



**D 7. CESSATION OF PRACTICE**

- (1) Where a firm intends to cease practice, the firm must notify the Society *of the intended cessation* in writing in a form approved by the Society at least 8 weeks prior to the *date of* cessation.
- (2) Where a firm *intends to* cease, the firm must appoint a firm of solicitors *with at least 2 partners as its agent* to deal with all consequential matters. *The firm shall notify the Society of the names and contact details of its sole practitioner or all of its partners and of the agent appointed when it notifies the Society of its intended cessation pursuant to subparagraph (1). Any change to the contact details must be notified by the person to whom the change relates to the Society in writing within 7 days of such change.*
- (3) *A solicitor who was a principal of the firm as at the date of cessation shall ensure that:*
  - (a) *where an existing appointment of the agent is for any reason terminated, another firm of solicitors with at least 2 partners (the "substitute agent") is to be appointed within 7 days; and*
  - (b) *any change to the particulars of the agent or the substitute agent is notified to the Society in writing within 7 days of such change.*
- (4)
  - (a) *The agent whose appointment as such is terminated shall within 7 days of such termination apply in writing to the Council for directions to be given pursuant to Rule 8(2) of the Solicitors' Accounts Rules on the unclaimed balances on its clients' accounts pertaining to its appointment as the firm's agent.*
  - (b) *The agent whose appointment as such is terminated and the substitute agent to whom any unclaimed balances on clients' accounts have been transferred from the former agent shall notify the Society in writing the total aggregate amount in the clients' accounts so transferred within 7 days of the transfer.*
- (5) *Notwithstanding the requirement in section 5(3) of the Solicitors' Practice Rules to furnish a declaration in respect of the relevant calendar year, a solicitor who was a principal of the firm as at the date of cessation shall advise*

*the Society in writing in a form approved by the Society within 14 days of the date of cessation of any change in the employment of staff of the firm that occurred as a result of the cessation.*

- (6) This Practice Direction came into effect on 16 June 1997 *and was amended on 2 August 2004.*



THE  
**LAW SOCIETY**  
OF HONG KONG  
香 港 律 師 會

**CESSATION OF PRACTICE**  
**GUIDELINES ON APPOINTMENT AS AN AGENT**

**The Law Society of Hong Kong**  
**2004**

## **Guidelines to Firms Appointed as Agents to Firms Ceasing Practice**

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**N.B.** These guidelines are compiled for the convenience of Firms ceasing practice and their agents and are intended to assist in the smooth and orderly completion of the cessation process. These guidelines are not to be treated as an exhaustive source of information relating to the matters covered thereby. Practitioners should refer to the relevant primary materials to ensure due discharge of their professional as well as contractual duties.

## **1. Glossary of Terms**

- 1.1 Agent – A firm with at least 2 partners appointed as the agent of a Firm and includes (unless the context requires otherwise) a substitute agent.**
- 1.2 Cessation – Cessation of legal practice by the Firm**
- 1.3 Council – The Council of the Law Society of Hong Kong**
- 1.4 Firm – The firm which has ceased practice**
- 1.5 SAR – Solicitors' Accounts Rules**
- 1.6 Society – The Law Society of Hong Kong**

## **2. Relationship between the Firm and the Agent and their respective responsibilities**

### **2.1 The Firm and the Agent**

**2.1.1 The relationship between the Firm and the Agent is contractual, namely that of “Principal” and “Agent” on commercial terms. The commercial rate for services provided will be a matter between the parties.**

**2.1.2 The Firm and the Agent must comply with the requirements of Practice Direction D7. If the contractual arrangements are terminated, the Firm must appoint a substitute firm of solicitors with at least 2 partners within 7 days of the date of termination.**

**2.1.3 The Firm and the Agent other than a substitute Agent must sign the prescribed Notice of Cessation and file the document with the Society at least 8 weeks before the date of cessation.**

**2.1.4 The Firm and the Agent whose appointment has been terminated must inform the Society of the termination in writing within 7 days of the date of termination.**

### **2.2 Firm's Accounts**

**2.2.1 Subject to the directions of the Council pursuant to Rule 8(2) of the SAR, the Firm will make arrangements to transfer all outstanding balances in the Firm's Clients' accounts at the date of cessation of practice to the Agent.**

**2.2.2 The Agent will assist with the preparation of any reconciliation statements to the Firm's Final Accounts to the Society. Any reconciliation statements must be submitted by the Firm within 6 months of the date of cessation.**

**2.2.3 The Agent will be responsible for tracing the Firm's former clients for instructions on the unclaimed balances transferred from the Firm's clients accounts.**

**The Agent will be responsible for obtaining the Council's directions under Rule 8(2) of the SAR on any unclaimed balances transferred from the Firm's clients' accounts to the Agent's clients' accounts.**

## **2.3 Firm's former clients**

- 2.3.1 The Agent may have a "solicitor/client" relationship with the Firm's former clients.**
- 2.3.2 The Agent should contact former clients whom the Firm failed to reach prior to its cessation in order to seek instructions on the appointment of a successor firm of solicitors.**
- 2.3.3 The Firm and the Agent should provide notification of the appointment as Agent to appropriate organisations e.g. clients, banks, solicitors, courts and tribunals.**
- 2.3.4 The Firm must provide the Agent with a comprehensive list of the Firm's current matters and the matter files.**

## **2.4 Firm's Old Files**

- 2.4.1 The Firm must provide the Agent with a comprehensive list of the Firm's old files in storage.**
- 2.4.2 The Firm must provide the Agent with full details of the location of the old files.**
- 2.4.3 The Firm must maintain the rental payments for the storage of the old files or make satisfactory arrangements therefor with the Agent.**
- 2.4.4 The Agent will be responsible for handling queries from former clients and from third parties, such as the Land Registry on the Firm's old files.**

## **3 Relationship between the Agent and the Law Society**

- 3.1 The Agent (other than the substitute Agent) shall inform the Council in writing of the total aggregate amounts transferred from the Firm's clients' accounts on the date of cessation. The Agent and a substitute Agent shall inform the Society in writing the total aggregate amounts transferred from the Agent's clients' accounts to the substitute Agent's clients' accounts within 7 days of the transfer.**
- 3.2 The Agent will be responsible for complying with the directions given by the Council under Rule 8(2) of the SAR.**