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**Regulations: Legal
Practitioners Ordinance,
Practice Directions and Rules**

CIRCULAR 25-817 (COM)

18 December 2025

25-817 (COM) LAW SOCIETY GUIDELINES CESSATION OF PRACTICE BY HONG KONG FIRMS

Updated 18 December 2025

1. Cessation of Practice means the ceasing of practice as such by a Hong Kong firm.

"Cessation" occurs or may occur on:

- a. the retirement of a sole practitioner; or
- b. the closure of a practice by a partnership; or
- c. the retirement of a partner from a partnership; or
- d. the amalgamation of 2 existing firms; or
- e. where an existing firm is dissolved and the partners divide into two or more new firms.

2. Notification to the Society

To avoid the possibility of further intervention by the Society and the costs that might be incurred, if your firm intends to cease practice, you should notify the Society ***at least 8 weeks prior to the date of Cessation*** by completing the Notice of Cessation of Practice form ("the Cessation Notice"). The Society must be notified of the firm of solicitors which will act as your Agent (see paragraph 3 below).

[Click here for a copy of the Cessation Notice](#)

3. Appointment of a Firm of Solicitors as Agent

When the firm ceases to practise, a firm of solicitors practising with at least 2 partners must be appointed to be the firm's Agent to deal with all consequential matters pursuant to Law Society Practice Direction D7 **as amended in October 2006**. Both parties must comply with



Practice Direction D7. The relationship between the Firm and the appointed Agent is contractual, governed by commercial terms. If the arrangement is terminated, the firm and the appointed Agent must inform the Law Society of the termination in writing within 7 days of such termination, and the firm must appoint a substitute Agent within 7 days of such termination.

Click the link below for:

[Law Society Practice Direction D7](#)

4. Notice to the Hong Kong Solicitors Indemnity Fund Limited ("HKSIF") and filing of Quarterly Return and Gross Fee Income Report (Revised August 2017)

- a. Notice of Cessation of practice must be given to HKSIF's Manager, Essar Insurance Services Ltd, whose current address and current contact details are:-

Essar Insurance Services Ltd. (FAO The Legal Officer)
34/F, One Island East,
Taikoo Place
18 Westlands Road, Quarry Bay, Hong Kong

Telephone no: 2861 6666 Fax: 2603 9780

- b. **Filing of final Quarterly Return and Gross Fee Income Report**

ESSAR will confirm the deadline for filing of the firm's final Quarterly Return and Gross Fee Income Report following receipt of the Cessation Notice.

Paragraph 2(1)(c)(ii) of Schedule 1 to the Solicitors (Professional Indemnity) Rules (Cap. 159M) ("PIS Rules") provides that any principal who fails to provide HKSIF with a Gross Fee Income Report and other information referred to in paragraph 2(1)(b)(iii) of the PIS Rules shall be liable to pay an amount equal to 200% of the rate of contribution for the preceding indemnity period until such principal has complied with such reporting requirements.

5. Notice to Clients

- a. You must give sufficient notice in writing to your clients and specifically, clients with active files, original documents (including wills and title deeds), company chops and/or client's money currently held by your firm with a view to avoiding any prejudice to your clients' interests and affording your clients adequate opportunity to take such steps as they consider appropriate in the circumstances. What will be sufficient notice will depend upon the particular circumstances of your firm and of the Cessation and it may well be necessary to give notice well before the official notification to the Society (see paragraph 3 above), but in any event not later than 8 weeks prior to the date of cessation of practice. For example there may be files due for completion at about the date of Cessation or you may have a large number of 'active' files to wind-up. Failure to give sufficient notice to clients could amount to an act of negligence and could also lead to disciplinary action.



[Click here for a sample letter to clients](#)

- b. If you are planning to cease practice, you should be open and frank with your clients when obtaining instructions where it appears likely that the matter will continue beyond your planned date of Cessation. Extra care should be taken to ensure that you do not leave your client unrepresented.

6. Notice Generally

- a. You must provide fellow practitioners, barristers and others (including relevant Government Bureaux and Departments, banks, courts and tribunals) involved in transactions with your firm, adequate notice to enable the files to be handed over in good time, or to conclude matters with your firm, and to take such other steps as may be appropriate in the circumstances. The recommended period of notice should be at least 8 weeks prior to the date of Cessation.

[Click here for a suggested list of organisations to be notified](#)

- b. Notification should also be given to the Commissioner of Inland Revenue pursuant to the provisions of the Business Registration Ordinance Cap. 310.

7. Publication of Cessation

a. Notice in the Law Society's Circulars

The Society will advise the membership of the firm's intention to cease practice in the weekly circulars once the Cessation Notice has been filed.

b. Notice of Rescission

If the firm changes its decision on Cessation, a Notice of Rescission together with the payment of the fee, as prescribed by Council, must be filed before the expiration of the date of Cessation. A Notice of the Rescission will be circulated to the membership in the weekly circulars.

[Click here for the Notice of Rescission](#)

8. Firm's Former Clients and Active Files

- a. The Agent should contact former clients with active files whom the firm failed to reach prior to its cessation in order to seek instructions on the appointment of a successor firm of solicitors. The Agent should conduct a proper conflict check before taking up the role as an Agent. Having properly advised the firm's former clients of their right to choose a new firm of solicitors in place of the firm, the Agent may establish a solicitor/client relationship with the firm's former clients.
- b. The firm must provide the Agent with a comprehensive list of the firm's active matters and the matter files. In the event that a firm fails to provide the requisite list and relevant files, the appointed Agent should assess whether such a failure would materially hinder



their ability to discharge their duties. If necessary, the Agent should consider terminating the relevant retainer with the firm. Failure to properly carry out the duties of an Agent may result in breach of this circular and/or amount to professional misconduct.

9. Money in Clients' Accounts

This section should be reviewed in conjunction with the guidance provided in paragraph 10 below.

The funds held in clients' accounts must be returned to the clients or dealt with as they direct. If a client cannot be traced it is suggested that you should advertise. At the date of Cessation all outstanding balances in the clients' accounts must be transferred to the firm appointed to act as the firm's Agent in accordance with the directions from Council (pursuant to the firm's application under Section 8(2) of the Solicitors' Accounts Rules Cap. 159F) ("SAR"). The firm must notify the Society in writing within 7 days of the date of Cessation of the total aggregate amount in the firm's clients' accounts transferred to the Agent, such notification to be countersigned by the Agent by way of acknowledgement.

The appointed Agent should assist with the preparation of reconciliation statements to the firm's final accounts to the Law Society, which must be submitted by the firm within 6 months of the date of cessation.

The appointed Agent should also be responsible for (a) informing the Council in writing of the total aggregate amounts transferred from the firm's clients' account on the date of cessation, (b) tracing the firm's former clients for instructions on the unclaimed balances transferred from the firm's clients accounts to the Agent's client's accounts and (c) obtaining and complying with the Council's directions under Rule 8(2) of the SAR on any unclaimed balances so transferred.

For the avoidance of doubt, firms must not continue to operate client accounts or handle clients' money following cessation of practice. Any such conduct may constitute a breach of the applicable SAR, Practice Direction and circulars. To minimize the risk of any potential non-compliance, firms are advised to close all client accounts upon cessation and in any event no longer than 6 months after the date of cessation of practice. Additionally, firms are reminded to ensure that all cheques received are banked in a timely manner prior to cessation, and to notify all relevant parties, including but not limited to the Court and solicitors of the opposite party, to direct any further payment of client's monies (for instance, damages or compensation) to the appointed Agent.

In the event that a substitute Agent is appointed, the Agent and the substitute Agent shall inform the Law Society in writing the total aggregate amounts transferred from the Agent's clients' account to the substitute Agent's clients' account within 7 days of the transfer.



10. Delivery of Final Accountant's Report

a. Date of Delivery of Final Accountant's Report

The Society will confirm the deadline for delivery of the Final Accountant's Report following receipt of the Cessation Notice.

b. Legislation

The legislation dealing with the Final Accountant's Report can be found in:

(i) Section 8(2) of the Legal Practitioners Ordinance, Cap. 159

This provides that the last date for delivery of the firm's Final Accountant's Report shall be within 6 months from the date on which the firm ceased business.

[Click here for a copy of Section 8 of the Legal Practitioners Ordinance, Cap. 159](#)

(ii) Accountant's Report Rules, Cap. 159A

The Report must also comply with the requirements stated in Rule 8(2) which states:

"(2) The firm shall deliver the accountant's report to the Council not more than 6 months (or the period prescribed by rules made under section 73(1)(b) of the Ordinance) after the accounting period specified in the report."

c. "Date of Cessation"

The firm's books should be made up as at the date of Cessation, namely when the firm ceased legal practice. Post Cessation events should be recorded in supplemental or reconciliation statements to the Society.

d. Rule 12 Accountant's Report Rules, Cap. 159A

The Law Society's Council has the power to waive any of the provisions of the Accountant's Report Rules under Rule 12 in any particular case. Any application to the Council should be made *before delivery* of the Final Accountant's Report.

11. Office Accounts

A firm can maintain its Office Account after the date of Cessation in order to deal with post-Cessation settlement of bills and accounts receivable, etc. **Any correspondence referring to the firm thereafter should make reference to the firm having ceased practice which is achieved by clear notification on the firm's stationery e.g. letterhead, compliments slips, receipts etc. (in addition see paragraph 19 below)**

12. Preservation of Books of Account



A firm which has ceased practice must also comply with the following requirements:

a. **Solicitors' Accounts Rules, Cap. 159F**

Rule 10(6)

"Every solicitor shall preserve for at least 6 years from the date of the last entry therein all books, accounts and records kept by him under this rule."

Rule 10(6A)

Subject to paragraph (8), the books and accounts, ledgers and records kept by a solicitor under this rule must be kept in Hong Kong.

b. **Inland Revenue Ordinance Cap. 112**

Consideration should also be given to provisions in the Inland Revenue Ordinance e.g. See S.22 on "Assessment of Partnerships" and S.51C on "Business records to be kept".

13. Storage and Destruction of Non-Active or Concluded Files ("Old Files")

- a. The firm must provide the appointed Agent with a comprehensive list of the firm's Old Files in storage, as well as full details of the location of those files. Additionally, it is recommended that necessary arrangements be made in advance so that the appointed Agent be granted access to the Old Files upon appointment.
- b. The firm must also maintain the rental payments for the storage of the Old Files or make satisfactory arrangements therefor with the Agent.
- c. The Agent will be responsible for handling enquiries from former clients and from third parties, such as the Land Registry on the firm's returned title deeds.
- d. Members should review the Society's Guidance Note on *The Storage and Destruction of Old Files* in circular 24-872 (SD).

[Click here for a copy of circular 24-872 \(SD\)](#)

- e. Full details on the location of the firm's Old Files must be given to the Society in the Cessation Notice.
- f. Consideration should also be given to the relevant provisions in the Limitation Ordinance Cap. 347.



14. Final Notification of Changes to a Practice form

a. Notification of Changes to a Practice form

The Society will send you the prescribed Notification of Changes to a Practice form following receipt of the Cessation Notice, which must be completed and filed with the Society within 14 days of the date of Cessation.

[Click here for a copy of the Notification of Changes to a Practice form](#)

b. Final Employees' Return

- c. A Final Employees' Return must be filed in the prescribed form pursuant to Rule 5(3) of the Solicitors' Practice Rules, Cap. 159H. **Inland Revenue Ordinance, Cap. 112**

Consideration should also be given to the provisions in the Inland Revenue Ordinance Cap. 112.

15. Outstanding Professional Fees and Undertakings

The liability of a sole principal, and of partners for the liabilities of their co-partners, or former partners, for outstanding professional fees and undertakings is a continuing one and is not determined or superseded by Cessation.

Please review *The Hong Kong Solicitors' Guide to Professional Conduct*, in particular, the Commentary to Principle 12.04 and Chapter 14.

Click the link below for:

[Commentary to Principle 12.04](#)
[Chapter 14](#)

16. When a Solicitor retires: Is a Practising Certificate required?

a. Description as a Solicitor

If you have retired from practice as a solicitor and do not hold a practising certificate you may still describe yourself as a solicitor, but care must be taken that you do not hold yourself out as qualified to practise as a solicitor. e.g. **"Solicitor (Non-practising)"** is considered to be an appropriate description.

b. Acting as a Consultant, or Working without remuneration

If a solicitor wishes to act as a consultant with a firm, or on a part-time or ad hoc basis, or if a retired solicitor wishes to work in the capacity of a solicitor without remuneration, for example for friends, relatives, family owned companies or registered charities, he must hold a practising certificate and must comply with all regulations which apply to solicitors.



17. The Retainer - "Entire Contract Rule"

- a. A current retainer with the firm may be "entire", i.e. one to complete the work for which the retainer was given and therefore one which cannot be terminated by the solicitor before completion unless there is good cause and reasonable notice.
- b. It would be prudent to plan in advance and try and complete the retainers to which the entire contract rule applies before Cessation. If that is not possible, and the retainer will be terminated for good cause, the client should be given adequate notice of the Cessation. Appropriate steps should be taken to ensure the client is not left unrepresented.

18. Papers to be handed over on termination of retainer

All documents and materials belonging to a client e.g. title deeds, original wills, codicils, etc., should, subject to any lien, be returned to or disposed of according to the client's directions. (Please see paragraph 13 (above))

19. Destruction of stationery and chops

Upon Cessation all stationery and chops with your firm's name should be destroyed, unless they are required for use in dealing with outstanding matters in relation to the firm's Office Account. If the firm's old stationery is to be used it must clearly indicate the firm has ceased practice, e.g. **"ABC&Co. ceased practice"**.

20. Circular 17-629 (PA) is superseded.