



**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.**