or CPA Report	3-80	Late filing of trust report
3-87	Failure to file annual accounting report or CPA report	3-81	Failure to file trust report
3-87.1.	Compliance audit	3-85	Compliance audit of books, records and accounts
3-87.2	Failure to produce records on compliance audit	3-86	Failure to produce records on compliance audit
3-87.3	Costs		new
3-87.4	Non-compliance with this division		new
3-87.5	Disposition of trust funds and other documents and valuables	3-87	Disposition of trust money and other documents and valuables
8-0.1	Recording funds received on fees, expenses and disbursements	3-72	Recording transactions
8-0.2	Billing	3-65	
8-0.3	Billing records	3-71	
8-0.4	Billing of disbursements		new
8.05	Payment of fees from trust	3-65	Payment of fees from trust
8-0.6	Lawyer's right to claim funds	3-78	Lawyer's right to claim funds

Schedule F

TITLE: ACCOUNTING RULES AMENDMENTS

RESOLUTION:

BE IT RESOLVED to amend the Law Society Rules, effective January 1, 2027, as follows:

1. *In Rule 1,*

By adding the following definitions to appear in alphabetical order with existing definitions;

“anti money-laundering course” means a course of study designated as such and administered by the Society or its agents and includes any assignment, examination or remedial work taken during or after the course of study;”

“general account” means an account required by Rule 3-58;”

“money” includes cash, currency, securities, negotiable instruments or other financial instruments, in any form, that indicate a person’s title or right to or interest in them, and electronic transfer of deposits at financial institutions;”

“pooled trust account” means a pooled trust account permitted by Rule 3-65;”

“separate trust account” means a separate trust account permitted by Rule 3-66;”

“trust account ” means a pooled trust account or a separate trust account used by a lawyer or law firm for the handling of client funds in conjunction with the provision of legal services;”

By rescinding the definition of “qualified CPA”

In the definition of “funds”, by adding “money,” between “drafts,” and “money orders”;

In the definition of “general funds”, by deleting in subrule (b) the word “property” and replacing it with the word “funds”;

3. *In Rule 2-3, by deleting the word “Any” and replacing it with “Subject to Rule 3-87.5 (3) [Disposition of files, trust money funds and other documents and valuables], any”;*

4. *In Rule 2-4 (1), by deleting the word “A” and replacing it with “Subject to Rule 3-87.5 (3) [Disposition of files, trust money funds and other documents and valuables], a” ;*

5. *By rescinding Rule 12.2 and replacing it as follows:*

“ Registration

- 2-12.2** (1) A law firm must, within 30 days of commencing or engaging in the practice of law, register by delivering to the Executive Director a registration form in the prescribed form.
- (2) The Executive Director may at any time require a law firm to immediately provide to the Executive Director a current list of all lawyers who are partners, shareholders or other persons who have an ownership interest in the law firm.
- (3) A law firm must inform the Executive Director immediately of a change of any information included in the registration form.
- (4) Subject to subrule (5), where a law firm has confirmed to the Executive Director that it has ceased to practise law under Rule 3-85.7 (2) [*Disposition of files, trust funds and other documents and valuables*], the Executive Director must terminate the registration of the law firm.
- (5) The Executive Director must not terminate the registration of a law firm unless satisfied that the law firm has completed the requirements set out in Rule 3-85.7 (2) (a) – (c).”

5. In Rule 2-110,

By rescinding subrule (1) and replacing it as follows:

- “(1) A law firm must pay to the Society the trust administration fee specified in Schedule 1 for each client matter undertaken by the law firm or by a lawyer practising through the law firm in connection with which the law firm or lawyer receives in trust funds in an aggregate amount greater than \$10,000.”

In subrules (2) and (3), by replacing the word “lawyer” where it appears in each subrule, and replacing it with “law firms”;

6. By adding Rule 3-28.01 as follows:

“Anti-money laundering education

- 3-28.01** (1) A practising lawyer must, within 6 months of the first time the lawyer becomes entitled to practise law,
- (a) successfully complete the anti money-laundering course and
- (b) certify to the Executive Director in the prescribed form that the lawyer has completed the courses prescribed under this subrule.
- (2) A practising lawyer who is in breach of subrule (1) has failed to meet a minimum standard of practice, and the Executive Director may refer the matter to the Discipline Committee or the chair of the Discipline Committee.”

7. *In Rule 3-53,*

By adding the words “unless the context indicates otherwise” following the words “In this division”;

By adding the following definitions to appear in alphabetical order with existing definitions:

“**accounting record**” means all records required in this division, and includes all related supporting documents as well as billing records required by Part 8;

“**cancelled cheque**” means a cheque that has been cashed, otherwise negotiated, or is no longer valid;

“**owner**” means a lawyer who is a sole proprietor, partner, shareholder or other member of a law firm who has an ownership interest in the law firm and includes a former owner;

“**supporting documents**” means all documents not referred to in these Rules that are required to support accounting records, including

- (a) validated deposit receipts,
- (b) periodic bank statements,
- (c) cancelled cheques,
- (d) bank vouchers and similar documents,
- (e) vendor invoices, and
- (f) bills for fees, expenses and disbursements.”

By rescinding the definition of “cash receipt book”

In the definition of “compliance audit”, by replacing the reference to “Rule 3-85.3” with “Rule 3-87.1 [Compliance audit]”

8. *By rescinding Rules 3-54 to 3-87 in their entirety and replacing them with the following:*

Law Firms

- 3-54** (1) A law firm must designate an owner to
- (a) oversee its accounting obligations under these Rules,
 - (b) file the firm’s annual accounting report, and
 - (c) produce the firm’s books and records if required for the purpose of a compliance audit.
- (2) A sole practitioner is deemed to be the owner designated under subrule (1) for the purposes of this Part.

- (3) Where the owner designated under subrule (1) fails to comply with any requirement under these Rules, all owners of the firm are deemed responsible for the failure if it is not corrected promptly to the satisfaction of the Executive Director after the designated representative of the law firm required by Rule 2-12.5 [*Designated representative*] has been notified.

Responsibility for accounting

- 3-55** A law firm must
- (a) account to a client in writing for all funds and valuables, whether held as trust funds or as fiduciary funds, received on a client's behalf;
 - (b) maintain and keep current a list of all trust funds, fiduciary funds, and valuables held in trust for which the law firm is responsible;
 - (c) maintain sufficient funds on deposit in each pooled or separate trust account to meet the law firm's obligations with respect to the funds held in trust for clients; and
 - (d) immediately notify the Executive Director in writing if the law firm's ability to access the funds in any account maintained by the law firm in the course of the law firm's practice of law is removed or otherwise restricted.

Individual responsibility

- 3-56** Despite Rules 3-54 [*Law firms*] and 3-55 [*Responsibility for accounting*], a lawyer remains individually and personally responsible to ensure that the duties and responsibilities under this division are carried out with regard to accounting matters relating to the lawyer's delivery of legal services whether or not the lawyer or law firm has delegated, where permitted, any of the duties or responsibilities set out under this division.

Recording and maintaining accounting records

- 3-57** (1) A law firm's accounting records must be kept current at all times in accordance with these rules.
- (2) A law firm must keep all accounting records for as long as the records apply to money held as trust funds or to valuables held in trust for a client and for at least 10 years from the final accounting transaction or disposition of valuables
 - (3) A law firm must keep all accounting records not referred to in subrule (2) for at least 10 years from the date the records were completed.
 - (4) A law firm must record all funds received and disbursed in connection with the law firm's practice of law by maintaining the accounting records required under this division.

- (5) A law firm must record all transactions in its accounting records in chronological order and in an easily traceable form.
- (6) A law firm must record each trust or general account transaction promptly, and in any event not more than
 - (a) 7 days after a transaction in any trust account, or
 - (b) 30 days after a transaction in the general account.
- (7) As an exception to subrule (6) (a), a law firm must record the receipt of interest on a separate trust account within 30 days of payment or of notice that funds have been credited to the account.
- (8) A law firm must maintain accounting records in
 - (a) legibly handwritten form, in ink or other duplicated or permanent form,
 - (b) printed form, or
 - (c) an electronic form maintained in a manner that will allow compliance with Rule 10-3 (2) [*Records*]

General Account

Requirement for a general account

- 3-58** (1) A law firm must maintain a general account relating to the business and operation of the law firm in the course of its provision of legal services.
- (2) The general account required under subrule (1) must be
 - (a) held at a financial institution in the name of the law firm through which the practice of law is carried on, and
 - (b) designated as a “general account” on the records of the financial institution and of the law firm.

Records for general account

- 3-59** (1) A law firm must maintain a bank journal of all receipts and withdrawals relating to the general account that includes:
- (a) the amount of funds received or withdrawn;
 - (b) the dates that funds were received or authorized for withdrawal;
 - (c) the name of the person from whom the funds were received or to whom they were paid;
 - (d) the payment method of funds received or withdrawn, whether by cash, cheque, bank draft or electronic funds transfer;
 - (e) the cash receipt number, cheque number, bank draft number, or electronic funds transfer number relating to the funds;

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- (f) the client matter number if the receipt or withdrawal of the funds relates to a client;
 - (g) the running balance after each transaction.
- (2) A law firm must maintain an accounts receivable ledger relating to the general account for each client matter that includes:
- (a) all invoices issued to a client;
 - (b) all transfers from the trust account to the general account;
 - (c) all other receipts of funds from or on behalf of a client; and
 - (d) the running balance after each transaction.
- (3) A law firm must maintain all accounting records relating to the reconciliation of the general account required under Rule 3-60 [*Reconciliation of general account*].

Reconciliation of general account

- 3-60** (1) A law firm must prepare a monthly reconciliation of each general account comparing:
- (a) the amount of funds recorded in the account according to the law firm's records as shown in the bank journal;
 - (b) the amount of funds recorded in the account according to the financial institution's records as shown in the bank statement;
- (2) When preparing the reconciliation required by subrule (1), a law firm must identify, explain and eliminate:
- (a) any outstanding deposits,
 - (b) any accounts receivable balances indicating that funds are owed to clients,
 - (c) any trust funds held in error in the general account, and
 - (d) any other differences or errors.
- (3) A law firm that identifies any trust funds held in error in the general account must immediately transfer the funds into a trust account.
- (4) A law firm must ensure each reconciliation of each general account
- (a) is prepared no later than 30 days after each month end,
 - (b) is reviewed and signed by the owner designated by the law firm under Rule 3-54 (1) [*Law firms*], and
 - (c) includes the preparation and review dates.

Trust Accounts

Requirement for trust account

- 3-61** (1) A law firm that handles trust funds in the course of engaging in the practice of law must open one or more trust accounts.
- (2) A trust account must be held in the name of a law firm.
- (3) Trust accounts may be either pooled trust accounts or separate trust accounts.
- (4) A trust account must be designated as a “trust account” on the records of the financial institution and of the law firm.

Trust account only for legal services

- 3-62** (1) Except as permitted by the Act, subrule (2) (a) or (b) or otherwise required by law, a law firm must not permit funds to be deposited to or withdrawn from a trust account unless the funds are directly related to legal services provided by the law firm.
- (2) Despite subrule (1), a law firm may permit the following funds to be deposited to a trust account, provided they arise from activity associated with a lawyer who otherwise practises law through the law firm:
- (a) fiduciary funds, or
 - (b) funds that are received as a retainer for services as a mediator, arbitrator or parenting co-ordinator
- (3) Despite subrule (1), a law firm may deposit funds to a trust account to comply with Rule 3-71 [*Trust shortage*].
- (4) A law firm must take reasonable steps to obtain appropriate instructions and pay out funds held in a trust account as soon as practicable on completion of the services or, in the case of fiduciary funds, the completion of the purposes to which the funds relate.
- (5) Funds deposited to a trust account by a law firm under subrule (2) are subject to all rules pertaining to trust funds as if the funds were received from a client in relation to legal services provided by the law firm.

Trust account to be held in a designated savings institution

- 3-63** (1) A trust account must be held at a British Columbia branch of a financial institution that is a designated savings institution.

- (2) A financial institution is a designated savings institution within the meaning of s. 33 (3) (b) [*Trust accounts*] and subrule (1) if it has an office in British Columbia accepting demand deposits and is insured by
- (a) the Canada Deposit Insurance Corporation, or
 - (b) the Credit Union Deposit Insurance Corporation of British Columbia.
- (3) Despite subrule (2), the Executive Committee may resolve that a financial institution is not or ceases to be a designated savings institution within the meaning of s. 33 (3) (b) [*Trust accounts*].
- (4) A law firm that holds trust funds in a financial institution that is not or ceases to be a designated savings institution must immediately transfer those funds into a designated savings institution.

Canada Deposit Insurance Corporation

- 3-64** (1) A law firm that holds pooled trust funds in a designated savings institution insured by the Canada Deposit Insurance Corporation must meet the conditions required under the Schedule to the *Canada Deposit Insurance Corporation Act* to ensure that each client's funds, rather than the account itself, are insured up to the limit of Canada Deposit Insurance Corporation insurance.
- (2) When providing information under subrule (1), the law firm must not disclose information that is subject to solicitor-client privilege or confidentiality without the consent of the client.

Pooled trust account

- 3-65** (1) A law firm that receives trust funds for a client in the course of providing legal services must maintain a pooled trust account.
- (2) The following provisions apply to a pooled trust account:
- (a) the account must be readily available for the law firm to draw on;
 - (b) the law firm must, on a regular basis, receive
 - (i) cancelled cheques, and
 - (ii) bank statements for the account covering all transactions on the account;
 - (c) the terms of the agreement with the designated savings institution at which the account is held must include that the institution agrees to pay interest to the Foundation at least quarterly;
- (3) A law firm must notify the designated savings institution that the account is a trust account containing the funds of more than one client.
- (4) A law firm may maintain in a pooled trust account no more than \$600 of the law firm's own funds.

Separate Trust Account

- 3-66** (1) A law firm may open a separate trust account for the deposit of client trust funds where the client has instructed the law firm, in writing, to do so.
- (2) A separate trust account must be identified by a number that identifies the client on inspection of the lawyer's books and accounts.

Signatories to trust account

- 3-67** (1) Subject to subrule (2), before a lawyer becomes a signatory to a trust account, the lawyer must have completed, to the satisfaction of the Executive Director, all courses prescribed by the Executive Director for the purposes of this rule.
- (2) A lawyer who is a signatory to a trust account on the coming into force of this rule must complete all courses prescribed by the Executive Director for the purposes of this rule within the time designated by the Executive Director.
- (3) A lawyer who is in breach of this rule has failed to meet a minimum standard of financial responsibility, and the Executive Director may refer the matter to the Discipline Committee or the chair of the Discipline Committee.

Where lawyer practises law in other jurisdictions

- 3-68** A practising lawyer who practises law in a jurisdiction other than British Columbia must not deposit trust funds relating to the practice of law in British Columbia into a pooled trust account in the other jurisdiction.

Trust account records

- 3-69** (1) A law firm that has opened one or more trust accounts must maintain the following accounting records:
- (a) a bank journal of all receipts and withdrawals for each trust account that includes:
 - (i) the amount of funds received or withdrawn
 - (ii) the dates that funds were received or authorized for withdrawal;
 - (iii) the name of the person from whom the funds were received or to whom they were paid;
 - (iv) the payment method of funds received or withdrawn, whether by cash, cheque, bank draft or electronic funds transfer
 - (v) the cash receipt number, cheque number, bank draft number or electronic funds transfer number relating to the funds;
 - (vi) the client matter number regarding the receipt or withdrawal of the funds;
 - (vii) the running balance after each transaction;
 - (b) a trust ledger for each client matter that includes:

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- (i) the client name and file number;
- (ii) all funds received or withdrawn, including all information itemized under subrule (1) (a);
- (iii) the name or identifier of each trust account in which trust funds are held;
- (iv) the running balance after each transaction;
- (c) a transfer journal showing each transfer of funds between client trust ledgers that includes
 - (i) the name and file number of each of the source file and destination file, and
 - (ii) an explanation of the purpose for which each transfer was made, and
- (d) the monthly trust reconciliations required by Rule 3-70 [*Reconciliation of trust account*].
- (2) A law firm must maintain a list of valuables received and delivered in trust for each client, including the undelivered portion of valuables that the law firm continues to hold.

Reconciliation of trust account

- 3-70** (1) A law firm must prepare for each trust account a monthly reconciliation that compares
- (a) the amount of funds recorded in the account, according to the law firm's records as shown in the bank journal,
 - (b) the amount of funds recorded in the account, according to the designated savings institution's records as shown in the bank statement, and
 - (c) the amount of funds recorded in the law firm's records, as shown in the client trust ledgers.
- (2) The trust reconciliation must be supported by
- (a) a bank reconciliation for each pooled trust account that reconciles the bank journal with the bank statement,
 - (b) a client trust liability listing report that lists the balances held in the trust accounts of each client matter at month end and the last trust activity date pertaining to the client matter,
 - (c) listings of outstanding deposits and outstanding withdrawals,
 - (d) an explanation of any unreconciled differences together with the reasons for the difference and an explanation of the steps taken to correct any differences once identified, and
 - (e) a list of balances for each separate trust account, identifying the client for whom each separate trust account is held.
- (3) A law firm must, when reconciling a trust account, identify and take all appropriate steps to
- (a) eliminate all overdrawn balances on the client trust liability list,

- (b) eliminate all outstanding deposits and trust shortages,
 - (c) eliminate any other differences or banking errors
 - (d) reverse and reissue all stale-dated cheques, and
 - (e) ensure that trust funds have been paid out of trust to the appropriate persons on the completion of the legal services performed by the law firm.
- (4) A law firm must not permit any errors, shortages or outstanding deposits identified through the reconciliation of any trust account to be carried over to the following month's reconciliation of the account.
- (5) A law firm must ensure each reconciliation of each trust account
- (a) is prepared no later than 30 days after month end,
 - (b) is reviewed and signed by the owner designated by the law firm under Rule 3-54 (1) [*Law firms*], and
 - (c) includes the preparation and review dates.

Trust shortage

- 3-71** (1) A trust shortage occurs when a law firm fails to maintain sufficient funds in a trust account to meet the law firm's obligations with respect to trust funds held from or on behalf of each and every client and client matter.
- (2) Without limiting subrule (1), a trust shortage includes, but is not limited to, the following circumstances:
- (a) trust funds have been deposited into an account that is not a trust account;
 - (b) a client trust ledger indicates that more funds have been withdrawn than deposited into trust in relation to the client or client matter;
 - (c) the client trust liability listing indicates that more funds have been withdrawn than deposited into trust;
 - (d) the accounts receivable client ledger indicates that the law firm has received more funds than have been billed on a client matter;
 - (e) a trust deposit remains pending or outstanding at the time the trust funds are withdrawn from trust;
 - (f) service charges, merchant fees, or bank errors cause funds to be withdrawn from trust in error.
- (3) A law firm that discovers a trust shortage must immediately pay enough funds into the trust account to eliminate the shortage.
- (4) A law firm must immediately make a written report to the Executive Director including all relevant facts and circumstances if
- (a) the law firm discovers a trust shortage greater than \$5,000,
 - (b) a cheque from the law firm's trust account is returned by a financial institution, or not negotiated due to non-sufficient funds in the trust account,

- (c) the law firm's access to or use of a trust account has been suspended or restricted by a designated savings institution, or
- (d) the law firm is or will be unable pay trust funds when due.

Deposits to Trust Accounts

Deposit of trust funds

- 3-72** As soon as it is practicable to do so, a law firm must
- (a) deposit all trust funds that it receives into a trust account, and
 - (b) where funds are received that belong partly to the client and partly to the law firm, deposit the funds to a trust account and immediately withdraw the law firm's funds from the trust account.

Deposits into trust account by electronic transfer

- 3-73** (1) A law firm must not accept funds into a trust account by means of electronic transfer unless
- (a) the law firm obtains a confirmation in writing providing details of the transfer from the financial institution or the remitter of the funds within 2 banking days of the deposit, and
 - (b) the deposit confirmation contains sufficient documentation to enable the lawyer to meet the record-keeping requirements under this division.
- (2) Where a law firm receives funds into a trust account by means of electronic transfer contrary to subrule (1), the law firm must immediately contact the designated savings institution at which the account is held and advise it to reject the transfer.

Withdrawals from trust accounts

Withdrawal from trust account

- 3-74** (1) A law firm is only permitted to withdraw funds from a trust account if the withdrawal is authorized by a practising lawyer who has completed the courses prescribed by the Executive Director under Rule 3-67 [*Signatories to trust account*].
- (2) A law firm must not make a payment from a trust account unless
- (a) trust accounting records are current, and
 - (b) there are sufficient funds held to the credit of the client on whose behalf the funds are to be paid.
- (3) A law firm must not withdraw or authorize a withdrawal of any trust funds unless the funds are

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- (a) properly required for the payment to or on behalf of a client or to satisfy a court order,
 - (b) funds of a lawyer permitted to be in the account under Rule 3-65 (4) [*Pooled trust account*],
 - (c) in the trust account as the result of
 - (i) a mistake, or
 - (ii) a deposit contrary to Rule 3-73 (1) [*Deposits into by electronic transfer*],
 - (d) paid to a law firm to pay outstanding fees, disbursements or expenses that have been billed provided that the requirements of Rule 8-0.5 [*Payment of fees from trust*] have been met,
 - (e) transferred between trust accounts,
 - (f) due to the Foundation under section 62 (2) (b) [*Interest on trust accounts*], or
 - (g) unclaimed trust funds remitted to the Society under Division 8 [*Unclaimed trust money*]
- (4) A law firm must not make or authorize the withdrawal of funds from a trust account, except
- (a) by cheque as permitted by subrule (5),
 - (b) by electronic transfer as permitted by Rule 3-76 [*Withdrawal from trust account by electronic transfer*],
 - (c) by bank draft as permitted by Rule 3-75 [*Withdrawal from trust account by bank draft*],
 - (d) by instruction to a designated savings institution to pay funds to the Foundation under subrule (3) (f), or
 - (e) in cash if required under Rule 3-80 (4) or (5) [*Cash transactions*].
- (5) Every trust cheque authorizing the withdrawal of funds from a trust account must
- (a) be marked “Trust,”
 - (b) not be payable to “Cash” or “Bearer,”
 - (c) be signed only by a practising lawyer who has completed the courses prescribed by the Executive Director under Rule 3-67 [*Signatories to trust account*] who affixes the lawyer’s own signature to the cheque, regardless of the method used to affix the signature, and
 - (d) prior to being signed, include the payee, date of cheque and amount of the cheque.
- (6) A law firm who makes or authorizes the withdrawal of funds from a separate trust account in respect of which cancelled cheques and bank statements are not received from the savings institution monthly and kept in the law firm’s accounting records must first transfer the funds into the law firm’s pooled trust account.

Withdrawal from trust account by bank draft

- 3-75** (1) In this rule, “**bank draft requisition**” means a requisition in the prescribed form for the withdrawal of funds from trust by bank draft in the prescribed form.
- (2) A law firm may only withdraw funds from a trust account by bank draft where the recipient of the funds consents in writing in advance to receive the funds in the form of a bank draft.
- (3) Where trust funds have been withdrawn from a trust account by bank draft, the law firm must
- (a) use and retain the bank draft requisition to record the transaction,
 - (b) retain the information obtained in subrule (2),
 - (c) retain a copy of the bank draft, and
 - (d) obtain and retain a written receipt from the recipient of the funds.

Withdrawal from trust account by electronic transfer

- 3-76** (1) In this rule, “**electronic transfer requisition**” means a requisition in the prescribed form for the electronic transfer of trust funds .
- (2) A law firm may withdraw funds from a trust account by electronic transfer, provided that the electronic funds transfer system used by the law firm
- (a) requires a dual authentication of authorization codes in order for the transfer to be completed, and
 - (b) is a commercial banking platform and does not permit transfers by email or text messages.
- (3) Despite subrule (2) (a), a lawyer who practises law as the only lawyer in a law firm and who has no other staff may transfer funds electronically if the lawyer personally uses
- (a) one password or authorization code to enter data into the electronic funds transfer system describing the details of the transfer, and
 - (b) a different password or authorization code into the electronic funds transfer system authorizing the designated savings institution to carry out the transfers.
- (4) The electronic funds transfer system used by the law firm must produce, no later than the close of the banking day immediately after the day on which the electronic transfer of funds is authorized, a confirmation in writing from the designated savings institution confirming that the data describing the details of the transfer and authorizing the designated savings institution to carry out the transfer were received.
- (5) The confirmation required in subrule (4) must contain all of the following:
- (a) the name of, or an identifier for, the person authorizing the transfer;
 - (b) the amount of the transfer;

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- (c) the trust account name, trust account number and branch name and address of the financial institution from which the funds are transferred;
 - (d) the name of the account, account number and address of the financial institution to which the funds are transferred;
 - (e) the time and date that the data describing the details of the transfer and authorizing the financial institution to carry out the transfer are received by the financial institution;
 - (f) the time and date that the confirmation in writing from the financial institution was sent to the lawyer authorizing the transfer.
- (6) Before any data describing the details of the transfer or authorizing the financial institution to carry out the transfer is entered into the electronic funds transfer system, the lawyer must complete and sign an electronic transfer requisition authorizing the transfer.
- (7) The data entered into the electronic funds transfer system describing the details of the transfer and authorizing the financial institution to carry out the transfer must be as specified in the electronic transfer requisition.
- (8) The law firm must
- (a) retain in the law firm's records a copy of
 - (i) the electronic transfer requisition, and
 - (ii) the confirmation required in subrule (4),
 - (b) compare the requisition and confirmation to ensure that the data and other information recorded on each document is the same, and
 - (c) indicate on the printed copy of the confirmation
 - (i) the name of the client,
 - (ii) the subject matter of the file, and
 - (iii) any file number in respect of which the funds were drawn from the trust account.

Land title transfers

3-77 Despite Rule 3-76 [*Withdrawal from trust account by electronic transfer*], a law firm may withdraw funds from a trust account by electronic transfer using the electronic filing system of the Land Title and Survey Authority of British Columbia for the purpose of the payment of property transfer tax on behalf of a client, provided that the law firm

- (a) retains in the law firm's records a copy of
 - (i) all electronic payment authorization forms submitted to the electronic filing system,
 - (ii) the property transfer tax return, and

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- (iii) the transaction receipt provided by the electronic filing system,
- (b) digitally signs the property transfer tax return in accordance with the requirements of the electronic filing system, and
- (c) verifies that the funds were drawn from the trust account as specified in the property transfer tax return.

Passwords and authorization codes

- 3-78** (1) A lawyer must not:
- (a) disclose to any other person, including another lawyer or employee of the lawyer's law firm, the lawyer's password or authentication code associated with the electronic transfer system; or
 - (b) permit any other person, including another lawyer or employee of the lawyer's law firm, to use the lawyer's password or authorization code to gain access to the electronic funds transfer system.
- (2) Except with regard to s. 168.7 (2) (b) of the *Land Title Act*, where exceptional circumstances exist that would require an accommodation for a lawyer who would otherwise be unable to comply with subrule (1), the Executive Director may exempt the lawyer from subrule (1), with any conditions the Executive Director considers necessary to protect the public interest.

Fiduciary Funds

Fiduciary funds

- 3-79** (1) In addition to any other obligations required by law or equity, this rule applies to lawyers who are responsible for fiduciary funds.
- (2) A lawyer who holds fiduciary funds in a trust account must comply with all rules in this division with respect to the fiduciary funds for which the lawyer is responsible.
- (3) A lawyer who holds fiduciary funds in an account other than a trust account must maintain and produce on demand the following records for any period for which the lawyer is responsible for the fiduciary funds:
- (a) a current list of the fiduciary funds held;
 - (b) all invoices, bank statements, cancelled cheques or images and other records necessary to create a full accounting of the receipt or disbursement of the fiduciary funds;
 - (c) all records required by any legislation governing the lawyer's responsibilities as a fiduciary relating to the fiduciary capacity in which the lawyer is acting.

- (4) The records required under this rule form part of the books, records and accounts of a lawyer, and the lawyer must produce them and permit them to be copied as required under these rules.

Dealing with Cash

Cash transactions

- 3-80** (1) A law firm or a lawyer must not receive or accept cash in an aggregate amount greater than \$7,500 in respect of any one client matter.
- (2) Despite subrule (1), a law firm may receive or accept cash in connection with the practice of law by the law firm
- (a) from a peace officer, law enforcement agency or other agent of the Crown acting in an official capacity,
 - (b) pursuant to the order of a court or other tribunal for the release to the law firm or the law firm's client of cash that has been seized by a peace officer, law enforcement agency or other agent of the Crown acting in an official capacity,
 - (c) to pay a fine, penalty or bail,
 - (d) from a financial institution or public body, or
 - (e) in respect of a client matter for professional fees, disbursements or expenses or for anticipated professional fees, disbursements or expenses.
- (3) Any cash received or accepted by a law firm under subrule (2) (e) must be no greater than the amount commensurate for reasonably anticipated fees, disbursements or expenses for the matter on which the lawyer is retained.
- (4) A law firm that receives or accepts cash in an aggregate amount greater than \$7,500 under subrule (2) (e) must make any refund out of such funds in cash.
- (5) A law firm that receives cash, unless permitted under this rule to accept it, must
- (a) make no use of the cash,
 - (b) return the cash, or if that is not possible, the same amount in cash, to the payer immediately,
 - (c) make a written report of the details of the transaction to the Executive Director within 7 days of receipt of the cash, and
 - (d) comply with all other rules pertaining to the receipt of trust funds.
- (6) For the purposes of this rule, a law firm that receives or accepts cash in foreign currency is deemed to have received or accepted the cash converted into Canadian dollars based on
- (a) the official conversion rate of the Bank of Canada for that currency as published in the Bank of Canada's Daily Noon Rates in effect at the relevant time, or

- (b) if no official conversion rate is published as set out in paragraph (a), the conversion rate of the Bank of Canada in effect on the most recent business day.

Cash transaction records

- 3-81** (1) A law firm that receives any amount of cash for a client matter must issue, and retain a copy of, a receipt to the person from whom the cash was received.
- (2) Each receipt issued by a law firm under this rule must
- (a) be signed by
 - (i) the individual designated by the law firm under Rule 3- 54 [*Law firms*] or by another individual authorized by the law firm,
 - (ii) the person from whom the cash is received, and
 - (b) identify each of the following:
 - (i) the date on which cash is received;
 - (ii) the person from whom cash is received;
 - (iii) the amount of cash received;
 - (iv) the name of the client for whom cash is received;
 - (v) the client matter in respect of which cash is received, and
 - (vi) all dates on which the receipt was created or modified.
- (3) A law firm that is required by Rule 3-80 (5) (b) [*Cash transactions*] to return cash must obtain and record a receipt for the transaction signed on behalf of the law firm and by the person to whom the cash is returned that records and identifies
- (a) the date on which the cash was returned,
 - (b) the name of the person to whom the cash was returned,
 - (c) the amount of cash returned,
 - (d) the name of the client for whom the cash had initially been received,
 - (e) the client matter in respect of which the cash had been received, and
 - (f) all dates on which the receipt was created or modified.
- (4) A law firm is not in breach of this rule if a receipt is not signed by the person from whom the cash is received if the law firm makes reasonable efforts to obtain the signature of that person.

Reporting

Annual accounting report

- 3-82** (1) A law firm must deliver to the Executive Director, in the prescribed form completed to the satisfaction of the Executive Director and signed by the owner designated under Rule 3-54 [*Law firms*], an annual accounting report for reporting periods of 12 months.

- (2) A law firm must deliver a completed annual accounting report to the Executive Director within 3 months of the end of each reporting period.
- (3) On a written request made by a law firm before the due date of the annual accounting report, the Executive Director may allow a law firm to submit the required report covering a time other than 12 months.
- (4) The date on which a law firm ceases to practise law is the end of a reporting period, whether or not it has been less than 12 months since the law firm filed its most recent annual accounting report.
- (5) The owners of the law firm at the time a law firm ceased to practise law are required to ensure that the annual accounting report of the law firm is completed as required.
- (6) Subrule (5) applies to an owner of a law firm at the time the law firm ceased to practise law who has subsequently become a former member of the Society.
- (7) A law firm must list in the annual accounting report the names of all lawyers who have practised at the law firm during any portion of the reporting period.
- (8) A lawyer who is a non-practising or retired member during a portion of a reporting period is required to file an annual accounting report if the lawyer
 - (a) has been named on a trust account, including a dormant or inactive trust account, in British Columbia or in any other jurisdiction that has not been included on an annual accounting report filed by a law firm, and
 - (b) has either
 - (i) received, held or withdrawn funds in a trust account in any capacity, or
 - (ii) received, held or withdrawn fiduciary funds.
- (9) A former lawyer must deliver to the Executive Director an annual accounting report as required under subrule (1) for any period during which the former lawyer was a member of the Society if no other annual accounting report has been delivered that includes the former lawyer's practice of law during a reporting period.

CPA report

- 3-83** (1) The Executive Director may require a law firm, a law firm that has ceased to practise law, a non-practising or retired member, or a former lawyer who is required to deliver an annual accounting report under Rule 3-82 [*Annual accounting report*] to also deliver a CPA report.
- (2) Where a CPA report is required under subrule (1), it must be completed and signed by a Chartered Professional Accountant licensed by the Chartered Professional Accountants of British Columbia to complete audit or review engagements and who is not otherwise employed or retained by the law firm or former lawyer to prepare any other accounting records required by these rules.
 - (3) A CPA report required by the Executive Director forms part of the annual accounting report.

- (4) The CPA report must be in the prescribed form, be completed to the satisfaction of the Executive Director and delivered within the time specified by the Executive Director.

Non-Compliance

Definitions

3-84 In Rules 3-85 to 3-87.3

“**law firm**” includes, where the context requires, a non-practising or retired member or a former lawyer who is personally required to file an annual accounting report or a CPA report;

“**owner**” includes, where the context requires, a non-practising or retired member or a former lawyer who is personally required to file an annual accounting report or a CPA report.

Non-compliance concerning annual accounting report or CPA report

- 3-85** (1) The annual accounting report, including any required CPA report, of a law firm that has not complied with this division must state the non-compliance with these rules, together with an explanation of the circumstances of the non-compliance and reasons for them.
- (2) Where an annual accounting report, including any required CPA report, has not been completed to the satisfaction of the Executive Director, the Executive Director may require the law firm to file an amended report by a date set by the Executive Director.
- (3) The Executive Director may, following a review of an annual accounting report or CPA report identifying non-compliance, accept the law firm’s explanation and reasons
- (a) without condition, in which case the law firm is deemed to have complied with Rule 3-82 [*Annual accounting report*], or
 - (b) subject to the law firm fulfilling accounting conditions specified by the Executive Director, in which case, on fulfillment of those conditions to the satisfaction of the Executive Director, the law firm is deemed to have complied with Rule 3-82 [*Annual accounting report*].

Late filing of annual accounting report or CPA Report

- 3-86** (1) In this Rule and in Rules 3-85.2 [*Failure to file a CPA report*] and 3-85.3 [*Compliance audit*], “**lawyer**” includes a former lawyer.

- (2) Where a law firm fails to deliver an annual accounting report or a CPA report as required, the Executive Director must immediately notify the law firm by delivering notice of the failure to the representative of the law firm designated under Rule 2-12.5 [*Designated representative*].
- (3) A law firm that fails to deliver an annual accounting report or CPA report by the date required under Rule 3-82 [*Annual Accounting report*] or 3-85 (2) [*Non-compliance concerning annual accounting report or CPA report*], or a CPA report by the date required under Rule 3-83 (5) [*CPA report*], is deemed to have been in compliance with the rules during the period of time that the law firm was late in delivering the report if the law firm delivers the following to the Executive Director within 30 days of the due date:
 - (a) all required reports;
 - (b) the late fee specified in Schedule 1.
- (4) Each owner of a law firm that does not deliver a report within 30 days after delivery of the notice required under subrule (2) is liable to pay the assessment specified in Schedule 1 until the report is delivered.
- (5) When there are special circumstances, the Executive Director may, on application in writing by the law firm or an individual owner of the law firm, and in the Executive Director's discretion, waive payment of all or part of an assessment made under this rule either without conditions or on any conditions that the Executive Director considers appropriate.
- (6) An application under subrule (5) may only be made if the required report has been delivered.

Failure to file annual accounting report or CPA report

- 3-87** (1) Subject to subrules (3) and (4), all owners of a law firm that does not deliver a report under Rule 3-82 [*Annual Accounting report*] or 3-83 [*CPA report*] for 60 days after it is required are suspended until the report is completed to the satisfaction of the Executive Director and delivered as required.
- (2) A report is not delivered for the purposes of subrule (1) unless all explanations of any non-compliance required by the Executive Director are delivered to the Executive Director.
 - (3) Where there are special circumstances, the Executive Director may on application in writing, in the Executive Director's discretion, waive or delay for a specific period of time the suspension of any individual owner of the law firm.
 - (4) Where the Executive Director is not prepared to waive or delay the suspension of any individual owner of the law firm, the Executive Director must refer the application to the Chair of the Discipline Committee to confirm the Executive Director's decision, or to allow the application.
 - (5) At least 30 days before a suspension under subrule (1) can take effect, the Executive Director must deliver to each owner of the law firm notice of the following:

- (a) the date on which the suspension will take effect;
 - (b) the reasons for the suspension;
 - (c) the means by which the law firm or any individual owner of the law firm may apply to the Executive Director for an order under subrule (3) and the deadline for making such an application before the suspension is to take effect.
- (6) If the law firm has not delivered an annual accounting report, including any required CPA report, after it is required, the Executive Director may engage or assign a person qualified under 3-83 (2) [*CPA report*] to complete the required report.
- (7) The chair of the Discipline Committee may order that a law firm pay to the Society all or part of the costs associated with the annual accounting report referred to in subrule (6).
- (8) A law firm that is ordered by the chair of the Discipline Committee, under subrule (7) to pay costs, must pay those costs in full by the date set or extended by the chair.
- (9) If any part of the amount owing under subrule (7) remains unpaid by the date set in Rule 2-105 (2) or (3) [*Annual practising and indemnity fee instalments*], the owners of the law firm concerned must not engage in the practice of law unless the Benchers order otherwise.

Compliance Audit

- 3-87.1** (1) The Executive Director may at any time order a compliance audit of the books, records and accounts of a law firm for the purpose of determining whether the law firm or a lawyer practising law through the law firm meets standards of financial responsibility established under this Part, including but not limited to the maintenance of all books, records and accounts in accordance with this division.
- (2) When an order is made under subrule (1),
- (a) the Executive Director must notify the law firm of the order, and
 - (b) on notification of the order, the law firm concerned must, by the date specified in the notification and as required by the Executive Director
 - (i) produce to the Executive Director, and permit the copying of all files, books, records, accounting records and any other evidence, and
 - (ii) provide to the Executive Director any explanations required for the purpose of completing the compliance audit.

Failure to produce records on compliance audit

- 3-87.2** (1) Subject to subrules (2) and (3), where a law firm that is the subject of a compliance audit under Rule 3-87.1 [*Compliance audit*] has not complied with Rule 3-87.1 (2)
- (b), its owners are suspended until, to the satisfaction of the Executive Director,
- (a) the law firm has produced and permitted the copying of all books, records, accounting records, material and other evidence required to be produced to conduct the audit;

- (b) the law firm's records are accurate, reliable, and complete, and
 - (c) the law firm has provided explanations as required under Rule 3-87.1 (2) (b)
 - (ii)
- (2) Where there are special circumstances, the Executive Director may on application, in the Executive Director's discretion, waive or delay for a particular period of time the suspension of any individual owner of the law firm.
 - (3) Where the Executive Director is not prepared to waive or delay the suspension of any individual owner of the law firm, the Executive Director must refer the application to the Chair of the Discipline Committee to confirm the Executive Director's decision, or to allow the application.
 - (4) At least 7 days before a suspension under this rule can take effect, the Executive Director must deliver to each owner of the law firm notice of the following:
 - (a) the date on which the suspension will take effect;
 - (b) the reasons for the suspension;
 - (c) the means by which the law firm or any individual owner of the law firm may apply to the chair of the Discipline Committee for an order under subrule (2) and the deadline for making such an application before the suspension is to take effect.
 - (5) Where the material produced at the compliance audit is incomplete, inaccurate, or unreliable, and where the law firm has failed to provide an adequate explanation, the Executive Director may order a follow-up audit.

Costs

- 3-87.3**
- (1) The Executive Director may order that a law firm or any of its owners pay to the Society all or part of the costs of a follow-up audit ordered under Rule 3-87.1 (4) [*Compliance audit*], and may set and extend the date for payment.
 - (2) A law firm that is, or any of its owners who are, ordered by the Executive Director, under subrule (1), to pay costs must pay those costs in full by the date set or extended by the Executive Director.
 - (3) If any part of the amount owing under subrule (1) remains unpaid by the date set in Rule 2-105 (2) or (3) [*Annual practising and indemnity fee instalments*], all owners of the law firm must not engage in the practice of law unless the Benchers order otherwise.

Non-Compliance

Non-compliance with this division

- 3-87.4** (1) Where the Executive Director is satisfied that a law firm has not complied with the requirements set out in this division, the Executive Director may, where it is in the public interest to do so, place conditions on a law firm's operation of a trust account.
- (2) Where the Executive Director acts under subrule (1), the Executive Director must provide the law firm with written reasons for the decision.
- (3) A law firm that is subject to an order under subrule (1) may apply to chair of the Discipline Committee for a review of the Executive Director's decision

Disposition of Practice

Disposition of files, trust funds and other documents and valuables

- 3-87.5** (1) A law firm that intends to cease the practice of law must advise the Executive Director in writing of
- (a) the date on which it intends to cease the practice of law, and
 - (b) its intended disposition of all of the following that relate to the law firm's law practice
 - (i) trust accounts and trust funds;
 - (ii) open and closed files;
 - (iii) wills and wills indices;
 - (iv) titles and other important documents and records;
 - (v) other valuables;
 - (vi) the fiduciary funds held by any lawyer working at the firm on the date of cessation.
- (2) Within 30 days after ceasing to practise law, a law firm must confirm to the Executive Director in writing the date that it ceased to practise law and that
- (a) all trust accounts referred to in subrule (1) (b) (i) have been closed and that
 - (i) all the balances have been
 - (A) remitted to the clients or other persons on whose behalf they were held,
 - (B) transferred to another lawyer with written instructions concerning the conditions attaching to them, or
 - (C) paid to the Society under Rule 3-89 [*Payment of unclaimed trust money to the Society*], and
 - (ii) any net interest earned on a pooled trust account has been remitted to the Foundation in accordance with this division, and,
 - (b) the documents and property referred to in subrule (1) (b) (ii) to (vi) have been disposed of, and any way in which the disposition differs from that reported under subrule (1),

- (c) the law firm has notified all clients and other persons for whom any lawyer working at the law firm at the time the law firm ceased to practise law is or may become a personal representative, executor, trustee or other fiduciary regarding the lawyer or former lawyer's withdrawal from practice and any change in the lawyer's membership status.
- (3) If a lawyer who leaves a law firm and who ceases to practise law intends to deal with the documents and property listed in subrule (1) (b) (ii) – (vi) other than by leaving them at the law firm, the lawyer must advise the Executive Director as to how the lawyer has dealt with those documents and property.
- (4) Unless the requirements of subrule (2) (a) – (c) or subrule (3) have been met, a lawyer who practised law at the law firm at the date of its ceasing to practise law or a lawyer to whom subrule (3) applies, is not eligible to be
- (a) a non-practising member under Rule 2-3 [*Non practising members*] or
 - (b) a retired member under Rule 2-4 [*Retired members*].
- (5) Where a law firm has ceased the practice of law and all the members of the law firm have ceased to be members of the Society, the requirements under subrule (2) must be discharged by those former lawyers.
- (6) Subrules (1) and (2) do not apply to a law firm operated by a sole practitioner who becomes a non-practising member in order to accommodate a leave of absence from the practice of law of no more than three years, provided that the law firm has satisfied the Executive Director that arrangements have been made by the law firm for the handling of its practice and trust accounts during the period that the lawyer will be a non-practising member.
- (7) On written application by a law firm that is subject to subrule (4) or by a lawyer who practised law at the law firm at the date of its ceasing to practise law, the Executive Director may extend the time limit referred to in subrule (1) or (2) or, if in the opinion of the Executive Director it is in the public interest, relieve the lawyer or former lawyer of any of the requirements of those subrules.
- (8) On an enquiry, the Executive Director may disclose information collected under this rule if satisfied that
- (a) the person enquiring has a bona fide reason to obtain the information, and
 - (b) disclosure of the information would not be an unreasonable invasion of anyone's privacy."
9. ***In Part 3, Division 8, Rules 3-88 to 3-94, by replacing the word "money" where it appears, and replacing it with the word "funds";***
10. ***In Rule 3-98, by adding the following definitions to appear in alphabetical order with existing definitions:***

"financial entity" means a financial entity headquartered and operating in a country that is a member of the Financial Action Task Force on Money Laundering;

“lawyer” includes a law firm;

11. By adding the following as Rule 3-98.1

Personal Responsibility

3-98.1 A lawyer remains individually and personally responsible to ensure that the duties and responsibilities under this division are carried out whether or not the lawyer has delegated to another person, where permitted, any of the duties or responsibilities set out under this division.

12. By adding the following as subrule (1.01) to Rule 3-99:

(1.01) Where a lawyer holds fiduciary funds, the rules in this division apply as if the person for whom the funds are held is a client of the lawyer.

13. In Rule 3-100 (2), by rescinding “unless the lawyer has reason to believe that the information, or the accuracy of it, has changed” and replacing it with “unless the lawyer has reason to believe that the information has changed or become inaccurate”;

14. By numbering current rule 3-101 as subrule (1) and by adding the following subrules:

(2) Where money is paid, received or transferred by electronic funds transfer between financial institutions or financial entities, a lawyer is exempt from the requirements relating to the verification of the identity of the client in Rules 3-102 to 3-106, provided the transmission record contains

- (a) a reference number,
- (b) the date of the transfer of the money,
- (c) the currency of the money transferred,
- (d) the amount of money transferred,
- (e) a reference number,
- (f) the date of the transfer, and
- (g) the names of the sending and receiving account holders and the sending and receiving financial institutions or financial entities.

(3) Where subrule (2) applies, a lawyer remains obligated to make and record the enquiries and information regarding the source of money set out in Rule 3-102 (1) (a).

15. In Rule 3-102,

By rescinding subrule (1) and replacing it with the following:

- (1) When a lawyer provides legal services in respect of a financial transaction, the lawyer must
- (a) obtain from the client and record, with the applicable date, the following information about the source of money:
 - (i) the payer’s full name, occupation and contact information;
 - (ii) the relationship of the payer to the client;
 - (iii) the date on which the money was received by the lawyer from the payer;
 - (iv) the economic activity or action that generated the money;
 - (v) the form in which the money was received by the lawyer;
 - (vi) the full name and address of all financial institutions or other entities through which the payer processed or transmitted the money to the lawyer;
 - (vii) any other information relevant to determining the source of money, and
 - (b) verify the identity of the client using documents or information described in subrule (2).

By replacing the word “that” in subrule (2) with the word “the”;

- 16. In Rules 3-105 (2) and 3-106 (2), by rescinding “unless the lawyer has reason to believe that the information, or the accuracy of it, has changed” and replacing it with “unless the lawyer has reason to believe that the information has changed or become inaccurate”;**
- 17. By rescinding Rule 3-107 (1) and replacing it with the following:**
- (1) A lawyer must obtain and retain a copy of every document used to verify the identity of any individual or organization or to obtain information about the source of any money for the purposes of Rule 3-102 (1) [*Requirement to verify client identity and obtain information on source of money*].
- 18. In Part 8, by adding the following rules before Rule 8-1**

Recording funds received on fees, expenses and disbursements

- 8-0.1** (1) A law firm must record in its general account records all funds received by the law firm expressly on account of fees earned and billed or incurred as expenses or disbursements.

- (2) A law firm must record in its trust account records all funds subject to a retainer of a fixed fee agreement for professional fees with the client until the point in time that the fees have been earned.
- (3) A law firm that has provided the services relating to funds recorded under subrule (2) must promptly deliver a bill containing sufficient particulars to identify the services performed and the fees, disbursements and expenses incurred.

Billing

- 8-0.2** A bill required by section 69 [*Lawyer's bill*] must be delivered to a client by,
- (a) delivering it personally to the client,
 - (b) mailing it to the client's last known address,
 - (c) transmitting it by electronic facsimile to the client at the client's last known electronic facsimile number,
 - (d) transmitting it by electronic mail to the client at the client's last known electronic mail address, or
 - (e) made available to the client by other means agreed to in writing by the client.

Billing records

- 8-0.3** (1) A law firm must keep file copies of all bills delivered to clients or persons charged
- (a) showing the amounts and the dates charges are made,
 - (b) indicating all dates on which the bill was created or modified,
 - (c) identifying the client or person charged, and
 - (d) filed in chronological, alphabetical or numerical order.
- (2) The records required by this Rule form part of the books, records and accounts of a law firm.

Billing of disbursements

- 8-0.4** A law firm must not bill for disbursements or expenses before they have been incurred.

Payment of fees from trust

- 8-0.5** (1) A law firm that withdraws or authorizes the withdrawal of trust funds for payment of professional fees, expenses or disbursement relating to the provision of legal services must
- (a) prior to the withdrawal or authorization of the withdrawal, deliver a bill to the client in accordance with Rule 8-0.2 [*Billing*]
 - (b) transfer the funds to the law firm's general account before distribution to any persons.

- (2) A lawyer must not take fees from trust funds when the lawyer knows that the client disputes the right of the lawyer to receive payment from trust funds, unless
 - (a) the client has agreed that the lawyer may take funds from trust to satisfy the lawyer’s account and the client has acknowledged that agreement in writing or the lawyer has confirmed the client’s agreement in a letter delivered to the client,
 - (b) a bill has been delivered under subrule (1),
 - (c) the lawyer has given the client written notice that the fees will be taken from trust unless, within one month, the client commences a fee review under section 70 [Review of a lawyer’s bill] or an action disputing the lawyer’s right to the funds, and
 - (d) the client has not commenced a fee review under section 70 or an action at least one month after written notice is given under paragraph (c).
- (3) Despite subrule (2), if a lawyer knows that the client disputes a part of the lawyer’s account, the lawyer may take from trust funds fees that are not disputed.
- (4) A lawyer must not take fees from trust funds impressed with a specific purpose, if the object of the trust has not been fulfilled, without the express consent of the client or another person authorized to give direction on the application of the trust funds.

Lawyer’s right to claim funds

- 8-0.6** Nothing in these Rules deprives a lawyer of any recourse or right, whether by way of lien, set-off, counterclaim, charge or otherwise, against
 - (a) funds standing to the credit of a client in a trust account, or
 - (b) valuables held for a client.

19. In Schedule 1, section L

By adding in the title “and assessments” following “Late fees”

By rescinding paragraph 1 of section L and replacing it with the following:

- 1. Annual accounting or CPA report late filing fee (Rule 3-86 (3) (b) [*Late filing of annual accounting report or CPA report*]) 325.00

By adding the following paragraph to section L following paragraph 1:

- 1.1 Assessment for each month an annual accounting report or CPA report has not been filed (Rule 3-6 (4) [*Late filing of annual accounting report or CPA report*]) 600.00

REQUIRES 2/3 MAJORITY OF BENCHERS PRESENT

Law Society
of British Columbia

**2026 - 2028 Strategic Plan:
Implementation Approach and Year 1
Mid-Year Progress Report**

To: Benchers

Purpose: Update

From: Staff

Date: July 3, 2026

Purpose

1. This report provides an update on the Law Society's progress regarding implementation of the new 2026-2028 Strategic Plan, and outlines a proposed shift in approach to future reporting and next steps.

Background

2. The 2026-2028 Strategic Plan sets out the Law Society's priorities for the next three years.
3. The Year 1 Mid-Year Progress Report ("Report") is attached as **Appendix A**. As the first progress report under the Strategic Plan, it provides an early view of implementation progress and begins a regular reporting rhythm to measure and communicate progress against the plan.

Proposed new approach to future reporting

4. Staff are currently reviewing and refreshing our approach to the Strategic Plan's implementation, measurement, and reporting to better reflect Indigenous approaches, relational accountability, and broader definitions of success.
5. This work is intended to broaden future Strategic Plan reporting by weaving in Indigenous-informed reporting and approaches to create a blended model. The aim is to provide a more complete picture of progress by reporting not only on milestones completed, but also on what is being learned through implementation and how the work is advancing broader commitments.
6. This is consistent with the Law Society's reconciliation commitments and the Indigenous Engagement in Regulatory Matters Report, which emphasizes that reconciliation is ongoing work, informed by continued Indigenous engagement and renewed as learning emerges.
7. The new approach combines quantitative measures with qualitative and relational evidence. It is not intended to replace formal performance measures or key performance indicators, but to broaden reporting where milestone-based measures alone do not fully describe progress.
8. Future reporting may therefore include:
 - a) quantitative measures, such as milestones completed, reports delivered, workshops held, participation levels and implementation steps completed;
 - b) qualitative evidence, such as stories, reflections, engagement themes, survey findings, participant feedback, and staff learning;

- c) relational indicators, such as trust, engagement, reciprocity, continuity of relationships and evidence that participants or interest-holders have been heard; and
 - d) process indicators, including how the work is being done, whether engagement is ongoing rather than one-time, and whether the organization is adapting based on what is learned.
9. Examples of questions that could guide this broader reporting approach include: Are we advancing the commitments in the Strategic Plan? What did we hear or learn? How are relationships being strengthened? Where are we adapting or changing our approach? What evidence supports the conclusion that progress is being made?

Implementation update

10. The attached Report applies this proposed approach in an initial way. It tracks concrete implementation milestones while also identifying qualitative or relational evidence for each initiative.
11. The dashboard shows progress across all five strategic objectives. Key areas of activity include proportional and practical regulation; readiness to practice; anti-money laundering education; bullying, harassment and discrimination survey results; AI-related initiatives; governance modernization; reconciliation implementation; access-to-justice initiatives; demographic data collection; and rule of law public education.
12. Several cross-cutting themes are emerging. Reconciliation work is moving from publication and commitments toward internal capacity-building, experiential learning, and structured implementation. AI-related work is developing across internal operations, regulatory analysis, public and professional guidance, and cross-functional staff learning. Access-to-justice initiatives are advancing through practical, test-and-learn approaches, including the Innovation Sandbox, the one-time practice fee rebate pilot, and planned work on data collection and legal triage.
13. The Report shows that Year 1 implementation is progressing. It also shows that many initiatives will generate important data and information beyond completion of a milestone, including what is heard through surveys, workshops, advisory committees, staff working groups, participant feedback, public engagement and interest-holder discussions. Generating this data and information will help the Law Society assess whether implementation is advancing its mandate in a way that is practical, accountable and responsive to the public interest, and will support more informed decisions about future priorities, resources and adjustments.

Next Steps

14. Staff will continue to refine the reporting approach in advance of the year-end report. This will include identifying where more formal metrics are appropriate, and ensuring reconciliation-related language does not overstate impact, trust, consent or outcomes where that evidence has not yet been gathered.
15. The year-end report will also contain more detail on the initiatives slated for Year 2 and 3 of the 2026-28 Strategic Plan.

2026-2028 Strategic Plan

Year 1 Mid-Year Progress Report

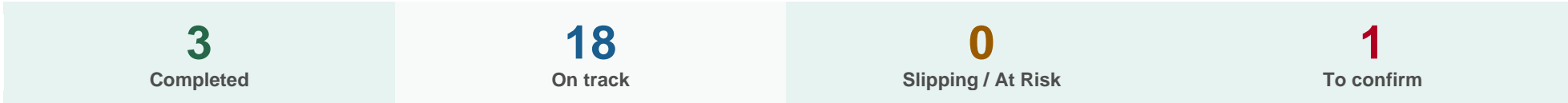
Introduction / Narrative

This first mid-year report provides Benchers with an update on Year 1 implementation of the 2026–2028 Strategic Plan. It identifies progress to date, work that remains underway, and next steps. The Strategic Plan builds on significant institutional work in reconciliation, equity, access to justice, public confidence, governance modernization and regulatory innovation. In particular, the Indigenous Engagement in Regulatory Matters Report emphasizes that reconciliation is ongoing work, informed by continued Indigenous engagement and renewed as learning emerges.

For that reason, this report uses both quantitative measures and qualitative or relational evidence. The dashboard tracks concrete milestones, including reports delivered, workshops planned, terms of reference approved, courses developed and implementation packages advanced. It also identifies what was heard, learned or changed through the work, including how engagement shaped next steps and whether initiatives are building capacity, cultural safety, trust and confidence.

This approach is not intended to replace formal KPIs. It is intended to provide a more complete picture of implementation by recognizing that some progress can be counted, while other progress, particularly reconciliation-linked work, must also be understood through relationship, learning, and changes in practice over time.

At a glance



How to read this report

This mid-year report focuses on Year 1 initiatives that are underway or expected to advance in 2026. Some priorities from the three-year Strategic Plan are not reflected in detail at this stage because related initiatives are planned for Years 2 and 3, or depend on earlier foundational work. Those priorities will be reflected in the year-end report and future progress reports as implementation advances.

Evidence stream	Question answered
Quantitative measures or metrics	What was completed, delivered, counted or scheduled?
Qualitative / relational evidence	What did we hear, learn, change, or strengthen?
Reconciliation progress language	How does the work support deeper transformation?

Mid-year story: what the dashboard is beginning to show

- Reconciliation work is moving from publication and commitments toward internal capacity-building, experiential learning and structured implementation. The next maturity step is to make the learning and relationship evidence visible.
- AI-related work is emerging as a coordinated area of activity across internal operations, regulatory analysis, public and professional guidance, and cross-functional staff learning. The next step is to ensure these streams are connected through a clear workplan and shared approach to responsible AI use and regulation.
- Access-to-justice initiatives are moving through practical, test-and-learn approaches, including the Innovation Sandbox, the one-time practice fee rebate pilot, and planned work with justice stakeholders on data collection and legal triage. These initiatives will generate useful evidence about barriers, participation, feasibility and where further regulatory or collaborative action may be needed.
- Several Year 1 initiatives are on track, with the next phase of reporting focused on identifying the evidence behind what was heard or learned, including survey themes, participant feedback, committee discussion, staff reflection and interest-holder engagement.

Dashboard

Strategic Objective 1: Leading as a modern and innovative regulator of legal service providers

Plan priority / initiative	2026 quantitative measure or metric (what we measured)	Qualitative / relational evidence (what we heard and learned)	Status	Mid-year progress note / next evidence to collect
<p>Priority 1.1: Identify opportunities to adopt a proportional and practical approach to the regulation of legal service providers</p> <p>Initiative 1.1-1: Alternative Resolution Measures (ARM) Framework</p>	<p>Staff recommendations package completed and presented to the Task Force in 2026; next-step direction confirmed.</p>	<p>Capture what was heard through the restorative workshop, internal focus groups, and the presentation on Indigenous resolution methods. Look for evidence that the work is moving toward additional less adversarial, more culturally safe, trauma-informed, and consent-based resolution options.</p>	<p>On track</p>	<ul style="list-style-type: none"> • Report/memo on deterrence presented at April Discipline Processes Task Force (DPTF) meeting. • Restorative workshop hosted in April. • Internal focus groups conducted. • Indigenous resolution methods to be presented at next DPTF meeting. <p>Next: summarize themes heard and how they will the recommendations.</p>
<p>Priority 1.1: Identify opportunities to adopt a proportional and practical approach to the regulation of legal service providers</p> <p>Initiative 1.1-2: Expand the use of the Alternative Discipline Process to address a broader range of appropriate conduct and health-related competence matters.</p>	<p>Develop and implement expanded ADP eligibility criteria.</p>	<p>Evaluation completed regarding the extent to which expanded ADP pathways support a more proportionate and practical regulatory approach by reducing unnecessary formality, improving accessibility, and strengthening trust in regulatory processes.</p>	<p>On track</p>	<p>Staff developing eligibility criteria and how ADP more broadly will fit into the ARM Framework being developed.</p>

Plan priority / initiative	2026 quantitative measure or metric (what we measured)	Qualitative / relational evidence (what we heard and learned)	Status	Mid-year progress note / next evidence to collect
<p>Priority 1.2 -Introduce alternative pathways to enter the legal profession</p> <p>NOTE: See below for Initiative 1.3-1. Work on Western Competency Profile is prerequisite for work on this priority to be tracked (Year 2-3 priority).</p>				
<p>Priority 1.3: Develop and promote resources and programs to support readiness to practice upon being called to the Bar</p> <p>Initiative 1.3-1: Report on Western Competency Profile</p>	<p>Report completed and presented by end of 2026, with recommended next steps identified.</p>	<p>Relationships with law societies of the western Provinces are strengthened.</p> <p>Consultation and reporting identify what was heard from law societies, articling students, principals and other participants about the competencies expected through experiential learning and how those competencies may be assessed.</p>	<p>On track</p>	<p>Consultation launched. Work is underway for report and recommendation to Benchers.</p> <p>Next: Summarize engagement/feedback process. (Implementation will depend on Bencher approval of recommendations)</p>
<p>Priority 1.4: Continuously improve regulation, education and resources, including combatting money laundering and promoting mental health and wellness in the profession</p> <p>Initiative 1.4-1: Develop Anti-Money Laundering course</p>	<p>Course scope, content outline, and development plan completed. Development timeline confirmed for 2027.</p>	<p>Collect feedback on whether the course is practical, plain-language, supportive of public protection without unnecessary burden, and culturally safe.</p>	<p>On track</p>	<p>Multi-year initiative.</p> <p>Next: Development planned for 2027</p>
<p>Priority 1.4: Continuously improve regulation, education and resources, including combatting money laundering and promoting mental health and wellness in the profession</p>	<p>Survey findings analyzed and published.</p>	<p>Publication of the survey results builds trust in sharing what was heard from participants about bullying, harassment and discrimination in the profession, including key themes about prevalence, context and opportunities to</p>	<p>On track</p>	<p>Publication-ready report completed.</p> <p>Next: Presentation of results to Benchers and publication of results scheduled for July 2026.</p>

Plan priority / initiative	2026 quantitative measure or metric (what we measured)	Qualitative / relational evidence (what we heard and learned)	Status	Mid-year progress note / next evidence to collect
Initiative 1.4-2: Publication of the Bullying, Harassment, and Discrimination Survey Results		support safer, more respectful and inclusive legal workplaces.		
<p>Priority 1.4: Continuously improve regulation, education and resources, including combatting money laundering and promoting mental health and wellness in the profession</p> <p>Initiative 1.4-3: Analysis and recommendations from Accessibility Survey</p>	Analysis and recommendations presented in 2026, with management response and next steps confirmed.	Analysis of the Accessibility Survey identifies key themes in what participants shared about accessibility barriers, inclusion and usability, and captures opportunities to improve Law Society processes, education and resources based on lived and professional experience.	On track	Analysis presented at April Committee meeting. Cross-jurisdictional analysis completed and presented at April Committee meeting. Next: Draft policy framework and planned response for Committee to consider as part of their recommendations.
<p>Priority 1.5: Assess the opportunities and challenges that artificial intelligence creates, including responsive regulatory processes, training, education, and a framework for alternative legal service providers</p> <p>Initiative 1.5-1: Deploy internal AI chatbot</p>	Pilot or deployment completed in 2026, with initial use cases documented and broader implementation approach confirmed.	Staff feedback from the AI chatbot pilot identifies what was learned about trust, usability, appropriate reliance, workload impact and risks, including whether AI supports service quality without creating new barriers. These learnings inform future decisions about responsible, human-centred and culturally safe internal AI use.	On track	Internal deployment work is in progress. Next: Confirm pilot scope and feedback mechanism.
<p>Priority 1.5: Assess the opportunities and challenges that artificial intelligence creates, including responsive regulatory processes, training, education, and a framework for alternative legal service providers</p>	Consultant recommendations delivered to Benchers by April 2026.	Consulting work and staff analysis captures what was learned about the opportunities, risks and regulatory implications of AI for the legal profession, including impacts on competence, access to justice, public protection and the delivery of legal services, and identifies areas where further engagement or regulatory guidance may be needed.	Completed	Consultant recommendations completed and presented at the April Bencher meeting. Next: Staff update to be presented to Benchers in July 2026.

Plan priority / initiative	2026 quantitative measure or metric (what we measured)	Qualitative / relational evidence (what we heard and learned)	Status	Mid-year progress note / next evidence to collect
<p>Initiative 1.5-2: Report to Benchers on impact of AI on the legal profession</p>				
<p>Priority 1.5: Assess the opportunities and challenges that artificial intelligence creates, including responsive regulatory processes, training, education, and a framework for alternative legal service providers</p> <p>Initiative 1.5-3: Develop AI regulatory roadmap.</p>	<p>Internal working group established</p> <p>Draft roadmap for the Law Society developed by end of 2026.</p>	<p>The working group captures what staff are learning across functions about AI-related opportunities, risks and regulatory challenges, and helps identify where coordination, guidance or further analysis is needed to support a practical and responsive Law Society approach.</p>	<p>On track</p>	<p>Working group established.</p> <p>Next: Development of terms of reference and workplan.</p>
<p>Priority 1.5: Assess the opportunities and challenges that artificial intelligence creates, including responsive regulatory processes, training, education, and a framework for alternative legal service providers</p> <p>Initiative 1.5-: Update communications and guidance regarding the use of AI in the legal profession.</p>	<ul style="list-style-type: none"> AI page on Law Society website deployed. Updating guidance for profession published 	<p>Updated communications and guidance reflect what was learned about the profession’s need for clear, practical and accessible information on the responsible use of AI, including key risks, competence obligations, professional judgment and areas where further guidance may be required.</p>	<p>On track</p>	<p>Materials for updates to webpage and guidance are under development.</p> <p>Next: Publication of materials.</p>
<p>Priority 1.6: Establish a regulatory framework to govern alternative legal service providers</p> <p>NOTE: Innovation Sandbox (see Priority 3.1) continues to serve as the Law Society’s main practical initiative for testing alternative ways of delivering legal</p>				

Plan priority / initiative	2026 quantitative measure or metric (what we measured)	Qualitative / relational evidence (what we heard and learned)	Status	Mid-year progress note / next evidence to collect
services. It allows approved participants to pilot new service models, technologies and business structures under Law Society oversight.				
<p>Priority 1.7: Modernize and strengthen governance structures and practices to support the mandate</p> <p>Initiative 1.7-1: Develop a Governance manual</p>	Governance manual framework approved and draft manual completed in 2026.	Capture whether the manual improves clarity, role understanding, transparency and decision-making discipline. Where relevant, identify how governance practices support reconciliation commitments and cultural safety.	On track	Development of the manual has been approved. Next: confirm drafting milestones and validation pathway.
<p>Priority 1.7: Modernize and strengthen governance structures and practices to support the mandate</p> <p>Initiative 1.7-2: Amend the Rules to provide for the removal of a Bencher, so as to be in compliance with section 12(1)(c) of the <i>Legal Profession Act</i>.</p>	Resolution proposed at 2026 AGM	TBD	To Confirm (Dependent on whether or not the resolution is approved by the membership)	Benchers passed resolution at the April Bencher meeting for inclusion on the agenda for the 2026 AGM. Next: The resolution will go before the profession at the July AGM
<p>Priority 1.7: Modernize and strengthen governance structures and practices to support the mandate</p> <p>Initiative 1.7-3: Standardize orientation process for Benchers</p>	Standardized orientation process documented, approved, and implementation-ready in 2026.	Capture Bencher/staff feedback on clarity, consistency and effectiveness of the orientation process once documented.	Completed	All newly elected/appointed Benchers for the 2026-2027 term have completed the orientation process. Next: The orientation process will continue to be rolled out to any newly elected/appointed and/or returning Benchers

Working toward reconciliation

The reconciliation objective should be reported as a living implementation story, not only a milestone list. The IERM Report identifies the need for culturally safe and trauma-informed regulatory processes, trust-building with Indigenous individuals, organizations and communities, and continued Indigenous engagement to inform implementation. The measures below therefore pair delivery milestones with evidence of relationship, learning, cultural safety, capacity-building, healing and trust.

Plan priority / initiative	2026 quantitative measure or metric (what we measured)	Qualitative / relational evidence (what we heard and learned)	Status	Mid-year progress note / next evidence to collect
<p>Priority 2.1: Implement and continuously monitor recommendations from the Indigenous Engagement in Regulatory Matters Report (IERM)</p> <p>Initiative 2.1-1: Publication of Journey of Practice Report</p>	Report published in 2026 and shared with intended audiences.	Report supports truth-telling, continuity of the reconciliation journey, cultural safety, healing and trust.	Completed	Completed and released in February 2026. Next: Begin implementing recommendations and document how the report will inform the internal working group and broader organization's work or future reporting.
<p>Priority 1.2: Implement and continuously monitor recommendations from the Indigenous Engagement in Regulatory Matters Report (IERM)</p> <p>Initiative 2.1-2: Experiential Workshop - Orange Shirt Day 2026</p>	Workshop delivered by September 2026, with attendance and participant feedback captured.	Participant reflections on cultural safety, learning, connection to community/land, trauma-informed practice, and personal or team commitments.	On track	Planning is underway for delivery tied to Orange Shirt Day 2026. Next: define feedback questions and how learning will be carried forward.
<p>Priority 2.1: Implement and continuously monitor recommendations from the Indigenous Engagement in Regulatory Matters Report (IERM)</p> <p>Initiative 2.1-3: Internal Working Group established, including terms of reference and workplan</p>	Working group established, terms of reference approved, and 2026 workplan adopted.	Evidence of organizational capacity-building, shared ownership, cultural safety in internal process, and how Indigenous guidance/committee advice is respected. Documentation of what staff are learning and changing, not only whether the group met.	On track	The group has been established; terms of reference and work plan for 2026 approved. Next: confirm workplan milestones and how the group will track IERM recommendations relationally.

Taking action to improve access to legal services

Plan priority / initiative	2026 quantitative measure or metric (what we measured)	Qualitative / relational evidence (what we heard and learned)	Status	Mid-year progress note / next evidence to collect
<p>Priority 3.1: Facilitate an increase in the number and type of legal service providers, including alternative legal service providers, and continue to advocate for the licensing of paralegals</p> <p>Initiative 3.1-1: Innovation Sandbox / Alternative Business Structures</p>	<p>Number of Sandbox applications or participants assessed/approved in 2026.</p>	<p>Feedback from applicants and participants informs the Law Society's understanding of how innovative legal service delivery models can be assessed, supported and regulated in a way that promotes access to justice, regulatory clarity and public protection.</p>	<p>On track</p>	<p>Approvals continue and Sandbox participants providing feedback.</p> <p>Next: Identify key learning themes from applicants and staff.</p>
<p>Priority 3.3: Explore incentives for legal service providers to meet public demand for, and ability to afford, legal services</p> <p>Initiative 3.3-1: Implement One-Time Practice Fee Rebate Pilot Program</p>	<p>Program design completed and implementation approach approved in 2026; when launched in 2026, number of applications received/approved to be tracked, along with any qualitative evidence gained.</p> <p>Amount of rebate per lawyer</p>	<p>What was learned about incentives, barriers and uptake. Possibly feedback on whether the program meaningfully supports access, affordability and fairness</p>	<p>On track – Application open July 2026</p>	<p>Application will be launched in the summer of 2026, with rebates to be applied to the 2027 practice fees.</p> <p>Next: Once complete, there will be a report on the number of eligible applicants, funding provided and any other feedback on the program.</p>
<p>Priority 3.4: Encourage the creation of triage hubs to assist people with legal issues and connect them with available resources</p> <p>Initiative 3.4-1: Workshop on data collection and sharing among justice stakeholders, including legal triage</p>	<p>Workshop convened by Fall 2026 with interest-holder participation tracked, and summary report completed by December 2026.</p>	<p>Interest-holder input from the workshop improves understanding of how data collection and sharing can support more coordinated legal triage, helping identify barriers, referral gaps and practical opportunities to better connect people with the legal resources and services they need.</p>	<p>On Track</p>	<p>Workshop is scheduled for Fall 2026, with a summary report anticipated by December 2026.</p> <p>Next: define What We Heard format and follow-up commitments.</p>

Promoting a profession that reflects the diversity of the public it serves

Plan priority / initiative	2026 quantitative measure or metric (what we measured)	Qualitative / relational evidence (what we heard and learned)	Status	Mid-year progress note / next evidence to collect
<p>Priority 4.1: Work with partners to identify and address barriers to entry and retention to the legal profession for people from equity-deserving groups; continue legal education and training regarding diversity, inclusion and cultural awareness</p> <p>Initiative: Publication of the Bullying, Harassment, and Discrimination Survey Results (See Initiative 1.4-2 above)</p>	(See Initiative 1.4-2 above)			
<p>Priority 4.1: Work with partners to identify and address barriers to entry and retention to the legal profession for people from equity-deserving groups; continue legal education and training regarding diversity, inclusion and cultural awareness</p> <p>Initiative: Analysis and recommendations from Accessibility Survey (See Initiative 1.4-3 above)</p>	(See Initiative 1.4-3 above)			
<p>Priority 4.1: Work with partners to identify and address barriers to entry and retention to the legal profession for people from equity-deserving groups; continue legal education and training regarding diversity, inclusion and cultural awareness</p> <p>Initiative: New Approach to how demographic data is collected from the legal profession</p>	<p>New demographic data questionnaire launched as an optional part of the annual practice declaration (APD).</p>	<p>Staff engaged in a year-long engagement with the legal community and internal and external stakeholders, the results of which have informed the development of a new demographic data collection questionnaire and the determination of its deployment method.</p>	<p>On Track</p>	<p>Questionnaire is being finalized by staff for inclusion at the end of the APD process. Next: Deployment of questionnaire to the profession and collection and analysis of data.</p>

Increasing confidence in the administration of justice and the rule of law

Plan priority / initiative	2026 quantitative measure or metric (what we measured)	Qualitative / relational evidence (what we heard and learned)	Status	Mid-year progress note / next evidence to collect
<p>Priority 5.1: Develop communications, education and outreach to increase public awareness of the rule of law and the role of an independent, self-governing legal profession and judiciary</p> <p>Initiative 5.1-1: Keep Rule of Law and Lawyer Independence web page up to date</p>	<p>Rule of Law and Lawyer Independence web page reviewed and updated as required in 2026, including review of plain-language content, related links, statements, campaign materials and educational resources.</p>	<p>Content review identifies whether the page continues to provide clear, accessible and current public-facing information about the rule of law, lawyer independence, judicial independence and self-regulation, including where public, media or current-event themes suggest a need for clearer explanation or additional resources.</p>	<p>On track</p>	<p>This is ongoing work through 2026.</p>
<p>Priority 5.1: Develop communications, education and outreach to increase public awareness of the rule of law and the role of an independent, self-governing legal profession and judiciary</p> <p>Initiative 5.2: Participation in the “Ours to Protect” Campaign</p>	<p>Ours to Protect Campaign advertising reaches broad audience both nationally and within BC</p> <p>Page on Law Society website dedicated to Ours to Protect Campaign</p> <p>Participation in 2026 Ours to Protect Summit on youth education</p>	<p>Learnings from the Ours to Protect campaign and 2026 Summit capture what was heard about where the public (including youth), profession and justice-sector partners need clearer information on the rule of law, lawyer independence, judicial independence and the role of independent legal institutions.</p>	<p>On track</p>	<p>Attendance for Summit is confirmed, page on website is live.</p> <p>Next: Collect feedback from summit and from ongoing participation in campaign.</p>

Law Society
of British Columbia

Journey of Practice: 2026 Mid-Year Update

To: Benchers

Purpose: Update

From: Sherry Small, Director, Indigenous Initiatives

Date: July 3, 2026

Purpose

1. The Journey of Practice has been preparing the Law Society to walk differently to understand that reconciliation is not a program, but a **relational practice** that requires shared language, shared understanding, and shared responsibility across the organization. Guided by the leadership pillars of **empathetic leadership, courageous leadership, and embracing change**, this work has laid the foundation for meaningful and principled engagement with Indigenous Peoples.

Empathetic Leadership — Listening as Governance

2. We began by grounding senior leadership in Indigenous Cultural Safety, recognizing that transformation cannot begin without safety. Leaders learned to listen with intention, reflect without defensiveness, and speak truth in ways that strengthen — rather than strain — relationships.
3. Introducing **Two-Eyed Seeing** helped leaders understand how Indigenous and Western worldviews can stand together. This has revealed where Indigenous voices may be missing in decision making and how Indigenous principles can guide the work of a modern regulator.
4. This empathetic grounding will help staff see how reconciliation connects to the Law Society's Strategic Plan commitments. Through relational engagement and practical tools — including territorial acknowledgment guidance, an Indigenous Terminology Guide, and a Guide for Working with Indigenous Elders and Knowledge Holders — staff are now better equipped to show up respectfully and understand how their work contributes to the Law Society's broader transformation and explicitly weave reconciliation efforts into future President's mandate letters.

Courageous Leadership — Naming Truth and Holding Tension

5. Courage has been essential in helping the organization see where Indigenous worldviews have been missing and where western legal processes may unintentionally cause harm. Through guided truth telling with the staff who work with the Truth and Reconciliation Advisory Committee, the Bullying, Harassment, and Discrimination Task Force, the Discipline Processes Task Force, and the Access to Justice Advisory Committee, each group has reflected on its purpose, responsibilities, and opportunities to align with Indigenous principles.
6. Externally, courageous leadership has guided relationship building with the BC Assembly of First Nations and the BC First Nations Justice Council. These relationships require honesty, clarity, and accountability, and they are essential for understanding the Law Society's role in the broader justice landscape.

Embracing Change — Walking Forward Together

7. The Journey of Practice Working Group has been learning how to hold meetings with intention, move in Indigenous principles and values, and engage with Indigenous Peoples in ways that honour protocol and relationship. This group will now begin applying **Two-Eyed Seeing** to real decisions and processes, helping the Law Society learn how to walk in both worlds with purpose and clarity.
8. For the remainder of the year, we will continue inviting diverse Indigenous Peoples into the Law Society. This reinforces that there is no single Indigenous worldview — there are many Peoples, many teachings, and many ways of being in good relations. These visits will support the development of a formal Indigenous engagement approach for next year, grounded in relationship rather than assumption.

Director's Intention

9. My intention is for the Law Society to develop a principled Indigenous engagement strategy, one that meets Indigenous Peoples where they are, honours their laws and governance systems, and reflects the diversity of Nations across British Columbia. Before we engage externally, we must learn to walk internally with clarity, humility, and accountability. Only then can Indigenous Peoples feel that our commitments are grounded in truth, consistency, and integrity.

Conclusion

10. Indigenous Initiatives is now present on the Law Society's internal Intranet page for employees, Lex, with monthly public learning events, curated teachings, and resources such as The Good Canadian, supporting truth telling, relational accountability, and continuous learning. These offerings help prepare the Law Society to build relationships where Indigenous Peoples can feel **our truth, see our consistency, and trust our intentions**.
11. This is how trust is built. This is how transformation begins. This is how the Law Society prepares to walk with Indigenous Peoples in a way that is respectful, accountable, and aligned with the responsibilities of a modern regulator.

AI, the Legal Profession, and the Protection of the Public

To: Benchers

Purpose: Update

From: Staff

Date: July 3, 2026

Purpose

1. This report provides staff's assessment of the recommendations presented by Allen Seckel, KC and Lawrence Alexander ("the consultants") regarding artificial intelligence ("AI") (**Appendix A**) and outlines staff's proposed approach and next steps for the Benchers consideration.
2. The consultants provided valuable framing, context and data for the Law Society's ongoing work on AI, as contemplated in the Law Society's 2026-2028 Strategic Plan.

Background

3. The Law Society has been actively monitoring developments in AI that affect the legal profession, legal services and the public. In 2023, the Law Society issued a practice resource on professional responsibility and generative AI. That resource addresses professional obligations that are already engaged by AI use, including competence, confidentiality, supervision, information security, candour, and reasonable fees¹.
4. The 2026-2028 Strategic Plan includes an objective to assess the opportunities and challenges created by AI; to understand how AI will affect the legal system; and to adopt responsive regulatory processes, training, and education. The Strategic Plan also identifies related desired outcomes, including effective tools to support appropriate AI use by the profession, reduce practice infractions related to AI, and increase public access to legal services from trusted AI-based sources².
5. The Innovation Sandbox also remains relevant to this work. The Innovation Sandbox program enables the testing of innovative legal services, including technologies, to improve access to justice and address regulatory barriers to innovation.
6. At the April 17, 2026 Bencher meeting, the consultants presented on the opportunities and challenges AI creates, current use, risks, and potential regulatory principles. The presentation also included recommendations relating to safe use, risk awareness, updating AI-specific practice advice, AI competency, and a possible non-prosecution policy from an unauthorized practice perspective. Benchers discussed safe and appropriate AI use, access to online research, risks for the profession and public, and the Law Society's plans for internal AI use.

¹ [Law Society of British Columbia, Guidance on Professional Responsibility and Generative AI, Practice Resource, 2023](#)

² [Law Society of British Columbia, Strategic Plan 2026-2028](#)

Discussion

7. Staff agree with the consultants' broad framing that AI should be approached from the perspective of safe and appropriate use, rather than as a technology to be categorically prohibited or adopted without safeguards. This approach is consistent with the Law Society's public interest mandate, its role as a modern regulator, and its existing professional responsibility framework.
8. At the same time, the scope of the recommendations needs to be considered by staff. Some can be advanced through existing Law Society functions, such as practice support, professional education, public information, communications and internal coordination. Others would require additional legal, policy, operational, jurisdictional and resource analysis before any implementation decision is made.
9. Staff therefore recommend a staged approach, with practical near-term work continuing now and larger policy questions organized into an AI Roadmap for further consideration by the Executive Committee and Benchers in the fall of 2026.

Work already under way:

10. The following work is already underway, or can proceed through existing staff functions without committing the Law Society to broader policy decisions:
 - a. A cross-functional staff working group has been established to coordinate AI-related work across relevant departments.
 - b. Staff are reviewing the Law Society's existing AI practice resource. The current guidance remains useful, but an update is warranted given the pace of change in AI tools and the issues now being identified by courts, regulators, legal professionals, and the public.
 - c. Staff are considering whether additional resources would be of assistance to legal professionals and the public, including practical information about AI risks, limitations, and responsible use.
 - d. A draft AI webpage has been prepared as a centralized source for AI-related Law Society information, including the consultants' April Bencher presentation.
 - e. Competency profile work is continuing, which may provide a useful framework for considering AI literacy and technology competence in a broader competence context.

11. These steps are practical and incremental. They do not require the Law Society to decide now whether to adopt mandatory AI training, endorse or certify tools, or change its approach to unauthorized practice.

Assessment of the consultants' main recommendations

A - Regulated providers: encourage safe use, update guidance, address competence and training

12. Staff agree that the use of generative AI by legal professionals is, at least in many circumstances, a new application of existing professional obligations. The Law Society's current guidance already identifies relevant obligations, including competence, confidentiality, information security, supervision, candour, and reasonable fees.
13. Staff support continuing the review and update of the existing practice resource. The update should be practical, risk-based and written in plain language. It should help legal professionals understand where AI may be useful, where it creates heightened risk, and how existing professional obligations apply.
14. The training question should be considered alongside existing competence work, continuing professional development requirements, bar admission changes, available external education, and the differing needs of large firms, in-house counsel, small firms, sole practitioners, and legal support staff. A staged approach could begin with voluntary or CPD-based resources while staff assess whether a more formal requirement is needed.

B - Consumers: provide information to the public about benefits and risks

15. Staff agree that members of the public are likely to use general-purpose AI tools for legal issues, whether or not the Law Society encourages them to do so. This creates both access-to-legal-services opportunities and risks of public harm.
16. Staff support further work on public-facing information about AI. Any public resource should be cautious and practical. It should not suggest that general-purpose AI tools are a substitute for legal advice. It could include cautions about inaccurate information, fabricated authorities, privacy and privilege risks, and over-reliance on AI-generated wording.
17. This work should be coordinated internally and with external partners where appropriate. It should be designed from a public user lens and with attention to accessibility, cultural safety and public trust, rather than simply adding more technical information to the Law Society's website.

C - Unregulated providers and tool makers: consider implications

18. The consultants recommend encouraging more BC-based specialty tools, including by considering a non-prosecution policy from an unauthorized practice perspective. Staff agree this is an important issue, particularly because the Strategic Plan includes objectives relating to AI, access to legal services, and alternative legal service providers.
19. The Innovation Sandbox already provides a structured mechanism to test new approaches to legal advice and assistance in a controlled environment. Staff will consider whether AI-enabled legal tools can be assessed within that existing framework, whether any Innovation Sandbox criteria should be clarified for AI proposals, and whether there are gaps that would require Benchers' direction.
20. While testing or certification of AI tools could have value, it would raise operational, liability, expertise and public confidence issues that need careful assessment by staff before an approach is recommended.

D – Data and metrics

21. Staff agree that the Law Society will need better information to understand AI-related risks and outcomes. A data and metrics strategy could help the Law Society track both risks and benefits over time.
22. Staff recommend that AI measurement be aligned with the broader Strategic Plan implementation and reporting approach now being developed. That approach should include quantitative indicators where they are useful, but should also include qualitative and relational evidence, including what the Law Society learns from legal professionals, the public, Indigenous individuals and organizations, access-to-justice partners, courts, tribunals and other regulators.
23. Possible measures for further scoping include use of the AI practice resource, uptake of AI-related education, themes arising through practice advice, complaints or conduct matters with an AI component, public engagement with AI information, Innovation Sandbox proposals involving AI, and stakeholder feedback on whether Law Society resources are accessible and useful.

E – Larger policy questions: organize for fall 2026

24. The consultants also raise larger questions about legal tool makers, the economics of the profession, cybercrime, and internal Law Society use of AI. These issues should not be resolved in a single response report.

25. Staff recommend organizing these issues into a proposed AI roadmap for consideration in the fall of 2026. The roadmap should identify which items can proceed through existing staff work and resources, which require Bencher direction and/or additional unbudgeted resources, and which should be coordinated with other strategic initiatives, including access to legal services, alternative legal service providers, competence, and professional education.

Indigenous-informed and public interest considerations

26. AI work should be grounded in the Law Society's public interest mandate and should not be treated as a purely technical or technology procurement issue. It should also be developed consistently with the Law Society's reconciliation commitments and the broader organizational work underway to embed Indigenous-informed approaches into regulatory processes, organizational practices and decision-making.
27. In practical terms, this means staff will consider not only whether an AI response is efficient or innovative, but whether it is accessible, understandable, culturally safe, accountable, and responsive to the people most affected. It also means asking whether AI tools or policies reduce unnecessary barriers, improve access to legal services, strengthen trust, and avoid reproducing existing inequities.

Next Steps

28. Staff propose the following next steps:
- a. Continue update of the AI practice resource and prepare options for any additional resources for legal professionals and the public.
 - b. Finalize the centralized AI webpage as a practical access point for Law Society AI information.
 - c. Develop an AI roadmap for the fall of 2026 that identifies proposed sequencing, decision points, resource implications, and matters requiring Executive Committee or Bencher direction.
 - d. Develop options for larger policy questions, including competence, training, unauthorized practice, and AI-enabled legal services.
 - e. Align AI measurement with the broader Strategic Plan reporting approach, including both quantitative indicators and qualitative or relational evidence.

29. The consultants have provided a helpful and timely foundation for the Law Society's next phase of AI work. Staff agree with the need to support safe and appropriate AI use, to update practical resources, and to continue assessing opportunities and risks to the profession, the public and the legal system.
30. A staged approach will allow the Law Society to act on practical near-term items while taking the time needed to assess mandate, authority, public interest, Indigenous-informed considerations, operational feasibility, resource implications, and appropriate sequencing.

MANDATE

Help the Law Society advance its strategic objectives for 2026-2028 by assessing the opportunities and challenges that artificial intelligence (AI) creates, including understanding how AI will affect the legal system, and adopt responsive regulatory processes, training, and education.

STRUCTURE OF PRESENTATION

Methodology

Definitions

High-level questions

3 scenarios of how Gen AI will impact the legal system.

30,000 foot risk analysis

Risk register for regulated providers

Risk register for unregulated providers

Risk register for consumers

Data and metric strategy to track risks and success

Summary of questions with recommendations

METHODOLOGY

Identify categories of potential users of AI in the legal profession (by using a supply and demand model).

Identify risks to the public that potentially result from use of AI by each category.

Go deeper on one or two of the higher risk categories, by building a risk register and potential regulatory responses.

Propose a data and metrics strategy to track risks and measure success.

Offer methodology to tackle the remaining risk categories.

DEFINITION

Gen AI

Generative AI models are fed vast quantities of existing content to train the models to produce new content.

They learn to identify underlying patterns in the data set based on a probability distribution and, when given a prompt, create similar patterns (or outputs based on these patterns).

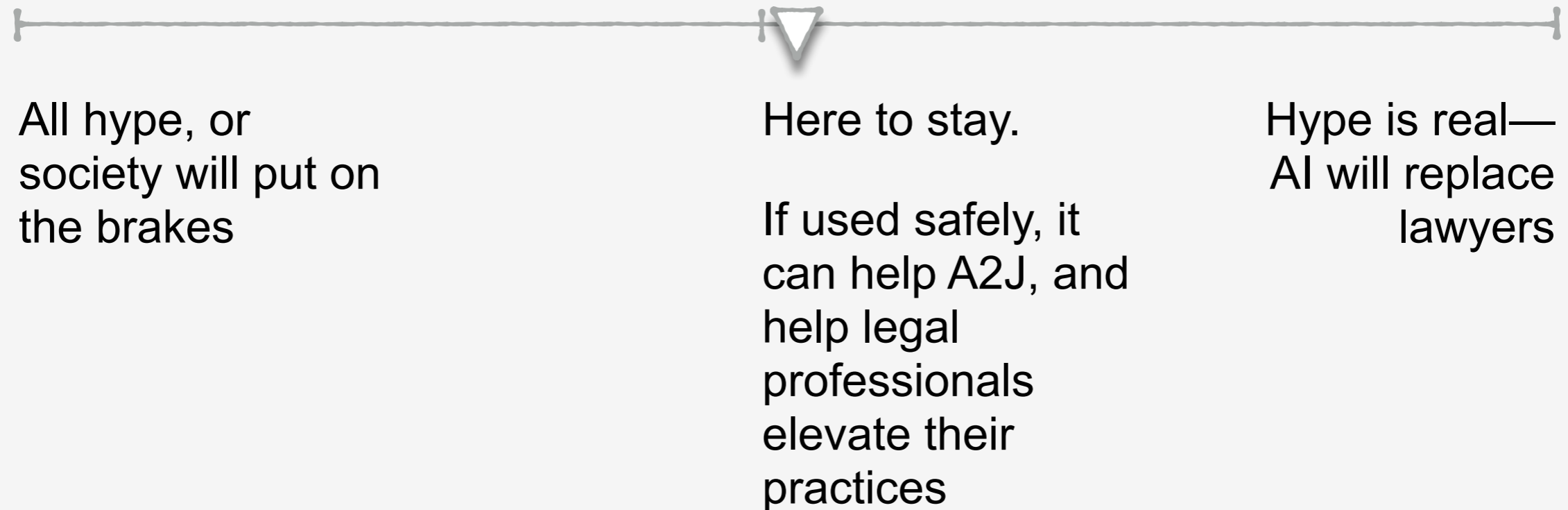
HIGH-LEVEL QUESTIONS

What guidance should the Law Society give to legal professionals about the use of Gen AI?

Should it encourage the use of it?

Consumers are using GenAI for legal advice — what, if anything, should the Law Society do about it?

HOW GEN AI MIGHT IMPACT THE LEGAL SYSTEM

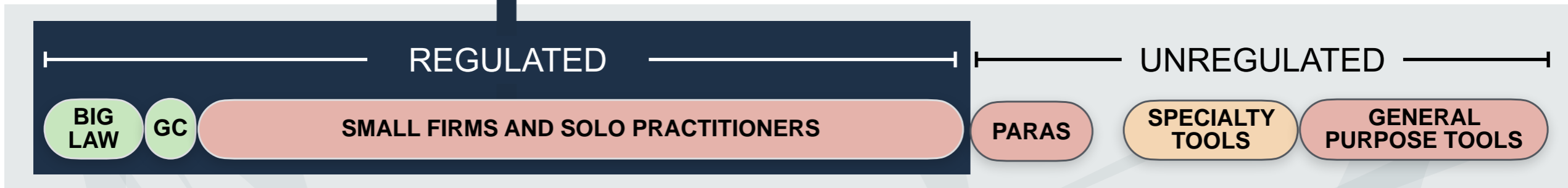


CATEGORIES OF USERS

LAW SCHOOLS

Law Society

PROVIDERS OF LEGAL SERVICES



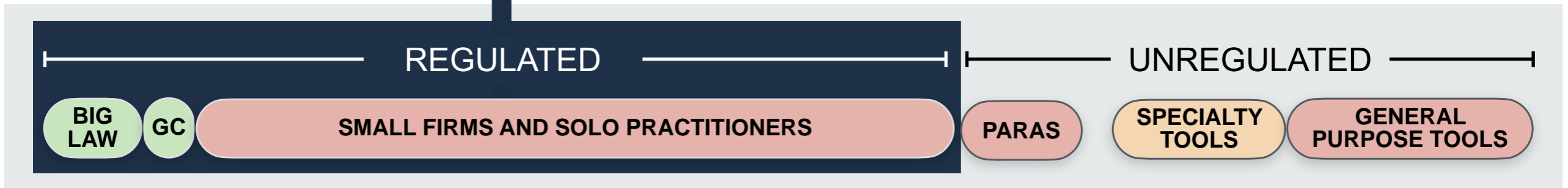
CONSUMERS OF LEGAL SERVICES

CATEGORIES OF USERS

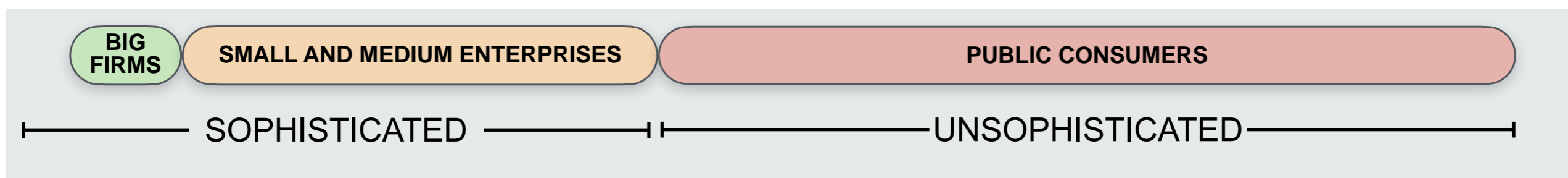
LAW SCHOOLS

Law Society

PROVIDERS OF LEGAL SERVICES



CATEGORIES OF USERS



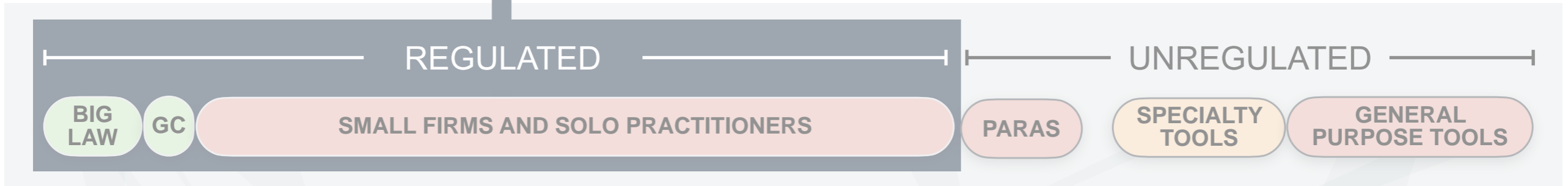
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CATEGORIES OF USERS

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Law Society

PROVIDERS OF LEGAL SERVICES



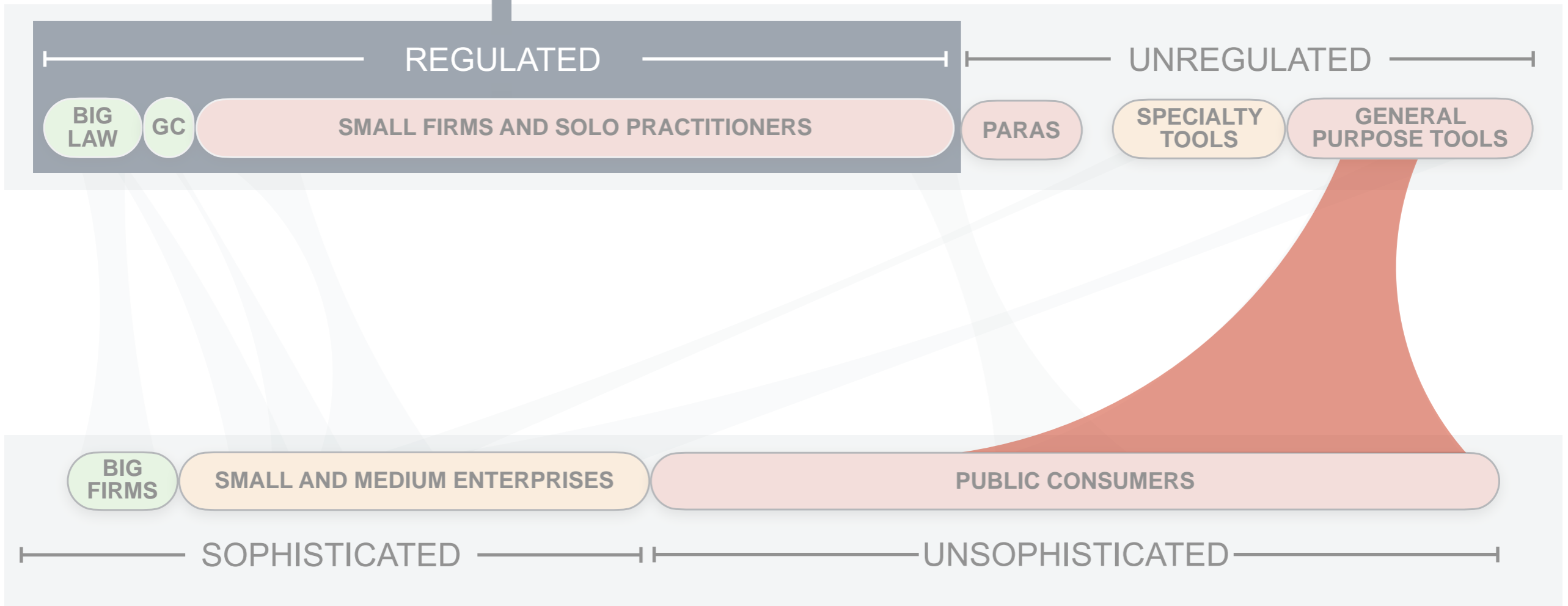
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CATEGORIES OF USERS

LAW SCHOOLS

Law Society

PROVIDERS OF LEGAL SERVICES



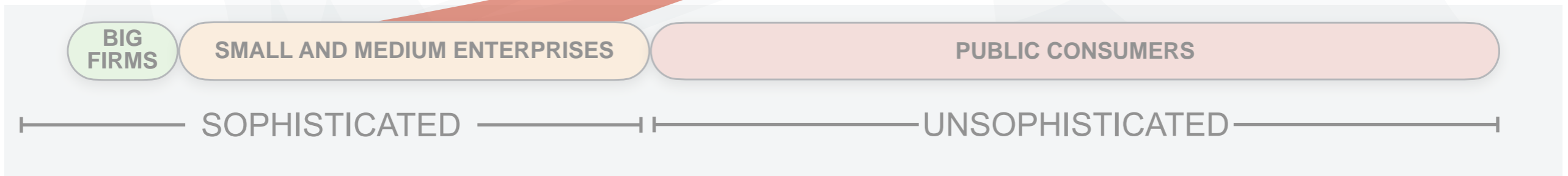
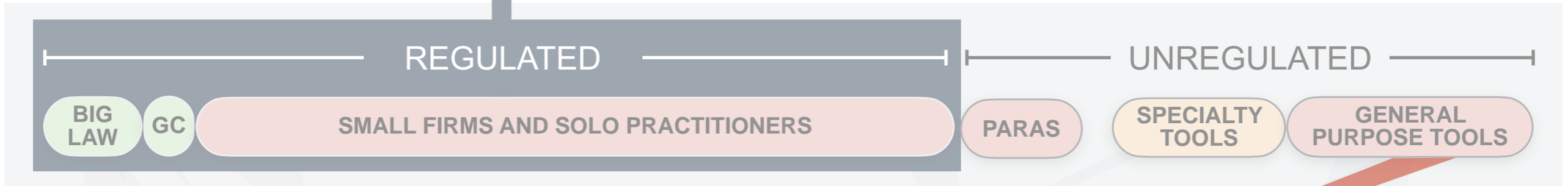
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LAW SCHOOLS

Law Society

PROVIDERS OF LEGAL SERVICES



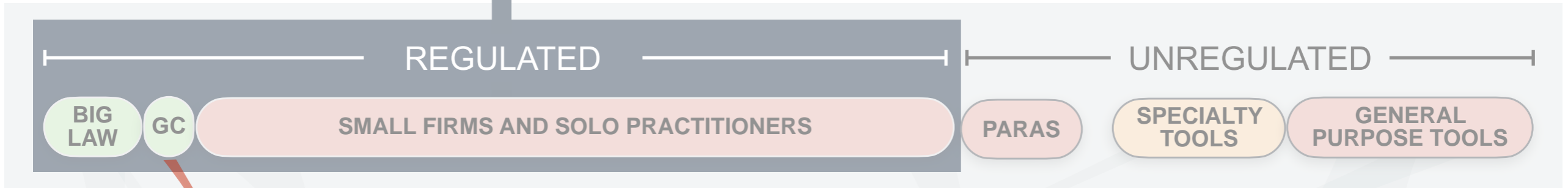
CONSUMERS OF LEGAL SERVICES

CATEGORIES OF USERS

LAW SCHOOLS

Law Society

PROVIDERS OF LEGAL SERVICES



CONSUMERS OF LEGAL SERVICES

BUCKETS OF ISSUES

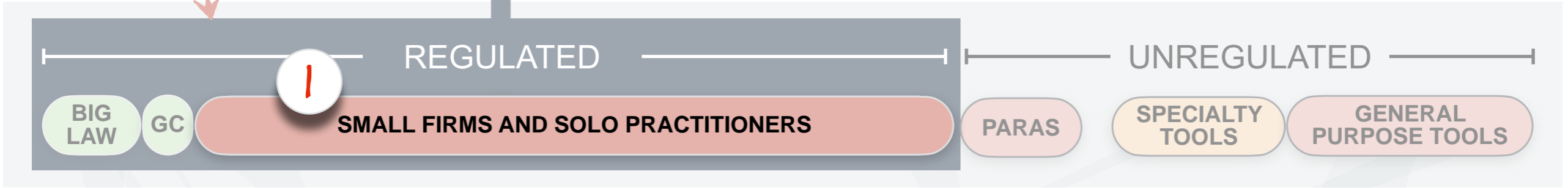
4 ECONOMICS

LAW SCHOOLS

5 Law Society

3 CYBER-CRIMINALS

PROVIDERS OF LEGAL SERVICES



CONSUMERS OF LEGAL SERVICES

**REGULATORY
PRINCIPLES
FROM LIT
REVIEW**

Encourage the responsible and ethical use of AI.

Maintain technological competence, including understanding AI.

Strategically implement and monitor legal technology.

Develop AI literacy throughout the practice.

Implement robust governance and review protocols on the use of AI

Exercise professional judgment and oversight.

Manage risks and accountability.

Ensure ethical and legal compliance.

Address bias and fairness of AI tools.

Promote transparency, client communication and candour.

Comply with regulatory frameworks (e.g., EU AI Act)

RISK REGISTER: REGULATED PROVIDERS



BIG LAW

Low risk.

Novel application of existing rules.

Capacity and resources to adopt or customize closed or specialty tools safely.

AI (or strict AI regulation) will create a competitive advantage for large firms over small firms and solo practitioners.

SMALL FIRMS AND SOLO PRACTITIONERS

Higher risk.

Less knowledge of AI.

Fewer resources.

More likely to use general purpose tools.

RISK REGISTER — SMALL FIRMS AND SOLO PRACTITIONERS

BUSINESS USE

Back office, non-legal work.

Raise customer service
game.

Free up more non-work days.

Less drudgery, more skill,
boost to mental/physical
health.

PRACTICE USE

Improve legal judgment,
once formulated.

Research tool to prepare
the “first draft”.

High-volume, routine
tasks.

PRACTICE USE

Rely on results without validating.

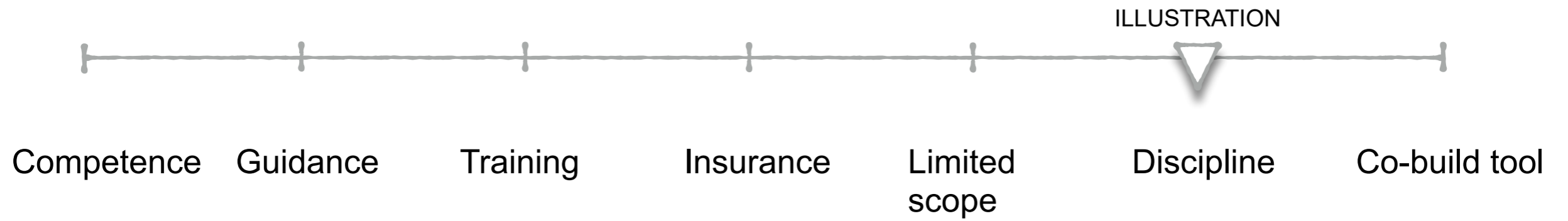
Input sensitive client information,
compromising client confidentiality
or privilege.

Rely on results that are biased.

Knowingly use AI content to mislead
a client or the court.

Become over-reliant on AI and fail to
acquire judgment.

REGULATED PROVIDERS — REGULATORY OPTIONS



RISK REGISTER: UNREGULATED PROVIDERS



SPECIALTY TOOLS

Risk: lower

Many are lawyer-led.

BC-based consumer tools

Tools for BC self-reps.

Tools for BC legal professionals

GENERAL PURPOSE TOOLS

Risk: high

ChatGPT, Claude, Co-pilot, Gemini, Grok.

These tools are giving legal advice to BC consumers.

Difficult to regulate: out of province.

GEN AI IN LEGAL TECH

Legaltech Hub | **GenAI / LLM in Legal Tech** | December 2025

AI Legal Assistant

Contracts

Documents

Litigation Management

Knowledge Management

Law Firm Operations

Legal Research

AI Development

Transaction Management

Compliance

eDiscovery

Legal Operations

Legal Point Solutions

People

Collaboration / Productivity

Data

Process Improvement

AI Governance

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RISK REGISTER: CONSUMERS

SOPHISTICATED

Low risk.

Understand risks.

If consequences are low, or if no other practical option, appetite for risk is high.

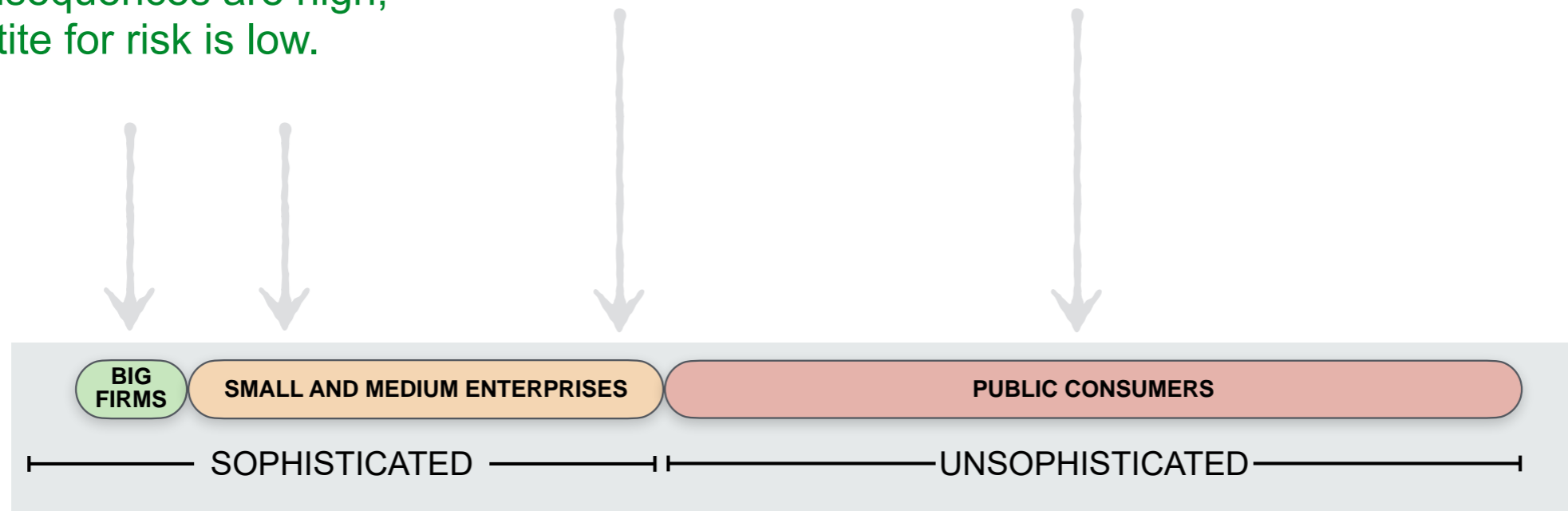
If consequences are high, appetite for risk is low.

UNSOPHISTICATED

Risk: high

Transformative opportunity to address access to legal services.

Potential for harm, especially using general purpose tools.



RISK REGISTER — UNSOPHISTICATED CONSUMERS

UPSIDE RISKS

“Dr. Google”: better inform questions to ask legal professional.

Strengthen capacity of self-reps.

Help peacefully resolve disputes without using the civil justice system (where risks are low).

DOWNSIDE RISKS

Rely on problematic legal authorities.

Create or analyze evidence.

Generate submissions that are repetitive, unnecessarily lengthy, full of legalese, and/or don't address the issue.

Give testimony, or participate in mediations.

Intentionally manipulate evidence.

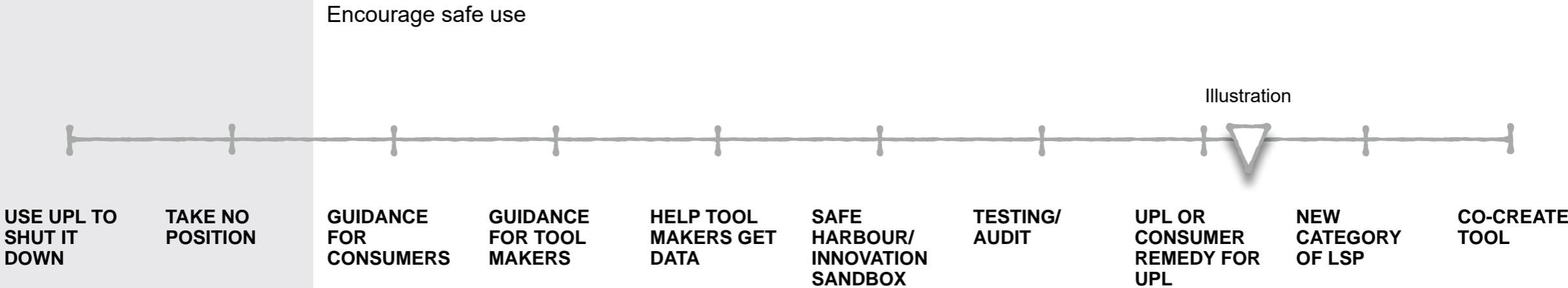
Dispute the authenticity of digital evidence.

Suffer a loss privacy, and potentially waive privilege.

Sycophantic algorithms will unrealistically raise expectations, flatter users into making bad decisions, and weaken accountability.

AI will amplify the populism and polarization that is feeding a growing distrust of public institutions, including the justice system.

CONSUMERS — REGULATORY OPTIONS



Encourage safe use



**USE UPL TO
SHUT IT
DOWN**

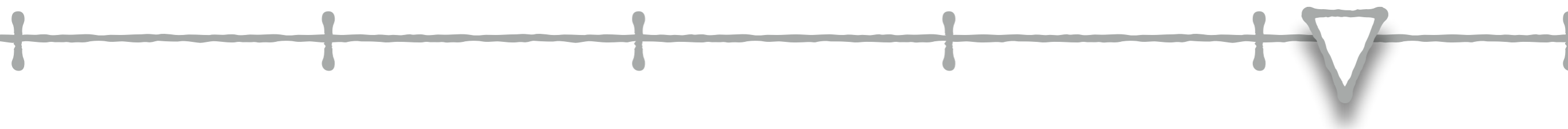
**TAKE NO
POSITION**

**GUIDANCE
FOR
CONSUMERS**

**GUIDANCE
FOR TOOL
MAKERS**

**HELP TOG
MAKERS O
DATA**

Illustration



**ANCE
TOOL
RS**

**HELP TOOL
MAKERS GET
DATA**

**SAFE
HARBOUR/
INNOVATION
SANDBOX**

**TESTING/
AUDIT**

**UPL OR
CONSUMER
REMEDY FOR
UPL**

**NEW
CATEGOR
OF LSP**

Illustration



**UPL OR
CONSUMER
REMEDY FOR
UPL**

**NEW
CATEGORY
OF LSP**

**CO-CREATE
TOOL**

**DATA AND
METRICS
STRATEGY**

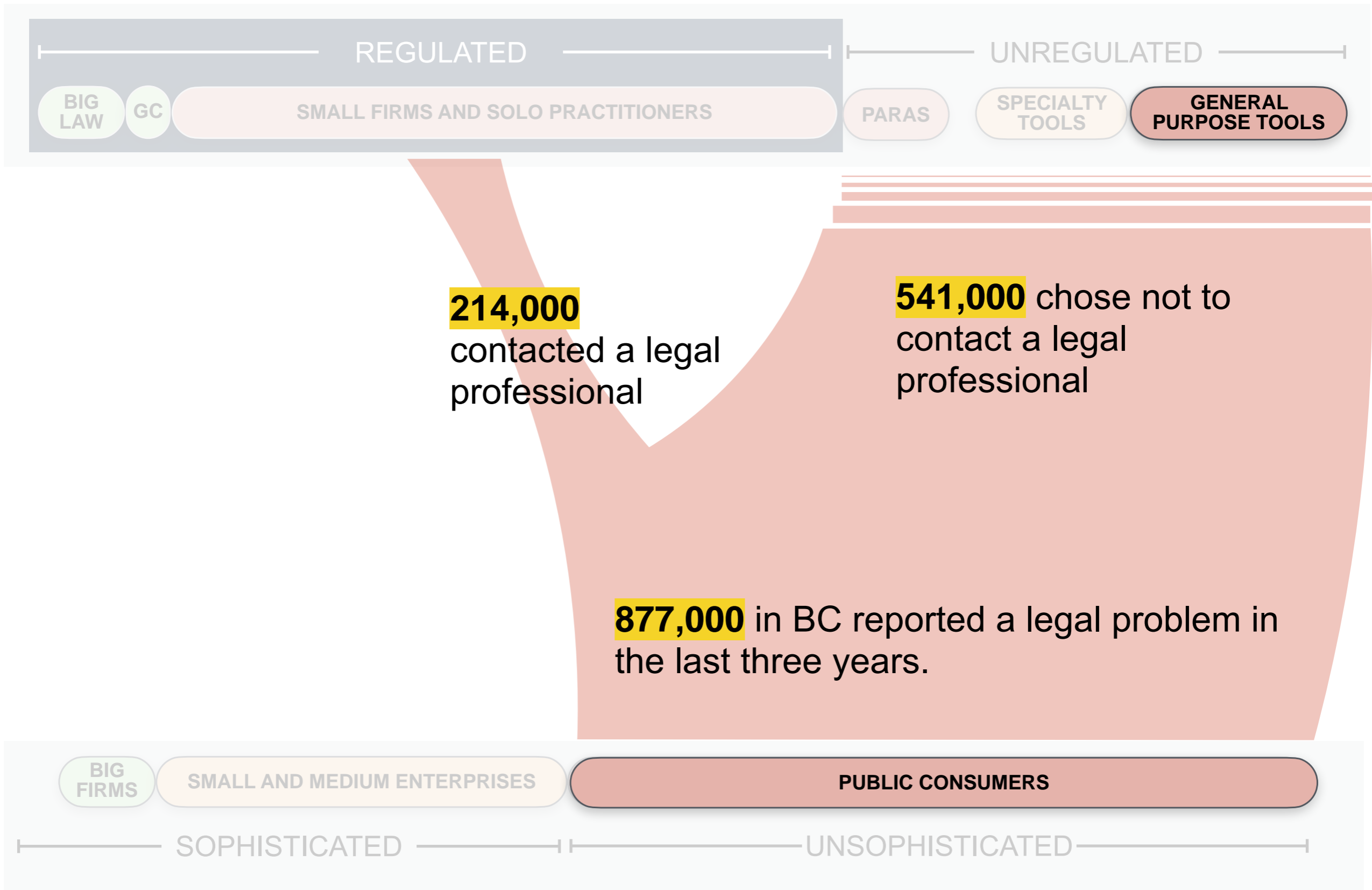
Survey the use and needs of legal professionals in small firms and solo practitioners

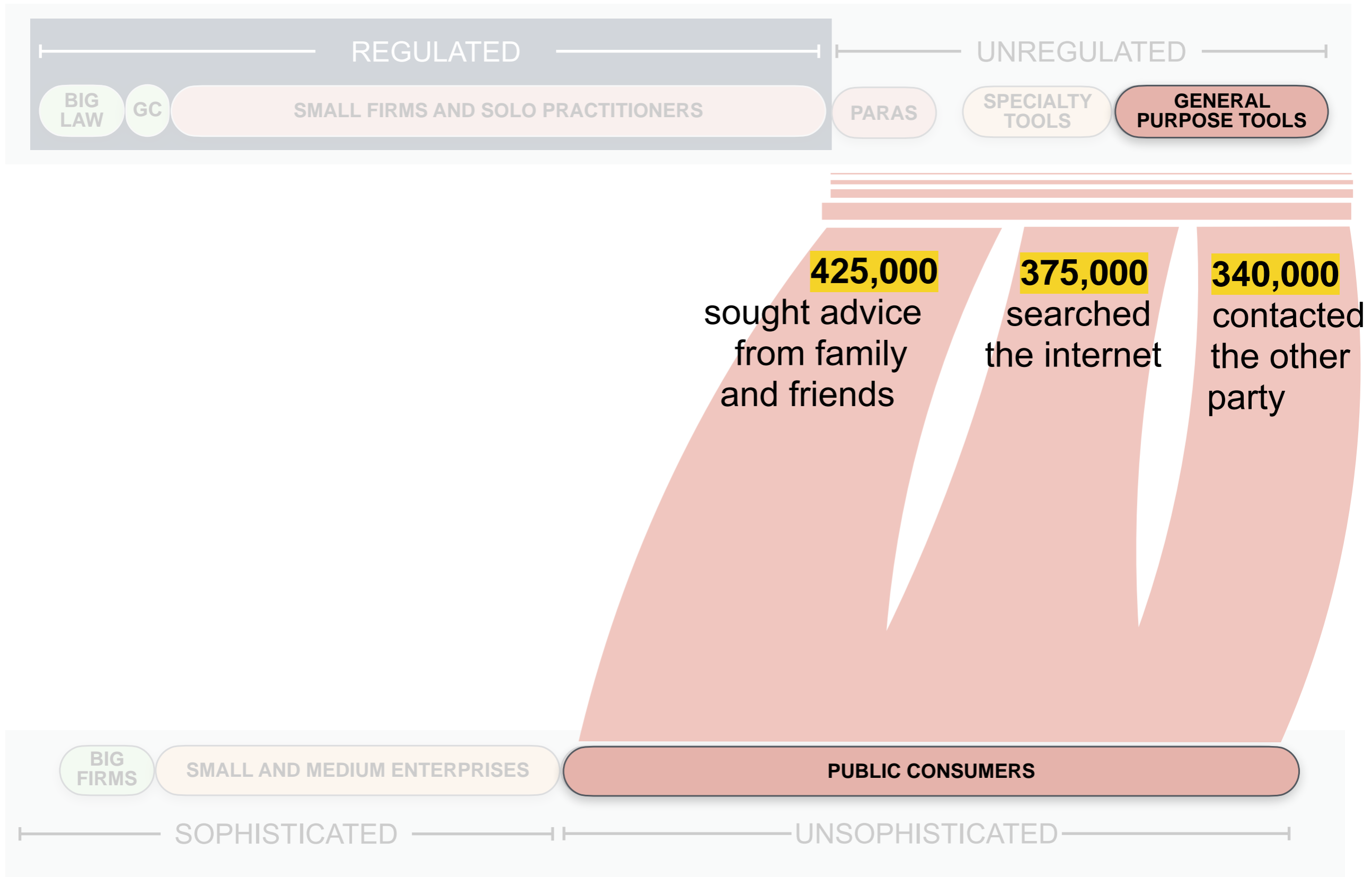
Track the identified risks, both upside and downside

Track access to legal services consumer traffic

Track public confidence in the regulation of legal services

Track number of safe tools in BC





RECOMMENDATIONS

<p>What guidance should the Law Society give to legal professionals about the use of Gen AI?</p> <p>Should it encourage the use of it?</p>	<p>Encourage safe use.</p> <p>Novel application of existing rules.</p> <p>Competency requirement.</p> <p>Update and re-issue practice advice.</p> <p>Training.</p>
<p>Consumers are using GenAI for legal advice — what, if anything, should the Law Society do about it?</p>	<p>Encourage safe use.</p> <p>Provide guidance to consumers about both upside and downside risks.</p> <p>Encourage more BC-based specialty tools by implementing a non-prosecution policy (Colorado SC model).</p> <p>Measure and watch.</p>
<p>Next steps?</p>	<p>Move quickly to implement strategies for regulated providers/consumers.</p> <p>Learn by doing (e.g. pilot with a tool maker).</p> <p>Implement data and metrics strategy (to track success and adjust).</p> <p>Tackle next priority categories.</p>

Findings of the 2025 Survey on Discrimination, Harassment, Sexual Harassment and Bullying in BC's Legal Profession

To: Benchers

Purpose: Update

From: Bullying, Harassment, and Discrimination Task Force
and Staff

Date: July 3, 2026

Purpose

1. This memorandum provides background and context for the Report ‘Survey Findings: Discrimination, Harassment, Sexual Harassment, and Bullying in BC’s Legal Profession’ (hereafter referred to as the “Report”), attached as **Appendix A**.
2. The Report serves as a standalone document presenting the methodology and key highlights, followed by a full analysis of the core survey questions. This memorandum highlights some key findings and outlines potential next steps.

Background

Survey Process

3. In April 2025, the Bullying, Harassment, and Discrimination Task Force (hereafter referred to as the “Task Force”) requested a survey to inform their work in developing evidence-based recommendations to address discrimination, harassment, sexual harassment, and bullying (hereafter referred to as “BHD”) in BC’s legal profession.¹ In response, the Law Society of BC (the “Law Society”) conducted an anonymous, confidential survey between October 8 and December 16, 2025 to:
 - gather insights into the prevalence of BHD within BC’s legal profession,
 - examine reporting rates, barriers to reporting, awareness of reporting processes, and
 - identify potential pathways that can be effective in addressing these issues.
4. To support broad participation, the Law Society conducted extensive outreach through a notice to the profession, information posted on the Law Society’s website, social media messaging directed at lawyers and people who work and interact with them in professional or work-related social contexts, and direct outreach to affinity groups and professional associations. As a result, the survey received 787 responses from individuals across a range of professional and socio-demographic backgrounds.

¹ The mandate for the Task Force can be consulted [here](#). More information about the Law Society’s priority to addressing bullying, harassment, and discrimination within BC’s legal profession can be found here: [Addressing bullying, harassment, and discrimination](#).

5. Specifically, the majority of the respondents were full-time practising lawyers. The most common workplace was in-house settings including government, non-profit or other public bodies. Over half of respondents had been called to the bar within the past 15 years, and the most common practice areas were administrative law, family law, and criminal law. In terms of social demographics, most respondents identified as White, followed by South Asian and East Asian. The vast majority were non-Indigenous. Most respondents identified as women and cisgender, and the majority identified as straight. The most commonly reported disabilities were mental health conditions, neurodivergence or learning disabilities, and chronic illness; most reported no disability. A detailed description of the survey methodology and respondent sample is set out in Part A of the Report.
6. The survey consisted of 56 quantitative (close-ended) questions and 9 qualitative (open-ended) questions. While all quantitative responses have been analyzed and included in the Report, staff prioritized certain qualitative questions, particularly those that provide insights into potential solutions for addressing BHD within the legal profession.
7. The results of the survey are presented in the Report. The Report is structured in three parts:
 - **Part A** presents the methodology of the survey with the sample profile.
 - **Part B** presents key highlights or main take-aways from the survey.
 - **Part C** presents the full analysis of the core survey question findings.
8. A summary of key findings is outlined below.

Summary of Key Findings

Prevalence

9. Overall, the survey findings indicate a high prevalence of BHD within the legal profession. Roughly half of respondents reported personally experiencing discrimination (55%), harassment (53%), and bullying (49%), and almost a third reported experiencing sexual harassment (32%). Overall, approximately 80% reported personally experiencing at least one type of these behaviours.
10. The findings on personal experiences are similar to the prevalence of observed or witnessed behavior. Roughly half of respondents reported observing discrimination (60%), harassment (43.8%), and bullying (51%), and almost a third reported witnessing sexual harassment (29%). Overall, approximately 75% reported observing at least one type of these behaviours.

11. Together, these results point to the widespread and persistent nature of these types of behaviour in the profession.

Reporting

12. Despite this high prevalence, the findings also suggest systemic underreporting. Fewer than 30% of respondents who experienced discrimination, harassment, sexual harassment, or bullying indicated that they made a formal complaint. The most commonly cited reasons for not reporting included fear of negative consequences, a belief that reporting would not resolve the issue, and a distrust in reporting processes.
13. Among those who did report, the most frequently identified outcome was that the individual who was the subject of the complaint faced no consequences (55%). For those who made a report, the most common personal consequence was leaving the workplace (40%). These findings suggest that current reporting mechanisms may not be perceived as effective, or protective for those who use them.
14. The results further show that most respondents tend to report incidents internally within their organization rather than externally. While over 85% of those of reported used the process within their organization, fewer than 10% reported incidents, either formally or informally, to the Law Society. This pattern may be linked to limited awareness of Law Society's reporting processes: only approximately 27% of respondents reported being familiar with the Law Society's reporting processes, while about 40% indicated they were not aware of these processes at all, and the remainder reported only partial awareness.

Addressing Discrimination, Harassment, Sexual Harassment and Bullying

15. The survey also included questions on potential measures to address BHD in the legal profession. We begin with the quantitative findings, and then present findings from two qualitative questions that provide additional context and insight.
16. With respect to quantitative questions on measures to address BHD in the legal profession, participants were asked to rate the perceived effectiveness of six potential initiatives on a 5-point Likert scale.² The mean results are summarized below in Table 1:³

² 5-point Likert scale: 1 – Not at all effective, 2 – Slightly effective, 3 – Moderately effective, 4 – Very effective, and 5 – Extremely effective.

³ See p. 18 and 60 of the Report for highlights and full findings.

Table 1. Mean perceived effectiveness score of various measures for addressing discrimination, harassment, sexual harassment, and/or bullying

Potential Measures	Mean effectiveness score
Awareness-raising initiatives	2.61
Mandatory training	2.62
An independent and confidential recording and reporting tool	3.14
A dedicated support person (“navigator”) to navigate Law Society processes	3.08
Alternative resolution processes	2.57
Workplace assessments and evaluations	2.65

17. As reflected in Table 1 above, presenting the mean perceived effectiveness score of various measures for addressing BHD, the top-rated interventions were:

1. The availability of **an independent and confidential reporting mechanism**; and
2. Access to a dedicated support person (“**Navigator**”) to assist individuals in navigating reporting processes.

18. The report also presents results from two qualitative questions that point to additional ways to address these behaviors in the legal profession. The first was a follow up to the quantitative question that asked participants whether they were aware of the process for making complaints at the Law Society (see para 14 above).⁴ The question asked how the Law Society could improve the complaints process and/or the handling of complaints. Key themes in response to this question were:

- a. **Greater publicity of and education about complaints processes and support resources:** Many participants were unaware of the Law Society's complaints process or supports such as the Equity Advisor. Suggested strategies included webinars, refresher sessions, one-page summaries, clear examples of what qualifies as a complaint, and regular email reminders. To exemplify, a participant said:

“it would be helpful to have webinars as refreshers so that members of the legal profession, especially those who may have experienced bullying, harassment, or

⁴ See p. 46 of the report.

discrimination can be reminded that help is available and they should not be afraid of seeking help and support.”

- b. **Improving complaints process efficiency and transparency:** Participants wanted shorter timelines and more transparency throughout the complaints process, including regular updates and information on outcomes. Participants also expressed a desire for information like number of complaints per law firm and accounts of positive outcomes to be publicized. Capturing this theme of greater efficiency, a participant shared:

“Where there is a serious complaint, do not make the complainant languish in the situation for an indeterminate time period while a decision is made.”

- c. **Increased complainant safety and protection from retaliation:** Participants emphasized the need to protect complainants through confidentiality and a trauma-informed approach. For example, a participant shared:

“Using a trauma-informed approach would be helpful. I find it very concerning that the Discipline Committee is not required to have trauma-informed training. It feels like these cases have a massive power imbalance, particularly with respect to how trauma impacts memory and the brain. I’d want more communication, and lots of understanding of how the process works. The fear of retribution, particularly with complaints against senior counsel as a junior lawyer, also needs to be dealt with.”

19. Another question asked participants if their workplace provides training or information sessions on BHD, and how effective they perceived them to be.⁵ Just over 50% of all survey participants stated that their workplace provides training, and the mean effectiveness score of these training programs was 2.83, falling between slightly effective and moderately effective. When asked how workplace training or information sessions could be improved, key themes were:

- a. **Improving training content:** Participants emphasized the importance of addressing subtle forms of conduct, not just blatant behaviours. Suggested improvements included training on microaggressions, bystander intervention skills, and the use of role-playing exercises. For example, one participant shared:

“The training that I have seen needs to be updated to address the subtle, hard to detect, and insidious ways in which discrimination, harassment and bullying manifest in the legal profession today. Some people who are guilty of these

⁵ See p. 62 of the Report.
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behaviours believe they aren't because of outdated views on the definition and nature of discrimination, harassment and bullying.”

- b. **Need for effective training without it feeling like ticking checkboxes:** Some participants suggested more frequent and/or mandatory training sessions, while others cautioned that this approach risks becoming a “check-the-box” exercise, unless they can be done in a meaningful and safe way. For example, expressing support one participant said, “*making trainings mandatory and more frequent would be helpful*”, while drawing a more cautious note another shared:

“There is a lot of mandatory training on these topics, which makes it into a checkbox exercise for many employees. The burden of mandatory training is becoming unsustainable at my workplace. The delivery method is either completely online or delivered online by a live presenter with no questions allowed. I think it would be challenging to offer interactive training on these topics due to perceived lack of safety. It would need to be done by a highly trained professional.”

- c. **Ensuring participation in training by those in positions of power:** Participants noted that leadership should be attending the training. Some also noted that those who need it most are often the ones who do not attend or are dismissive of the content. Capturing this theme, a participant noted:

“Partners need to go for training. It is a top-down leadership need. They have incurred decades of the same treatment themselves and have normalized it to a point that it is systemically accepted. Corporate elitism is not ok. Toxic workplaces are not ok. Every law firm likes to say they are different but they have learned behaviours from their toxic bosses and unless they go for training and recognize when they are projecting their past trauma onto others, the cycles continue systemically across the legal profession.”

Next Steps

The Report will help inform the Task Force’s ongoing work and future recommendations. The Report will furthermore be published on the Law Society’s website.

Appendix A



**Survey Findings: Discrimination,
Harassment, Sexual Harassment, and
Bullying in BC's Legal Profession**

Bullying, Harassment, and Discrimination Task Force

Survey Background

- In April 2025, the Law Society of BC's Bullying, Harassment, and Discrimination Task Force requested a survey to inform their work in developing evidence-based recommendations to address discrimination, harassment, sexual harassment, and bullying in the province's legal profession.
- Between October 8 and December 16, 2025, the Law Society conducted an anonymous and confidential survey as a response to that request.



Report Roadmap



This report presents findings from the survey, and is divided into three parts:

- **Part A** includes the methodology of the survey with the sample profile.
- **Part B** presents key highlights or main take-aways from the survey.
- **Part C** presents the full analysis of the core survey questions.

Part A: Methodology and Sample



METHODOLOGY

Survey Purpose

The purpose of the survey was to better understand experiences of discrimination, harassment, sexual harassment, and bullying in B.C.'s legal profession. Specifically, the survey aimed to:

- understand the prevalence of these experiences;
- examine reporting rates, barriers to reporting, and reporting outcomes; and
- identify measures that could help address these issues.

Survey Design

The survey included 56 quantitative questions and 9 qualitative questions that were organized into six sections:

1. Professional Demographics;
2. Personal Experiences of Discrimination, Harassment, Sexual Harassment, Bullying;
3. Reporting Rates, Outcomes, and Awareness of Reporting Processes
4. Observed/Witnessed Behaviours;
5. Addressing Discrimination, Harassment, Sexual Harassment, Bullying;
6. Socio-demographic Information.

Sample Recruitment

The survey was open to all members of BC's legal community, including

legal professionals and those interacting with them in professional or work-related social contexts. To support broad participation, the Law Society conducted extensive outreach through a notice to the profession, information posted on the Law Society's website, social media messaging, and direct outreach to affinity groups and professional associations.

Sample Size

The initial dataset contained 861 responses. As all questions were optional, a minimum response threshold was applied to focus the analysis on participants who engaged substantively. Respondents who answered fewer than five quantitative questions ($n = 74$) were excluded, resulting in a final analytic sample of 787 participants. All analyses are based on this cleaned dataset.

Survey Limitations

The survey used non-probability sampling that entails self-selection, meaning participants chose to take part rather than being randomly selected and invited to participate. Therefore, the results may reflect the views of individuals who were more motivated to respond and may not fully represent the entire legal profession in the province. Consequently, any extrapolation should be made with caution due to potential self-selection bias. While self-selection is a limitation, this approach is standard in survey research and was chosen to maximize accessibility and participation.

METHODOLOGY

Analysis and Data Presentation

All survey questions were optional, so response rates vary. For quantitative findings, the report includes the number of valid responses (labeled as “n”) for each question, which excludes those who skipped it. Percentages are based on this valid n and are reported as valid percentages. The valid n appears in graph headings for Parts A and B, and alongside survey questions at the bottom of each graph in Part C.

Some questions allowed only one answer; others allowed multiple. For single-answer questions, the report includes graphs and/or tables with exact counts, exact percentages, and missing data. For multiple-answer questions (where percentages can exceed 100%), findings are presented in data tables with exact percentages only; bar graphs are not suitable for this question type. Multiple-answer questions are marked with an asterisk (*) in the graph heading. All quantitative data was analyzed without weighting, meaning no statistical adjustments were made for demographic representation.

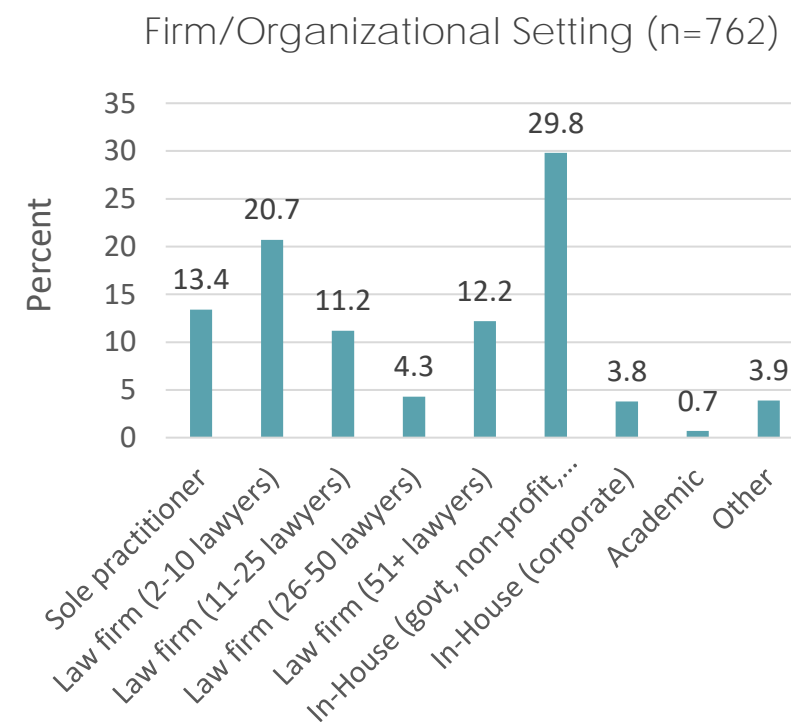
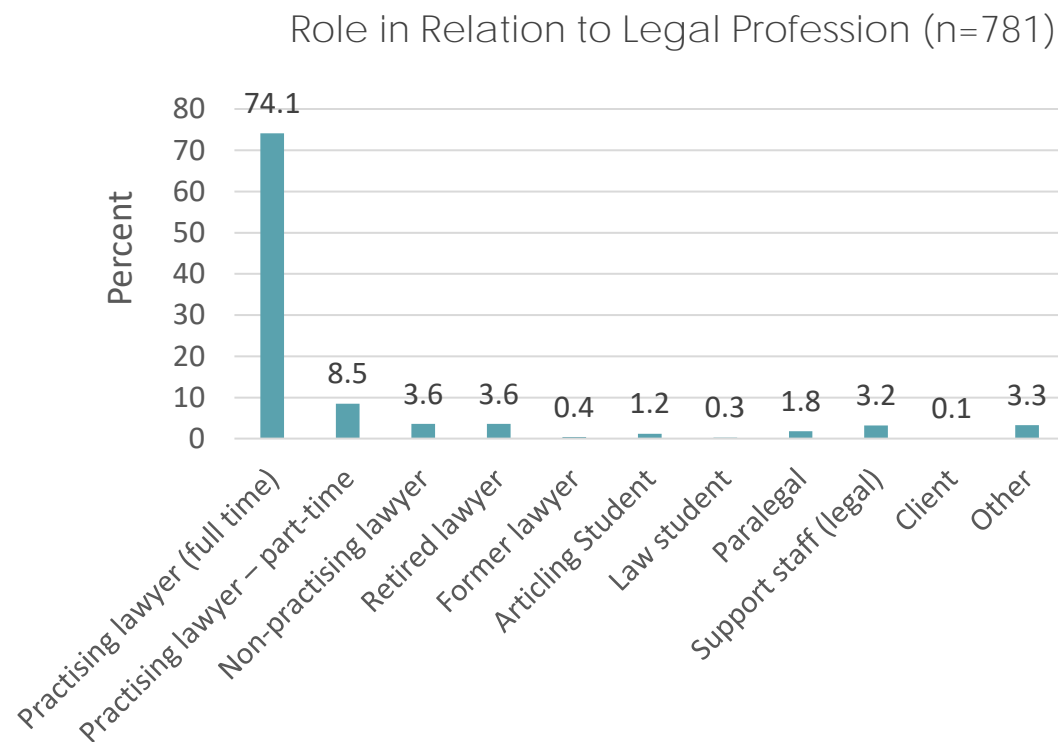
While all quantitative responses were analyzed, some qualitative questions were prioritized due to time constraints, particularly those offering insights into solutions. Qualitative data was analyzed using thematic analyses to identify recurring patterns and themes. Exact counts, valid n, or percentages are not reported for qualitative findings, as the goal is to understand the texture of experiences rather than to generalize.

Each slide in this report includes a top-line finding to help readers quickly grasp the key takeaway. When percentages appear in these top-line findings, they are rounded to the nearest whole number. For example, 45.7% becomes 46%, 45.2% becomes 45%, and 45.5% stays 45.5%. Exact percentages are shown in the accompanying graphs and tables.

In the following slides, the report begins with a profile of survey respondents, covering their professional background (e.g., role in the legal profession) and social demographics (e.g., racial identity). Part B then highlights the most important findings and key takeaways, followed by Part C with the comprehensive results.

SAMPLE: PROFESSIONAL DEMOGRAPHICS

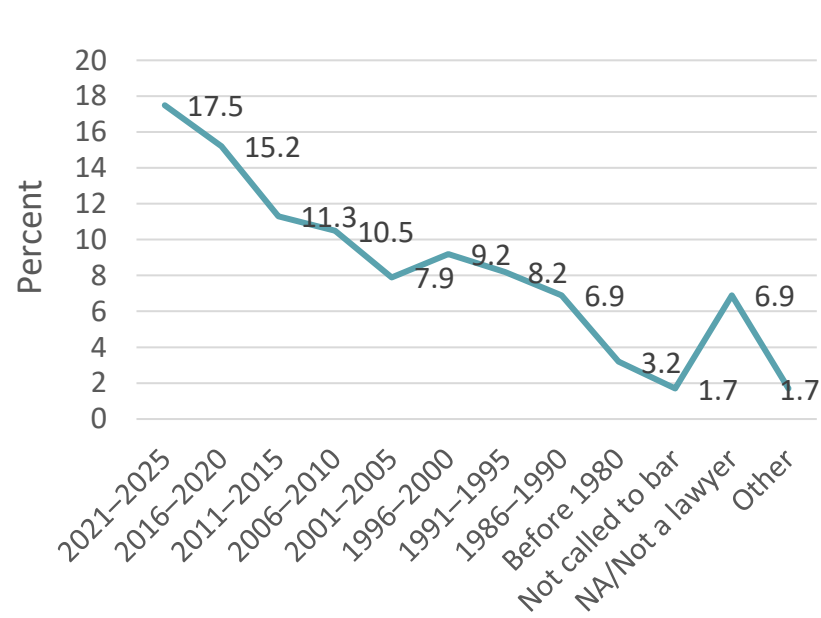
The majority of respondents were full-time practising lawyers (74%). The most common workplace setting was in-house, including government, non-profit, or other public bodies (30%).



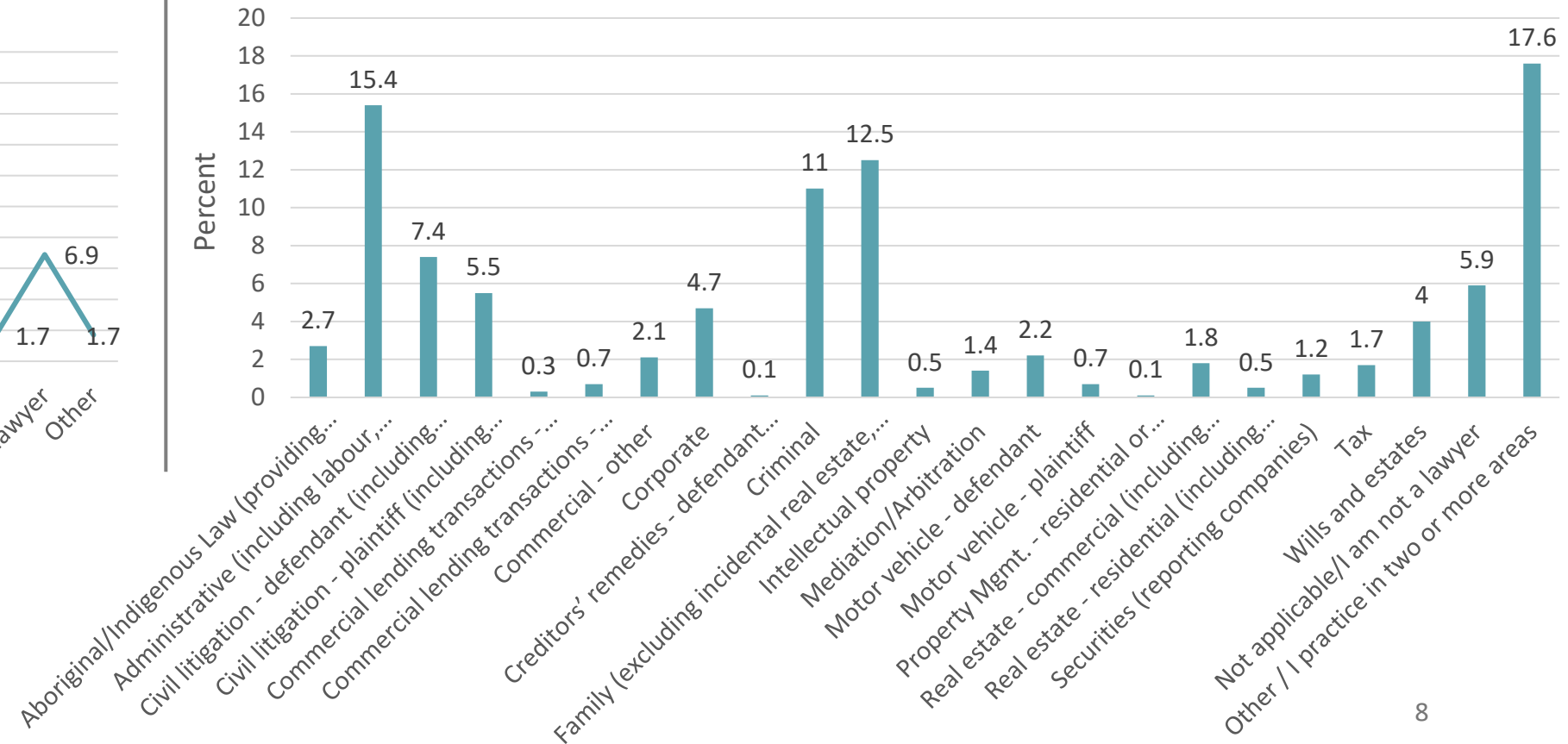
SAMPLE: PROFESSIONAL DEMOGRAPHICS

The sample leaned toward newer entrants: over 50% were called to the bar in the last 15 years, with the largest cohort being 2021-2025 (17.5%). The most common practice areas among respondents were administrative law (15%), family law (12.5%), and criminal law (11%).

Year of Call (n=772)



Primary Area of Practice (n=767)



SAMPLE: SOCIO-DEMOGRAPHICS

Most respondents identified as White or European (75%), followed by South Asian (8.5%) and East Asian (7%). The vast majority were not Indigenous to Canada (91%); among those who were, the most reported identities were Métis (3%), First Nations (Non-status) (1.5%), and First Nations (Status) (1%).

Racial Identity* (n=590)

	Percent
African, Black, or Caribbean	1.2
Arab	.8
East Asian	7.3
South Asian	8.5
Southeast Asian	1.7
West and Central Asian	2.0
Latin American	1.2
White or European	75.3
Prefer to self-describe	9.2

Indigenous Identity* (n=597)

	Percent
I do not identify as Indigenous to Canada	90.9
First Nations (Status)	1.3
First Nations (Non-status)	1.5
Métis	3.2
Inuit	.2
Indigenous to Canada (but prefer not to specify as First Nations, Métis, or Inuit)	.3
Prefer to self-describe	4.2
I do not identify as Indigenous to Canada	90.9

SAMPLE: SOCIO-DEMOGRAPHICS

Most respondents were women (67%), followed by men (27%). The majority identified as straight (81%), followed by bisexual (8%) and queer (6%). The most commonly reported disabilities were mental health conditions (20%), neurodivergence or learning disabilities (14%), and chronic illness (10%); 63% reported no disability.

Gender* (n=610)

	Percent
Man	26.6
Non-binary	3.1
Two-spirit	.2
Woman	67.0
Cisgender	28.0
Transgender	.8
Prefer to self-describe	3.9

Sexual Orientation* (n=590)

	Percent
Asexual	2.2
Bisexual	8.0
Gay	2.0
Lesbian	2.4
Pansexual	1.7
Queer	5.8
Straight	80.7
Two-spirit	.5
Prefer to self-describe	3.9

Disability* (n=597)

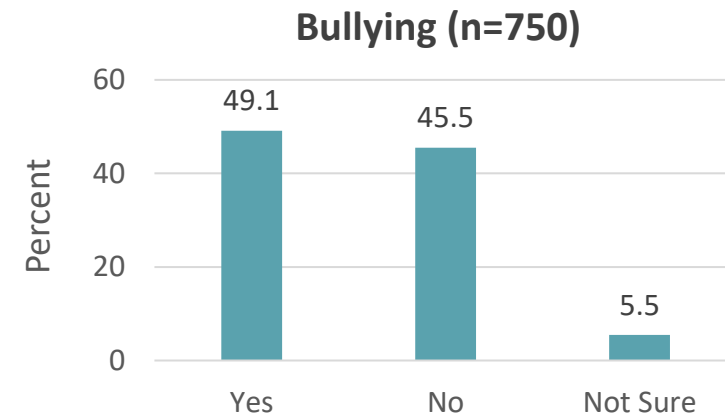
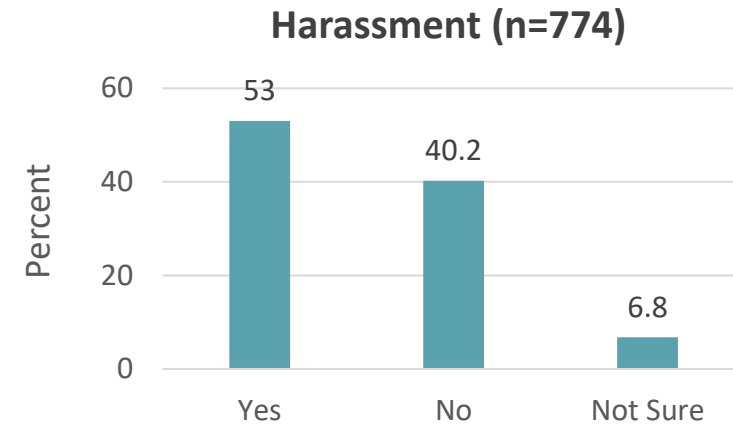
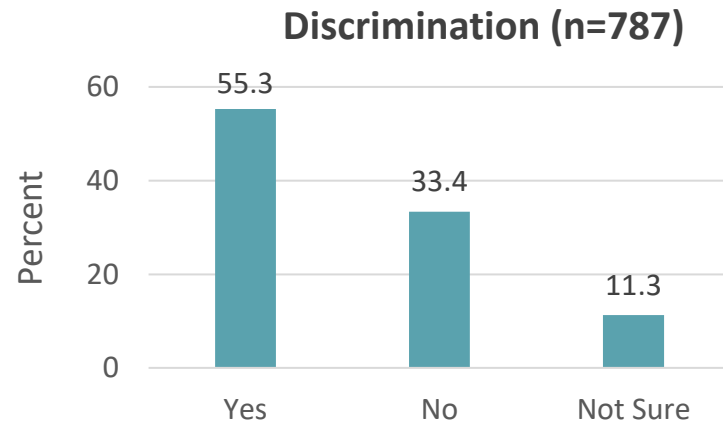
	Percent
Chronic illness	9.7
Communication disability	1.5
Physical disabilities	5.4
Mental health disabilities	19.8
Neurodivergence or learning disabilities	13.9
Sensory disabilities	4.0
Prefer to self-describe	3.5
I do not have a disability	63.0

Part B: Highlights



PERSONALLY-EXPERIENCED INCIDENTS

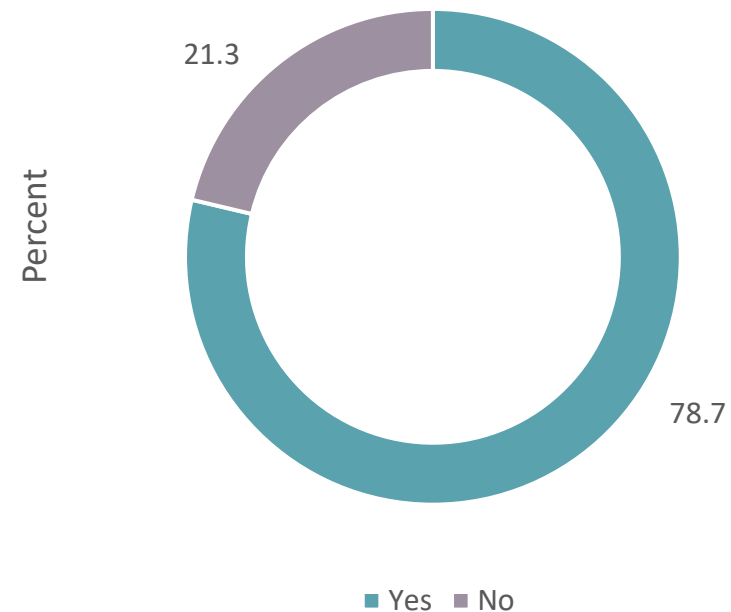
Approximately half of respondents reported personally experiencing discrimination, harassment, bullying, and one-third reported experiencing sexual harassment.



OVERALL PERSONALLY EXPERIENCED INCIDENTS

Approximately 80% reported experiencing discrimination, harassment, sexual harassment, and/or bullying.

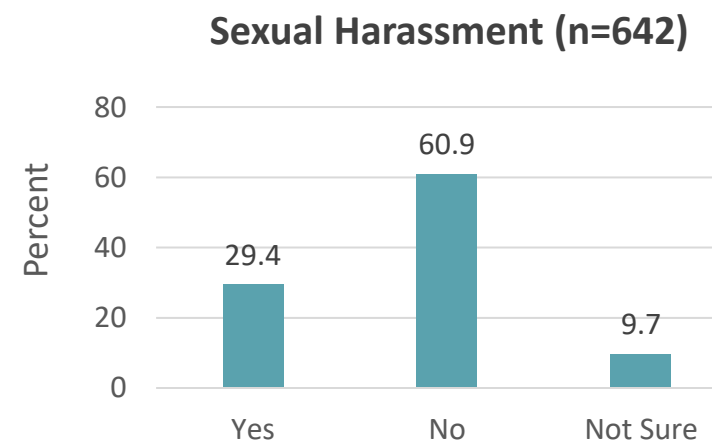
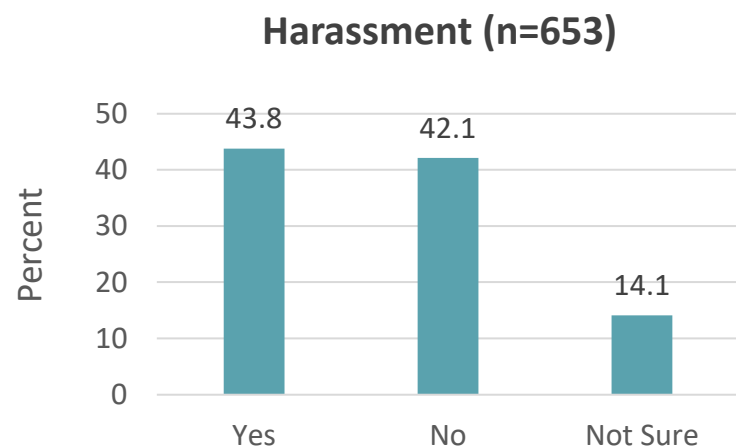
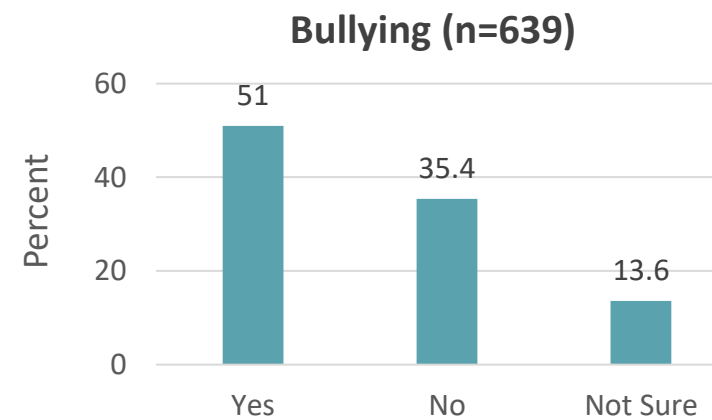
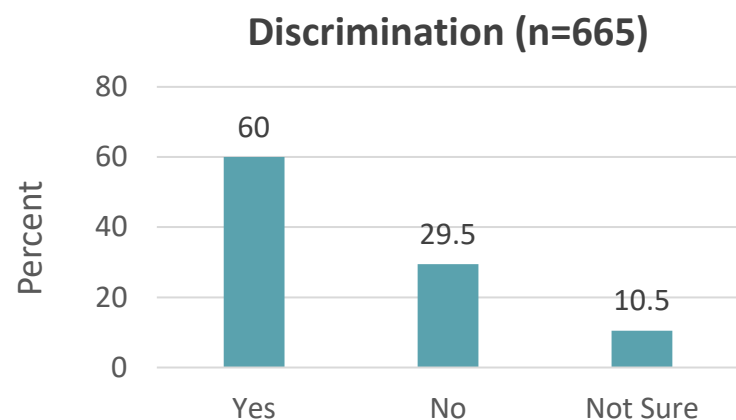
Respondents who Personally-Experienced At Least One Type of Conduct (n=781)



Note: This graph shows the share of respondents who experienced at least one of the four types of conduct shown on the previous page. Each person is counted only once, even if they experienced more than one type.

OBSERVED INCIDENTS

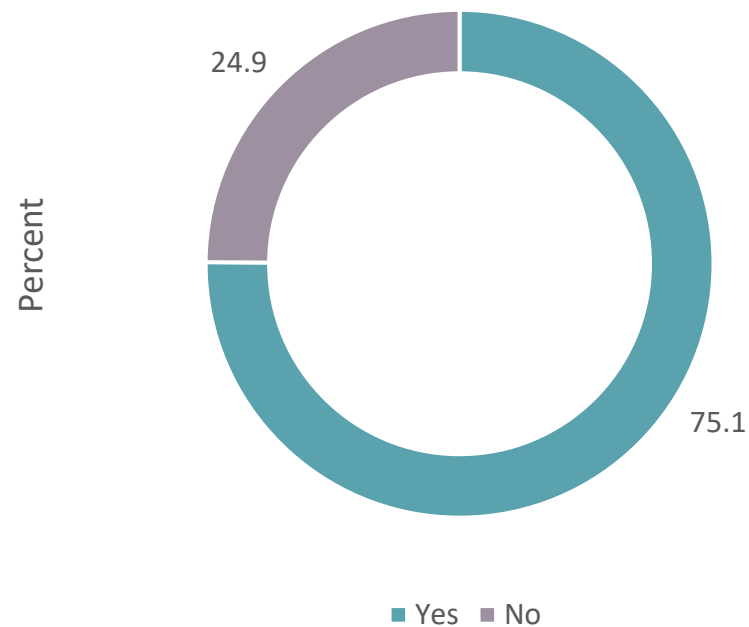
Approximately half of respondents reported witnessing discrimination, harassment, bullying, and about one-third reported witnessing sexual harassment.



OVERALL PERSONALLY EXPERIENCED INCIDENTS

75% of respondents reported witnessing discrimination, harassment, sexual harassment, and/or bullying.

Respondents who Observed At Least One Type of Conduct (n=670)



Note: This graph shows the share of respondents who observed at least one of the four types of conduct shown on the previous page. Each person is counted only once, even if they observed more than one type.

REPORTING OF PERSONALLY-EXPERIENCED INCIDENTS

Less than 30% who experienced discrimination, harassment, sexual harassment, or bullying reported these incidents. Among those who reported, the majority went to their organization, and less 10% reported it to the Law Society. Among those who did not report, the most common reason was fear of consequences.

Reporting Rates

- Among those who personally experienced discrimination, harassment, sexual harassment, and/or bullying, less than 30% reported them.

Who They Reported To

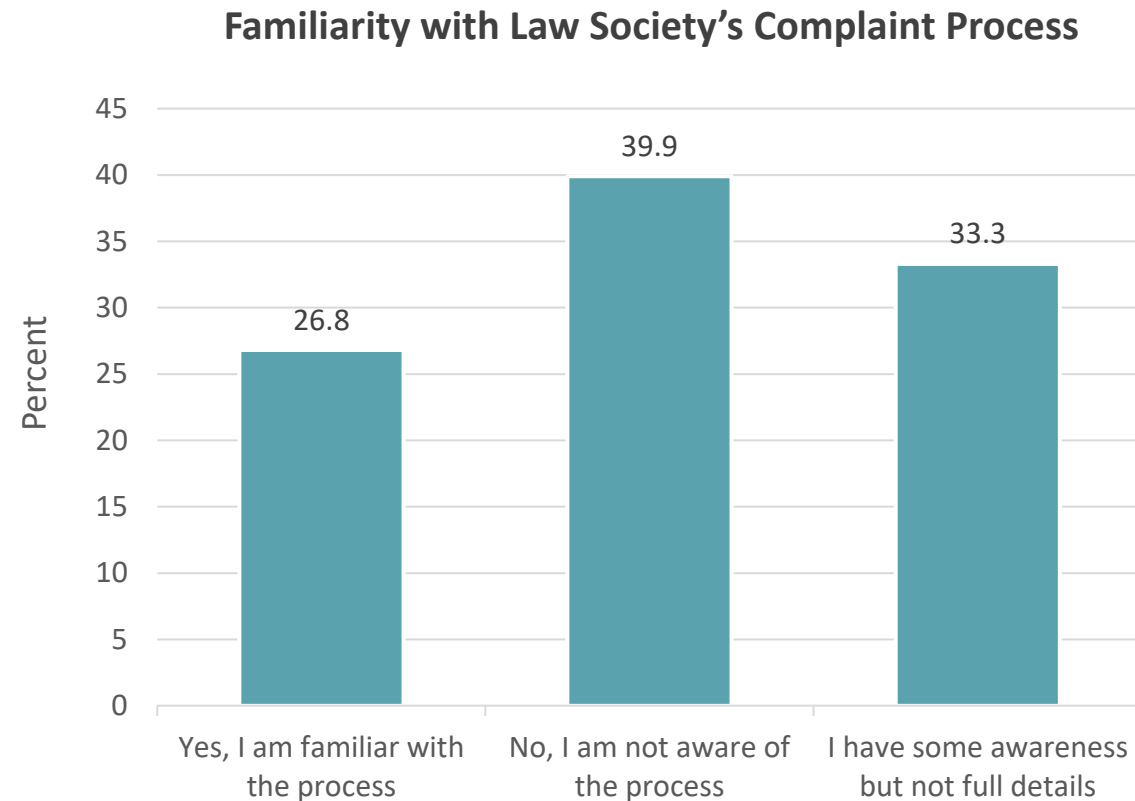
- Among those who reported personally experienced incidents, less than 10% reported it to the Law Society; the majority (over 85%) reported it to their organization.

Why They Didn't Report

- Among those who did not report, the top reasons were: fear of consequences (59%), doubt it would help (54%), and distrust in the process (45%).

AWARENESS OF LAW SOCIETY'S COMPLAINT PROCESS

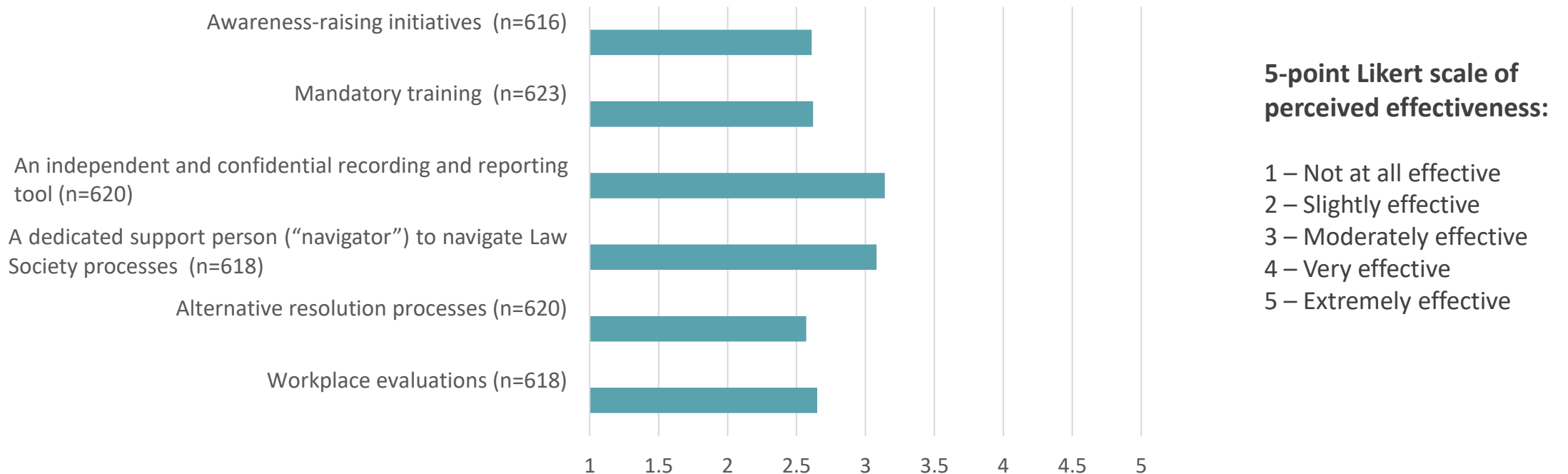
Almost 40% of the respondents reported that they were not aware of Law Society's complaints process; only 27% reported being fully familiar with it.



ADDRESSING DISCRIMINATION, HARASSMENT, SEXUAL HARASSMENT, BULLYING

The top-rated interventions for addressing discrimination, harassment, sexual harassment, and/or bullying were an independent and confidential recording and reporting tool, and a dedicated support person or navigator to help navigate Law Society's processes.

Perceived Effectiveness of Measures



Note: This chart is a composite of separate questions inquiring about the perceived effectiveness of six distinct measures.

Part C: Comprehensive Findings



STRUCTURE OF COMPREHENSIVE FINDINGS

Core findings that focused on discrimination, harassment, sexual harassment, and bullying are presented in four sections:

1. Personal Experiences
2. Reporting Rates, Outcomes, and Awareness of Reporting Processes
3. Observed Behaviors
4. Addressing Discrimination, Harassment, Sexual Harassment, Bullying





Personal Experiences of Discrimination, Harassment, Sexual Harassment, and/or Bullying

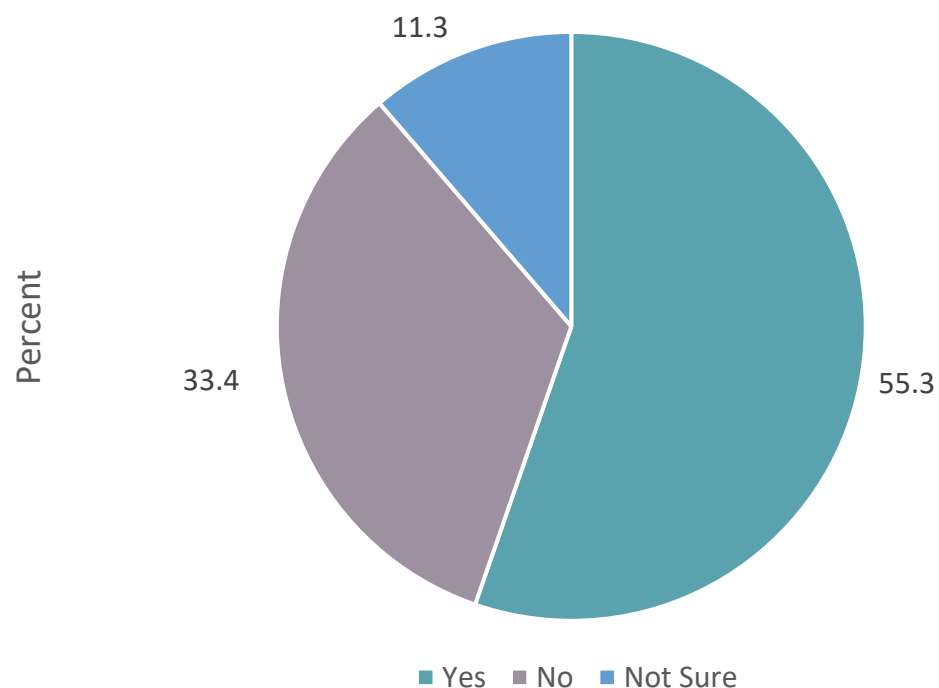
This section has four sub-sections covering participants' personal experiences with discrimination, harassment, sexual harassment, and bullying respectively. Each topic was addressed with a separate set of questions and definitions from the *Code of Professional Conduct for British Columbia* were provided help ensure consistent understanding.

Discrimination

Discrimination is any distinction, intentional or not, based on actual or perceived personal characteristics of an individual or group that unfairly imposes burdens or disadvantages, or limits access to opportunities, benefits, and advantages available to others.

PREVALENCE: PERSONALLY-EXPERIENCED DISCRIMINATION

Over 50% of the respondents reported having personally experienced discrimination.



Have you experienced discrimination while working in the legal profession? (n=787)

Note: Subsequent questions on the grounds, nature, frequency, and recency of discriminatory experiences were directed only to respondents who reported having personally experienced it (55.3%; n=435).

Of those who reported experiencing discrimination (n=435), the most common grounds were sex (66%), age (37.5%), color (21%), gender identity or expression (20%), and family status (19%); while the most common experiences were: offensive comments (67%), unequal work or pay (41%), and advancement barriers (39%).

Grounds for Discrimination*

	Percent
Age	37.5
Ancestry	16.4
Color	20.6
Conviction for a criminal or summary offence	.2
Family status	19.4
Gender identity or expression	19.9
Indigenous identity	2.8
Marital status	7.6
Mental disability	12.0
Physical disability	6.3
Place of origin	11.8
Political belief	7.6
Religion	8.6
Sex	66.0
Sexual orientation	6.5
Other	6.0

What do you believe was the ground for the discriminatory behaviour you experienced? Select all that apply. (n=432)

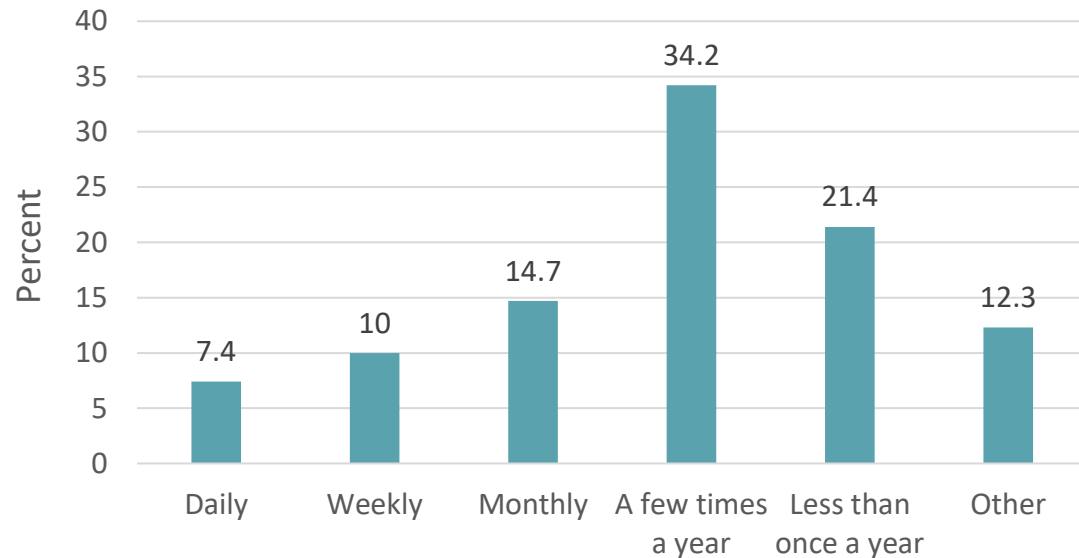
Nature of Discrimination*

	Percent
I was refused employment or to continue my employment.	21.4
I was assigned lesser work or paid less than others.	41.3
I was described with derogatory racial, gendered, or religious language.	33.1
I was denied the support I needed until it caused me unjustified hardship.	28.4
I was penalized under leave policies for taking parental leave.	8.4
I was excluded from training or mentoring opportunities.	28.4
I faced advancement barriers from one-size-fits-all standards.	39.2
I experienced comments, jokes, or innuendos on the basis of protected grounds that caused humiliation, embarrassment, or offence.	66.9
I was refused legal services.	.9
I was charged higher fees.	.9
Other	17.7

What was the nature of the discriminatory behavior that you experienced? Select all that apply. (n=429)

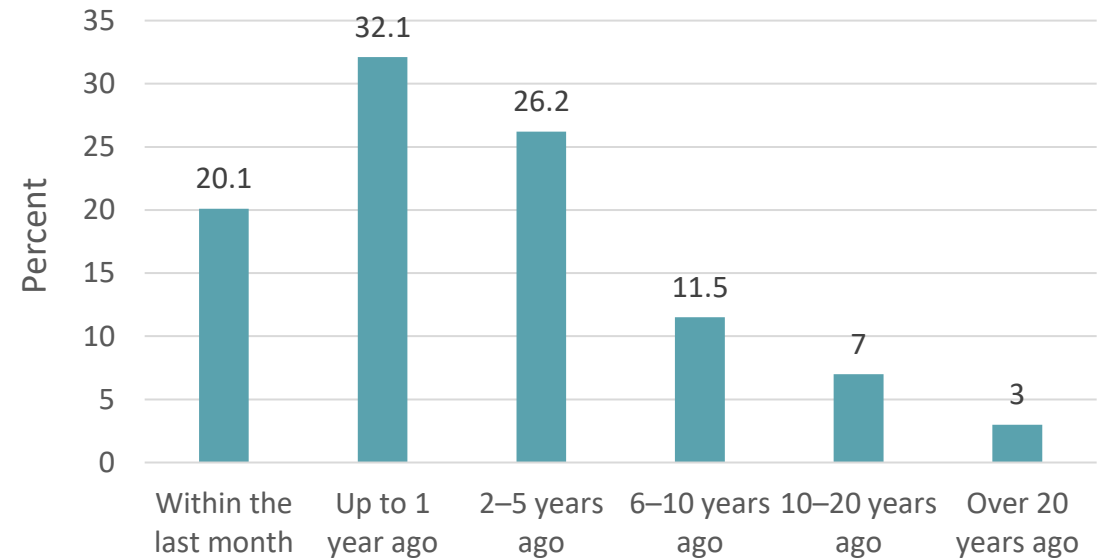
Of those who reported experiencing discrimination (n=435), over 30% reported they face discrimination monthly or more often. Additionally, over 50% reported the most recent experience was within the last year.

Frequency of Discrimination



How often have you experienced discrimination while working in the legal profession? (n=430)

Recency of Discrimination



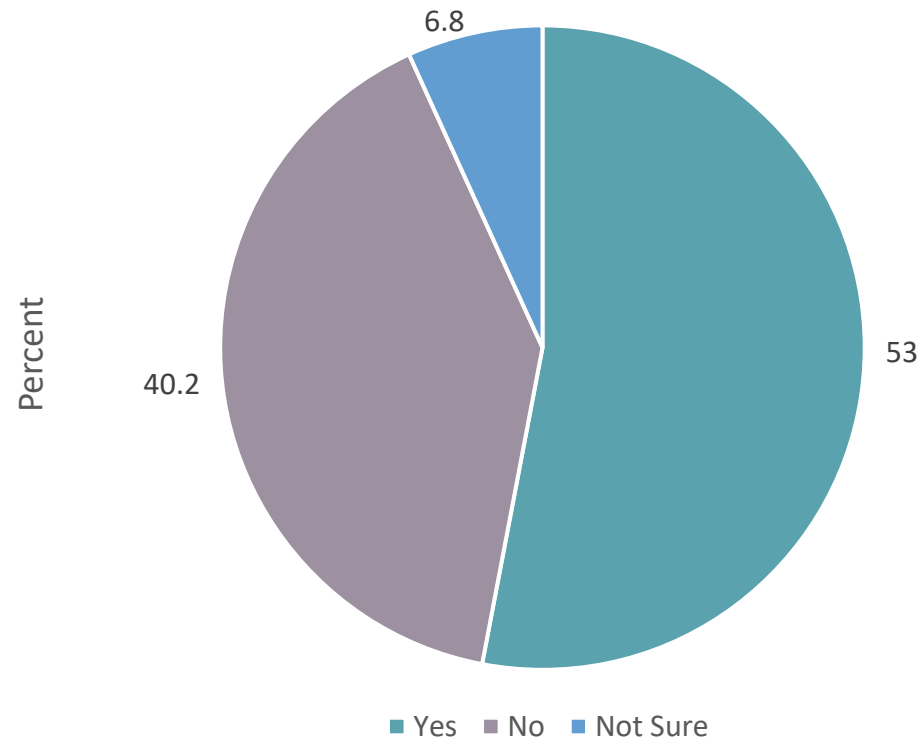
When did the most recent incident of discrimination occur? (n=427)

Harassment

Harassment is any physical, verbal, or non-verbal conduct (including electronic communications) that could reasonably cause humiliation, offence, or intimidation. The lawyer's intention does not matter. Harassment may overlap with discrimination. Common forms include sexual harassment and bullying, which are addressed separately in the upcoming sections.

PREVALENCE: PERSONALLY-EXPERIENCED HARASSMENT

Over 50% of all survey respondents reported having personally experienced harassment.



Have you experienced harassment while working in the legal profession? (n=774)

Note: Subsequent questions on the grounds, nature, frequency, and recency of harassment experiences were directed only to respondents who reported having personally experienced it (53%; n=410).

Of those who reported experiencing harassment (n=410), the most common grounds were sex (54%), age (34%), gender identity and expression (12%), color (12%), and ancestry (12%); while the most common experiences were: objectionable behavior (82%); being threatened (64%); abuse of authority (61%); and humiliating comments (60%).

Grounds for Harassment*

	Percent
Age	33.7
Ancestry	11.8
Color	11.8
Conviction for a criminal or summary offence	0.8
Family status	10.2
Gender identity or expression	12.3
Indigenous identity	1.9
Marital status	7.0
Mental disability	7.5
Physical disability	4.8
Place of origin	8.3
Political belief	5.1
Religion	4.0
Sex	54.3
Sexual orientation	3.2
Other	23.8

What do you believe was the ground for the harassment you experienced? Select all that apply. (n=374)

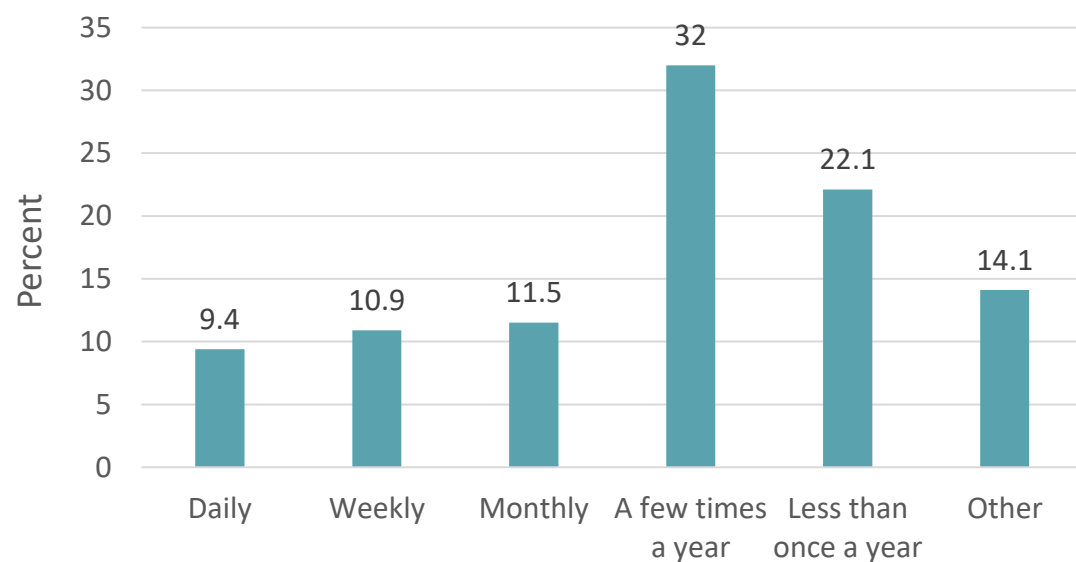
Nature of Harassment *

	Percent
I experienced objectionable or offensive behavior, including comments or displays that demeaned, belittled, intimidated, or embarrassed me.	82.3
I experienced a lawyer threatening me, or treating me in a way that felt degrading or abusive behavior (physical, mental, or emotional).	64.3
I experienced abuse of authority, such as using power to undermine, intimidate, or threaten, or interfere with someone's career.	61.2
I experienced comments, jokes, or innuendos that cause humiliation, embarrassment, or offence.	60.2
I experienced inequitable assignment of work.	36.5
Other	6.5

What was the nature of the harassment that you experienced? Select all that apply. (n=384)

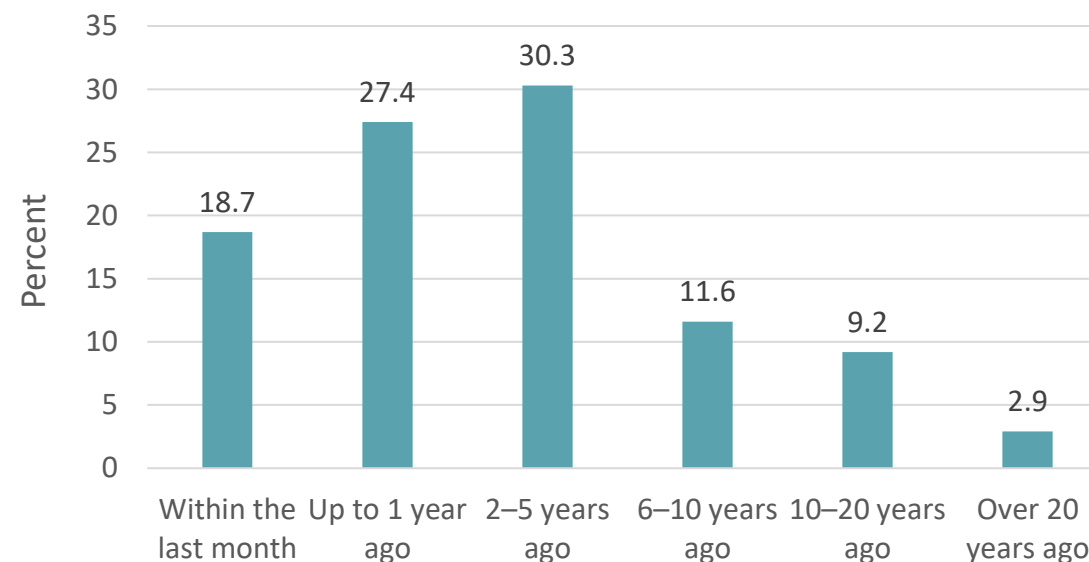
Of those who reported experiencing harassment (n=410), nearly 30% of the respondents reported they face harassment monthly or more often. Additionally, over 45% reported the most recent experience was within the last year.

Frequency of Harassment



How often have you experienced harassment while working in the legal profession? (n=384)

Recency of Harassment



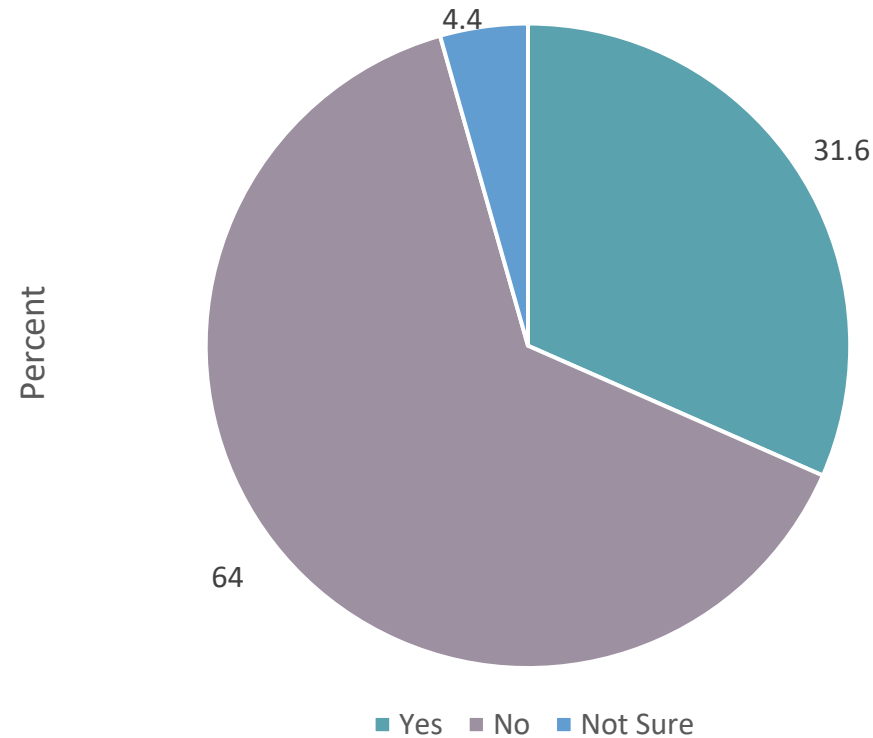
When did the most recent incident of harassment occur? (n=380)

Sexual Harassment

Sexual Harassment is any unsolicited or unwelcome sexual advance, request, or other unwelcome physical, verbal, or nonverbal conduct (including electronic communications) of a sexual nature.

PREVALENCE: PERSONALLY-EXPERIENCED SEXUAL HARASSMENT

Over 30% of all survey respondents reported personally experiencing sexual harassment.



Have you experienced sexual harassment while working in the legal profession? (n=756)

Note: Subsequent questions on the nature, frequency, and recency of sexual harassment experiences were directed only to respondents who reported having personally experienced it (31.6%; n=239).

Of those who reported experiencing sexual harassment (n=239), the most common experiences were: comments about appearance (60%); sexual advances (59%); sexually suggestive comments (55%); humiliating jokes (52%); unwelcome physical contact (47%).

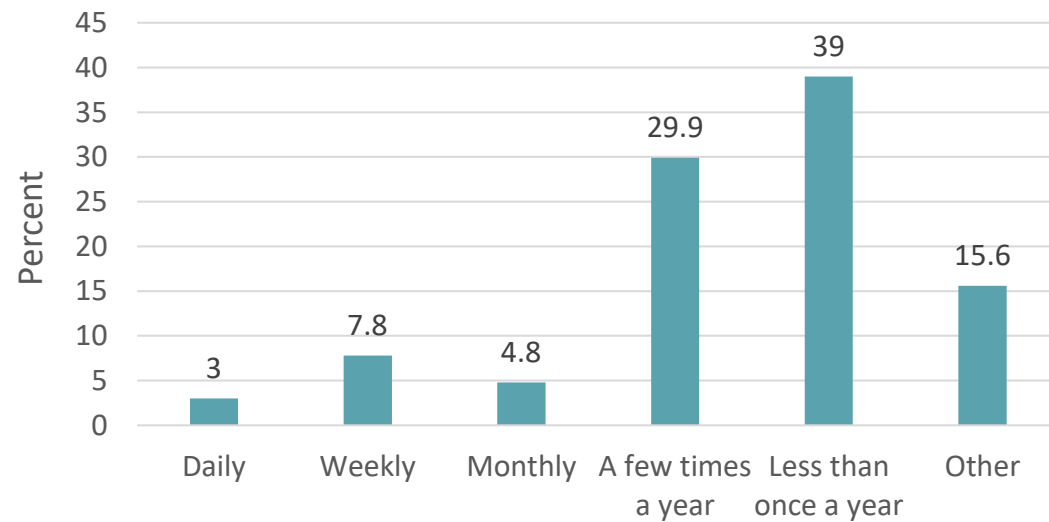
Nature of Sexual Harassment *

	Percent
I was shown sexualized, demeaning, or derogatory images.	14.3
I experienced sexually suggestive or intimidating comments, gestures, or threats.	55.4
I was subjected to comments or jokes that caused humiliation, embarrassment, or offence.	52.4
I experienced innuendoes, leering, or comments about my dress or appearance.	60.2
I was targeted with gender-based insults or sexist remarks.	37.7
I received communications with sexual overtones.	33.8
I was asked about my sex life.	21.2
I experienced sexual flirtations, advances, propositions, invitations, or requests.	58.9
I experienced unsolicited or unwelcome physical contact or touching.	47.2
I was subjected to sexual violence.	6.1
I received unwanted contact or attention, including after a consensual relationship ended.	11.3
Other	3.5

What was the nature of the sexual harassment that you experienced? Select all that apply. (n=231)

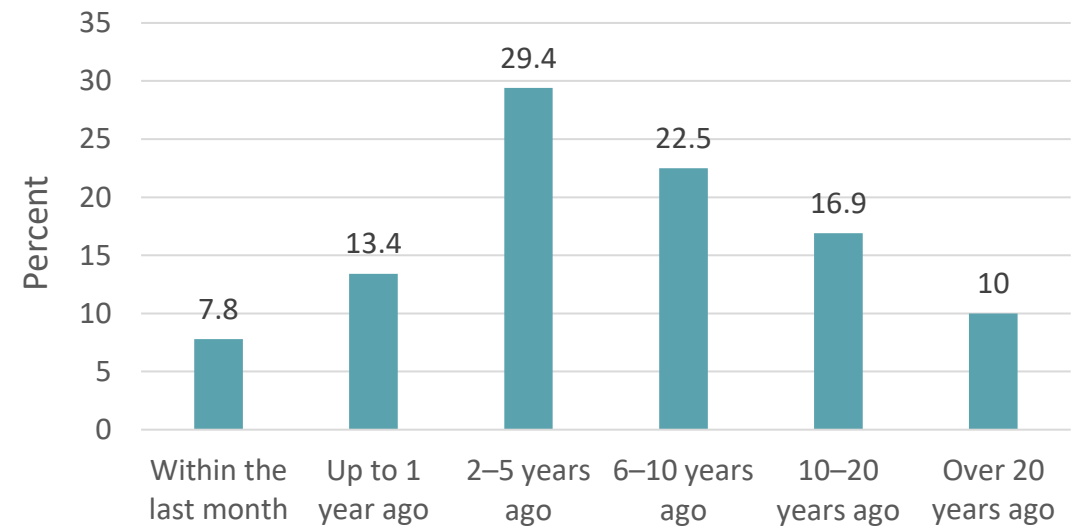
Of those who reported experiencing sexual harassment (n=239), over 15% of the respondents reported that they face sexual harassment monthly or more often. Additionally, over 20% reported that the most recent experience was within the last year.

Frequency of Sexual Harassment



How often have you experienced sexual harassment while working in the legal profession? (n=231)

Recency of Sexual Harassment



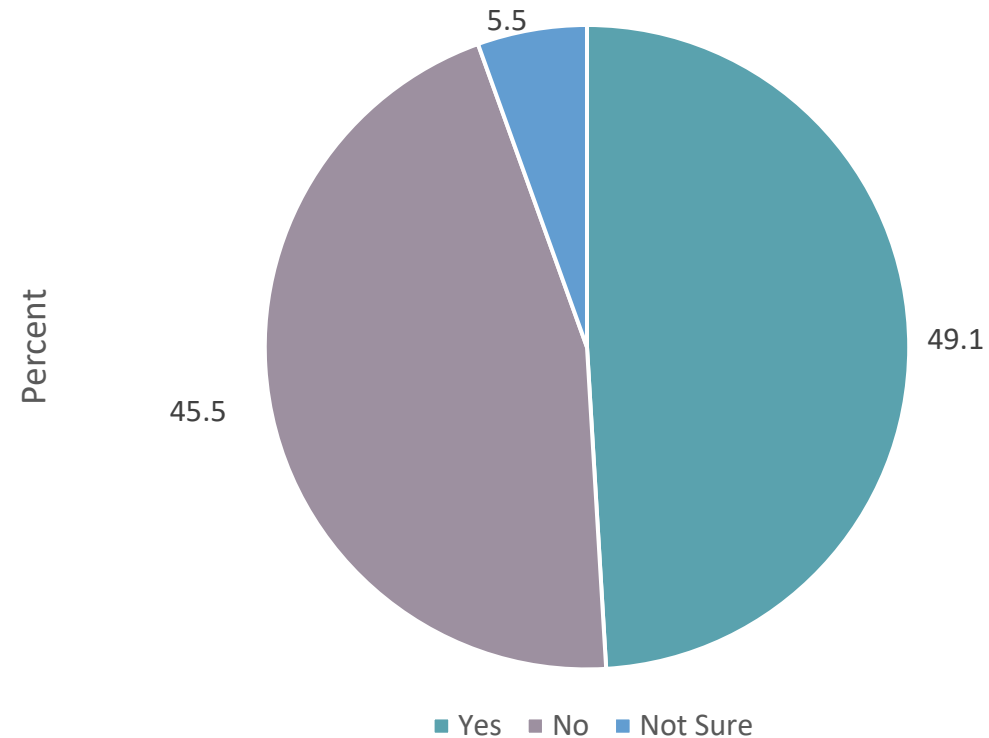
When did the most recent incident of sexual harassment occur? (n=231)

Bullying

Bullying, including cyberbullying, is a form of harassment involving physical, verbal, or non-verbal behavior that could reasonably be expected to harm or damage someone's physical or psychological well-being, reputation, or property.

PREVALENCE: PERSONALLY-EXPERIENCED BULLYING

About 50% reported having personally experienced bullying.



Have you experienced bullying while working in the legal profession? (n=750)

Note: Subsequent questions on the nature, frequency, and recency of bullying experiences were directed only to respondents who reported having personally experienced it (49.1%; n=368).

Of those who reported experiencing bullying (n=368), the most common experiences were: being unfairly or excessively criticized (77%); being humiliated (53%); being excluded or isolated (52%); and being ridiculed (50%).

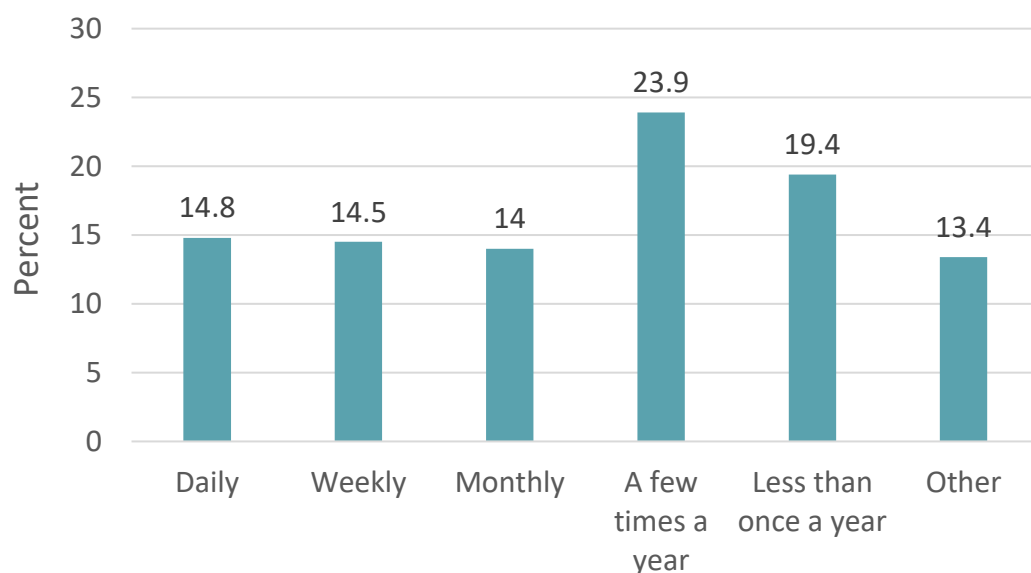
Nature of Bullying*

	Percent
I was unfairly or excessively criticized.	76.9
I was ridiculed.	50.3
I was humiliated.	52.6
I was excluded or isolated.	52
I was given constantly changing or unrealistic workloads.	42.3
Other	9.4

What was the nature of the bullying that you experienced? Select all that apply. (n=350)

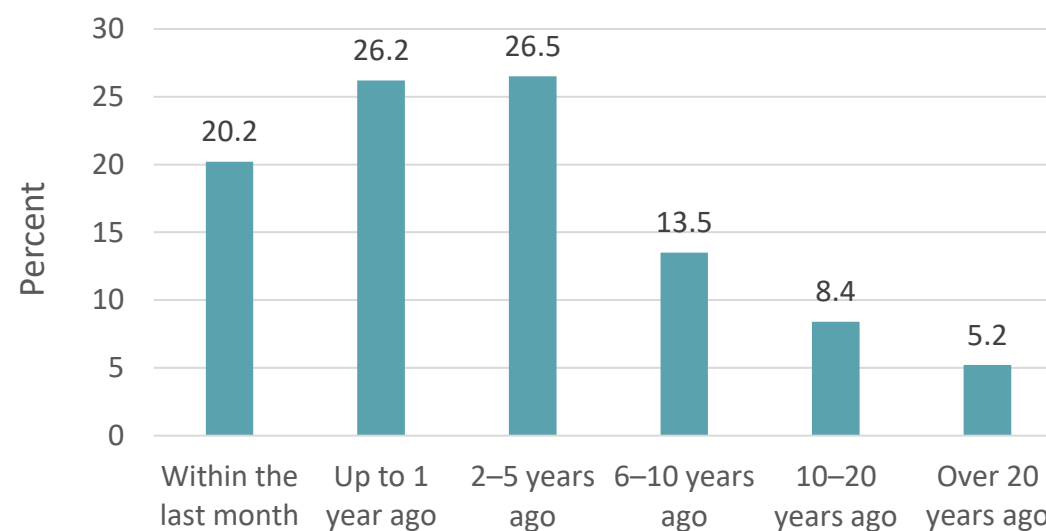
Of those who reported experiencing bullying (n=368), over 40% of the respondents reported that they face bullying monthly or more often. Additionally, over 45% reported that the most recent experience was within the last year.

Frequency of Bullying



How often have you experienced bullying while working in the legal profession? (n=351)

Recency of Bullying

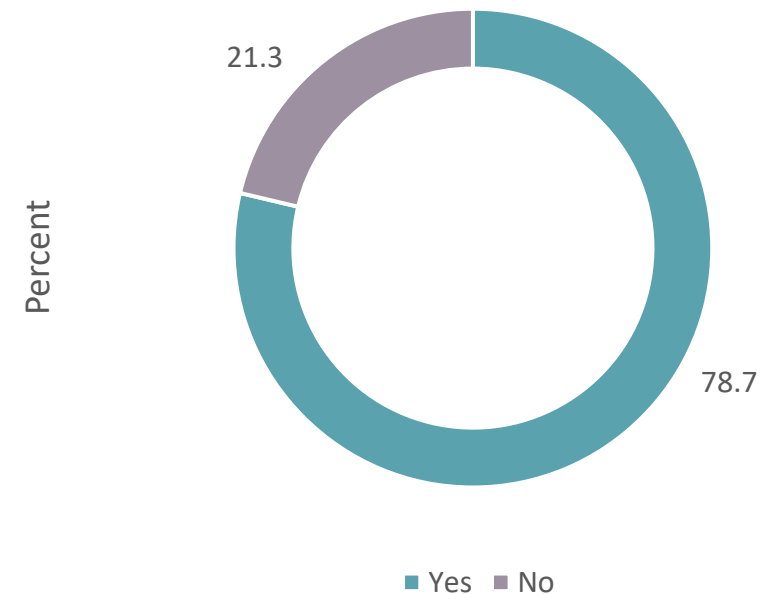


When did the most recent incident of bullying occur? (n=347)

OVERALL PERSONALLY EXPERIENCED INCIDENTS

Approximately 80% of the respondents reported experiencing discrimination, harassment, sexual harassment, and/or bullying.

Respondents who Personally-Experienced At Least One Type of Conduct (n=781)



Note: This graph shows the share of respondents who experienced at least one of the four types of conduct (discrimination, harassment, sexual harassment, and/or bullying). Each person is counted only once, even if they experienced more than one type.

SEXUAL HARASSMENT COMPLAINT

Complainant Information

Family Name _____ Given Name(s) _____ Mobile Number _____ Fax _____

Mailing Address _____ Home Phone Number _____ Date of alleged incident _____

E-mail Address _____ Time of the alleged incident _____ Location _____

Allegation Information

Name of alleged harasser _____

Reporting Rates, Outcomes, and Awareness of Reporting Processes

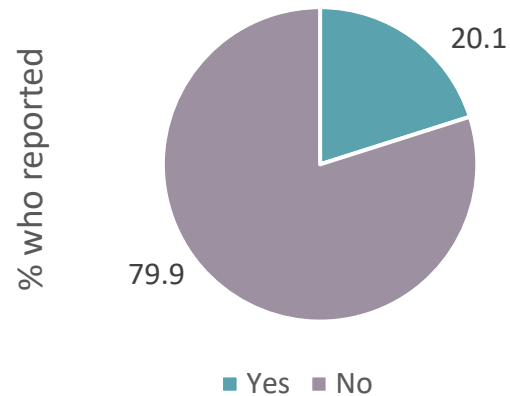
This section has two sub-sections. The first sub-section asked participants whether they reported any incidents of discrimination, harassment, sexual harassment, and/or bullying that they personally experienced; who they reported to, reasons for not reporting; and the outcomes if they did report. The second sub-section asked about their awareness of the reporting processes, including any suggestions for improvement.

Reporting Rates and Outcomes

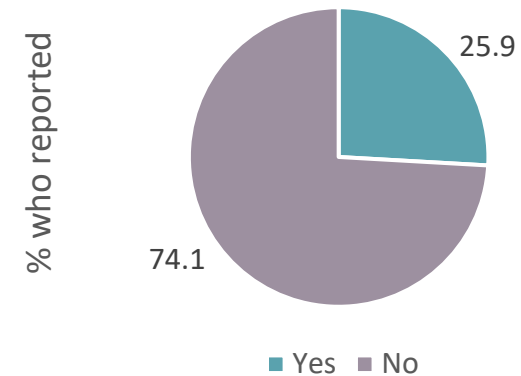
REPORTING RATES

Fewer than 30% of respondents who experienced discrimination, harassment, sexual harassment, and/or bullying reported these incidents.

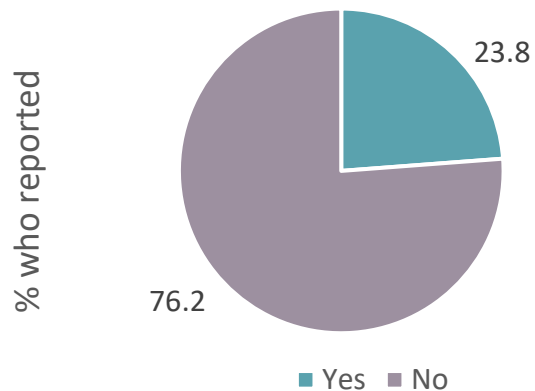
Discrimination (n=435)



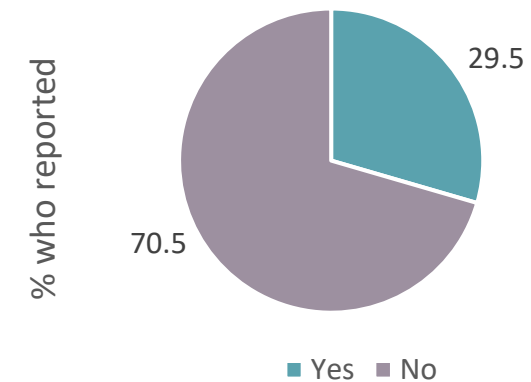
Harassment (n=410)



Sexual Harassment (n=239)



Bullying (n=368)



Did you report the discrimination, harassment, sexual harassment, and/or bullying that you personally experienced?

WHY PEOPLE DIDN'T REPORT AND WHERE REPORTS WENT

Among those who did not report any of the incidents (n=397), the top reasons were: fear of consequences (59%), doubt it would help (54%), and distrust in the process (45%). Among those who did report (n=199), the majority reported it to their organization (86%) and less than 10% reported it to the Law Society.

Reasons for Not Reporting*

	Percent
I did not think it was serious enough.	24.3
Fear of consequences (e.g., impact on career, making the situation worse).	58.6
I did not want to get the offender(s) into trouble.	10.3
Distrust in the process and/or outcome (e.g., felt it would make no difference, incident would not be kept confidential, I would not be believed or supported).	45.4
I did not feel reporting it could resolve the matter.	53.5
I dealt with it myself.	21.6
The behaviour stopped and had not recurred.	7.6
I left the job.	34.6
I felt embarrassed or ashamed.	19.7
I did not know who to go to or how to report the issue.	15.1
Behaviour normalized / others knew about it / culture of the time.	39.5
Other	13.5

Why did you not report the discrimination, harassment, sexual harassment, and/or bullying you experienced? Select all that apply. (n=370)

Who Participants Reported To*

	Percent
The Law Society of British Columbia (through the complaints process)	9.1
Law Society's Equity Advisor (provides guidance and support; contacting them does not constitute a report or complaint)	8.1
Your firm/organization	86.3
Court or Tribunal [e.g., Human Rights Tribunal]	5.6
A union or professional association	8.1
The police or another law enforcement body	.5
Other	14.7

Who did you report the incident(s) to? Select all that apply. (n=197)

CONSEQUENCES OF REPORTING

Among those who reported (n=199), over 55% said that there were no consequences for the person they reported. For the reporter themselves, the most common outcomes were leaving the workplace (40%), being ostracized by colleagues (24%), and being denied opportunities (20%).

Consequences for Reported Individual*

	Percent
They were disciplined internally within the workplace.	6.7
They were formally warned.	7.7
They were informally spoken to.	21
They were transferred.	1.5
They resigned.	4.1
They apologized.	9.2
They were required to undertake training.	3.6
They were disciplined by an external regulatory body.	1.0
The reporting process is still underway – outcome unknown.	1.0
There were no consequences for that person.	55.4
I am not aware of the consequences for that person.	17.4
Other	14.9

Did any of the following happen to the person(s) you reported as a result of your report? Select all that apply. (n=195)

Consequences for Reporting Individual*

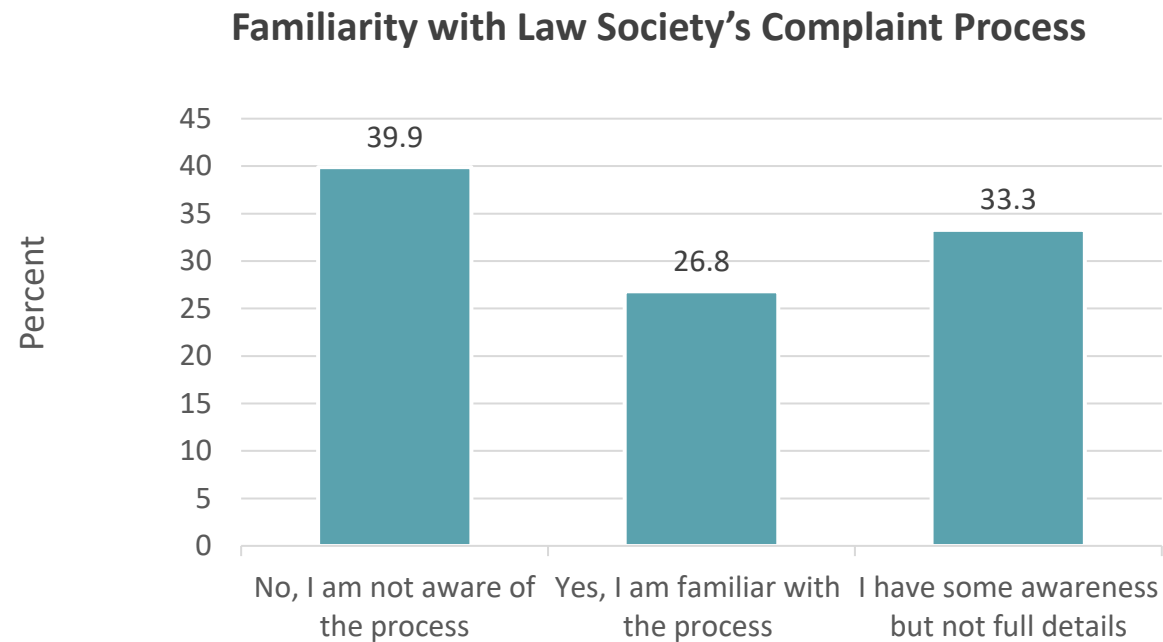
	Percent
My employer or manager apologized for failing to prevent the harassment.	10.3
My employer paid me compensation because of the harassment.	1.5
The harassment stopped.	11.3
I received positive feedback for reporting the behaviour.	11.3
I was transferred to a different department or section.	6.7
I was demoted.	3.6
I was disciplined.	7.7
I was denied workplace opportunities (e.g., training or promotion).	19.6
I was ostracized, victimized, or ignored by colleagues.	24.2
I left that workplace.	40.2
I switched practice areas or departments within my workplace.	8.8
I left the legal profession.	3.1
There were no consequences for me.	18
Other	23.7

Did any of the following happen to you as a result of you reporting discrimination, harassment, sexual harassment, and/or bullying? Select all that apply. (n=194)

Awareness of Reporting Processes

AWARENESS OF THE LAW SOCIETY'S COMPLAINTS PROCESSES

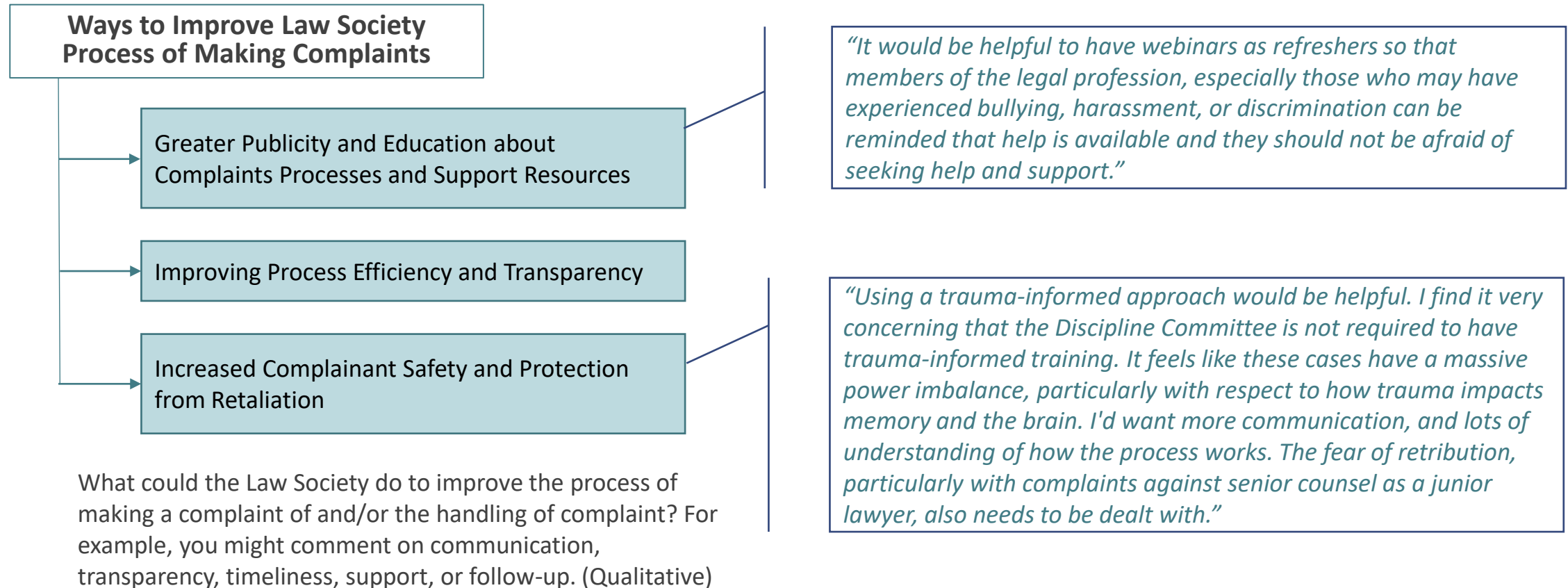
Almost 40% of all respondents said that they were not aware of Law Society's complaints process; only 27% reported being fully familiar with it.



Are you aware of the current process for making a complaint of discrimination, harassment, sexual harassment, and/or bullying to the Law Society? (n=690)

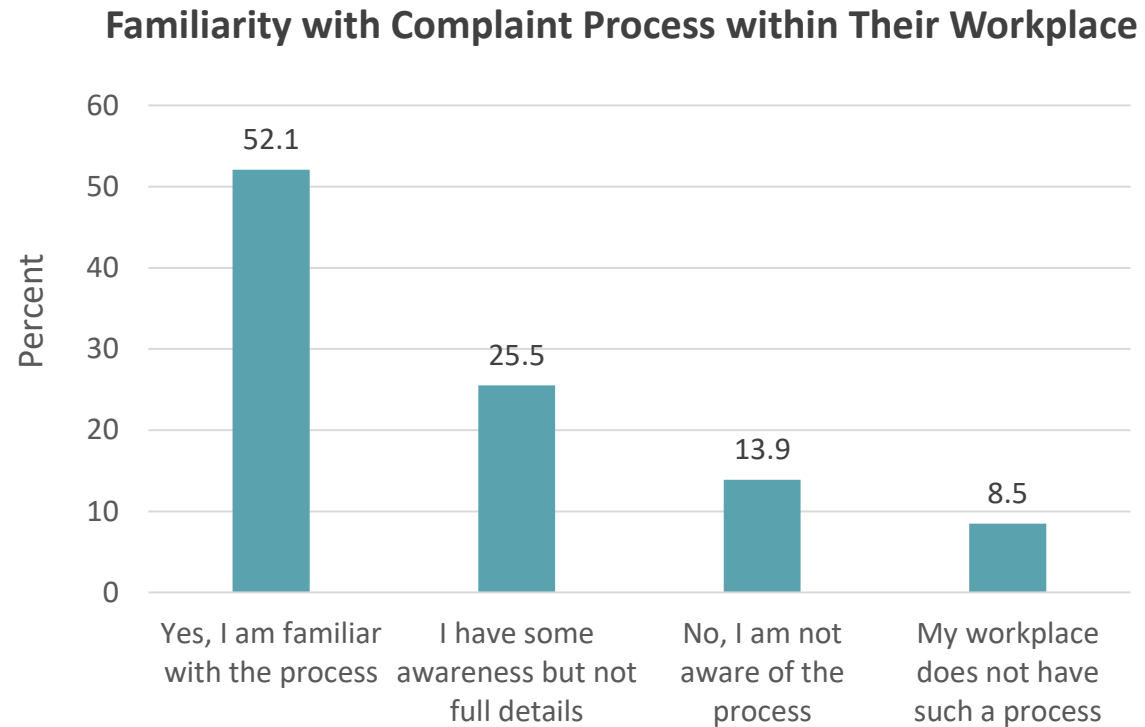
IMPROVING LAW SOCIETY'S COMPLAINTS PROCESSES

When asked how to improve Law Society's complaints process, the top suggestions were greater publicity, improving efficiency and transparency, and increasing complainant safety.



AWARENESS OF REPORTING PROCESSES WITHIN WORKPLACES

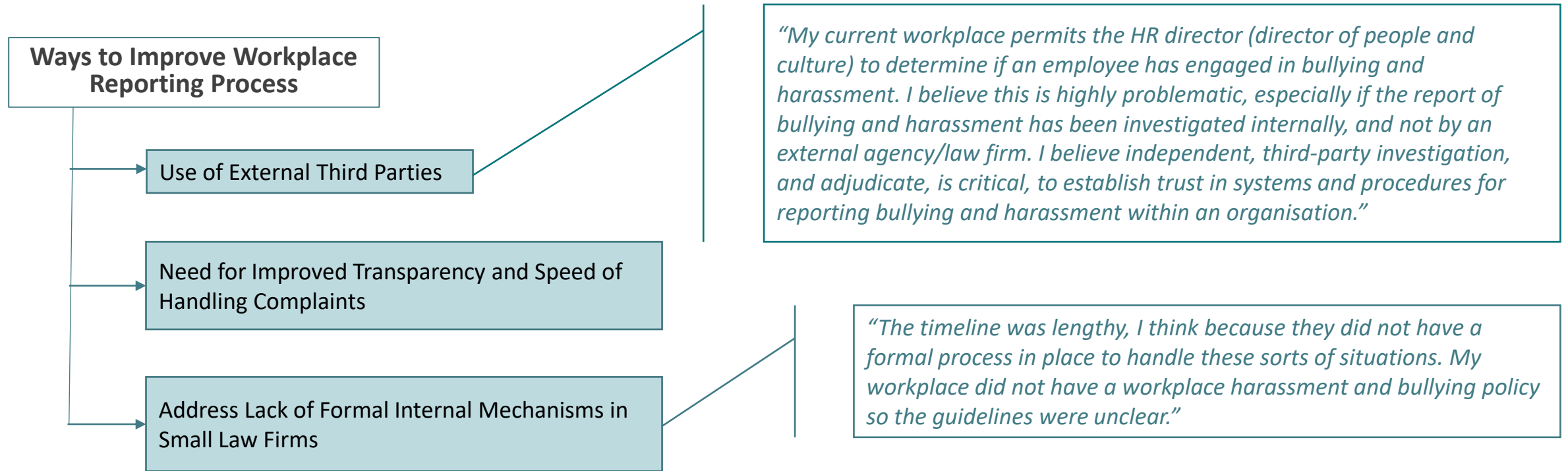
Over 50% of all respondents said they were aware of their organization's complaints process; the remainder had partial or no familiarity with it.



Are you aware of the current process for reporting discrimination, harassment, sexual harassment, or bullying within your legal workplace?
(n=682)

IMPROVING REPORTING PROCESSES WITHIN WORKPLACES

When asked how their workplace reporting processes could be improved, the top suggestions were use of external third parties and greater transparency and efficiency.



What could your legal workplace do to improve the reporting process and/or the handling of reports? For example, you might comment on communication, transparency, timeliness, support, or follow-up. (Qualitative)



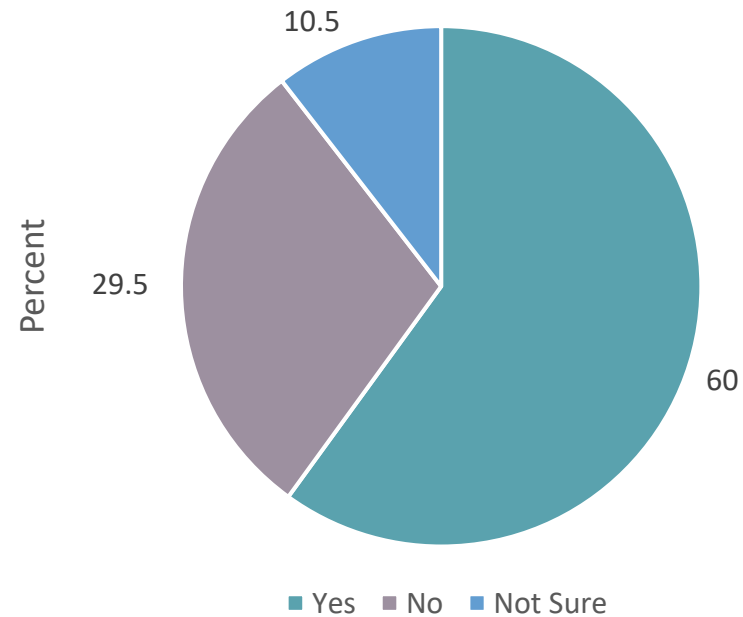
Observed Behaviors of Discrimination, Harassment, Sexual Harassment, and/or Bullying

This section asked about witnessed or observed, rather than personally experienced, incidents of discrimination, harassment, sexual harassment, and/or bullying. The definitions of these terms were provided to help ensure consistent understanding.

OBSERVED DISCRIMINATION

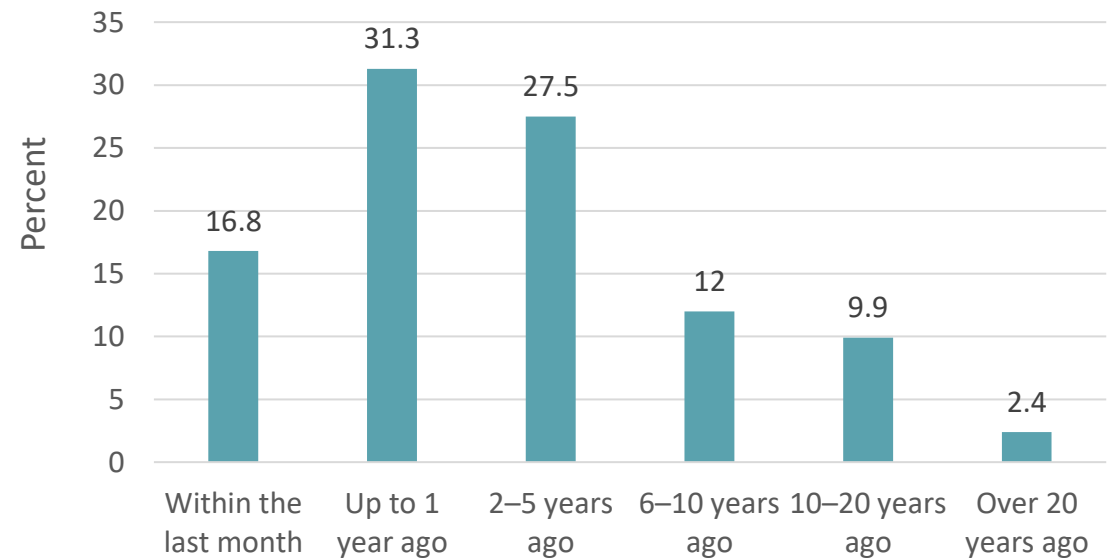
60% of respondents reported witnessing discrimination towards someone in the legal profession. Almost 50% said the most recent incident was within the last year.

Prevalence of Observed Discrimination



Have you witnessed/observed discriminatory behavior towards someone in the legal profession?(n=665)

Recency of Observed Discrimination



When did you observe the most recent incident of discrimination? (n=374)

Note: Questions on the recency, grounds, and nature of observed discrimination were directed only to respondents who reported having witnessed it (60%; n=399).

Of those who reported witnessing discrimination (n=399), the most common grounds were sex (69%), color (46%), age (42%), and gender identity or expression (31%); while the most common experiences were: offensive comments (71%); derogatory racial, gender, or religious language (54%), advancement barriers (40%), and being assigned lesser work (39.5%).

Grounds for Observed Discrimination*

	Percent
Age	42.1
Ancestry	26.3
Color	46.1
Conviction for a criminal or summary offence	2.6
Family status	24.7
Gender identity or expression	30.8
Indigenous identity	21.6
Marital status	10
Mental disability	16.6
Physical disability	12.9
Place of origin	22.1
Political belief	12.9
Religion	14.2
Sex	68.9
Sexual orientation	21.3
Other	7.4

What do you believe was the ground for the discriminatory behaviour you observed? Select all that apply. (n=380)

Nature of Observed Discrimination*

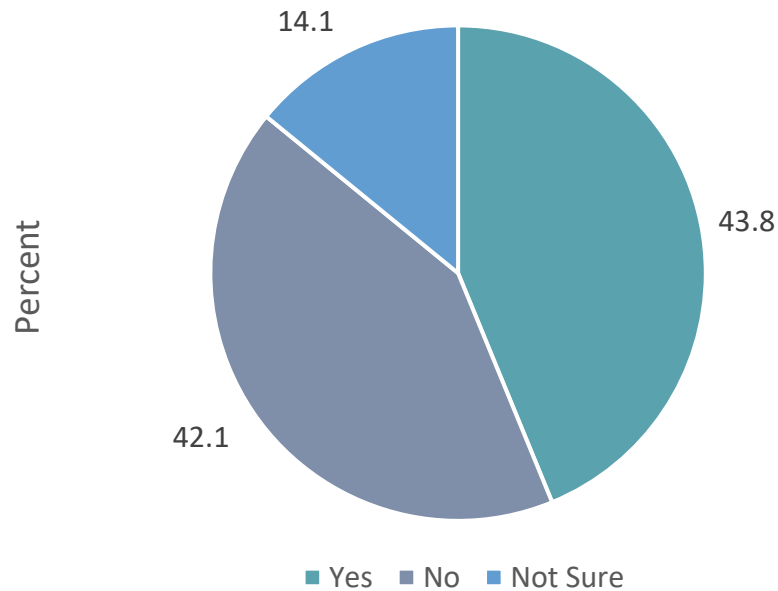
	Percent
I observed someone being refused employment or continuation of employment.	18.0
I observed someone being assigned lesser work or paid less than others.	39.5
I observed someone being derogatory racial, gendered, or religious language directed at someone.	53.8
I observed someone being denied reasonable accommodation to the point of undue hardship.	19.1
I observed leave policies being applied in a way that penalized someone taking parental leave.	23.1
I observed someone being excluded from training or mentoring opportunities.	34.7
I observed advancement barriers due to one-size-fits-all standards.	39.8
I observed comments, jokes, or innuendos that cause humiliation, embarrassment, or offence.	70.6
I observed someone being refused legal services.	4.2
I observed someone being charged higher fees.	2.1
Other	11.1

What was the nature of the discriminatory behavior that you observed? Select all that apply. (n=377)

OBSERVED HARASSMENT

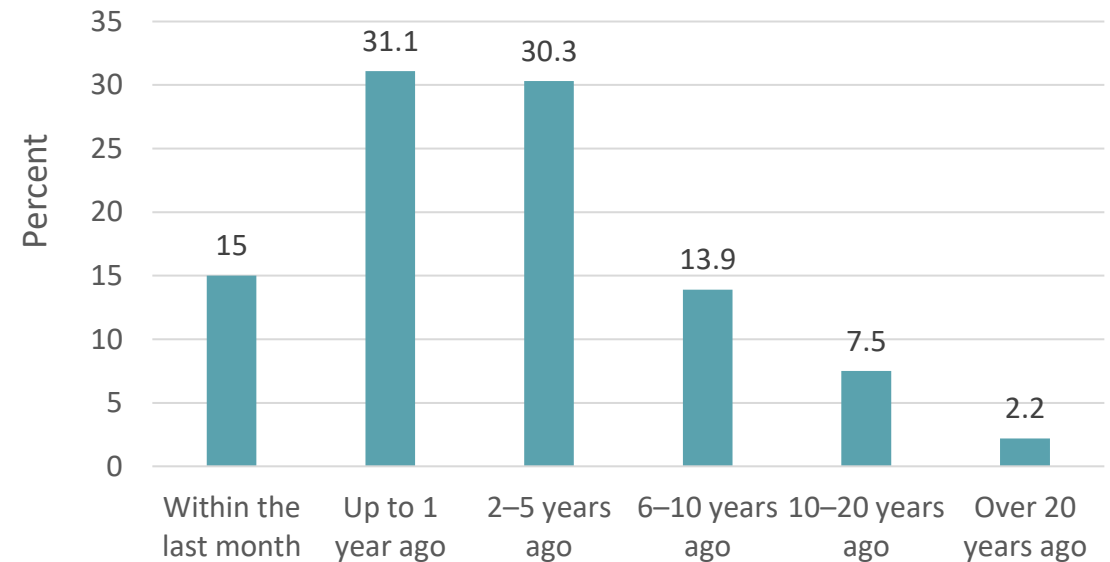
Over 40% reported witnessing harassment towards someone in the legal profession. About 50% said the most recent incident was within the last year.

Prevalence of Observed Harassment



Have you witnessed/observed harassment towards someone in the legal profession?(n=653)

Recency of Observed Harassment



When did you observe the most recent incident of harassment? (n=267)

Note: Questions on the recency, grounds, and nature of observed harassment were directed only to respondents who reported having witnessed it (43.8%; n=286).

Of those who reported witnessing harassment (n=399), the most common grounds were sex (63%), age (36%), and color (30%); while the most common experiences were: objectionable behaviour (80%); humiliating comments (67%), abuse of authority (57%), abusive behaviour (56%), and verbal abuse (55%).

Grounds for Observed Harassment*

	Percent
Age	35.8
Ancestry	20.4
Color	29.6
Conviction for a criminal or summary offence	1.2
Family status	16.5
Gender identity or expression	22.3
Indigenous identity	12.3
Marital status	10.8
Mental disability	12.3
Physical disability	10.0
Place of origin	16.9
Political belief	11.5
Religion	11.5
Sex	62.7
Sexual orientation	16.5
Other	14.2

What do you believe was the ground for the harassment you observed? Select all that apply. (n=260)

Nature of Observed Harassment*

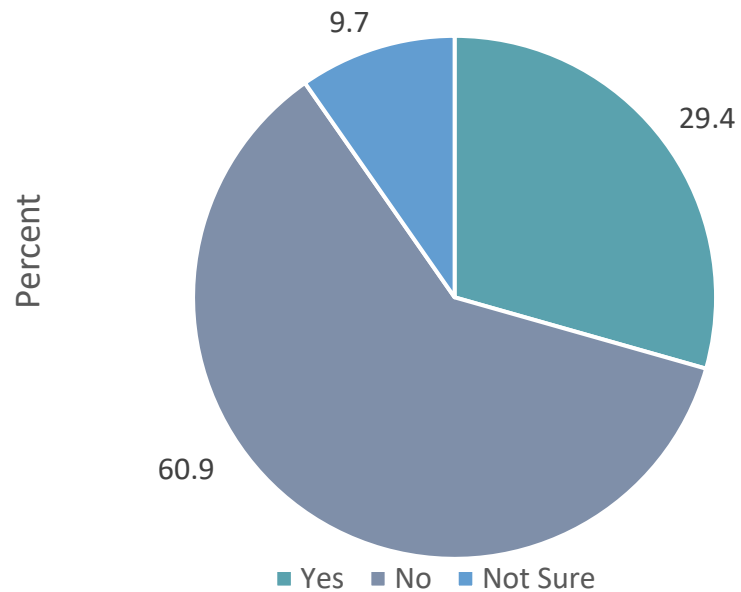
	Percent
I observed objectionable or offensive behaviour, including comments or displays that demean, belittle, intimidate, or cause embarrassment.	80.5
I observed behaviour that is degrading, threatening, or abusive (physically, mentally, or emotionally).	56.2
I observed verbal abuse.	54.7
I observed abuse of authority, such as using power to undermine, intimidate, or threaten, or interfere with someone's career.	56.6
I observed comments, jokes, or innuendos that cause humiliation, embarrassment, or offence.	66.7
I observed inequitable assignment of work.	39
Other	4.5

What was the nature of the harassment that you observed? Select all that apply. (n=267)

OBSERVED SEXUAL HARASSMENT

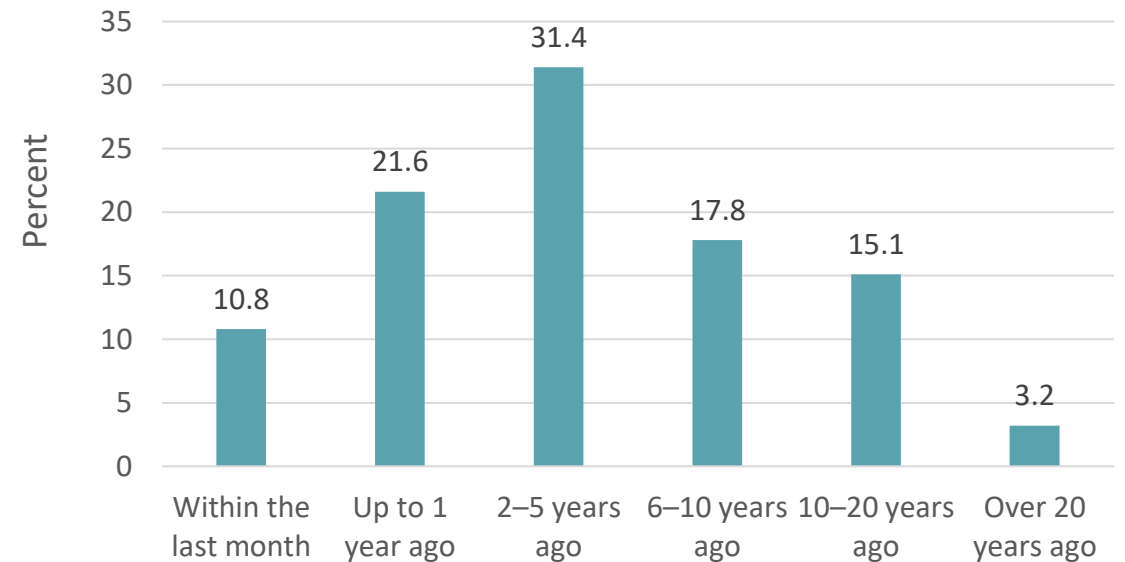
About 30% reported witnessing sexual harassment towards someone in the legal profession. Over 30% said the most recent incident was within the last year.

Prevalence of Observed Sexual Harassment



Have you witnessed or observed someone being sexually harassed in the legal profession? (n=642)

Recency of Observed Sexual Harassment



When did you observe the most recent incident of sexual harassment? (n=185)

Note: Questions on the recency, grounds, and nature of observed sexual harassment were directed only to respondents who reported having witnessed it (29.4% n=189).

Of those who reported witnessing sexual harassment (n=189), the most common experiences were: offensive jokes (72%), comments about a person's appearance (72%), sexual flirtation (68%), and sexually suggestive comments (66%).

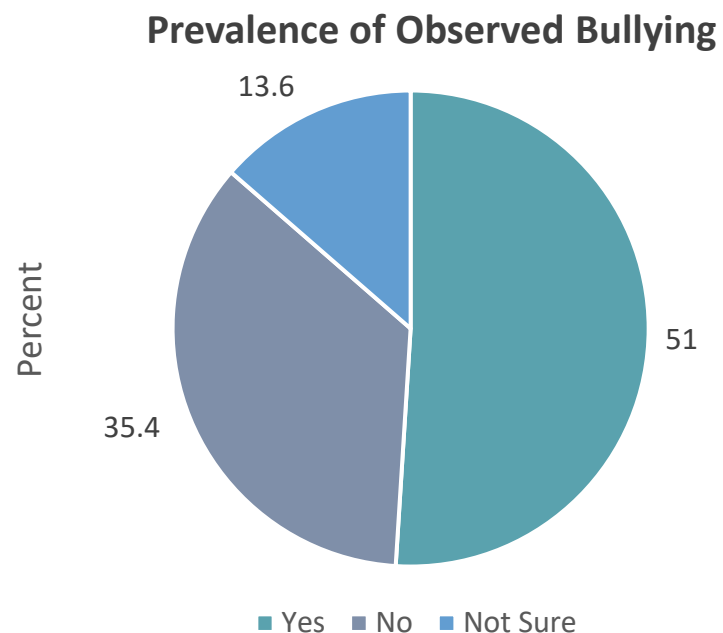
Nature of Observed Sexual Harassment*

	Percent
I observed sexualized or other demeaning images being displayed.	24.7
I observed sexually suggestive or intimidating comments, gestures or threats.	65.6
I observed comments, jokes that cause humiliation, embarrassment or offence.	72
I observed innuendoes, leering, or comments about a person's dress or appearance.	72
I observed gender-based insults or sexist remarks.	57
I observed communications with sexual overtones.	56.5
I observed inquiries or comments about a person's sex life.	33.9
I observed sexual flirtations, advances, propositions, invitations, or requests.	68.3
I observed unsolicited or unwelcome physical contact or touching.	43
I observed sexual violence.	3.8
I observed unwanted contact or attention, including after the end of a consensual relationship.	3.2
Other	15.6

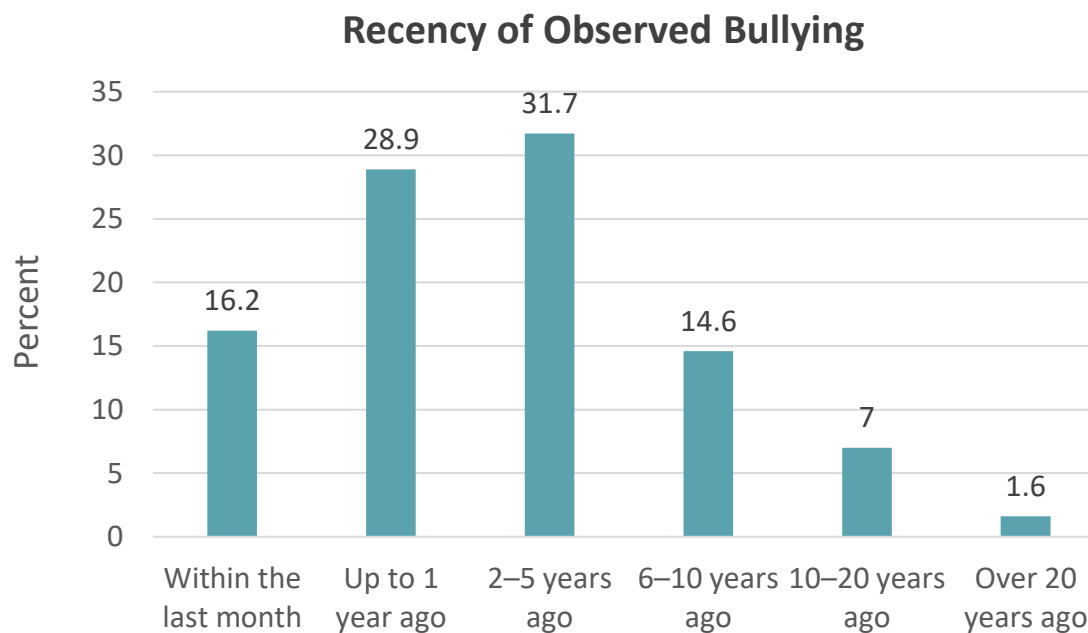
What was the nature of the sexual harassment that you observed? Select all that apply. (n=186)

OBSERVED BULLYING

Over 50% reported witnessing bullying towards someone in the legal profession. 45% said the most recent incident was within the last year.



Have you witnessed or observed someone being bullied in the legal profession? (n=639)



When did you observe the most recent incident of bullying? (n=315)

Note: Questions on the recency, grounds, and nature of observed bullying were directed only to respondents who reported having witnessed it (51%; n=326).

Of those who reported witnessing bullying (n=326), the most common experiences were: unfair or excessive criticism (86%); someone being ridiculed (70%); someone getting humiliated (69%); and someone being excluded or isolated (60%).

Nature of Observed Bullying*

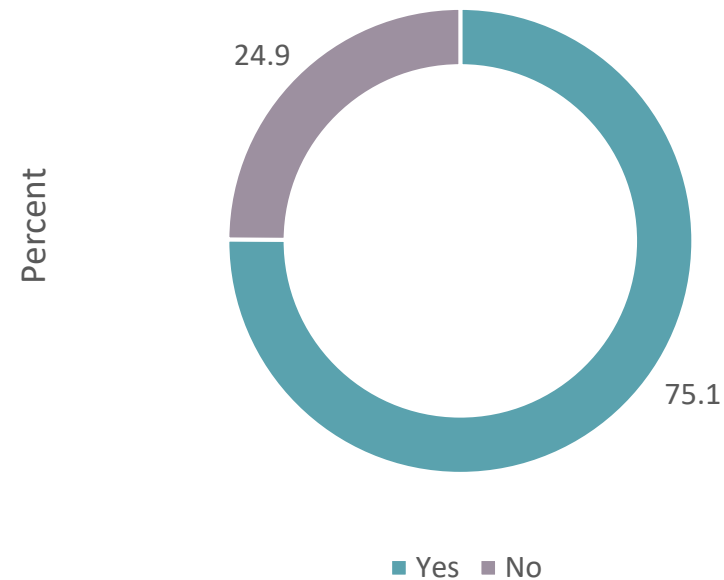
	Percent
I observed unfair or excessive criticism.	86
I observed someone being ridiculed.	69.7
I observed someone getting humiliated.	69.4
I witnessed someone being excluded or isolated.	59.9
I observed someone being given constantly changing or unrealistic work targets.	47.8
Other	2.2

What was the nature of the bullying that you observed? Select all that apply. (n=314)

OVERALL OBSERVED INCIDENTS

75% of respondents reported witnessing discrimination, harassment, sexual harassment, and/or bullying.

Respondents who Observed At Least One Type of Conduct (n=670)



Note: This graph shows the share of respondents who observed at least one of the four types of conduct (discrimination, harassment, sexual harassment, and/or bullying). Each person is counted only once, even if they observed more than one type.



Addressing Discrimination, Harassment, Sexual Harassment, and/or Bullying

This section asked participants to rate the effectiveness of various measures and workplace initiatives in addressing discrimination, harassment, sexual harassment, and bullying in the legal profession.

ADDRESSING DISCRIMINATION, HARASSMENT, SEXUAL HARASSMENT AND BULLYING

The top-rated interventions for addressing discrimination, harassment, sexual harassment, and/or bullying were an independent and confidential recording and reporting tool, and a dedicated support person or navigator to help navigate Law Society processes.

Perceived Effectiveness of Various Measures to Address Discrimination, Harassment, Sexual Harassment, and Bullying

	Mean	Std. Deviation	n
Awareness-raising initiatives	2.61	1.08	616
Mandatory training	2.62	1.12	623
An independent and confidential recording and reporting tool	3.14	1.16	620
A dedicated support person (“navigator”) to navigate Law Society processes	3.08	1.18	618
Alternative resolution processes	2.57	1.17	620
Workplace evaluations	2.65	1.26	618

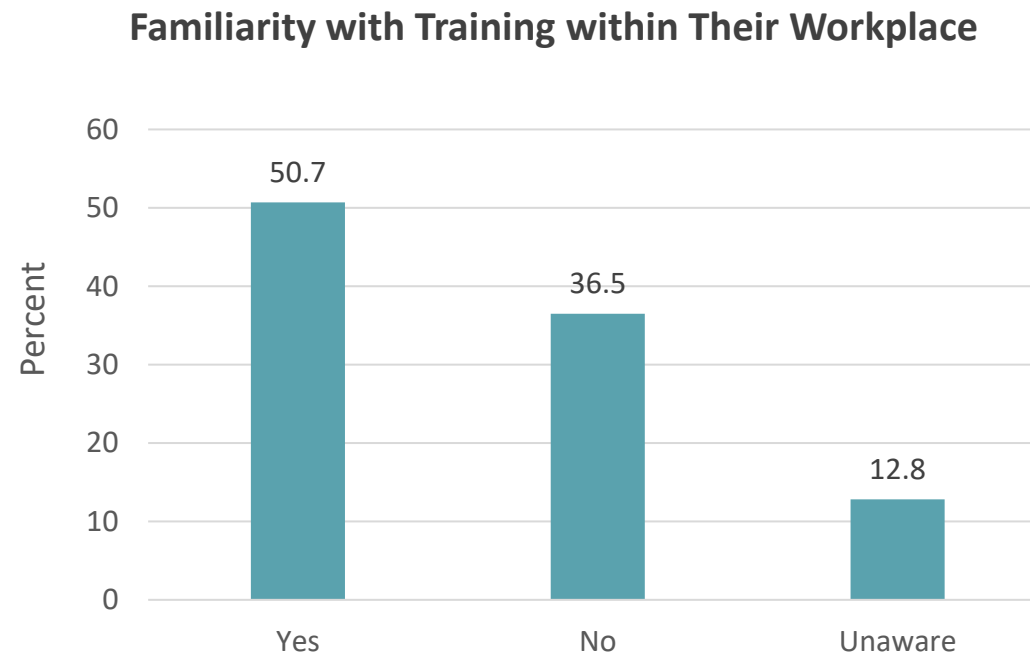
5-point Likert scale used to rate perceived effectiveness of various measures:

- 1 – Not at all effective
- 2 – Slightly effective
- 3 – Moderately effective
- 4 – Very effective
- 5 – Extremely effective.

How effective do you think these measures would be in addressing discrimination, harassment, sexual harassment, and bullying in the legal profession?

WORKPLACE TRAINING

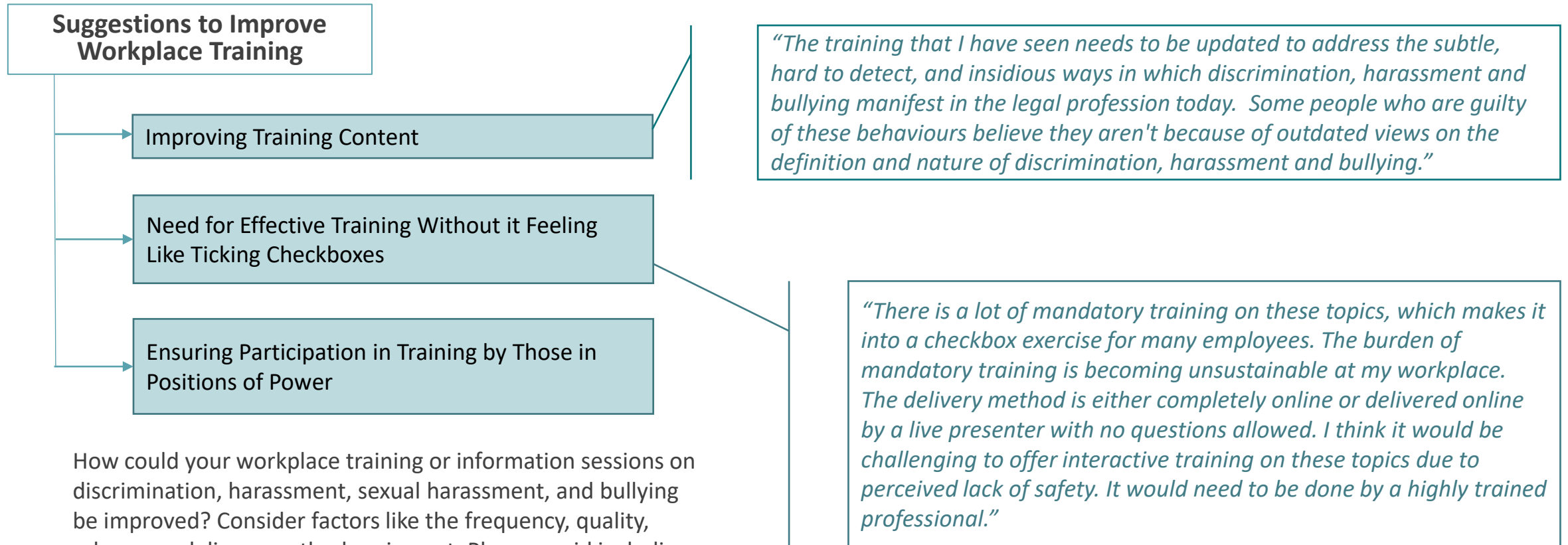
Just over 50% of all survey participants stated that their workplace conducts training, while 36% said it did not, and the remaining were unaware of such initiatives at their workplace.



Does your workplace conduct training or information sessions on discrimination, harassment, sexual harassment, and bullying??
(n=682)

IMPROVING WORKPLACE TRAINING

Suggestions to enhance workplace training included improving training content, developing trainings that do not feel like ticking checkboxes, and ensuring leadership participation in trainings.



How could your workplace training or information sessions on discrimination, harassment, sexual harassment, and bullying be improved? Consider factors like the frequency, quality, relevance, delivery method, or impact. Please avoid including identifying information. (Qualitative)

The End

Quarterly Financial Report

May 2026

To: Finance and Audit Committee (July 2, 2026)
Bencher Meeting (July 3, 2026)

Purpose: Discussion

From: Staff

Date: July 2, 2026

DM5322400

Law Society
of British Columbia

Quarterly Financial Report - End of May

Attached are the financial results and highlights to the end of May 2026.

General Fund (excluding capital and TAF)

For the five months ending May 2026, the General Fund operations resulted in a positive variance to budget, with revenues at budget and operating expenses lower than budget by 7%, mainly due to timing differences.

Revenue

Total revenue year to date was \$15.9 million, at budget.

Practice fees were \$13.0 million, which reflects 15,330 lawyers compared to budget of 15,324.

The remainder of revenues were either under or over budget, with all expected to be timing differences at this time.

Operating Expenses

Operating expenses for the period were \$15.6 million, \$1.2 million (7%) below budget, mainly due to timing differences.

Permanent savings to date are lower tribunal hearings \$125,000, offset by additional external counsel and litigation costs of \$80,000, and unbudgeted AI consulting of \$80,000.

The remaining savings are timing differences as the costs are expected to occur by year end: PLTC program costs (\$350,000), external counsel fees (\$156,000), compensation savings (\$125,000), software maintenance costs (\$85,000) and HR program costs (\$167,000), Education, PD and Lawyer Development (\$147,000) and other

DM5322400

miscellaneous savings (\$191,000).

One-Time Project Costs

Transition costs related to the Legal Professions Act were \$373,000 to date.

Funding provided to CanLII for the GenAI work was \$78,000 to date.

Both of the above projects are funded from net asset reserves.

TAF and Trust Assurance Expenses

First quarter year to date TAF revenue was \$923,000, 15% below budget, with the real estate market down from forecasts.

Trust assurance program costs are under budget \$93,000 due to staff vacancy savings.

Lawyers Indemnity Fund

LIF assessment revenues were \$7.8 million, on budget.

LIF operating expenses were \$4.67 million, \$808,000 (15%) below budget, with savings in consultants, insurance, office and staff vacancies.

At the end of May, the market value of the LIF long term investment portfolio was \$306.7 million, and portfolio returns for the period were 3.6%, below the benchmark of 4.79% with investments in real estate, Canadian and foreign equities, and infrastructure, lagging behind relative benchmarks.

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The Law Society of British Columbia
 General Fund - Summary of Financial Highlights (\$000's)
 Results for the 5 months ended May 31, 2026
 (\$000's)

2026 General Fund Results (Excluding Capital Allocation & Depreciation)

	Actual	Budget	\$ Var	% Var
Revenue (excluding capital)				
Practice Fees	12,986	12,962	24	0%
PLTC and Enrolment Fees	560	678	(118)	-17%
Electronic Filing Revenue	353	391	(38)	-10%
Interest Income	511	557	(46)	-8%
Registration and Licensing Revenue	443	327	116	36%
Fines, Penalties & Recoveries	247	245	2	1%
Program Cost Recoveries	26	56	(30)	-54%
Other Revenue	189	150	40	27%
Building Revenue & Tenant Cost Recoveries	554	525	28	5%
	<u>15,869</u>	<u>15,892</u>	<u>(23)</u>	<u>0%</u>
Expenses (excluding depreciation)	<u>15,553</u>	<u>16,774</u>	<u>1,221</u>	<u>7%</u>
Surplus (deficit) before reserve items	<u>316</u>	<u>(882)</u>	<u>1,198</u>	
Projects Funded from Reserves				
External Organization funding	78	-	(78)	
Legal Professions Act transition costs	373	-	(373)	
Surplus (Deficit) before TAF/TAP	<u>(134)</u>	<u>(882)</u>	<u>748</u>	

Summary of Variances

Revenue Variances:

Permanent Variances

Practice Fees - 15,330F vs 15,324B vs 14,963PYA 12

Timing Variances

PLTC - 682 budgeted; enrollment fees less than budget- Sept transition to CPLD (106)
 LSAP application fees - offsets the PLTC enrollment fees above 64
 Registration and Licensing Revenue 52
 Electronic Filing Revenue (38)
 Program Cost Recoveries (30)
 Building Revenue & Tenant Cost Recoveries 28
 Other (6)

Total Revenue Variances (23)

Expense Variances:

Permanent Variance

External Counsel and Litigation costs (80)
 Office of the President - AI consulting (80)
 Tribunal - fewer hearings 125
(35)

Timing Variance

Net Compensation savings 125
 External Counsel costs 156
 General Office supplies 22
 HR - recruiting, recognition, skills development and consultant/contractors 167
 Finance - bank charges, system consulting 55
 Credentials committee and call ceremonies 38
 PLTC contractor and program costs 350
 Education, PD dept and Lawyer development costs 147
 IS - Computer software services 85
 Forensic Accounting - lower external fees 32
 Building costs 33
 T Other 81
1,221

Sub-total before one time projects 1,221

One time project costs

External Organization funding 78
 Legal Professions Act transition costs 373

Positive variance to budget 748

Trust Assurance Program

	Actual	Budget	Variance	% Var
TAF Revenue	923	1,094	(171)	0%
TAP Expenses	1,660	1,752	92	5%
Net Trust Assurance Program	<u>(736)</u>	<u>(658)</u>	<u>(78)</u>	

Lawyers Indemnity Fund Long Term Investments

Performance - Before investment fees	3.60%
Benchmark Performance	4.79%

The Law Society of British Columbia
General Fund
Results for the 5 Months ended May 31, 2026
(\$000's)

	2026 Actual	2026 Budget	\$ Variance	%
REVENUE				
Practice fees (1)	13,788	13,767	21	0%
PLTC and enrolment fees	560	678	(118)	-17%
Electronic filing revenue	353	391	(38)	-10%
Interest income	511	557	(46)	-8%
Registration and Licensing services	443	327	116	35%
Fines, penalties and recoveries	255	233	22	9%
Program Cost Recoveries	10	56	(46)	-82%
Insurance Recoveries	8	12	(4)	-33%
Other revenue	189	150	39	26%
Building Revenue & Recoveries	554	525	29	6%
Total Revenues	16,671	16,696	(25)	-0.1%
EXPENSES				
Governance and Events				
Governance	297	322	25	8%
Board Relations and Events	147	125	(22)	-18%
	444	447	3	1%
Corporate Services				
General Office	378	389	11	3%
CEO Department	687	593	(94)	-16%
Finance	599	653	54	8%
Human Resources	351	479	128	27%
Records Management	142	168	26	15%
	2,157	2,282	125	5%
Education and Practice				
Licensing and Admissions	1,012	1,119	107	10%
PLTC and Education	1,607	2,011	404	20%
Practice Standards	338	345	7	2%
	2,950	3,469	519	15%
Communications and Information Services				
Communications	253	288	35	12%
Information Services	1,669	1,754	85	5%
	1,923	2,042	119	6%
Policy and Legal Services				
Policy and Legal Services	519	507	(12)	-2%
Tribunal and Legislative Counsel	268	486	218	45%
Unauthorized Practice	132	127	(5)	-4%
	919	1,120	201	18%
Regulation				
CLO Department	487	521	34	7%
Intake & Early Assessment	1,374	1,298	(76)	-6%
Discipline	839	950	111	12%
Forensic Accounting	256	256	-	0%
Investigations, Monitoring & Enforcement	1,773	1,854	81	4%
Custodianships	917	973	56	6%
External Counsel Fees & Litigation	672	690	18	3%
	6,318	6,542	224	3%
Building Occupancy Costs	844	869	25	3%
Depreciation	506	547	41	7%
Projects Funded From Reserves				
External Organizations Funding	78	-	(78)	0%
Legal Profession Transition Costs	373	628	255	0%
	451	628	(177)	0%
Total Expenses	16,509	17,948	1,439	8.0%
General Fund Results before Trust Assurance Program	162	(1,252)	1,414	-112.9%
Trust Assurance Program (TAP)				
TAF revenues	923	1,094	(171)	-15.6%
TAP expenses	1,660	1,753	93	5.3%
TAP Results	(737)	(659)	(78)	-11.8%
General Fund Results including Trust Assurance Program	(575)	(1,911)	1,336	-69.9%

(1) Membership fees include capital allocation of 802k (Capital allocation budget = 804k)

	2026 Actual	2026 Budget	\$ Variance	%
(1) Capital Allocation:				
Membership fees include capital allocation:	802	804	(2)	0%

The Law Society of British Columbia
General Fund – Balance Sheet
As at May 31, 2026
(\$'000's)

	May 31 2026	May 31 2025
Assets		
Current assets		
Cash and cash equivalents	25,606	25,534
Unclaimed trust funds	2,485	2,374
Accounts receivable and prepaid expenses	2,657	3,178
Due from Lawyers Indemnity Fund	19,963	19,562
	<u>50,710</u>	<u>50,648</u>
Property, plant and equipment		
Cambie Street property	9,146	9,937
Other - net	2,675	2,793
	<u>11,821</u>	<u>12,730</u>
	62,532	63,378
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	4,162	3,129
Liability for unclaimed trust funds	2,485	2,374
Deferred revenue	19,611	18,160
Deposits	58	58
	<u>26,316</u>	<u>23,721</u>
Net assets		
Capital Allocation	6,176	5,638
Unrestricted Net Assets	30,040	34,019
	<u>36,216</u>	<u>39,657</u>
	62,532	63,378

The Law Society of British Columbia
 General Fund - Statement of Changes in Net Assets
 Results for the 5 Months ended May 31, 2026
 (\$000's)

	Invested in Capital	Working Capital	Unrestricted Net Assets	Trust Assurance	Capital Allocation	2026 Total	Year ended 2025 Total
	\$	\$	\$	\$	\$	\$	\$
Net assets - At Beginning of Year	12,054	16,900	28,954	2,199	5,638	36,790	39,681
Net (deficiency) excess of revenue over expense for the period	(645)	4	(641)	(736)	802	(575)	(2,891)
Contribution to LIF				-		-	
Purchase of capital assets:						-	
LSBC Operations	226	-	226	-	(226)	-	-
845 Cambie	37	-	37	-	(37)	-	-
Net assets - At End of Period	11,672	16,904	28,576	1,463	6,177	36,216	36,790

Lawyers Indemnity Fund
Results for the 5 Months ended May 31, 2026
(\$ooo's)

	2026 Actual	2026 Budget	\$ Variance	% Variance
Revenue				
Annual assessment	7,817	7,758	59	1%
Investment income	12,231	6,480	5,751	89%
Other income	37	29	8	28%
Total Revenues	20,085	14,267	5,818	40.8%
Expenses				
Insurance Expense				
Provision for settlement of claims	11,284	11,284	-	0%
Salaries and benefits	1,702	1,797	95	5%
Contribution to program and administrative costs of General Fund	784	719	(65)	-9%
Insurance	548	914	366	40%
Office	290	442	152	34%
Actuaries, consultants and investment brokers' fees	843	978	135	14%
	<u>15,451</u>	<u>16,134</u>	<u>683</u>	<u>4%</u>
Loss Prevention Expense				
Contribution to co-sponsored program costs of General Fund	504	628	124	20%
Total Expenses	15,955	16,762	807	4.8%
Lawyers Indemnity Fund Results before Contributions	4,130	(2,495)	6,625	
Contribution from Trust Assurance Program	-			
Lawyers Indemnity Fund Results	4,130	(2,495)	6,625	-266%

The Law Society of British Columbia
Lawyers Indemnity Fund - Balance Sheet
As at May 31, 2026
(\$000's)

	May 31 2026	May 31 2025
Assets		
Cash and cash equivalents	934	1,193
Accounts receivable and prepaid expenses	1,537	2,315
Investments	306,675	283,650
	309,146	287,158
Liabilities		
Accounts payable and accrued liabilities	241	338
Deferred revenue	11,328	10,858
Due to General Fund	19,963	19,562
Provision for claims	87,838	85,508
Provision for ULAE	15,980	15,281
	135,351	131,547
Net assets		
Internally restricted net assets	17,500	17,500
Unrestricted net assets	156,295	138,111
	<u>173,795</u>	<u>155,611</u>
	309,146	287,158

The Law Society of British Columbia
Lawyers Indemnity Fund - Statement of Changes in Net Assets
Results for the 5 Months ended May 31, 2026

	Unrestricted \$	Internally Restricted \$	2026 Total \$	2025 Total \$
Net assets - At Beginning of Year	152,165	17,500	169,665	153,305
Net excess of revenue over expense for the period	4,131	-	4,131	16,360
Net assets - At End of Period	156,295	17,500	173,795	169,665

2026 General Fund Forecast

as at May 2026

To: Finance and Audit Committee (July 2, 2026),
Benchers Meeting (July 3, 2026)

Purpose: Update

From: Staff

Date: July 2, 2026

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Law Society
of British Columbia

2026 Forecast - as at May 2026

Attached is the General Fund forecast to the end of the fiscal year.

Overview

At this time, 2026 financial results are projected at a deficit of \$5.3 million, compared to an anticipated deficit of \$6.2 million projected when setting the 2026 budget.

As expected, there are a number of items that will be funded from reserves in 2026, namely costs related to the transition to the *Legal Professions Act* and required one-time project costs.

Operating Deficit

The operating deficit projected is \$2.0 million, close to the anticipated deficit of \$2.4 million.

The operating deficit is due to lower revenues than budgeted, along with additional external counsel fees and litigation costs, higher Software as a Service (SaaS) technology costs, and costs related to the transition to the new admission program.

Reserve Funded One Time Costs

As approved by the Benchers, the following one-time costs will be funded from reserves:

- The commitment made for the second instalment towards the CanLII GenAI project is \$345,000, and this project is now complete.
- The approved reserve funding of \$1 million set aside for the pilot Practice Fee Rebate program has been included at this time, but the exact funding required will not be known until October 2026.

In addition, the Law Society is required to fund the costs related to the transition to Legal Professions BC, estimated at \$1.92 million for 2026.

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Operating Deficit	(2,001)	(2,424)
One-time projects:		
CanLII GenAI Funding	(345)	(345)
Legal Profession Act Transition costs	(1,916)	(2,440)
One-time Pilot Practice Fee Rebate	(1,000)	(1,000)
Total Deficit	<u>(5,262)</u>	<u>(6,209)</u>
2026 Working Capital Reserves Balance	\$ 11,638	* \$ 10,691

With this forecast, the net asset reserves are projected to be \$11.6 million, 3.6 months of operating expenses at the end of 2026, within the reserve policy limits. There will be further draws on the reserves in 2027 and beyond.

Revenue Forecast

Total revenue is projected at \$38.1 million, \$443,000 (1%) under budget, with lower practice fee revenue, lower PLTC revenue, offset by higher electronic filing revenue.

Practice Fees: Practice fees are projected at \$31.1 million, at budget, with the number of practicing lawyers forecast at 15,330, a 2.4% increase over the prior year.

PLTC Revenue: PLTC revenue is projected at \$1.5 million, \$550,000 lower than budget due to the retirement of the PLTC program in August 2026.

Electronic Filing Revenue: Electronic filing revenue is projected at \$1.1 million, \$112,000 above budget, adjusted down from last quarter's forecast. The 2026 electronic filing revenue budget was set based on the BCREA forecast of 9% over 2025, but the latest BCREA forecast projects a 2% decrease, down from the 12% increase previously forecast.

Operating Expenses Forecast

Operating expenses are projected at \$40.1 million, \$1.4 million over budget.

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Unbudgeted operational costs include:

- Additional external counsel fees and one-time litigation costs - \$1,100,000.
- SaaS costs to move to the cloud, mainly Microsoft 365 and Co-Pilot - \$260,000.
- One-time consulting costs to examine the impact of AI on the legal profession - \$125,000.
- Transition costs to successfully integrate BC students into the Practice Readiness Education Program (PREP) delivered by the Canadian Centre for Professional Legal Education (CPLED) - \$100,000.
- With the transition to PLTC to PREP in September, the PLTC program cost savings mainly offset the articling student subsidies paid from September to December and the loss of PLTC revenue through the same period.
- The PLTC Completion Program, to support current PLTC students complete all exams and assessments, will run from September 2026 to approximately March 2027, and one-time costs of the completion program are estimated at \$440,000, with \$280,000 incurred in 2026.

Trust Assurance Program

For Trust Administration Fees (TAF) forecast is \$4.3 million, close to budget. The current BCREA forecast for real estate unit sales is 2.1% decrease over 2025, compared to the previous forecast of 12% increase.

The Trust Assurance program costs are expected to be close to budget at this time.

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The Law Society of British Columbia
General Fund
For the 12 Months ending December 31, 2026
(\$000's)

			Forecast vs Budget	
	Forecast	Budget	\$	%
			Variance	
REVENUE				
Practice fees	31,121	31,109	12	0%
PLTC and enrolment fees	1,457	2,006	(549)	-27%
Electronic filing revenue	1,050	938	112	12%
Interest income	1,338	1,338	-	0%
Registration and Licensing	781	781	-	0%
Fines, penalties & recoveries	562	560	2	0%
Program Cost Recoveries	145	165	(20)	-12%
Other revenue	394	394	-	0%
Building Revenue & Recoveries	1,260	1,260	-	0%
Total Revenues	38,108	38,551	(443)	-1%
EXPENSES				
Benchers Governance and Events				
Governance	777	662	(115)	-17%
Board Relations & Events	318	318	-	0%
	1,095	980	(115)	-12%
Corporate Services				
General Office	944	944	-	0%
CEO Department	1,533	1,488	(45)	-3%
Finance	1,568	1,610	42	3%
Human Resources	1,128	1,108	(20)	-2%
Records Management	410	410	-	0%
	5,583	5,560	(23)	0%
Education and Practice				
Licensing & Admissions	2,647	2,713	66	2%
PLTC & Education	4,165	4,107	(58)	-1%
Practice Standards	849	849	-	0%
	7,661	7,669	8	0%
Communications and Information Services				
Communications	711	711	-	0%
Information Services	3,385	3,020	(365)	-12%
	4,096	3,731	(365)	-10%
Policy and Legal Services				
Policy & Legal Services	1,243	1,243	-	0%
Tribunal and Legislative Counsel	991	1,181	190	16%
Unauthorized Practice	308	308	-	0%
	2,542	2,732	190	7%
Regulation				
CLO Department	1,235	1,235	-	0%
Intake & Early Assessment	3,022	3,022	-	0%
Discipline	2,200	2,200	-	0%
Forensic Accounting	1,244	1,244	-	0%
Investigations, Monitoring & Enforcement	4,314	4,314	-	0%
Custodianships	2,295	2,295	-	0%
External Counsel Fees & Litigation	2,705	1,657	(1,099)	-66%
	17,066	15,967	(1,099)	-7%
Building Occupancy Costs	2,066	2,086	20	1%
Total Operating Expenses	40,109	38,725	(1,384)	
General Fund Results before Projects	(2,001)	(174)	(1,827)	
One Time Reserve Funded Costs				
CanLII GenAI Funding	345	-	(345)	0%
One Time Pilot Practice Fee Rebate	1,000	-	(1,000)	0%
Legal Professions Act transition costs	1,916	-	(1,916)	0%
	3,261	-	(3,261)	
General Fund Results	(5,262)	(174)	(5,088)	
Trust Assurance Program (TAP)				
TAF revenues	4,391	4,376	15	0%
TAP expenses	4,257	4,257	-	0%
TAP Results	134	119	15	
General Fund Results including TAP	(5,129)	(55)	(5,073)	

(1) Membership fees include capital allocation of \$1,422K (Capital allocation budget = \$1,441K)