

THE LAW SOCIETY OF SINGAPORE

GUIDANCE NOTE 3.3.1

[Formerly GN 2013, para 4; Council's Guidance Note 1 of 2008]

DEPOSIT OF MONEYS IN THE CLIENT ACCOUNT OF A LAW PRACTICE

1. Under rule 2 of the Legal Profession (Solicitors' Accounts) Rules (Cap 161, R 8, 1999 Rev Ed) ('SAR'), the definition of "client's money" does not include "money held or received on account of the trustees of a trust of which the solicitor is solicitor-trustee" or "money to which the only person entitled is the solicitor himself or, in the case of a firm of solicitors, one or more of the partners in the firm".
2. Therefore money that belongs only to a proprietor or sole director of a law practice or one or more partners of a partnership firm is not client money and cannot be deposited in the law practice's client account.
3. The basis for the rule is that a solicitor (as defined by the subsidiary legislation) must separate money belonging to him/her from money belonging to the "client" (as defined in the SAR).
4. The Council of the Law Society was asked for guidance on whether a partner of a limited liability law partnership or a director of a law corporation could place money in the client account of such a law practice when the only person entitled to the money was a partner or director of the said partnership or corporation.
5. The Council noted the current rule 2 as drafted in the SAR seemed to permit the deposit of moneys in the client account even if the only person entitled to it was a partner or director of a limited liability law partnership or a law corporation.
6. The Council accepted the guidance of the (then) SAR Committee that the fact that a limited liability law partnership or a law corporation is a separate legal person from its partners or directors did not make the principle that a solicitor must not mix moneys he/she alone is entitled to with "client's money" of the law practice any less applicable.
7. The Council's guidance to members is not to deposit in their law practice client account moneys to which the only person entitled is a partner or director of a limited liability partnership or a law corporation.

[Note: The Council had proposed to the then Honourable the Chief Justice Chan Sek Keong to amend paragraph (b) of the definition of "client's money" to read that it does not include "moneys to which the only person entitled in the case of a sole proprietorship, the solicitor himself, in the case of a firm of solicitors or a limited liability partnership, one or more of its partners and in the case of a law corporation, one or more of its directors".

Members should note that the definition of "client's money" in rule 2 of the SAR has already taken into account Council's guidance in paragraph 7 above.]

Date: 31 January 2019

THE COUNCIL OF THE LAW SOCIETY OF SINGAPORE