



## TRUST ACCOUNTING RULES – PARTS 13 TO 16

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Parts 13 to 16 of Law Society Rules governing the handling and reporting of trust monies were amended in their entirety and approved by the Benchers on September 22, 2017. The amended Rules come into effect on January 1, 2018.

### **Changes made include:**

**Definitions** - Some new definitions were added and changes made to existing definitions. The significant changes or additions are listed below.

- “Member” – this new definition addresses mobility of members.
- “Signature” – this new definition requires a member’s original signature for all withdrawals from trust.
- “Separate interest bearing account” – this definition has been expanded to allow for the purchase of Government of Canada Treasury Bills, although Treasury Bills are not CDIC insured.

### **Rule 909(4)(d)**

- This Rule governing cash transactions has been expanded to list retainers as an exclusion.

### **Rule 910(3)**

- Requires members practicing as independent practitioners, including those sharing space and/or certain common expenses, to open his or her own trust account (i.e. independent practitioners will no longer be permitted to share a trust account). This revision provides for a grandfathering of practices currently falling outside this Rule with the consent of the Executive Director.

### **Rule 910(6)(b)**

- Allows firms to deposit general receipts to their trust account if received by debit or credit card, provided that general receipts so deposited are paid from the trust account to the general account within 3 business days.

### **Rule 910(7)**

- Allows monies to be received into trust electronically subject to the information pertaining to the deposit of these monies being confirmed within 3 business days.

**Rule 911(3)**

- Clarifies that only trust funds received “in connection with the practice of law” can be deposited to trust. This proposed Rule also prevents non-trust monies from being retained in trust.

**Rule 912**

- Clarifies that computer software used to account for trust monies must be approved by the Law Society prior to installation.

**Rule 922**

- Allows non-monetary benefits (i.e. air miles) earned from the use of the firm’s credit card(s) in payment of disbursements to accrue to the firm.

**Rule 941(5)**

- Allows members to charge reasonable interest on overdue accounts.

**Rule 941(7)**

- Requires members to maintain independence from real estate agents and prevents payment of commissions prior to being in a position to disburse the balance of the sale proceeds.

**Rule 942(5)**

- Allows for wire transfers from a firm’s trust account, provided certain conditions are met.

**Rule 961(2)(d)**

- Requires electronic backup to be performed weekly and offsite storage of backup information.

**Rule 981(3)**

- Requires members to retain a copy of portions of a client’s file supporting financial transactions before giving up possession of that file.

**Rule 995(3)**

- Requires members to authorize the Law Society to obtain firm bank account information directly from the firm’s banks with associated costs accruing to the firm.

Please note that other changes considered to be of lesser significance have been made, so it is important that you and your staff review and become familiar with **all** the Rules as amended. If you have any questions in regard to any of the changes, please contact the Auditors at (306) 569-8242.