



**GUIDANCE NOTES
ON CESSATION OF PRACTICE
(Updated on 1 March 2016)**

These Guidance Notes will come into effect on 1 March 2016.

1. Notice of Cessation of Practice to the Society

If a law firm ceases practice altogether, notification must be given to the Society *at least 8 weeks before the Cessation* of your practice. Please complete the prescribed form which must be signed by all Principals and the firm's Agent.

2. . If a law firm converts from a general partnership to a limited liability partnership or vice versa, the conversion is not a cessation of practice for the firm. Practice Direction D7 therefore does not apply.

(a) Converting from a general partnership to a limited liability partnership

If your firm has been carrying on practice as a general partnership immediately before becoming a limited liability partnership,

- (i) You are required to complete and submit a LLP Commencement Notification (LP-2) at least 7 days prior to commencement of practice as a limited liability partnership in accordance with section 7AI(1) of the Legal Practitioners Ordinance.
- (ii) Within 14 days of the change, you have to complete and submit the form for Notification of Changes to a Practice (LP-4) to report on the change from a general partnership to a limited liability partnership and all relevant consequent changes.

(b) Converting from a limited liability partnership to a general partnership or sole proprietorship

- (i) You are required to complete and submit a LLP Cessation Notification (LP-5) at least 7 days prior to cessation of practice as a limited liability partnership in accordance with section 7AI(2) of the Legal Practitioners Ordinance, Cap159.

- (ii) Within 14 days of the change, you have to complete and submit the form for Notification of Changes to a Practice (LP-4) to report on the change from a limited liability partnership to a general partnership or sole proprietorship and all relevant consequent changes.

3. **Final Accountant's Report: Accountant's Report Rules ("ARR") and Solicitors' Accounts Rules ("SAR")**

- (a) You must deliver a Final Accountant's Report for your firm. The latest date for delivery of the Final Accountant's Report is 6 months from the date the firm ceased practice (Rule 8(2) "ARR").
- (b) The Society will confirm the date for delivery of your Final Accountant's Report after receipt of the Notice of Cessation of Practice form ("Cessation Notice").
- (c) All outstanding balances in the firm's clients' account must be transferred to the firm's Agent.
- (d) If there are outstanding balances remaining in the client account and you do not know to whom it belongs, or you cannot locate the owner, your accountant must disclose full details of these amounts in your Final Accountant's Report.
- (e) **Application to Council : Rule 8(2) SAR**

- (i) **Pre-Cessation**

An application for directions should be made to the Council for approval to transfer the remaining balances in the firm's clients' accounts to the Agent as at the date of Cessation.

The application is set out in paragraph 7 of the "Cessation Notice".

- (ii) **Post-Cessation Application**

The firm's Final Accountant's Report must be filed within 6 months from the date of Cessation. If the Agent cannot obtain instructions in relation to the balances remaining in the clients' accounts at the expiry of the 6 month period, the Agent should make an application for directions to the Council pursuant to Rule 8(2) SAR.

The Agent should apply for approval to transfer all outstanding balances in the clients' accounts to a designated account of "The Law Society of Hong Kong". If a client subsequently seeks re-imbursement, the Agent can apply for further directions from the Council to release an appropriate sum to satisfy the claim.

- (f) The Council has a power to waive in writing any of the provisions of the ARR in any particular case, (See Rule 12 ARR).

4. **Final Notification of Changes to a Practice form**

A Final Notification of Changes to a Practice form will be sent to you by the Society upon receipt of the Cessation Notice.

5. **Final Employees' Return**

A Final Employees' Return must be filed on behalf of the firm. See Solicitors' Practice Rules 5(2) and 5(3).

6. **Cessation of Practice Guidelines**

Reference should be made to Law Society Circular 16-126.



NOTICE OF CESSATION OF PRACTICE

(Pursuant to Practice Direction D7)

Please read the Guidance Notes attached to this form

All questions should be answered or indicated “not applicable” where appropriate

1. **The name of the firm is:**
2. **The firm will cease business on:** ____/____/____ (“the date of Cessation”)
day/month/year

(N.B. A minimum period of 8 weeks notice is required.)

3. **Official announcement of intended cessation.**

The firm hereby authorizes the Society to issue a notice to the general membership of this firm’s intention to cease practice on the date of Cessation together with the name and contact details of the firm’s Agent.

4. **Contact details of Sole Practitioner/all Partners of the firm ceasing practice:**
(Use additional sheets of paper where necessary)

Name:

Address:

Telephone Number:

Mobile Number:

Fax Number:

Email Address:

Name:

Address:

Telephone Number:

Mobile Number:

Fax Number:

Email Address:

Name:

Address:

Telephone Number:

Mobile Number:

Fax Number:

Email Address:

5. **Details of the Firm's Agent:**

Firm Name:

Name of Contact Person:

Address:

Telephone Number:

Mobile Number:

Fax Number:

Email Address:

6. **Location of firm's closed files in Hong Kong**

See Law Society Practice Direction D7 and Law Society circular 12-475 (PA) on Storage and Destruction of Old Files

Address (provide full details of the location):

Contact details of responsible person through whom access can be made:

Name:

Address:

Telephone Number:

Mobile Number:

Fax Number:

Email Address:

(N.B. Any changes in the contact details must be notified by the person to whom the change relates to the Law Society in writing within 7 days of such change.)

7. **Transfer of Unclaimed Clients' Accounts to the Agent**

The firm hereby applies to the Council for directions pursuant to Section 8(2) of the Solicitors' Accounts Rules, to transfer on the date of Cessation all remaining balances in the firm's clients' accounts to be held by the firm's Agent. The firm shall provide notice in writing to the Society of the amounts transferred to the Agent within 7 days of the date of Cessation, such notice to be countersigned by the Agent by way of acknowledgment.

8. Firm's Final Accountant's Report

The firm's Final Accountant's Report, together with any reconciliation statements that may be necessary, will be delivered to the Society within 6 months from the date of Cessation.

9. Final Employees' Return

The firm's Final Employees' Return will be delivered to the Society on or before:

____/____/____
day/month/year

**(1) Signature of Principal of the firm
ceasing practice**

Signature of the firm's Agent

**[Print your name clearly underneath
your signature]
Date:**

**[Print your name clearly underneath
your signature]
Date:**

**(2) Signature of Principal of the firm
ceasing practice**

**[Print your name clearly underneath
your signature]
Date:**

**(3) Signature of Principal of the firm
ceasing practice**

**[Print your name clearly underneath
your signature]
Date:**

Personal Information Collection Statement

The personal data collected in this Notification (“the data”) will be used by the Law Society of Hong Kong (“the Society”) for the following purposes:

- (i) The processing of this Notification and related matters;
- (ii) The exercise of the powers of the Society conferred upon it under the Legal Practitioners Ordinance (Chapter 159) and its subsidiary legislation; and
- (iii) The performance of the functions of the Society in accordance with its Memorandum and Articles of Association and the attainment of the objects for which the Society is established.

In making this Notification, it is obligatory for you to supply the Society with all data requested in this form except as otherwise indicated. The consequence for you if you fail to supply such data is that you may have contravened the requirements of the Solicitors’ Practice Rules.

The data may be provided to such persons within the Society whose proper business it is to have access to and assist in the processing of the Notification and related matters. The data may also be provided to the persons who are affected by the cessation of the legal practice and also to the persons who may help the Society in attaining the purposes above mentioned.

Any data that is provided to anyone outside of the Society will be restricted to what is necessary and not excessive to achieve any intended purpose.

The data will also be used for updating the List (which may be included in the Law List and other Law Society publications) kept by the Society which is available for inspection by members of the public in ascertaining the particulars of a law firm that is or has been a limited liability partnership.

You have the right to request access to and correction of the data. Any such request should be addressed to the Secretary General, the Law Society of Hong Kong, 3/F, Wing On House, 71 Des Voeux Road Central, Hong Kong.

The Privacy Policy Statement of the Society is available on its website at **www.hklawsoc.org.hk**.