

ABS Working Group
Firm Regulation and Business Structures in Other Jurisdictions

Jurisdiction	Firm Regulation	Permitted Business Structures
Ontario	The Law Society is currently considering models for compliance based, entity regulation in addition to regulation of individuals. It is expected that next steps in this project will be announced in 2015.	Permitted business structures include sole practitioners, partnerships, LLPs, professional corporations and multi-disciplinary practices. The Law Society of Upper Canada currently has the authority to regulate professional corporations, but this authority is not exercised.
Quebec	Entity must ensure that members who engage in professional activities within the firm have a working environment that permits compliance with any law applicable to the carrying out of professional activities.	Ownership of professional corporations practising law is open to members of other regulated professionals so long as 50% of the voting shares of the professional corporation are owned by lawyers or other regulated professionals.
Nova Scotia	<p>Since 2005, Nova Scotia Barristers Society has had express statutory authority to regulate law firms.</p> <ul style="list-style-type: none"> - Complaints may be made to the NSBS regarding a law firm. - Law firms must designate one lawyer to receive communication from the Barristers Society and assist with investigations. - A firm found guilty of professional misconduct may be fined. If a Law Society discipline panel makes an adverse finding against a law firm, the panel may order any other condition as appropriate. 	<p>Lawyers may practice in limited liability partnerships.</p> <p>Council may make regulations</p> <ul style="list-style-type: none"> a) permitting practice arrangements between lawyers and non-lawyers.; b) respecting conditions to be met in such practice arrangements; c) providing for the registration of an entity embodying such arrangements; d) specifying any requirements respecting such arrangements that are necessary to protect the public interest.
British Columbia	The Law Society of British Columbia may receive complaints against law firms, investigate law firms, commence a discipline hearing against a law firm, and,	Permits Multi-Disciplinary Practice. Not looking at ABS at the present time.

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	<p>if a Law Society discipline panel makes an adverse finding against a law firm, discipline the firm by reprimand, fine or other order or condition as is appropriate.¹ The Law Society has initiated a Law Firm Regulation Task Force to move forward with firm regulation.</p>	
Manitoba	<p>As of May 2015, the legislation governing the Law Society of Manitoba was amended to permit regulation of firms</p>	<p>In the new legislation, law firm is broadly defined and includes any legal entity that provides legal services.</p>
England and Wales	<p>A system of co-regulation governs the regulation of legal services. The Legal Services Board serves as the oversight regulator. Several “approved regulators” serve to regulate legal activities restricted to legal professionals. The Solicitors’ Regulatory Authority (SRA) is an approved regulator that regulates not only solicitors, but the firms in which they work.</p>	<p>Alternative Business Structures permitted. The SRA takes a risk-based (as opposed to rules-based) approach to considering applications for ABSs. ABS applicants generally need to provide the SRA with: organizational details (including the firm’s regulatory history and the type of legal work to be conducted), business practices (including policies and procedures, the applicant’s proposals to meet the regulatory objectives and proposed governance structure), details of personnel, indemnity insurance, mechanisms for the protection of client funds, and a suitability declaration.</p>
Australia	<p>Incorporated Legal Practices are subject to entity regulation by the Office of the Legal Services Commissioner, New South Wales (OLSC). The OLSC may audit ILPs for their compliance with legislation. Each ILP must have a “Legal Practitioner Director” who is responsible for implementing “appropriate management systems”. Failure to do so could be a</p>	<p>Alternative Business Structures permitted.</p>

¹ Although the legislation gives the LSBC these powers, they have not yet been used. Regulations will be developed in this area.

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	<p>basis for a finding of professional misconduct for the Legal Practitioner Director.</p> <p>Entity regulation is now in place across Australia.</p>	
New York	New York disciplines law firms as well as individual lawyers.	New York Rule of Professional Conduct 5.4 prohibits non-lawyer investment in law firms. This prohibition is being challenged by law firm Jacoby & Myers.
New Jersey	New Jersey disciplines law firms as well as individual lawyers.	ABSs prohibited.
Washington DC	Entities regulated through individual members, in part by imposing requirements on lawyers with managerial authority within a firm.	D.C. Rules of Professional Conduct R. 5.4 permit non-lawyer ownership interests in law firms if the “partnership or organization has as its sole purpose providing legal services to clients”.
Singapore	As of January 2014, Singapore has started to regulate law practices.	Partial non-lawyer ownership of firms is permitted.