

**KUALA LUMPUR BAR COMMITTEE  
FIRMS AND GROUP PRACTICE  
REFORM COMMITTEE 2019/2020**

---

**CONSULTATION PAPER**

**ON**

**LEGAL PROFESSION (GROUP LAW PRACTICE) RULES 2018**

---

## CONTENTS

<b>No.</b>		<b>Pages</b>
1.	<b>INTRODUCTION</b>	<b>3-4</b>
2.	<b>BRIEF DESCRIPTION OF THE MALAYSIAN MODEL</b>	<b>5</b>
3.	<b>MODELS IN OTHER JURISDICTIONS</b>	<b>6-7</b>
4.	<b>WEAKNESSES OF THE MALAYSIAN MODEL</b>	<b>8</b>
5.	<b>PROVISIONAL RECOMMENDATIONS</b>	<b>9</b>
6.	<b>FEEDBACK</b>	<b>10</b>

## Chapter 1 – INTRODUCTION

1. In this Consultation Paper, the Kuala Lumpur Bar Committee Firms and Group Practice Reform Committee (“Committee”) reviews the restrictions under the Legal Profession (Group Law Practice) Rules 2018 (“GLP Rules”). We should say at the outset that, after our review, our provisional conclusion, explained in greater detail in Part IV of the paper, is that the restrictions on firm numbers in a Group Legal Practice (“GLP”), restriction on the number of lawyers in a member firm of a GLP, and restriction on branches, should be abolished. We give that recommendation now, not in order to foreclose any discussions, but to assist those reading to take a critical view of its contents. We welcome any comments from those who take, or might be minded to take, a different view, to put before us any arguments that we have overlooked or undervalued.

### Background to GLP in Malaysia

2. The Malaysian legal market consists predominantly of firms with five or fewer lawyers. In the 2018/19 Annual Report of the Bar Council of Malaysia, the Chief Executive Officer of the Bar Council stated that “single-lawyer establishments account for about 40% of law firms. Another 36% of firms have two or three lawyers. Small law firms are the norm – the percentage of firms that have five or fewer lawyers has held steady at about 88% ”<sup>1</sup>
3. The idea behind the GLP is to “essentially allow small law firms to practice and operate as a group by sharing premises and facilities while remaining as separate entities. This is a cost-effective alternative mode of practice that is intended to reduce operating costs for small law firms and to increase their efficiency and competitiveness.”<sup>2</sup>
4. Currently, GLP is governed by the Legal Profession (Group Law Practice) Rules 2018<sup>3</sup> which were passed pursuant to Section 77 of the Legal Profession Act 1976. The Rules were gazetted on 25<sup>th</sup> June 2018 and came into operation on 30<sup>th</sup> June 2018.<sup>4</sup>
5. In the special report by the President of the Malaysian Bar for the 2018/19 term, it was made known that “seven applications to set up a [GLP] have been approved.”<sup>5</sup>

### Outline of this Consultation Paper

6. The structure of this paper is as follows.

Chapter II: A Brief Description of the Malaysian Model

Chapter III: Position in other jurisdictions – Singapore and Hong Kong

Chapter IV: Weaknesses in the Malaysian Model

Chapter V: Provision recommendations

Chapter VI: Feedback

---

<sup>1</sup> Bar Council Malaysia 2018/19 Annual Report, pages 114-115

<sup>2</sup> Bar Council Malaysia 2018/19 Annual Report, page 106. For further benefits, see Chapter 2 of the Group Practice Manual by the Law Society of Hong Kong

<sup>3</sup> [http://www.federalgazette.agc.gov.my/output/pua\\_20180625\\_P.U.%20\(A\)%20142.pdf](http://www.federalgazette.agc.gov.my/output/pua_20180625_P.U.%20(A)%20142.pdf)

<sup>4</sup> Rule 1(2) of the Legal Profession (Group Law Practice) Rules 2018

<sup>5</sup> Bar Council Malaysia 2018/19 Annual Report, page 106. The same figure was cited by the Chief Executive Officer at page 115

### **The Consultation Process**

7. This paper is confined to discussion on the specific restrictions on firm numbers in a GLP, restriction on the number of lawyers in a member firm of a GLP, and restriction on branches.
8. In aid of framing the discussion, we suggest that responses take into account the questions posted in Part VI of this paper.
9. This consultation closes on 25 October 2019. Responses can be provided by e-mail at [melissadass@klbar.org.my](mailto:melissadass@klbar.org.my). There is no standard format of answering, kindly respond in any manner you are most comfortable with.
10. The Final Report, containing a summary of responses received and the Committee's final recommendations, will be published.
11. Lastly, the Kuala Lumpur Bar Committee wish to acknowledge and express our gratitude to Joshua Wu for his contribution in this consultation paper.

## Chapter II – BRIEF DESCRIPTION OF THE MALAYSIAN MODEL

12. The GLP Rules is similar in most aspects to the rules governing GLP in Hong Kong and Singapore. The key differences being the:
  - 12.1. limit on the number of firms in a GLP;
  - 12.2. limit on the number of lawyers in a member firm of a GLP;
  - 12.3. prohibition on firms with branches from joining a GLP; and
  - 12.4. prohibition on GLPs having branches.
  
13. The GLP Rules define a GLP as “a practice which comprises **two to five firms** as its members –
  - (a) where **each firm has not more than five advocates and solicitors**;
  - (b) where all the firms share a premises at a common address and facilities under a group law practice name; and
  - (c) where each firm cooperates with each other without being partners.”<sup>6</sup>
  
14. Further, “a firm that has branches shall not be permitted to join a group law practice.”<sup>7</sup>
  
15. Also, under the Rules, a GLP “**shall not have a branch.**”<sup>8</sup>

---

<sup>6</sup> Rule 3(1) of the Legal Profession (Group Law Practice) Rules 2018

<sup>7</sup> Rule 4(3) of the Legal Profession (Group Law Practice) Rules 2018

<sup>8</sup> Rule 6 of the Legal Profession (Group Law Practice) Rules 2018

## Chapter III – MODELS IN OTHER JURISDICTIONS

### Singapore

16. GLP is governed by the Legal Profession (Law Practice Etiquette) Rules 2015<sup>9</sup> which were made by the Professional Conduct Council pursuant to Section 71(2) of the Legal Profession Act 1966.
17. A Singapore Group Practice is made up of “**two or more Singapore Law Practices**” while a Foreign Group Practice is made up of “two or more Foreign Law Practices.”<sup>10</sup>
18. As at 24<sup>th</sup> May 2019, Singapore has 7 GLPs.<sup>11</sup> It is worth noting that Essex Court Chambers Duxton (Singapore Group Practice) has six advocates<sup>12</sup> and that Raffles Group Law Practice consists of 7 Singapore Law Firms<sup>13</sup>
19. Unique to the Singapore model, there may be a manager to handle the affairs of the GLP.<sup>14</sup>
20. Other rules pertaining to GLPs, e.g. the name and style of the GLP, the GLP’s letterhead, are similar to those found in the Malaysian model.
21. Unlike Malaysia, there are no restrictions on the number of member firms in a GLP, and the number of advocates and solicitors in a member firm.

### Hong Kong

22. GLP is governed by the Solicitors (Group Practice) Rules which were made by the Council of the Law Society of Hong Kong pursuant to Section 73 of the Legal Practitioners Ordinance (Cap. 159).
23. Where “... **2 or more solicitors or firms** conduct their businesses ... (or any part of their businesses) from the same address, separately but in mutual cooperation,”<sup>15</sup> they constitute a “group practice.”
24. Unique to Hong Kong, every GLP has to “maintain an incorporated company with limited liability registered under the Companies Ordinance (Cap. 622), or under the Companies Ordinance (Cap. 32) ...”<sup>16</sup> as the group practice’s management company responsible for “matters relating to the management of the affairs of the group practice or members of the group practice as such.”<sup>17</sup>
25. Other rules pertaining to GLPs in Hong Kong, e.g. the name and style of the GLP, the GLP’s letterhead, are similar to those found in the Malaysian model.

---

<sup>9</sup> <https://sso.agc.gov.sg/SL/LPA1966-S706-2015>

<sup>10</sup> Sections 184A(1)-(2) of the Legal Profession Act 1966

<sup>11</sup> This is based on a search at <https://www.mlaw.gov.sg/eservices/lra/search-lawyer-or-law-firm/>

<sup>12</sup> <https://essexcourtduxton.com/advocates/>

<sup>13</sup> Namely, Continental Law LLP, Lee Brothers, S Nabham, Tan Partnership, Trinity Law Corporation, Wong Kin Meng & Co, Wu LLC

<sup>14</sup> Rules 44(1) and 65(1) of the Legal Profession (Law Practice Etiquette) Rules 2015

<sup>15</sup> Rule 3(1) of the Solicitors (Group Practice) Rules

<sup>16</sup> Rule 7(1) of the Solicitors (Group Practice) Rules

<sup>17</sup> Rule 7(2) of the Solicitors (Group Practice) Rules

26. Unlike Malaysia, there are no restrictions on the number of member firms in a GLP, and the number of solicitors in a member firm.

#### **Chapter IV – WEAKNESSES OF THE MALAYSIAN MODEL**

27. The Malaysian model restricts:-
  - 27.1. the number of member firms in a GLP to 5;
  - 27.2. the number of advocates and solicitors in a member firm of a GLP to a maximum of 5;
  - 27.3. firms with branches from joining a GLP; and
  - 27.4. GLPs from having branch offices.
28. As seen above, the restrictions in 26.1 and 26.2 are not found in the Singapore or Hong Kong models, both of which introduced GLP before Malaysia. We are of the view that the restriction on firms in a GLP and the restriction on the number of advocates and solicitors in a member firm of a GLP cannot be justified. It irrationally prevents a GLP as well as its member firms from growing.
29. The restrictions in 26.3 and 26.4 are unique to Malaysia. There is little justification in restricting law firms with branch offices in other States from benefiting from a GLP structure. The restriction on having branch offices also prevents GLPs from having branch offices as it will enable them to better meet the needs of their clients from other states thereby putting them at a disadvantaged as compared to a law firm.
30. The abovementioned restrictions have the effect of:-
  - 30.1. preventing GLPs from expanding and stifling the growth of member firms of a GLP;
  - 30.2. discouraging advocates and solicitors from embracing a GLP structure;
  - 30.3. imposing geographical boundaries on GLPs;
  - 30.4. irrationally restricting freedom of association; and
  - 30.5. unjustifiably and arbitrarily placing a restraint on business.

## Chapter V – PROVISIONAL RECOMMENDATIONS

31. Having evaluated GLP models in other jurisdictions and having compared them to their Malaysian counterpart, the Committee has the following provisional recommendations:
  - 31.1. There should **not** be a limit to the number of firms in a GLP;
  - 31.2. There should **not** be a limit to the number of lawyers in a member firm of a GLP;
  - 31.3. Firms with branches should be allowed to join a GLP; and
  - 31.4. GLPs should be allowed to have branches.
32. The provisional recommendations are reflected in Annexure A.

## **Chapter VI – FEEDBACK**

Question 1: Are you satisfied with the restrictions in the GLP Rules as it stands?

Question 2: Will you consider forming a GLP if:

- i) the limit to the number of firms in a GLP is removed;
- ii) the limit to the number of lawyers in a member firm of a GLP is removed;
- iii) firms with branches were allowed to join a GLP; and/or
- iv) GLPs are allowed to have branches.

Question 3: What are your comments on the provisional recommendations?

# **Annexure A**

LEGAL PROFESSION ACT 1976

LEGAL PROFESSION (GROUP LAW PRACTICE) RULES 2018

---

ARRANGEMENT OF RULES

---

Rule

1. Citation and commencement
2. Interpretation
3. Group law practice
4. Application to practice as group law practice
5. Name of group law practice
6. Group law practice cannot have a branch
7. Notification of change of number of firms in a group law practice
8. Holding out as a group law practice
9. Register of group law practice
10. Client of firm in a group law practice
11. Separate liability
12. Bank account
13. Incapacity or death of sole proprietor

## LEGAL PROFESSION ACT 1976

### LEGAL PROFESSION (GROUP LAW PRACTICE) RULES 2018

IN exercise of the powers conferred by section 77 of the Legal Profession Act 1976 [Act 166], the Bar Council, with the approval of the Attorney General, makes the following rules:

#### **Citation and commencement**

1. (1) These rules may be cited as the Legal Profession (Group Law Practice) Rules 2018.

(2) These Rules come into operation on 30 June 2018.

#### **Interpretation**

2. In these Rules—

“group law practice” means the practice described in rule 3;

“firm” means a sole proprietorship or a partnership of advocates and solicitors.

#### **Group law practice**

3. (1) A group law practice is a practice which comprises two ~~to five or more~~ firms as its members—

(a) ~~where each firm has not more than five advocates and solicitors;~~

(b) where all of the firms may share a premises at a common address and

(c) where all of the firms share facilities under a group law practice name; and

~~(d)~~ (d) where each firm cooperates with each other without being partners.

(2) Any firm in a group law practice shall not be a member of another group law practice.

#### **Application to practice as group law practice**

4. (1) All firms who wish to practice as a group law practice shall apply in writing to the Bar Council for an approval of—

(a) practising as a group law practice;

(b) the proposed name of the group law practice; and

(c) the manner in which the name of the group law practice will be used together with the name of the firm of each firm in the group law practice.

(2) The Bar Council shall not approve any proposed name of a group law practice if the name—

(a) is or may reasonably be regarded as being ostentatious, misleading, exploitative, deceptive, sensational, offensive or in any other way unbecoming the dignity of the legal profession; or

(b) is so similar to other existing group law practices as to likely to be confused with.

(3) A firm that has branches shall ~~not~~ be permitted to join a group law practice.

(4) The Bar Council may, within thirty working days from the date of receiving the application under subrule (1), notify the firms who wish to practice as a group law practice in writing of the approval or refusal of such application.

#### **Name of group law practice**

5. (1) No firm shall practice as a group law practice unless the name of the group law practice has been approved in accordance with subrule 4(4).

(2) A group law practice shall use the words “group law practice” as part of its name.

(3) A group law practice shall display the names of all firms in the group law practice on the group law practice nameplate outside the premises of the group law practice.

(4) The nameplate of the group law practice shall be in such form as determined by the Bar Council.

(5) If the Bar Council believes on reasonable grounds that the name of a group law practice should be changed, the Bar Council shall serve a written notice with the said grounds to the group law practice to change its name.

(6) The group law practice shall comply with the written notice under subrule (5) within six weeks from the date of receipt of the written notice or any longer period as the Bar Council allows.

(7) If the group law practice fails to comply with the written notice under subrule (5), the group law practice shall immediately cease to practice under the name of the group law practice.

**Group law practice ~~cannot~~ can have a branch**

6. A group law practice ~~shall not~~ may have ~~any~~ a branch.

**Notification of change of number of firms in a group law practice**

7. A group law practice shall notify the Bar Council in writing of any change in the number of firms in the group law practice within fourteen days from the date of such change.

**Holding out as a group law practice**

8. (1) No firm which is not a member of a group law practice shall describe itself as a group law practice.

(2) A firm in a group law practice shall—

- (a) use the name of the group law practice together with the name of the firm provided that the name of the firm shall be more prominent than the name of the group law practice; and
- (b) use the name of the group law practice in documents in which its name appears including its letterheads and business cards.

**Register of group law practice**

9. (1) The Bar Council shall maintain a register of group law practice.

- (2) Any firm which joins or withdraws from a group law practice shall, within fourteen days of such joining or withdrawal, notify the Bar Council of the same in writing.

**Client of firm in a group law practice**

10.(1) A firm in a group law practice may—

- (a) request another firm in the same group law practice to undertake work instructed by a client of the firm provided that the client has given his or its consent in writing; and
- (b) act for a party in a matter where another firm in the same group law practice is acting for the other party in the same matter provided that both parties have given their consent in writing.

(2) A notice incorporating the matters in paragraphs (1)(a) and (b) in such form as determined by the Bar Council shall be displayed prominently within the office of the group law practice.

(3) An advocate and solicitor of any firm in a group law practice who is a commissioner for oaths or a notary public may attest to any document requiring attestation of clients of another firm in the group law practice.

### **Separate liability**

11.(1) A group law practice does not have a juridical entity and a notice to this effect shall be displayed prominently within the office of the group law practice.

(2) A group law practice shall not operate as a partnership and a notice to this effect shall be given to clients of the respective firm.

(3) Each firm in a group law practice—

(a) shall be liable to pay and discharge its own debts and liabilities; and

(b) shall keep the other firms in the group law practice and their respective estates indemnified against such debts and liabilities and against all actions, proceedings, costs, claims and demands in respect of the said debts and liabilities.

(4) Each firm in a group law practice shall bear its own professional indemnity insurance premium, accountancy and audit costs, professional and similar subscriptions, and levies payable to the Bar Council.

### **Bank account**

12.(1) Any firm in a group law practice may open and operate a common bank account for the purpose of meeting common expenses of the group law practice.

(2) Notwithstanding subrule (1), each firm in a group law practice shall maintain, separately from the other firms in the group law practice, its own office account and its client accounts.

(3) In this rule,—

(a) “client account” has the meaning assigned to it in the Solicitors’ Account Rules 1990 [P.U. (A) 301/1990]; and

(b) “office account” means an account maintained by an advocate and solicitor for his practice, other than a client account.

**Incapacity or death of sole proprietor**

13.(1) In relation to a firm in a group law practice which is a sole proprietorship, the sole proprietor shall appoint in writing another firm in the same group law practice to act in his stead in the event of his incapacity or death.

(2) The appointment made under subrule (1) is subject to the permission of the Bar Council.