

Legal Profession (Professional Conduct) (Amendment) Rules 2007

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No. S 384

LEGAL PROFESSION ACT (CHAPTER 161)

LEGAL PROFESSION (PROFESSIONAL CONDUCT) (AMENDMENT) RULES 2007

In exercise of the powers conferred by section 71 of the Legal Profession Act, the Council of the Law Society of Singapore, with the approval of the Chief Justice, hereby makes the following Rules:

Citation and commencement

1. These Rules may be cited as the Legal Profession (Professional Conduct) (Amendment) Rules 2007 and shall come into operation on 15th August 2007.

New rules 11D to 11I

2. The Legal Profession (Professional Conduct) Rules (R 1) are amended by inserting, immediately after rule 11C, the following rules:

“Knowing your client

11D.—(1) An advocate and solicitor or a law practice shall take reasonable measures to ascertain the identity of a client as soon as reasonably practicable before accepting instructions to act in a matter.

(2) An advocate and solicitor or a law practice receiving instructions in a

matter from an agent on behalf of a principal client shall take reasonable measures to ascertain the identity of the principal client before accepting instructions to act in the matter.

(3) Subject to paragraph (4), where a client is not a natural person, an advocate and solicitor or a law practice shall take reasonable measures to ascertain the identities of the natural persons that have a controlling interest in or that exercise effective control over the client.

(4) Paragraph (3) shall not apply in respect of a client that is —

- (a) a ministry or department of the Government, an organ of State or a statutory board; or
- (b) a public company listed on a securities exchange or a recognised securities exchange within the meaning of the Securities and Futures Act (Cap. 289).

Prohibition against anonymous accounts

11E. An advocate and solicitor or a law practice shall not open or maintain any account for or hold and receive moneys from —

- (a) an anonymous source; or
- (b) a client with an obviously fictitious name.

Knowing your client's business relationship

11F.—(1) This rule shall apply where an advocate and solicitor or a law practice acts for a client in any of the following matters:

- (a) acquisition, divestment or any other dealing of any interest in real estate;
- (b) management of client's moneys, securities or other assets, or bank, savings or securities accounts;
- (c) creation, operation or management of a company, corporation, partnership, society, trust or other legal entity or legal arrangement;
- (d) acquisition, merger, sale or disposal of a company, corporation, partnership, business trust, sole proprietorship or other business entity; or
- (e) a matter that is unusual in the ordinary course of business having

regard to —

- (i) the complexity of the matter;
- (ii) the quantum involved;
- (iii) any apparent economic or lawful purpose of the matter; and
- (iv) the business and risk profile of the client.

(2) When accepting instructions in relation to a matter referred to in paragraph (1), and at any time thereafter in accordance with the Law Society's Practice Directions, the advocate and solicitor or the law practice shall obtain satisfactory evidence as to the nature and purpose of —

- (a) the business relationship with the client in the matter; and
- (b) the business relationship between the client and any other party to the matter.

(3) If a client refuses or is unable to provide the satisfactory evidence required under paragraph (2), the advocate and solicitor or the law practice shall not act or continue to act for the client.

(4) The satisfactory evidence required under paragraph (2) shall include the following:

- (a) evidence to ascertain the identity of the client; and
- (b) if moneys or securities are to be held for the client by the advocate and solicitor or the law practice, evidence to identify the legal and beneficial owners of the moneys or securities to be deposited with or held by the advocate and solicitor or the law practice.

Suspicious transaction reporting

11G. Where an advocate and solicitor or a law practice knows or has reasonable grounds to suspect any matter referred to in section 39(1) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), the advocate and solicitor or the law practice shall disclose the matter to —

- (a) the Suspicious Transaction Reporting Office of the Commercial Affairs Department by way of a suspicious transaction report; or
- (b) an authorised officer under that Act,