



THE
LAW SOCIETY
OF HONG KONG
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SUSTAINABILITY OF THE LEGAL PROFESSION GLOBALLY



Liberalisation of the Legal Services Market

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Liberalisation of Legal Services

Definition:

Alternative Legal Service Providers (ALSPs)

Provision of services that perform many of the tasks traditionally done by law firms while seeking to deliver them in a manner that differs from a traditional law firm.

Often done by



Leveraging technology



Relying on flexible and multidisciplinary teams that integrate business, technology and law

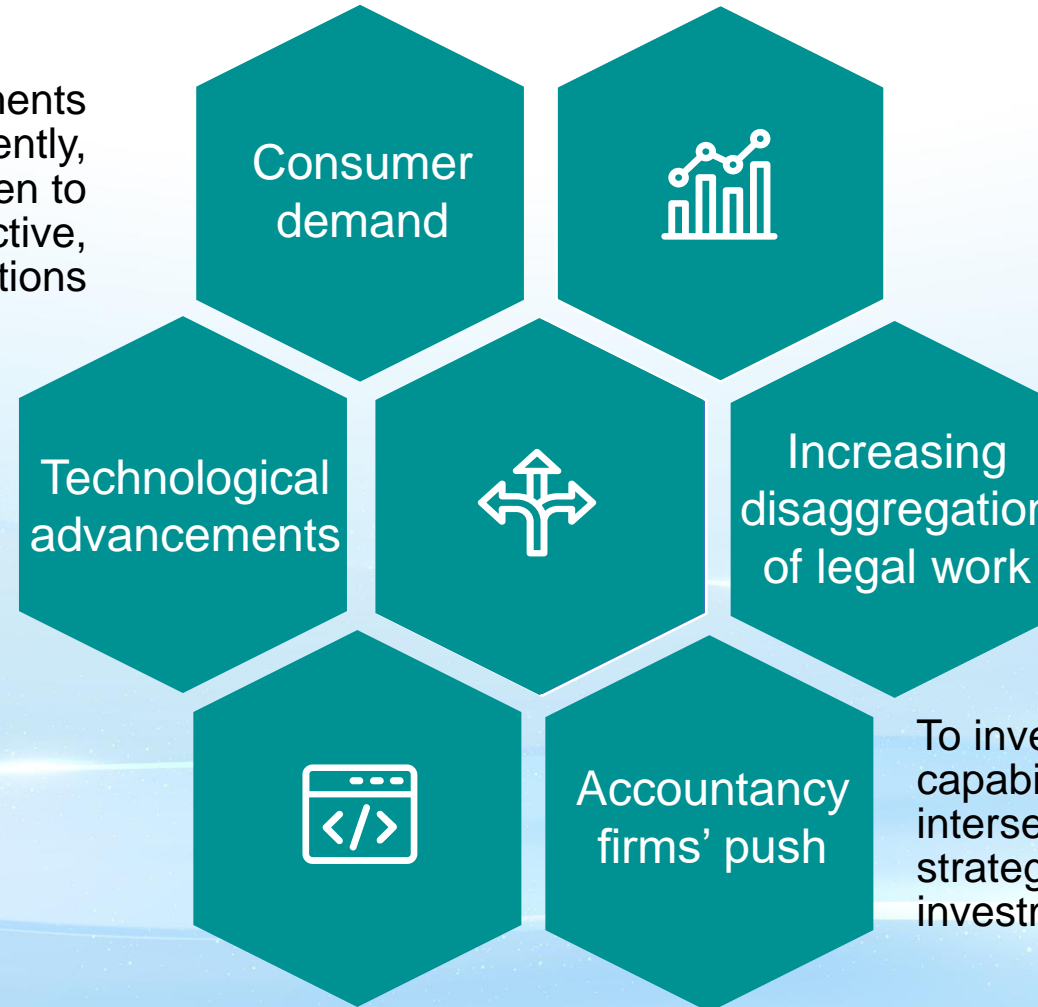
Reasons for ALSP's Emergence

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Clients/in-house legal departments need to do things more efficiently, hence these entities have arisen to provide more cost-effective, standardised solutions



To invest in legaltech and develop capabilities to resolve issues at the intersection of law, business, strategy and technology, and their investment in legal tech

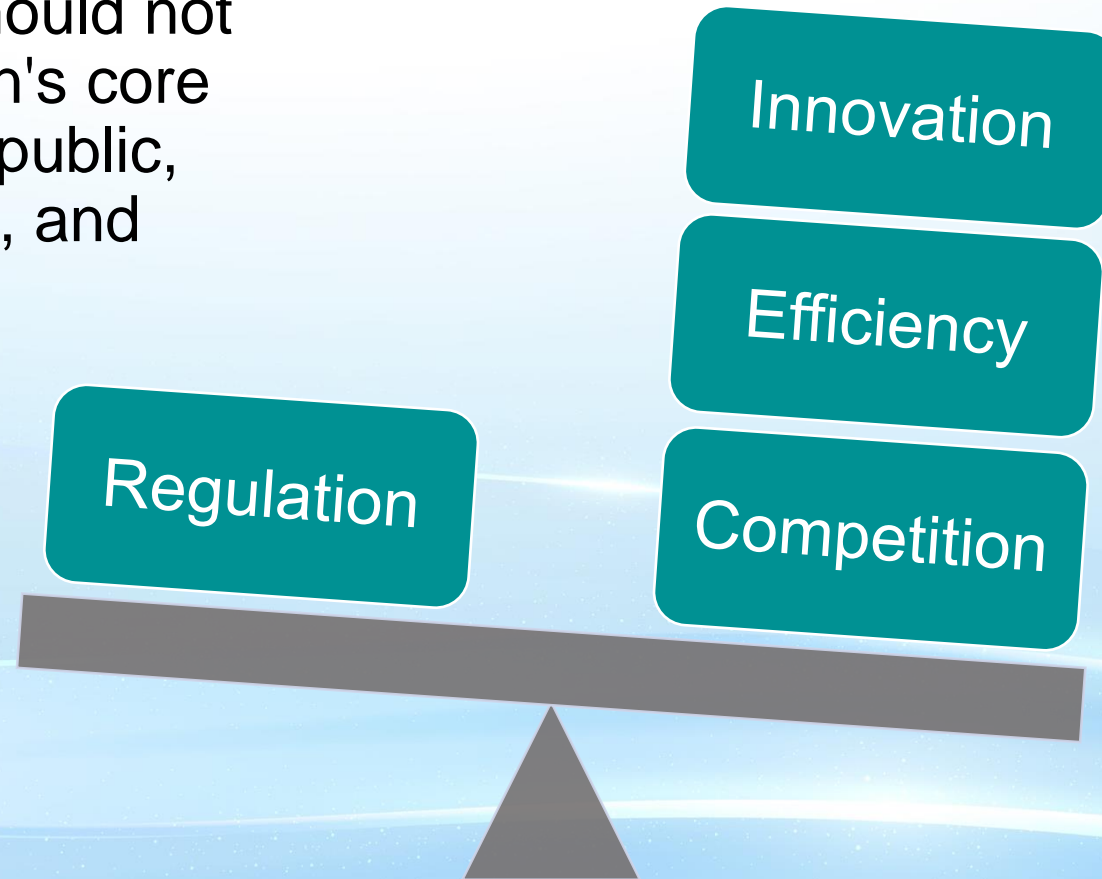
Persistent Challenge of “More for Less”

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Not in dispute: ALSPs should not violate the legal profession's core values, i.e. protecting the public, ensuring access to justice, and upholding the rule of law.





ALSPs are here to stay
**Who should be
regulated and in
what capacity?**

Methods of Regulation



1

The Principled Approach
("Modular Method")



2

The Categorisation Approach
("Singapore Approach")

There may be newer and better ways of looking at this

Method 1: Modular Services-Based Licensing Regime

- Legal information vs legal advice based on a consistent regulatory objective of consumer protection
- Principled approach to regulation:
 1. Whether the service provided constitutes legal advice or if it relates more towards the provision of legal information or a legally-related service.
 2. Whether the end-users for their 'legal service' and 'work product' provided are legally trained personnel.

Method 1: Modular Services-Based Licensing Regime

The ways some of these alternative legal services can come in the form of:

- 1 Asking the end-user to input information and assisting in translating that information into a legal document (a form filling exercise)
- 2 Providing various legal options
- 3 Drafting a document

Method 1: Modular Services-Based Licensing Regime

The service provided is in the context of forms such as Lasting Powers of Attorneys, **which require form-filling**, such that the services offered by ALSPs are confined to the receiving of information from the end-user and the input of such information into standard forms.

Such services need not be subject to higher standards of regulation. Any misinformation conveyed could be regulated by misrepresentation in Common Law.

The service provided also **outlines the types of legal options that are possible and available to a user** but the user needs to evaluate which legal option should be recommended in their specific circumstance.

This would not constitute the provision of legal advice. Disclaimers that this does not purport to be a legal advice.

The service is in the context of **generating work products that incorporate legal advice.**

The extent to which the ALSP should be regulated is also contingent on the standard of advice the ALSP is holding out to be providing, including whether such advice is held out to be that of the standard of a layman or a lawyer.

OCBC Online Will Generator

Take care of your loved ones by planning your legacy today. After you have decided on your executor(s) and beneficiaries, as well as how much each should receive, use our Online Will Generator to set a plan in place.

Things to note before you begin.

1

You will need the following information

Mandatory

- ✓ Your personal details
- ✓ Name and NRIC/Passport no. of Executors

2

Start only when you can finish

This session should take less than 10 minutes to complete if all the information is available.

However, it cannot be saved and retrieved later, so make sure you have

3

The Will is only valid once it has been endorsed

This online template produces a pdf that you need to print and sign. It will only be valid once it has been signed by you and two witnesses.

CASE STUDY 1

OCBC Online Will Generator

Proceed

- **Utilises a basic Will template**; does not necessarily deal with every aspect of what is required for Wills even if it is important in the eyes of a lawyer.
- **Intended for general use only** and does not contain or convey any legal or other advice.
- **Disclaimers** such as “You should seek legal advice from appropriately qualified lawyers for more specific Will requirements”.
- **Caveated** that the standard of advice provided was for basic needs and general use and was based on legal advice provided by a law firm for general use.
- **Highlighting** that advice on specific will requirements should be sought from qualified lawyers.

- From a regulatory point of view, this strikes a balance between the principles of **consumer protection** against the **apportionment of liability**, in that the OCBC Will Generator is held out to the standard of a basic will, and the standard of this product had been vetted by a law firm.
- At the same time, the caveats in place that the will does not deal with more specific requirements help to ensure that consumers **do not overly rely** on the OCBC Will Generator for a higher level of service than what it warrants itself to provide.



The other consideration
for level of regulation:

**Is the end-user
legally trained?**



CASE STUDY 2

The Regulation of Patent Agents

The Regulation of Patent Agents

- Patent agents help clients draft and file patent applications, which is traditionally done by lawyers, although it is not strictly necessary to engage a lawyer to file patent applications.
- Companies can still file patent applications without consulting a lawyer.
- In Singapore, there is a licensing model where local and foreign patent agents are registered with the Intellectual Property Office of Singapore and regulated by statute. Patent Agents need to meet certain criteria and possess the requisite qualifications to be eligible to apply to be a registered patent agent.
- This is necessary because the **intended end-users are individuals and companies who are not legally trained per se.**
- This contrasts Legal Process Outsourcing, such as eDiscovery ALSPs, where the intended end-users are legally trained lawyers.

Method 2: The Singapore Approach

Different regulatory needs and issues:

ALSPs based on
**alternate business
structures**

ALSPs based on
alternate resourcing

ALSPs providing
services based on
**specific expertise
or legal products**

Method 2: The Singapore Approach

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| Integrated Structures | Alternate Resourcing | Provision of Services | |
|--|---|---|---|
| | | Services based on specific expertise | Services based on legal products |
| Captive Legal Process Outsourcing (LPO) <ul style="list-style-type: none"> Aka offshoring, onshoring and legal process offshoring Defined as the exporting of legal services to low-wage markets overseas Law firms with captive LPOs: <ul style="list-style-type: none"> In 2007, Clifford Chance became the first major law firm to open its own offshore captive LPO operation in India on a global basis, covering a wide variety of lower-value, more routine tasks across all of the firm's practice areas. Other firms such as Allen & Overy, Eversheds, Orrick, Reed Smith and WilmerHale also have their captive LPOs | Contract lawyers or legal consultants <ul style="list-style-type: none"> Companies like Axiom and Lawyers on Demand have sprung up to offer lawyers on a contract basis Even traditional 'Big 4' law firms like Rajah & Tann have started to provide lawyers on contract basis via the setting up of R&T Asia Resources. These include secondments to companies and offering legal services on a project basis. | Independent LPOs (e.g. document review, litigation and investigation support, e-discovery, legal research, etc.) | Document generators (e.g. will drafting) <ul style="list-style-type: none"> Founders Doc VanillaLaw |
| Legal Disciplinary / Multi-Disciplinary Practices <ul style="list-style-type: none"> Rajah & Tann Asia has incorporated Rajah & Tann Technologies tech-enabled legal solutions in digital evidence management, eDiscovery & investigation services, cybersecurity, & content development & learning services, risk management and automation solutions ONE RHT Universe comprising RHTLaw Asia LLP and the RHT Group of Companies offering multi-disciplinary professional services in digital financial services, corporate finance and sponsorship, governance risk and compliance, consulting and advisory, sustainability, wealth and asset management, real estate advisory, events, training and development. | Locum lawyers <ul style="list-style-type: none"> Defined as lawyers who practise on a temporary or freelance basis for one or more law practices Delinked PC: a lawyer cannot practise both as a locum and as a proprietor/partner of a law firm or as a full time employee in a law practice Benefits: <ul style="list-style-type: none"> Encourage lawyers to return to practice Encourage specialisation in a preferred area of law which can be offered to more than one law practice Improve manpower allocation: project basis Proprietors of small law firms who wish to take some time off | Managed legal (and non-legal) services <ul style="list-style-type: none"> Rajah & Tann RHT: such as RHT Holdings Financial Advisory Pte Ltd before it was sold to In.Corp Corporate Services | Providers of legal work products (e.g. patent agents) |

Method 2: The Singapore Approach

| Integrated Structures | Alternate Resourcing | Provision of Services | |
|--|----------------------|--------------------------------------|----------------------------------|
| | | Services based on specific expertise | Services based on legal products |
| Law firms which have incorporated additional entities targeted at providing other legal services Corporate Secretarial Services <ul style="list-style-type: none">DrewCorp Services (of Drew & Napier)In.Corp Corporate Services (of RHT)CNP Group (of CNPLaw) Digital Risk Management <ul style="list-style-type: none">Rajah & Tann Technologies (of Rajah & Tann Asia) | Legal consultants | Regulatory risk and compliance | AI Legal Tech Products |
| Law firms which have partnered with firms in other disciplines (e.g. accounting firms) Singapore law practices affiliated with Big 4 accountancy firms <ul style="list-style-type: none">Eng and Co. LLC (part of PwC network)Sabara Law (part of Deloitte Legal Network)Atlas Asia Law Corporation (part of the global EY network) | | | |
| Law firms with non-lawyers holding equity <ul style="list-style-type: none">25% equity, voting rights, and control by non-lawyers and subjected to case-by-case approval. These non-lawyer partners or shareholders must be employees of the firm, and the law firm can only deliver legal services. Such non-lawyer employees have to be registered as regulated non-practitioners under section 36G of the Legal Profession Act.Fewer than 10 such individuals presently, with the majority of them being patent agents. | | | |

Method 2: The Singapore Approach

- This may not cover all ALSPs, but they represent most of the market.
- These categories may also overlap; for instance, services based on specific expertise may be provided via a captive LPO.
- Some structures help within the crowded ALSP marketplace, allowing for the ease of identifying relevant regulatory issues and concerns in a targeted manner.



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Emerging Developments in the Legal Industry

Global Trends- why ALSP is here to stay.

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Rise of Tech Giants



Rise of Asia



Increasing legal
industry competition



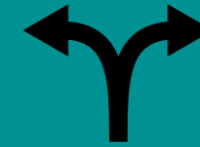
Impact of Covid-19

As a Result of Global Trends

IMPACT ON DEMAND FOR LEGAL SERVICES



Cost
Pressures on
Law Firms



Bifurcation of
Global Economy



Increase in
Cybersecurity
Demand



Increase in
Demand for Legal
Services in Asia



On-Demand
24/7 Accessibility



Increase in Legal
In-Sourcing



Corresponding Changes in Tech and Operations Impacting Lawyers



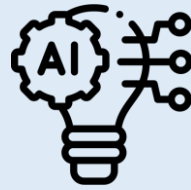
Legal Cybersecurity Solutions

- AML checks
- personal data protection
- hacking of law firm information



E-Courts

- speech-to-text capabilities
- AI-powered decision making and negotiation
- use of video/online dispute resolution



Legal Tech Solutions

- the rise of AI chatbots
- the need for legal tech skills such as computing and law



Alternative Legal Service Providers



Asian Legal Tech Solutions

The Impact on Business Demand of Legal Services as a Result of Global Trends

1 Increase in Asian Demand for Legal Services

- **Native tongue and nuances:** Legal services providers must be proficient in their native language, local Law, and business customs.
- **Asian Law:** intra-Asian investments increase, and Asian laws mature, investors may prefer using regional laws rather than English law, which has seen its market share in Asia decline steadily.
- **Softer approaches:** Relationship-focused Asian businesses may increasingly eschew litigation in favour of alternative dispute resolution methods like arbitration or mediation for commercial disputes, such as China's Belt & Road investment agreements.

The Impact on Business Demand of Legal Services as a Result of Global Trends

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2 | On-Demand 24/7 Accessibility



- Clients expect on-demand legal services and information accessible anytime, anywhere
- Global firms with their round-the-clock international network of offices can meet this demand
- Smaller entities with human resources and resource constraints must seek innovative solutions through tech-driven solutions and collaborate with third-party service providers or law firms

The Impact on Business Demand of Legal Services as a Result of Global Trends

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3 | Increase in Legal In-Sourcing

Technology giants requiring niche legal expertise have found developing in-house legal capabilities more efficient than outsourcing



The Impact on Business Demand of Legal Services as a Result of Global Trends

4 | Cost Pressures on Law Firms



Commoditisation of legal services and outsourcing to ALSPs or allied legal service providers



Deploying automation tools and off-the-shelf software with little or no customisation



Three types of trends



ENABLER Technology

Such as document management



BACK OFFICE Technology

Enhances efficiency of back office functions such as practice management systems, streamlines daily work processes, and a single system in a secure environment in different areas



FRONT OFFICE Technology and Digitalisation

Supporting lawyers in executing routine legal tasks

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5 | Bifurcation of the Global Economy



Implications of the US-led or Chinese-led economies splitting the world into 2 factions. Law firms affiliated with either one will have more significant consequences.



Law firms serving two markets must maintain separate operating systems and cybersecurity and AI adoption frameworks.



This could create opportunities for law firms in neutral countries to serve as a neutral bridge between the two.

Liberalisation in the Singapore Context

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Ongoing liberalisation of Singapore Legal Services Market

Singapore positioned as a
regional and increasingly
global arbitration hub

- 
- Singapore International Arbitration Centre
 - Singapore International Commercial Court
 - Many local and international law firms building up dispute resolution practices



Introduction of Qualifying Foreign Law Practice licence in 2008

Allows foreign law firms to practice Singapore law in almost all areas of legal practice, but only through Singapore lawyers as partners or associates

9 QFLP law firms:

1. Allen & Overy
2. Clifford Chance
3. Gibson, Dunn & Crutcher
4. Jones Day
5. Latham & Watkins
6. Linklaters
7. Norton Rose Fulbright
8. Sidley Austin
9. White & Case

Liberalisation in the Singapore Context

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Why Foreign Lawyers

- Foreign lawyers help Singapore-based clients navigate multiple jurisdictions
- The expertise of foreign lawyers provides easy access to specialist skills, particularly in international merger and acquisitions
- COVID-19 factor: Reduced business travel leads to the need for skills in foreign jurisdictions at home
- A robust pool of foreign lawyers ensures cross-border cooperation is sustained to prompt global recovery



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