

# THE LAW SOCIETY OF SINGAPORE

## PRACTICE DIRECTION 3.3.10

*[Formerly PDR 2013, para 79B; Council's Practice Direction 3 of 2011]*

### **RESPONSIBILITIES AND DUTIES OF A SECOND SIGNATORY UNDER THE LEGAL PROFESSION (SOLICITORS' ACCOUNTS) RULES**

This Practice Direction supersedes Council's Practice Direction 1 of 2007 and Practice Direction 3 of 2007. It sets out the responsibility and duties of a solicitor (as defined by the subsidiary legislation) when he/she acts as a second signatory to any cheque or any authorisation for withdrawal of moneys from any client under the Legal Profession (Solicitors' Account) Rules (Cap 161, R 8, 1999 Rev Ed) ('SAR') and the circumstances when fees may be chargeable by the second signatory.

#### **A. Basic Responsibility**

A solicitor who acts as a second signatory must verify that every withdrawal of money from the client account as contemplated under rule 7 of the SAR complies with rule 8 of the SAR.

This is verified by the second signatory by complying with the duties set out in this Practice Direction.

#### **B. Duties of the Second Signatory**

The second signatory must take reasonable steps to check that money to be withdrawn were deposited into and is to be withdrawn from the client account.

The second signatory must review supporting documents shown to him/her by the first signatory solicitor to support the withdrawal from the client account.

If the first signatory does not disclose sufficient information and or documents for the second signatory to carry out his/her duties under this Practice Direction then the second signatory should not sign the cheque or other authorisation of withdrawal.

#### **C. Relevant Supporting Documents to be shown to Second Signatory**

This Practice Direction cannot prescribe the supporting documents that a second signatory must have sight of in every type of case to ensure that the withdrawal will be in compliance with rules 7 and 8 of the SAR.

However, some examples of documents are as follows:

- a) For the withdrawal of costs and disbursements from the client to office account, sight of a copy of the bill of costs or other written intimation of costs sent to the client in compliance with the two-day notice requirement as prescribed in Council's Practice Direction on "Drawing Money for Legal Costs from Client Account" (Practice Direction 3.3.1). That endorsed on the bill of costs or in a cover letter is a notice to the client that if the client has no objection to the bill within two days of posting the transfer of money from the client to office account will take place.
- b) For the withdrawal of money from the client account to pay damages due to the client or in a matrimonial matter for payment of maintenance, the relevant

settlement letter, agreement or order of court evidencing the sum as payable to the client or third party named in the cheque or authorisation.

- c) If any payment is to be made to an agent of the client, a written letter of authority signed by the client to the law practice consenting to the payment of client money to the named agent.

The Council wishes to remind members that solicitors acting as a second signatory for withdrawal of money from the client account and who fail to exercise reasonable care may be liable in tort to the beneficiary.

### **Fees Chargeable by the Second Signatory**

Council permits the second signatory to charge a fair and reasonable fee for carrying out his/her duties and responsibilities as a second signatory.

A fee can only be charged if a solicitor acts as a second signatory to the client account of another law practice.

The fee charged must be to carry the duties set out above namely to take reasonable steps to check the moneys to be withdrawn were deposited into and are to be withdrawn from the client account and review supporting documents submitted to evidence the withdrawal in compliance with rules 7 and 8 of the SAR.

The first and second signatories must agree on the fee payable to the second signatory and that the second signatory will observe the confidentiality of client matters for which he/she is performing his/her duties as a second signatory.

Prior to the engagement of the second signatory, the client of the law practice of the first signatory must be informed that:

- a) a second signatory is required for the client's matter under the SAR and that the law practice will engage a second signatory from another law practice; and
- b) the second signatory has agreed to observe the confidentiality of client matters for which he/she is performing his/her duties as a second signatory.

The law practice must inform and explain to the client, in accordance with the Legal Profession (Professional Conduct) Rules 2015 (S 706/2015), the arrangements with regards to the fees to be charged by the second signatory, if any.

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**THE COUNCIL OF THE LAW SOCIETY OF SINGAPORE**