

REPUBLIC OF SOUTH AFRICA

LEGAL PRACTICE BILL

*(As introduced in the National Assembly (proposed section 75), explanatory summary of
Bill published in Government Gazette No. 35357 of 15 May 2012)
(The English text is the official text of the Bill)*

(MINISTER OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT)

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BILL

To provide a legislative framework for the transformation and restructuring of the legal profession in line with constitutional imperatives; to provide for the establishment, powers and functions of a single South African Legal Practice Council and Regional Councils in order to regulate the affairs of legal practitioners, and to set norms and standards; to provide for the admission, enrolment and registration of legal practitioners; to regulate the professional conduct of legal practitioners so as to ensure accountable conduct; to provide for the establishment of an Office of a Legal Services Ombud and for the appointment, powers and functions of a Legal Services Ombud; to provide for an Attorneys Fidelity Fund and an Attorneys Fidelity Fund Board of Control; to provide for the establishment, powers and functions of a Transitional South African Legal Practice Council; and to provide for matters connected therewith.

Preamble

WHEREAS section 22 of the Bill of Rights of the Constitution establishes the right to freedom of trade, occupation and profession, and provides that the practice of a trade, occupation or profession may be regulated by law;

AND BEARING IN MIND THAT—

- the legal profession is regulated by different laws which apply in different parts of the national territory and, as a result thereof, is fragmented and divided;
- access to affordable legal services is not a reality for most South Africans;
- the legal profession is not representative of the demographics of South Africa;
- entry into the legal profession is, in some respects, dependent on compliance with outdated, unnecessary and overly restrictive prescripts;
- access to legal services is limited;

AND IN ORDER TO—

- provide a legislative framework for the transformation and restructuring of the legal profession into a unified profession which is representative of the Republic's demographics;
- ensure that the values underpinning the Constitution are embraced and that the rule of law is upheld;
- ensure that legal services are affordable and within the reach of the citizenry;
- regulate the legal profession, in the public interest, by means of a single statute;
- remove any barriers for entry into the legal profession;
- strengthen the independence of the legal profession; and
- ensure the accountability of the legal profession to the public,

BE IT THEREFORE ENACTED by the Parliament of the Republic of South Africa,
as follows:—

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CHAPTER 1**DEFINITIONS, APPLICATION AND PURPOSE OF ACT****Definitions**

1. In this Act, unless the context otherwise indicates— 25
- “**Admission of Advocates Act**” means the Admission of Advocates Act, 1964 (Act No. 74 of 1964);
- “**advocate**” means a legal practitioner practising without a Fidelity Fund certificate;
- “**appeal tribunal**” means an appeal tribunal established in terms of section 37(6); 30
- “**assessment**” means the process under which it is determined whether a candidate legal practitioner has successfully attained the level of competence referred to in section 28;
- “**attorney**” means a legal practitioner practising with a Fidelity Fund certificate;
- “**Attorneys Act**” means the Attorneys Act, 1979 (Act No. 53 of 1979); 35
- “**Auditor-General**” means the person appointed as the Auditor-General in terms of section 193 of the Constitution;
- “**bank**” means a bank as defined in section 1 of the Banks Act, 1990 (Act No. 94 of 1990), and registered, otherwise than provisionally, or regarded as having been registered, as a bank in terms of Chapter III of that Act; 40
- “**Board**” means the Attorneys Fidelity Fund Board established in terms of section 62;
- “**candidate attorney**” means a person undergoing practical vocational training with a view to being admitted and enrolled as an attorney;
- “**candidate legal practitioner**” means a person undergoing practical vocational training, either as a candidate attorney or as a pupil; 45
- “**Charter**” means the Legal Services Sector Charter as adopted by the legal profession of the Republic and the Minister in December 2007;
- “**code of conduct**” means a written code setting out rules and standards relating to ethics, conduct and practice for legal practitioners and its enforcement through the Council and its structures, which may contain different provisions for advocates and attorneys and different provisions for different categories of legal practitioners; 50

“conveyancer” means any attorney who is registered and enrolled to practise as a conveyancer in terms of this Act or a person referred to in the definition of **“conveyancer”** in section 102(1) of the Deeds Registries Act, 1937 (Act No. 47 of 1937);

“Council” means the South African Legal Practice Council established in terms of section 4; 5

“court” means any court in the Republic as defined in section 166 of the Constitution;

“day” means an ordinary day;

“Department” means the Department of Justice and Constitutional Development; 10

“disciplinary body” means—

- (a) an investigating committee;
- (b) a disciplinary committee; or
- (c) an appeal tribunal,

as the case may be; 15

“Director-General” means the Director-General of the Department;

“Fidelity Fund certificate” means the certificate referred to in section 85;

“financial year” means the financial year of the Fund referred to in section 60;

“Fund” means the Attorneys Fidelity Fund referred to in section 54;

“justice centre” means an office of Legal Aid South Africa, and includes a satellite office; 20

“law clinic” means—

- (a) a centre for the practical legal education of students in the faculty of law at a university in the Republic; or
- (b) a law centre controlled by, or which is, a non-profit making organisation, 25 which, subject to section 34(8), provides legal services to the public free of charge;

“Legal Aid South Africa” means the Legal Aid Board established in terms of section 2 of the Legal Aid Act, 1969 (Act No. 22 of 1969);

“legal practitioner” means an advocate or attorney registered as such in terms of section 30; 30

“magistrates’ court” means a regional court or a district court established in terms of the Magistrates’ Courts Act, 1944 (Act No. 32 of 1944);

“Master” means a Master of the High Court acting within the powers conferred upon him or her by law; 35

“Minister” means the Minister of Justice and Constitutional Development;

“notary” means any attorney who is registered and enrolled to practise as a notary in terms of this Act;

“Ombud” means the person appointed by the President as a Legal Services Ombud in terms of section 48; 40

“practical vocational training” means training required in terms of this Act to qualify a candidate attorney or pupil in order to be admitted and enrolled as an attorney or advocate;

“prescribed” means prescribed by regulation, and **“prescribe”** has a corresponding meaning; 45

“pupil” means a person undergoing practical vocational training with a view to being admitted and enrolled as an advocate;

“Regional Council” means a Regional Council referred to in section 23;

“Roll” means the Roll of Legal Practitioners referred to in section 30(3);

“rules” means the rules of the Council; 50

“this Act” includes any regulation, rule or notice made or issued in terms of this Act; and

“trust account practice” means a practice conducted by one or more attorneys who are, in terms of this Act, required to hold a Fidelity Fund certificate.

Application of Act 55

2. This Act is applicable to all legal practitioners.

Purpose of Act

3. The purpose of this Act is to—
- (a) provide a legislative framework for the transformation and restructuring of the legal profession that embraces the values underpinning the Constitution;
 - (b) broaden access to justice by putting in place— 5
 - (i) a structure to determine fees chargeable by legal practitioners for legal services rendered that are affordable and within the reach of the citizenry;
 - (ii) measures to provide for the rendering of community service by candidate legal practitioners and practising legal practitioners; and
 - (iii) measures that provide equal opportunities for all aspirant legal practitioners in order to have a legal profession that reflects the demographics of the Republic; 10
 - (c) create a single unified statutory body to regulate the affairs of all legal practitioners in pursuit of the goal of a unified, accountable, efficient and independent legal profession; 15
 - (d) protect and promote the public interest;
 - (e) provide for the establishment of an Office of Legal Services Ombud;
 - (f) provide a fair, effective, efficient and transparent procedure for the resolution of complaints against legal practitioners; and
 - (g) create a framework for the— 20
 - (i) development and maintenance of appropriate professional and ethical norms and standards for the rendering of legal services by legal practitioners;
 - (ii) regulation of the admission and enrolment of legal practitioners; and
 - (iii) development of adequate training programmes for legal practitioners and candidate legal practitioners. 25

CHAPTER 2

SOUTH AFRICAN LEGAL PRACTICE COUNCIL

Part 1

Establishment, powers and functions of South African Legal Practice Council 30

Establishment of Council

4. The South African Legal Practice Council is hereby established as a body corporate with full legal capacity, and exercises jurisdiction over all legal practitioners contemplated in this Act.

Objects of Council 35

5. The objects of the Council are to—
- (a) facilitate the realisation of the goal of a transformed and restructured legal profession that is unified, accountable, efficient and independent;
 - (b) ensure that fees charged by legal practitioners for legal services rendered are reasonable and promote access to legal services; 40
 - (c) promote and protect the public interest;
 - (d) regulate legal practitioners;
 - (e) preserve and uphold the independence of the legal profession;
 - (f) enhance and maintain the integrity and status of the legal profession;
 - (g) determine, enhance and maintain appropriate standards of professional practice and ethical conduct of all legal practitioners; 45
 - (h) promote high standards of legal education and training, and compulsory post-qualification professional development;
 - (i) promote access to the legal profession, in pursuit of a legal profession that reflects the demographics of the Republic; 50
 - (j) ensure accessible and sustainable training of law graduates aspiring to be admitted and enrolled as legal practitioners;
 - (k) uphold and advance the rule of law, the administration of justice and the Constitution of the Republic;

- (l) implement the Charter; and
- (m) give effect to the provisions of this Act in order to achieve the purpose of this Act, as set out in section 3.

Powers and functions of Council

6. (1) The Council must do all that is necessary or expedient to achieve its objects referred to in section 5, and may, having due regard to the Constitution, applicable legislation and the inputs of the Ombud and Parliament— 5
- (a) acquire or hire movable or immovable property;
 - (b) develop, hypothecate, let, sell or otherwise dispose of its movable or immovable property; 10
 - (c) make donations and grants in support of projects related to its objects;
 - (d) perform any act in respect of negotiable instruments or the electronic transfer of monies;
 - (e) institute or defend legal proceedings on behalf of the Council;
 - (f) impose monetary penalties; 15
 - (g) invest Council funds;
 - (h) borrow or raise money;
 - (i) insure against any risk;
 - (j) delegate any of its powers and functions to its committees or Regional Councils, subject to any conditions it may impose, which delegation does not— 20
 - (i) divest the Council of the power or function so delegated; and
 - (ii) preclude the Council from varying or setting aside any decision made under a delegation;
 - (k) develop norms and standards to guide the conduct of legal practitioners and the legal profession; 25
 - (l) advise the Minister with regard to matters concerning the legal profession and legal practice;
 - (m) provide financial support to organisations or institutions providing legal education and training, including legal education and training for purposes of compulsory post-qualification professional development, with the object of enhancing the standards of legal services and increasing access to justice; 30
 - (n) provide financial support to legal practitioners, organisations or institutions for the purpose of providing work-place training opportunities for candidate legal practitioners in deserving cases; 35
 - (o) provide financial support to non-profit organisations and institutions promoting access to justice for poor people;
 - (p) consider and grant bursaries and loans to students, candidate legal practitioners and legal practitioners for the purpose of legal education and research;
 - (q) pay for services rendered at the request of the Council with the object of enhancing the professional standards of legal practitioners; 40
 - (r) do all things necessary for the proper and effective performance of its functions or the exercise of its powers;
 - (s) pay out of pocket expenses to Council members; and
 - (t) do all things necessary for, or conducive to the attainment of, the objects of the Council and the Charter, as may be prescribed. 45
- (2) The Council, in order to perform its functions properly—
- (a) must employ an executive officer and such officials and staff as may be necessary to enable it to carry out its functions, and determine the remuneration and other conditions of service of its officials and staff; 50
 - (b) may establish, promote, arrange, administer or assist in the establishment, promotion, arrangement or administration of insurance, medical-aid, pension, provident or benevolent schemes for the benefit of its officials and staff and the dependants of such officials and staff;
 - (c) may conclude agreements with any person or organisation for the performance of any particular act or particular work or the rendering of particular services for the purpose of furthering the objects of the Council; 55
 - (d) may enter into contracts in connection with the performance of its functions or the exercise of its powers;
 - (e) may pay an honorarium or an allowance to any person to cover expenses reasonably incurred by him or her in connection with any act performed at the 60

- request of the Council or in terms of its directions on behalf of or for the benefit of the Council and the furtherance of its objects;
- (f) may enter into deeds of suretyship to the satisfaction of the Master in order to provide security on behalf of a legal practitioner in respect of work done by such legal practitioner— 5
- (i) as an executor in the estate of a deceased person;
 - (ii) as a trustee or liquidator in an insolvent estate;
 - (iii) as a curator to the person or property in the case of a person who is unable to manage his or her own affairs; or
 - (iv) in any other similar capacity or by any other person in such capacity 10 where a legal practitioner acts on behalf of the person concerned; and
- (g) may publish or cause to be published periodicals, pamphlets and other printed material for the benefit of legal practitioners or the public.
- (3) The Council must, subject to this Act—
- (a) register and enrol a duly admitted legal practitioner as such; and 15
 - (b) keep a Roll of registered legal practitioners and decide on—
 - (i) the form of the certificates and the Roll to be kept;
 - (ii) the maintenance of the Roll or issuing of certificates; and
 - (iii) the reviewing of the Roll and the manner in which alterations may be made to the Roll. 20
- (4) The Council must, in the rules, with regard to fees and charges which are payable to the Council, determine—
- (a) application fees as provided for in this Act;
 - (b) annual fees, or portion thereof, in respect of a part of a year, payable to the Council by attorneys for Fidelity Fund certificates; 25
 - (c) annual fees payable by all legal practitioners who are admitted and enrolled in terms of section 24(1) as practising legal practitioners;
 - (d) the date on which any fee is payable;
 - (e) the fees, or portion thereof, payable in respect of any examination conducted by the Council or on behalf of the Council; and 30
 - (f) any other fee or charge it considers necessary.
- (5) The Council, with regard to education in law and legal practice generally—
- (a) may, subject to sections 5 and 7 of the Higher Education Act, 1997 (Act No. 101 of 1997), conduct visits to any educational institution which has a department, school or faculty of law; 35
 - (b) may advise the Council on Higher Education established in terms of the Higher Education Act, 1997, regarding matters relevant to education in law;
 - (c) may consult with the South African Qualifications Authority established by the National Qualifications Framework Act, 2008 (Act No. 67 of 2008), or any structure established by it, to determine competency standards for the purpose 40 of registration;
 - (d) may conduct any examination for the purpose of practical vocational training;
 - (e) may determine, after consultation with relevant role-players and legal practitioners in general, conditions relating to the nature and extent of continuing education and training, including compulsory post-qualification 45 professional development;
 - (f) must, in the prescribed manner, create a mechanism to—
 - (i) provide proper, appropriate and transformational legal education and training, having due regard to our inherited legacy and new constitutional dispensation; and 50
 - (ii) offer legal education and training to aspiring and newly appointed legal practitioners, as well as continued training for experienced legal practitioners;
 - (g) may accredit training institutions that offer—
 - (i) practical vocational training courses which contribute towards the qualification of legal practitioners and candidate legal practitioners; and 55
 - (ii) compulsory post-qualification professional development;
 - (h) must report annually to the Minister on—
 - (i) the number of new law graduates registered with the Council;
 - (ii) the effectiveness of the training requirements for entry into the 60 profession; and

- (iii) measures adopted to enhance entry into the profession, including the remuneration of candidate legal practitioners and continuing legal education to develop skills of legal practitioners, to make recommendations to the Minister regarding legislative and other interventions to improve access to the profession and access to justice broadly; and 5
- (i) must, at the request of the Minister, advise the Minister on multi-disciplinary legal practices which the Minister may consider for the purpose of developing policies and legislative and other interventions in respect of multi-disciplinary legal practices. 10

Composition of Council

7. (1) The Council consists of the following members:
- (a) 16 legal practitioners, comprising of 10 practising attorneys and six practising advocates, elected in accordance with a procedure determined by the Council in terms of the rules; 15
 - (b) one teacher of law or legal academic nominated by law teachers, legal academics or organisations representing law teachers or legal academics;
 - (c) three fit and proper persons appointed by the Minister who, in the opinion of the Minister and by virtue of their knowledge and experience, are able to assist the Council in achieving its objects; and 20
 - (d) one person nominated by Legal Aid South Africa.
- (2) In constituting the Council as provided for in subsection (1), consideration must be given to—
- (a) the objects of the Council;
 - (b) achieving representivity with regard to— 25
 - (i) race;
 - (ii) gender; and
 - (iii) disability;
 - (c) ensuring adequate regional representation when making a nomination in respect of subsection (1)(a); and 30
 - (d) ensuring that the members of the Council, amongst them, have experience in and knowledge of—
 - (i) the provision of legal services;
 - (ii) the principles promoting access to justice;
 - (iii) legal education and training; 35
 - (iv) consumer affairs;
 - (v) civil and criminal proceedings and the functioning of the courts and tribunals in general;
 - (vi) the maintenance of professional standards of persons who provide legal services; and 40
 - (vii) the handling of complaints.

Membership of Council

8. (1) A member of the Council must—
- (a) be a South African citizen;
 - (b) be a fit and proper person; and 45
 - (c) subscribe to the objects of the Council.
- (2) The following persons are disqualified from becoming or remaining members of the Council:
- (a) An unrehabilitated insolvent;
 - (b) a person declared to be of unsound mind by a court of the Republic; 50
 - (c) a person who has been convicted of an offence and sentenced to more than 12 months' imprisonment without the option of a fine, either in the Republic, or outside the Republic, if the conduct constituting the offence would have been an offence in the Republic, other than a conviction for an offence committed prior to 27 April 1994 associated with political objectives; 55
 - (d) persons who vacated office in terms of section 12; or
 - (e) a member of the Board or any of its committees.

Chairperson and deputy chairperson

9. (1) At the first meeting of the Council, the members of the Council must elect and appoint a chairperson and deputy chairperson from among themselves.

(2) The chairperson and the deputy chairperson hold office for a period of three years from the date of their election and may be re-elected for one further term, unless such chairperson or deputy chairperson resigns or ceases to be a member of the Council. 5

(3) The deputy chairperson must, if the chairperson is absent or is for any reason unable to act as chairperson, perform all the functions and exercise all the powers of the chairperson.

(4) If both the chairperson and deputy chairperson are absent from any meeting, the members present must elect a person from among themselves to preside at that meeting and the person so presiding must, during that meeting and until the chairperson or deputy chairperson resumes duty, perform all the functions and exercise all the powers of the chairperson. 10

(5) If both the chairperson and deputy chairperson have been given leave of absence, the members of the Council must elect a person from among themselves to act as chairperson until the chairperson or deputy chairperson resumes duty or vacates office. 15

(6) If the office of chairperson or deputy chairperson becomes vacant, the members of the Council must, at the first meeting thereafter or as soon as may be convenient, elect from among themselves a new chairperson or deputy chairperson, as the case may be. 20

(7) A chairperson and deputy chairperson may vacate office as such, without relinquishing his or her membership of the Council, unless his or her membership has been terminated in accordance with section 11.

Term of office

10. A member of the Council holds office for a term of three years, but may be re-appointed at the end of that term for one further term. 25

Termination of office

11. (1) A person ceases to be a member of the Council when that person—

- (a) is no longer eligible in terms of section 8 to be a member; 30
- (b) resigns; or
- (c) vacates his or her office in terms of section 12.

(2) A member may resign after giving at least three months' written notice to the Council, but the Council may, on good cause shown, accept a shorter period.

Vacation of office

12. (1) A member of the Council must vacate his or her office on account of— 35

- (a) a conviction for any misconduct under this Act or a conviction for any offence which, in the opinion of the Council, debars him or her from serving as a member of the Council;
- (b) incapacity or incompetency;
- (c) absence from three consecutive meetings of the Council without the permission of the chairperson, except on good cause shown; 40
- (d) a request by the body which or person who nominated, elected or appointed that member in terms of section 7, on good cause shown;
- (e) engaging in any activity that, in the opinion of the Council, undermines the integrity of the Council; or 45
- (f) the sequestration of his or her estate.

(2) If the Council has commenced proceedings for the removal of a member, it may suspend that member from office.

(3) A member who is suspended from office may not perform or exercise any of the powers or functions of that office or receive any allowances. 50

(4) The Council must follow due process of law if it intends to remove a member from office.

Filling of vacancies

- 13.** (1) A vacancy in the Council occurs when—
- (a) the term of office of a member expires;
 - (b) a member dies;
 - (c) a member vacates his or her office as contemplated in section 12; or
 - (d) the resignation of a member takes effect.
- (2) A vacancy must be filled as soon as practicably possible in accordance with the procedure referred to in section 7.

Dissolution of Council

- 14.** (1) The Minister may dissolve the Council if the Minister, on good cause shown, loses confidence in the ability of the Council to perform its functions effectively and efficiently or on any reasonable grounds.
- (2) The Minister may dissolve the Council only after having—
- (a) provided the Council with reasons for losing confidence in its abilities;
 - (b) given the Council a reasonable opportunity to respond to those reasons; and
 - (c) afforded the Council a hearing on any submissions received.
- (3) The Minister must, before dissolving the Council in terms of this section, appoint a judge discharged from active service in terms section 3 of the Judges' Remuneration and Conditions of Employment Act, 2001 (Act No. 47 of 2001), to conduct an investigation and make recommendations to the Minister.
- (4) (a) If the Minister dissolves the Council, the Minister must, having regard to the provisions of section 7, appoint an interim Council, consisting of at least seven persons.
- (b) The interim Council must be appointed within 21 days after the dissolution of the Council and must be appointed for a period determined by the Minister, which period may not exceed six months.
- (5) (a) The Minister must, from among the members of the interim Council, designate a chairperson of the interim Council.
- (b) The interim Council must elect a deputy chairperson from among its members and the deputy chairperson holds office for such period as the interim Council may determine at the time of his or her election.
- (6) The chairperson of the interim Council may, at any time of his or her own accord, or must, at the written request of not fewer than five members, convene a special meeting of the interim Council.
- (7) Five members of the interim Council form a quorum for a meeting of the interim Council.
- (8) Sections 15, 16, 17 18, and 19 apply with the necessary changes required by the context in respect of the interim Council.

Part 2

Operation of Council

Meetings of Council

- 15.** (1) The Council must hold at least four meetings in each year at venues to be determined by the Council and may, in addition, hold any further meetings as the Council may determine.
- (2) The Council must meet as soon as practicable after the appointment of its members.

Quorum and procedure at meetings of Council

- 16.** (1) The majority of the members of the Council constitutes a quorum at any meeting of the Council.
- (2) The Council must in the rules determine a procedure for convening meetings and a procedure for the conduct of meetings.
- (3) The Council must keep a record of its proceedings.

Decisions of Council

17. (1) A decision of the majority of the members of the Council constitutes a decision of the Council.

(2) In the event of a deadlock in the voting the chairperson has a casting vote in addition to a deliberative vote.

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Committees of Council

18. (1) The Council may—

(a) establish one or more committees, consisting of—

(i) members of the Council only; or

(ii) any other suitable persons except employees of the Council, to assist the Council in the exercise of its powers and performance of its functions; and

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(b) dissolve a committee at any time.

(2) The Council—

(a) must determine the powers and functions of a committee;

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(b) must appoint a member of a committee as chairperson of such committee;

(c) may, after complying with due process of law, remove a member of a committee at any time; and

(d) may determine a committee's procedure.

(3) The Council must in the rules determine a procedure for the conduct of meetings of a committee.

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Executive officer and employees of Council

19. (1) The Council must appoint an executive officer for the Council, who is the accounting officer of the Council.

(2) The executive officer must, in addition to such function as may be assigned to him or her in terms of this Act—

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(a) perform or exercise any powers and functions assigned to him or her by the Council;

(b) supervise the employees of the Council; and

(c) account for the assets and liabilities of the Council.

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(3) The Council may appoint any other employees it deems necessary to assist the executive officer in the performance of his or her functions.

(4) The procedure for the appointment of the executive officer and other employees of the Council must be determined by the Council in terms of the rules.

(5) The Council must have due regard to representivity with reference to race, gender and disability when appointing the executive officer and other employees.

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(6) The Council must in the rules determine the conditions of service of the executive officer and the other employees of the Council.

Executive committee of Council

20. (1) The Council must establish an executive committee and determine its powers and functions in the rules.

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(2) The executive committee consists of—

(a) the chairperson and deputy chairperson of the Council; and

(b) four other members appointed by the Council.

(3) The Council must have due regard to representivity with reference to race, gender, disability, attorneys, advocates and regional representation, when establishing an executive committee.

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(4) The executive committee is responsible for the day to day functioning and administration of the Council in between meetings of the Council.

(5) The Council may direct the executive committee to perform such tasks as the executive committee considers appropriate.

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(6) A member of the executive committee holds office for as long as he or she is a member of the Council, unless he or she is removed as a member of the executive committee by the Council, or until his or her membership of the Council terminates in terms of this Act.

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(7) The Council must, from among members of the executive committee, designate a chairperson and deputy chairperson of the executive committee.

(8) The executive committee may meet as often as it deems necessary and dispose of its business in the manner it considers appropriate.

Delegation of powers and assignment of functions of Council 5

21. (1) The Council may delegate in writing any of its powers or assign any of its functions to—

- (a) a member of the Council;
- (b) a committee of the Council;
- (c) the executive committee; or 10
- (d) a Regional Council.

(2) A delegation or assignment in terms of subsection (1)—

- (a) is subject to any conditions and directions as the Council may impose; and
- (b) does not divest the Council of the responsibility for the exercise of the power or the performance of the duty or function. 15

(3) The Council may confirm, vary or revoke any decision taken in consequence of a delegation or assignment, but no variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.

Finances, expenditure and accountability of Council

22. (1) The funds of the Council consist of— 20

- (a) fees, including subscription fees payable in terms of this Act;
- (b) an annual appropriation made by the Fund, the amount of which is determined by the Board after consultation with the Council; and
- (c) any other monies received by the Council in terms of this Act or accruing to the Council from any other source. 25

(2) Expenditure incidental to the exercise of the powers or the performance of the functions of the Council in terms of this Act or any other law must be defrayed from the funds of the Council.

(3) The executive officer—

- (a) must deposit all monies received by the Council with a bank approved by the Council; 30
- (b) may invest any monies of the Council which are not required for immediate use with a bank approved by the Council or in such other manner as the Council may determine in the rules;
- (c) is charged with the responsibility of accounting for money received or paid out for or on account of the Council; and 35
- (d) must cause the necessary accounting and other related records to be kept, including proper records of all the assets and liabilities of the Council.

(4) The records referred to in subsection (3)(d) must be audited by a registered accountant and auditor appointed by the Council. 40

Establishment of Regional Councils

23. (1) The Council must establish Regional Councils and may delegate to the Regional Councils such powers and functions which, in the interest of the legal profession, are better performed at regional level.

(2) The Minister must prescribe the areas of jurisdiction of Regional Councils after consultation with the Council. 45

(3) The Regional Councils must carry out any powers and functions as may be determined by the Council or as set out in this Act.

(4) Regional Councils must be elected in accordance with a procedure determined by the Council in the rules. 50

(5) Regional Councils must be constituted—

- (a) in such a manner so as to reflect the composition of the Council as far as legal practitioners are concerned; and
- (b) by taking into account the following factors: 55
 - (i) The efficient attainment of the Council's objects;
 - (ii) cost-effectiveness;
 - (iii) the interests of legal practitioners;

- (iv) regional needs, interests and sensitivities;
- (v) availability of resources; and
- (vi) the interests of the public.

CHAPTER 3

REGULATION OF LEGAL PRACTITIONERS

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Admission and enrolment

24. (1) A person may only practise as a legal practitioner if he or she is admitted and enrolled to practise as such in terms of this Act.

(2) A High Court must admit to practise and authorise to be enrolled as a legal practitioner, conveyancer, notary or any person who, upon application, satisfies the court that he or she—

- (a) is duly qualified as set out in section 26;
- (b) is a—
 - (i) South African citizen; or
 - (ii) permanent resident in the Republic;
- (c) is a fit and proper person to be so admitted; and
- (d) has served a copy of the application on the Council, containing the information as determined in the rules within the time period determined in the rules.

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(3) The Minister may, after consultation with the Council, make regulations in respect of admission and enrolment to—

- (a) determine the right of appearance of foreign legal practitioners to appear in courts in the Republic and to practise as legal practitioners in the Republic;
- (b) give effect to any reciprocal international agreement to which the Republic is a party, regulating—
 - (i) the provision of legal services by foreign legal practitioners; or
 - (ii) the admission and enrolment of foreign legal practitioners; or
- (c) if it is in the public interest, permit a person or category of persons concerned, to expeditiously commence practising as a legal practitioner by virtue of his or her academic qualifications or professional experience.

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Right of appearance

25. (1) Any person who has been admitted and enrolled to practise as a legal practitioner in terms of this Act, is entitled to practise throughout the Republic, unless his or her name has been ordered to be struck off the Roll or he or she is subject to an order suspending him or her from practising.

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(2) A legal practitioner, whether practising as an advocate or an attorney, has the right to appear on behalf of any person in any court in the Republic.

Minimum legal qualifications and practical vocational training

26. (1) A person qualifies to be admitted and enrolled as a legal practitioner, if that person has—

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- (a) satisfied all the requirements for—
 - (i) the degree of *baccalaureus legum* of any university in the Republic after pursuing for that degree a course of study of not less than four years; or
 - (ii) a law degree obtained in a foreign country, which is equivalent to the *baccalaureus legum* and recognised by the South African Qualifications Authority established by the National Qualifications Framework Act, 2008 (Act No. 67 of 2008);
- (b) undergone all the practical vocational training requirements as a candidate legal practitioner, prescribed by the Minister; and
- (c) passed a competency-based examination or assessment for candidate legal practitioners as may be determined in the rules.

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(2) An attorney qualifies to be enrolled as a conveyancer, if he or she has passed a competency-based examination or assessment of conveyancers as determined in the rules by the Council.

(3) An attorney qualifies to be enrolled as a notary, if he or she has passed a competency-based examination or assessment for notaries as determined in the rules by the Council.

Practical vocational training

27. The Council must in the rules determine the minimum conditions and procedures for the registration and administration of practical vocational training. 5

Assessment of practical vocational training

28. (1) The Council must in the rules determine a procedure and issue directions pertaining to the assessment of persons undergoing practical vocational training.

(2) The purpose of assessment in terms of subsection (1) is to establish whether, in the opinion of the Council, the person has attained an adequate level of competence as determined in the rules, for admission and enrolment as a legal practitioner. 10

(3) The assessment referred to in subsection (1) must be carried out by the Council or an appropriate institution or organisation engaged by the Council to conduct the assessment on its behalf. 15

(4) The Council must in the rules determine the criteria for a person, institution, organisation or association to qualify to conduct an assessment in terms of this section.

Prescription of community service

29. (1) The Minister must, after consultation with the Council, prescribe the requirements for community service from a date to be determined by the Minister, and such requirements may include— 20

(a) community service as a component of practical vocational training by candidate legal practitioners; or

(b) a minimum period of recurring community service by legal practitioners upon which continued registration as a legal practitioner is dependent. 25

(2) For the purposes of this section, “community service” includes service involving—

(a) the delivery of free legal services to the public in terms of an agreement between the candidate legal practitioner or the legal practitioner with a community-based organisation, trade union or non-governmental organisation; 30

(b) the provision of legal education and training on behalf of the Council, or on behalf of an academic institution or non-governmental organisation approved by the Council;

(c) service as a judicial officer, including as a commissioner in the small claims court; 35

(d) service to the State, approved by the Minister after consultation with the Council;

(e) service on regulatory structures established or recognised in terms of this Act;

(f) any other service as may be determined by the Council in the rules; or 40

(g) any other service which the candidate legal practitioner or the legal practitioner may want to perform with the approval of the Minister.

Registration with Council

30. (1) (a) A person duly admitted by the High Court as a legal practitioner must apply to the Council in the manner determined in the rules, for registration and for enrolling his or her name on the Roll. 45

(b) The application referred to in paragraph (a) must—

(i) be accompanied by the fee determined in the rules;

(ii) indicate whether the applicant intends to practise as an attorney or an advocate; and 50

(iii) be submitted to the Council in the manner determined in the rules through the Regional Council where the legal practitioner intends to practise.

(2) The Council must enrol the applicant as an attorney, advocate, notary or conveyancer, as the case may be, if he or she complies with the provisions of this Act.

- (3) The Council must keep a Roll of Legal Practitioners, as determined in the rules, which must reflect—
- (a) the particulars of practising and non-practising legal practitioners;
 - (b) the name of every person admitted as a legal practitioner in terms of this Act and the particulars of the order of court in terms of which he or she was admitted; 5
 - (c) the name of every person readmitted as a legal practitioner and the particulars of the order of court in terms of which he or she was readmitted;
 - (d) the names of all persons who were admitted and enrolled as legal practitioners before the commencement of this Act, and the particulars of the orders of court admitting them; 10
 - (e) the particulars of any order of court in terms of which any legal practitioner has been suspended, whether the order was made before or after the commencement of this Act, or particulars of any court order in terms of which the name of any such person has been ordered to be struck off the Roll; and 15
 - (f) any amendment or endorsement against the enrolment of a legal practitioner as contemplated in section 40(3)(a)(v).
- (4) Any document issued by the Council in terms of which it is certified that—
- (a) a person has been admitted and enrolled to practise as a legal practitioner;
 - (b) a person has been readmitted to practise as a legal practitioner; 20
 - (c) a person has been suspended from practice as a legal practitioner; or
 - (d) the name of a person has been struck off the Roll,
- is, on its mere production, *prima facie* proof of the facts stated therein.
- (5) The registrar of the High Court which makes an order—
- (a) admitting and authorising a person to practise and be enrolled as a legal practitioner; 25
 - (b) readmitting and authorising a person to practise and be enrolled as a legal practitioner; or
 - (c) that the name of a person be struck off the Roll or that suspends a person from practice as a legal practitioner under this Act or any other law, 30
- must immediately, after the making of that order, forward a certified copy thereof to the Council through the Regional Council having jurisdiction.

Cancellation and suspension of registration

- 31.** (1) The Council must cancel or suspend the registration of a legal practitioner if—
- (a) a High Court orders that his or her name be struck off the Roll or that he or she be suspended from practice; or 35
 - (b) he or she has erroneously been registered, or has been registered on information that is subsequently proved to be false.
- (2) The Council must, before cancellation or suspension of registration of a legal practitioner, notify such legal practitioner and give him or her an opportunity to be heard. 40
- (3) The Council must, as determined in the rules, notify the person referred to in subsection (1) of the cancellation or suspension of registration.
- (4) The Council must, at the written request of any registered legal practitioner, cancel his or her registration and remove his or her name from the Roll, but where an investigation into any alleged improper conduct by that person is in progress or is to be held, the registration may not be cancelled until the investigation has been concluded. 45
- (5) Despite the cancellation or suspension of the registration of a person in terms of this section, that person remains liable for any fee, arrears or penalty imposed by the Council for the period that he or she was registered. 50

Conversion of registration

- 32.** (1) A legal practitioner may, at any time, as determined in the rules and upon payment of the fee determined by the Council in the rules, apply to the Council to convert his or her registration as an attorney to that of an advocate and *vice versa*.
- (2) The Council may impose any conditions as it considers appropriate to give effect to the conversion and the provisions of this Act relating to registration. 55
- (3) The Council may make rules setting out the circumstances under which a legal practitioner can apply for the conversion of his or her registration and any requirements such legal practitioner must comply with.

Authority to render legal services

- 33.** (1) Subject to any other law, no person other than a legal practitioner who has been admitted and enrolled as such in terms of this Act may, in expectation of any fee, commission, gain or reward—
- (a) appear in any court of law or tribunal in which only legal practitioners are entitled to appear; or 5
 - (b) draw up or execute any instruments or documents relating to or required or intended for use in any action, suit or other proceedings in a court of civil or criminal jurisdiction within the Republic.
- (2) No person other than a legal practitioner may hold himself or herself out as a legal practitioner or make any representation or use any type or description indicating or implying that he or she is a legal practitioner. 10
- (3) No person may in expectation of any fee, commission, gain or reward, perform any act or render any service which in terms of any other law may only be done by an advocate, attorney, conveyancer or notary, unless that person is an advocate, attorney, conveyancer or notary, as the case may be. 15
- (4) A legal practitioner who is struck off the Roll or suspended from practice may not—
- (a) render services as a legal practitioner directly or indirectly for his or her own account, or in partnership, or association with any other person, or as a member of a legal practice; or 20
 - (b) be employed by, or otherwise be engaged, in a legal practice without the prior written consent of the Council, which consent may not be unreasonably withheld, and such consent may be granted on such terms and conditions as the Council may determine. 25
- (5) Any person who contravenes the provisions of this section is guilty of an offence and is liable on conviction to a fine or to imprisonment for a period not exceeding two years or to both such fine and imprisonment.

Forms of legal practice

- 34.** (1) An attorney may render legal services in expectation of any fee determined in accordance with this Act, commission, gain or reward, upon receipt of a request directly from the public for that service. 30
- (2) An advocate may render legal services in expectation of a fee, commission, gain or reward determined in accordance with this Act or any other applicable law—
- (a) upon receipt of a brief from an attorney; or 35
 - (b) upon receipt of a request directly from a member of the public for that service: Provided that such request complies with any regulation that the Minister may make after consultation with the Council.
- (3) The Council must determine rules relating to the briefing of advocates by attorneys and instruction of attorneys. 40
- (4) Attorneys may only practise—
- (a) for their own account;
 - (b) as part of a commercial juristic entity referred to in subsection (6), and as such may only make over to, share or divide any portion of their professional fee whether by way of partnership, commission, allowance or otherwise with an attorney; 45
 - (c) as part of a non-profit juristic entity established in terms of subsection (7);
 - (d) as part of Legal Aid South Africa; or
 - (e) as an attorney in the full-time employment of the State.
- (5) Advocates may only practise— 50
- (a) for their own account and as such may not make over to, share or divide any portion of their professional fee whether by way of partnership, commission, allowance or otherwise;
 - (b) as part of a non-profit juristic entity established in terms of subsection (7);
 - (c) as part of Legal Aid South Africa; 55
 - (d) at a public interest legal centre; or
 - (e) as a state advocate.
- (6) A commercial juristic entity may be established to conduct a legal practice, provided that, in terms of its founding documents—

- (a) its shareholding, partnership or membership, as the case may be, is comprised exclusively of attorneys;
 - (b) provision is made for legal services to be rendered only by or under the supervision of admitted and enrolled attorneys; and
 - (c) all present and past shareholders, partners or members, as the case may be, are liable jointly and severally together with the commercial juristic entity for—
 - (i) the debts and liabilities of the commercial juristic entity as are or were contracted during their period of office; and
 - (ii) in respect of any theft committed during their period of office.
- (7) A non-profit juristic entity may be established to conduct a legal practice provided that, in terms of its founding documents— 10
- (a) its governing body is comprised exclusively of legal practitioners;
 - (b) provision is made for legal services to be rendered only by or under the supervision of admitted and enrolled legal practitioners;
 - (c) provision is made for at least one person in its employ to be an attorney; 15
 - (d) it may not make over to, share or divide any portion of its professional fee whether by way of partnership, commission, allowance or otherwise;
 - (e) its income and property is not distributable to its members or governors except as reasonable compensation for services rendered; and
 - (f) upon its winding-up or dissolution, any asset remaining after all liabilities have been met, are transferred to another non-profit organisation having similar objectives to it. 20
- (8) A law clinic may be established by any university in the Republic provided that—
- (a) it is constituted and governed as part of the faculty of law at that university;
 - (b) all legal services at the law clinic are rendered by a legal practitioner or rendered under the supervision of such a person; 25
 - (c) the legal services rendered by it are accessible to the public;
 - (d) the legal services rendered by it must be rendered to the recipient of such service free of charge, except that the law clinic may recover any amounts actually disbursed on behalf of the recipient of the service; 30
 - (e) it may not undertake work in connection with the administration or liquidation or distribution of the estate of any deceased or insolvent person, mentally ill person or any person under any other legal disability, or the judicial management or the liquidation of a company, nor in relation to the transfer or mortgaging of immovable property, nor in relation to the lodging or processing of claims under the Road Accidents Fund Act, 1996 (Act No. 56 of 1996), or any amendment thereof or such other work as the Council may determine in the rules; 35
 - (f) its income and property is not distributable to its governors or employees, except as reasonable compensation for services rendered; and 40
 - (g) it may not make over to, share or divide any portion of its professional fee whether by way of partnership, commission, allowance or otherwise.
- (9) The Minister may, after consultation with the Council and the Board, prescribe—
- (a) a framework for the creation and recognition of limited liability legal practices; and 45
 - (b) the terms and conditions applicable to such practices.

Fee structure of legal practitioners, juristic entities and justice centres

35. A legal practitioner, juristic entity or Legal Aid South Africa may only charge fees in respect of legal services as—

- (a) are in accordance with the fee structure determined in terms of this Act, taking into account— 50
 - (i) the importance, significance, complexity and expertise of the legal services required;
 - (ii) the volume of work required and time spent in respect of services rendered; and 55
 - (iii) the financial implications of the matter at hand; or
- (b) may be determined in law.

CHAPTER 4

PROFESSIONAL CONDUCT AND ESTABLISHMENT OF DISCIPLINARY BODIES

Code of conduct

36. (1) The Council must develop a code of conduct that applies to all legal practitioners and may review and amend such code of conduct. 5

(2) The code of conduct serves as the prevailing standard of conduct, which legal practitioners and juristic entities must adhere to, and failure to do so constitutes misconduct.

(3) The Council must take all reasonable steps to— 10

- (a) publicise the existence of the code of conduct;
- (b) inform members of the public of the contents of the code of conduct, including its enforcement procedures; and
- (c) inform members of the public of how and where to obtain a copy thereof.

(4) The code of conduct and every subsequent amendment must be published in the *Gazette* and the rules. 15

(5) Before the Council publishes a code of conduct or amendment thereof under this section, the Council must publish a draft of the proposed code of conduct in the *Gazette* together with a notice, calling on interested persons to comment in writing within a period stated in the notice, which may not be less than 30 days from the date of publication of the notice. 20

Establishment of disciplinary bodies

37. (1) The Council must, when necessary, establish investigating committees to conduct investigations of all complaints of misconduct against legal practitioners, candidate legal practitioners or juristic entities. 25

(2) An investigating committee must, after investigating a complaint, if it is satisfied that the legal practitioner, or the candidate legal practitioner concerned—

- (a) may be guilty of misconduct, refer the matter to a disciplinary committee; or
- (b) is not guilty of misconduct, inform the complainant and the legal practitioner, candidate legal practitioner or juristic entity of its finding and the reasons for it. 30

(3) The Council must, when necessary, establish disciplinary committees to adjudicate complaints against legal practitioners and candidate legal practitioners referred to it in terms of subsection (2)(a).

(4) Investigating committees and disciplinary committees must be established with due regard to— 35

- (a) the ease of access by members of the public resident in various parts of the Republic;
- (b) the need to promote the efficient resolution of complaints made in terms of this Act; 40
- (c) representivity in respect of the constitution of the committee with regard to—
 - (i) race;
 - (ii) gender;
 - (iii) national and regional demographics; and
 - (iv) the inclusion of members of the public, as may be prescribed; 45
- (d) the need to provide a cost-effective disciplinary system; and
- (e) the requirements of administrative justice.

(5) Where a legal practitioner, candidate legal practitioner or juristic entity is aggrieved by the outcome of the disciplinary hearing, such legal practitioner, candidate legal practitioner or juristic entity may lodge an appeal with an appeal tribunal as contemplated in section 42. 50

(6) (a) An appeal tribunal must consist of not less than three and not more than five persons appointed by the Council, subject to subsection (4), with the exception of paragraph (c)(iv) of that subsection.

(b) The members of the appeal tribunal must be legally qualified with relevant expertise. 55

(7) The Council may in the rules determine procedures to be followed by disciplinary bodies established in terms of this section.

(8) Where a complainant is aggrieved by the outcome of a complaint, the complainant may lodge an application for a review with the Legal Services Ombud in terms of section 41.

Procedure for dealing with complaints of misconduct

38. (1) The Council must make rules to determine the procedure for dealing with all complaints of misconduct relating to legal practitioners, whether practising as an advocate, an attorney, a candidate legal practitioner or a juristic entity, and such complaints must be lodged in writing with the Regional Council having jurisdiction on the matter. 5

(2) Before the Council makes any rule contemplated in subsection (1), the Council must publish a draft of the proposed rule in the *Gazette* together with a notice, calling on interested persons to comment in writing within a period stated in the notice, which may not be less than 30 days from the date of publication of the notice. 10

Disciplinary hearing

39. (1) A disciplinary committee must conduct disciplinary hearings subject to the provisions of this section and the rules determined by the Council. 15

(2) A disciplinary committee may, for the purposes of this section, appoint a person to assist it in the performance of its functions.

(3) (a) A disciplinary committee may, for the purposes of a hearing, subpoena any person who— 20

(i) in its opinion may be able to give material information concerning the subject of the hearing; or

(ii) it suspects or believes has in his or her possession or custody or under his or her control any book, document or object which has any bearing on the subject of the hearing, 25

to appear before it at the time and place specified in the subpoena, to be questioned or to produce a book, document or object.

(b) A subpoena issued in terms of paragraph (a) must be—

(i) in the form determined in the rules;

(ii) signed by the chairperson of the disciplinary committee or, in his or her absence, any member of that committee; and 30

(iii) served on the person concerned as determined in the rules.

(4) The disciplinary committee may retain a book, document or object produced in terms of subsection (3) for the duration of the hearing.

(5) The chairperson of a disciplinary committee may call upon and administer an oath to, or take an affirmation from, any witness at the hearing who was subpoenaed in terms of subsection (3). 35

(6) At a hearing the person charged—

(a) (i) may be present at the hearing of the proceedings;

(ii) may be assisted or represented by another person in conducting his or her defence proceedings; 40

(iii) has the right to be heard;

(iv) may call witnesses;

(v) may cross-examine any person called as a witness in support of the charge; and 45

(vi) may have access to any book, document or object produced in evidence; and

(b) (i) may admit at any time before conviction that he or she is guilty of the charge; and

(ii) may, in the case where he or she makes an admission in terms of subparagraph (i), be deemed to be guilty of misconduct as charged. 50

(7) (a) A witness who has been subpoenaed, may not—

(i) without sufficient cause, fail to attend the hearing at the time and place specified in the subpoena; 55

(ii) refuse to be sworn in or to be affirmed as a witness;

(iii) without sufficient cause, fail to answer fully and satisfactorily to the best of his or her knowledge all questions lawfully put to him or her; or

(iv) fail to produce any book, document or object in his or her possession or custody or under his or her control which he or she has been required to produce.

(b) A witness who has been subpoenaed must remain in attendance until excused by the chairperson of the disciplinary committee from further attendance.

(c) A witness who has been subpoenaed may request that the names of the members of the disciplinary committee be made available to him or her.

(d) The law relating to privilege, as applicable to a witness subpoenaed to give evidence or to produce a book, document or object in a civil trial before a court of law applies, with the necessary changes, in relation to the examination of, or the production of any book, document or object, to any person called in terms of this section as a witness. 5

(e) A witness may not, after having been sworn in or having been affirmed as a witness, give a false statement on any matter, knowing that answer or statement to be false. 10

(f) A person may not prevent another person from complying with a subpoena or from giving evidence or producing a book, document or object which he or she is in terms of this section required to give or produce. 15

(8) Any person who—

(a) fails to comply with the provisions of subsection (7)(a)(i), (ii), (iii) or (iv);

(b) contravenes subsection (7)(b), (e) or (f); or

(c) obstructs or hinders any person in the performance of his or her functions under this section, 20

is guilty of an offence and is liable on conviction to a fine or to imprisonment for a period not exceeding one year.

(9) The record of evidence which has a bearing on the charge before the disciplinary committee, and which was presented before any commission which investigated an event or conduct is admissible without further evidence being led if— 25

(a) the record is accompanied by a certificate from the chairperson of the body or commission; and

(b) the certificate certifies that the investigation was lawful, reasonable and procedurally fair.

(10) If the misconduct with which the legal practitioner, candidate legal practitioner or juristic entity is charged amounts to an offence of which he, she or it has been convicted by a court of law, a certified copy of the record of the trial and conviction by that court is, on the identification of the legal practitioner, candidate legal practitioner or juristic entity as the accused person referred to in the record, sufficient proof of the commission by him or her or it of that offence, unless the conviction has been set aside by a superior court. 30 35

Proceedings after disciplinary hearing and remedial action

40. (1) (a) After the conclusion of the hearing the disciplinary committee must, within 30 days, decide whether or not the legal practitioner, candidate legal practitioner or juristic entity is guilty of misconduct. 40

(b) If the disciplinary committee finds that the legal practitioner, candidate legal practitioner or juristic entity is guilty of misconduct it must—

(i) inform the legal practitioner, candidate legal practitioner or representative of the juristic entity and the Council and Regional Council of the finding; and

(ii) inform the legal practitioner, candidate legal practitioner or representative of the juristic entity of the right of appeal as provided for in terms of section 42. 45

(2) A legal practitioner, candidate legal practitioner or representative of a juristic entity found guilty of misconduct in terms of this section may—

(a) address the disciplinary committee in mitigation of sentence; and

(b) call witnesses to give evidence on his or her behalf in mitigation of sentence. 50

(3) If found guilty of misconduct, the disciplinary committee concerned may—

(a) in the case of a legal practitioner—

(i) order him or her to pay compensation, with or without interest to the complainant;

(ii) impose upon him or her a fine not exceeding the amount determined from time to time by the Minister, on the advice of the Council, and published in the *Gazette*; 55

(iii) temporarily suspend him or her from practising or from engaging in any particular aspect of the practice of law, pending the finalisation of an application referred to in subparagraph (iv)(bb); 60

- (iv) advise the Council to apply to the High Court having jurisdiction for—
 - (aa) an order striking his or her name off the Roll;
 - (bb) an order suspending him or her from practice;
 - (cc) an interdict prohibiting him or her from dealing with trust monies;
 or
 - (dd) any other appropriate relief;
 - (v) advise the Council to amend or endorse his or her enrolment;
 - (vi) order that his or her Fidelity Fund certificate be withdrawn, where applicable;
 - (vii) warn him or her against certain conduct and order that such warning be endorsed against his or her enrolment; or
 - (viii) caution or reprimand him or her;
 - (b) in the case of a juristic entity—
 - (i) order it to pay compensation, with or without interest, to the complainant;
 - (ii) impose upon it a fine not exceeding the amount prescribed by the Minister, on the advice of the Council, and published in the *Gazette*;
 - (iii) warn it against certain conduct;
 - (iv) advise the Council to apply to the High Court having jurisdiction for the winding up of the juristic entity; or
 - (v) caution or reprimand it; or
 - (c) in the case of a candidate legal practitioner—
 - (i) cancel or suspend his or her practical vocational training;
 - (ii) impose upon him or her a fine not exceeding the amount determined from time to time by the Minister, on the advice of the Council, and published in the *Gazette*; or
 - (iii) caution or reprimand him or her.
- (4) (a) A disciplinary committee may—
- (i) impose any combination of the sanctions in either subsection (3)(a), (b) or (c); and
 - (ii) postpone the taking of any steps or suspend the imposition of any sanction on conditions as it may determine.
- (b) In addition to the sanctions referred to in subsection (3), a disciplinary committee may order the legal practitioner, candidate legal practitioner or juristic entity to pay the cost of the investigation or the disciplinary hearing.
- (5) (a) If the taking of any steps or the imposition of any sanction has been postponed or suspended for a particular period, and if at the end of that period the disciplinary committee is satisfied that the legal practitioner, candidate legal practitioner or juristic entity concerned has substantially observed all the relevant conditions, the disciplinary committee must indicate in writing that no further steps will be taken or that the sanction will not be imposed.
- (b) If a legal practitioner, candidate legal practitioner or juristic entity fails to comply with any conditions determined in terms of this section, the disciplinary committee may impose a sanction for non-compliance or execute the sanction originally imposed, unless the legal practitioner, candidate legal practitioner or juristic entity satisfies the disciplinary committee that the non-compliance was due to circumstances beyond his or her or its control, in which case the disciplinary committee may set further conditions as it deems fit.
- (6) Any court with civil jurisdiction may, on the application of the disciplinary committee, grant an order for the recovery from the legal practitioner, candidate legal practitioner or juristic entity concerned, of any amount such legal practitioner, candidate legal practitioner or juristic entity failed to pay in accordance with a sanction imposed in terms of this section, together with any interest thereon, after which the order so granted has the effect of a civil judgment of that court and must be executed in accordance with the law applicable in that court.
- (7) At the conclusion of a disciplinary hearing the disciplinary committee must notify the complainant, the Council and the Regional Council in writing of the outcome of the hearing.
- (8) If the legal practitioner is found guilty of misconduct, the Council must publish the finding and the sanction imposed in terms of subsection (3) in the *Gazette*.
- (9) The Council must give effect to the advice and decision of the disciplinary committee.

Review by Legal Services Ombud

- 41.** (1) (a) Any complainant, other than the legal practitioner, candidate legal practitioner or juristic entity, who is aggrieved—
- (i) by the manner in which a disciplinary body conducted an investigation or disciplinary hearing; or 5
 - (ii) by the outcome of an investigation or disciplinary hearing,
- may, as determined in the rules, lodge a notice of application for review with the Ombud within 60 days of becoming aware of the outcome of the investigation or disciplinary hearing.
- (b) The Ombud may, on good cause shown, condone the late filing of a review notice. 10
- (2) A review in terms of subsection (1) must be conducted in accordance with the procedure determined by the Ombud.
- (3) The Ombud must consider the application for review within 90 days of receipt of the notice contemplated in subsection (1).
- (4) Upon reviewing the matter, the Ombud— 15
- (a) may, in respect of a review regarding—
 - (i) the manner in which an investigation or disciplinary hearing was conducted—
 - (aa) confirm the findings of the investigation and disciplinary hearing and the actions taken; 20
 - (bb) if he or she is satisfied that the procedure was substantially unfair, set aside the findings and actions taken and remit the matter, with or without directions; or
 - (cc) if, in his or her opinion, there has been an unreasonable delay on the part of a disciplinary body, substitute his or her own decision for that of the disciplinary body; or 25
 - (ii) the outcome of an investigation or disciplinary hearing—
 - (aa) confirm the findings and the actions taken; or
 - (bb) if he or she is satisfied that there has been a substantial miscarriage of justice, set aside the finding and substitute his or her own decision 30 for that of the disciplinary body, or remit the matter, with or without directions; and
 - (b) must notify the complainant, the legal practitioner, candidate legal practitioner or juristic entity and the disciplinary body in writing of the outcome of the review and the reasons for his or her decision. 35

Appeal against decision of disciplinary committee

- 42.** (1) A legal practitioner, candidate legal practitioner or juristic entity may, as determined in the rules and within 30 days of being informed of the decision by a disciplinary committee, lodge an appeal with an appeal tribunal against a finding of the disciplinary committee or against the sentence, or both. 40
- (2) An appeal tribunal may—
- (a) dismiss the appeal against the decision of a disciplinary committee and confirm the finding or sentence, or both; or
 - (b) uphold the appeal against the decision of a disciplinary committee wholly or in part and set aside or vary the finding or sentence, or both. 45
- (3) If a legal practitioner, candidate legal practitioner or juristic entity who or which has been found guilty of misconduct lodges an appeal in terms of subsection (1), the decision of the disciplinary committee may not be enforced before the appeal tribunal has decided the appeal.

Monitoring by Legal Services Ombud

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- 43.** The Ombud may monitor—

- (a) the investigation of a complaint by an investigating committee; and
- (b) the conduct of a disciplinary committee during a disciplinary hearing.

Urgent legal proceedings

- 44.** Despite the provisions of this Chapter, if upon considering a complaint, a 55 disciplinary body is satisfied that a legal practitioner has misappropriated trust monies or

is guilty of other serious misconduct, it must inform the Council thereof with the view to the Council instituting urgent legal proceedings in the High Court having jurisdiction to suspend the legal practitioner from practice and to obtain alternative interim relief.

Powers of High Court

45. (1) The provisions of this Act do not derogate in any way from the power of a High Court to adjudicate upon and make orders in respect of matters concerning the conduct of a legal practitioner, candidate legal practitioner or a juristic entity. 5

(2) Nothing contained in this Act precludes a complainant or a legal practitioner, candidate legal practitioner or juristic entity from applying to the High Court for appropriate relief in connection with any complaint or charge of misconduct against a legal practitioner, candidate legal practitioner or legal entity or in connection with any decision of a disciplinary body, the Ombud or the Council in connection with such complaint or charge. 10

CHAPTER 5

LEGAL SERVICES OMBUD

15

Establishment of Office of Legal Services Ombud

46. (1) The Office of the Legal Services Ombud for the Republic is hereby established, as a juristic person.

(2) (a) The Ombud may, in consultation with the Minister and the Council, determine the seat of the Office of the Ombud. 20

(b) The Office of the Ombud may, with the approval of the Minister, in consultation with the Council, also conduct its activities away from its seat.

Objects of Ombud

47. The objects of the Ombud are to—

- (a) protect and promote the public interest in relation to the rendering of legal services; 25
- (b) ensure the fair, efficient and effective investigation of complaints of alleged misconduct against legal practitioners;
- (c) promote high standards of integrity in the legal profession; and
- (d) promote the independence of the legal profession. 30

Appointment and independence of Legal Services Ombud

48. (1) The President must, as soon as practicable after the commencement of this Act and whenever it becomes necessary thereafter, after consultation with the Council, appoint a Legal Services Ombud.

(2) The Ombud must be a South African citizen who is a fit and proper person to hold such office and who— 35

- (a) is admitted as an advocate or an attorney and who has, for a cumulative period for at least ten years after having been so admitted, practised as an advocate or as an attorney;
- (b) is qualified to be admitted as an advocate or as an attorney and who has, for a cumulative period of at least ten years after having so qualified, lectured in law at a university; 40
- (c) has specialised knowledge of or experience, for a cumulative period of at least ten years, in the administration of justice, the law and the legal profession; or
- (d) has acquired any combination of experience mentioned in paragraphs (a) to (c), for a cumulative period of at least ten years. 45

(3) The Ombud is independent and subject only to the Constitution and the law and he or she must be impartial and exercise his or her powers and perform his or her functions without fear, favour or prejudice.

(4) The Council must assist and protect the Ombud to ensure his or her independence, impartiality, dignity and effectiveness. 50

(5) No person may interfere with the functioning of the Ombud.

Powers and functions of Ombud

49. (1) In addition to the other powers and functions conferred on or assigned to him or her in this Act, and for the purposes of achieving the objects referred to in section 47, the Ombud—

- (a) may investigate and make recommendations to the Council and the Minister on any matter which he or she considers may affect the integrity and independence of the legal profession and public perceptions of the integrity and independence of the legal profession; 5
 - (b) may, of his or her own accord or on receipt of a complaint, investigate any alleged failure by the Council, Regional Council or disciplinary body to deal promptly, effectively and fairly with a complaint; 10
 - (c) must investigate any complaint made to him or her by a court and must report to the court on what steps he or she proposes to take in connection therewith;
 - (d) may, in the case of a failure by the Council or Regional Council as contemplated in paragraph (b), report and make recommendations to the Minister; 15
 - (e) must, in the case of a failure by a disciplinary body, report and make recommendations to the Council and require the Council to report to him or her regarding what steps it will take in this regard;
 - (f) may review a decision of the Board in respect of a rejection, in whole or in part, of a claim arising out of the theft of trust money; 20
 - (g) may make recommendations to the Council and the Minister as to steps that ought to be taken to promote high standards of integrity in the legal profession; or
 - (h) may, at any time prior to, during or after an investigation, if he or she is of the opinion that the facts disclose the commission of an offence by any legal practitioner, candidate legal practitioner or juristic entity, bring the matter to the notice of the National Prosecuting Authority. 25
- (2) For the purposes of an investigation the Ombud may—
- (a) summon any person who may be able to furnish any information on the subject of the investigation or who has in his or her possession or under his or her control any book, document or other object relating to the investigation, to appear before the Ombud at a time and place specified in the summons, to be questioned or to produce that book, document or other object; and 30
 - (b) designate a person to question that person, under oath or affirmation administered by the Ombud, and examine or retain for further examination or for safe custody the book, document or other object in question. 35
- (3) A summons referred to in subsection (2) must—
- (a) be in the form determined in the rules;
 - (b) contain particulars of the matter in connection with which the person concerned is required to appear before the Ombud; 40
 - (c) be signed by the Ombud or a person authorised by him or her; and
 - (d) be served as determined in the rules.
- (4) (a) The law regarding privilege as applicable to a witness summoned to give evidence in a criminal case in a magistrates' court applies in relation to the questioning of a person in terms of subsection (2), and that person is not entitled to refuse to answer any question on the ground that the answer might expose him or her to a criminal charge. 45
- (b) No evidence regarding any questions and answers referred to in paragraph (a) are admissible in any criminal proceedings, except in criminal proceedings where the person concerned stands trial on a charge contemplated in section 319(3) of the Criminal Procedure Act, 1955 (Act No. 56 of 1955). 50
- (5) A person appearing before the Ombud by virtue of subsection (2)—
- (a) may be assisted at his or her examination by a legal representative; and
 - (b) is entitled to any witness fees to which he or she would be entitled if he or she were a witness for the State in criminal proceedings in a magistrate's court. 55
- (6) Any person who has been summoned to appear before the Ombud and who—
- (a) without sufficient cause fails to appear at the time and place specified in the summons or to remain in attendance until he or she is excused by the Ombud from further attendance;

- (b) at his or her appearance before the Ombud—
 - (i) fails to produce a book, document or other object in his or her possession or under his or her control which he or she has been summoned to produce; or
 - (ii) refuses to take an oath or to make an affirmation after he or she has been asked by the Ombud to do so; and 5
 - (c) having taken an oath or having made an affirmation—
 - (i) fails to answer fully and to the best of his or her ability any question lawfully put to him or her; or
 - (ii) gives false evidence knowing that evidence to be false or not knowing or not believing it to be true, 10
- is guilty of an offence and is liable on conviction to a fine or to imprisonment for a period not exceeding one year.

Remuneration and other terms and conditions of employment of Ombud

- 50.** (1) The President, subject to subsections (2) and (3), determines the remuneration, allowances and other terms and conditions of service and service benefits of the Ombud, after consultation with the Minister and the Minister of Finance. 15
- (2) The remuneration of the Ombud may not be less than the salary of a judge of a High Court, as determined by the President under section 2(1) of the Judges' Remuneration and Conditions of Employment Act, 2001 (Act No. 47 of 2001). 20
- (3) The remuneration and other terms and conditions of service and service benefits referred to in subsection (1) may not be reduced nor adversely altered during his or her term of office.
- (4) The Ombud holds office for the period determined by the President at the time of appointment. 25

Removal from office and filling of vacancy

- 51.** (1) (a) The President may remove the Ombud from office on account of—
- (i) misconduct; or
 - (ii) permanent inability to perform the functions of his or her office efficiently.
- (b) The President must suspend the Ombud from office after the commencement of any proceedings instituted against the Ombud for misconduct. 30
- (c) If the Ombud is suspended from office, he or she may not exercise or perform any powers or functions or receive any remuneration or allowances in terms of this Act.
- (2) If the office of Ombud becomes vacant, the President must, subject to this Chapter, appoint another person to that office. 35
- (3) Whenever the Ombud is for any reason unable to exercise or perform his or her powers or functions, or when the appointment of a person to the office of Ombud is pending, the President may, subject to this Chapter, appoint a person as acting Ombud to exercise the powers and perform the powers and functions of the Ombud.
- (4) The President must determine the remuneration, allowances and other terms and conditions of service and service benefits of the acting Ombud, after consultation with the Minister and the Minister of Finance. 40

Staff, finances and accountability of Office of Ombud

- 52.** (1) In order to perform its functions the Ombud must—
- (a) employ a director as the administrative head of the Office of the Ombud; 45
 - (b) employ such administrative staff as may be necessary; and
 - (c) enter into contracts with service providers and accept liability for the expenses incurred as a result of such services being rendered.
- (2) The Ombud must appoint a director for a determined term and on the conditions as the Minister, in consultation with the Minister of Finance, may determine. 50
- (3) The Ombud may re-appoint the director at the end of the term.
- (4) The director, as the administrative head and chief executive officer of the Office of the Ombud, is responsible for the general administration of the Office of the Ombud, and must—
- (a) manage and direct the activities of the Office of the Ombud, subject to the direction of the Ombud; 55
 - (b) appoint and supervise the administrative staff of the Office of the Ombud; and
 - (c) provide quarterly management reports to the Director-General.

- (5) (a) The Minister must, after consultation with the Minister of Finance, determine the Director's remuneration, allowances, benefits and other terms and conditions of employment.
- (b) The Minister must, after consultation with the Minister of Finance, determine the remuneration, allowances, benefits, and other terms and conditions of appointment of each member of staff. 5
- (6) Expenditure in connection with the administration and functioning of the Office of the Ombud must be defrayed from money appropriated by Parliament for this purpose.
- (7) Monies appropriated by Parliament for this purpose—
- (a) constitute earmarked funds on the departmental vote; and 10
- (b) may not be used by the Department for any other purpose unless the Ombud has been consulted and the National Treasury approves.
- (8) Subject to the Public Finance Management Act, 1999 (Act No. 1 of 1999), the Director-General: Justice and Constitutional Development—
- (a) is charged with the responsibility of accounting for money received or paid out for or on account of the administration and functioning of the Office of the Ombud in accordance with National Treasury regulations; and 15
- (b) must cause the necessary accounting and other related records to be kept, which must be audited by the Auditor-General.
- (9) The financial year of the Office of the Ombud is the period of 1 April in any year to 31 March in the following year, except that the first financial year of the Office of the Ombud begins on the date on which this Chapter comes into operation, as contemplated in subsection (14), and ends on 31 March of the following year. 20
- (10) The Office of the Ombud may invest or deposit money that is not immediately required for contingencies or current expenditure— 25
- (a) in a call account or short-term fixed deposit with any registered bank or financial institution in the Republic; or
- (b) in an investment account with the Corporation for Public Deposits established by section 2 of the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984). 30
- (11) Within six months after the end of each financial year, the Director must prepare financial statements in accordance with established accounting practice, principles and procedures, comprising—
- (a) a statement, with suitable and sufficient particulars, reflecting the income and expenditure of the Office of the Ombud during the preceding financial year; and 35
- (b) a balance sheet showing the state of its assets, liabilities and financial position as at the end of that financial year.
- (12) The Auditor-General must audit the financial statements of the Office of the Ombud each year. 40
- (13) The Office of the Ombud may, after consultation with the Minister and the Minister of Finance—
- (a) acquire and alienate movable and immovable property; and
- (b) hire and let movable and immovable property.
- (14) (a) The Office of the Ombud must commence with its functions as from a date fixed by the Minister by notice in the *Gazette*. 45
- (b) Before the date so fixed, the necessary arrangements must be made for the Office of the Ombud to be accommodated, equipped and staffed in order to perform its functions properly.

Annual report 50

53. (1) The Office of the Ombud must prepare and submit to the Minister an annual report as determined in the rules within six months after the end of the financial year of the Office of the Ombud.

- (2) The annual report referred to in subsection (1) must include the following documents: 55
- (a) The audited financial statements prepared in terms of this Act;
- (b) the report of the Auditor-General prepared in terms of this Act;
- (c) a report of the activities undertaken in terms of the functions of the Ombud set out in this Chapter; and
- (d) a statement of the progress made during the preceding year towards achieving the objects of this Chapter. 60

(3) The Minister must table in Parliament each annual report submitted in terms of this Chapter.

CHAPTER 6

ATTORNEYS FIDELITY FUND

Part 1

5

Establishment of Fund and founding provisions

Continued existence of Attorneys Fidelity Fund

- 54.** (1) Despite the provisions of section 118, the Attorneys Fidelity Fund established by section 25 of the Attorneys Act continues to exist as a juristic person under the name Attorneys Fidelity Fund. 10
- (2) The Fund acts through the Board.

Revenue of Fund

- 55.** The Fund consists of—
- (a) each amount which, immediately prior to the date referred to in section 119(4), is or was payable to or held on account of the Fund, and which is paid on or after such date of commencement; 15
 - (b) annual contributions paid by applicants for the issue of Fidelity Fund certificates and any interest on, or penalties in respect of, overdue contributions;
 - (c) interest paid to the Fund in terms of this Act; 20
 - (d) income obtained from investments of the Fund;
 - (e) money recovered by or on behalf of the Fund in terms of this Act;
 - (f) money received by or on behalf of the Fund from any insurer;
 - (g) any other money lawfully paid into the Fund; and
 - (h) any other money accruing to the Fund from any other source. 25

Liability of Fund

- 56.** The Fund is liable to reimburse persons who suffer pecuniary loss as a result of theft of any money or other property given in trust to a trust account practice in the course of the practice of the attorney as such, if the theft is committed—
- (a) by an attorney in that practice, or any person employed by that practice or supervised by that attorney; 30
 - (b) by an attorney or person acting as executor or administrator in the estate of a deceased person; or
 - (c) by an attorney or person employed by that attorney, who is a trustee in an insolvent estate or in any other similar capacity, 35
- excluding a curator to a financial institution in terms of the Banks Act, 1990 (Act No. 94 of 1990), or a liquidator of a mutual bank in terms of the Mutual Banks Act, 1993 (Act No. 124 of 1993).

Limitation of liability of Fund

- 57.** (1) The Fund is not liable in respect of any loss suffered— 40
- (a) by a family member or a member of the household of the attorney found guilty of the theft;
 - (b) by any partner or co-director in the practice in which the theft occurs;
 - (c) as a result of theft committed by an attorney whose fidelity has been otherwise guaranteed by a person, either in general or in respect of a particular transaction, to the extent to which it is covered by the guarantee; 45
 - (d) by any person as a result of any theft committed after the victim of the theft received notice in writing from the Council or the Board, warning against the use or continued use of the legal services of the practice concerned or the giving of any money or property in trust to that practice and the person in question has failed to take reasonable steps after being so warned; or 50

- (e) by any person as a result of theft of money which an attorney has been instructed to invest on behalf of the person contemplated in paragraph (d).
- (2) A claim for reimbursement as provided for in section 56 is limited—
 - (a) in the case of money given in trust to a trust account practice, to the amount actually handed over, without interest, unless interest has been earned and given in trust to the practice, or unless the Board, in its discretion, decides to pay interest; and
 - (b) in the case of securities or other property, to an amount equal to the average market value of such securities or property at the date when written demand is first made for their delivery, or if there is no average market value, the fair market value of such securities or other property as at that date, without interest.
- (3) Only the balance of any loss suffered by any person after deduction from the loss of the amount or value of all money or other benefits received or receivable by that person from any source other than the Fund, may be recovered from the Fund.
- (4) Subsection (1)(e) does not apply to money which an attorney is authorised to invest where the attorney acts in his or her capacity as executor, trustee or curator, or in any similar capacity, excluding a curator to a financial institution in terms of the Banks Act, 1990 (Act No. 94 of 1990), or liquidator of a mutual bank in terms of the Mutual Banks Act, 1993 (Act No. 124 of 1993).
- (5) Subject to subsection (6), an attorney must be regarded as having been instructed to invest money for the purposes of subsection (1)(e), where a person—
 - (a) who entrusts money to the attorney; or
 - (b) for whom the attorney holds money, instructs the attorney to invest all or some of that money in a specified investment or in an investment of the attorney's choice.
- (6) For the purposes of subsection (1)(e) an attorney is regarded as not having been instructed to invest money if he or she is instructed by a person—
 - (a) to pay the money into a trust account, if that payment is for the purpose of investing the money in that account on a temporary or interim basis only, pending the conclusion or implementation of any particular matter or transaction which is already in existence or about to come into existence at the time that the investment is made and in respect of which investment the attorney exercises exclusive control as trustee, agent or stakeholder, or in any fiduciary capacity;
 - (b) to lend money on behalf of that person to give effect to a loan agreement where that person, being the lender—
 - (i) specifies the borrower to whom the money is to be lent;
 - (ii) has not been introduced to the borrower by the attorney for the purpose of making that loan; and
 - (iii) is advised by the attorney in respect of the terms and conditions of the loan agreement; or
 - (c) to utilise money to give effect to any term of a transaction to which that person is a party, other than a transaction which is a loan or which gives effect to a loan agreement that does not fall within the scope of paragraph (b).
- (7) An attorney who has been instructed to invest money as provided for in subsection (5) must, as soon as practicable after he or she has received that instruction, but prior to the receipt of the money to be invested, notify the person giving the instruction of the provisions of subsection (1)(e) in the form and manner determined by the Board in terms of subsection (8).
- (8) For the purposes of subsection (7), the Board must issue directives determining the form and manner in which a notice referred to in that subsection must be given, and it may from time to time review and, if necessary, revise such directives.
- (9) Any attorney who contravenes subsection (7) is guilty of an offence and on conviction is liable to a fine or to imprisonment for a period not exceeding two years.

Purpose and application of Fund

58. Subject to the provisions of this Act, the Fund must be utilised for the following purposes:

- (a) Meeting the liability of the Fund referred to in section 56;

- (b) paying expenses incurred in operating the Board and the Fund, including the payment of remuneration or allowances and other service benefits to employees;
- (c) paying expenses incurred by the Board in investigating and establishing the validity of claims contemplated in section 56; 5
- (d) paying all expenses and legal costs incurred by the Board for the purpose of recovering money from the persons whose wrongful conduct gave rise to the claim;
- (e) refunding the costs or any portion thereof incurred by a claimant in establishing a claim or attempting to recover the whole or a portion of the claim from the person whose wrongful conduct gave rise to the claim; 10
- (f) paying legal expenses incurred in defending a claim made against the Fund, or otherwise incurred in relation to the Fund;
- (g) paying premiums in respect of contracts of insurance entered into in terms of sections 76 and 77; 15
- (h) paying allowances to members of the Board in relation to their services or their reasonable travelling and accommodation expenses incurred in relation to the affairs of the Board and the Fund;
- (i) paying fees and expenses to the Council or its structures in respect of any function performed as agents for the Fund; 20
- (j) making an annual appropriation to the Council in terms of section 22(1)(b);
- (k) paying costs relating to the detection or prevention of theft of trust money;
- (l) refunding the bank charges or any portion thereof paid by an attorney in relation to the keeping of a trust account;
- (m) paying interest in relation to section 56; 25
- (n) paying expenses relating to any function performed in terms of this Act; and
- (o) paying the costs or a portion of the costs incurred by an attorney in relation to the obtaining of a Fidelity Fund certificate.

Attorneys Fidelity Fund Account

59. (1) Money of the Fund must be deposited into a banking account held by the Fund at an institution registered as a bank, to the credit of an account to be known as the Attorneys Fidelity Fund Account. 30

(2) The Board may invest money which is deposited in terms of subsection (1) and which is not immediately required for the purposes mentioned in this Act.

Financial year of Fund 35

60. The financial year of the Fund is determined by the Board.

Fund exempt from certain tax and insurance laws

61. (1) The revenue of the Fund is exempt from the provisions of any law relating to the payment of income tax or any other tax or levy by the State.

(2) Any provision of any law relating to insurance (other than a law relating to the compulsory insurance of employees) or the provision of security in connection therewith, does not apply to the Fund. 40

Part 2

Operation of Fund

Establishment of Board 45

62. (1) An Attorneys Fidelity Fund Board is hereby established to manage and administer the Fund.

(2) The Fund must be held in trust by the Board for the purposes mentioned in this Act.

Composition of Board

- 63.** (1) The Board consists of the following persons:
- (a) Five legal practitioners nominated by the Council;
 - (b) two persons, nominated by the Council, who, by virtue of their qualifications, expertise and experience in the field of finance, are designated by the Independent Regulatory Board of Auditors or its successor; and 5
 - (c) two fit and proper persons nominated by the Minister.
- (2) In making the nominations referred to in subsection (1), the Council and the Minister must have due regard to—
- (a) the objects of the Board; 10
 - (b) achieving representivity in regard to—
 - (i) race;
 - (ii) gender; and
 - (iii) disability; and
 - (c) ensuring adequate regional representation. 15

Powers and functions of Board

- 64.** (1) In addition to the powers conferred upon it in this Act, and in the furtherance of the purpose of the Fund, the Board may—
- (a) invest any monies which are not required for immediate use in government and other securities as may be prescribed by regulation; 20
 - (b) insure itself against risk;
 - (c) conclude agreements;
 - (d) institute or defend legal proceedings;
 - (e) as determined in the rules, inspect or cause to be inspected the accounts of any attorney; 25
 - (f) make rules relating to—
 - (i) contributions to the Fund and the issuing and costs of Fidelity Fund certificates;
 - (ii) the procedure for the appointment of the executive officer and other employees; and 30
 - (iii) any other matter concerning the Fund;
 - (g) make an arrangement with any bank for the keeping of trust accounts opened in terms of section 86(2) and for the investment of money in separate trust savings or other interest bearing accounts opened in terms of section 86(3) and (4) to provide for one or more of the following: 35
 - (i) The payment of interest to the Fund on the whole or any part of the money deposited in terms of section 86(2) and the money invested in terms of section 86(3) and (4);
 - (ii) the manner in which the Fund is informed of amounts held in the accounts opened in terms of section 86(2), (3) and (4); 40
 - (iii) the auditing of interest calculations and account balances in the accounts opened in terms of section 86(2), (3) and (4) in the bank accounts; and
 - (iv) any other relevant matter;
 - (h) consider claims against the Fund;
 - (i) through any person authorised thereto in writing by the chairperson of the Board, institute a prosecution for the misappropriation or theft of property or trust money, and the provisions of the laws relating to private prosecutions apply to such prosecution as if the Board is a public body; 45
 - (j) delegate to any of its employees the duty, subject to conditions that may be imposed by the Board, to consider any claims against the Fund; and 50
 - (k) generally take any other steps and perform any other acts as may be necessary for or conducive to the achievement of the objects of the Fund.
- (2) The Board must appoint an executive officer to—
- (a) perform or exercise the powers and functions determined by the Board;
 - (b) supervise the employees of the Board; and 55
 - (c) account for the assets and liabilities of the Board.
- (3) The Board may appoint any other employees as it deems necessary to assist the executive officer.
- (4) The procedure for the appointment of the executive officer and other employees must be determined by the Board. 60

(5) The Board must have due regard to representivity with reference to race, gender and disability when appointing the executive officer and other employees.

(6) The Board must determine the conditions of service of the executive officer and the other employees of the Board.

Qualification for membership of Board

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65. (1) A member of the Board must—

- (a) be a South African citizen;
- (b) be a fit and proper person; and
- (c) subscribe to the objects of the Board.

(2) The following persons are disqualified from becoming or remaining members of the Board:

- (a) Unrehabilitated insolvents;
- (b) a person declared to be of unsound mind by a court of the Republic;
- (c) a person who has been convicted of an offence and sentenced to more than 12 months' imprisonment without the option of a fine, either in the Republic or outside the Republic, if the conduct constituting the offence would have been an offence in the Republic, other than a conviction for an offence committed prior to 27 April 1994 associated with political objectives; or
- (d) a person who has vacated his or her office in terms of section 69; and
- (e) a member of the Council or any of its committees.

Appointment of chairperson and deputy chairperson of Board

66. (1) At the first meeting of the Board, the members of the Board must elect and appoint a chairperson and deputy chairperson from among themselves.

(2) The chairperson and deputy chairperson hold office for a period of three years from the date of their election and may be re-elected.

(3) (a) When the period of office of a chairperson or deputy chairperson expires, that person remains in office until the next meeting of the Board.

(b) Should the chairperson or deputy chairperson vacate his or her office, the vacancy must be filled immediately by the members of the Board who must elect and appoint a chairperson or deputy chairperson from among themselves.

Vacancies in Board

67. (1) A vacancy in the Board occurs when—

- (a) a member's term of office expires;
- (b) a member dies;
- (c) a member vacates his or her office in terms of section 69; or
- (d) a member's resignation takes effect.

(2) A vacancy in the Board must be filled as soon as practicable in accordance with section 63.

Term of office of members of Board

68. (1) A member of the Board holds office for a term of three years, but is eligible for re-appointment at the end of that term for one further term.

(2) A member may, at any time and upon at least three months' written notice to the Board, resign from office.

(3) Despite subsection (1), a member remains in office after expiry of his or her term of office until the commencement of the term of office of his or her successor.

Vacation of office

69. (1) A member of the Board must vacate his or her office—

- (a) if he or she has been convicted of any—
 - (i) misconduct under this Act; or
 - (ii) offence, which, in the opinion of the Board, debars him or her from serving as a member of the Board;
- (b) on account of incapacity and incompetence;

- (c) on account of absence from three consecutive meetings of the Board without the permission of the chairperson, except on good cause shown;
 - (d) pursuant to a request by the body which or person who nominated that member in terms of section 63;
 - (e) if he or she has engaged in any activity that may undermine the integrity of the Board; or 5
 - (f) if his or her estate has been sequestrated.
- (2) (a) The Board must suspend a member from office after the commencement of the proceedings by the Board concerning the removal of that member.
- (b) A member who is suspended from office may not perform any powers or functions or receive any allowances. 10

Meetings and resolutions of Board

- 70.** (1) (a) The Board may meet at any place in the Republic.
- (b) The Board must, as soon as practicable after the appointment of its members, meet for the first time at the time and place determined by the Minister and thereafter at such times and places determined by the Board. 15
- (2) The majority of the members of the Board constitutes a quorum for any meeting of the Board.
- (3) When the chairperson is absent or is not able to perform his or her functions, the deputy chairperson must act as chairperson, and if both the chairperson and deputy chairperson are absent or are not able to perform their functions, the members present must elect one from among themselves to preside at the meeting. 20
- (4) A decision of the majority of the members constitutes a decision of the Board and in the event of an equality of votes the person presiding at the meeting has a casting vote in addition to a deliberative vote. 25
- (5) A resolution in writing of the Board signed by all its members is regarded as if it had been passed at a meeting of the Board.
- (6) The Board must determine the procedure for calling a meeting and the procedure to be followed at the meeting.
- (7) In any advice or recommendation to the Minister, the minority views of any one or more members of the Board, as well as any report of a committee appointed in terms of section 71, must be included. 30
- (8) The Board must keep a record of its proceedings.

Committees of Board

- 71.** (1) The Board may— 35
- (a) appoint an executive committee consisting of the chairperson, deputy chairperson and two other members;
 - (b) appoint committees relating to matters falling within the scope of its powers and functions, the members of which may be members of the Board or other persons; 40
 - (c) in writing, delegate to the executive committee or any other committee any powers and functions as it may determine; and
 - (d) direct the executive committee or any other committee, either generally or in a specific case, to advise the Board.
- (2) The members of a committee must elect and appoint a chairperson unless the Board has appointed a chairperson. 45
- (3) A committee exercises its powers and performance of its functions in accordance with any policy directions of the Board.
- (4) The Board may at any time dissolve any committee.
- (5) The provisions of section 70 apply, with the necessary changes, to a meeting of a committee. 50
- (6) The Board is not divested of any power or function delegated to a committee, and may amend or rescind a decision of a committee.

Certificate in respect of liabilities of Fund and investment of money in Fund

- 72.** (1) The Board must appoint an actuary to make recommendations to it on or before 31 March in any year regarding the amount which, in that actuary's opinion, will be required during the next ensuing year ending on 31 December, for the purposes of 55

meeting the obligations of the Fund in terms of section 56, and the actuary must furnish the Board on or before the first-mentioned date with a certificate setting out the amount so recommended.

(2) The Board must, within 30 days after receipt of the certificate referred to in subsection (1), determine the amount required in the ensuing year for the purposes referred to in subsection (1). 5

(3) Any amount determined in terms of subsection (2) that is not immediately required for the purposes referred to in subsection (1) in any financial year must be invested in government and other securities as may be prescribed by regulation.

Annual review by actuary 10

73. (1) Within three months after the end of each financial year, the actuary referred to in section 72(1) must review the financial soundness of the Fund and submit an actuarial valuation report to the Board and the Minister.

(2) The actuarial valuation report must contain—

(a) a statement— 15

- (i) reflecting the actuarial value of the assets and liabilities of the Fund;
- (ii) on the financial soundness of the Fund; and
- (iii) on whether in the financial year concerned, a surplus or deficit was present in the Fund and, if a deficit is present, specifying the amount required to enable the Fund to meet its obligations; and 20

(b) an indication of—

- (i) the basis and method used to value the assets and liabilities of the Fund;
- (ii) any changes to the basis and method used to value the Fund as compared with the actuarial report of the previous year;
- (iii) any special consideration or restriction that the Board brought to the attention or made applicable to the actuary in performing the function in terms of this section; and 25
- (iv) any explanatory note on any matter relevant to obtaining a true and meaningful reflection of the financial state of the Fund. 30

(3) The Board must submit a report to the Minister if, at any stage after having regard to the assets and liabilities of the Fund, the value of the assets of the Fund is insufficient or is not increasing at a sufficient rate to meet payments for benefits that may be reasonably anticipated, and the Minister must immediately submit that report to Parliament.

Contributions to Fund by attorneys 35

74. (1) (a) Subject to the provisions of this section, every attorney, practising on his or her own account or in partnership, must, annually when he or she applies for a Fidelity Fund certificate, pay to the Fund—

- (i) the amount as may be fixed by the Board from time to time in respect of the cost of group professional indemnity insurance arranged by the Board pursuant to the provisions of section 77(2); and 40
- (ii) any other non-refundable amount as may be fixed by the Board from time to time.

(b) Any attorney referred to in paragraph (a) who commences to practise on or after 1 July in any year must, in respect of that year, pay half of the contribution which is payable in terms of that paragraph for that year. 45

(2) An attorney who applies under section 85(1) for the first time for a Fidelity Fund certificate must pay to the Fund, in addition to any contributions payable in terms of subsection (1), any single non-refundable contribution as the Board may determine.

(3) The Board may require an attorney in respect of whom the Fund has been applied as a result of any of the circumstances referred to in section 58, to pay an additional annual contribution to the Fund of such amount and for any period as the Board may determine. 50

(4) (a) An attorney who is not in possession of a Fidelity Fund certificate and who intends to commence to practise on his or her own account, in partnership or in a juristic entity, must, before commencing to practise, give notice of his or her intention to the Council and thereafter becomes liable to pay to the Fund the amount of the contribution referred to in subsections (1) and (2). 55

(b) Any attorney who is in possession of a Fidelity Fund certificate but who intends to commence to practise for his or her own account, in partnership or in a juristic entity in the area of jurisdiction of any High Court other than that in which he or she usually practises for his or her own account or in partnership, must give notice of his or her intention to the Council. 5

(5) All contributions payable under this section must be paid to the Council, and the Council must remit the contributions to the Board within seven days of receipt thereof.

Audit

75. (1) The accounts of the Fund must be audited by a registered accountant and auditor appointed by the Board. 10

(2) A person appointed under subsection (1) must, in respect of each financial year of the Fund, draw up a balance sheet and income statement of the Fund and immediately submit certified copies thereof, together with his or her report thereon, to the chairperson of the Board and to the Council.

(3) Within one month of receiving the audited financial statements, the Board must submit an annual report to the Council and the Minister which must at least set out and contain— 15

- (a) the total number of persons who made claims in terms of this Act;
- (b) the total number of attorneys who paid contributions in terms of this Act;
- (c) the total number of persons who were paid claims and the monetary value of claims paid in terms of this Act; and 20
- (d) any other matters as may be prescribed by the Minister.

Re-insurance

76. (1) The Board may, in its discretion, enter into a contract with any person or corporation carrying on fidelity insurance business in terms of which the Fund will be indemnified to the extent and in the manner provided in that contract against liability to pay claims under this Act. 25

(2) A contract referred to in subsection (1) must be entered into in respect of attorneys referred to in section 84(1).

(3) A claimant against the Board does not have any right— 30

- (a) of action against any person or corporation with whom a contract of indemnity has been entered into in terms of this section; or
- (b) to any money paid by the insurer in accordance with that contract.

(4) Any money paid by an insurer in accordance with a contract of indemnity must be paid into the Fund for appropriation by the Board. 35

Provision of insurance cover and suretyships

77. (1) The Board may—

- (a) acquire or form and administer a public company; or
 - (b) together with any other person or institution, establish a scheme, underwritten by a registered insurer, 40
- in order to provide insurance cover, subject to the provisions of the Short Term Insurance Act, 1998 (Act No. 53 of 1998), to attorneys in respect of any claims which may arise from the professional conduct of those attorneys.

(2) The Board may enter into a contract with a company or scheme referred to in subsection (1), or any company carrying on professional indemnity insurance business, for the provision of group professional indemnity insurance to attorneys to the extent and in the manner provided in the contract. 45

(3) The Board may enter into deeds of suretyship to the satisfaction of the Master in order to provide security on behalf of an attorney in respect of work done by that attorney as— 50

- (a) executor in the estate of a deceased person;
 - (b) a trustee in an insolvent estate;
 - (c) a curator to the person or property in the case of a person who is unable to manage his or her own affairs; or
 - (d) in case of any other similar capacity, by any other person in such capacity 55
- where an attorney acts as agent for the person concerned.

(4) The Board may levy premiums and fees for the provision of any insurance or security through any scheme established or public company administered by it in terms of the provisions of this Act or legislation repealed by this Act.

Part 3

Claims against Fund

5

Procedure for instituting claims against Fund

78. (1) No person has a claim against the Fund in respect of any theft contemplated in section 56, unless—

- (a) written notice of the claim is given to the Council and to the Board within three months after the claimant became aware of the theft or, by the exercise of reasonable care, should have become aware of the theft; and 10
- (b) within six months after a written demand has been sent to him or her by the Board, the claimant furnishes the Board with proof as the Board may reasonably require.

(2) If the Board is satisfied that, having regard to all the circumstances, a claim or the proof required by it has been lodged or furnished within a reasonable period, it may in its discretion extend any of the periods referred to in subsection (1). 15

Actions against Fund

79. (1) The Fund is not obliged to pay any portion of a claim which could reasonably be recovered from any other person liable. 20

(2) The Fund may pay all reasonable expenses and legal costs incurred by a claimant in exhausting his or her rights of action against another person.

(3) The Fund may, in its discretion, before deciding whether to make full payment of a claim or any part of it, make an interim payment to the claimant of a portion of the amount for which his or her claim has been admitted. 25

(4) Any action against the Fund in respect of loss suffered by any person as a result of theft committed by an attorney, candidate attorney or employee of any attorney or juristic person, must be instituted within one year of the date of a notification directed to that person or his or her legal representative by the Fund, informing him or her that the Fund rejects the claim to which the action relates. 30

(5) In any action against the Fund, all defences which would have been available to the person against whom the claim arose, are available to the Fund.

(6) Any action against the Fund may, subject to the provisions of this Act, be brought in any court having jurisdiction in respect of the claim.

Subrogation

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80. (1) On payment out of the Fund of money in settlement in whole or in part of any claim under this Chapter, the Fund is subrogated, to the extent of the payment, to all rights and legal remedies of the claimant against any attorney or person in relation to whom the claim arose, or in the event of his or her death or insolvency or other legal disability, against any person having authority to administer his or her estate. 40

(2) A claimant who fails to co-operate with the Fund in the exercise of its subrogated rights is guilty of an offence and is liable on conviction to a fine or to imprisonment for a period not exceeding two years.

Claims against future revenue of Fund

81. (1) If the Fund at any time has insufficient assets to settle all claims and judgments, the claims and judgments must, to the extent to which they are not settled, be charged against future revenue of the Fund. 45

(2) The Board may determine the order in which claims and judgments referred to in terms of subsection (1) are settled, and may, if the revenue of the Fund is not sufficient to settle all claims in full, settle any claim or judgment in whole or in part. 50

(3) Without limiting its discretion, the Board must, in applying the Fund towards the settlement of claims and judgments, consider the following:

- (a) The relative degrees of hardship suffered or likely to be suffered by the various claimants should their claims against the Fund not be settled in whole or in part; 5
- (b) subject to paragraph (a), the full settlement of relatively small claims, except in exceptional circumstances, before relatively large claims are settled to a greater extent than the small claims; and
- (c) in equal circumstances, the priority of claimants according to the dates of the judgments or the dates when the claims were admitted by the Board, as the case may be. 10

Indemnification in respect of certain acts

82. No action for damages may be instituted—

- (a) against the Fund, the Board or any member, official or employee of the Board in respect of anything done in the *bona fide* exercise or performance of its or his or her powers or functions in terms of the provisions of this Act; or 15
- (b) against the Council, a member of the Council or official or employee thereof, in respect of any notification issued in good faith for the purposes of section 79(4).

Preservation and disposal of records and documents in possession of Board 20

83. (1) Any record or document in possession of the Board relating to any claim instituted against the Fund must, subject to the provisions of subsection (2), be preserved at the office of the Board.

(2) The Board may, after the lapse of five years from the date which any claim to which any record or document relates is settled by the Board or adjudicated upon by the court or rendered unenforceable by lapse of time, direct that the record or document be removed to some other place of custody or be destroyed or otherwise disposed of. 25

CHAPTER 7

HANDLING OF TRUST MONIES

Obligations of attorney relating to handling of trust monies 30

84. (1) Every attorney, other than an attorney in the full-time employ of the State as a state attorney, legal adviser, state law adviser or in any other professional capacity and who practises or is deemed to practise—

- (a) for his or her own account, either alone or in partnership; or
 - (b) as a director of a practice which is a juristic person, 35
- and who receives or holds money or property belonging to any person, must be in possession of a Fidelity Fund certificate.

(2) No attorney or person employed or supervised by an attorney may receive or hold funds or property belonging to any person unless the attorney concerned is in possession of a Fidelity Fund certificate. 40

(3) The provisions of subsections (1) and (2) apply to a deposit taken on account of fees or disbursements in respect of legal services to be rendered.

(4) Any person who contravenes subsection (1) or (2) in rendering legal services, is—

- (a) guilty of an offence and is liable on conviction to a fine or to imprisonment for a period not exceeding two years; 45
- (b) on conviction liable to be struck off the Roll; and
- (c) not entitled to any fee, reward or reimbursement in respect of the legal services rendered.

(5) A Fidelity Fund certificate must indicate that the attorney concerned is obliged to practise subject to the provisions of this Act, and the fact that an attorney holds such a certificate must be endorsed against his or her enrolment by the Council. 50

(6) An attorney who—

- (a) transfers from one practice to another; or

(b) ceases to practise,
must give notice of this fact to the Council and comply with the Council's relevant requirements in relation to the closure of that attorney's trust account and in the case of paragraph (b) return his or her certificate to the Council.

(7) The Council may withdraw a Fidelity Fund certificate and, where necessary, obtain an interdict against an attorney if he or she fails to comply with the provisions of this Act or in any way acts unlawfully or unethically. 5

(8) The provisions of this section do not apply to an attorney who practises in the full time employ of Legal Aid South Africa.

(9) No legal practitioner who practises as an advocate may receive or hold money or property belonging to any person in the course of the legal practitioner's practice as an advocate or in respect of any instruction issued to the legal practitioner by an attorney or a member of the public. 10

(10) No legal practitioner in the full-time employ of the State as a state attorney, legal adviser, state law adviser or in any other professional capacity may receive or keep money or property belonging to any person, except during the course of employment of such legal practitioner with the State, and in such a case only on behalf of the State and for no other purpose. 15

Application for and issue of Fidelity Fund certificates

85. (1) An attorney who is obliged in terms of section 84(1) to be in possession of a Fidelity Fund certificate must apply to the Council for such a certificate as determined in the rules. 20

(2) An application in terms of subsection (1) must be accompanied by the contribution payable by applicants as determined in the rules.

(3) The Council must, in consultation with the Board, determine the amount of the contribution for the ensuing year, if any, and in the event of a contribution being charged, give notice thereof by publication in the *Gazette*. 25

(4) In determining the amount of the contribution, the Council and the Board must take into account—

- (a) the value of the Fund; 30
- (b) the extent of the expenses and liabilities which the Fund is likely to incur in the ensuing years; and
- (c) the actuarial valuation report referred to in section 73(2).

(5) The Council may, in consultation with the Board, and taking into account the performance of community service which promotes access to justice— 35

- (a) exempt a category of attorneys from paying the whole or part of the contribution; or
- (b) exempt a particular attorney from paying the whole or part of the contribution after consideration of a written application from that attorney, if the Council is satisfied that there is good reason to do so. 40

(6) Upon receipt of an application in terms of subsection (1) the Council must, if it is satisfied that the applicant has—

- (a) complied with the provisions of this Chapter;
- (b) paid the required contribution to the Fund;
- (c) discharged all liabilities in respect of registration fees; and 45
- (d) completed the application form as determined in the rules in every respect, immediately issue to the applicant a Fidelity Fund certificate that is determined in the rules.

(7) A Fidelity Fund certificate is valid until 31 December of the year in respect of which it was issued. 50

(8) A document purporting to be a Fidelity Fund certificate which has been issued contrary to the provisions of this Act is null and void and must be returned to the Council on demand.

Trust accounts

86. (1) Every attorney referred to in section 84 must operate a trust account. 55

(2) Every trust account practice must keep a trust account at a bank with which the Fund has made an arrangement as provided for in section 64(1)(g) and must deposit therein, as soon as possible after receipt thereof, money held by such practice on behalf of any person.

(3) A trust account practice may, of its own accord, invest in a separate trust savings account or other interest-bearing account any money which is not immediately required for any particular purpose.

(4) A trust account practice may, on the instructions of any person, open a separate trust savings account or other interest-bearing account for the purpose of investing therein any money deposited in the trust account of that practice, on behalf of such person over which the practice exercises exclusive control as trustee, agent or stakeholder or in any other fiduciary capacity. 5

(5) Interest accrued on money deposited in terms of this section must, in the case of money deposited in terms of— 10

(a) subsections (2) and (3), be paid over to the Fund; or

(b) subsection (4), be paid over to the person referred to in that subsection.

(6) An attorney may not deposit money in terms of subsection (2), nor invest money in terms of subsections (3) and (4) in accounts held at a bank which is not a party to an arrangement as provided for in section 64(1)(g), unless prior written consent of the Fund has been obtained. 15

(7) An attorney must comply with the terms of an arrangement concluded between a bank and the Fund as provided for in section 64(1)(g).

Accounting

87. (1) A trust account practice must keep proper accounting records containing particulars and information in respect of— 20

(a) money received and paid on its own account;

(b) any money received, held or paid on account of any person;

(c) money invested in a trust account or other interest-bearing account referred to in section 86; and 25

(d) any interest on money so invested which is paid over or credited to it.

(2) (a) The Council or the Board may, itself or through its nominee, at the cost of the Council or the Board, inspect the accounting records of any trust account practice in order to satisfy itself that the provisions of section 86 and subsection (1) are being complied with. 30

(b) If on an inspection it is found that these provisions have not been complied with, the Council or the Board may write up the accounting records of the trust account practice and recover the costs of the inspection and the writing up of the accounting records from the trust account practice concerned.

(3) For the purposes of subsections (1) and (2), “accounting records” include any record or document kept by or in the custody or under the control of any trust account practice which relates to— 35

(a) money held in trust;

(b) money invested in terms of section 86(2), (3) or (4) and interest thereon;

(c) any estate of a deceased person or any insolvent estate or any estate placed under curatorship, in respect of which an attorney in the trust account practice is the executor, trustee or curator or which he or she administers on behalf of the executor, trustee or curator; or 40

(d) the affairs of the trust account practice.

(4) (a) Any money held in the trust account of a trust account practice in respect of which the identity of the owner is unknown, must, after the second annual closing of the accounting records of the trust account practice following the date upon which those funds were deposited in the trust account of the trust account practice, be paid over to the Fund by the trust account practice. 45

(b) Nothing in this subsection deprives the owner of the money contemplated in paragraph (a) of the right to claim from the Fund any portion as he or she may prove an entitlement to. 50

(5) (a) An attorney or an employee of a trust account practice must, at the request of the Council or the Board, or the person authorised thereto by the Council or the Board, produce for inspection a book, document or article which is in the possession, custody or under the control of that legal practitioner or such employee, which book, document or article relates to the trust account practice or former trust account practice of such attorney: Provided that the Council or the Board or person authorised by the Council or the Board may make copies of such book, document or article and remove the copies from the premises of that attorney or trust account practice. 55 60

(b) The attorney or employee in question may not, subject to the provisions of any other law, refuse to produce the book, document or article, even though he or she is of the opinion that it contains confidential information belonging to or concerning his or her client.

(6) Any person who performs any function under this section, may not disclose any information which he or she obtained in the performance of such a function, except— 5

- (a) for the purposes of an investigation or hearing by a disciplinary body;
- (b) to any person authorised thereto by the Council or the Board who of necessity requires it for the performance of his or her functions under this Act;
- (c) if he or she is a person who of necessity supplies it in the performance of his or her functions under this Act; 10
- (d) when required to do so by order of a court of law;
- (e) at the written request of the Ombud; or
- (f) at the written request of the National Prosecution Authority or any competent authority which requires it for the institution or an investigation with a view to the institution of any criminal prosecution. 15

(7) Any person who—

- (a) refuses or fails to produce a book, document or any article in terms of subsection (5);
- (b) contravenes subsection (6); or 20
- (c) obstructs or hinders any person in the performance of his or her functions under this section,

is guilty of an offence and is liable on conviction to a fine or to imprisonment for a period not exceeding one year.

Trust money and trust property of trust account practice 25

88. (1) (a) Subject to paragraph (b), an amount standing to the credit of any trust account of any trust account practice—

- (i) does not form part of the assets of the trust account practice or of any attorney, partner or member thereof; and
- (ii) may not be attached by the creditor of any such trust account practice, attorney, partner or member. 30

(b) Any excess remaining after all claims of persons whose money has, or should have been, deposited or invested in a trust account referred to in paragraph (a), and all claims in respect of interest on money so invested, are deemed to form part of the assets of the trust account practice concerned. 35

(2) Trust property which is registered in the name of a trust account practice, or jointly in the name of an attorney or trust account practice and any other person in a capacity as administrator, trustee, curator or agent, does not form part of the assets of that attorney, trust account practice or other person.

Court may prohibit operation of trust accounts 40

89. The High Court may, on application made by the Council or the Board, and on good cause shown, prohibit any trust account practice from operating in any way on its trust account, and may appoint a *curator bonis* to control and administer that trust account, with any rights, powers and functions in relation thereto as the court may deem fit. 45

Appointment of *curator bonis* in respect of trust account

90. (1) If any attorney, practising on his or her own account or as a partner or member of a trust account practice—

- (a) dies;
 - (b) becomes insolvent; 50
 - (c) is struck off the Roll or suspended from practice;
 - (d) is declared by a competent court to be incapable of managing his or her own affairs; or
 - (e) abandons his or her practice or ceases to practise,
- the Master may, on application made by the Council, Board or by any person 55 having an interest in the trust account of that attorney or trust account practice,

appoint a *curator bonis* to control and administer that account, with any rights, powers and functions as the Master may deem fit.

(2) Where the attorney contemplated in subsection (1) was practising in partnership or as a member of a company with another attorney or attorneys, the Master must allow the trust account to remain under the control of the remaining partners or members, unless there is good reason not to do so. 5

(3) If a trust account practice is sequestrated, liquidated or placed under judicial management, whether provisionally or finally, the Master may, on application made by the Council, Board or by any person having an interest in the trust account of that practice, appoint a *curator bonis* to control and administer that account, with any rights, powers and functions as the Master may deem fit. 10

(4) The Master may only grant an application provided for in subsection (1) or (2), on good cause shown by the Council, Board or any other person concerned, and after having given the trust account practice an opportunity to respond in writing to the application. 15

(5) Any person who is prejudiced by a decision of a Master in terms of subsection (1), (2) or (3), may, within 30 days after obtaining knowledge of the decision, appeal against that decision to a High Court, and the court may confirm or vary the decision or give any other decision as, in its opinion, the Master should have given.

(6) Nothing in this section or section 89 may be construed as preventing any attorney who was practising in partnership with an attorney referred to in subsection (1), from operating on the trust account of the partnership. 20

Rights of banks in respect of trust accounts

91. (1) (a) Any bank at which a trust account practice keeps its trust account, or any separate account forming part of a trust account, is not, by reason only of the name or style by which the account concerned is distinguished, deemed to have knowledge that the trust account practice is not entitled to all money paid into that account or with which that account is credited. 25

(b) The provisions of paragraph (a) do not relieve the bank from any liability or obligation which legally exists and to which it would be subject apart from the provisions of this Act. 30

(2) Despite subsection (1), a bank at which a trust account practice keeps its trust account, or any separate account forming part of a trust account, does not, in respect of any liability of the trust account practice to that bank not being a liability arising out of, or in connection with, any such account, have or obtain any recourse or right, whether by way of set-off, counter-claim, charge or otherwise, against money standing to the credit of that account. 35

(3) This section does not—

- (a) deprive any bank of any existing right;
- (b) take away or affect any claim, lien, counter-claim, right of set-off, or charge of any kind which a trust account practice has against, or on, any money held or received on account of any person; or
- (c) relieve any trust account practice which has invested any money referred to in subsection (1) in a trust or other interest-bearing account referred to in section 86, of any liability in respect thereof. 45

(4) Any bank at which a trust account practice keeps its trust account or any separate account forming part of its trust account, must, if so directed by the Council or the Board, furnish the Council or the Board with a signed statement of that account for the period determined by the Council.

CHAPTER 8

50

GENERAL PROVISIONS

Recovery of costs by attorneys rendering free legal services

92. (1) Whenever in any legal proceedings or any dispute in respect of which legal services are rendered for free to a litigant or other person by an attorney, and costs become payable to that litigant or other person in terms of a judgment of the court or a settlement, or otherwise, that litigant or other person must be deemed to have ceded his or her rights to the costs to that attorney or practice. 55

(2) (a) A litigant or person referred to in subsection (1) or the attorney concerned may, at any time before payment of the costs referred to in subsection (1), give notice in writing to—

- (i) the person liable for those costs; and
 - (ii) the registrar or clerk of the court concerned,
- that the legal services are being or have been rendered for free by that attorney or practice.

(b) Where notice has been given as provided for in paragraph (a), the attorney concerned may proceed in his or her own name, or the name of his or her practice, to have those costs taxed, where appropriate, and to recover them, without being formally substituted for the litigant or person referred to in subsection (1).

(3) The costs referred to in subsection (1) must be calculated and the bill of costs, if any, must be taxed as if the litigant or person to whom the legal services were rendered by the attorney actually incurred the costs of obtaining the services of the attorney acting on his or her behalf in the proceedings or dispute concerned.

Offences and penalties

93. Any person who, in a practice, without the written consent of the Council, employs in any capacity any person who has been struck off the Roll or suspended from practice, while that person remains struck off or suspended, is guilty of an offence and is liable on conviction to a fine or imprisonment for a period not exceeding one year.

CHAPTER 9

REGULATIONS AND RULES

Regulations

94. (1) The Minister may, and where required in the circumstances, must, after consultation with the Council, make regulations relating to—

- (a) the areas of jurisdiction of Regional Councils;
- (b) the practical vocational training requirements for candidate legal practitioners;
- (c) compulsory post-qualification professional development of legal practitioners;
- (d) a framework for the creation and recognition of limited liability legal practices and the terms and condition applicable to such practices;
- (e) government and other securities into which the Board can invest surplus funds;
- (f) matters which must be included in the annual report of the Board;
- (g) the establishment of a mechanism to provide transformational legal education and training;
- (h) the right of appearance of candidate legal practitioners in court or another institution;
- (i) fee structure of legal practitioners;
- (j) the manner in which a notice of application for review must be lodged with the Ombud;
- (k) the form of a summons issued by the Ombud;
- (l) the manner of service of a summons issued by the Ombud;
- (m) the form of the annual report of the Ombud;
- (n) the rendering of community service;
- (o) the establishment of a mechanism to monitor and evaluate the implementation of the Charter;
- (p) the instruction of advocates by a member of the public; or
- (q) any other ancillary or administrative matter that it is necessary to prescribe for the proper implementation or administration of this Act.

(2) Any regulation made under subsection (1) must, before publication thereof in the *Gazette*, be approved by Parliament.

Rules

95. (1) The Council may, and where required in the circumstances, must, by publication in the *Gazette*, make rules relating to—
- (a) the fees and charges which are payable to the Council;
 - (b) the fee to be paid by a person applying to the Council for registration and enrolment; 5
 - (c) the manner in which an application for registration and enrolment must be submitted to the Council through the Regional Council in question;
 - (d) the fee payable by a legal practitioner to the Council when applying to convert his or her registration; 10
 - (e) the manner in which an application must be made by a legal practitioner for the conversion of his or her registration;
 - (f) the procedure for the election of Council members, for convening meetings of the Council and the procedure for the conduct of meetings;
 - (g) the procedure for the conduct of meetings of committees of the Council; 15
 - (h) the procedure for the appointment of the executive officer and other employees of the Council;
 - (i) the conditions of service of the executive officer and other employees of the Council;
 - (j) competency-based examinations or assessments for candidate legal practitioners, conveyancers or notaries; 20
 - (k) the minimum conditions and procedures for the registration and administration of practical vocational training;
 - (l) procedures and directions pertaining to the assessment of persons undergoing practical vocational training; 25
 - (m) the level of competence to be achieved for admission and enrolment as a legal practitioner;
 - (n) the information which must be submitted to the Council when a person applies to court for admission as a legal practitioner and the time period within which that information must be submitted; 30
 - (o) the criteria for a person, institution, organisation or association to qualify to conduct the assessment of practical vocational training;
 - (p) service which qualifies as community service;
 - (q) the instruction of attorneys and the instruction of advocates by attorneys;
 - (r) the procedures to be followed by disciplinary bodies; 35
 - (s) the manner and form in which complaints of misconduct relating to legal practitioners, candidate legal practitioners or juristic entities must be lodged with the Regional Council and dealt with;
 - (t) an application for a Fidelity Fund certificate;
 - (u) the form of the Fidelity Fund certificate issued by the Council; 40
 - (v) the contribution to be paid to the Council when applying for a Fidelity Fund certificate;
 - (w) the manner in which the Council must register and enrol a duly admitted legal practitioner;
 - (x) the manner in which the Council must keep the Roll of registered legal practitioners; 45
 - (y) the manner in which an admitted legal practitioner must apply to the Council for registration and enrolment;
 - (z) the manner in which a legal practitioner must apply to the Council to convert his or her registration as an attorney to that of an advocate and *vice versa*; 50
 - (zA) the certificate issued by a registrar of a High Court to an attorney who has acquired the right to appear in a High Court, the Supreme Court of Appeal and the Constitutional Court and the information to be submitted by the registrar to the Council;
 - (zB) the form of a subpoena issued by the Council; 55
 - (zC) the manner of service of a subpoena;
 - (zD) the manner in which a legal practitioner, candidate legal practitioner or juristic entity may lodge an appeal to an appeal tribunal;
 - (zE) the inspection of the accounts of an attorney;
 - (zF) powers and functions of the executive committee of the Council established in terms of section 20; or 60

(zG) the manner of investment of any monies of the Council which are not required for immediate use.

(2) (a) Before the Council makes any rule under this section, the Council must publish a draft of the proposed rule in the *Gazette* together with a notice, calling on interested persons to comment in writing within a period stated in the notice, which may not be less than 30 days from the date of publication of the notice. 5

(b) If the Council alters the draft rules as a result of any comments, it need not publish those alterations before making the rule.

(3) The Council may, if circumstances necessitate the publication of a rule without giving notice provided for in subsection (2)(a), publish that rule without prior publication of a draft as provided for in subsection (2), provided that the notice of publication states— 10

(a) the reason why circumstances necessitated that publication without prior publication of a draft as provided for in subsection (2); and

(b) that any person who is aggrieved by the rule may make representations to the Council within a period stated in the notice, which period may not be more than 30 days from the date of publication of the notice. 15

CHAPTER 10

TRANSITIONAL PROVISIONS

Part 1

20

Transitional South African Legal Practice Council

96. (1) A Transitional South African Legal Practice Council is hereby established as a body corporate with full legal capacity and comprising of the following members:

(a) 16 legal practitioners, namely—

(i) eight attorneys nominated by the Law Society of South Africa, two of which represent the Black Lawyers Association, two of which represent the National Association of Democratic Lawyers, one of which represents the Law Society of the Cape of Good Hope, one of which represents the Law Society of the Orange Free State, one of which represents the Law Society of the Transvaal and one of which represents the Natal Law Society; 25 30

(ii) five advocates nominated by the General Council of the Bar of South Africa;

(iii) one advocate nominated by the Independent Advocates Association of South Africa; 35

(iv) one advocate nominated by the National Forum of Advocates; and

(v) one advocate nominated by Advocates for Transformation;

(b) one teacher of law or legal academic nominated by law teachers, legal academics or organisations representing law teachers or legal academics;

(c) two persons who, in the opinion of the Minister, are fit and proper persons who have knowledge of the legal profession; 40

(d) one person nominated by Legal Aid South Africa; and

(e) one person nominated by the Board.

(2) In constituting the Transitional Council as provided for in subsection (1), regard must be given to— 45

(a) the terms of reference of the Transitional Council;

(b) achieving representivity with regard to—

(i) race;

(ii) gender; and

(iii) disability; and 50

(c) ensuring adequate regional representation when making a nomination in respect of subsection (1)(a).

(3) The duration of the Transitional Council is three years and it ceases to exist on the date of commencement of Chapter 2.

(4) Subject to sections 99, 101 and 102, members of the Transitional Council hold office for the three-year duration of the Transitional Council. 55

Terms of reference of Transitional Council

97. (1) The Transitional Council must, within 24 months after the commencement of this Chapter—

- (a) make recommendations to the Minister on the following:
 - (i) An election procedure for purposes of constituting the first Council; 5
 - (ii) the establishment of the first Regional Councils and their areas of jurisdiction;
 - (iii) the powers and functions of the first Regional Councils;
 - (iv) the manner in which the first Regional Councils must be elected;
 - (v) all the practical vocational training requirements that candidate attorneys or pupils must comply with before they can be admitted by the court as legal practitioners; 10
 - (vi) a fee structure for legal practitioners;
 - (vii) the right of appearance of a candidate legal practitioner in court or any other institution; 15
 - (viii) a mechanism to wind up the affairs of the Transitional Council; and
 - (ix) all the requirements necessary for the implementation of compulsory post-qualification professional development;
- (b) prepare and publish a code of conduct for legal practitioners, candidate legal practitioners and juristic entities; and 20
- (c) make rules, as provided for in section 108(2).

(2) The Transitional Council must, within 24 months of the commencement of this Chapter, negotiate with and reach an agreement with the attorneys' and advocates' professions in respect of the transfer of their assets, rights, liabilities, obligations and staff, to the Council or Regional Councils. 25

(3) Section 197 of the Labour Relations Act, 1995 (Act No. 66 of 1995), applies in respect of the transfer of the staff contemplated in subsection (2).

(4) If an agreement contemplated in subsection (2) cannot be reached by the parties concerned, any party may refer the matter to arbitration in terms of the Arbitration Act, 1965 (Act No. 42 of 1965). 30

(5) The Minister may extend the period of 24 months contemplated in subsections (1) and (2) if he or she deems it necessary.

Powers and functions of Transitional Council

98. (1) The Transitional Council may do all that is necessary or expedient to carry out its terms of reference referred to in section 97, including the following, having due regard to the Constitution and applicable legislation where appropriate and relevant: 35

- (a) Establish one or more committees, including an executive committee, consisting of members of the Transitional Council only, members of the Transitional Council and staff members or other persons, to assist the Transitional Council in the performance or exercise of its powers and functions; and 40
 - (b) delegate in writing any of its powers and functions to its committees, subject to any conditions it may impose, which delegation does not—
 - (i) divest the Transitional Council of the power or function so delegated; and 45
 - (ii) preclude the Transitional Council from varying or setting aside any decision made under a delegation.
- (2) The Transitional Council must, in consultation with the Director-General—
- (a) appoint an executive officer to perform or exercise the powers and functions determined by the Transitional Council and supervise the staff of the Transitional Council; 50
 - (b) employ or second from existing governance structures in the legal profession, so many staff members as may be necessary to enable it to carry out its functions;
 - (c) conclude agreements with any person or organisation for the performance of any particular act or any particular work or the rendering of services for the purpose of furthering the objects of the Transitional Council; 55

- (d) enter into contracts in connection with the performance of its functions or the exercise of its powers;
- (e) determine the remuneration and other conditions of service of staff members; and
- (f) pay an honorarium or an allowance to any person to cover expenses reasonably incurred by him or her in connection with any act performed at the request of the Transitional Council or in terms of its directions on behalf of the Transitional Council and the furtherance of its objects. 5

(3) The Transitional Council must, after its establishment, report to the Minister every six months on its activities and the Minister must, immediately on receipt thereof, submit the report to Parliament. 10

Membership of Transitional Council

99. (1) A member of the Transitional Council must—

- (a) be a South African citizen; and
- (b) be a fit and proper person. 15

(2) The following persons are disqualified from becoming or remaining members of the Transitional Council:

- (a) Unrehabilitated insolvents;
- (b) a person declared to be of unsound mind by a court of the Republic;
- (c) a person who has been convicted of an offence and sentenced to more than 12 months' imprisonment without the option of a fine, either in the Republic or outside the Republic, if the conduct constituting the offence would have been an offence in the Republic, other than a conviction for an offence committed prior to 27 April 1994 associated with political objectives; or 20
- (d) a person who has vacated his or her office in terms of section 102. 25

Chairperson and deputy chairperson

100. (1) At the first meeting of the Transitional Council, the members of the Transitional Council must, in consultation with the Minister, elect and appoint a chairperson and deputy chairperson of the Transitional Council from among themselves.

(2) The chairperson and the deputy chairperson, subject to section 99, hold office for the duration of the Transitional Council. 30

(3) The deputy chairperson may, if the chairperson is absent or is for any reason unable to act as chairperson, perform all the functions and exercise all the powers of the chairperson.

(4) If both the chairperson and deputy chairperson are absent from any meeting, the members present must elect one of their number to preside at that meeting and the person so presiding may, during that meeting and until the chairperson and deputy chairperson resumes duty, perform all the functions and exercise all the powers of the chairperson. 35

(5) If both the chairperson and deputy chairperson have been given leave of absence, the members of the Council must elect one person from among themselves to act as chairperson until either the chairperson or deputy chairperson resumes duty. 40

(6) If the office of the chairperson and deputy chairperson becomes vacant, the members of the Council must, at the first meeting after such vacancy occurs or as soon possible thereafter, elect from among themselves a new chairperson and deputy chairperson. 45

(7) A chairperson and deputy chairperson may vacate office as such, without relinquishing his or her membership of the Transitional Council.

Termination of office

101. (1) A person ceases to be a member of the Transitional Council when that person— 50

- (a) is no longer eligible in terms of section 99 to be a member;
- (b) resigns; or
- (c) vacates his or her office in terms of section 102.

(2) A member may resign after giving at least three months' written notice to the Transitional Council. 55

Vacation of office

- 102.** (1) A member of the Transitional Council must vacate his or her office on account of—
- (a) a conviction for any misconduct under this Act or a conviction for any offence, which, in the opinion of the Transitional Council, debars him or her from serving as a member of the Transitional Council; 5
 - (b) incapacity or incompetency;
 - (c) absence from three consecutive meetings of the Transitional Council without the permission of the chairperson, except on good cause shown;
 - (d) a request by the body which or person who nominated that member in terms of section 96, on good cause shown; 10
 - (e) engaging in any activity that may, in the opinion of the Transitional Council, undermine the integrity of the Transitional Council; or
 - (f) the sequestration of his or her estate.
- (2) If the Transitional Council has commenced proceedings for the removal of a member it may suspend that member from office. 15
- (3) A member who is suspended from office may not perform or exercise any of the powers or functions of that office or receive any allowances.

Filling of vacancies

- 103.** (1) A vacancy in the Transitional Council occurs when— 20
- (a) a member dies;
 - (b) a member terminates office in terms of section 101;
 - (c) a member vacates his or her office in terms of section 102; or
 - (d) a member's resignation takes effect.
- (2) A vacancy must be filled as soon as practicably possible in accordance with the procedure referred to in section 96. 25
- (3) Any person appointed to fill a vacancy holds office for the unexpired portion of the term of the vacating member.

Meetings of Transitional Council

- 104.** (1) The Transitional Council must hold at least four meetings in each year at venues to be determined by the Transitional Council and may, in addition, hold any further meetings as the Transitional Council may, from time to time, determine. 30
- (2) The Transitional Council must, as soon as practicable after the appointment of its members, meet for the first time at the time and place determined by the Minister.
- (3) The Transitional Council must, before its dissolution, meet with the Council contemplated in section 7 for the purposes of handing over. 35

Quorum and procedure at meetings of Transitional Council

- 105.** (1) The majority of the members of the Transitional Council constitutes a quorum at any meeting of the Transitional Council.
- (2) The Transitional Council must determine a procedure for convening meetings and the procedure for the conduct of meetings. 40
- (3) The Transitional Council must keep a record of its proceedings.

Decisions of Transitional Council

- 106.** A decision of the majority of the members constitutes a decision of the Transitional Council: Provided that the chairperson has a casting vote, in addition to a deliberative vote, in the event of a deadlock. 45

Finances, expenditure and accountability of Transitional Council

- 107.** (1) Expenditure incidental to the exercise of the powers or the performance of the powers and functions of the Transitional Council must be defrayed from the funds of the Transitional Council. 50

- (2) The funds of the Transitional Council consist of—
- (a) monies defrayed from the budget vote of the Department for the purpose contemplated in subsection (1); and
 - (b) any other monies received by the Transitional Council or accruing to the Transitional Council from any other source, including disbursements made by existing law societies as may be agreed upon. 5
- (3) Out-of-pocket expenses incurred by members of the Transitional Council in exercising their powers or carrying out their powers and functions under this Chapter are borne by the body which or person who nominated, elected or appointed that member.
- (4) The Director-General, as the accounting officer of the Department, is responsible 10 for the funds referred to in subsection (2)(a).

Part 2

Rules and regulations

108. (1) (a) The Minister must, within six months after receiving recommendations from the Transitional Council as provided for in section 97(1)(a), make regulations by publication in the *Gazette*, in consultation with the Transitional Council, in order to give effect to the recommendations of the Transitional Council as contemplated in section 97(1)(a). 15

(b) If the Transitional Council fails to make recommendations as provided for in paragraph (a) within the timeframe provided for in section 97, the Minister must, within six months, make the regulations in question, after consultation with the Transitional Council. 20

(c) Any regulation made under this subsection must, before publication thereof in the *Gazette*, be approved by Parliament.

(2) (a) The Transitional Council must, within 24 months after the commencement of this Chapter, make rules by publication in the *Gazette* in respect of the following: 25

- (i) A competency-based examination or assessment for candidate legal practitioners, conveyancers and notaries;
- (ii) the minimum conditions and procedures for the registration and administration of practical vocational training; 30
- (iii) the procedure and directions pertaining to the assessment of persons undergoing practical vocational training;
- (iv) the criteria for a person, institution, organisation or association to qualify to conduct an assessment;
- (v) the procedures to be followed by disciplinary bodies; and 35
- (vi) the manner and form in which complaints of misconduct relating to legal practitioners, candidate legal practitioners or juristic entities must be lodged with the Regional Council.

(b) Before the Transitional Council makes any rule under this subsection, it must publish a draft of the proposed rule in the *Gazette* together with a notice, calling on interested persons to comment in writing within a period stated in the notice, which may not be less than 30 days from the date of publication of the notice. 40

(c) If the Transitional Council alters the draft rules as a result of any comments, it need not publish those alterations before making the rule.

(d) The Transitional Council may, if circumstances necessitate the publication of a rule without giving notice, as provided for in paragraph (b), publish that rule without prior publication of a draft as provided for in paragraph (b), provided that the notice of publication states— 45

- (i) the reason why circumstances necessitated that publication without prior publication of a draft as provided for in paragraph (b); and 50
- (ii) that any person who is aggrieved by the rule, may make representations to the Transitional Council within a period stated in the notice, which may not be less than 30 days from the date of publication of the notice.

Part 3

Abolition of Fidelity Funds of former TBVC States and transfer of assets, rights, liabilities and obligations to Attorneys Fidelity Fund

109. (1) For the purposes of this Part, “law society” means a law society referred to in section 56 of the Attorneys Act. 5

(2) The—

- (a) Attorneys Fidelity Fund referred to in section 26(1) of the Attorneys, Notaries and Conveyancers Act, 1984 (Act No. 29 of 1984), of the former Republic of Bophuthatswana; and
- (b) Attorneys, Notaries and Conveyancers Fidelity Guarantee Fund referred to in section 25 of the Attorneys Act, 1987 (Act No. 42 of 1987), of the former Republic of Venda, 10
cease to exist on the date referred to in section 119(4), and all assets, rights, liabilities and obligations which on that date vested in any of the said Funds, vest from that date in the Fund referred to in section 54(1). 15

Transitional provisions in relation to existing Attorneys Fidelity Fund Board of Control

110. The—

- (a) Attorneys Fidelity Fund Board of Control referred to in section 27 of the Attorneys Act; 20
- (b) Attorneys Fidelity Fund Board of Control referred to in section 26(3) of the Attorneys, Notaries and Conveyancers Act, 1984 (Act No. 29 of 1984), of the former Republic of Bophuthatswana; and
- (c) Attorneys, Notaries and Conveyancers Fidelity Guarantee Fund Board of Control referred to in section 27 of the Attorneys Act, 1987 (Act No. 42 of 1987), of the former Republic of Venda, 25
and any committee of any such Board of Control appointed in terms of any such law and which existed immediately before the date referred to in section 119(4), cease to exist on that date, and all assets, rights, liabilities and obligations which, on that date vested in any of the Boards referred to in paragraphs (a), (b) and (c), vest 30
in the Board referred to in section 62.

Transitional provisions in relation to qualifications

111. (1) Notwithstanding anything to the contrary in this Act—

- (a) (i) the training course presented at a Practical Legal Training School of the Law Society of South Africa; or 35
- (ii) any other training course approved by any existing society or the General Council of the Bar,
before the date referred to in section 119(4) for the purpose of training persons to qualify as legal practitioners, must be regarded as having been presented or approved pursuant to the regulations pertaining to practical vocational training in terms of this Act; and 40
- (b) any period of practical vocational training undergone with an attorney or advocate before the date referred to in section 119(4), must be regarded as having been a period of practical vocational training under supervision of a legal practitioner. 45

(2) Any person upon whom the degree *baccalaureus procurationis* was conferred by a university of the Republic, is regarded as being qualified to be enrolled as an attorney by the Council as if he or she held the degree *baccalaureus legum*: Provided that such person has not later than 1 January 1999 registered for the first-mentioned degree.

Transitional provisions relating to Fidelity Fund certificates 50

112. Any attorney who is in terms of section 85(1) required to be in possession of a Fidelity Fund certificate and who, at the date referred to in section 119(4), is not in possession of such a certificate issued in terms of any law repealed by this Act, must, within 60 days after the said date, apply for such a certificate.

Existing advocates, attorneys, conveyancers and notaries

113. (1) Any person whose name appears on the roll of advocates, roll of attorneys, roll of conveyancers or roll of notaries of any High Court at the date referred to in section 119(4), must be regarded as having been admitted to practise and, where applicable, subject to any condition imposed by the High Court, must be enrolled as a legal practitioner, conveyancer or notary in terms of this Act, subject to the terms of any order of court whereby any such person has been suspended from practice as an advocate, attorney, conveyancer or notary. 5

(2) Every person who, in terms of subsection (1), is regarded as having been admitted and authorised to practise and to be enrolled as a legal practitioner, conveyancer or notary, must be enrolled as a legal practitioner, conveyancer or notary on the Roll, and for that purpose— 10

(a) the Registrar of every High Court must as soon as possible after the appointment of the Council's executive officer, furnish him or her with the name of every person whose name appears on the roll of attorneys, roll of conveyancers or roll of notaries of that High Court and with particulars of the order of court in terms of which every such person was admitted to practise as an attorney, conveyancer or notary and of any order of court, if any, in terms of which any such person has been suspended from practice as an attorney, conveyancer or notary; 15 20

(b) the Director-General must as soon as possible after the appointment of the Council's executive officer, furnish him or her with the name of every person whose name appears on the roll of advocates and with particulars of the order of court in terms of which every such person was admitted to practise as an advocate and of any order of court, if any, in terms of which any such person has been suspended from practice as an advocate; and 25

(c) the law societies existing immediately prior to the date referred to in section 119(4) in terms of the Attorneys Act or any other law, must as soon as possible after the appointment of the Council's executive officer, furnish him or her with the name of every person whose name appears on the roll of attorneys, roll of conveyancers or roll of notaries of that society and with particulars of the order of court in terms of which every such person was admitted to practise as an attorney, conveyancer or notary and of any order of court, if any, in terms of which any such person has been suspended from practice as an attorney, conveyancer or notary. 30 35

(3) The Council must compile and consolidate the rolls of the existing practising and non-practising advocates, attorneys, conveyancers and notaries contemplated in subsection (2)(a), (b) or (c) into the Roll referred to in section 30(3).

(4) Every person who, on the date referred to in section 119(4), has the status of senior counsel, retains that status after the commencement of this Act. 40

Persons entitled to be admitted and enrolled as advocates, attorneys, conveyancers or notaries

114. Any person who, immediately before the date referred to in section 119(4), was entitled to be admitted and enrolled as an advocate, attorney, conveyancer or notary is, after that date, entitled to be admitted and enrolled as such in terms of this Act. 45

Pending proceedings

115. (1) Any enquiry in terms of any law repealed by this Act into the alleged unprofessional or dishonourable or unworthy conduct of a legal practitioner which has not been concluded at the date referred to in section 119(4), must be referred to the Council which must treat the matter as it deems appropriate. 50

(2) Any proceedings in respect of the suspension of any person from practice as an advocate, attorney, conveyancer or notary or for the removal of the name of any person from the roll of advocates, attorneys, conveyancers or notaries which have been instituted in terms of any law repealed by this Act, and which have not been concluded at the date referred to in section 119(4), must be continued and concluded as if that law had not been repealed, and for that purpose a reference in the provisions relating to such suspension or removal, to the General Council of the Bar of South Africa, any Bar 55

Council, any Society of Advocates, any society or the State Attorney must be construed as a reference to the Council.

Transitional provisions relating to existing law societies and voluntary associations of advocates

116. The existing law societies and any voluntary association of advocates must continue to perform their powers and functions until the commencement of Chapter 2. 5

Interpretation of certain references in laws

- 117.** Subject to the provisions of this Act, a reference in any other law to—
- (a) an advocate, a counsel or an attorney, must be construed as a reference to a legal practitioner in this Act; 10
 - (b) a conveyancer admitted in terms of any law repealed by this Act, must be construed as a reference to a conveyancer registered in terms of section 30;
 - (c) a notary admitted in terms of any law repealed by this Act, must be construed as a reference to a notary registered in terms of section 30;
 - (d) senior counsel, must be construed as a reference to the status of senior counsel as it existed prior to the commencement of this Act; and 15
 - (e) the General Council of the Bar of South Africa, the Association of Law Societies of the Republic of South Africa, the Law Society of South Africa, a law society or similar reference made in any law repealed by this Act, must be construed as a reference to the Council. 20

Part 4

Repeal of laws, and savings

- 118.** (1) (a) Subject to paragraph (b) and subsection (2), the laws specified in the Schedule are hereby repealed to the extent indicated in the third column thereof. 25
- (b) Paragraph (a) takes effect on the date referred to in section 119(4).
- (2) Any—
- (a) regulation made under any law referred to in subsection (1) and in force immediately before the date referred to in section 119(4); and
 - (b) rule, code, notice, order, instruction, prohibition, authorisation, permission, consent, exemption, certificate or document promulgated, issued, given or granted, and any other steps taken in terms of any such law immediately before the date referred to in section 119(4) and having the force of law, remain in force, except in so far as it is inconsistent with any of the provisions of this Act, until amended or revoked by the competent authority under the provisions of this Act. 35
- (3) Anything done in terms of a law repealed by this Act—
- (a) remains valid if it is consistent with this Act, until repealed or overridden; and
 - (b) is deemed to have been done in terms of the corresponding provision of this Act. 40
- (4) A Regional Council contemplated in section 97(1)(a)(ii) continues to exist and is deemed to have been established by the Council in terms of this Act.

Short title and commencement

- 119.** (1) This Act is called the Legal Practice Act, 2012.
- (2) Chapter 10 comes into operation on a date fixed by the President by proclamation in the *Gazette*. 45
- (3) Chapter 2 comes into operation three years after the date of commencement of Chapter 10 or on any earlier date fixed by the President by proclamation in the *Gazette*.
- (4) The remaining provisions of this Act come into operation on a date, after the commencement of Chapter 2, fixed by the President by proclamation in the *Gazette*.

SCHEDULE**(Laws repealed by section 118)**

No. and year of law	Short title	Extent of repeal	
Act No. 24 of 1926	Natal Conveyancers Act, 1926	The whole	5
Act No. 27 of 1939	Natal Advocates and Attorneys Preservation of Rights Act, 1939	The whole	
Act No. 19 of 1941	Attorneys' Admission Amendment and Legal Practitioners' Fidelity Fund Act, 1941	The whole	10
Act No. 93 of 1962	General Law Further Amendment Act, 1962	Sections 35, 36, 37 and 38	
Act No. 74 of 1964	Admission of Advocates Act, 1964	The whole	15
Act No. 74 of 1964 (Transkei)	Admission of Advocates Act, 1964	The whole	
Act No. 74 of 1964 (Bophuthatswana)	Admission of Advocates Act, 1964	The whole	
Act No. 74 of 1964 (Venda)	Admission of Advocates Act, 1964	The whole	
Act No. 29 of 1974	General Law Amendment Act, 1974	Section 16	20
Act No. 39 of 1977	Admission of Advocates Amendment Act, 1977	The whole	
Act No. 25 of 1979	Admission of Advocates Amendment Act, 1979	The whole	
Act No. 41 of 1979 (Bophuthatswana)	Admission of Advocates Amendment Act, 1979	The whole	
Act No. 53 of 1979	Attorneys Act, 1979	The whole	25
Act No. 29 of 1984	Bophuthatswana Attorneys Act	The whole	
Act No. 114 of 1993	Recognition of Foreign Legal Qualifications and Practice Act	The whole	
Act No. 62 of 1995	Right of Appearance in Courts Act	The whole	

MEMORANDUM ON THE OBJECTS OF THE LEGAL PRACTICE BILL, 2012

1. BACKGROUND

1.1 Current legislation pertaining to advocates and attorneys is fragmented as it is regulated by different laws which apply in different parts of the country. The legal profession is also not representative of the demographics of South Africa and entry into the profession is, in many instances, determined by outdated, unnecessary, and overly restrictive prescripts. Access to legal services, especially by the poor, is limited. The Bill seeks to correct these shortcomings through a unified legal profession by means of a single statute. While seeking to attain these objectives, the Bill recognises the independence of the legal profession and seeks to strengthen this independence.

1.2 The Bill proposes an incremental approach as far as its implementation is concerned. A Transitional South African Legal Practice Council (the Transitional Council) will fulfil a key role in the first phase of implementation, paving the way for the establishment of the permanent South African Legal Practice Council (the Council) and putting systems and procedures in place for the second and subsequent phases of the implementation process. The powers and functions of the Transitional Council relate largely to aspects in respect of which there are still differing views between the various categories of legal practitioners among themselves, on the one hand, and between the Government and the legal profession, on the other. The responsibilities of the Transitional Council will become apparent as the Bill is discussed in greater detail below.

2. PURPOSE OF BILL

Some of the main goals of the Bill, as set out in the purpose clause, are to—

- (a) provide a legislative framework for the transformation and restructuring of the legal profession that embraces the values underpinning the Constitution;
- (b) broaden access to justice—
 - (i) by putting in place a mechanism to determine fees chargeable by legal practitioners for legal services rendered that are affordable and within the reach of the citizenry;
 - (ii) by putting in place measures to provide for the rendering of community service by candidate legal practitioners and practising legal practitioners;
 - (iii) by putting in place measures that provide equal opportunities for all aspirant legal practitioners in order to have a legal profession that reflects the demographics of the Republic;
- (c) create a single unified statutory body, the Council, in order to regulate the affairs of all legal practitioners in pursuit of the goal of a unified, accountable, efficient and independent legal profession;
- (d) protect and promote the public interest; and
- (e) protect and promote the interests of consumers of legal services by the establishment of an Office of the Legal Services Ombud.

3. CLAUSE BY CLAUSE ANALYSIS

3.1 Clause 1: Definitions

While most of the definitions are self-explanatory, the following definitions are highlighted:

3.1.1 **“Advocate”** is defined as a legal practitioner practising without a Fidelity Fund certificate and **“attorney”** is defined as a legal practitioner practising with a Fidelity Fund certificate. **“Legal practitioner”** is defined as an advocate or attorney registered as such in terms of section 30. These definitions are noteworthy in the sense that the Bill gives continued recognition to these two main categories of legal practitioners.

3.1.2 **“Charter”** is defined as the Legal Services Sector Charter as adopted by the legal profession and the Minister in December 2007. One of the functions of the Council established in terms of clause 5 is the implementation of the Legal Services Sector Charter.

3.1.3 **“Code of conduct”** is defined as a written code, setting out rules and standards relating to ethics, conduct and practice for legal practitioners and its enforcement through the Council and its structures.

3.2 Clause 2: Application of Act

The Act will be applicable to all legal practitioners.

3.3 Clause 3: Purpose of Act

Clause 3 sets out the purpose of the proposed Act, as discussed in paragraph 2 above.

3.4 Clauses 4 and 5: Establishment of Council and objects of Council

3.4.1 Clause 4 of the Bill establishes the Council, as a body corporate with full legal capacity, to regulate all legal practitioners.

3.4.2 Clause 5 sets out the objects of the Council. The objects are, among others, to facilitate the realisation of the goal of a transformed and restructured legal profession, to ensure that fees chargeable by legal practitioners for legal services are reasonable and promote access to legal services, to promote and protect the public interest, to preserve and uphold the independence of the legal profession, to enhance and maintain the integrity and status of the legal profession, and to promote access to the legal profession in pursuit of a profession that reflects the demographics of the Republic.

3.5 Clause 6: Powers and functions of Council

3.5.1 Clause 6 extensively sets out the powers and functions of the Council. Clause 6(1) sets out the powers and functions which are necessary for the operation of the Council, such as acquiring property and insuring against risks.

3.5.2 In terms of clause 6(1)(j), the Council may delegate any of its powers and functions to its committees or Regional Councils. However, such delegation does not divest the Council of any power or function so delegated.

3.5.3 Clause 6(1)(k) states that the Council may develop norms and standards that must guide the conduct of legal practitioners and the legal profession.

3.5.4 Clause 6(1)(o) to (s) deals with the provision of financial support by the Council to organisations providing legal education and training, to non-profit organisations and to institutions promoting access to justice for poor people, considering and granting bursaries and loans to students and candidate legal practitioners.

3.5.5 Clause 6(2) sets out matters relating to the administration of the Council. In clause 6(2)(a), the Council, in order to perform its functions properly, must employ an executive officer and officials and staff in order to carry out its functions. In terms of clause 6(2)(g) the Council may publish periodicals, pamphlets and other printed material for the benefit of practitioners and the public.

3.5.6 In terms of clause 6(3) the Council must register and enroll all legal practitioners after their admission by the court. Current legislation provides for the keeping of a roll by provincial law societies in respect of attorneys and by the Director-General: Justice and Constitutional Development in respect of advocates.

3.5.7 Clause 6(4) empowers the Council to determine certain categories of fees.

3.5.8 Clause 6(5) deals with the powers and functions of the Council vis-à-vis education in law and legal practice generally. Clause 6(5)(f) for instance states that the Council, must, in the prescribed manner, establish a mechanism to provide proper and appropriate transformational legal education and training having due regard to our inherited legacy and the new constitutional dispensation. Legal education must extend to aspiring as well as experienced legal practitioners. Training is recognised in the Bill as a key transformational imperative, as legal practitioners are the main source of candidates for the judiciary, the transformation of which is of paramount importance.

3.5.9 Clause 6(5)(h) provides that the Council must report to the Minister on its activities, with particular reference to measures to enhance access to justice, for instance on the fee structure for legal services, the number of new graduates registered with the Council, the effectiveness of the training requirements for entry into the profession and measures adopted to enhance entry into the profession, including the remuneration of candidate legal practitioners and continuing education to enhance the skills of legal practitioners. The purpose of this report is to make recommendations to the Minister regarding legislative and other interventions to improve access to the profession and access to justice generally. Barriers to entry into the profession in light of current entry requirements have prevented historically disadvantaged individuals from entering the profession. This clause is therefore in support of the broader transformative goal of improving access to the profession and justice, generally.

3.5.10 Clause 6(5)(i) provides that the Council must advise the Minister on multi-disciplinary legal practices, also with a view to promoting legislative and other interventions on multi-disciplinary legal practices.

3.6 Clause 7: Composition of Council

3.6.1 Clause 7(1) provides for the composition of the Council, which consists of a total of 16 legal practitioners, namely 10 attorneys and six advocates. They are to be elected in accordance with the procedure determined by the Council in the rules.

3.6.2 The ratio of attorneys to advocates is larger, as the legal profession is comprised of more attorneys than advocates.

3.6.3 In terms of non-legal practitioners, the Council will consist of one legal academic, three fit and proper persons appointed by the Minister who, by virtue of their knowledge and experience, are able to assist the Council in achieving its objects, and a person nominated by Legal Aid South Africa.

3.7 Clauses 8 to 14: Qualification for membership of Council, chairperson and deputy chairperson of Council, term of office, termination of office, vacation of office, filling of vacancies and dissolution of Council

3.7.1 Clause 8 sets out the criteria for persons who qualify to be members of the Council. Clause 9 provides for the appointment of the chairperson and deputy chairperson of the Council, who in terms of clause 9(1) are elected by members of the Council from among its members.

3.7.2 Clauses 10 to 13 deal with the term of office of members of the Council, the termination of office of members of the Council, vacation of office and the filling of vacancies on the Council.

3.7.3 Clause 12 provides that a member must vacate his or her office on account of misconduct, inability to perform the powers and functions of office, absence from three consecutive meetings of the Council, a request by the body which or person who nominated, elected or appointed that member, engaging in any activity that may undermine the integrity of the Council and the sequestration of his or her estate.

3.7.4 Clause 14 provides for the dissolution of the Council and the appointment of an interim Council by the Minister.

3.8 Clauses 15 to 22: Operation of Council

Clauses 15 to 22 deal with operational matters relating to the Council, such as meetings, the quorum for meetings of the Council, decisions at meetings, procedures, the establishment of committees, the appointment of an executive office and staff members, the delegation of powers and assignment of powers and functions and the finances, expenditure and accountability of the Council.

3.9 Clause 23: Regional Councils

3.9.1 Clause 23 provides for the establishment of Regional Councils by the Council.

3.9.2 The areas of jurisdiction will be prescribed by the Minister.

3.9.3 The Regional Councils carry out the powers and functions as determined by the Council or in terms of the Act.

3.9.4 The first Regional Councils are to be elected in accordance with a procedure to be prescribed by the Minister on the advice of the Transitional Council.

3.9.5 In constituting the Regional Councils, the composition of the Council, the efficient attainment of the objects of the Council, cost effectiveness, resources and the interests of the public, among others, must be taken into account. The Minister must, for the first Regional Councils, on the advice of the Transitional Council, prescribe several matters regarding their operation.

3.10 Clauses 24 to 28: Admission, enrolment, right of appearance, legal qualifications, practical vocational training and assessment of practical vocational training

3.10.1 Clause 24 provides that only a legal practitioner admitted and enrolled to practise as such is entitled to practise in terms of the Bill. The Minister may make regulations in respect of admission and enrolment.

3.10.2 Clause 25 provides that legal practitioners may practise throughout the Republic in any court and that all legal practitioners have a right to appear in any court on behalf of any person in the Republic. This provision unconditionally abolishes the current discrimination on the right of appearance in the High Court, between advocates and attorneys.

3.10.3 Clause 26 provides for the minimum legal qualifications, namely the LLB degree, and practical vocational training that a person needs to be admitted and enrolled as a legal practitioner.

3.10.4 In terms of clause 27 the Council makes rules in respect of conditions and procedures for the registration of practical vocational training requirements, and in terms of clause 28 the Council makes rules for the procedure pertaining to the assessment of persons undergoing practical vocational training.

3.11 Clause 29: Prescription of community service

3.11.1 Clause 29(1) provides that the Minister must, after consultation with the Council, prescribe the requirements for community service. Community service may be a component of practical vocational training or a minimum period of recurring service

by practising legal practitioners upon which continued registration as a legal practitioner is dependent.

3.11.2 In terms of clause 29(2), “community service” may, among others, include the delivery of free legal services to the public, the provision of training on behalf of the Council, service as a judicial officer and service in the small claims courts, and service to the State.

3.12 Clauses 30 to 32: Registration, cancellation and suspension of registration and conversion of registration of legal practitioners

3.12.1 Clause 30 deals with the registration of legal practitioners with the Council. All legal practitioners who are admitted by the court must be registered with the Council. The Council must keep a Roll of Legal Practitioners (the Roll). The purpose of the Roll is to reflect the particulars of practising and non-practising legal practitioners.

3.12.2 In terms of clause 30(5), the Regional Councils play a role in the enrolment of legal practitioners, as the registrar of the High Court, where a legal practitioner has been admitted, must forward the details of the admission to the Council, through the Regional Council in question.

3.12.3 Clause 31 deals with the cancellation or suspension of registration of a legal practitioner. A legal practitioner may be suspended or have his registration cancelled if a High Court orders that the legal practitioner’s name be struck off the Roll or that he or she be suspended from practice, or if the Council erroneously registered the legal practitioner.

3.12.4 Clause 32 deals with conversion of registration. A legal practitioner who has been registered as an attorney or advocate may convert his or her registration from that of attorney to advocate and *vice versa*. The Council must make rules setting out the circumstances and criteria to be complied with when applying for a conversion of registration. The aim of this provision is to provide for an easier mechanism for legal practitioners to change direction in their careers, either as attorneys or advocates.

3.13 Clause 33: Authority to render legal services

Clause 33 provides that no person other than a legal practitioner may render legal services for reward, unless he or she is admitted and enrolled as a legal practitioner in terms of this Bill. A person contravening this provision is guilty of an offence.

3.14 Clause 34: Forms of legal practice

3.14.1 Clause 34(1) provides that an attorney may render legal services in expectation of a fee, commission, gain or reward directly from the public.

3.14.2 Clause 34(2) provides that an advocate may only render legal services in expectation of a fee upon receipt of a brief from an attorney. The current referral rule of practice, as applicable to advocates, is retained. The retention of this rule is considered to be in the public interest, as advocates do not hold Fidelity Fund certificates, which protects the public against the theft of money paid to a legal practitioner with a Fidelity Fund certificate.

3.14.3 A further provision has been included that an advocate may also render legal services in expectation of a fee, commission, gain or reward determined in accordance with this Act or any other applicable law upon receipt of a request directly from a member of the public for that service: Provided that such request complies with any regulations made by the Minister.

3.14.4 Clause 34(4) provides that attorneys may practise for their own account, in a commercial juristic entity with other attorneys, in a non-profit juristic entity, at Legal Aid South Africa or as part of the State Attorney.

3.14.5 In terms of clause 34(5), advocates are precluded from practising in a partnership and may only practise—

- (a) for their own account and as such may not make over to, share or divide any portion of their professional fee, whether by way of partnership, commission, allowance or otherwise;
- (b) as part of a non-profit juristic entity established in terms of subsection (7);
- (c) as part of Legal Aid South Africa;
- (d) at a public interest legal centre; or
- (e) as a State Advocate.

3.15 Clause 35: Fee structure of legal practitioners, juristic entities and justice centres

Clause 35 provides that fees for legal services may be charged by legal practitioners (including juristic entities and Legal Aid South Africa) in accordance with the fee structure as determined in the proposed Act or as may be determined in law. The importance, significance and complexity of the service rendered, the volume of work done and the financial implications of the matter can be taken into account when the fees are determined.

3.16 Clauses 36 to 45: Professional conduct and establishment of disciplinary bodies

3.16.1 Clause 36 requires the Council to draw up a code of conduct. In terms of clause 36(4) the code must be published in the *Gazette*. This provision supports the principle of transparency. Clause 36(3) states that the Council must publish the code to inform members of the public of the existence of the code. The Council must also publish the draft code of conduct for public comments before issuing it to legal practitioners.

3.16.2 Clause 37 deals with the establishment of disciplinary bodies. In terms of clause 37(1), the Council must establish investigating committees to conduct investigations into complaints against legal practitioners. If such a committee finds that the legal practitioner may be guilty of misconduct, then the matter is referred to a disciplinary committee for a full hearing. The purpose of an investigating committee is to obtain and consider evidence of alleged misconduct and to decide whether a full enquiry is warranted.

3.16.3 Clause 37(4) provides for the composition of disciplinary bodies (in relation to both investigating committees and disciplinary committees). These bodies must be accessible to the public, must promote the efficient resolution of complaints and must be representative in respect of race, gender, national and regional demographics and include members of the public.

3.16.4 Clause 37(5) and (6) provides for an appeal mechanism for legal practitioners aggrieved by an outcome of a disciplinary hearing, namely an appeal tribunal.

3.16.5 Clause 37(7) provides that the Council may in the rules determine procedures to be followed by disciplinary bodies.

3.16.6 Clause 37(8) provides that where a complainant is aggrieved by the outcome of a complaint, he or she may lodge an application for a review with the Ombud. A legal practitioner has a right of appeal, which implies that the legal practitioner may challenge the facts presented at a hearing, whereas a complainant has a right of review with the Ombud, where only procedural matters relating to the hearing of a complaint and the outcome thereof may be challenged.

3.16.7 Clause 38 provides that complaints against legal practitioners, candidate legal practitioners and juristic entities (meaning the legal practice itself) must be lodged with the Regional Council having jurisdiction and must be dealt with in the manner and form determined in the rules by the Council.

3.16.8 Clause 39 sets out the provisions for the requirements of a disciplinary hearing, such as subpoenas, representation of the legal practitioner charged and the examination and cross-examination of witnesses.

3.16.9 In terms of clause 40, a disciplinary committee must, within 30 days after the conclusion of a disciplinary hearing, decide whether the legal practitioner is guilty of misconduct. The legal practitioner, candidate legal practitioner or representative of the juristic entity must be informed of the outcome, if found guilty. Clause 40(3) sets out the sanctions which a disciplinary committee may impose. These range from the payment of compensation to a complainant, the imposition of a fine, temporary suspension or advising the Council to apply for the striking off of a legal practitioner or other appropriate relief. It is important to note that the Council applies to court for the striking off of a legal practitioner.

3.16.10 Clause 41 sets out the powers of the Ombud when he or she reviews a matter at the request of a complainant. A hearing on review must be done in accordance with the procedure determined by the Ombud. A late filing of a review may be condoned. The Ombud may confirm the findings of a disciplinary committee, set aside the findings if the procedure was substantially unfair, or, if there has been an unreasonable delay on the part of the disciplinary body, substitute the decision of the disciplinary body for his or her own decision. Where the outcome of a disciplinary hearing is taken on review, the Ombud may confirm the outcome or substitute the decision of a disciplinary body if there was a substantial miscarriage of justice.

3.16.11 Clause 42 deals with appeals, which must be done in the manner prescribed in rules.

3.16.12 Clause 43 sets out the further role of the Ombud, which is to monitor the investigation of complaints and the conduct of a disciplinary body during a hearing.

3.16.13 Clause 44 provides that the Council may apply to court for the suspension of a legal practitioner where there is evidence that he or she misappropriated trust money or is guilty of other serious misconduct.

3.16.14 In terms of clause 45, the High Court retains the ultimate power to adjudicate upon matters relating to the conduct of legal practitioners.

3.16.15 The clauses regarding disciplinary matters relating to legal practitioners are transformational in that the current regime does not provide for the oversight of disciplinary matters relating to legal practitioners by an independent body, except through a court process. The clauses relating to the oversight role of the Ombud provide for greater accountability on the part of the legal profession to the public.

3.17 Clauses 46 to 53: Legal Services Ombud

3.17.1 Clause 46 establishes the Office of the Legal Services Ombud.

3.17.2 The objects of the Ombud, which are set out in clause 47, are, among others, to protect and promote the public interest, ensure the fair, efficient and effective investigation of complaints and promote the independence of the legal profession.

3.17.3 In terms of clause 48 the Ombud must be a South African citizen, a fit and proper person, with an accumulative period of at least 10 years in the administration of justice, the law and the legal profession. The Ombud is independent and subject only to the Constitution and the law. No person may interfere with the functioning of the Ombud.

3.17.4 Clause 49 sets out the powers and functions of the Ombud. Apart from the matters relating to discipline, the Ombud may make recommendations to the Council on any matter which he or she considers may affect the integrity of the legal profession. In terms of clause 49(1)(b), the Ombud may of his or her own accord or on receipt of a complaint, investigate the alleged failure of the Council or Regional Council to effectively deal with a complaint. The Ombud may, in such an instance, report and make recommendations to the Minister on the failure on the part of the Council or Regional Council. The Ombud may also review a decision of the Attorneys Fidelity Fund Board in respect of a rejection of a claim arising out of theft of trust money.

3.17.5 The other clauses relating to the Ombud deal with operational matters, such as staff and remuneration, among others. Clause 52(6) provides that the expenditure of the Ombud will be defrayed from money appropriated by Parliament. In terms of clause 52(14) the Office commences to function as from a date fixed by the Minister by notice in the *Gazette*. Before this date the necessary arrangements must be made for the Office to be accommodated, equipped and staffed.

3.17.6 Clause 53 provides that the office of the Ombud must prepare and submit to the Minister, an annual report containing the audited financial statements, the auditor's report and a statement on its activities during the year. The Minister must table the report in Parliament.

3.18 Clauses 54 to 83: Attorneys Fidelity Fund and Attorneys Fidelity Fund Board

3.18.1 Chapter 6 of the Bill deals with the Attorneys Fidelity Fund (the Fund) and the Attorneys Fidelity Fund Board (the Board). The provisions of this Chapter largely replicate the current dispensation in the Attorneys Act, 1979 (Act No. 53 of 1979).

3.18.2 Clause 54 provides for the continued existence of the Attorneys Fidelity Fund established by the Attorneys Act. All rights, liabilities and obligations which vest in the current Attorneys Fidelity Fund, will vest in the Fund created in the Bill.

3.18.3 Clause 55 deals with the revenue of the Fund, which is essentially from interest earned in trust accounts of attorneys, investments and money received from insurers.

3.18.4 Clause 56 sets out the liability of the Fund. The Fund is liable to reimburse persons who suffer loss as a result of theft of any money or other property given in trust to an attorney. Clause 57 sets out the circumstances under which the liability of the Fund is limited. For instance, clause 57(1)(a) provides that a family member or member of the household of an attorney found guilty of theft, cannot claim reimbursement from the Fund. Also, in terms of clause 57(1)(d), a person who received notice from the Council or the Board against the continued use of the services of a practice found guilty of theft, may not claim against the Fund when that person becomes a victim of theft by that practice.

3.18.5 Clause 58 regulates the purpose and application of the Fund. The Fund may be utilised for meeting its liabilities, paying the operating costs of the Board and the Fund and paying the costs incurred in investigating and establishing the validity of claims referred to in clause 56, among others. It is also to be noted that the Fund contributes toward the expenses of the Council.

3.18.6 Clauses 62 to 83 deal with the establishment of a Board to manage and administer the Fund, and claims against the Fund. These clauses relate to operational matters. In terms of clause 63, the Board is composed of five legal practitioners nominated by the Council, two persons nominated by the Council who have expertise in the field of finance and two fit and proper persons nominated by the Minister.

3.18.7 Clauses 74 to 77 provide that every attorney must pay to the Fund annually an amount required for professional indemnity insurance, re-insurance, insurance cover and suretyship, and an annual non-refundable amount determined by the Board.

3.18.8 Clause 78 provides that no person may claim against the Fund unless notice of the claim is given to the Board and the Council within three months after the claimant became aware of the theft or within six months of the Board having sent a written demand to him or her. The Board may in its discretion extend these periods.

3.19 Clauses 84 to 91: Handling of trust monies and trust accounts

3.19.1 These clauses deal with handling of trust monies and are only applicable to attorneys. In terms of clause 84, every attorney who practises for his or her own account or as a director and who receives or holds money or property belonging to any person must be in possession of a Fidelity Fund certificate. Any person who contravenes this clause is guilty of an offence and is liable on conviction to a fine, or striking off, among others. This clause does not apply to attorneys who practise in the full time employ of the State.

3.19.2 Clause 85 provides for the application by an attorney of a Fidelity Fund certificate, which is determined in the rules by Council. In terms of clause 85(5), the Council may exempt categories of attorneys from paying the annual fee for a certificate.

3.19.3 Clause 86 requires attorneys to open and operate trust accounts. Money held on account of anybody must be deposited in the bank as soon as possible after receipt thereof. Money may, on the instruction of any person, be held in a separate trust account. In instances where money is held in a trust account, the interest earned in those accounts must be paid over to the Fidelity Fund.

3.19.4 Clauses 87 to 91 deal with technical provisions relating to trust accounts and are virtually the same as the current regime relating to the keeping of trust accounts in the Attorneys Act. These provisions have been retained as they protect the interests of the public.

3.20 Clauses 92 and 93: General provisions

3.20.1 Clause 92 provides for the recovery of costs by attorneys rendering free legal services.

3.20.2 Clause 93 provides for offences and penalties. A practice may not employ a person who has been suspended or struck off the Roll, while that person remains suspended or struck off, without the consent of the Council. A contravention of this provision renders a person guilty of an offence and liable to a fine or imprisonment not exceeding one year.

3.21 Clauses 94 and 95: Regulations and rules

3.21.1 Clause 94 sets out the matters in respect of which the Minister may, or where required in the circumstances, must, make regulations.

3.21.2 Clause 95 sets out the matters in respect of which rules may, or where required in the circumstances, must, be made by Council.

3.22 Clauses 96 to 119: Transitional provisions

3.22.1 As already indicated the transitional provisions are extensive and seek to cater for all matters that may arise in regard to the regulation of legal practitioners under the new dispensation during the transition from the current regime to the new one. Clause 96 provides for the establishment of the Transitional Council as a body corporate with full legal capacity.

3.22.2 The Transitional Council comprises of representatives of all the current statutory bodies and voluntary associations in the legal profession, as well as nominees of the Minister, law teachers at universities and Legal Aid South Africa, and the Board must designate other councillors.

3.22.3 The Transitional Council is made up of a majority of legal practitioners, 16 in total. In constituting the Transitional Council regard must be had to the terms of reference of the Transitional Council and representivity. The duration of the Transitional Council is three years.

3.22.4 Clause 97 provides extensively for the terms of reference of the Transitional Council. It must, within 24 months after the commencement of this Chapter, make recommendations to the Minister on the following:

- (i) An election procedure for purposes of constituting the first Council;
- (ii) the establishment of the first Regional Councils and their areas of jurisdiction;
- (iii) the powers and functions of the first Regional Councils;
- (iv) the manner in which the first Regional Councils must be elected;
- (v) all the practical vocational training requirements candidate attorneys or pupils must comply with before they can be admitted by the court as a legal practitioner;
- (vi) a fee structure for legal practitioners;
- (vii) the right of appearance of a candidate legal practitioner in court or any other institution;
- (viii) a mechanism to wind up the affairs of the Transitional Council; and
- (ix) all the requirements necessary for the implementation of compulsory post-qualification professional development.

3.22.5 Clause 97(2) provides for negotiations between the Transitional Council and the legal profession in respect of the transfer of assets, rights, liabilities, obligations and staff of existing law societies and other regulatory bodies in the legal profession to the Council or Regional Councils. Section 197 of the Labour Relations Act, 1995 (Act No. 66 of 1995), has also been brought in to ensure the protection of the existing labour law rights of any staff that may be affected by the transfer. These negotiations and agreement on the transfer must occur within 24 months of the commencement of the Chapter. The Minister may extend this period, if necessary.

3.22.6 Clauses 98 to 107 provide for the powers and functions of the Transitional Council and other organisational and operational matters in similar fashion to the same provisions relating to the Council.

3.22.7 Clause 107 provides that the funds of the Transitional Council consist of—

- (a) money appropriated by Parliament; and
- (b) any other monies received by the Transitional Council or accruing to the Transitional Council from any other source, including disbursements made by existing law societies as may be agreed upon.

3.22.8 Clause 107(3) provides that out-of-pocket expenses incurred by members of the Transitional Council in exercising their powers or carrying out their powers and functions under this Chapter, are borne by the body which or person who nominated, elected or appointed that member.

3.22.9 Clause 108(1) provides that the Minister must, within six months after receiving recommendations from the Transitional Council as provided for in section 97, make regulations, in consultation with the Transitional Council, in order to give effect to the recommendations of the Transitional Council as contemplated in section 97. Should the Transitional Council fail to make recommendations within the timeframe set, the Minister is empowered to make regulations as required, after consultation with the Transitional Council.

3.22.10 In addition, the Transitional Council must make and publish rules as set out in clause 108(2), also within the 24-month period referred to above.

3.22.11 Clause 109 deals with the abolition of Fidelity Funds of the former TBVC States, to the extent to which they still exist, and the transfer of their assets, rights, liabilities and obligations to the Attorneys Fidelity Fund.

3.22.12 Clause 110 contains transitional provisions in relation to the Board of Control of the Attorneys Fidelity Fund established by the Attorneys Act, and the corresponding Acts of the former Bophuthatswana and Venda referred to above. When the Board of the Fund is created in terms of the Bill, all assets, rights and liabilities of the existing Boards of Control will vest in the Board created in terms of the Bill.

3.22.13 Clause 111 deals with transitional provisions in relation to qualifications. This clause recognises degrees and training courses in existence.

3.22.14 Clause 112 provides that attorneys who are not in possession of a Fidelity Fund certificate at the date of commencement of the Act, must apply for one within 60 days.

3.22.15 Clause 113 provides that the names of all existing attorneys and advocates whose names appears on the relevant existing rolls, must be regarded as having been unconditionally admitted to practise and authorised to be enrolled as legal practitioners under the Bill, subject to any court order suspending them from practice.

3.22.16 Clause 115 regulates pending proceedings, clause 117 deals with the interpretation of certain references, and clause 118 provides for the repeal of existing laws and savings. On the repeal of the existing laws, it is important to note that clause 118(1) keeps these laws intact and operational until virtually all the transitional arrangements have been implemented.

3.22.17 Clause 119 contains the short title and commencement dates. The Act will come into operation incrementally. Clause 119(2) provides that Chapter 10, which contains the provisions regarding the Transitional Council, comes into operation on a date fixed by the President by proclamation in the *Gazette*. Clause 119(3) provides that Chapter 2 comes into operation three years after the date of commencement of Chapter 10 or on any earlier date fixed by the President by proclamation in the *Gazette*. Clause 119(4) provides that the remaining provisions of this Act come into operation on a date, after the commencement of Chapter 2, fixed by the President by proclamation in the *Gazette*.

4. PARTIES CONSULTED

The process of consultation on the Bill was extensive and lengthy. The legal profession represented by the Law Society of South Africa, the General Council of the Bar, the Independent Advocates Association of South Africa and the National Forum of Advocates were consulted. Organisations representing paralegals were also consulted, namely the National Alliance of Advice Offices.

5. FINANCIAL IMPLICATIONS FOR STATE

5.1 The legal profession will be responsible for the costs arising from the implementation of the Act, with the exception of the implementation of Chapter 5 dealing with the establishment of an Office of Legal Services Ombud. The implementation of this Chapter will have financial implications for the State. However, clause 52(14) provides that this Office will only commence with its operations as from a date fixed by the Minister in the *Gazette*, before which the necessary arrangements will be made for it to be accommodated, equipped and staffed. This will allow the Office to be established when funds become available.

5.2 The Transitional Council will be funded mainly from monies defrayed from the budget vote of the Department.

6. IMPLEMENTATION PLAN

Implementation of the envisaged changes will be done incrementally. With regard to the establishment of a single regulatory framework under a national Legal Practice Council, the approach is to establish a Transitional Council that will manage the transition. Other operational aspects will be provided for by way of regulations, rules or other subordinate legislative measures. The detailed transitional provisions of the Bill seek to ensure a smooth transition to the new dispensation. The Transitional Council, in terms of clause 96(3), will be in existence for a period of three years from the date of commencement of Chapter 10.

7. PARLIAMENTARY PROCEDURE

7.1 The State Law Advisers and the Department are of the opinion that this Bill must be dealt with in accordance with the procedure established by section 75 of the Constitution since it contains no provision to which the procedure set out in section 74 or 76 of the Constitution applies.

7.2 The State Law Advisers are of the opinion that it is not necessary to refer this Bill to the National House of Traditional Leaders in terms of section 18(1)(a) of the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003), since it does not contain provisions pertaining to customary law or customs of traditional communities.