Law Society
of British Columbia

Agenda

Bencher Meeting

Date:	Friday September 25, 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:	***The public portion of the meeting will be recorded.***

OATH OF OFFICE

President Thomas L. Spraggs, KC will administer an oath of office (in the form set out in Rule 1-3) to newly elected Bencher Derek LaCroix, KC and to First Vice-President Katrina Harry, KC and Second Vice-President Cheryl D'Sa, KC.

1	Administer Oaths of Office

RECOGNITION

2	Presentation of the 2026 Law Society Scholarship for Graduate Legal Studies
3	Presentation of the 2026 Law Society Indigenous Scholarship

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.

4	Minutes of July 3, 2026 meeting (regular session)
5	Minutes of July 3, 2026 meeting (*in camera* session)
6	External Appointment: Legal Aid BC
7	Terms of Reference: Federation of Law Societies of Canada Council
8	Terms of Reference: Tribunal Chair Appointment Process
9	KC Nomination Advisory Committee Appointment

Law Society
of British Columbia

Agenda

REPORTS			
10	President's Report	5 min	Thomas L. Spraggs, KC
11	CEO's Report	5 min	Gigi Chen-Kuo
DISCUSSION & DECISION			
12	2027 Initiatives, Budget & Fees	30 min	Katrina Harry, KC Gigi Chen-Kuo Jeanette McPhee
13	Rule Amendments: Accounting, Client Verification, and Related Rules	30 min	Thomas L. Spraggs, KC Michael Lucas, KC Jeanette McPhee
14	2025 AGM Resolutions	15 min	Thomas L. Spraggs, KC
15	2026 AGM Resolutions	15 min	Thomas L. Spraggs, KC Gigi Chen-Kuo
FOR INFORMATION			
16	Timeline for 2026 By-Election in the County of Westminster		
17	External Appointment: Continuing Legal Education Society of BC		
IN CAMERA			
OTHER BUSINESS			

Law Society
of British Columbia

Bencher Meeting: Minutes (Draft)

To:	Benchers
Purpose:	Approval (Consent Agenda)
Date:	Friday, July 3, 2026

Present:

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

Absent:

Tim Delaney, KC
John Greschner
Jay Michi
Arun Mohan
Kevin B. Westell
Ruth Wittenberg

Senior and Meeting Support Staff	Gigi Chen-Kuo, Chief Executive Officer/Executive Director 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 Deborah Mah, Administrator, Governance & Board Relations

Staff present:	Kim de Bruijn	Herman Van Ommen, KC
	Barbara Buchanan, KC	Sara Pavan
	Jackie Drozdowski	Carrie Robinson
	Jeffrey Hoskins, KC	Nadia Rowe
	Claire Hulley	Janice Taylor
	Joyce Johner	Madison Taylor
	Jane Ladesma	Eva Theiss
	Michael Mulhern	Teo Wong
	Doug Munro	Charlene Yan
	Rashmi Nair	Vinnie Yuen

Guests:	Karen St. Aubin	Director of Membership & Education, Trial Lawyers Association of BC
	Dom Bautista	Executive Director, Courts Center & Executive Director, Amici Curiae Friendship Society
	Jess Furney	Representative, Canadian Bar Association, BC Branch
	Muhammed Goghari	Rule of Law Essay Contest Winner
	Paul Hargreaves	CFO, Courthouse Libraries BC
	Claire Marchant	Executive Director, Lawyers Assistance Program of BC
	Desmond MacMillan	Assistant Dean of Law, Thompson Rivers University
	Kerry L. Simmons, KC	Executive Director, Canadian Bar Association, BC Branch
	Beau Wong	Rule of Law Essay Contest Runner-up

Recognition

1. 2026 Rule of Law Essay Contest: Presentation of Winner and Runner-up

President Thomas L. Spraggs, KC introduced the winner and runner-up of the 2026 Rule of Law Essay Contest. Muhammed Goghari is the winner of this year's contest, and Beau Wong is the runner-up. They both wrote exemplary essays, which will be posted on the Law Society website.

Consent Agenda

2. Minutes of May 30, 2026 meeting (regular session)

This item was removed from the consent agenda for discussion *in camera*.

Following discussion *in camera,* the minutes of the regular meeting held on May 30, 2026 were approved by the majority of Benchers, subject to amending paragraph 2 at page 6 to read:

Benchers discussed next steps in the process including whether the statutory requirement requires the actual wording of the rule to be determined by the membership at a meeting, although no decision was reached on that point. Benchers also discussed the importance of demonstrating commitment to governance reform and providing sufficient information and explanation to the membership about the purpose of the resolution.

3. Minutes of May 30, 2026 meeting (*in camera* session)

The minutes of the *in camera* meeting held on May 30, 2026 were approved unanimously and by consent as circulated.

4. Rule Amendments: Further Amendments to Admission Program Transition Rules

The following resolution was passed unanimously and by consent:

> **BE IT RESOLVED** that the Benchers approve the further proposed amendments to the Admission Program rules as set out in the Resolution attached as Schedule "C."

5. 2026 Law Society Scholarship for Graduate Legal Studies: Co-Recipients

The following resolution was passed unanimously and by consent:

> **BE IT RESOLVED** that the Benchers ratify the recommendation of the Credentials Committee to divide the 2026 Law Society Scholarship for Graduate Studies between Chidimma Ike and Astitwa Thapa.

6. 2026 Law Society Indigenous Scholarship: Co-Recipients

The following resolution was passed unanimously and by consent:

> **BE IT RESOLVED** that the Benchers ratify the recommendation of the Credentials Committee to divide the 2026 Law Society Indigenous Scholarship for Graduate Studies between Brenna Brown and Cary Morin.

7. Revisions to Schedule of Authorizations

The following resolution was passed unanimously and by consent:

> **BE IT RESOLVED** the Benchers approve the revised Schedule of Authorizations, effective July 3, 2026.

Reports

8. President's Report

Mr. Spraggs began his report by acknowledging the recent resignation of Bencher James Struthers. He thanked Mr. Struthers' for his contributions as a Bencher.

He then provided an update on his recent and upcoming activities and events, including attending call ceremonies, welcome ceremonies, Gold Medal Award presentations, the KC Ceremony and Reception at Government House, and the Law Society's annual general meeting.

Mr. Spraggs concluded his report by speaking about current priorities, including the Single Legal Regulator initiative, the use of Artificial Intelligence, and the strategic plan objectives.

9. CEO's Report

Gigi Chen-Kuo, Chief Executive Officer & Executive Director began her report by providing an update of Phase 2 of the Ours to Protect Campaign. She indicated that a virtual summit was held on June 23, 2026 to facilitate discussions about international efforts to engage youth on democratic principles, such as the rule of law. Ms. Chen-Kuo noted that the next phase of the campaign would explore the development of learning materials based on the research and findings of the summit, noting that the profession can earn CPD credits by teaching a lesson on the Rule of Law in their local classrooms.

Ms. Chen-Kuo then provided an update regarding her recent and upcoming meetings and events, including the KC Ceremony and Reception, a BC North Shore Bar Association event, and the Law Society's annual general meeting. She indicated that nominations for this year's KC appointments are currently open.

Ms. Chen-Kuo concluded her report with an update regarding employee engagement and next steps regarding the engagement action plan.

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

Tanya Chamberlain, KC provided a brief overview of the written report she provided for Benchers' information, including an overview of the recent Federation of Law Societies of Canada meetings.

Discussion & Decision

11. Amendments to Trust Rules and Related Rules

Mr. Spraggs introduced and provided some background regarding the proposed amendments to the trust and related Rules. He indicated that a great deal of input had been received from Benchers, and that while Benchers had the option to approve the Rules during this meeting, more time could be provided if needed.

Michael Lucas, KC, General Counsel/Senior Policy Counsel provided additional information regarding the proposed amendments. He indicated that these proposed amendments stem from the Trust Review Task Force recommendations, which were approved by Benchers in September 2025, and represent the first major revision of these Rules in quite some time. Mr. Lucas added that the proposed Rules had been considered and reviewed by the Executive Committee on two prior occasions, and that input had been incorporated, along with the feedback received from Benchers directly.

Benchers discussed the proposed Rule amendments with focus on the timing of these Rules coming into force, the amount of funds that would trigger an audit report, and the requirement of needing to take a course(s) and whether this would be a one-time requirement or a recurring requirement, and who can be a signatory for trust fund withdrawals.

Jeanette McPhee, Chief Financial Officer & Senior Director of Trust Regulation advised that the Law Society has courses available online regarding trust accounting that the profession can take, and these courses would be updated based on the proposed amendments to the Rules. She indicated that the Law Society would ensure that resources and information is available to adequately prepare the profession for the changes that are being contemplated.

Some Benchers were of the view that more time was needed to review and consider these proposed Rule amendments.

A motion was moved and seconded to adjourn the consideration of this matter to the next Bencher meeting, which was approved by the majority of Benchers.

Mr. Lucas advised Benchers that if there were additional questions or comments regarding the proposed Rule amendments that had not yet been raised to please provide to staff, so as to be considered in advance of the next meeting.

Updates

12. 2026-2028 Strategic Plan: Implementation Approach and Year 1 Mid-Year Progress Report

Ms. Chen-Kuo introduced the item and provided some background information regarding the Law Society's 2026-2028 Strategic Plan.

Barbara Lu, Director, Policy & Strategic Initiatives presented the mid-year progress report, which included an overview of the objectives, metrics, and overall reporting approach. She indicated that a year-end progress report would be presented in early 2027.

13. Journey of Practice – 2026 Mid-year Update

Sherry Small, Director, Indigenous Initiatives, introduced the item and provided an update regarding the Journey of Practice. She spoke about her role and the work she has undertaken to date, and the work being undertaken by the senior leadership team and by the Journey of Practice working group.

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

Ms. Chen-Kuo introduced this item and provided some background regarding the work the Law Society had undertaken in regard to artificial intelligence.

Ms. Lu then presented on artificial intelligence and its impact on the legal profession and the public, as well as the work undertaken by the Law Society to support the profession and to ensure the protection of the public. Ms. Lu indicated that an "AI Roadmap" would be provided to the Executive Committee and Benchers in the fall.

15. Bullying, Harassment and Discrimination Survey Results

Ms. Lu introduced the item and provided some background information, including how this work relates to the Law Society's strategic plan.

Dr. Rashmi Nair, Senior Data & Policy Analyst then presented on the findings of the survey. Ms. Lu indicated that the survey findings would be available on the Law Society website shortly.

16. 2026 May Financial Report

Ms. McPhee provided an update on the financial results and highlights to the end of May 2026. She indicated that 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.

17. 2025 Tribunal Annual Report

Herman Van Ommen, KC, Law Society Tribunal Chair provided an overview of the 2025 Law Society Tribunal's Annual Report.

18. Update from First Vice-President

First Vice-President Michael F. Welsh, KC informed Benchers that he was resigning effective July 3, 2026 at midnight.

Mr. Spraggs thanked Mr. Welsh for his service.

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

RN
2026-09-16

Proposed Amendments to the Federation of Law Societies of Canada Council Terms of Reference

To: Benchers

Purpose: Approval (Consent Agenda)

From: Executive Committee

Date: September 25, 2026

Purpose

1. This memorandum presents amendments to the Terms of Reference guiding the appointment of the Law Society's representative on the Federation of Law Societies of Canada Council ("the Federation Council"), to expand eligibility for appointment.

Background

2. The Federation Council is the governing body of the Federation of Law Societies of Canada ("the Federation"), and pursuant to the *Canada Not-for-profit Corporations Act* and the Federation's By-laws and Governance Policies, the Federation Council Directors are elected each year by the member law societies as a slate for a one-year term commencing on November 15. The slate consists of the individuals nominated to serve on the Federation Council by each member law society.

3. The appointment process for the Law Society's representative on the Federation Council is set out in the Terms of Reference (attached as **Appendix A**), which were established by Benchers in 2010, and then revised in 2022.

4. Paragraph 2 of the current Terms of Reference limits eligibility for appointment to the Federation Council to elected Benchers who are members in good standing.

5. At its April 1, 2026 meeting, the Executive Committee discussed whether the distinction between elected and appointed Benchers is necessary and agreed that all Benchers should be eligible for future appointments. The Committee directed that the Terms of Reference be amended to address this issue for future appointments.

6. At its September 10, 2026 meeting, the Executive Committee considered the proposed amendments and resolved to refer them to the Benchers for approval.

7. The Executive Committee proposes amending the Terms of Reference to provide that all Benchers are eligible for appointment to the Federation Council. A redlined version and a clean version of the amended Terms of Reference are attached as **Appendices B** and **C**, respectively.

Decision

8. The Executive Committee recommends the following resolution for Bencher approval:

   BE IT RESOLVED the Benchers approve the proposed amendments to the Federation of Law Societies of Canada Council Terms of Reference, as outlined in Appendix C.

Law Society of British Columbia

Law Society of BC Member of the Federation of Law Societies of Canada Council

Terms of Reference

July 8, 2022

Background

1. The Federation of Law Societies of Canada (FLSC) is the national coordinating body of Canada's 14 law societies which collectively regulate Canada's 95,000 lawyers and Quebec's 3,500 notaries. The Federation is the common voice of Canada's law societies on a wide range of issues critical to the protection of the public and the rule of law, including solicitor-client privilege, the importance of an independent and impartial judiciary, and the role of the legal profession in the administration of justice. The Federation is governed by a Council that includes a representative from each of the 14 member law societies.

Appointment

2. All current elected Benchers are eligible to be nominated and to serve as Law Society of BC FLSC Council Member, provided that they are members in good standing.
3. The Benchers appoint Law Society of BC Council member from the pool of nominees presented by the Executive Committee.
4. To ensure the Council member possesses adequate knowledge of and connection to the current strategic affairs of the Law Society, it is preferable that the nominee be a member of the Executive Committee in the year the nomination is presented to the Federation.
5. Based on the pool of nominees provide by the Executive Committee, the Benchers decide on who to put forward for election as the Law Society of BC Council member from the pool of nominees presented by the Executive Committee.
6. The Executive Committee manages the appointment process, which includes:
   - setting the term of appointment (generally a period of three years, unless the Executive Committee directs otherwise);
   - inviting and reviewing nominations;
   - preparing a pool of nominees from the nominations received for the Benchers' consideration; and
   - notifying the nominees and FLSC of the Benchers' appointment decision.
7. The Council member, on completing a first term, may be considered by the Executive Committee to be nominated by the Benchers for one further term.
8. Note that Appendix 5, section 2 of the Bencher Governance Policies applies: "Law Society appointments to any position will normally be up to a total period of six years. An initial appointment to a position should not create an expectation of automatic reappointment."
9. If the Council member is or becomes a Life Bencher, or is defeated in a Bencher election, the Council member will complete the current balance of their term, but will not be eligible for a further term unless re-elected.

Service

10. The Council member, as a condition of accepting the position, will agree to make genuine efforts to complete the full term and then, if offered, to accept and complete the term on the FLSC Executive Committee ladder. More particularly, the Council member will not accept a judicial appointment or other position that requires withdrawing from Council.

11. The Council member will strive to:

    a. attend all FLSC Council meetings;

    b. provide a written report to the Benchers after each Council meeting for their next meeting, and where appropriate, to the Executive Committee at their next meeting and attend Benchers meetings as requested to facilitate this obligation and answer questions;

    c. provide supporting documentation received from FLSC to Law Society of BC as appropriate to ensure that Law Society of BC is fully informed about initiatives and the FLSC agenda;

    d. attend all FLSC Conferences;

    e. obtain instructions regarding matters for decision on the FLSC agenda:

        i. from the President in consultation with the First Vice-President, Second Vice-President and the CEO, or the Executive Committee, or the Benchers;

        ii. Bencher approval will generally be obtained for matters touching on regulatory issues such as rule or policy changes, and financial commitments;

    f. remain fully informed about the work of Law Society of BC and in particular, the Benchers' strategic priorities and current issues;[1]

    g. where appropriate, use such information to inform the work of the Council and manage Council's expectations regarding Law Society of BC ability to deal with FLSC agenda issues;

    h. as appropriate, convey Law Society of BC desire for FLSC to achieve certain objectives;

    i. facilitate an exchange of information between Law Society of BC and other law societies on matters of common interest; and

    j. participate fully in the national deliberations and work of whatever Council committee(s) the Council member may join.

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[1] Therefore the Council member will be included in the distribution of agendas and supporting materials (including *in camera*) for Benchers and Executive Committee meetings.

Law Society of British Columbia

Law Society of BC Member of the Federation of Law Societies of Canada Council

Terms of Reference

July 8, 2022

Background

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    d. attend all FLSC Conferences;

    e. obtain instructions regarding matters for decision on the FLSC agenda:

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        ii. Bencher approval will generally be obtained for matters touching on regulatory issues such as rule or policy changes, and financial commitments;

    f. remain fully informed about the work of Law Society of BC and in particular, the Benchers' strategic priorities and current issues;[1]

    g. where appropriate, use such information to inform the work of the Council and manage Council's expectations regarding Law Society of BC ability to deal with FLSC agenda issues;

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Law Society of BC Member of the Federation of Law Societies of Canada Council

Terms of Reference

July 8, 2022

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9. If the Council member is or becomes a Life Bencher, or is defeated in a Bencher election, the Council member will complete the current balance of their term, but will not be eligible for a further term unless re-elected.

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    e. obtain instructions regarding matters for decision on the FLSC agenda:

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Law Society of British Columbia

Proposed Terms of Reference: Tribunal Chair Appointment Process

To: Benchers

Purpose: Approval (Consent Agenda)

From: Executive Committee

Date: September 25, 2026

Introduction

1. The term of Herman Van Ommen, KC as Tribunal Chair expires on December 31, 2026. Mr. Van Ommen has served as Tribunal Chair since January 1, 2023, and at the conclusion of this year, Mr. Van Ommen will have served as Tribunal Chair for four consecutive years (one initial two-year term, and two one-year reappointment terms).

2. The Executive Committee is recommending to the Benchers the approval of proposed Terms of Reference to guide the Tribunal Chair appointment process, which are attached as **Appendix A**.

Background

3. At the September 2022 Bencher meeting, Benchers approved amendments to Rule 5-1.3 to provide for the appointment of an independent Tribunal Chair who is a practising lawyer, but not a Bencher or a member of the Discipline, Credentials or Practice Standards Committees. The establishment of an independent Tribunal Chair was intended to provide for a greater separation between the rule-making, prosecutorial, and adjudicative responsibilities of Benchers and the role of the Tribunal. The amendments came into effect on January 1, 2023.

4. At the November 2024 Bencher meeting, the Benchers amended Rule 5-1.3(3) to provide the Benchers with the authority to appoint a Tribunal Chair for a term to be set by the Benchers, up to a maximum of three years.

5. While Rule 5-1.3 provides for the Benchers to make the appointment, it does not prescribe a process for selecting the Tribunal Chair or for any terms or conditions of the appointment.

6. At its meeting of May 14, 2026, the Executive Committee discussed the Tribunal Chair appointment process, and was in agreement that a more structured process, consistent with other Law Society appointment processes and in accordance with the powers and duties of the Executive Committee, as provided for in Rule 1-51(j), would be helpful, so as to provide greater clarity overall. The Committee also agreed to establish a sub-committee of the Executive Committee to oversee certain governance matters, including the Tribunal Chair appointment process.

Discussion

7. At its meetings of July 28 and August 20, 2026, the Sub-Committee reviewed and considered the proposed Terms of Reference, which are attached as **Appendix A**. The Sub-Committee was of the view that it would be helpful to obtain the services of an external recruiter with experience in similar appointments to support the recruitment process.

8. The proposed Terms of Reference clearly delineate the role of the Executive Committee, the role of the Benchers, and the role of the Executive Committee Sub-Committee, and provide an overview of how the appointment process would work. The proposed Terms of Reference also outline the duties of the Tribunal Chair and the qualifications for any candidate to be evaluated against.

9. At its meeting of September 10, 2026, the Executive Committee agreed with the recommendations of the Sub-Committee and resolved to recommend to Benchers the approval of the proposed Terms of Reference attached as **Appendix A**.

10. As it is the duty of Benchers to appoint a Tribunal Chair in accordance with Rule 5-1.3, the proposed terms of reference require Bencher approval.

Decision

11. The Executive Committee proposes the following resolution for approval by the Benchers:

BE IT RESOLVED the Executive Committee recommends to Benchers the approval of the proposed Terms of Reference attached as Appendix A to guide the Tribunal Chair appointment process.

Law Society of British Columbia

Tribunal Chair Appointment

Terms of Reference

[Date TBC once approved]

Background

1. The Law Society of BC Tribunal (Tribunal) is an independent decision making body established under the *Legal Profession Act* and the Law Society Rules. It manages, considers, and decides disciplinary cases involving legal professionals and applications for both enrollment in the admission program and for call and admission that have been referred to the Tribunal. It upholds the public interest in the administration of justice by acting in a manner that is fair, respectful, and transparent.

2. The Tribunal consists of the Tribunal Chair, hearing panels, review boards, and motions adjudicators appointed in accordance with the Law Society Rules.

3. The Tribunal Chair is responsible for the administration of the Tribunal and exercises the powers and performs the duties assigned under the Law Society Rules, including those relating to the appointment of hearing panels and review boards and the issuance of practice directions.

Appointment

4. In accordance with Law Society Rule 5-1.3, the Benchers must appoint a practising lawyer as Tribunal Chair. The Tribunal chair must not be a Bencher or a member of the Discipline, Credentials or Practice Standards Committees.

5. The term of office of the Tribunal Chair is to be set by the Benchers upon making the appointment and must not exceed three years. The Tribunal Chair, on completing a first term, may be considered for a further term. There is no limit on the number of further terms that may be served.

6. In accordance with Rule 1-51(j), the powers and duties of the Executive Committee include making recommendations to appointing bodies on Law Society appointments to outside bodies, including to the Benchers regarding the appointment of the Tribunal Chair.

7. Established by the Executive Committee, the Executive Committee Sub-Committee manages the appointment recruitment and assessment process, on behalf of the Executive Committee, which includes:

   - recommending the term of appointment (the term of appointment must not exceed three years);
   - overseeing the nomination process, which may include engaging the services of a third-party recruitment agency;
   - preparing a nominee or pool of nominees from the nominations received for the Executive Committee and Benchers' consideration; and
   - notifying the nominees of the Benchers' appointment decision.

Duties and Qualifications

8. The Tribunal Chair is responsible for the overall performance of the Tribunal and for providing leadership and direction to the Tribunal to ensure that it operates fairly, efficiently, and effectively within its mandate. The Chair is accountable to the Benchers.

9. Specific duties of the Tribunal Chair include:

    a. Issuing practice directions, guides, and instructions.

    b. Appointing panel/boards.

    c. Scheduling hearings.

    d. Reviewing panel and board decisions and providing legal advice to adjudicators.

    e. Chairing the adjudicator selection committee.

    f. Ensuring that adjudicators receive appropriate and ongoing training.

    g. Acting as primary motions adjudicator and appointing an alternative motions adjudicator as required.

    h. The training and selection of motions adjudicators.

    i. Chairing the Tribunal Chair's roundtable.

    j. Liaising with the President, CEO, and board of the Law Society on Tribunal matters.

    k. Advising the President, CEO, and board of the Law Society regarding amendments to the *Legal Profession Act*, Law Society Rules, and *Code of Professional Conduct of BC* pertaining to the LSBC Tribunal.

    l. Ensuring that the Tribunal website is up to date.

    m. Participating in outreach/CLE/bar admission training program/educational programs.

    n. Supervising the Tribunal Staff.

    o. Responding to complaints about adjudicators or staff.

    p. Preparing annual reports and reporting to the Benchers and the public regularly on the activities of the Tribunal.

10. Qualifications include:

    a. Practicing membership with the Law Society of BC and a minimum of 10 years of experience in the practice.

b. Experience in a leadership role with the ability to set strategic direction, work toward goals, and oversee the implementation of plans and strategies to deliver efficient, effective and high-quality services.

c. A thorough understanding of the administrative justice system, including the relevant legal principles of administrative law and practice, with a strong background and experience in adjudication and alternative dispute resolution.

d. Knowledge and understanding of the challenges faced by equity-seeking groups and Indigenous communities, with consideration given to diversity and diverse perspectives in the recruitment process.

e. A demonstrated understanding of the Tribunal's Rules of Practice and Procedure and supporting procedures.

f. Superior dispute resolution and analytical skills to resolve complex matters involving multiple interests, under public scrutiny.

g. Excellent communication and interpersonal skills to positively influence and communicate with adjudicators, staff, stakeholders and the public.

h. Effective management skills to foster a collaborative and collegial environment in the Tribunal office.

i. Superior writing skills in addition to excellent interpersonal and communication skills.

j. Conversant and comfortable with the use of technology in an office setting.

Law Society
of British Columbia

KC Nomination Advisory Committee Appointment

To: Benchers

Purpose: Approval (Consent Agenda)

From: Executive Committee

Date: September 25, 2026

Purpose & Background

1. In accordance with the *King's Counsel Act*, on the recommendation of the Attorney General, the Lieutenant Governor in Council may appoint, from among the members of the Bar of BC, Provincial officers under the names of His Majesty's Counsel; in other words, may bestow on lawyers in British Columbia the honorary title of King's Counsel (KC) to recognize exceptional merit and contribution to the legal profession.

2. Before making a recommendation, section 2(2) of the *Act* requires the Attorney General to consult, inter alia, with two members of the Law Society appointed by the Benchers. The Benchers' past practice, on the recommendation of the Executive Committee, has been to appoint the current President and First Vice-President for that purpose.

3. At the February 6, 2026 Bencher meeting, Benchers resolved to appoint President Thomas L. Spraggs, KC and then First Vice-President Michael F. Welsh, KC as the Law Society's representatives to be consulted pursuant to section 2(2)(c) of the *King's Counsel Act*, for the 2026 KC appointments.

4. Following the resignation of Michael F. Welsh, KC effective July 4, 2026, there is currently a vacancy for one of the Law Society representatives to be consulted on the 2026 KC appointments.

5. At its meeting of September 10, 2026, the Executive Committee resolved to recommend to Benchers that First Vice-President Katrina Harry, KC be appointed to replace Michael F. Welsh, KC as one of the Law Society representatives to be consulted.

Decision

6. The Executive Committee recommends the following resolution to Benchers for approval:

> **BE IT RESOLVED the Benchers appoint First Vice-President Katrina Harry, KC as the Law Society's second representative to be consulted pursuant to section 2(2)(c) of the *King's Counsel Act*.**

Law Society of British Columbia

CEO Report

To: Benchers

Purpose: Report

From: Gigi Chen-Kuo, CEO/Executive Director

Date: September 25, 2026

1. Single Legal Regulator Update

Bill 21 Litigation

The Law Society's appeal of the British Columbia Supreme Court decision, regarding the constitutionality of Bill 21 (*Legal Professions Act*), is scheduled to be heard on November 16 and 17, 2026.

Thirteen applications for leave to intervene were filed, including applications submitted by the Federation of Law Societies of Canada and the Law Society of Manitoba. One applicant, a twice disbarred lawyer, was denied leave to intervene solely on the basis of written materials. All other applicants were granted leave to intervene.

The Law Society's factum was filed on August 5, 2026. The Respondent's factum must be submitted by October 5, 2026. The intervenor factums are due on October 5, 2026. The reply factums to the intervenor factums must be filed by October 19, 2026.

Transitional Board and Transitional Indigenous Council

The most recent meetings of the transitional board and the transitional Indigenous council were held on July 20, 2026 and August 17, 2026.

At the July meeting, the transitional board and the transitional Indigenous council considered rules related to the licensing and registration of legal professionals under the Legal Professions Act. Lesley Small, Senior Director, Credentials, Professional Development and Practice Support, was permitted to attend the meeting to provide advice and assistance on the content of these rules. A revised set of rules reflecting the discussion will come back to the transitional board and the transitional Indigenous council for further consideration.

At the August meeting, the transitional board and the transitional Indigenous council considered the trust accounting and client identification and verification (CIV) rules and proposed provisions for the Code of Professional Conduct relating to withdrawal from representation, making legal services available and licensees as advocates.

The draft trust accounting and CIV rules presented for consideration, which were largely based on the Law Society's current proposed rules, received considerable attention and discussion. There was a focus on the impact of the draft rules on licensees and the express desire for less prescriptive rules. Senior staff from the Law Society observed the meeting deliberations and subsequently prepared a memorandum which was provided to the transitional board chair. The memorandum contains additional information about the rationale behind the Law Society's current proposed trust accounting and CIV rules (including protection of the public, strong measures to combat money laundering, maintaining public confidence, and consistency with Federation guidelines and other

Canadian law societies' rules), information from the Cullen Commission report, risks associated with departing from the Law Society's current approach, and the need for diligence even when funds are received from banks.

A revised set of draft trust accounting and CIV rules are expected to come back to the transitional board and the transitional Indigenous council for consideration at the October meeting. We hope to participate in that meeting to further communicate our advice.

The transitional board and transitional Indigenous council expect to have a complete set of the proposed rules and Code of Professional Conduct available for public consultation by year-end.

As previously reported, the transitional board and transitional Indigenous council established a hiring committee, which is working with an executive search firm to fill two positions, the transition manager (who will become the first CEO of Legal Professions BC) and the transitional tribunal chair. The transitional board and transitional Indigenous council have now decided to start the recruiting process for these positions in January 2027, with a target start date of July 1, 2027.

Combined Operations Workplan

The Law Society of BC and the Society of Notaries Public of BC updated the combined operations workplan (governing the operational amalgamation of the two organizations) to reflect the revised target transition date of January 1, 2028. A summary of the workplan was provided to the transitional board, transitional Indigenous council, and the Benchers in July.

The Combined Operations Workplan Steering Committee will be convening a facilitated workshop on September 23, 2026 to further refine the workplan and determine resourcing requirements.

2. Transition to Practice Readiness Education Program

The Fall 2026 Accelerated Practice to Readiness Education Program (PREP) session commenced on September 14, 2026.

The Canadian Centre for Professional Legal Education (CPLED) and the Law Society implemented a Transition Registration Option for eligible BC candidates entering the Fall 2026 PREP intake, to provide candidates with confirmed articling positions or judicial clerkships with greater certainty of registration. Eligible candidates submitted an early registration request to CPLED in June. Through this process, a total of 237 candidates were registered.

Following completion of the Transition Registration Option, remaining BC candidates registered through CPLED's general registration process in August.

A total of 346 candidates have now registered for the inaugural BC cohort of the Fall 2026 Accelerated PREP intake. This number is significantly higher than the number of students we would have been able to accommodate through the Professional Legal Training Course (PLTC), which has typically been around 220 students in the Fall PLTC session.

3. Western Canada Competency Profile

The Invitation to Comment on the Western Canada Competency Profile (WCCP) implementation and potential changes to the bar admission process closed on July 16, 2026.

Our consultants have recently provided a report of the results for consideration by the Working Group. The report is intended to inform deliberations regarding the future direction of the bar admission process and to help ensure that any eventual implementation decisions are informed by the perspectives of those most directly affected by the proposed changes.

In the interim, the WCCP has been renamed Competencies for Entry to Legal Practice (CELP) to reflect the Nova Scotia Barristers' Society's participation in the initiative and adoption of the competency profile, broadening its application beyond Western Canada.

4. One-time Practice Fee Rebate Pilot Program

The Benchers approved a one-time practice fee rebate pilot program to support lawyers who are experiencing financial hardship. This pilot program will be funded from net asset reserves.

The application process launched in July, and was available in the member portal until September 18, 2026. So far, we have received approximately 360 applications.

Eligible lawyers will be notified by email of their rebate in October, immediately before the 2027 practice fee invoices are sent out. Each eligible applicant will receive the lesser of the standard rebate amount or their 2025 practice fees paid, up to a maximum of $1000. The rebate will be paid as a credit towards their 2027 practice fees in October, or if requested, will be refunded in cash in November.

5. National Day for Truth and Reconciliation

The Law Society will be closed on September 30 for the National Day for Truth and Reconciliation, also known as Orange Shirt Day. On that day, we will pause as an organization to remember the children who were taken from their families, communities and cultures through Canada's residential school system, honour survivors, and acknowledge the lasting impacts of residential schools on Indigenous peoples across British Columbia and Canada.

On September 22, we will be hosting a workshop led by Jace Poirer Lacerte, an award-winning Métis educator, entrepreneur, social impact strategist and internationally recognized leader in Indigenous innovation.

As staff and Benchers continue the Journey of Practice, we encourage everyone to carry forward all the learning we have received and consider how we can honour survivors and contribute to reconciliation through our everyday work and relationships.

Gigi Chen-Kuo
Chief Executive Officer/Executive Director

Law Society
of British Columbia

2027 Fees & Budgets

To: Benchers

Purpose: Discussion & Decision

From: Finance and Audit Committee

Date: September 25, 2026

Background

1. Please see attached the Law Society of British Columbia - 2027 Fees and Budgets Report ("the Report").

Discussion

2. Over the past few months, the Finance and Audit Committee met with senior management to review the proposed 2027 fees and budgets for the General Fund and the Lawyers Indemnity Fund.

3. The Finance and Audit Committee also reviewed the fee proposals from a number of organizations and programs supported by Law Society fees, including Courthouse Libraries BC, the Lawyers Assistance Program of BC, *The Advocate*, the Federation of Law Societies of Canada, the Canadian Legal Information Institute, and the delivery of pro bono and access to legal services.

4. Based on this work, the Finance and Audit Committee is recommending to the Benchers to set the practice fee and the indemnity fee for 2027, as follows:[1]

   - Practice Fee (including external organizations funding) $2,707.00:
     - Law Society operations $2,254.00
     - Funding for external organizations $453.00
   - Indemnity Fee $1,800.00

5. In addition, the Finance and Audit Committee is recommending that for the purposes of recovering the costs incurred by the Law Society relating to transition matters required under the *Legal Professions Act* SBC 2024 c. 26, the Benchers approve Special Assessments pursuant to Rule 2-106, for each lawyer who holds a practising membership during the 2027 or 2028 calendar year, with $210 collected in November 2026 and $135 in November 2027.

6. The Committee recommends adoption of the following Bencher resolutions, as detailed in the Report.

[1] A full breakdown of the 2027 Practice Fee Recommendation is on page 33 of the Report.

Decision

7. The Benchers are asked to approve the following resolutions:

BE IT RESOLVED that:

Effective January 1, 2027, the practice fee be set at $2,707, pursuant to section 23(1)(a) of the *Legal Profession Act,* which is projected to result in a deficit budget of $42,377.

BE IT RESOLVED that:

Effective January 1, 2027

- **The indemnity fee pursuant to section 30(3) of the *Legal Profession Act* be set at $1,800;**
- **the part-time indemnity fee pursuant to Rule 3-40(2) be set at $900; and**
- **the indemnity surcharge pursuant to Rule 3-44(2) be set at $2,000.**

BE IT RESOLVED that:

For the purposes of recovering the costs incurred by the Law Society relating to transition matters required under the *Legal Professions Act* SBC 2024 c. 26, the Benchers approve the following Special Assessments pursuant to Rule 2-106, for each lawyer who holds a practising membership during the 2027 or 2028 calendar year:

a) For the 2027 calendar year, a Special Assessment of $210 payable on or before November 30, 2026.

b) For the 2028 calendar year, a Special Assessment of $135 payable on or before November 30, 2027.

Law Society
of British Columbia

2027 FEES AND BUDGET REPORT

(DRAFT)

Presented to:
Bencher
September 25, 2026

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OVERVIEW

This report provides an overview of the 2027 annual practice and indemnity fees, other fees, and related budgets.

The objective of the annual budget is to ensure that the Law Society is able to fulfill its statutory mandate to protect the public interest in the administration of justice and to advance the goals set out in its 2026-2028 Strategic Plan approved by the Benchers. This will be achieved by having sufficient resources to carry out these plans.

In order to fund ongoing operations and enable the advancement of our strategic plan and operational goals, this budget includes an increase of $150 in the allocation of the practice fee to fund operations.

The 2027 outlook sees the continuation of a slower growth pattern in practising lawyers, as the new baseline, and the persistence of lower revenues in electronic filing and interest income due to external market factors. The 2027 General Fund operating revenues are projected to increase by only 2% over last year, which is insufficient to fund the operating expenses required to advance our strategic plan. As a result, a practice fee increase is necessary to support these initiatives and ensure the Law Society can continue making progress toward its strategic objectives.

Other registration and licensing fees have been reviewed, and specific fees have been adjusted to better reflect cost recovery and align with fee levels charged by similar organizations. Many of these fees have remained unchanged for eight years.

2027 operating expenses are increasing due to inflationary pressures, including bargained increases for unionized staff and market-based salary increases to ensure that compensation levels remain competitive.

OVERVIEW

To ensure the public is well served by a competent legal profession, there will be a focus and additional investment in the Professional Development area to develop and promote resources and programs to support readiness to practice upon being called to the Bar. There will also be a focus on evolving existing educational programs, and delivering on commitments for pre- and post-admission learning resources, including in-person learning events for articled students. Other costs include investments in the organization's information technology as we modernize our systems and move to cloud-based systems, with additional Software as a Service commitments.

In response to these cost pressures, we have undertaken a review of internal operations to identify opportunities to streamline resources, decrease overhead, and improve cost efficiencies, with the goal of maintaining a sustainable operation without compromising service delivery.

To support a balanced General Fund budget, the practice fee, including external organization funding, will increase by $171, from $2,536 to $2,707 per lawyer. This represents an average annual fee increase of 3.1% over the past six years, which is very similar to the average inflation rate during the last six year period of inflation.

A Special Assessment will be implemented for all practising lawyers in order to replenish reserves for the costs of the transition to the new *Legal Professions Act*. There will be $210 collected in November 2026, and $135 in November 2027.

The annual indemnity fee has remained at $1,800 since 2018, following seven years at $1,750. After reviewing all relevant factors, the indemnity fee will remain at $1,800 per full time indemnified lawyer for 2027, marking its tenth consecutive year at this level.

GENERAL FUND

BUDGET VISION & APPROACH

2026-2028 STRATEGIC OBJECTIVES & KEY OPERATIONAL GOALS

Our Values

We uphold integrity

We are honest and ethical and treat all people with fairness and respect.

We are transparent

We communicate our processes and policies with openness and clarity and report publicly on our decisions.

We advance reconciliation

We honour the diversity, dignity and distinctiveness of Indigenous people and foster healing through bridge-building across communities, systems and histories.

We foster inclusion

We embrace and promote equity, diversity, inclusion and cultural respect to create an environment where everyone, from staff and leadership to members of the legal profession and the public, feels welcomed, respected and empowered to contribute.

We are modern and innovative

We are data driven and proactively evolve and modernize our approach to regulation.

We are responsive

We engage with the public and the legal profession in a timely and informative manner to build trust and ensure we are accessible to everyone.

2026-2028 STRATEGIC OBJECTIVES & KEY OPERATIONAL GOALS

Leading as a modern and innovative regulator of legal service providers

Lawyer development and licensing

The Law Society continues to review the current lawyer development and licensing programs and to explore new pathways for licensing lawyers – including ways to enhance the role of technology, remote learning and mentorship. As outlined in the Law Society's 2026 – 2028 Strategic Plan, the Professional Development department will continue to develop and promote resources and programs to support readiness to practice upon being called to the Bar.

While the transition to the new bar admission training program remains ongoing, work has progressed on the next phase of implementing the Western Canada Competency profile, now called Competencies for Entry to Legal Practice after Nova Scotia joined the initiative. The project involves evaluating the current articling system/experiential learning activities to determine which competencies should be acquired during this stage of training and develop better guidance for principals regarding the competencies students are expected to achieve.

Enhanced professional development and practice support

One of our strategic objectives is to continuously modernize and improve the regulation and education of the legal profession and legal services in the public interest. In order to ensure that legal services providers have access to the education and resources they need, we will continue to offer existing online courses and develop new courses, including those on trust assurance, practice management, mental health support, combatting money laundering, and the appropriate use of artificial intelligence in the legal profession. Development costs for new online courses will be funded out of net asset reserves.

2026-2028 STRATEGIC OBJECTIVES & KEY OPERATIONAL GOALS

Professional regulatory operations

Professional regulation operations will continue to review and improve internal processes. New regulatory programs introduced in the last few years include consent agreements, administrative penalties, and the alternative to discipline process. Now fully operational, these programs assist with the effective and efficient management of the professional regulation caseload. These programs have reduced the number of Tribunal hearings and the 2027 budget realizes savings in this area.

While there has been a significant and steady increase in the number of professional conduct complaints in the last few years, and increased complexity of complaints regarding the misuse of lawyers' trust accounts, resources have been kept steady as we analyze these numbers to determine if this is a long-term trend. We have a number of planned initiatives in order to assist us with managing the new workload. A 'complainant portal' will be in place later this year, we are developing the Alternative Resolution Measures framework (ARM)and we are expanding the application of the alternative discipline pathway. We continue to rely heavily on discipline consent agreements with a view to reserving hearings for matters that cannot resolve at this stage.

Continued focus on anti-money laundering initiatives

There will be a continued focus on anti-money laundering initiatives to maintain our leadership in this area across Canada. We continue to enhance our rules and regulatory processes and education, and work with the Federation of Canadian Law Societies and the Federal Government to promote and strengthen the role of law societies in the fight against money laundering.

Information technology strategic plan

We will develop a comprehensive IT strategic plan and roadmap for evolving the Law Society's information technology infrastructure. This includes the strategic utilization of artificial intelligence and cloud platforms.

Organizational effectiveness and resilience

We will continue to strengthen organization decision-making and resilience in times of rapid change and uncertainty, through enhanced governance practices and focus on employee engagement and development. We will utilize Artificial Intelligence to increase efficiency and responsiveness, with resources funded from net asset reserves.

2026-2028 STRATEGIC OBJECTIVES & KEY OPERATIONAL GOALS

Working toward reconciliation

Implementation of Indigenous Engagement Regulatory Matters task force recommendations

We will continue our Journey of Practice and take a relational approach to implementing recommendations made by the Indigenous Engagement in Regulatory Matters Task Force. The 2027 budget includes funding for engagement and outreach to communities and staff training.

Taking action to improve access to legal services

Initiatives to improve access to legal services

The Law Society's Innovation Sandbox provides a structured environment that enables lawyers and other individuals and organizations to pilot innovative proposals for delivering legal advice and assistance aimed at addressing the public's unmet legal needs. The purpose and scope of the Innovation Sandbox includes exploring how existing and emerging technologies and alternative business structures can improve access to legal services.

During 2027, the Law Society will also explore implications arising from the growing use of AI-enabled legal tools by the public and the role of the regulator in this rapidly-evolving area.

2026-2028 STRATEGIC OBJECTIVES & KEY OPERATIONAL GOALS

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

Diversity action plan

We will continue to make progress toward action items to foster diversity within the Law Society, support diversity in the legal profession, identify and remove discriminatory barriers, enhance intercultural competence education, improve outreach and collaboration, and track and report progress. This includes initiatives such as a new approach to how we collect demographic data on the profession and development of an accessibility framework.

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

Further our public interest mandate

We will pursue new and innovative ways to further our mandate and support the implementation of key Task Force, Committee and Bencher initiatives, including those related to access to justice, demographics, alternate discipline processes and Truth and Reconciliation.

2026-2028 STRATEGIC OBJECTIVES & KEY OPERATIONAL GOALS

Legal Professions BC

Bill 21 – the *Legal Professions Act* received Royal Assent in May 2024, despite concerns expressed by the Law Society, other legal organizations and stakeholders that the new *Act* compromised the independence of lawyers and their ability to advocate for clients. As as result, the Law Society initiated litigation to challenge the constitutional validity of the new *Legal Professions Act*.

On April 26, 2026, Chief Justice Skolrood dismissed the challenge to the constitutionality of the *Legal Professions Act*. The Law Society has filed a notice of appeal .

Pending the result of the appeal, the organization continues to comply with its legal obligation to support the transitional board's development of the first set of rules and code of professional conduct for the new regulator of lawyers, notaries public and regulated paralegals. During 2027, the Law Society and the Society of Notaries Public of British Columbia will continue working together to prepare for operational amalgamation by the transitional board's target amalgamation date of January 1, 2028. Costs incurred as a result of the transition to the new single regulator are being funded from net asset reserves and will be replenished through Special Assessments.

BUDGET PROCESS & TIMELINE

April 2026

- Budget templates distributed to managers
- Funding application templates distributed to external organizations

June 2026

- Funding applications due from external organizations
- Senior management's review of department budgets and plans
- Presentation of budget assumptions
- Development of draft budget

September 2026

- Approval of fees by Benchers

April - May 2026

- Meetings with management to review detailed budgets

July/August 2026

- Presentation of draft fees and budgets to the Finance and Audit Committee
- Bencher Information Sessions

FINANCIAL CONSIDERATIONS

2027 practice fee increase to fund operations and retain net asset reserves

In order to minimize the use of deficit operating budgets and retain net asset reserves for planned projects, the allocation of the 2027 practice fee to fund operations and planned initiatives will be increased by $150 to $2,254 per lawyer. The increase will cover bargained wage increases (5%) and market compensation adjustments, as well as additional investments in lawyer professional development initiatives, in-person practice readiness learning opportunities, and Software as a Service (SaaS) costs.

This represents an average annual fee increase of 3.1% over the past six years, very similar to the average inflation rate during the last six year period of inflation.

The allocation of the 2027 practice fee to fund external organizations will increase by $21 to fund the increased operating expenses of these entities.

The indemnity fee will remain the same as 2026, and is the same fee that has been in place since 2018.

2026 Forecast

The forecast for 2026 is a deficit of $5.3 million (compared to a previously anticipated deficit of $6.2 million). Within that, the operating deficit was $2 million (compared to an anticipated deficit of $2.4 million), with additional external counsel fees, higher SaaS costs, and transition costs to the new admission program. Bencher approved one-time project costs include the CanLII GenAI project and the practice fee rebate pilot program, for a total of $1.345 million. In addition, the transition costs to the new LPA are projected at $1.9 million.

Net asset reserves deficit funding

One-time projects and Legal Professions BC transition costs are excluded from the operational budget and will be funded from net asset reserves as they are incurred.

Interest rates and inflation

Financial and real estate markets have seen a great degree of volatility. This budget uses available estimates with regard to inflation rates, interest rates, investment returns and real estate market unit sales.

Competitive compensation levels

Compensation has been set at bargained wage rates and market increases (target at 50th percentile of comparator organizations) in order to retain organizational talent during a time of transition and uncertainty.

Meeting and travel expenses

The 2027 budget is funding a mix of both hybrid and fully virtual meetings providing cost savings and reducing our environmental impact.

KEY BUDGET ASSUMPTIONS

Revenues

3.5% 15,700 Lawyers

2.4%

Over the last few years, the growth of the number of lawyers has slowed from an average of 3.5% annually from 2021 to 2023, to 2.4% in 2026. The practice fee will be increased to $2,254 per lawyer, to support annual wage increases, inflation and operational activities, and the non-practising and retired lawyer fees will be increased by $50 and $25 respectively (which have not increased for 8 years).

682

The number of articled students is projected to stay level to 682 in 2027, the same as the 2026 forecast.

2.7%

BANK

2.25%

Interest income continues to decline from rates of 2.7% in 2025 to a forecast of 2.25% in 2026 and projected to remain steady into 2027.

$200,000

Registration and licensing fees have been increased to better reflect the associated costs and align with those charged by comparator organizations. It is projected that this will result in an additional $200,000 in revenue.

7.5%

Real estate unit sales have decreased over the last few years, leading to a lower base and reduced electronic filing and TAF revenues.

2027 sales are forecast to increase 7.5% from 2026 lower levels.

KEY BUDGET ASSUMPTIONS

Expenses

Salaries include increases based on market benchmarks and bargained wage increases.

Modest addition of staff resources to maintain delivery of core functions and support key strategic and operational priorities.

Bencher meetings are budgeted to be split between hybrid and fully virtual, with committee meetings mainly virtual.

In light of increased digitization of the workplace, technology upgrades, introduction of AI tools, and cyber security initiatives, computer software costs have increased to support effective operations.

While the current budget for external counsel fees sees a modest increase from last year, due to a higher number of conflict files which must be referred to external counsel, the overall costs continue to be lower than prior years with increased utilization of consent agreements.

Professional Development resources will be expanded to continue to develop and promote resources and programs to support readiness to practice upon being called to the Bar. Online courses will be developed and alternate pathways to licensing will be explored.

A review of internal operations identified opportunities to reduce costs, decrease overhead, and improve cost efficiencies, with the goal of maintaining a sustainable operation without compromising service delivery.

KEY BUDGET ASSUMPTIONS

Net Asset Reserves

2027 Budget anticipates there will be a small operating deficit of $ 42,377. After accounting for one-time projects and Legal Professions BC transition costs, and before the Special Assessment, there will be 1.9 months of operating expenses reserves at end of 2027. With a Special Assessment of $210 per lawyer in 2027, there will be 2.9 months of operating expenses at the end of 2027.

Legal Professions BC transition

One-time transition costs over 2024, 2025 and 2026 are projected at $3.3 million - approximately $210 per lawyer. 2027 transition costs are projected at $2.1 million, an additional $135 per lawyer.

One-time projects funded from reserves:

- Pilot practice fee rebate program
- CanLII AI tool development
- One-time litigation costs
- PLTC Completion Program costs
- Lawyer admission program
- Professional development programs
- Information technology strategic plan
- AI research and planning
- Cyber security
- Space planning and renovations for greater efficiency

BUDGET RISKS

NUMBER OF LAWYERS

The revenue received from the practice fee and registration and licensing fees is over 80% of the budgeted revenues. As such, any variation in the actual number of lawyers from the budget projection could result in a need to draw further on net assets reserves.

INFLATION

As staff salaries and benefits comprise 80% of total expenses, overall staffing costs will be impacted by changes in the salary markets, along with the availability of skilled and experienced staff.

EXTERNAL COUNSEL FEES

External counsel fees represent 5% of total expenses. As the number, type and complexity of complaints are unpredictable, the number of files that will need to be sent out to external counsel is unknown, and will impact the external counsel fees incurred. Investigations and discipline file costs related to AML efforts are hard to predict.

NET ASSET RESERVE LEVELS

With slower growth in the number of lawyers, increases in inflation and wage rates, and anticipated demands on net asset reserves for transition costs and planned projects, net asset reserves will fall below recommended reserve levels unless a Special Assessment is used to recover transition costs.

ANTI-MONEY LAUNDER-ING EFFORTS (AML)

The additional costs relating to AML efforts, identifying misuse of trust accounts, and file costs related to investigations and discipline are hard to predict. The actual costs incurred could vary from what has been estimated.

STAFF VACANCY SAVINGS

In any given year, there are staff vacancies due to turnover. The time to recruit, and other factors, result in vacancy savings against expected staff costs and we develop an estimate of the vacancy savings each year based on past experience. If there are lower or higher vacancies than estimated, staffing costs will be different than budgeted.

E-FILING REVENUES & TRUST ADMINISTRATION FEES

These revenues correlate closely with real estate unit sales in BC. Expected revenue from these sources has been set based on available forecasts from the British Columbia Real Estate Association and actual results could vary from these forecasts.

GENERAL FUND

FEES & BUDGET OVERVIEW

REVENUE & EXPENSE SUMMARY

2027 OPERATING REVENUE SUMMARY

General Fund revenues are projected to be $40.2 million, $1.6 million (4.2%) higher than the 2026 budget, mainly due to the increase in practice fees. In order to minimize the use of deficit operating budgets and retain net asset reserves for planned projects, the allocation of the 2027 practice fee to fund operations will be increased by $150 to $2,254 per lawyer to cover inflationary pressures, enhanced technology upgrades, and new lawyer development activities. The budgeted revenue is based on an estimate of 15,700 full-time equivalent practising lawyers, with slowed growth in the number of lawyers from an average of 3.5% over 2021 to 2023 to 2.4%, which is projected to continue in 2027.

Interest income reflects stable rates and electronic filing revenue is projected to be near 2025 levels as the real estate market continues to stall. Registration and licensing revenue, along with fines and penalties, are budgeted to be higher, with increases in select fees to reflect the work involved or comparisons to other organizations. Other income is lower with fewer cost recoveries and penalties being levied in recent years.

2027 OPERATING EXPENSE SUMMARY

General Fund operational expenses are expected to be $40.2 million, a $1.5 million (3.8%) increase over the 2026 budget. Expense increases are primarily related to bargained and market wage increases, inflation, and a modest increase in staff resources. In addition, new lawyer development initiatives include development of resources and programs to support readiness to practice and alternative pathways to enter the legal profession. Information technology costs are expected to increase with enablement of AI tools, technology upgrades, increased Software as a Service costs and cyber security initiatives. Savings have been identified across the organization in order to offset some of these increases.

2027 OPERATING REVENUES

Practice fee revenues

Practice fee revenues are budgeted at $34.4 million, a 10% increase over the 2026 budget, due to a practice fee increase, and a higher number of lawyers. The number of practising lawyers increased by an average of 3.5% annually from 2021 to 2023, but the growth has slowed to 2.4%. New call numbers from articled students have remained steady but inter-provincial transfers have decreased, and non-practising and retired lawyer numbers have increased over prior years. Budget 2027 projects 15,700 full-time equivalent lawyers, an increase of 2.4%. In order to minimize the use of deficit budgets, and retain net asset reserves for planned projects, the allocation of the practice fee to fund operations will be increased by $150 to $2,254 per lawyer.

Electronic filing revenues

Electronic filing revenues are budgeted at $1,131,000, an 8% increase from 2026 forecast, adjusted for higher real estate projections for 2027.

PLTC student revenues

PLTC student revenues are eliminated as the new bar admission training program was adopted in September 2026.

Investment income

Investment income is budgeted at $1.2 million, $109,000 less than 2026 budget, and $266,000 less than 2025, with lower interest rates projected.

2027 OPERATING REVENUES

Other revenues

Other revenues include registration and licensing fees, fines, penalties and cost recoveries, which are budgeted at $1.6 million, $210,000 higher than 2026.

Annual fees for non-practising and retired, and late payment fees, will be increased. Other select registration and licensing fees have been increased to reflect associated costs and align with similar fees at comparator organizations. These fees have not increased for at least 8 years.

	2018-2026	2027	Increase of
Retired member fee*	**101.00**	125.00	24.00
Non-practising fee*	**301.00**	350.00	49.00
Late payment fee	**125.00**	200.00	75.00
Transfer application fee	**1150.00**	1250.00	100.00
Corporation fee	**400.00**	500.00	100.00
Certificate of standing fee	**75.00**	150.00	75.00

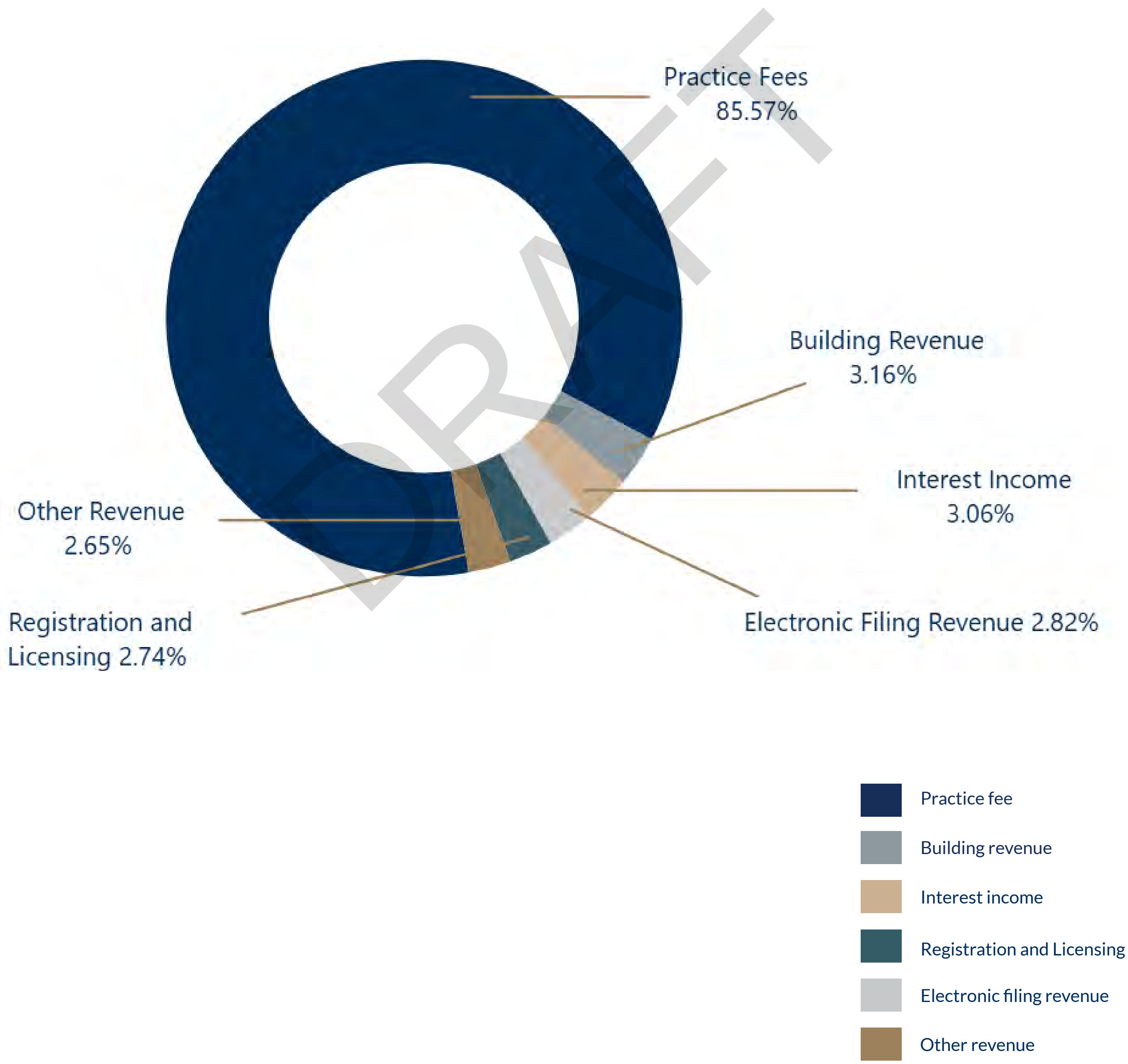
* The fees for these categories do not include the 2027 Advocate fee which is $23.00 per lawyer

Building revenue and recoveries

Building revenue and recoveries are budgeted at $1.3 million. The Law Society owns the 845/839 Cambie building and occupies the majority of space, and the space that is not occupied by the Law Society is leased out to external tenants. In 2027, external lease revenues are budgeted at $620,000. Also included in lease revenues is an inter-fund market rent allocation of $600,000 charged for space occupied at 845 Cambie by the Lawyers Indemnity Fund and the Trust Assurance Program.

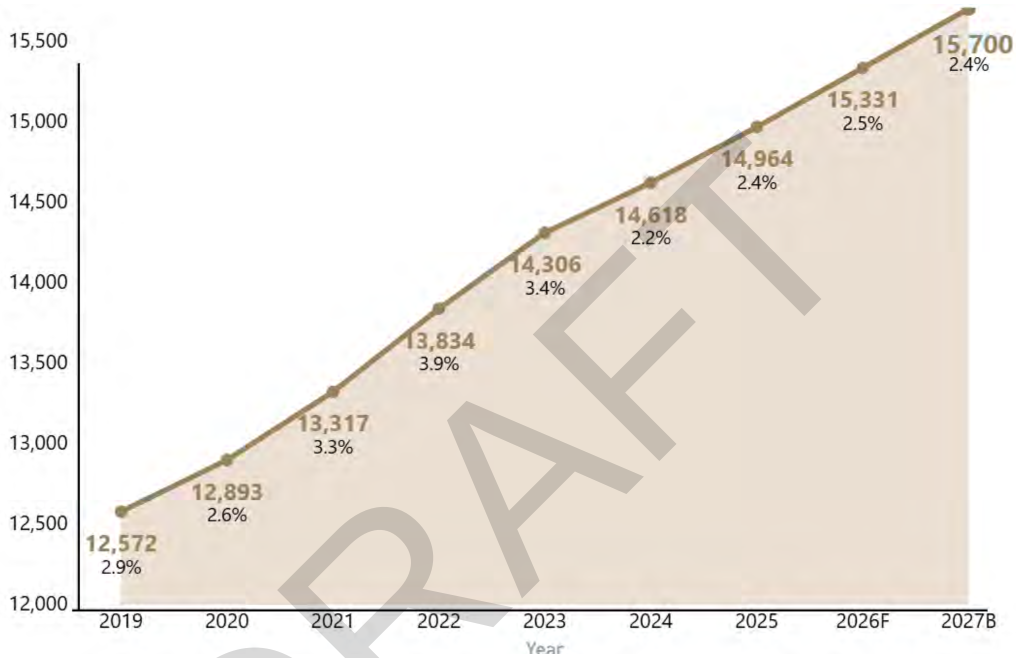
2027 OPERATING REVENUES

The chart below provides details by type of operating revenue for the General Fund.

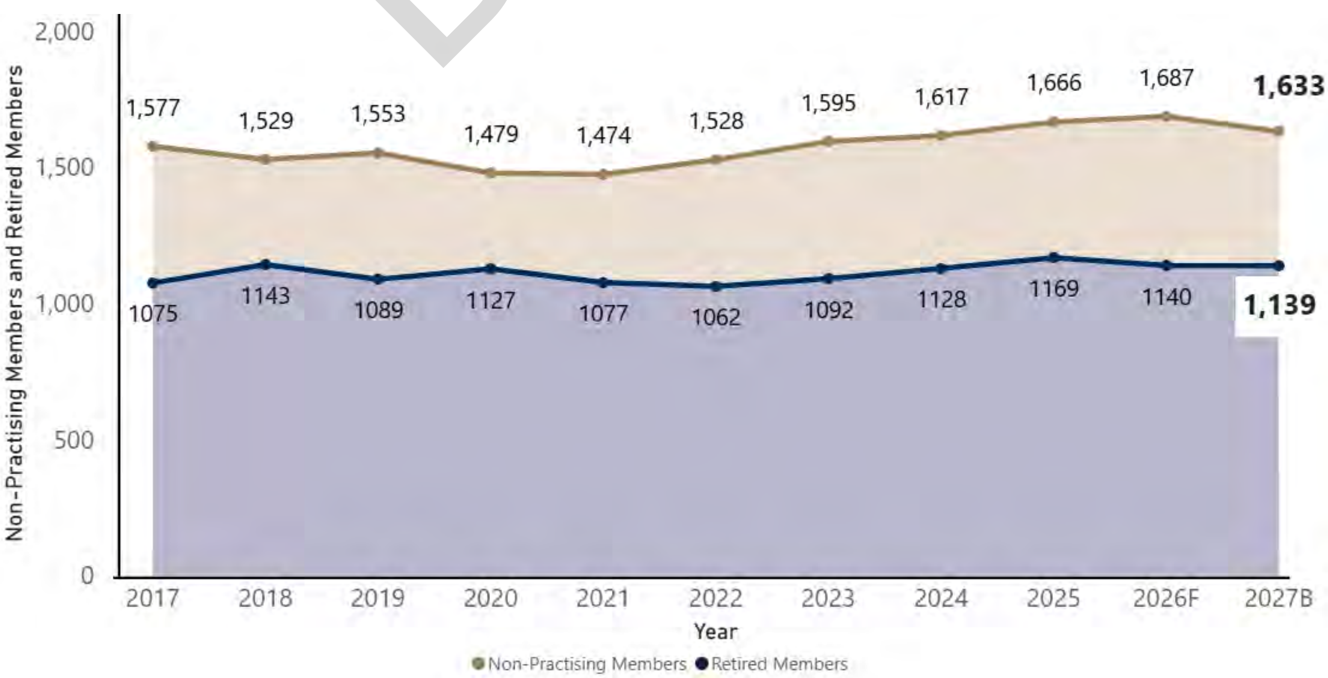


2027 OPERATING REVENUES

NUMBER OF PRACTISING LAWYERS

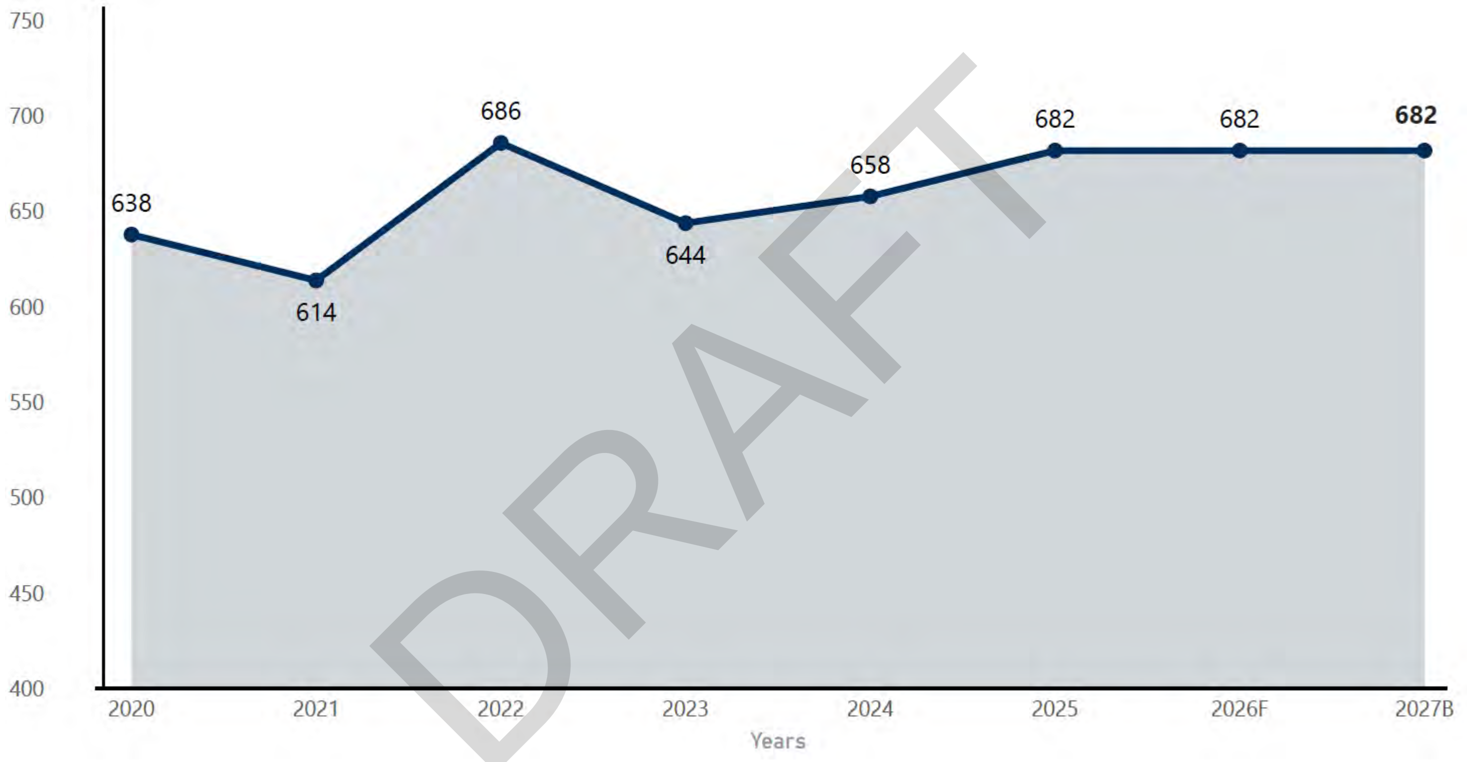


NUMBER OF NON-PRACTISING AND RETIRED LAWYERS



2027 OPERATING REVENUES

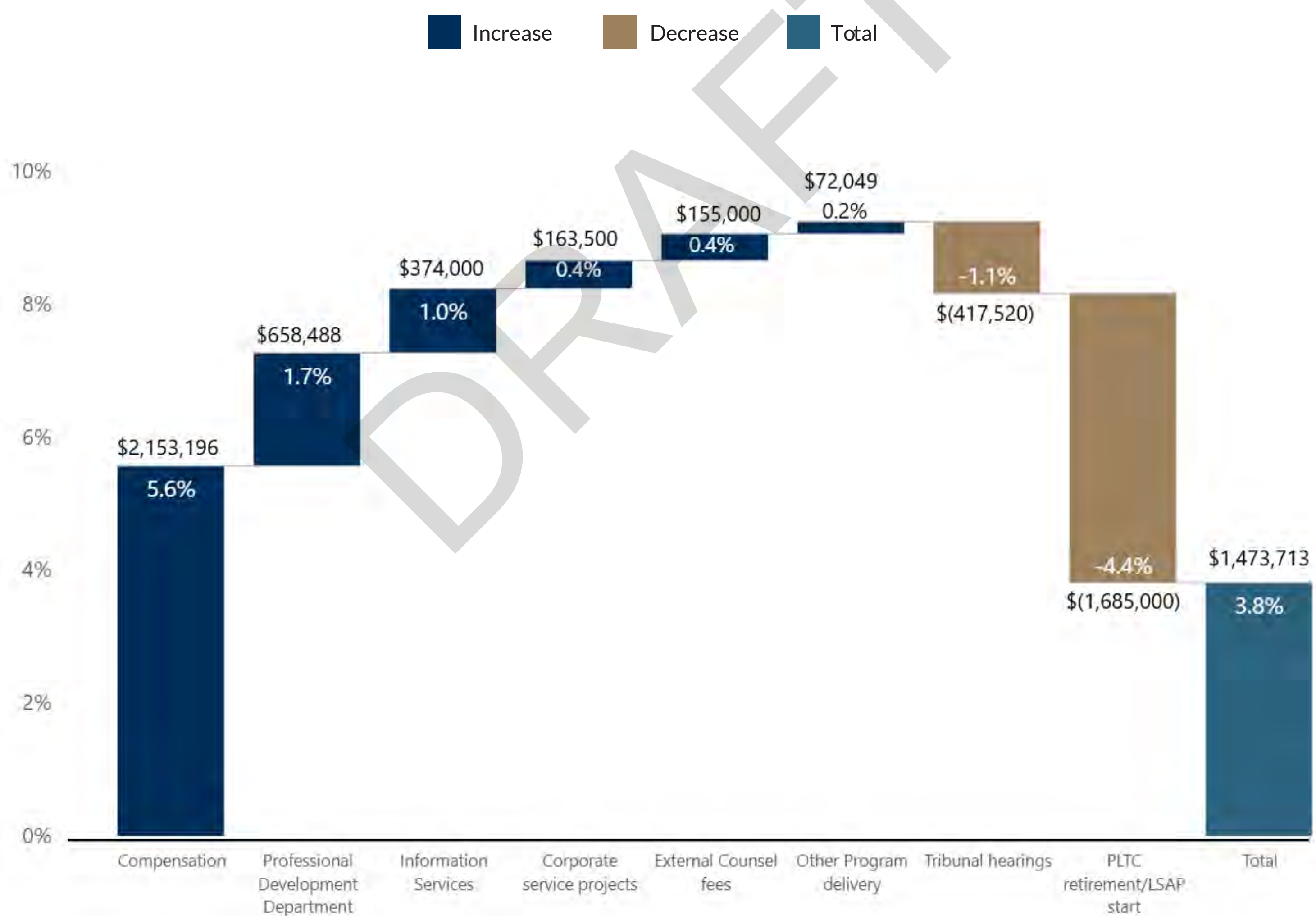
ARTICLED STUDENT HISTORY



2027 OPERATING EXPENSES

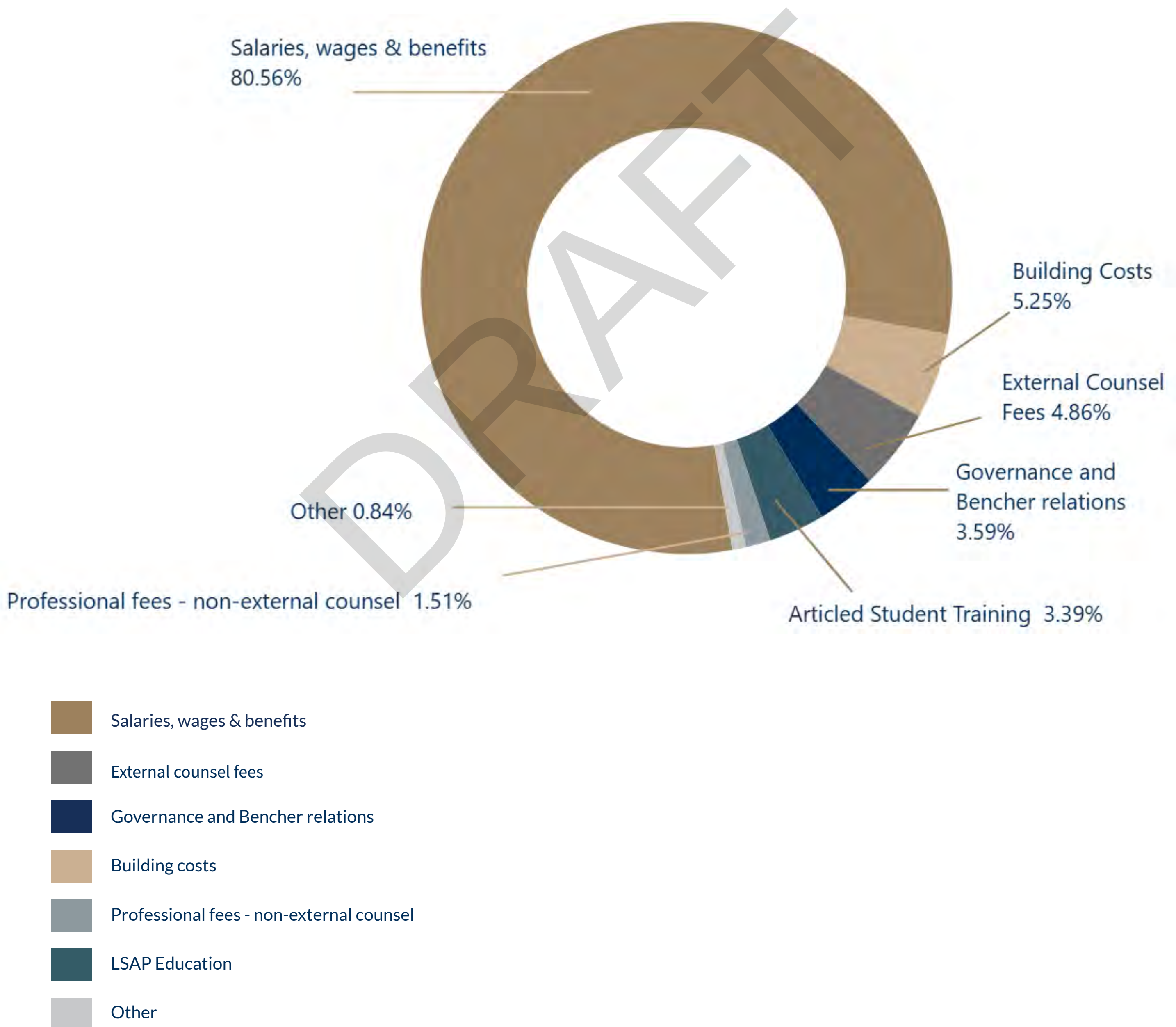
General Fund operational expenses are budgeted to be $40.2 million, $1.47 million (3.8%) increase over the 2026 budget.

This provides a summary of the changes in the operating expenses by categories compared to last year



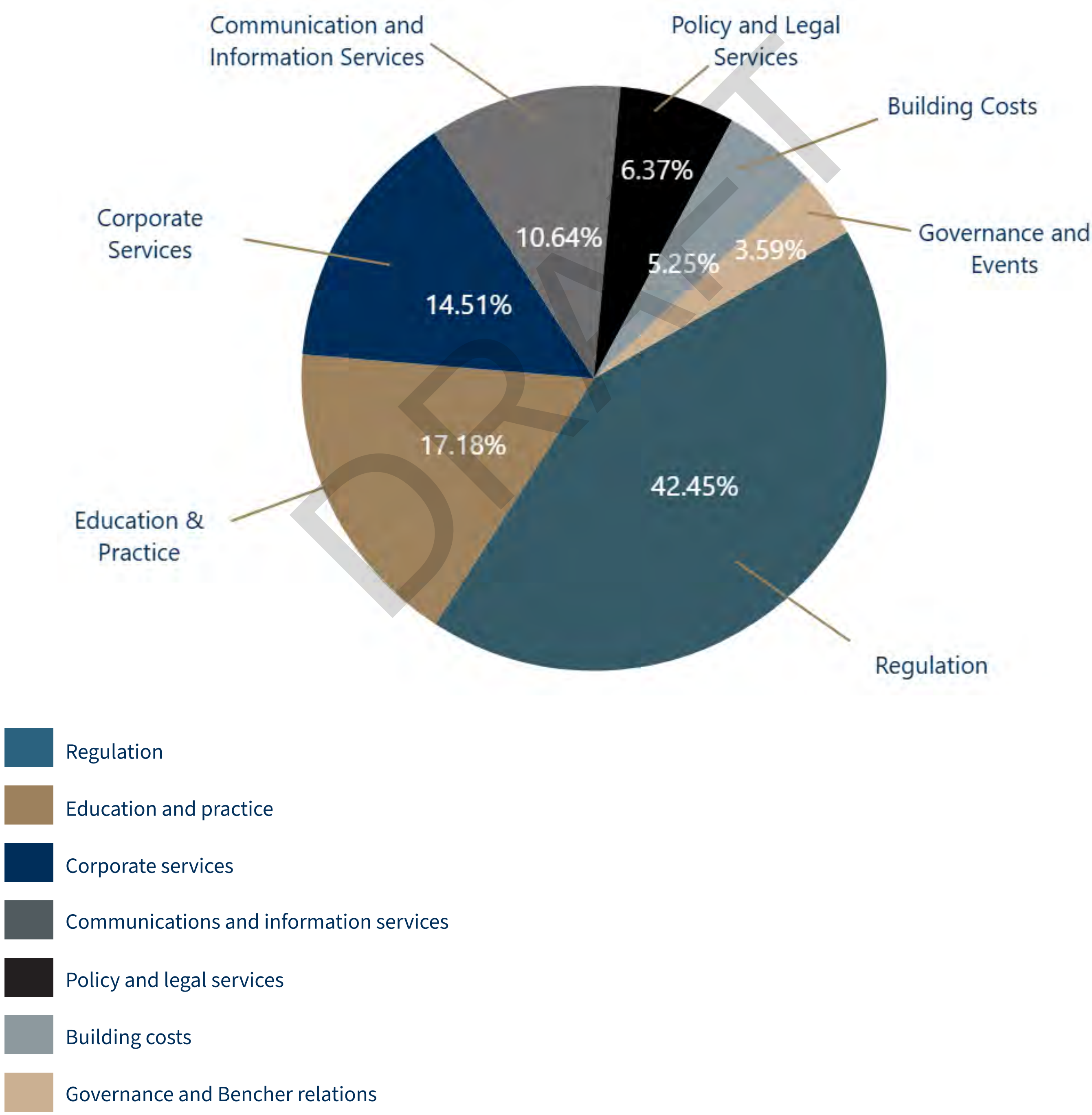
2027 OPERATING EXPENSES

The chart below provides information on the type of operating expenses for the General Fund.



2027 OPERATING EXPENSES

The operating costs by program area as a percentage of the 2027 budget.



GENERAL FUND WORKING CAPITAL & SPECIAL ASSESSMENT

NET ASSETS - SPECIAL ASSESSMENT

The Law Society reserves are projected to be drawn down $5.4 million to the end of 2027 due to the costs of the transition to the new *Legal Professions Act*. Without a Special Assessment or additional fee increases, Law Society reserves could be drawn down to nil in a few years, leaving no financial cushion to fund future one-time projects and provide stability in case of emergencies. To replenish reserves, full recovery of transition costs will be funded through a Special Assessment of $210 per practising lawyer due November 30, 2026, and a Special Assessment of $135 per practising lawyer due November 30, 2027.

NET ASSETS - GENERAL FUND WORKING CAPITAL

Net asset reserves will be used to fund a small portion of the Law Society operational budget, with a deficit of $42,377 funded from reserves (not including one-time projects and Legal Professions BC transition costs).

There are a number of one-time projects ongoing and continuing into 2027 and beyond. These one-time projects will be funded from net asset reserves, and include Bencher-approved programs, lawyer admission program changes, lawyer education courses, building capital improvements, space renovations to improve building utilization and the Legal Professions BC transition. Additional projects slated for 2027 include the evaluation and modernization of the main operating systems supporting the organization, along with AI and cybersecurity consulting to ensure the organization is moving forward effectively and efficiently.

In the 2027 capital plan, $2 million is budgeted for capital projects. Projects include isolation valves replacement and future window and cladding repairs and workspace renovations. In addition, the operational capital includes computer hardware and software, furniture, and office renovations.

GENERAL FUND WORKING CAPITAL & SPECIAL ASSESSMENT

NET ASSETS - GENERAL FUND WORKING CAPITAL

USE OF WORKING CAPITAL RESERVES

Current Year and Budget Year

2026	
Working Capital Balance - per 2025 audited financial statements	$16,902,323
Forecasted 2026 Results with one-time projects - Q2	$(5,262,000)
Projected 2026 Working Capital Closing Balance	**$11,640,323**
2027	
Budgeted Deficit with one time projects	$(5,173,377)
Special Assessment	$ 3,297,000
Projected 2027 Working Capital Closing Balance	**$ 9,763,946**
Number of months of expenses	2.9

The Law Society follows recommended reserve levels for not-for-profit organizations and typically holds between 3 - 6 months of reserves to provide stability in the event of unexpected costs or required one-time projects . After the projected costs for one-time projects and Legal Professions BC transition costs for 2026 and the Special Assessment $210 for 2027, forecasted reserve levels are projected at 2.9 months at the end of 2027.

CAPITAL PLAN

The Law Society maintains a rolling 10-year capital plan to ensure that capital funding is available for capital projects required to maintain the 839/845 Cambie building and to provide capital for operational requirements, including computer hardware and software, furniture and workspace improvements. The amount of the practice fee allocated to the capital plan is set at $126 per lawyer.

In the 2027 capital plan, $2 million is budgeted for capital projects. Projects include isolation valve replacement, and future window and cladding repairs and workplace renovations. In addition, the operational capital includes computer hardware and software, furniture, and office renovations.

A review of space utilization will be undertaken, including an assessment of space requirements to support the amalgamation and opportunities to lease available space in order to realize additional revenues.

The one-time costs associated with the IT Strategic Plan are not included in the capital budget at this time, and will be funded from net asset reserves.

	2027	2026
Equipment, furniture and fixtures replacement	**$100,000**	$98,000
Phone system	**$185,000**	$30,000
Computer software and system spgrades	**$225,000**	$331,000
Computer hardware - laptops, monitors, printers, and UPS battery replacements	**$262,375**	$321,000
Building and workspaces - windows, isolation valves and renovations	**$1,181,683**	$1,581,683
Total	**$1,954,058**	$2,361,683

GENERAL FUND - OPERATING BUDGET

LAW SOCIETY OF BRITISH COLUMBIA
OPERATING BUDGET (Excluding capital/depreciation)
FOR YEAR ENDED DECEMBER 31, 2027
GENERAL FUND SUMMARY

	2027 Budgets	2026 Budgets	2025 Actual	2027B vs 2026B Variance	%	2027B vs 2025A Variance	%
GENERAL FUND REVENUES							
Practice fees	34,363,196	31,109,122	27,142,863				
LSAP fees*	-	2,005,750	2,084,570				
Electronic filing revenue	1,131,000	938,000	1,072,748				
Interest income	1,228,332	1,337,529	1,494,563				
Registration and Licensing services	1,100,300	782,000	827,615				
Fines & penalties	418,745	500,000	609,341				
Program cost recoveries	107,500	135,000	260,700				
Insurance recoveries	37,000	29,000	19,415				
Other revenue	502,000	455,000	438,361				
Building revenue and recoveries	1,269,105	1,260,408	1,253,358				
TOTAL GENERAL FUND REVENUES	40,157,178	38,551,808	35,203,534	1,605,370	4.2%	4,953,644	14.1%
GENERAL FUND EXPENSES							
Governance and Events	1,444,193	1,310,880	1,577,568				
Corporate Services	5,832,825	5,229,337	4,306,007				
Education & Practice	6,907,428	7,669,227	7,603,293				
Communications and Information Services	4,277,117	3,731,849	3,335,228				
Policy and Legal Services	2,560,390	2,732,277	2,380,723				
Regulation	17,066,523	15,966,358	16,692,698				
Building costs	2,111,079	2,085,915	1,965,351				
TOTAL GENERAL FUND EXPENSES	40,199,555	38,725,842	37,860,868	1,473,713	3.8%	2,338,688	6.2%
GENERAL FUND NET CONTRIBUTION	(42,377)	(174,034)	(2,657,333)	131,657	-76%	2,614,956	-98%
Trust Assurance Program							
Trust Administration Fee Revenue	4,723,000	4,376,000	4,485,188				
Trust Administration Department	4,440,830	4,256,982	3,832,113				
Net Trust Assurance Program	282,170	119,018	653,075	163,151		(370,905)	
TOTAL NET GENERAL FUND & TAP CONTRIBUTION	239,793	(55,016)	(2,004,258)	294,809		2,244,051	

** Not including one-time project costs*

GENERAL FUND - DETAILED REVENUE & EXPENSES

LAW SOCIETY OF BRITISH COLUMBIA
OPERATING BUDGET (Excluding capital/depreciation)
FOR YEAR ENDED DECEMBER 31, 2027
GENERAL FUND SUMMARY

DRAFT

	2027 Budgets	2026 Budgets	2025 Actual	Variance 2024B vs 2023B	%	2024B vs 2022A	%
REVENUES							
Practice fees	34,363,196	31,109,122	27,142,863	3,254,074	10%	7,220,333	27%
LSAP fees	-	2,005,750	2,084,570	(2,005,750)	-100%	(2,084,570)	-100%
Electronic filing revenue	1,131,000	938,000	1,072,748	193,000	21%	58,252	5%
Interest income	1,228,332	1,337,529	1,494,563	(109,197)	-8%	(266,231)	-18%
Registration and Licensing	1,100,300	782,000	827,615	318,300	41%	272,685	33%
Other revenue	502,000	455,000	438,361	47,000	10%	63,639	15%
Fee & Assessment Revenues	38,209,828	36,566,401	33,056,670	1,643,427	4%	5,153,158	16%
Fines & penalties	418,745	500,000	609,341	(81,255)	-16%	(190,596)	-31%
Program cost recoveries	107,500	135,000	260,700	(27,500)	-20%	(153,200)	-59%
Fines, Penalties and Recoveries	**678,245**	**725,000**	**893,506**	**(46,755)**	**-6%**	**(215,261)**	**-24%**
Building Revenue and Recoveries	**1,269,105**	**1,260,408**	**1,253,358**	**8,698**	**1%**	**15,748**	**1%**
TOTAL GENERAL FUND REVENUES	40,157,178	38,551,808	35,203,534	1,605,370	4%	4,953,644	14%
EXPENSES							
Governance	722,668	662,040	964,492	60,628	9%	(241,824)	-25%
Board Relations and Events	721,525	648,840	613,076	72,685	11%	108,449	18%
Governance and Events	1,444,193	1,310,880	1,577,568	133,313	10%	(133,375)	-8%
General Office	1,001,199	976,090	824,568	25,110	3%	176,632	21%
Office of the CEO	1,353,236	1,157,980	870,868	195,256	17%	482,368	55%
Accounting/Finance	1,788,472	1,664,311	1,357,070	124,160	7%	431,401	32%
Human Resources	1,397,656	1,145,819	866,747	251,838	22%	530,909	61%
Records Management	449,716	423,909	386,753	25,807	6%	62,962	16%
Staff Vacancies	(157,454)	(138,771)	-	(18,683)	13%	(157,454)	0%
Corporate Services	5,832,825	5,229,338	4,306,007	603,487	12%	1,526,818	35%
Licencing and Admissions	2,837,163	2,722,877	2,024,580	114,287	4%	812,584	40%
LSAP and Education	3,413,436	4,391,545	4,778,665	(978,109)	-22%	(1,365,230)	-29%
Practice Standards	938,782	904,908	800,048	33,875	4%	138,734	17%
Staff Vacancies	(281,953)	(350,102)	-	68,149	-19%	(281,953)	0%
Education and Practice	6,907,428	7,669,227	7,603,293	(761,798)	-10%	(695,865)	-9%
Communications	738,030	743,538	650,139	(5,508)	-1%	87,891	14%
Information Services	3,676,223	3,118,532	2,685,088	557,690	18%	991,134	37%
Staff Vacancies	(137,136)	(130,221)	-	(6,915)	5%	(137,136)	0%
Communications and Information Services	4,277,117	3,731,849	3,335,228	545,268	15%	87,891	3%

GENERAL FUND - DETAILED REVENUE & EXPENSES

LAW SOCIETY OF BRITISH COLUMBIA
OPERATING BUDGET (Excluding capital/depreciation)
FOR YEAR ENDED DECEMBER 31, 2027
GENERAL FUND SUMMARY CONTINUED

	2027 Budgets	2026 Budgets	2025 Actual	Variance 2024B vs 2023B	%	2024B vs 2022A	%
General Policy & Legal Counsel	2,376,669	2,565,031	2,079,421	(188,362)	-7%	297,248	14%
Ethics	1,000	-	-	1,000	100%	1,000	100%
Unauthorized Practice	348,068	332,593	301,302	15,476	5%	46,767	16%
Staff Vacancies	(165,347)	(165,347)	-	-	0%	(165,347)	0%
Policy and Legal Services	2,560,390	2,732,277	2,380,723	(171,887)	-6%	179,667	8%
Office of the CLO	1,377,793	1,287,140	1,139,380	90,653	7%	238,413	21%
Intake & Early Assessment	3,533,456	3,160,866	2,985,693	372,590	12%	547,764	18%
Discipline	2,461,959	2,317,001	1,977,705	144,957	6%	484,254	24%
Forensic Accounting (including Files)	1,155,978	1,296,778	556,138	(140,800)	-11%	599,839	108%
Investigations, Monitoring & Enforcement	4,979,404	4,519,127	4,050,816	460,277	10%	928,588	23%
Custodianships	2,524,480	2,394,272	2,124,579	130,207	5%	399,900	19%
External Counsel Fees	1,732,305	1,657,525	3,858,387		0%		0%
Staff Vacancies	(698,851)	(666,352)	-	(32,499)	5%	(698,851)	0%
Regulation	17,066,523	15,966,358	16,692,698	1,100,166	7%	373,825	2%
Building Occupancy Costs	**2,111,079**	**2,085,915**	**1,965,351**	**25,164**	**1%**	**145,728**	**7%**
External organization funding	-	-	**(114,926)**	-	**0%**	**114,926**	**-100%**
TOTAL GENERAL FUND EXPENSES	40,199,555	38,725,843	37,745,942	1,473,712	4%	2,453,614	7%
GENERAL FUND INCOME/(LOSS)	(42,377)	(174,035)	(2,542,407)	131,658	-76%	2,500,030	-98%
TAF Revenue	4,723,000	4,376,000	4,485,188	347,000	8%	237,812	5%
TAP Expenses:							
Trust Administration Department	4,440,830	4,256,982	3,832,113	183,849	4%	608,717	16%
Net Trust Assurance Program	**282,170**	**119,018**	**653,075**	**163,151**	**137%**	**(370,905)**	**-57%**
TOTAL NET GENERAL FUND & TAP INCOME (LOSS)	239,793	(55,017)	(2,004,259)	294,810	-536%	2,244,052	-112%

PRACTICE FEE

2027 ANNUAL MANDATORY FEE RECOMMENDATIONS

The Law Society of BC
2027 Fee Recommendation

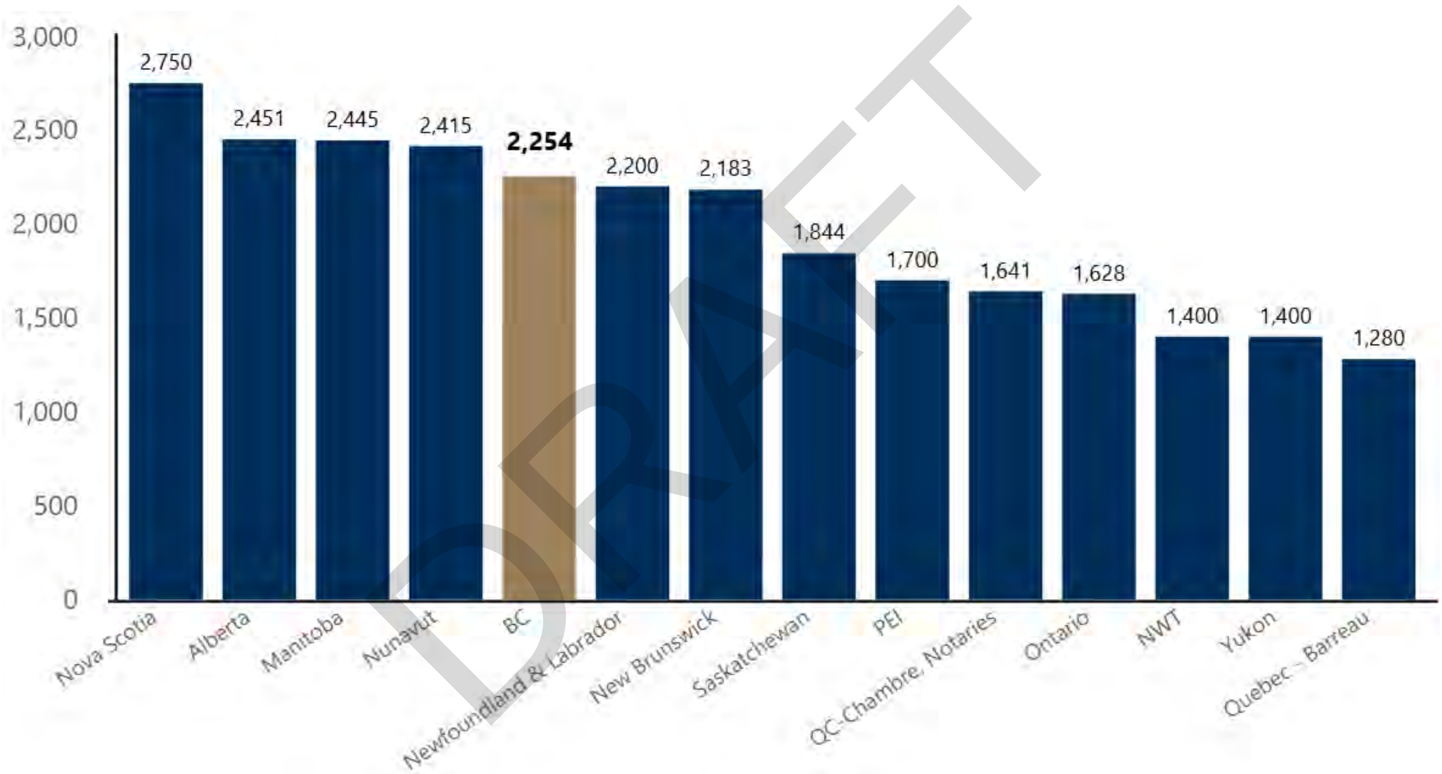
	Funding (in 000's)				Per Lawyer			
	2027 Budgets	2026 Budgets	Change ($)	Change (%)	2027 Budgets	2026 Budgets	Change ($)	Change (%)
Law Society Operating Expenses	$40,200	$38,726	$1,474	3.8%	$ 2,254.00	$ 2,104.00	$ 150.00	7.1%
Federation of Law Societies [1]	484	472	12	2.5%	31.00	31.00	-	0.0%
CanLII [1]	962	769	193	25.1%	61.00	50.00	11.00	22.0%
CLBC [1]	3,473	3,402	71	2.1%	222.00	222.00	-	0.0%
The Advocate [2]	425	430	(5)	-1.2%	23.00	24.00	(1.00)	-4.2%
LAP [1]	1,385	1,190	195	16.4%	88.00	78.00	10.00	12.8%
Pro bono/Access [1]	440	431	9	2.1%	28.00	27.00	1.00	3.7%
Annual Practice Fee (including external funding)					$ 2,707.00	$ 2,536.00	$ 171.00	6.7%
Annual Indemnity Fee					$ 1,800.00	$ 1,800.00	-	-
Total mandatory annual fee for full-time, practising, indemnified lawyers					$ 4,507.00	$ 4,336.00	$ 171.00	3.9%

1 - 2027 full fee paying equivalent members projected at 15,700

2 - 2027 practising, non-practising, and retired members projected at 18,472

PRACTICE FEE COMPARISON

2027 PRACTICE FEE COMPARISON
(Indemnity/Insurance Fee not included)



*Comparisons to other law societies fees reflect current practice fees, which have not been adjusted to next year's fees due to the timing of fee and budgeting processes

**Not including external organization funding

GENERAL FUND

DEPARTMENTAL COST SUMMARIES

DEPARTMENTAL COST SUMMARIES

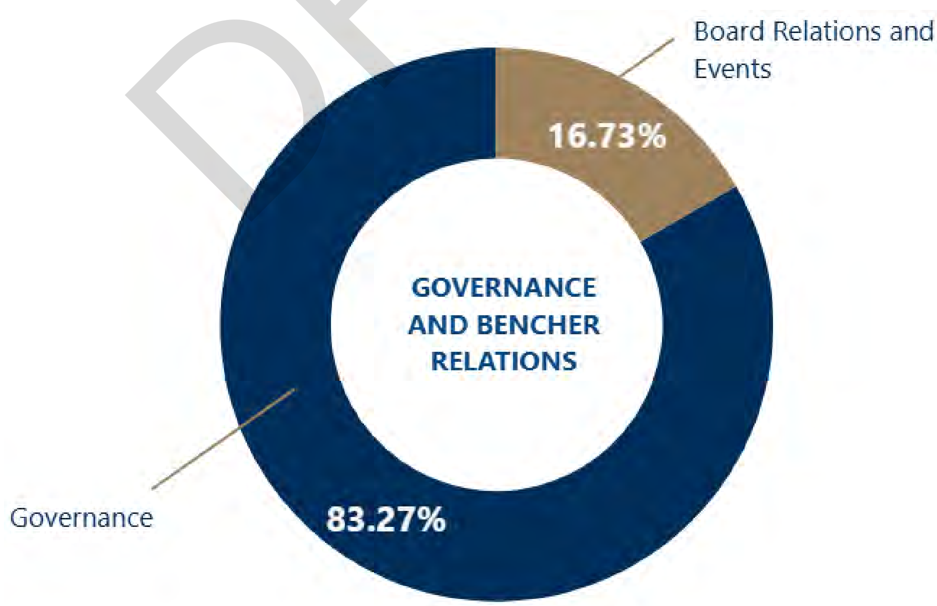
Governance and Bencher Relations

Includes the costs of:
- Bencher and committee meetings
- Travel and meeting costs
- Law Society meetings and events
- New initiatives related to the development of a Strategic Plan
- The Board Relations and Events department
    - Coordinates and organizes the Bencher and Executive meetings
    - Coordinates external appointments
    - Plans and provides administrative and logistical support for Law Society events
- Annual general meeting and Bencher elections.

Office of the COO

- Office of the COO

The 2027 Governance and Board Relations operating expense budget is $1,444,000, an increase of $133,000 (10%) from the 2026 budget. This increase is due to additional costs in governance events and staff resources. Bencher meetings will continue to be held half in-person hybrid and half fully virtual, and Committee meetings will be mainly virtual in 2027.



Governance

Bencher Relations

DEPARTMENTAL COST SUMMARIES

Corporate Services

- Office of the CEO
- Operations
- Finance
- Human Resources
- Records Management

Office of the CEO

- Indigenous Initiatives

Operations

- Operations
    - General administrative services
    - Reception
    - Office services
    - Office renovation services
    - Building management oversight

Finance

- Provides oversight over all the financial affairs of the Law Society:
    - Financial reporting
    - Operating and capital budgeting
    - Audit
    - Payroll and benefits administration
    - Cash and investment management
    - Internal controls

Human Resources

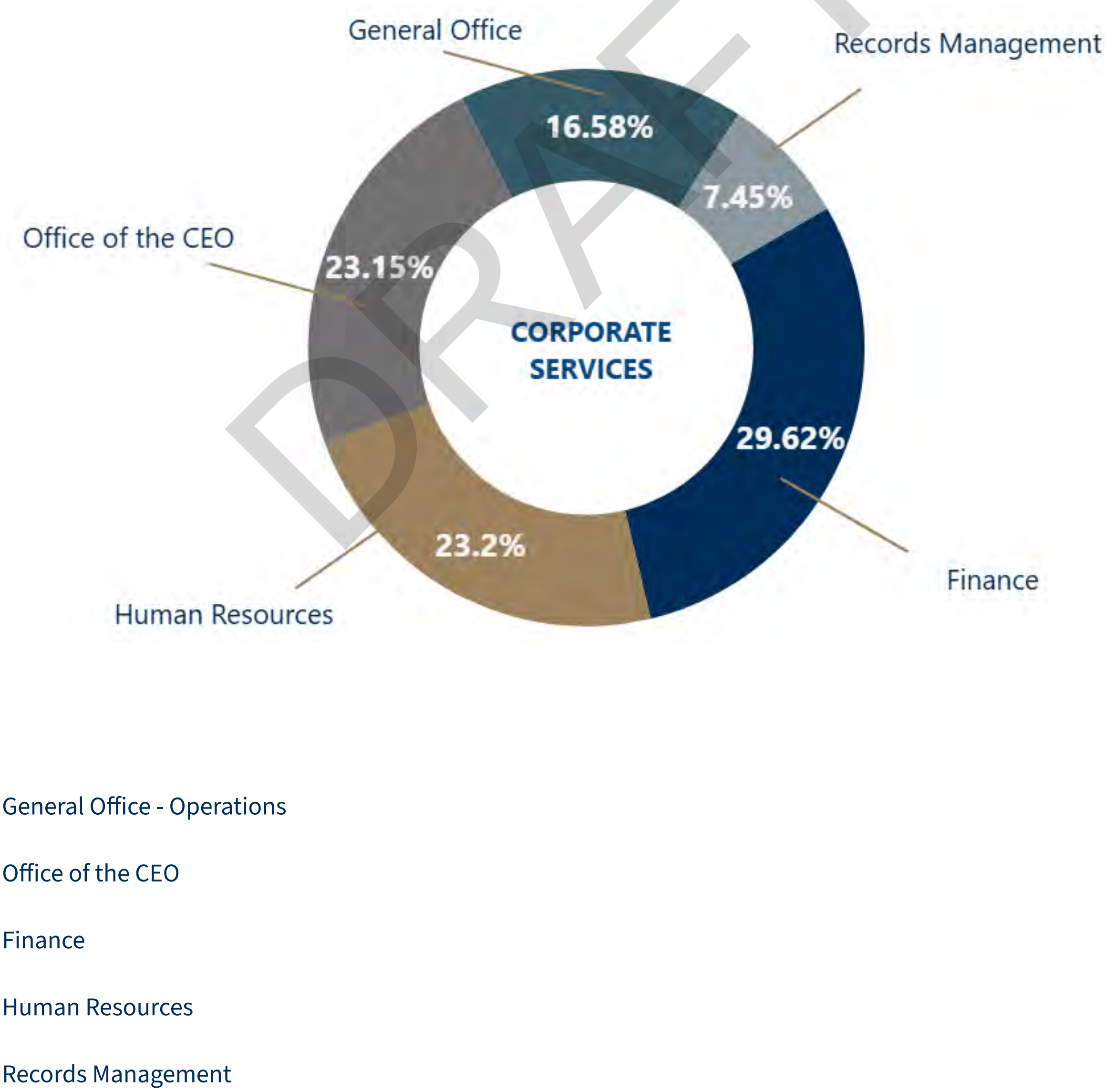
- Develops and maintains the human resource policies & procedures
- Provides services related to:
    - Recruiting
    - Compensation
    - Performance management
    - Employee and labor relations
    - Training

Records Management

- Records management
- Library and archives program
- Oversight of the electronic document management system.

DEPARTMENTAL COST SUMMARIES

The 2027 Corporate Services operating expense budget is $5.8 million, $603,000 (12%) higher than the 2026 budget, with increases primarily related to bargained wage rates and staff salary market adjustments to P50 in order to retain skilled and experienced staff, and additional staff resources and labour relations activities, along with additional resources in Indigenous initiatives.



DEPARTMENTAL COST SUMMARIES

Education & Practice

- Registration and Licensee Services
- Credentials
- Professional Development
- Practice Support
- Practice Standards
- Practice Advice
- Admission program
- Articled students

Registration and Licensee Services

- Provides Registration and licensing services to lawyers:
  - Lawyer Applications
  - Lawyer status changes
  - Fee billings
  - Unclaimed trust funds
  - Juricert registration
- Administers the law student admission program.

Credentials

- Ensure standards are met for applicants for admission and reinstatement:
  - Conduct good character investigation
  - Ensure applicants are properly qualified
  - Provide advice to lawyers and students
  - Call ceremonies
  - Innovation Sandbox
  - Administers the Unclaimed Trust Fund program

Admission program, Professional Development & Practice Support

- LSAP helps articled students make the transition from law school to legal practice.
- Professional Development and Practice Support provides lawyer resources and online courses for the profession.
- Administers the annual continuing professional development program for all lawyers

Practice Standards

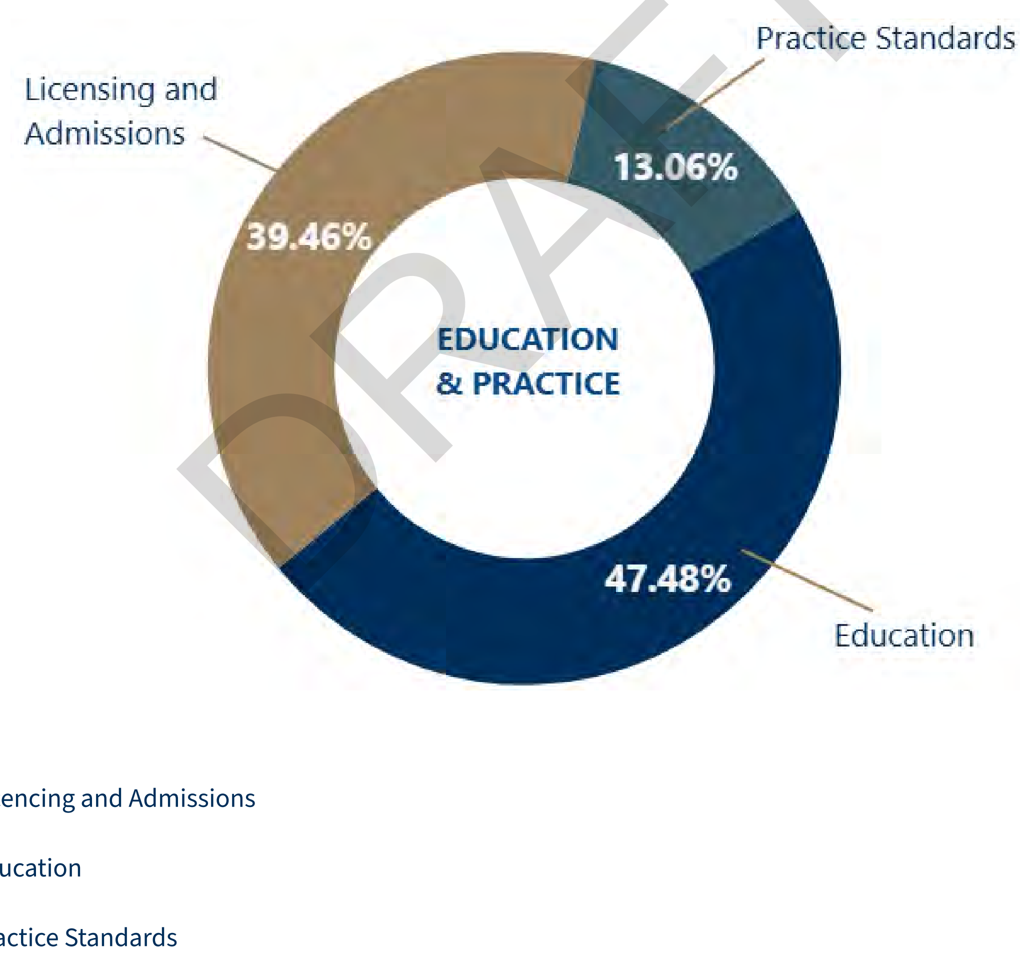
- Assists lawyers who have difficulty in meeting core competencies
- Assists lawyers who exhibit practice concerns, which may include issues of client management, office management, personal matters, and substantive law.
- Conducts practice reviews of lawyers whose competence is in question
- Recommends and monitors remedial programs
- Investigates concerns about lawyers' competence (as opposed to conduct)
- Recommend to those lawyers the steps they should take to improve their knowledge, attitude or skill in practising law

Practice Advice

- Helps lawyers serve the public effectively by providing advice and assistance on ethical, practice and office management issues.
- The costs of this department are allocated to the Lawyers Indemnity Fund.

DEPARTMENTAL COST SUMMARIES

The 2027 Education & Practice operating expense budget is $6.9 million, a decrease of $762,000 (10%) from the 2026 budget. The department costs are lower with the retirement of the PLTC program, offset by the PREP tuition fee subsidy. The student cost for PREP is $5,000 plus GST, less the 2027 LSBC bar admission tuition fee subsidy of $2,000. The expansion of the Professional Development department will allow the development of resources and programs aimed at readiness for practice and in-person events to support articled students.



DEPARTMENTAL COST SUMMARIES

Communications and Information Services

- Communications
- Information Services

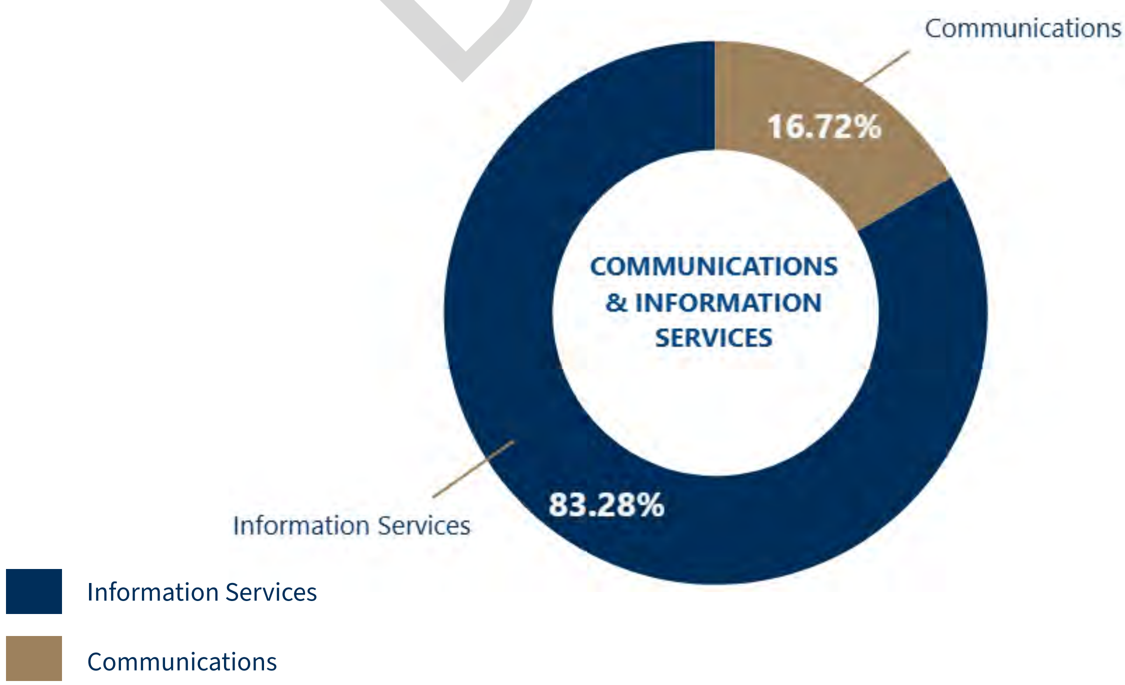
Communications

- Responsible for all communications, public relations, branding and engagement initiatives
- Provides strategic communication advice to all areas of the Law Society
- Manages and maintains the Law Society website, electronic communications and regular publications

Information Services

- Responsible for information technology
- Computer systems and databases
- Networks
- Websites
- Cyber security
- Data storage

The 2027 Communications and Information Services operating expense budget is $4.3 million, an increase of $545,000 (15%). This increase is related to contracted wage rates and staff salary market adjustments to P50 in order to retain skilled and experienced staff, and the addition of staff resources to support information technology initiatives and system development projects. Other cost increases relate to the continued transition to the cloud and increasing costs for Software as a Service commitments and cybersecurity needs.



DEPARTMENTAL COST SUMMARIES

Policy & Legal Services

- Policy, legal services
- External litigation and interventions
- Ethics, tribunal and legislation
- Information and privacy
- Unauthorized practice

Policy and Legal Services

- Develops policy advice, legal research and rules drafting
- Monitors developments involving professional regulation
- Independence of the Bar and Judiciary, access to justice, and equity and diversity in the legal profession
- Supports the Ethics Committee.
- External counsel fees providing services for legal defence cases and interventions on behalf of the Law Society
- Drafts new rules and proposed amendments to the *Legal Profession Act*

Tribunals

Supports the work of Law Society hearing and review tribunals

Information & Privacy

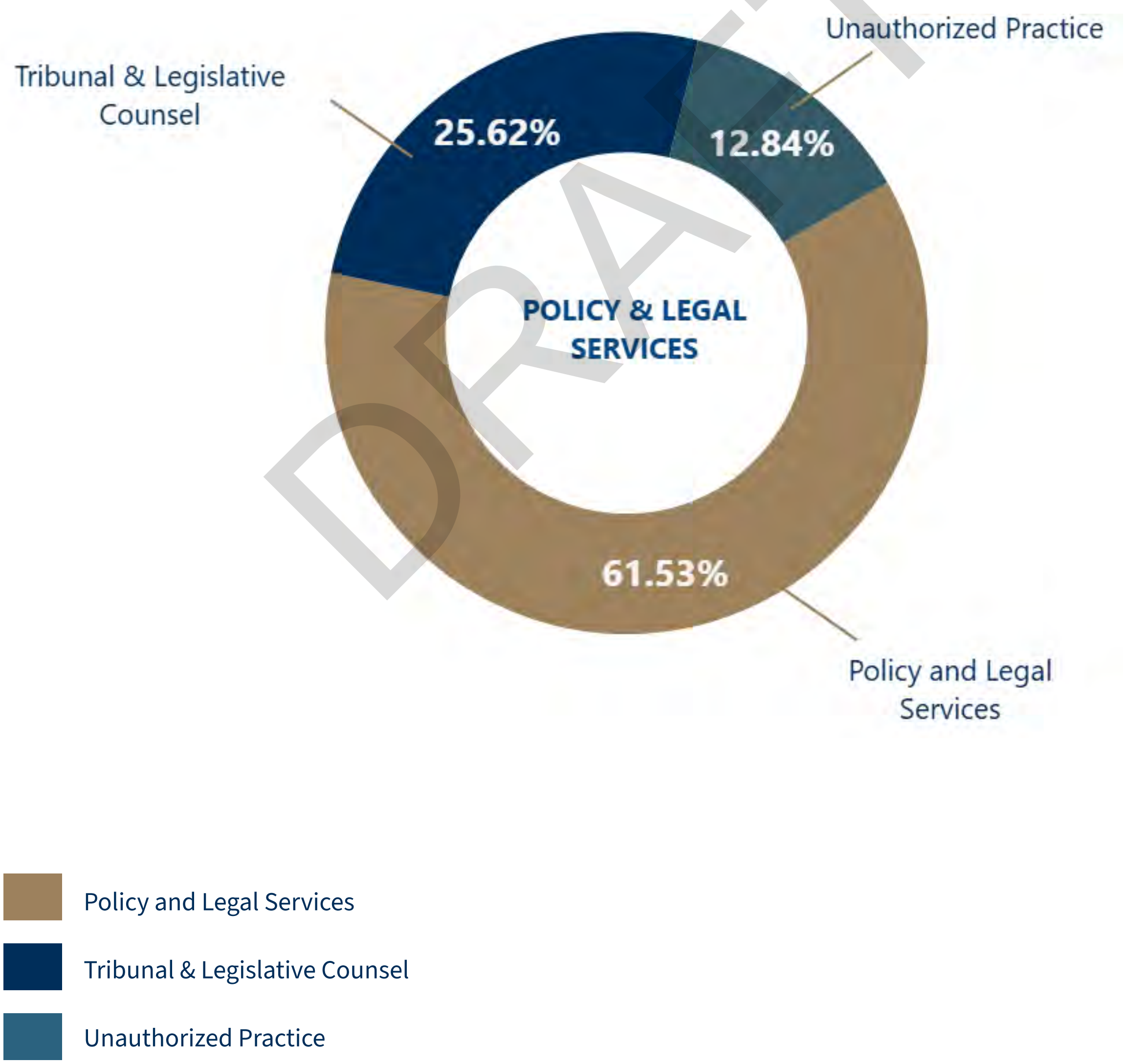
Handles requests made of the Law Society and maintains compliance of the Law Society data and training under the *Freedom of Information and Protection of Privacy Act (FOIPPA)*

Unauthorized Practice (UAP)

Investigates complaints of unauthorized practice of law

DEPARTMENTAL COST SUMMARIES

The 2027 Policy and Legal Services operating expense budget is $2.6 million, a decrease of $172,000 (6%) from the 2026 budget. This change is primarily driven by reduced hearing and staffing costs following the implementation of consent agreements and alternative resolution processes. Additional cost savings are planned expected with the implementation of automated transcription services, further reducing overall departmental expenses.



DEPARTMENTAL COST SUMMARIES

Professional Regulation

- CLO Department
- Professional Conduct
- Discipline
- Administrative Penalties/Alternative Discipline Program
- Forensic Accounting
- Custodianships
- External counsel fees and liigation

CLO department

- Provides oversight of all of the programs in Professional Regulation
- Support to the Discipline Committee
- Internal reviews and appeals to the Court of Appeal of hearing panel decisions
- Conducts reviews of the professional regulation programs in order to ensure the effective utilization of Law Society resources
- Manages external litigation involving the Law Society including Law Society's legal challenge to Bill 21

Professional Conduct

- Intake and Early Resolution and the Investigations, Monitoring and Enforcement groups
- Receive and investigate complaints about lawyers' conduct
- Recommend disciplinary action where appropriate

Discipline

- Manages the conduct meeting and conduct review processes
- Negotiates consent agreements
- Represents the Law Society at discipline hearings
- Provides legal advice on investigations

Forensic Accounting

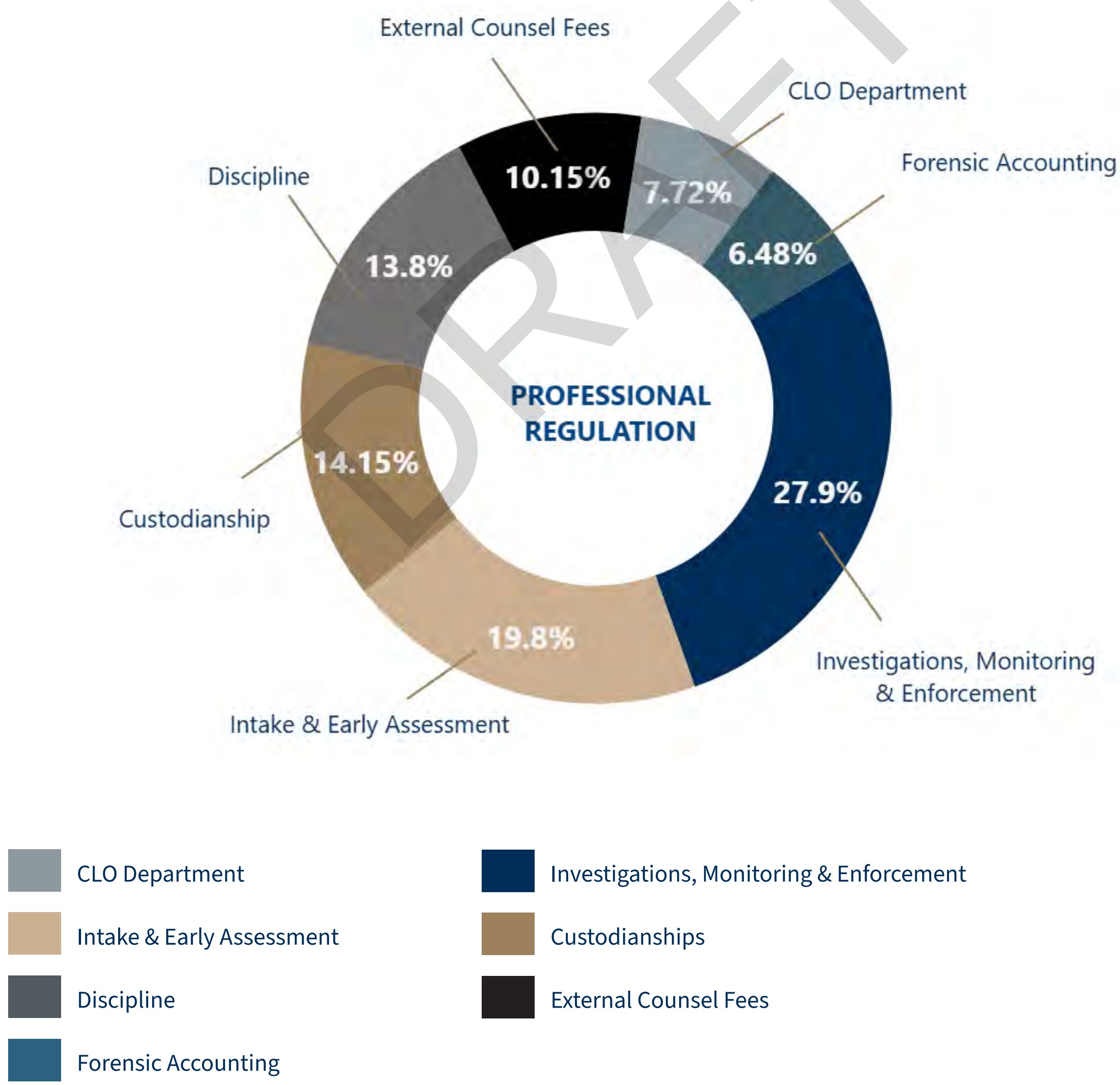
- Forensic investigation services
- Support the regulatory process

Custodianships

- Arrangement of locum agreements or custodians to manage legal practices
- Where appropriate, wind-up legal practices when lawyers cannot continue to practice due to illness, death, or disciplinary actions

DEPARTMENTAL COST SUMMARIES

The 2027 Professional Regulation operating expense budget is $17.0 million, an increase of $1,100,000 (7%) from the 2026 budget. This is primarily related to bargained wage rates and salary market adjustments to P50 in order to retain skilled and experienced staff, and additional temporary staff resources to deal with higher workload levels. Complaints have increased 12% in 2023, 16% in 2024, 25% in 2025 and 2026 projected to continue at a similar level.



DEPARTMENTAL COST SUMMARIES

845/839

Cambie Street

85% Occupied

$2.1 Million

2027 Budget

1% increase over 2026 Budget

The Law Society owns the 845/839 Cambie Street building and occupies 85% of the available space. The cost of occupying and maintaining the building is partially offset by lease revenues from tenants. We will explore opportunities to increase lease revenues.

The property management department provides services in relation to tenant relations, leasing, building maintenance and preservation, fire and safety, energy management, and minor and major capital project management.

The 2027 building operating expense budget is $2.1 million, an increase of $25,000 (1%) from the 2026 budget. Property management fees and building security costs increased as a result of provincial sales tax changes, offset by a decrease in property taxes.

TRUST ASSURANCE

TRUST ASSURANCE PROGRAM AND FEE

The goal of the Trust Assurance program is to ensure that law firms comply with the rules regarding proper handling of clients' trust funds and trust accounting records. This is achieved by conducting trust accounting compliance audits at law firms, reviewing annual trust reports, and providing lawyer advice and resources. The program is funded by the Trust Administration Fee (TAF).

The compliance audit program ensures that all firms are audited at least once within a six-year cycle. In addition, real estate, and wills and estate, firms are audited every four years, along with more frequent audits in higher risk practices. The program also develops and delivers webinars and trust accounting courses, and other resources for the profession.

The TAF is currently set at $20 per transaction. This fee will ensure adequate funding for the Trust Assurance program, and to provide additional funding to the Part B indemnity program to help cover theft claims.

The 2027 TAF revenue is budgeted at $4.7 million, an increase from the 2026 budget. The TAF revenue budget is based on BC Real Estate Association real estate unit sales forecasts, which forecast a 2.1% decrease in unit sales from 2025 to 2026 and an increase of 7.5% increase from 2026 to 2027.

The Trust Assurance operating expense budget is $4.4 million, an increase of $175,000 (4%) from 2026. Increases are primarily related to market-based salary adjustments and staffing resources.

The TAF reserve at December 31, 2025 was $1.9 million. The TAF reserve policy sets the TAF reserve at 6 months of operating expenses, with any excess transferred to Part B indemnity funding.

	TAF		Total	Total	Net	Transfer from(to)*	
	Matters	Rate	Revenue	Expense	Income/ (Deficit)	LIF	Net Asset Balance
2025 Actuals	224,259	$ 20	$ 4,485,188	$ 3,832,091	$ 653,097	$ 550,000	$ 1,895,753
2026 Projections*	219,550	$ 20	$ 4,390,999	$ 4,256,982	$ 134,017	$ -	$ 2,029,770
2027 Budget	**236,150**	**$ 20**	**$ 4,723,000**	**$ 4,440,830**	**$ 282,170**	**$ -**	**$ 2,311,940**

**Actual results will determine the amount of the transfer in 2026.*

EXTERNAL ORGANIZATION FUNDING

EXTERNAL ORGANIZATION FUNDING

The Law Society collects funding for a number of external programs, which are included in the annual practice fee.

Courthouse Libraries BC

With the support from the Law Society of British Columbia, the Law Foundation of British Columbia, and the Ministry of Attorney General, CLBC provides lawyers and the public in BC with access to legal information, as well as training and support in accessing and using legal information. Through its information services, curation of print and digital collections, website content and training, the library provides practice support for lawyers and access to justice support to the public across the province, through its 30 physical locations. CLBC has requested $3,473,050 to support the operating budget. The allocation of the practice fee to CLBC will remain at $222 per lawyer in 2027, in order to fully fund the CLBC operating costs.

Federation of Law Societies of Canada

The Federation of Law Societies of Canada provides a national voice for provincial and territorial law societies on important national and international issues. The funding to the Federation for 2027 will be $484,000 and the 2027 allocation of the practice fee will remain at $31 per lawyer to fund this amount.

LAPBC Lawyers Assistance Program of British Columbia

LAP provides confidential outreach, education, support and referrals to lawyers and other members of British Columbia's legal community. LAP has requested funding of $1,385,000 for 2027, similar to the funding for 2026. As previously reported , LAP can no longer use reserves to fund the operating expenses, so the LAP fee will need to increase by $10 to $88 per lawyer to meet the funding request.

Probono and Access to Justice

With an increase for CPI, the contribution to pro bono and access to legal services funding will be set at $440,000 for 2027, and the per lawyer fee will increase to $28. This funding is sent to the Law Foundation for distribution to pro bono and access to justice organizations.

CanLII

CanLII is developing and will be operating a generative AI search tool "chat canlii", which will provide AI functionality. With this new AI tool, there are additional operating costs which will be incurred, and the allocation of the practice fee for 2027 will increase by $11 to $61 per lawyer with funding set at $962,000. CanLII's goal is to make primary sources of Canadian Law accessible for free on its website at www.canlii.org. All provincial and territorial law societies have committed to provide funding to CanLII.

ADVOCATE

The Advocate publication is distributed bi-monthly to all BC lawyers, including practising, non-practising and retired lawyers. The Advocate funding requested $425,000 for the 2027-2028 operating budget, a similar amount to last year. The allocation of the practice fee will decrease to $23 per lawyer in order to fund the 2027-2028 operating budget.

2027 PRACTICE FEE RECOMMENDATION

Resolutions

Be it resolved that:

Effective January 1, 2027, the practice fee be set at $2,707, pursuant to section 23(1)(a) of the *Legal Profession Act*, which is projected to result in a deficit budget of $42,377.

Be it resolved that:

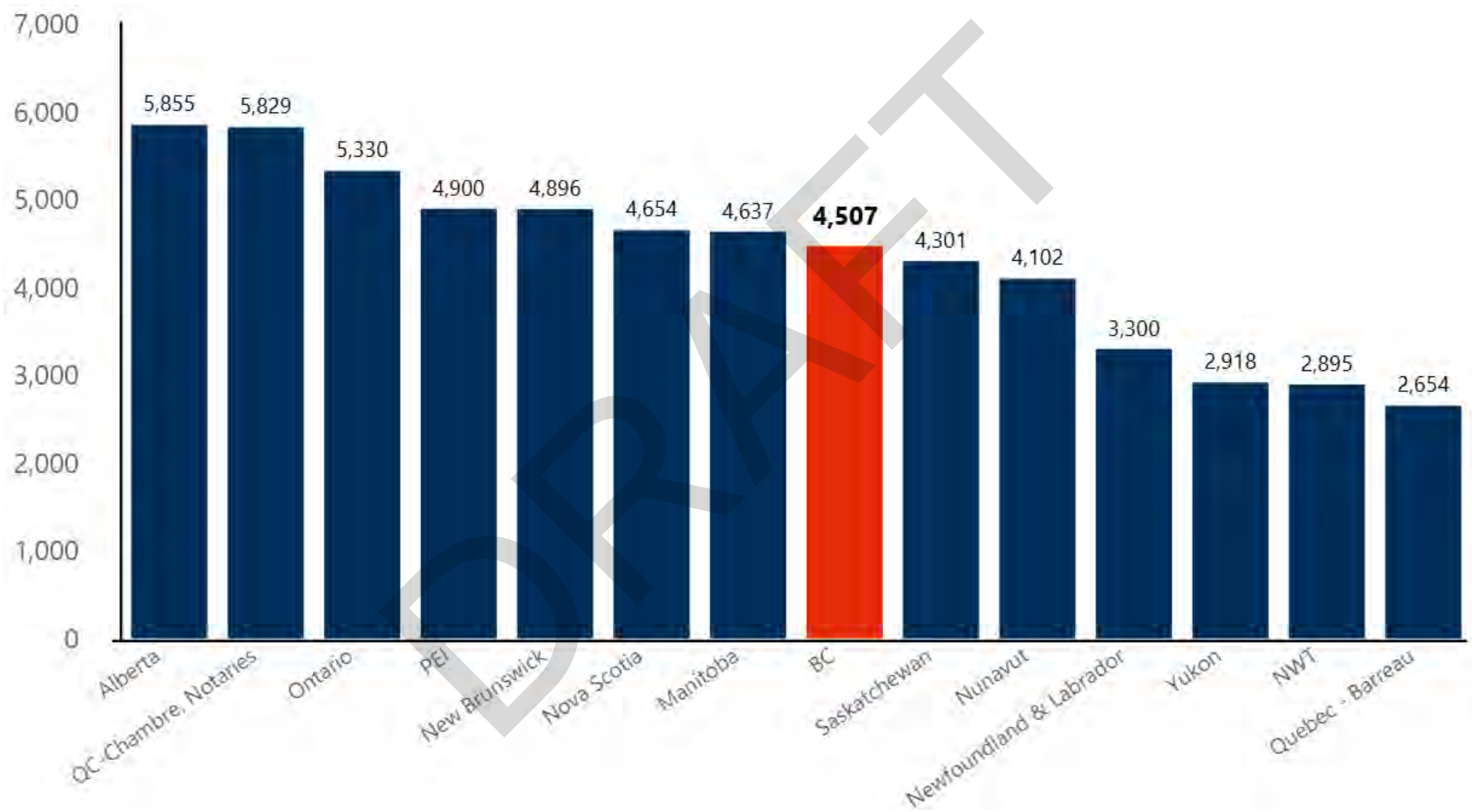
For the purposes of recovering the costs incurred by the Law Society relating to transition matters required under the *Legal Professions Act* SBC 2024 c. 26, the Benchers approve the following Special Assessments pursuant to Rule 2-106, for each lawyer who holds a practising membership during the 2027 or 2028 calendar year.

(a) For the 2027 calendar year, a Special Assessment of $210 payable on or before November 30, 2026.

(b) For the 2028 calendar year, a Special Assessment of $135 payable on or before November 30, 2027.

MANDATORY FEE COMPARISON

MANDATORY FEE COMPARISON - 2027
(Practice and Indemnity Fee)



Comparisons to other law societies fees reflect current practice fee and insurance fee, which have not been adjusted to next year's fees due to the timing of other fee and budgeting processes

LAWYERS INDEMNITY FUND

Expertise • Service • Results

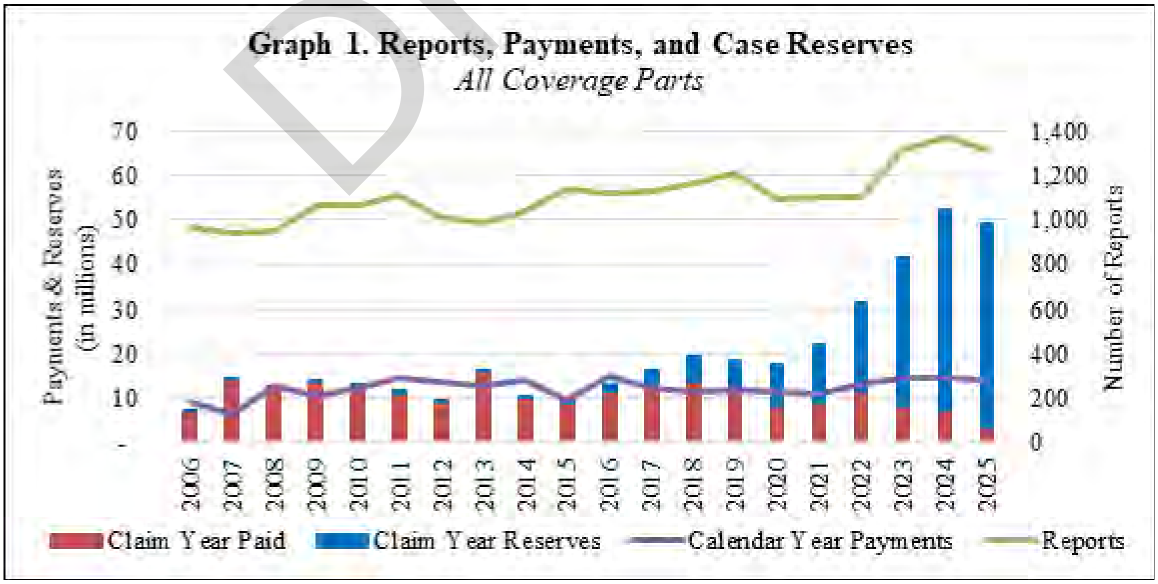
2027 FEES & BUDGET REPORT

OVERVIEW AND RECOMMENDATION

The goal of the Lawyers Indemnity Fund (LIF) is to maintain a professional liability indemnification program for BC lawyers that provides broad coverage and reasonable limits at an affordable cost, and is delivered with exceptional claims, risk management, and underwriting service and advice.

Achieving this objective is made possible by maintaining a financially stable program over the long term, which is firmly grounded in the interests of both the public and the profession. Several factors influence the performance and cost of our program, and our fee recommendation derives from a thorough analysis of all relevant factors, particularly the claims activity and development trends that comprise the bulk of operational risk.

The number of claims reported in 2025 was slightly lower than in 2024, which had been a record year. Over the long-term, claim reports will continue to increase as more lawyers are added and the practice of law becomes more complex. Claims severity was also more favourable in 2025 than in 2024 with a lower aggregate amount incurred on reported claims. As with frequency, 2024 had been a record year for severity.



Calendar-year payments, which categorize payments according to when they were made regardless of when the claim was reported, have been at the high end of the historical range, and this is also reflective of increasing claims costs.

We were pleased to again achieve a high proportion of claims – 23% – resolved by repair in 2025. Successful repairs mitigate potential liabilities and reduce reputational damage after an error. LIF's claims counsel also have an exceptional record of success in court actions; substantial and long-term value accrues to LIF and to the profession when we can create and promote positive precedents and avoid negative ones.

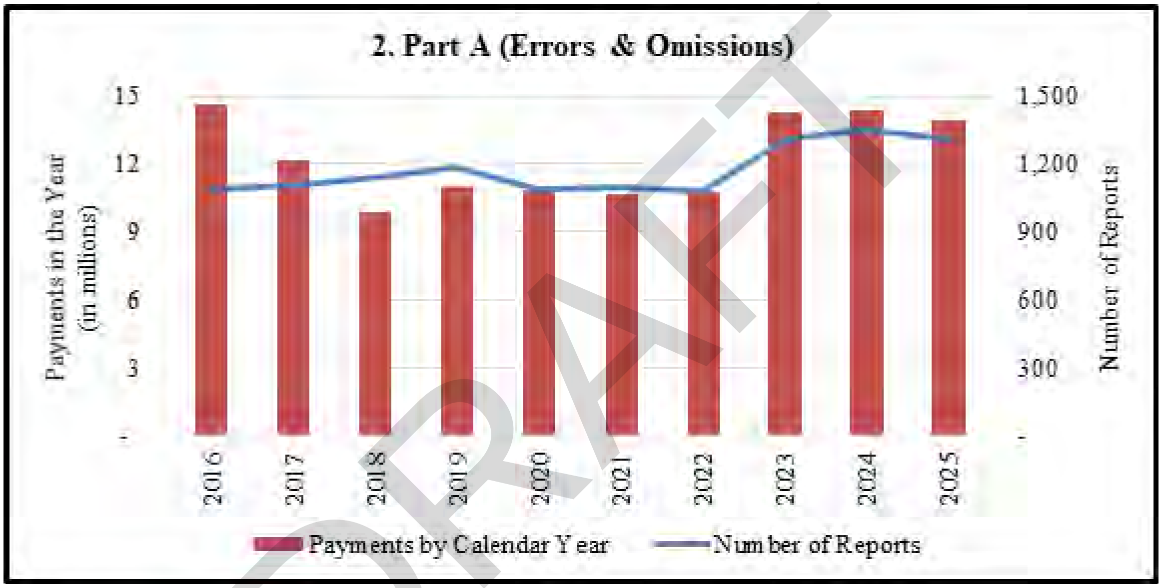
Despite high volumes and volatility, LIF is financially strong and we recommend no change to the indemnity fee for 2027.

Frequency and Severity of Claims

PART A	PART B	PART C
Errors & Ommissions	Trust protection for lawyer theft	Trust shortages for social engineering frauds

PART A
Errors & Omissions

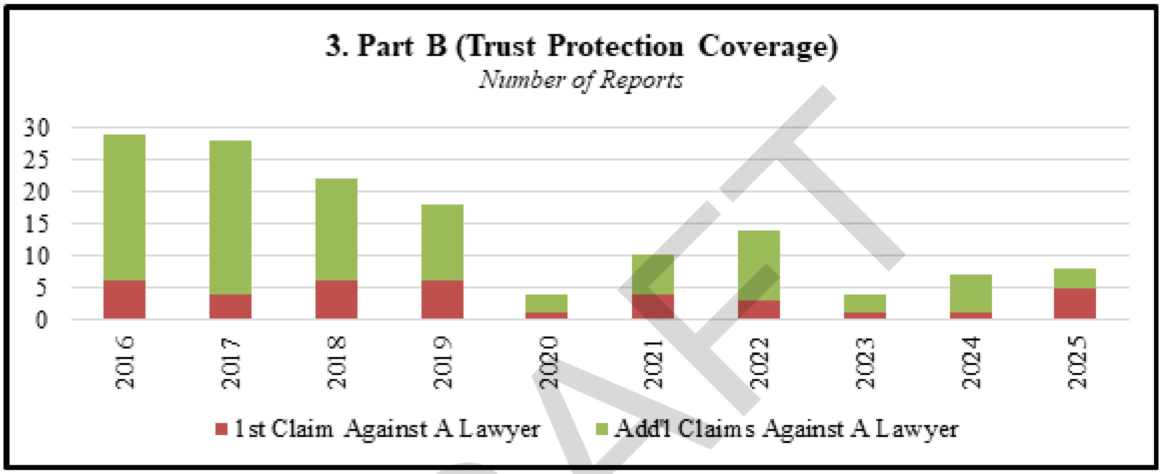
As can be seen on Graph 2 (blue line), the long-term frequency trend has not materially shifted; however, 2026 is projected to produce around 1,500 reports, higher than any previous year. Claims from certain practice areas remain at elevated levels while others show the opposite. We will discuss trends in some of the specific practice areas later in this report.



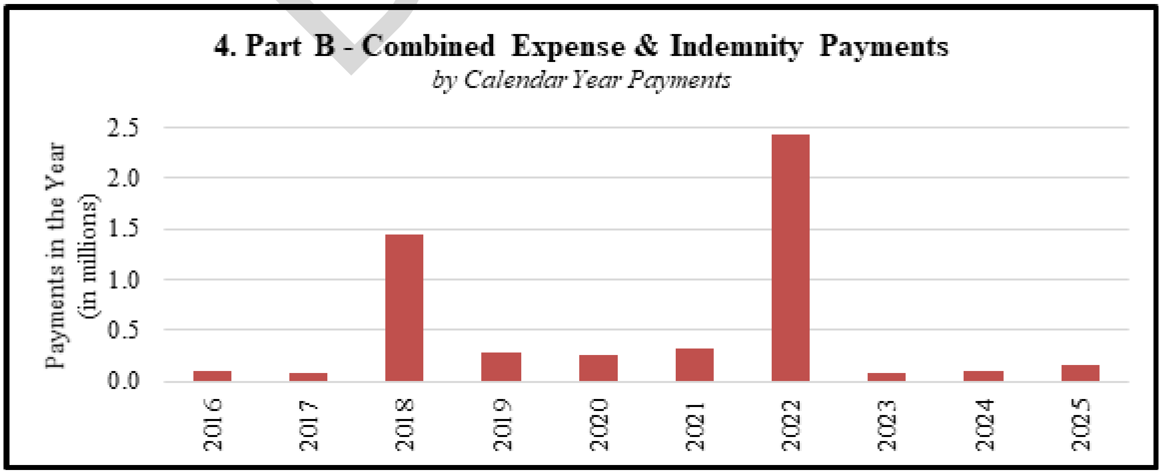
Claims inflation, whether from general economic factors, social inflation, migration toward higher-value errors, or increases in the hourly rates of outside counsel, may show first in the claim year case reserves (the blue columns on Graph 1) and manifest later in calendar year payments (the red columns on Graph 2).

PART B
Trust protection for theft by a lawyer

2025 was another quiet year for Part B. As shown in Graph 3, there are often multiple claimants associated with Part B reports, with each claimant having a separate claim and limit. While we do not expect to identify frequency and severity trends in the sparse Part B statistics, we are alert to the potential for substantially more Part B claims and very large severities.



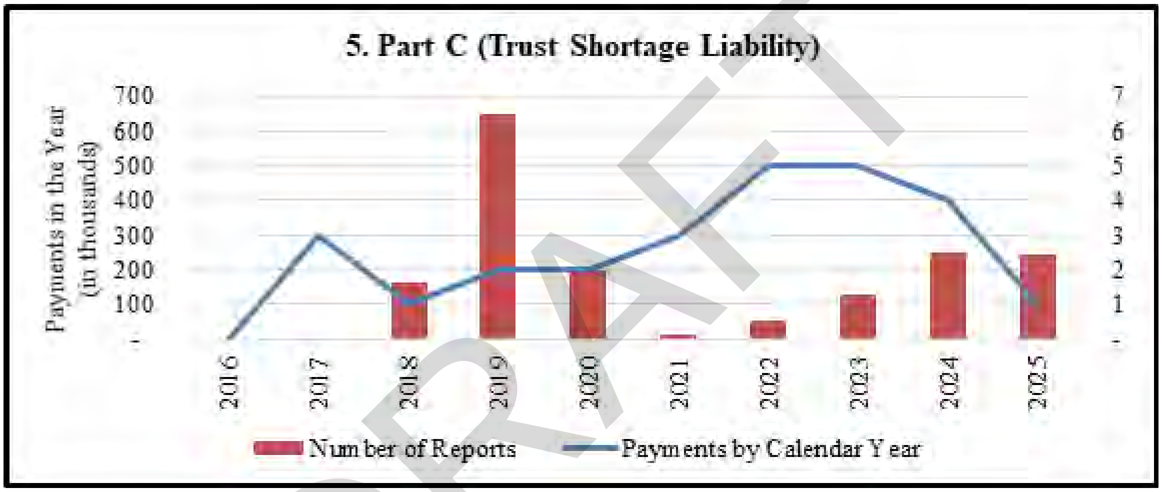
Part B frequency bears little relation to the amount ultimately paid. Graph 4 illustrates the variability of Part B severity. In the past 10 years, two lawyers were each responsible for over $2 million of claims (paid over multiple years). Combined, these two made up over three-quarters of all Part B indemnity payments over the period. While the conspicuous variability in Part B claims makes it unsuitable for predicting losses, it is also a convincing argument against complacency.



LIF pursues reimbursement from the lawyers at fault and some recoveries have been wholly or substantially successful. The overall recovery rate is around 5% of amounts paid.

PART C
Trust shortages from bad cheques and social engineering fraud

Part C provides coverage for trust shortages caused by paying out on bad cheques or as a result of social engineering scams in the form of funds transfer frauds (FTF). FTF claims are usually discovered and reported immediately and although we have been successful in getting banks to claw back most of the funds, we do sometimes make indemnity payments or incur repair costs for necessary court orders.

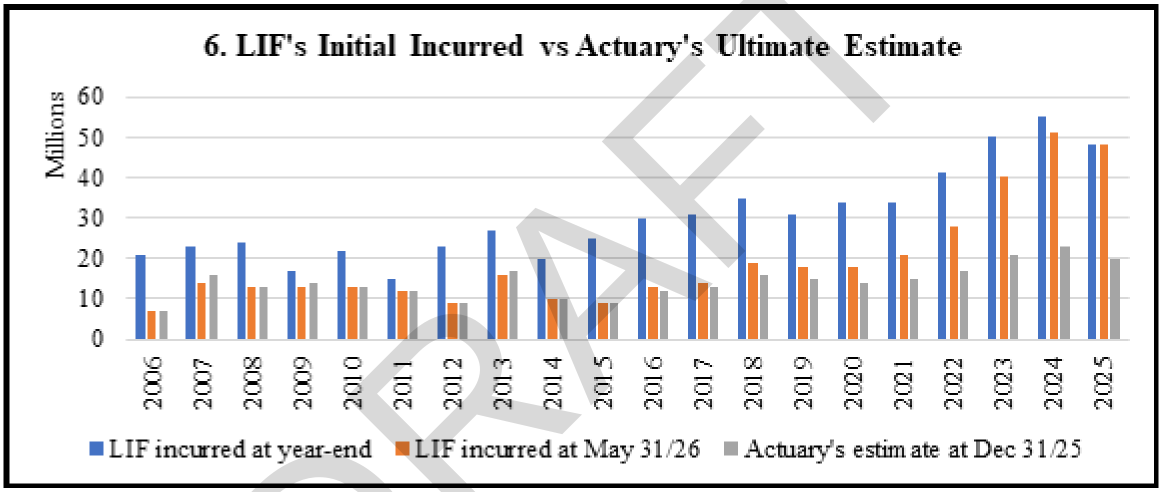


Like Part B and as Graph 5 illustrates, the volume of Part C claims is too small for predictive analysis. However, we expect FTF attempts to become more complex because they are directly linked to the ever-growing scourge of cybercrime.

LIF also faces greater exposure to higher payouts following the elimination of the $2 million profession-wide annual aggregate limit this year. Insurance is only part of the response to this type of crime. Loss prevention is therefore critical to protecting the fund. We support lawyers in remaining vigilant to these risks through regular presentations at conferences and the development of targeted risk management resources, and we will continue to prioritize these efforts.

LIF'S CONSERVATIVE RESERVING PRACTICE

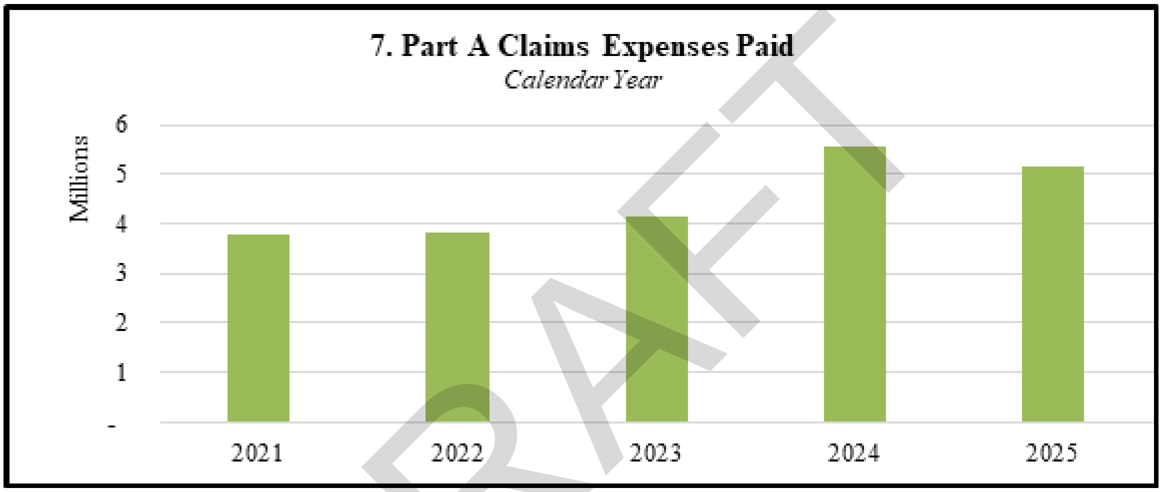
Graph 6 shows, on a claim year basis, a 20-year record of favourable development of aggregate claims. LIF's conservative reserving convention always overestimates future claim liabilities. LIF's incurred values (combined reserves and payments) at each year-end are shown in blue, and the orange columns are the present incurred values. The grey represents the Actuary's current estimates of where each year's total claims will ultimately finish – in other words, where the orange columns are likely to end up.



It typically takes 4 or 5 years to see 85-90% of claims closed for a given year, which explains the difference between the orange and grey columns. The most recent years still have many open claims with uncertain outcomes. Several years from now when only a few files remain open, we expect the gap will have substantially narrowed or disappeared as proven losses filter from the precautionary estimates. While claims severity is undoubtedly increasing because claims are both more complex and more costly, severity is unlikely to rise as dramatically as suggested by the blue and orange columns corresponding to the most recent years.

EXTERNAL COUNSEL FEES

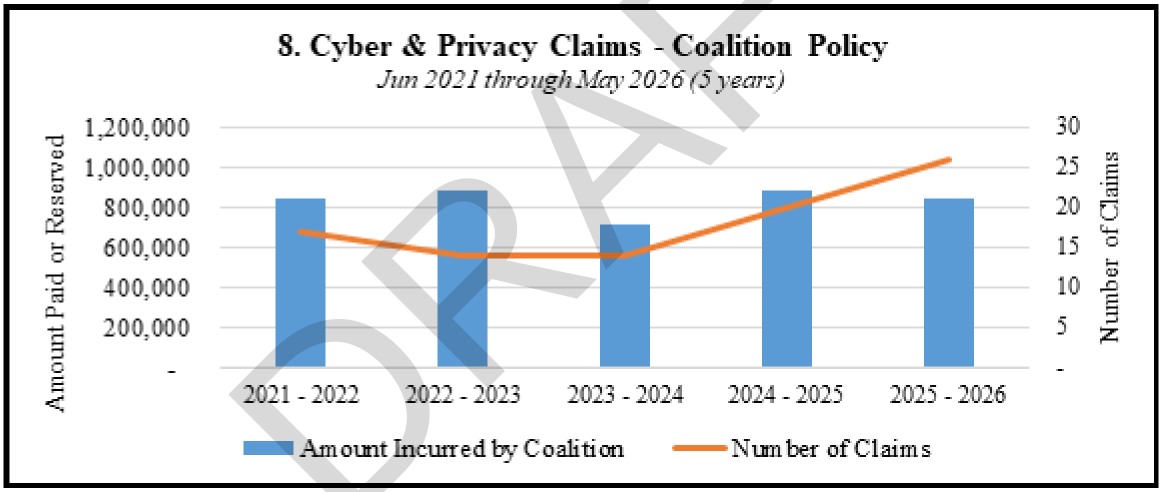
Graph 7 shows that claims expenses have certainly increased. Higher rates for external counsel are the dominant contributor to this trend because external counsel expenses are the largest component of allocated claims expenses.



CYBER AND PRIVACY BREACH CLAIMS

Since June 1, 2021, insurance that provides BC lawyers with protection against a broad range of cyber and privacy risks has been arranged with Coalition, Inc. With the exception of a few firms, all BC firms are covered by the policy. The premium for the insurance is fully funded by the annual indemnity fee. LIF acts as an intermediary only and bears no responsibility for claims handling or payments.

The cyber risk facing lawyers is not insignificant and the threats are expanding in number and complexity. The cost of cyber insurance continues to rise as computer security vulnerabilities are constantly discovered and exploited. The per-lawyer cost of this policy has risen 65% from $112 in 2021 to $185 for the 2026 renewal.



We believe the Coalition policy remains a prudent base coverage for BC law firms, and the group plan with minimal underwriting and administration is the most cost-effective delivery method. Coalition also provides excellent risk management tools such as 24/7 Risk Monitoring (free) and Security Awareness Training (for a fee). Firms are encouraged to use these tools and to also arrange excess cyber coverage on their own.

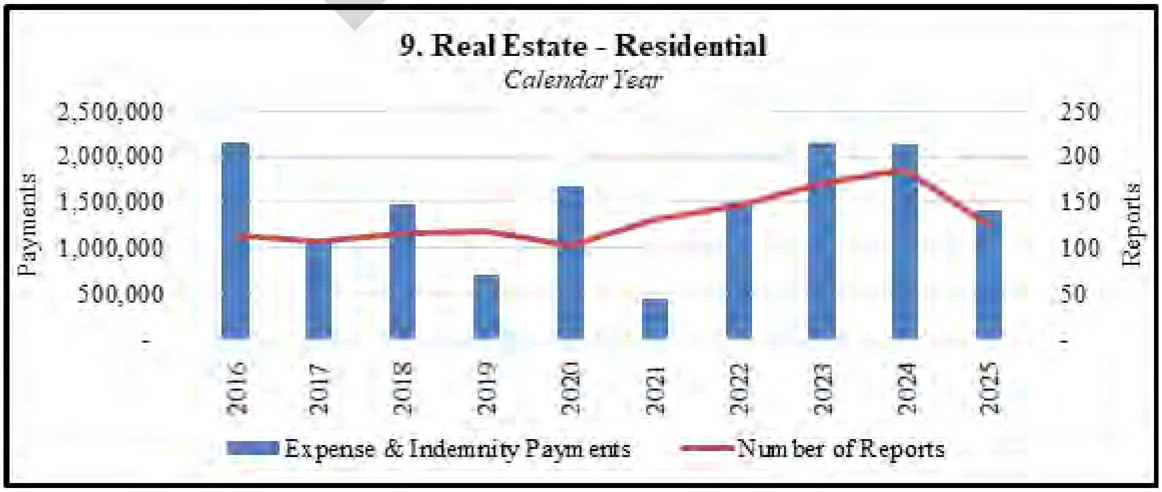
PRACTICE RISKS

Real estate

After holding the second position for the past three years, the number of residential real estate claims dropped to third place, reflecting reduced market activity. Despite the decline, this practice area continues to generate a significant number of claims, and we expect it will continue to rank in the top three for both frequency and severity of reports.

Following an overheated period, the BC real estate market, particularly in Vancouver, shifted to a buyer's market with high inventory, weak sales, and resultant declining prices. As a result, some purchases and developments that previously appeared financially sound are now in difficulty. This leads to claims as purchasers revisit their decisions, try to back out of deals, and examine what their lawyer did or did not do. Other catalysts for residential real estate claims include:

- the foreign buyer's tax, which has given rise to 75 claims (including 4 in 2025) with a total incurred of $12.9 million;
- failed compliance with the land owner transparency registry filing requirements, which has given rise to 28 claims (including 1 in 2025); and
- continuing identity and value frauds.

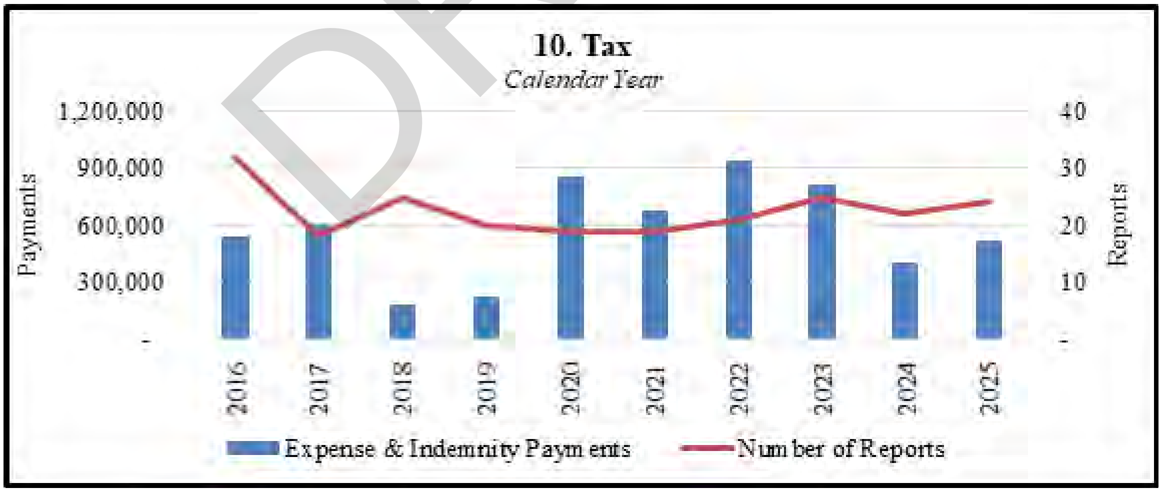


PRACTICE RISKS

Tax

We expect the frequency and severity of claims arising from tax advice and the implementation of tax plans and their related transactions to continue to increase. We expect significant losses in this practice area in the future for two main reasons:

- the repair avenues that allowed us to successfully use rescission and rectification to return clients to their pre-error position, saving us millions of dollars in the past, were shut down by three Supreme Court of Canada decisions in 2016 and 2022; and
- the general anti-avoidance rule (GAAR) in the Income Tax Act was amended in 2024 to have broader application and now imposes a penalty on the taxpayer of 25% of the intended tax benefit if GAAR is found to apply. The amendments alter GAAR in fundamental ways, and it is now much more difficult to plan a transaction or give an opinion. The penalty requires lawyers and their clients to reflect carefully on whether obtaining the tax benefit is worth the risk. We expect that not all lawyers will engage in that reflection, which will lead to taxpayers facing penalties and, in turn, to claims against their lawyers. Although we have not received any GAAR claims yet, we expect them in the future as it takes time for transactional errors to materialize.

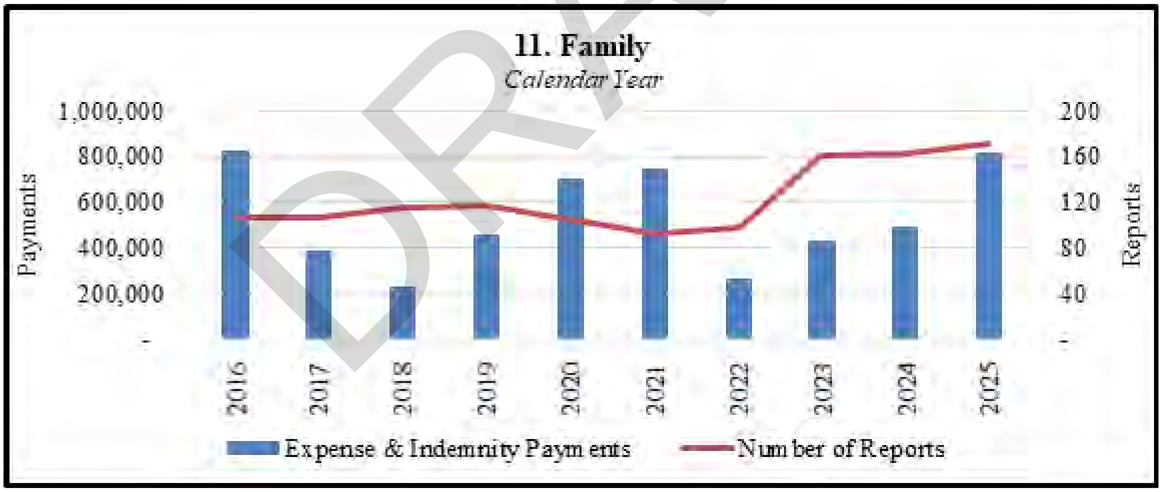


PRACTICE RISKS

Family Law

Beginning in 2023, the number of family law claims reported has greatly exceeded prior periods. Initially, this substantial increase was largely from the greater volume of work during and after the pandemic, as lockdowns placed strains on marital relationships. For example, since 2022, the number of divorces in BC has exceeded the national average. Financial pressures, including the high cost of living in BC and ongoing economic uncertainty, have likely contributed to increased conflict between spouses.

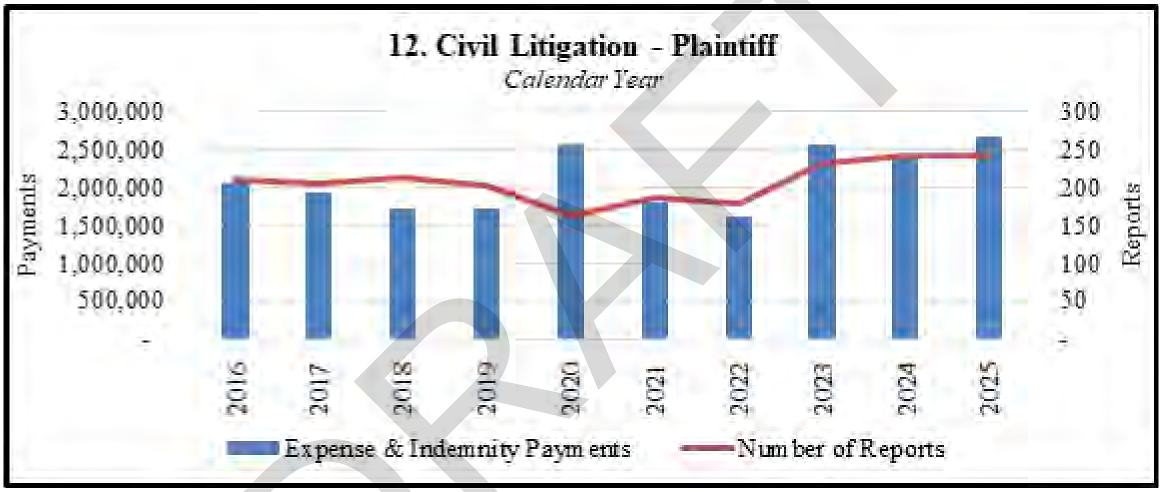
We expect family law claims to remain high in 2026 due to the heavy workload facing family lawyers. There has also been an increase in claims by self-represented litigants, possibly fortified by the use of AI tools. Additionally, we expect claims from MVA lawyers who have expanded into family law despite having limited experience in the area. We have provided a number of risk awareness presentations to the family bar and plan to continue these efforts.



PRACTICE RISKS

Civil Litigation - Plaintiff

Plaintiff-side civil litigation consistently generates the largest number of reports to LIF. 18% of all claims reported in 2024 and 2025, and increasing payment amounts, arise from this practice area. The underlying cause for the majority of reports for this practice area is simple oversights, with 24% of reports resulting from missed deadlines. These include incorrect entry of limitation dates, procrastination, relying on discoverability of the elements of a cause of action, ineffective diary systems, and failure to manage periods of office vulnerability (staff vacation, sickness, and training).



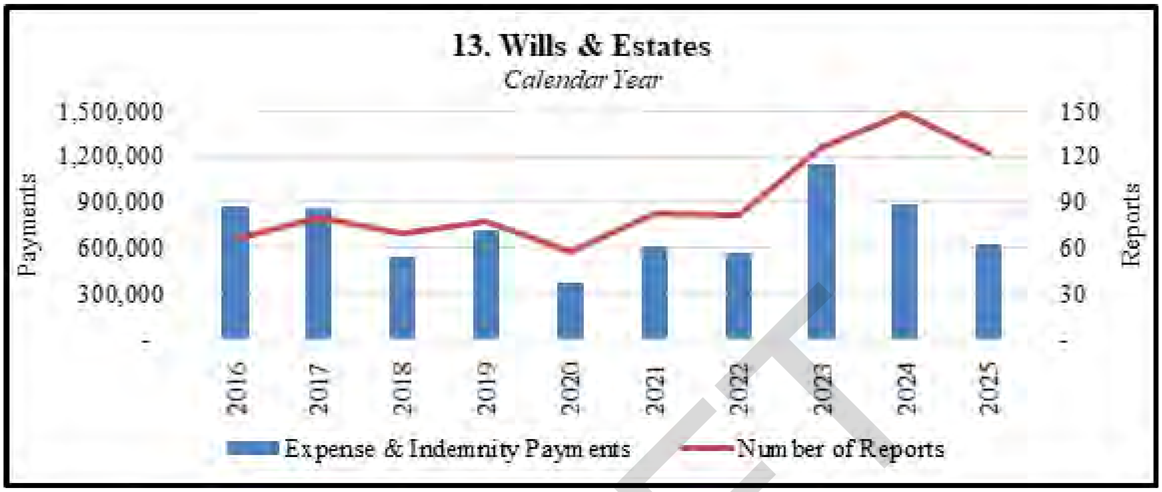
Wills and Estates

Although the frequency of wills and estates claims dropped slightly in 2025, we expect the rising trend since 2020 is still the reality. Wills and estates claims are an area of concern due to several factors, including:

- BC's aging population. As substantial wealth is being transferred to descendent generations, and the increasing estate values fuel disputes between named, statutory, and hopeful beneficiaries;
- a 2023 decision of the BC Property Taxation Branch to apply the anti-avoidance rule under the Property Transfer Tax Act to certain estate planning transactions has given rise to 40 claims (including 6 in 2025), with total incurred claims of $2.1 million; and
- the entry into this practice area of MVA lawyers who lack the necessary experience.

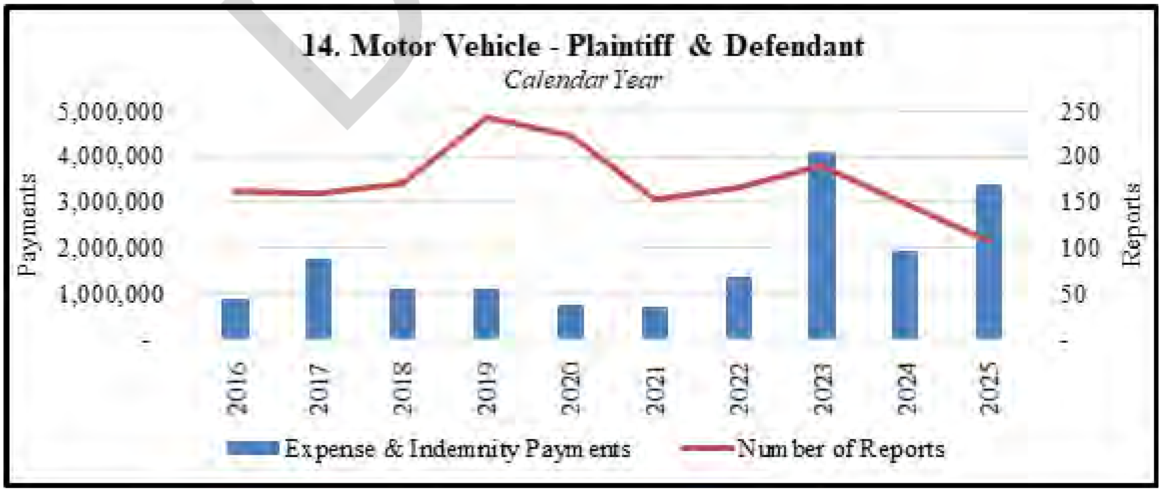
We have provided a wealth of loss prevention advice through videos and presentations to the wills and estates bar, and we plan to continue these efforts.

PRACTICE RISKS



Motor Vehicle - Plaintiff & Defendant

The volume of claims from MVA practice continues to decline following the introduction of no-fault insurance in BC in 2021. We are seeing new claims associated with lawyers moving from MVA practices to civil litigation, family, and wills and estates.



FINANCIAL STRENGTH

Net Assets

LIF's net asset balance as at December 31, 2025 was $170 million, up from $153 million at the previous year-end. $17.5 million of this is specifically set aside for Part B trust protection claims. Therefore, the unrestricted net asset position of the fund was $152 million.

Minimum Capital Requirements

LIF must maintain sufficient assets for anticipated liabilities and also keep a margin for the potential adverse development within various assets and liabilities. The Minimum Capital Test (MCT) ratio is a solvency standard set by OSFI, the federal regulator for nationally-licensed insurers, which measures an insurer's ability to stay solvent through unexpectedly adverse periods. OSFI requires a minimum ratio of 150%, and major Canadian P & C insurers generally manage actual MCT ratios ranging between 200% and 300%. Comparable mandatory lawyers' programs across Canada – Ontario, Quebec, and CLIA (a reciprocal of the 9 smaller jurisdictions) – together have an average MCT of 343%.

While LIF is not regulated by OSFI, it uses the MCT as a benchmark, LIF's MCT, calculated by the Fund's actuary as at December 31, 2025, was 278%. LIF's recent history of MCT ratios is as follows:

2017	2018	2019	2020	2021	2022	2023	2024	2025
244%	222%	252%	274%	307%	260%	289%	265%	278%

The actuary reports the current MCT ratio as "adequate and sufficient". We view LIF's financial position and MCT ratio as suitable for its operations and the risks and opportunities that may emerge. In addition to meeting its policy liabilities, LIF's capital position enables it to: ride out the peaks and valleys of annual claims variations while maintaining stability in the annual fee; provide new coverages and initiatives in the interests of lawyers and their clients; and advance toward reducing the fee in future years, because higher-value net assets generate greater overall returns that subsidize program costs

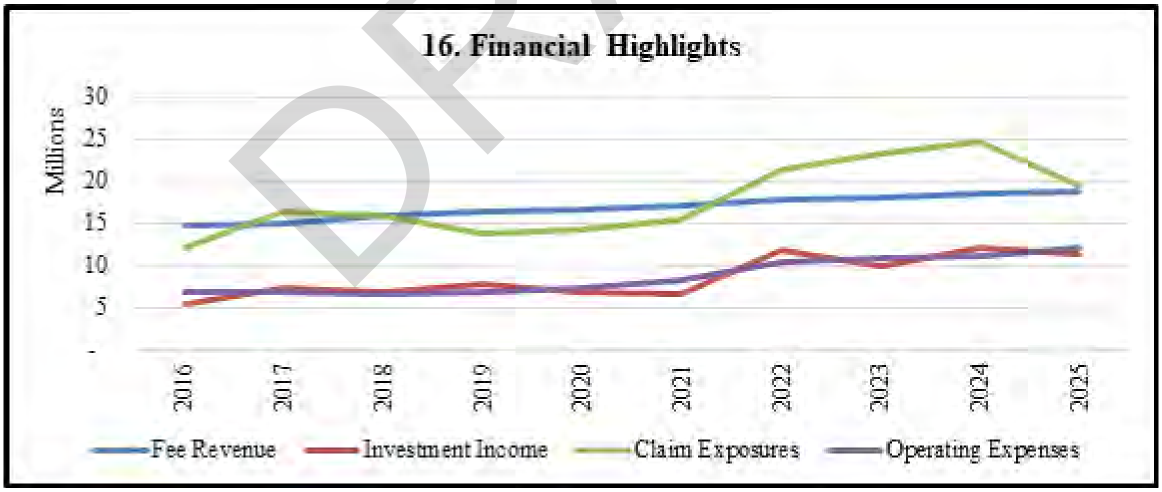
FINANCIAL STRENGTH

Subsidy from Investments

LIF invariably realizes an annual loss from its core operations – fee revenues minus program expenses – but the contribution of investment income and unrealized investment gains keeps the program financially sound. Because of the variability in claims, attempting to break even each year on fee revenue alone would result in assessments that are regularly excess to needs. The Law Society has the luxury of using LIF's investment returns to subsidize the annual indemnity fee and keep it consistent year over year. The nature of LIF's business requires a substantial capital base and that capital, properly managed, will continue to produce these valued investment gains and income streams.

Income and Expenses from All Sources Annually

Over the short term and particularly over the long term, the total program income from assessments and investments mirrors the total program expenses for operations and claims.



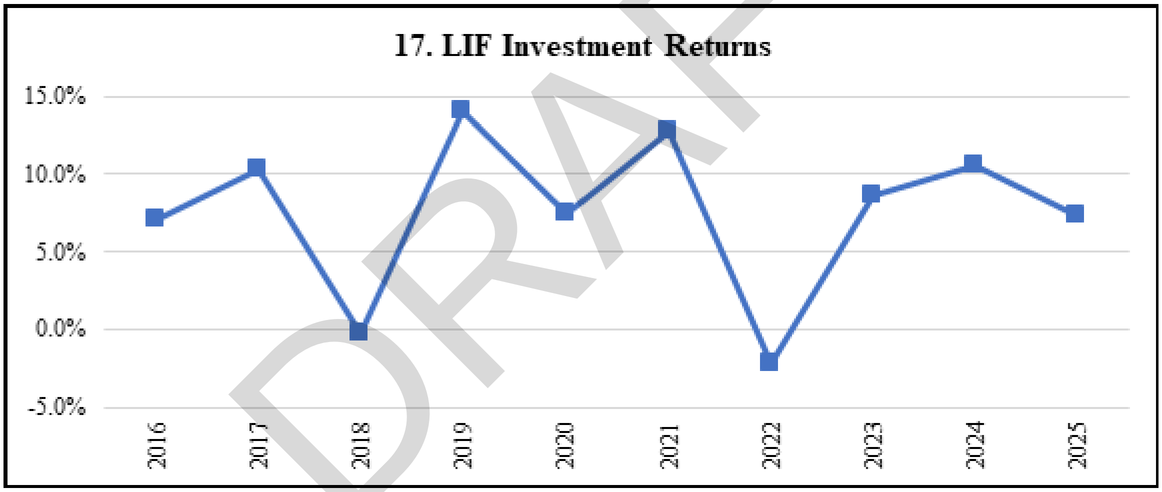
The revenue and cost structures are aligned, and any reduction in the fee has the potential for upsetting that balance requiring future increases.

2027 BUDGET

Revenue

To the end of April 2026, the portfolio had returns of 2.67% compared to the benchmark of 2.83% and less than the 5.5% budgeted for 2026. As noted from these results and Graph 17, investment income cannot be predicted with any certainty; however, risk is moderated by our diverse portfolio. For 2027, we project investment returns of $16.2 million (5.5% anticipated return) based on the recommendation of our investment advisors at Convyta.

Revenue from assessments is more predictable. For 2027, total LIF assessment revenues are budgeted at $19.5 million. This is 4.7% above the 2026 budgeted fee revenue and is primarily derived from the projected number of indemnified FTE lawyers.



17. LIF Investment Returns

Expenses

The estimated claims cost for 2027 claims is $26.2 million, slightly less than the $27.0 million budgeted last year. This encompasses all three Parts and represents the present-day value of all future liabilities for 2027 claims, as estimated by the actuary.

Operating expenses for 2027, excluding claim costs, are budgeted at $13.8 million, an increase of $0.7 million, and 5.1% more than the 2026 budget (see Appendix A). The increase is largely attributed to higher investment management fees and increases to staff salaries, including the Practice Advice department.

2027 INDEMNITY FEE RECOMMENDATION

The annual indemnity fee has been $1,800 since 2018 and was $1,750 for seven years prior to that. Taking all factors into account, we recommend maintaining the indemnity fee at $1,800 for 2027, marking the 10th consecutive year at this value.

RESOLUTION

Be it resolved that:

- the indemnity fee for 2027 pursuant to section 30(3) of the *Legal Profession Act* be set at $1,800;
- the part-time indemnity fee for 2027 pursuant to Rule 3-40(2) be set at $900; and
- the indemnity surcharge for 2027 pursuant to Rule 3-44(2) be set at $2,000.

APPENDIX A

LAW SOCIETY OF BRITISH COLUMBIA
Lawyers Indemnity Fund
For the year ended December 31, 2027
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE

	2027 Budget	2026 Budget	Variance	%
REVENUE				
Annual Assessment	19,495,910	18,618,900	877,010	
Investment Income	16,269,438	15,553,000	716,438	
Other Income	70,000	70,000	-	
TOTAL REVENUE	**35,835,348**	**34,241,900**	**1,593,448**	**4.7%**
INDEMNITY EXPENSE				
Actuaries, consultants and investment management fees	2,435,000	2,347,500	(87,500)	
Allocated office rent	361,450	361,450	-	
Contribution to program and administrative costs of General Fund	2,045,298	1,725,342	(319,956)	
Insurance	2,044,000	2,194,000	150,000	
Office and Legal	698,800	630,690	(68,110)	
Provision for settlement of claims	26,230,000	27,081,000	851,000	
Provision for ULAE	-	-	-	
Salaries, wages and benefits	4,560,949	4,313,106	(247,843)	
	38,375,497	**38,653,088**	**(277,591)**	**-0.72%**
SPECIAL FUND WIND UP EXPENSES				
External Counsel Fee expenses	50,000	50,000		
LOSS PREVENTION EXPENSE				
Contribution to co-sponsored program costs of General Fund	1,586,342	1,506,933	(79,409)	
TOTAL EXPENSE	**40,011,839**	**40,210,021**	**(198,182)**	**(0.0)**
Net Contribution	**(4,176,491)**	**(5,968,121)**	**1,791,629**	

Law Society
of British Columbia

Rule Amendments: Accounting, Client Verification and Related Rules
Follow-up to July 3, 2026 Bencher Meeting

To:	Benchers
Purpose:	Discussion & Decision
From:	Staff
Date:	September 25, 2026

Background

1. Amendments to the accounting (and related) Rules, arising from recommendations made by the Trust Review Task Force, were presented to and considered by the Benchers at their July 3, 2026 meeting. A copy of the Drafting Notes to the Benchers explaining the amendments follows this report as Appendix A.

2. Several comments were raised by some of the Benchers regarding the proposed Rules and were discussed at the meeting. It was agreed to review those comments and revise the draft rules to address them, and to return the draft rules first to the Executive Committee for consideration and then to the Benchers for consideration and approval at their September 25, 2026 meeting.

3. In the meantime, the Benchers were asked to identify any other concerns or questions that they had to staff in order that they could be addressed in the revised draft to be considered in September.

4. Staff has considered the comments made at the meeting in July and comments subsequently raised with staff by several Benchers.

5. Staff also reviewed the draft rules in light of the further comments and made some slight amendments to the Rules applied only where necessary accordingly. Explanations regarding the further amendments are set out in this memorandum.

6. A revised draft of the Rules is attached as Appendix B (redlined) and Appendix C (clean) for the Benchers' review, and a resolution is proposed below in Appendix D.

Discussion

Education requirements required as a condition for being a signatory to a trust account

7. The first issue discussed at the July 3 meeting related to Rule 3-67 and the requirement that, prior to being a signatory to a trust account, a lawyer would be required to complete courses prescribed by the Executive Director for that purpose.

8. There was a consensus around the advisability of such a Rule (which in fact implements a previously approved recommendation by the Trust Review Task Force), but there also appeared to be a consensus that simply having taken the course once in one's career was perhaps not enough to ensure the lawyer remained current with accounting requirements.

9. Discussion at the last Bencher meeting centred on suggesting that a lawyer wishing to be a trust account signatory should take the course at least every 5 years.

10. At its meeting on September 10, the Executive Committee revisited that suggestion, and recommended instead that the rule be varied slightly to break away from the idea of a "course" and instead to require that the lawyer have completed "educational requirements" that could be more nuanced or tailored to requirements (including continuing education requirements) that would perhaps better demonstrate the lawyer's competencies in accounting.

11. One of the comments received also noted that the language of Rule 3-67 (2) was problematic for lawyers who would be changing firms, but who are not already signatories on a trust account, or for lawyers who were opening a sole practitioners practice. While the Rules provide a grace period for lawyers who were already signatories to a trust account when the Rule became effective, the suggestion was made that there should also be a grace period to allow lawyers who were about to become signatories to a trust account when the Rule came into effect, so as to allow time for them to take the course.

12. An issue raised at the July Bencher meeting recommended that the Rules should clarify that withdrawal from a trust account by electronic transfer should also be available only where authorized by a lawyer who has completed the educational activity required under Rule 3-67.

13. Amendments have therefore been made to Rule 3-67. To address the discussion on this topic, staff recommends Rule 3-67 read as follows:

    a. the Executive Director be given discretion to prescribe "educational requirements" for the purpose of the Rule,
    b. once that discretion is exercised, to require the Executive Director to designate a date on which such educational activity is to be implemented.
    c. the Executive Director would be required to give the profession six months notice of the date of implementation of the requirements, which will allow lawyers to complete them prior to the date of implementation.
    d. after the six months has elapsed, a lawyer may not be a signatory to a trust account unless the lawyer has completed the educational activity prescribed.
    e. lawyers will be required as well to complete continuing education requirements prescribed by the Executive Director in order to maintain their ability to be a signatory to a trust account or to authorize the withdrawal of funds from a trust account by electronic transfer signatories to trust account.

14. There was also some general discussion at the July meeting as to whether to include Rule 3-67 at all, given that there was, as of yet, no prescribed educational activity for accounting.

15. Staff recommends including the Rule to reflect the recommendations of the Trust Review Task Force that there should be education requirements for lawyers who were signatories to trust accounts. Rule 3-67 implements that recommendation.

16. However, it should be clearly noted that Rule 3-67 has *no* applicability *until the Executive Director has prescribed educational requirements for the purpose of that Rule*. Until that happens, a lawyer may continue to be a signatory to a trust account without having taken any courses. Rule 3-67 therefore simply operates as a placeholder. It lets the profession know that there is a regulatory requirement that will become effective at a future date, when the Executive Director has prescribed educational activity for the purposes of the Rule. The Rules, as revised, make it clear that any lawyer can continue to be a signatory to a trust account until education requirements have been prescribed and a date for their implementation has been set. This, it is anticipated, will alleviate concerns about not knowing what the courses are but knowing they will one day have to be taken.

17. The timing of the Rule having any practical effect will thus depend on when the Executive Director prescribes the education requirements, and that will allow the Law Society time to communicate with the profession about the requirements and even, if desired, seek feedback about the nature of activities and related materials the profession may find helpful.

18. Staff believe that the revisions to the language of Rule 3-67, clearly requiring the Executive Director to prescribe education requirements, to designate an implementation date, and to retain a time frame set out in the Rules to take the education requirements before any prohibition on being a signatory to a trust account becomes effective, should assuage the concerns raised on this point.

Anti-money laundering education

19. One of the comments received identified a concern with Rule 3-28.01, specifically that the Rule should clarify that it does not apply in a manner that results in lawyers who are already in practice to be in violation of the Rule. In reviewing the concern, staff noted that the Rule, as originally drafted, may not have placed *any* requirement on lawyers already in practice to complete the anti-money laundering course.

20. Staff have therefore revised the Rules to address this issue. Again, while the intent of the Rules is to require lawyers to take an anti-money laundering course (which term is defined in the Rules), staff recommend that the Executive Director be given the discretion to designate the

date for implementation of the course. All lawyers in practice must complete the course within 6 months of the date designated by the Executive Director. Lawyers who subsequently commence practice for the first time after the date of designation are given 6 months to complete the course. This will catch lawyers who are newly called to the bar and transfers from another jurisdiction. Since the Task Force's recommendation was that this course should be required of lawyers only once, it will not catch lawyers who are returning to practice after an absence from the profession, provided they have already taken the course.

21. Again, while the Rule would come into force on the date chosen by the Benchers, the Rule has no practical effect until the Executive Director prescribes a course for the purposes of the Rule.

Rule 3-75 (3) - receipts

22. One of the comments received noted that the requirement in Rule 3-75 (3) to obtain and retain a written receipt from the recipient of funds paid via a bank draft was potentially burdensome.

23. The purpose of the receipt requirement is due to the nature of bank drafts, which, unlike cheques, provide no transaction receipt. Ensuring that the correct person has received payment was therefore seen as a precaution against improper use of bank drafts, including by a lawyer or law firm to clear up trust balances.

24. While it is anticipated that bank drafts are much less frequently used than was perhaps the case in prior years, it is still thought to be important to ensure that the draft ends up in the proper hands. However, to address the concern that the receipt requirement may be burdensome in cases where it is difficult to obtain it, subrule (3) (d) has been amended to place on a lawyer the obligation to "use reasonable efforts" to obtain and retain the receipt, and, if unable to do so, to record why obtaining such a receipt was not possible in the circumstances.

Rule 3-74 (5) – trust cheques

25. This Rule, as presented in July, required that trust cheques must be signed only by lawyers who have taken the required courses prescribed in Rule 3-67.

26. Discussion at the July meeting raised concerns that this may be too limiting, as there are firms that have policies that require two signatories, one of whom must be a lawyer, but the other may be someone in the firm who is not a lawyer.

27. To address this, the Rule has been amended by removing "only." This will result in a requirement that a trust cheque must be signed by a lawyer (who has taken the courses

prescribed under Rule 3-67 within the last 5 years), but will allow a second signatory to be someone other than a lawyer.

No cash Rule

28. One of the comments received identified some vagueness in Rule 3-80 (2), given the language of subrules (2) (e) and (4). Staff believes that this can be addressed by revising subrule (2) to clarify that the Rule allows a law firm to accept cash greater than $7,500 despite subrule (1) only if any of subrule (2) (a) – (e) apply.

29. Staff has also clarified the application of all the subrules to lawyers, as well as law firms, who accept cash.

Reference to "partner"

30. A comment was raised noting the references to "partner" in the rules. It was questioned whether, given the rise in the number of firms recognizing "non-equity partners," a distinction between the types of partnership should be made in the rules.

31. Staff has considered this, but concluded that the distinction is not necessary. The Law Society is interested in ownership of a law firm in the amended accounting rules. Partnership is one method of ownership, as defined in the definition of "owner", but it is just one of several forms of ownership. The importance is not in the word used, but in the fact that the person has an ownership interest. If a "non-equity partner" does not have an ownership interest in the firm, then they are not an "owner" for the purposes of the rules. Staff is of the opinion that the Rules ought not to address the distinctions firms might create in their employment structures.

Individual responsibility

32. One of the comments received noted that Rule 3-56 makes individual lawyers responsible for accounting services they render, which would presumably extend to associate lawyers who may have responsibility for an aspect of the file but who do not participate in billing the matter. The question was therefore whether the individual responsibility should be restricted to lawyers who are responsible for billing.

33. After consideration, staff concluded that such a restriction should not be made. The tenor of the current rules is that, while a lawyer may delegate tasks and duties in the area of accounting requirements, the lawyer cannot delegate responsibility.

34. While the law firm, for example, can and should be held responsible for shortcomings, specific individuals should still be held responsible for acts of commission or omission that result in violations of the rules. The relevant consideration ought not to be whether the lawyer involved is responsible for billing the file. Rather, the relevant consideration ought to be whether the lawyer, handling a matter that engages the accounting rules, acted consistently with the rules or not. Even associate lawyers not responsible for billing a file may handle aspects of the file that engage, for example, the handling of trust funds.

Law firms and owners

35. While reviewing the Rules, staff further considered the definition of "owners" of a law firm. "Owners" take on importance in the amended Rules, as it is owners who bear the regulatory consequences of the law firm's accounting and reporting obligations.

36. Most law firms are firms that provide legal services in a private capacity to clients for a fee. These firms regularly have requirements that necessitate the use of trust accounts, be it to deal with retainers or to deal with funds of clients during the course of the legal services provided to them.

37. However, the definition of "law firm" under the *Legal Profession Act* was intentionally broad enough to capture entities such as in-house legal departments or even legal services units of government. These entities often do not handle trust funds and thus have no need for trust accounts.

38. Nevertheless, if they do for any reason, it is important to ensure that they are captured in the Rules. The issue is that such law firms do not have a lawyer or lawyers "who have an ownership interest in the law firm," which is the defining characteristic of the definition of "owner."

39. Staff suggests therefore that the definition be revised so that, where there is no lawyer or lawyers "who have an ownership interest in the law firm," "owner" will mean the lawyer or lawyers who has responibility for the management of the delivery of legal services through the law firm.

40. This will also capture law firms in BC that are branch offices of a law firm in another jurisdiction through which legal services in BC are provided by a lawyer who does not have an ownership interest in the larger firm.

Firms that do not operate trust accounts

41. "Law firm" is broadly defined in the *Legal Profession Act* and would capture in-house law departments and government lawyers. The reporting rules for law firms, when implemented in the early 2020s, recognized this and exempted such entities from registering.

42. Government and in-house "law firms" are unlikely to operate trust accounts. On reviewing the draft rules, staff realized that it was not clear that these entities were exempt from the trust and accounting rules, however. To ensure that, as "law firms," these entities are not required to undertake accounting obligations that have no application to their practices, the rules have been amended to exempt these firms from Part 3, Division 7, provided they do not operate trust accounts.

43. The rules in Part 2 addressing law firms will thus require all "legal entit[ies] or combination of legal entities carrying on the practice of law" (the definition of a law firm) to report immediately to the Executive Director the first time they operate a trust account. That will capture them in Law Society records as "law firms" that are governed by Part 3, Division 7.

44. As a fail-safe, lawyers who practise law through a law firm that does not operate a trust account will have to file an "accounting report" prescribed by the Executive Director that staff envisage will simply be a declaration that they do not operate a trust account.

Disbursements

45. One of the comments received identified an issue arising from the prohibition in Rule 8-0.4 against billing for disbursements or expenses before they have been incurred. There will be circumstances where a law firm has undertaken the legal work at the time the bill is rendered, but will be incurring a known disbursement to complete a registration or other similar function. For example, a will is drafted, and the client comes in to execute it. The bill is rendered, including a charge for the disbursement of registering the will in the Wills Registry, which will be done at a later date.

46. Rule 8-0.4 was added to implement recommendation 23 of the Trust Review Task Force. In making that recommendation, the Task Force commented as follows:

> …. the Task Force learned that some lawyers charge anticipated disbursements and deduct that sum before the disbursements are incurred. In addition, in some cases unused portions of the pre-billed disbursements are not paid to the client. Such conduct has been the subject of disciplinary proceedings and has resulted in sanctions. The Task Force recommends

clarifying that billed disbursements must have been actually incurred, and that there is no entitlement to any amount that exceeds the actual disbursements incurred.

47. The situation (and others like it) described in the comment received would fall within the concern of the Task Force, although the likelihood of an issue arising in such a case is admittedly low. While the lawyer would have completed the legal work entitling them to the fee immediately, the actual retainer would not be complete until the will was registered, so the chance of the disbursement being misappropriated is slight. Rule 8-0.4 could be complied with by placing the cost of the disbursement into the pooled trust account and withdrawn into the general account once the disbursement is incurred, but given that the disbursement is small, those extra accounting steps may understandably be burdensome.

48. The Executive Committee discussed this issue and agreed to recommend a revision to the proposed Rule 8-0.4 as follows in order to address the issue raised:

> **8-0.4** A law firm must not bill for disbursements or expenses before they have been incurred except by prior written agreement with the client for known disbursements for filing or registration fees.

Effective Date

49. Staff had initially proposed that the new accounting and related Rules come into force on January 1, 2027.

50. While that would be an ideal date because it would be the start of a new accounting year for many of the law firms in the province, realistically it is understood that that date would likely be too soon, given the magnitude of the changes to the Rules and the necessity for firms to familiarize themselves with the revised requirements.

51. It would also be too soon for staff to prepare much in the way of guidance or assistance for implementation of the new Rules.

52. A more realistic start date would be July 1, 2027. Staff will advise if it is necessary to delay implementation past that date.

Decision

53. The Benchers are asked to pass the resolution attached at Appendix “D.”

Appendix A

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.

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[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 2022[2].

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]

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[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

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[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 95 above, the Executive Committee recommends the resolution attached as Schedule "F" to this Report be approved.

Appendix B

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 assignement, examination or remdial 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;

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"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~~trust 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.

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]*, a~~A~~ny 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~~ 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 SOCIETY RULES

Law firms

Law Firm Trust Accounts

2-12.01 A law firm must immediately notify the Executive Director the first time that a law firm opens a trust account.

Definitions and application

2-12.1(1)In Rules 2-12.1 to 2-12.5

"deliver" means to deliver to the Executive Director;

"designated representative" means a practising lawyer designated by a law firm under Rule 2-12.5;

"registration form" means the prescribed form required under Rule 2-12.2 completed to the satisfaction of the Executive Director;

"self-assessment report" means a report required under Rule 2-12.3 in the prescribed form completed to the satisfaction of the Executive Director.

(2) Rules 2-12.1 to 2-12.5 do not apply to the following entities unless they have notified the Executive Director under Rule 2-12.01 that they have opened a trust account:

(a) a public body such as government or a Crown corporation~~,~~ ;

(b) a corporation that is not a law corporation~~,~~ ;~~or~~

(c) a law corporation that provides legal services solely as part of another law firm as a partner, associate or employee of the firm.

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 engaging in the practice of law after that date must~~ register by delivering to the Executive Director a registration form in the prescribed form r~~within 30 days~~.

(2) The Executive Director may at any time require a law firm to immediately provide to the Executive Director

(a) a current list of all lawyers who are~~-~~ partners, shareholders or other persons who have an ownership interest -in, or who have responibility for the management of the delivery of legal services through, the law firm;

(b) a list, for a period of time determined by the Executive Director, of all lawyers or former lawyers who previously had 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) a ~~lawyer~~ 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 ~~lawyer~~ 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.

LAW SOCIETY RULES

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.~~

(1) The Executive Director may designate the date for the implementation of the anti-money laundering course.

(2) A practising lawyer must certify in the prescribed form that the lawyer has successfully completed the anti-money laundering course

(a) within 6 months of the date designated by the Executive Director in subrule (1), or

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(b) within 6 months of the first time the lawyer becomes entitled to practise law after the date designated by the Executive Director in subrule (1).

(3) A practising lawyer who is in breach of subrule (2) 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.

LAW SOCIETY RULES

Division 7 – Accounts and Accounting

Definitions and General

Definitions and application

3-53 (1) 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 who has an ownership interest in~~of~~ a law firm ~~who has an ownership interest in the law firm~~ and includes

(a) a lawyer or former lawyer who has had an ownership interest in a law firm~~former owner~~, and

(b) where a law firm has no lawyer who has an ownership interest in the law firm, a lawyer who has responsibility for the management of the delivery of legal services through the law firm;~~.~~

"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

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(f) bills for fees, expenses and disbursements.

(2) This division does not apply to an entity described in Rule 2-12.1 (2) unless the entity operates a trust account.

Law Firms

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

(a) oversee ~~its~~any accounting obligations of the law firm 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 *[R~~r~~esponsibility 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;

(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, and~~;~~

(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 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) The Executive Director may prescribe education requirements, including continuing education requirements, for the purpose of this rule.

(2) The Executive Director must designate a date for the implementation of any education requirements prescribed in subrule (1).

(3) The Executive Director must provide 6 months notice prior to the date designated in subrule (2).

(4) After the date designated by the Executive Director in subrule (2), a lawyer is not permitted to be a signatory to a trust account or to authorize the withdrawal of funds from a trust account by electronic transfer unless the lawyer completes, within the time prescribed by and to the satisfaction of the Executive Director, education requirements prescribed under subrule (1).

(5) In order to continue to be permitted to be a signatory to a trust account or to authorize the withdrawal of funds from a trust account by electronic transfer, a lawyer must, as required by the Executive Director, complete continuing education requirements if any are prescribed under subrule (1).

(6) 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.

[Rule 3-67 previously read in draft 14 as follows:

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 Exeuctive 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 responisbility, 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

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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:

(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) incudes 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, within the previous 5 years, 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 satsify 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 8-0.4 *[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

(i) within the previous 5 years, has completed to the satisfaction of the Executive Director the courses prescribed by the Executive Director under Rule 3-67 *[Signatories to trust account]* and

(ii) personally 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) use reasonable efforts to obtain and retain a written receipt from the recipient of the funds and, if unable to do so, record why obtaining such a receipt was not possible in the circumstances.

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

(a) the withdrawal is authorized by a practising lawyer who has, within the previous 5 years, completed to the satisfaction of the Executive Director the courses prescribed by the Executive Director under Rule 3-67 *[Signatories to trust account]*, and

(b) the electronic funds transfer system used by the law firm

(~~a~~i) requires a dual authentication of authorization codes in order for the transfer to be completed, and

(~~b~~ii) 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 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 requsition 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:

(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.

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(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 or lawyer may receive or accept cash greater than $7,500 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 or lawyer under subrule (2) (e) must be no greater that the amount commensurate for reasonably anticipated fees, disbursements or expenses for the matter on which the lawyer is retained.

(4) A law firm or lawyer 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 or lawyer 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 or lawyer 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 or lawyer 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 or lawyer 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 or lawyer 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

- received, held or withdrawn funds in a trust account in any capacity, or

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(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.

(10) A lawyer who practises law through an entity listed in Rule 2-12.1 (2) that does not operate a trust account must file an annual accounting report in the form prescribed by the Executive Director.

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 3-85.5, where the context requires,

"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;

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"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.

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(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) Subsections (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 ~~Money~~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 ~~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:

(a) the full name and last known mailing address of each person on whose behalf the lawyer held the ~~money~~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 ~~money~~funds;

(e) 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 ~~money~~funds.

(4) If the Executive Director is satisfied that the lawyer has made appropriate efforts to locate the owner of the ~~money~~funds, 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 fnancial 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.

(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;

(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;

(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.

(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

LAW SOCIETY RULES

(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).

LAW SOCIETY RULES

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 except by prior written agreement with the client for known disbursements for filing or registration fees.

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 disburements 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.

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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

(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.

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.

LAW SOCIETY RULES

SCHEDULE 1 – 2026 LAW SOCIETY FEES AND ASSESSMENTS

L. Late fees and assessments	**$**
1. ~~Trust~~ Annual accounting report late filing fee (Rule 3-86 (3) (b) *[Late filing of annual accounting report or CPA report~~trust report~~]*)	~~200.00~~ 325.00
1.1 Assessment for each month an ~~trust~~annual accounting report has not been filed (Rule 3-6 (4) *[Late filing of annual accounting report or CPA report]*)	600.00
2. Professional development late completion fee (Rule 3-31 (1) (c) *[Late completion of professional development]*)	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) *[Late completion of Indigenous intercultural course]*)	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) *[Application to practise law in MDP]*)	300.00
2. Application fee per proposed non-lawyer member of MDP (Rules 2-40 (1) (c) and 2-42 (2) *[Changes in MDP]*)	1,125.00

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

Appendix C

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 assignement, examination or remdial 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;

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“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;

“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 trust 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;

“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 SOCIETY RULES

Law firms

Law Firm Trust Accounts

2-12.01 A law firm must immediately notify the Executive Director the first time that a law firm opens a trust account.

Definitions and application

2-12.1(1)In Rules 2-12.1 to 2-12.5

"deliver" means to deliver to the Executive Director;

"designated representative" means a practising lawyer designated by a law firm under Rule 2-12.5;

"registration form" means the prescribed form required under Rule 2-12.2 completed to the satisfaction of the Executive Director;

"self-assessment report" means a report required under Rule 2-12.3 in the prescribed form completed to the satisfaction of the Executive Director.

(2) Rules 2-12.1 to 2-12.5 do not apply to the following entities unless they have notified the Executive Director under Rule 2-12.01 that they have opened a trust account:

(a) a public body such as government or a Crown corporation;

(b) a corporation that is not a law corporation;

(c) a law corporation that provides legal services solely as part of another law firm as a partner, associate or employee of the firm.**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.

(2) The Executive Director may at any time require a law firm to immediately provide to the Executive Director

(a) a current list of all lawyers who are partners, shareholders or other persons who have an ownership interest in, or who have responibility for the management of the delivery of legal services through, the law firm;

(b) a list, for a period of time determined by the Executive Director, of all lawyers or former lawyers who previously had an ownership interest in the law firm.

LAW SOCIETY RULES

(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.

LAW SOCIETY RULES

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) The Executive Director may designate the date for the implementation of the anti-money laundering course.

(2) A practising lawyer must certify in the prescribed form that the lawyer has successfully completed the anti-money laundering course

(a) within 6 months of the date designated by the Executive Director in subrule (1), or

(b) within 6 months of the first time the lawyer becomes entitled to practise law after the date designated by the Executive Director in subrule (1).

(3) A practising lawyer who is in breach of subrule (2) 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.

LAW SOCIETY RULES

LAW SOCIETY RULES

Division 7 – Accounts and Accounting

Definitions and General

Definitions and application

3-53 (1) 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),

LAW SOCIETY RULES

(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 who has an ownership interest in a law firm and includes

(a) a lawyer or former lawyer who has had an ownership interest in a law firm, and

(b) where a law firm has no lawyer who has an ownership interest in the law firm, a lawyer who has responsibility for the management of the delivery of legal services through the law firm;

"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.

(2) This division does not apply to an entity described in Rule 2-12.1 (2) unless the entity operates a trust account.

LAW SOCIETY RULES

Law Firms

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

(a) oversee any accounting obligations of the law firm 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 *[Repsonisbility 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.

LAW SOCIETY RULES

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

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(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;
(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, and

(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]*.

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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.

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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 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 fundswhere 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) The Executive Director may prescribe education requirements, including continuing education requirements, for the purpose of this rule.

(2) The Executive Director must designate a date for the implementation of any education requirements prescribed in subrule (1).

(3) The Executive Director must provide 6 months notice prior to the date designated in subrule (2).

(4) After the date designated by the Executive Director in subrule (2), a lawyer is not permitted to be a signatory to a trust account or to authorize the withdrawal of funds from a trust account by electronic transfer unless the lawyer completes, within the time prescribed by and to the satisfaction of the Executive Director, education requirements prescribed under subrule (1).

(5) In order to continue to be permitted to be a signatory to a trust account or to authorize the withdrawal of funds from a trust account by electronic transfer, a

lawyer must, as required by the Executive Director, complete continuing education requirements if any are prescribed under subrule (1).

(6) 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:

(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

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(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) incudes 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.

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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, within the previous 5 years, 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.

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(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 satsify 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 8-0.4 *[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 by a practising lawyer who

(i) within the previous 5 years, has completed to the satisfaction of the Executive Director the courses prescribed by the Executive Director under Rule 3-67 *[Signatories to trust account]* and

(ii) personally affixes the lawyer's 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.

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(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) use reasonable efforts to obtain and retain a written receipt from the recipient of the funds and, if unable to do so, record why obtaining such a receipt was not possible in the circumstances.

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

(a) the withdrawal is authorized by a practising lawyer who has, within the previous 5 years, completed to the satisfaction of the Executive Director the courses prescribed by the Executive Director under Rule 3-67 *[Signatories to trust account]*, and

(b) the electronic funds transfer system used by the law firm

(i) requires a dual authentication of authorization codes in order for the transfer to be completed, and

(ii) is a commercial banking platform and does not permit transfers by email or text messages.

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(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 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 requsition and confirmation to ensure that the data and other information recorded on each document is the same, and

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(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:

(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.

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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 or lawyer may receive or accept cash greater than $7,500 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.

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(3) Any cash received or accepted by a law firm or lawyer under subrule (2) (e) must be no greater that the amount commensurate for reasonably anticipated fees, disbursements or expenses for the matter on which the lawyer is retained.

(4) A law firm or lawyer 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 or lawyer 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 or lawyer 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 or lawyer 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 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 or lawyer 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 or lawyer 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.

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(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

- 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.

(10) A lawyer who practises law through an entity listed in Rule 2-12.1 (2) that does not operate a trust account must file an annual accounting report in the form prescribed by the Executive Director.

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

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3-84 In Rules 3-85 to 3-85.5, where the context requires,

"law firm" includes 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 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.

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(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)

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(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.

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(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

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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) Subsections (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

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 fnancial 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

(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

(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

LAW SOCIETY RULES

(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.

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Billing of disbursements

8-0.4 A law firm must not bill for disbursements or expenses before they have been incurred except by prior written agreement with the client for known disbursements for filing or registration fees.

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 disburements 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.

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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

(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

LAW SOCIETY RULES

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.

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. Annual accounting report late filing fee (Rule 3-86 (3) (b) *[Late filing of annual accounting report or CPA report]*)	325.00
1.1 Assessment for each month an annual accounting report has not been filed (Rule 3-6 (4) *[Late filing of annual accounting report or CPA report]*).................................	600.00
2. Professional development late completion fee (Rule 3-31 (1) (c) *[Late completion of professional development]*)	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) *[Late completion of Indigenous intercultural course]*)	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) *[Application to practise law in MDP]*)........	300.00
2. Application fee per proposed non-lawyer member of MDP (Rules 2-40 (1) (c) and 2-42 (2) *[Changes in MDP]*)..	1,125.00

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

TITLE: ACCOUNTING RULES AMENDMENTS

Appendix D

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 assignement, examination or remdial 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 *[Repsonisbility 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;

(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 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) The Executive Director may prescribe education requirements, including continuing education requirements, for the purpose of this rule.

(2) The Executive Director must designate a date for the implementation of any education requirements prescribed in subrule (1).

(3) The Executive Director must provide 6 months notice prior to the date designated in subrule (2).

(4) After the date designated by the Executive Director in subrule (2), a lawyer is not permitted to be a signatory to a trust account or to authorize the withdrawal of funds from a trust account by electronic transfer unless the lawyer completes, within the time prescribed by and to the satisfaction of the Executive Director, education requirements prescribed under subrule (1).

(5) In order to continue to be permitted to be a signatory to a trust account or to authorize the withdrawal of funds from a trust account by electronic transfer, a lawyer must, as required by the Executive Director, complete continuing education requirements if any are prescribed under subrule (1).

(6) 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:

(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) incudes 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

(a) properly required for the payment to or on behalf of a client or to satsify 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;

(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 requsition 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:

(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 that 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 fnancial 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 except by prior written agreement with the client for known disbursements for filing or registration fees.

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 disburement 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

2025 Annual General Meeting Resolutions

To:	Benchers
Purpose:	Discussion & Decision
From:	Executive Committee
Date:	September 25, 2026

Background

1. The 2025 Annual General Meeting ("AGM") of the Law Society of British Columbia was held virtually on Tuesday, October 7, 2025.

2. At its meetings of April 1 and September 10, 2026, the Executive Committee discussed the status of the member resolutions that were approved at the 2025 AGM and endorsed staff's proposed actions in relation to such resolutions.

3. A resolution passed at a general meeting is not binding on the Benchers unless 12 months have passed since the AGM and a referendum is sought by 5% of the members; for the referendum to be successful, 1/3rd of the members must vote in the referendum and 2/3rds of the members voting must be in favour of the resolution. The Benchers must not implement a resolution if to do so would constitute a breach of their statutory duties.

Discussion

4. Six member resolutions were passed at the 2025 AGM. Details of the member resolutions which passed are provided below with an overview of the status of work relating to each since the AGM.

Member Resolution 2: To Amend the Law Society Rule 3-36(1) to exempt certain former members of the judiciary from meeting the requirement of completing a course under s. 3-36(1)(c)

5. Resolution wording: *BE IT RESOLVED THAT the membership seeks the Law Society to amend Law Society Rule 3-36(1) such that any former member of the judiciary who has acted as a judge in British Columbia for a period of time that extends over 3 years shall be exempt from the requirement under Rule 3- 36(1)(c).*

   Voting information: 1053 in favour [55%], 861 opposed, 520 abstentions

6. The underlying policy issue relating to this matter falls within the mandate of the Credentials Committee. On September 3, 2025, ahead of the 2025 AGM, the Credentials Committee considered the policy issues raised by this resolution and decided not to automatically waive the requirements for anyone seeking to be accredited as a family law neutral who has previously sat as a judge. The Committee noted that, while many judges will likely have taken training during their time as a judge that would qualify and meet the requirements set out in Rule 3-36(1)(c), some may not have done so, and that a blanket exemption may have unintended consequences that are not in the public interest. The Committee, therefore, decided not to change the training requirements for family law arbitrators and does not intend to recommend to the Benchers any changes to Rule 3-36 at this time.

7. As a result of the decision of the Credentials Committee no further action is planned in direct response to this resolution. Nevertheless, the Law Society has reached out to the judiciary to share information about the requirements to become a family law neutral and to advise that many judges will likely already have completed courses or training during their time as a judge that would qualify and meet the current requirements. Staff are also reviewing the applicable website pages to identify opportunities to provide further information and ensure that relevant details are clear and accessible.

Member Resolution 3: Mandatory Minimum Wage for Articling Students

8. Resolution wording: *BE IT RESOLVED the membership seeks the Law Society of British Columbia to amend the Law Society Rules or adopt such other measures as may be necessary to require that all principals pay articling students not less than the applicable provincial minimum wage for the hours worked during their articling term; BE IT FURTHER RESOLVED the membership seeks the Law Society of British Columbia to provide appropriate oversight and enforcement mechanisms to ensure compliance with this requirement.*

   Voting information: 1523 in favour [68%], 716 opposed, 197 abstentions

9. The issue of minimum remuneration standards for articled students was previously raised in a member resolution at the 2020 Annual General Meeting addressing concerns about articled students' working conditions. The matter was referred to the Lawyer Development Task Force ("Task Force"), which recommended that Benchers support taking some action to address the issue of unpaid and underpaid articles. However, the Task Force noted that such measures could reduce available positions and create additional barriers to licensure. The Task Force recommended that any new compensation standards not be implemented until at least one additional pathway to licensure is established. Benchers adopted the Task Force's recommendations.

10. A key element of moving forward with this work has been the development of the Western Canada Competency Profile, which was renamed to Competencies for Entry to Legal Practice ("CELP") in August 2026 to reflect the Nova Scotia Barristers' Society's participation in the initiative and adoption of the competency profile, broadening its application beyond Western Canada. The CELP is a set of common competencies to be demonstrated at entry to legal practice in the participating provinces. This work will form the roadmap for the development of new pathways to licensing, in addition to articling, that will satisfy the pre-call experiential training requirement.

11. An update on the work that is currently underway to implement the CELP was provided to the Benchers at the April 16, 2026 meeting. The profession and the public were provided with a copy of the Consultation Paper prepared by the CELP Working Group and invited to provide feedback on the proposed implementation of the CELP in July 2026. Preliminary findings will be shared later in the fall.

12. While no specific steps are contemplated at this time in relation to this resolution, the intent of the resolution is being addressed by the ongoing work to implement the CELP and explore alternative pathways to licensure. Students, the profession, and the public are being kept up to date with developments on the implementation process, and in the meantime, we will continue to monitor articled student remuneration. The Articling Program Assessment survey results together with implementation of the CELP and other relevant factors will inform our ongoing efforts to improve lawyer training. The issue of student remuneration will be revisited at that time.

Member Resolution 4: Return to Offering In-Person Professional Legal Training Course ("PLTC")

13. Resolution wording: *BE IT RESOLVED the membership seeks the Credentials Committee to return to offering in- person training courses, examinations, assignments and assessments for articling students.*

    Voting information: 1641 in favour [74%], 569 opposed, 227 abstentions

14. Important work relating to lawyer licensing in British Columbia has been underway since 2022 with the intention of informing a much larger set of changes. As noted above, one of the key developments was the creation and adoption by the Benchers in April 2024 of the CELP.

15. Following the adoption of the CELP, work began to evaluate bar admission programs across the Western law societies. The timing of this work provided an opportunity for the Law Society to consider the current bar admission training course in BC.

16. Over 2024 and 2025, the Executive Committee and the Benchers considered significant changes that have occurred in the delivery of legal services, articled student needs, and technological capabilities, and concluded that retaining PLTC in its current structure, regardless of its delivery model, was not a viable option.

17. In July 2025, the Benchers decided *in camera* to enter into a participation agreement with Canadian Centre for Professional Legal Education ("CPLED") to deliver the Practice Readiness Education Program ("PREP") as the new bar admission training program in BC and to develop and implement enhanced in-person engagement and support between articled students and the Law Society, which would be independent of, but complement, PREP.

18. At the time of the AGM, the Benchers' July 2025 *in camera* decision had not been made public. The Benchers released their decision on October 25, 2025, and information was immediately provided to the profession and the public about these important changes.

19. As a result of the Benchers' decision to transition to PREP, the resolution is moot. While no further action is planned in response to this resolution, the work to ensure a smooth transition

from PLTC to PREP this fall and planning for enhanced in-person engagement and support between articled students and the Law Society is ongoing.

Member Resolution 5: Resolution on Self-Regulation

20. Resolution wording: *BE IT RESOLVED the membership directs the Benchers to call for a Referendum on any proposed change to the Legal Professions Act on any substantive change(s) relating to independence and self-regulation.*

    Voting information: 1439 in favour [73%], 525 opposed, 469 abstentions

21. The *Legal Professions Act* ("the New Act") was passed in May 2024 and would create a single regulator for lawyers, notaries and paralegals. The Law Society has challenged the constitutional validity of the New Act by filing a Notice of Civil Claim on May 17, 2024. The basis for the challenge is that the New Act fails to adequately ensure the independence of the Bar – a fundamental democratic principle.

22. A hearing of the Law Society's challenge took place for 14 days from October 14, 2025. On April 29, 2026, the Supreme Court of BC released its decision on the Law Society's constitutional challenge to the *Legal Professions Act* and dismissed the Law Society's claim. The Law Society has subsequently filed a notice of appeal of the April 29, 2026 decision.

23. If the Law Society is fully successful in its appeal, the New Act would be struck down in its entirety and will have no force and effect. There is also the possibility of partial success, which would mean not striking down the entirety of the New Act, but rather, only certain provisions. Given that the province has passed the New Act in its current form, and the Law Society has challenged the constitutional validity of the New Act, any further consultation (by way of referendum or otherwise) should be postponed until the outcome of the Law Society's legal challenge has been determined.

24. The Law Society and Trial Lawyers Association of BC appeals will be heard together in the BC Court of Appeal on November 16 and 17, 2026.

Member Resolution 6: Resolution to Require Benchers to Table and Consider 2025 AGM Resolutions

25. Resolution wording: *Be it resolved that the Membership directs the Benchers to consider, at a Bencher meeting, all resolutions passed at the 2025 Annual General Meeting within six months of this Annual General Meeting.*

    Voting information: 1400 in favour [75%], 459 opposed, 576 abstentions

26. Section 13 of the *Legal Profession Act* provides a process for non-binding member resolutions to be passed at an AGM. Section 13 further allows a member resolution to be brought back for consideration by way of referendum if it has not been substantially

implemented by the benchers within 12 months following the AGM.

27. This member resolution sought to reduce the statutorily set timeframe in the *Legal Profession Act* from 12 months to 6 months for Benchers to be able to consider and implement a member resolution, where they consider it appropriate to do so in the public interest. The resolution also seeks to introduce a requirement that the Benchers consider all member resolutions at a Bencher meeting within the six-month time limit.

28. Many member resolutions passed at the AGM are complex and take time to consider. In addition, some matters contemplated in member resolutions are clearly outside the scope of the Law Society's statutory mandate or are not in the public interest.

29. Bencher agendas are set by the President and Executive Director with guidance from the Executive Committee. Moreover, most policy matters are considered by specialized committees prior to being brought to a Bencher meeting. The decision as to whether and when any particular matters are to be discussed or decided by the Benchers is made with careful consideration as to how best to serve the public interest. Arbitrarily curtailing the statutory timelines may therefore actually curtail the Benchers' ability to act in the public interest and should be approached with caution.

Member Resolution 7: Resolution Regarding Benchers Serving on Single Regulator Transition Board:

30. Resolution wording: *BE IT RESOLVED THAT the Benchers of the Law Society of British Columbia shall: 1. not appoint any Bencher to a position on any body which facilitates, promotes, advises on, or participates in the implementation of Bill 21; and, 2. forthwith request the resignation of any sitting Bencher who facilitates, promotes, advises on, or participates in the implementation of Bill 21, or accepts a position on any body which facilitates, promotes, advises on, or participates in the implementation of Bill 21.*

    Voting information: 913 in favour [51%], 893 opposed, 628 abstentions

31. The New Act was passed in May 2024 and would create a single regulator for lawyers, notaries, and paralegals. While many provisions of the New Act have not been proclaimed, certain transitional provisions are currently in force.

32. The Law Society has challenged the constitutional validity of the New Act. In June 2024, the Law Society sought injunctive relief to suspend the operation of the transitional provisions and prevent the implementation of the substantive provisions of the New Act until such time as the Notice of Civil Claim could be heard. This relief was not granted, and the transitional provisions of the New Act remain in force, including the establishment of a transitional board.

33. One of the sections currently in force, section 223(1)(a), provides for the appointment of four

members of the transitional board by the current Benchers of the Law Society, at least one of whom must be an Indigenous person. If members of the transitional board are not appointed by the Benchers of the Law Society within two months of the relevant sections of the New Act coming into force, the Attorney General has the authority to appoint members in place of the Law Society.

34. To date, the Benchers have appointed current and past Benchers to the transitional board established by s. 223 of the *Legal Professions Act* based on their proven experience in regulatory governance, strong and diverse legal expertise, and depth of knowledge of professional regulation, including the constitutional requirement that regulation of lawyers ensure sufficient independence.

35. The Law Society's Bencher Code of Conduct provides the framework and guidance through which individual Benchers are expected to serve their public interest mandate, including with respect to potential conflicts of interest.

36. There are no current Benchers appointed to the transitional board at this time. Accordingly, no further action is planned in response to this resolution.

Next Steps

37. The Benchers are asked to consider the updates for the 2025 AGM member resolutions and whether any further action should be taken at this time.

Law Society
of British Columbia

2026 Annual General Meeting Resolutions

To: Benchers

Purpose: Discussion & Decision

From: Executive Committee

Date: September 25, 2026

Background

1. The Law Society's 2026 Annual General Meeting ("AGM") took place on Wednesday, July 8, 2026. Of the eight Bencher and member resolutions on the agenda for consideration, four resolutions were passed by the membership.

2. This memorandum provides an overview of the passed resolutions along with proposed next steps, as considered and recommended by the Executive Committee at its meeting of September 10, 2026.

Discussion

3. Below is an overview of the passed resolutions:

Bencher Resolution regarding the Appointment of Law Society Auditors for 2026

4. Resolution wording: *BE IT RESOLVED that PricewaterhouseCoopers be appointed as the Law Society auditors for the year ending December 31, 2026.*

   Voting information: 1880 in favour [97%], 57 opposed, 303 abstentions

5. As this resolution was passed, PricewaterhouseCoopers will be appointed as the Law Society auditors for 2026, and no further action is required.

Bencher Resolution to authorize the Benchers to amend the Rules to provide for the removal of a Bencher so as to be in compliance with section 12(1)(c) of the *Legal Profession Act.*

6. Resolution wording: *BE IT RESOLVED to authorize the Benchers to amend the Rules to provide for the removal of a Bencher, so as to be in compliance with section 12(1)(c) of the Legal Profession Act.*

   Voting information: 1704 in favour [86%], 271 opposed, 265 abstentions[1]

7. As this resolution was passed, staff will prepare a proposal regarding next steps for Executive Committee and Bencher consideration at future meetings.

[1] 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, which was achieved for this resolution.

Member Resolution regarding Transparency of Government-Regulator Communications Concerning Regulatory Policy | submitted by Kyla Lee and Paul Doroshenko, KC

8. Resolution wording:

WHEREAS the independence of the Bar from the executive branch of government is a foundational principle of the rule of law and is recognized by the Supreme Court of Canada as essential to the administration of justice;

WHEREAS the members of the Law Society of British Columbia have a legitimate interest in understanding the nature, frequency, and substance of communications between their regulator and the executive branch of government on matters of regulatory policy;

WHEREAS the introduction and passage of the Legal Professions Act (Bill 21), which received Royal Assent on May 16, 2024, was preceded by communications between government and the Law Society that were not contemporaneously disclosed to the membership, and members have since expressed that earlier disclosure would have permitted more meaningful engagement with the legislative process;

WHEREAS the Law Society continues to interact with the Ministry of the Attorney General, the Transitional Board, the Transitional Indigenous Council, and other government bodies on matters of substantial regulatory significance during the transition to Legal Professions British Columbia;

WHEREAS transparency in the relationship between the regulator and government is consistent with, and does not derogate from, the protection of solicitor-client privilege, litigation privilege, settlement privilege, personal privacy, or confidential information about ongoing investigations or specific complaints;

WHEREAS delayed disclosure mechanisms — under which sensitive communications are released after a fixed period rather than contemporaneously — are an established tool used by governments and public institutions to balance the need for candid deliberation with the public interest in accountability;

BE IT RESOLVED THAT the members of the Law Society of British Columbia, in Annual General Meeting assembled, request that the Benchers:

1. *Adopt a policy of delayed disclosure under which formal written correspondence between the Law Society (including its President, Executive Director, and senior officers) and the Ministry of the Attorney General, the Office of the Attorney General, or any other branch of the executive government of British Columbia, on matters of regulatory policy, governance, or proposed legislation affecting the legal profession, shall be published on the Law Society's website not later than six (6) months after the*

date of the communication;

2. *Define "matters of regulatory policy" broadly to include, at minimum: proposed or actual legislative or regulatory changes affecting the legal profession; the structure, governance, or independence of the regulator; the scope of practice of lawyers, notaries, or regulated paralegals; trust account regulation; discipline; admissions; and access to legal services;*

3. *Provide for narrow, principled exceptions to disclosure, limited to: information protected by solicitor-client privilege, litigation privilege, or settlement privilege; personal information the disclosure of which would constitute an unreasonable invasion of privacy under applicable privacy legislation; information concerning ongoing investigations or specific disciplinary matters; and information the disclosure of which is prohibited by law, with any redactions identified and the basis for redaction stated on the face of the published document;*

4. *Apply this policy retrospectively to all such correspondence dating from January 1, 2022, with publication of the historical record to occur on a rolling basis as resources permit and in any event not later than six (6) months from the date of this resolution;*

5. *Recommend the adoption of an equivalent policy to Legal Professions British Columbia, and instruct the Law Society's appointees to the Transitional Board to advocate for the inclusion of a substantively similar transparency mechanism in the rules and operating policies of the successor regulator; and*

6. *Report to the membership annually, in the Annual Report or by separate publication, on the operation of this policy, including the number of communications disclosed, the number withheld in whole or in part, and the categories of exceptions invoked.*

BE IT FURTHER RESOLVED THAT nothing in this resolution shall be construed to require disclosure of any information the disclosure of which would prejudice the Law Society's position in current or reasonably anticipated litigation, including any appeal of the decision in Law Society of British Columbia v. British Columbia (29 April 2026), provided that such information shall be disclosed in accordance with this policy upon the conclusion of that litigation.

Voting information: 1201 in favour [68%], 576 opposed, 463 abstentions

9. This resolution proposes the adoption of a retroactive policy of delayed disclosure of formal written correspondence between the Law Society and government on matters of regulatory policy, governance, or proposed legislation affecting the legal profession.

10. The Law Society challenged the constitutionality of the *Legal Professions Act* in an action

heard by way of summary trial before Chief Justice Skolrood in the Supreme Court of BC in 2025. Chief Justice Skolrood dismissed the action, and the Law Society has appealed that decision. As the Law Society continues to engage in ongoing litigation with the Ministry of Attorney General, a great deal of material referenced in this resolution is privileged and confidential, and thus, is unable to be shared publicly.

11. The Law Society provides updates to the profession and the public on these matters via a dedicated page on our website regarding the single legal regulator. In addition to what is reported on the dedicated webpage, reports regarding the status of the single legal regulator initiative are included in the President and CEO reports during Bencher meetings. These updates are regularly available to the profession within the agenda packages and minutes of Bencher meetings.

12. The transitional board also has its own webpage, which includes all meeting agendas, materials, and minutes, and these are publicly available.

13. If there is specific documentation that members of the profession would like to view, records held by the Law Society can be accessed in accordance with the provisions of the BC *Freedom of Information and Protection of Privacy Act*.

14. Based on the above, staff did not recommend taking any further action regarding this resolution, and the Executive Committee is in agreement.

Member Resolution to Amend the Code to allow for disclosure when threats have been made | submitted by Leena Yousefi and Ari Wormeli

15. Resolution wording:

    BE IT RESOLVED THAT the membership seeks the Law Society to amend section 3.3 of the Code of Professional Conduct for British Columbia by adding a new rule and commentary, or by otherwise amending Rule 3.3-3 and its commentary, to:

    Permit a lawyer or law firm to disclose confidential information regarding a client's status as a client or former client, along with any name, address, contact information, or other information allowing the client or former client to be located, to police, law-enforcement authorities, court security, other persons responsible for public safety, or to a skip tracer, process server or court for the purposes of service where the lawyer believes on reasonable grounds that:

    - *A client or former client has made threats or engaged in threatening conduct towards their law firm or an employee of their law firm, or*

    - *Engaged in criminal harassment or stalking of the lawyer, law firm or the law firm's staff;*

- *Engaged in harassing or defamatory conduct, and the lawyer reasonably believes that disclosure is reasonably necessary to locate or contact the individual making the threat, engaging in the harassment, or engaging in the defamatory conduct.*

Voting information: 1678 in favour [83%], 332 opposed, 233 abstentions

16. This resolution asks the Law Society to broaden the circumstances in which a lawyer may disclose limited confidential information about a client or former client who has engaged in threats, stalking, harassment or defamatory conduct. The proposed amendment would create a permissive exception to the requirements of a lawyer to maintain privilege and confidentiality in order to allow a lawyer to disclose certain identifying and location information to police, court security and other public-safety authorities and, in specified circumstances, to a skip tracer, process server or court for purposes of locating or serving the individual.

17. The *BC Code* currently permits certain exceptions in this area. *Code* rule 3.3-3 permits limited disclosure where there is an imminent risk of death or serious bodily harm and disclosure is necessary to prevent that harm; the commentary expressly recognizes that serious psychological harm may meet this threshold. *Code* rule 5.6-3 also requires lawyers to alert court security where a dangerous situation is likely to develop, subject to the confidentiality requirements in *Code* rule 3.3. The Law Society recently amended the commentary to rule 3.3-3 to clarify that obtaining ethical advice is not a prerequisite to acting in urgent circumstances. At the same time, rules 3.3-1 and 3.3-2 continue to impose broad duties to protect confidential information, including information about former clients.

18. Before acting on this resolution, further analysis is required to determine whether the existing threshold adequately addresses credible safety risks that may require police assessment before their seriousness or imminence can be established, and whether a separate exception is appropriate for using confidential or privileged information to locate or serve a former client in relation to harassment or defamation. That latter issue raises different considerations, including the prohibition on using confidential information to a former client's disadvantage, existing exceptions such as rule 3.3-4, and the continuing protection of solicitor-client privilege.

19. Staff intend to examine these issues, along with appropriate safeguards and relevant approaches in other Canadian jurisdictions, before bringing forward any formal proposal for consideration. The Executive Committee endorses this approach, which contemplates receiving further advice from staff.

Next Steps

20. Benchers are asked to review and consider the proposed next steps outlined for each of the resolutions that have passed, as recommended by the Executive Committee.

Law Society
of British Columbia

2026 Bencher By-Election: County of Westminster

Timeline Overview & Compliance with Rules

Date[1]	Event[2]
Friday, August 21	Executive Director approves by-election voting period, and the election process and procedure
Thursday, September 17 (expected)	Notice of Election and Call for Nominations Preparation of voter's list
Thursday, October 15* - 4:30pm	Deadline for nominations of candidacy
Monday, November 9*	Electronic ballots and voting instructions made available to voters
Monday, November 16* - 4:30pm	Deadline for receipt of electronic votes
Tuesday, November 17*	Vote count held and results announced

[1] Dates with a "*" are set by the Rules and/or Executive Director, where applicable, as per the Rules (Election Rules 1-20 through 1-44)
[2] **1-42** If the time for doing an act in this division falls or expires on a day when the Society office is not open during regular business hours, the time is extended to the next day that the office is open

Law Society
of British Columbia

Thomas L. Spraggs, KC
President

Office Telephone
604.605.5394

Office Email
president@lsbc.org

September 14, 2026

Sent via email

Linda W. Russell
Chief Executive Officer
The Continuing Legal Education Society of BC

Dear Linda:

Re: Appointment to the Board of Directors of the Continuing Legal Education Society of BC

I am pleased to advise that I have appointed Kevin B. Westell as a Bencher Representative to the Board of Directors of the Continuing Legal Education Society of BC for a three-year term commencing September 11, 2026 and concluding September 10, 2029.

I am confident that the Continuing Legal Education Society of BC and its important work will be well served by the contributions of Kevin B. Westell.

Yours truly,

Thomas L. Spraggs, KC
President, Law Society of BC

c. Manpreet Mand, Chair, Continuing Legal Education Society of BC

Gigi Chen-Kuo, Chief Executive Officer/Executive Director, Law Society of BC

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