

**Certified True Copy of Amendments
to the Rules of the Law Society of Saskatchewan
June 23, 2023**

It was moved, seconded and carried that the *Rules* of the Law Society of Saskatchewan be amended. Please note that deletions have a “~~line through~~” for identification purposes.

AMENDMENTS:

The Benchers approved amendments to Parts 15, 16 and 23 of the Rules to facilitate a more streamlined approach to trust safety and to establish a uniform annual reporting period for all firms, along with several housekeeping amendments.

Implementing a uniform annual reporting period (year-end) for all firms supports the objectives of proactive firm regulation and in particular, the goal of streamlining the reporting process and requirements. A shift to a uniform year end for all firms allows for a more timely and complete review by administration of annual reporting and identification of risks for compliance audit selection in accordance with the risk-based approach to the trust safety program.

PART 15 – Accounting

A. Definitions

Definitions

1501 In this Part:

~~“fiscal period” means the time period, not exceeding 12 months without the written approval of the Society, for which the accounts of a firm have been or ordinarily are made up;~~

“financial institution” means:

- (a) a bank that is regulated pursuant to the *Bank Act*,
- (b) an authorized foreign bank within the meaning of section 2 of the *Bank Act* in respect of its business in Canada,
- (c) cooperative credit society, savings and credit union or caisse populaire that is regulated by a provincial or territorial Act,
- (d) an association that is regulated by the *Cooperative Credit Associations Act* (Canada),
- (e) a financial services cooperative,
- (f) a credit union central,
- (g) a company that is regulated pursuant to the *Trust and Loan Companies Act* (Canada),
- (h) a trust company or loan company that is regulated by a provincial or territorial Act,

- (i) a department or ministry or an entity that is an agent of the Government of Canada Her Majesty in right of Canada or of a province or territory when it accepts deposit liabilities in the course of providing financial services to the public, or
- (j) a subsidiary of the financial institution whose financial statements are consolidated with those of the financial institution;

“public body” means:

- (a) a department or ministry or agent of the Government of Canada Her Majesty in right of Canada or of a province or territory;
- (b) an incorporated city, town, village, metropolitan authority, township, district, county, rural municipality or other incorporated municipal body or an agent of any of them;
- (c) a local board of a municipality incorporated by or under an Act of a province or territory of Canada;
- (d) an organization that operates a public hospital and that is designated by the Minister of National Revenue as a hospital under the *Excise Tax Act* or an agent of the organization;
- (e) a body incorporated by or under an Act of a province or territory of Canada for a public purpose; or
- (f) a subsidiary of a public body whose financial statements are consolidated with those of the public body.

C. Receipt of Trust Funds

Cash Transactions

1503(1) A member shall not receive or accept cash in an aggregate amount greater than \$7,500 Canadian dollars in respect of any one client matter.

- (2) For the purposes of this Rule, when a member receives or accepts cash in a foreign currency the member will be deemed to have received or accepted the cash converted into Canadian dollars at:
 - (a) the official conversion rate of the Bank of Canada for the foreign currency as published in the Bank of Canada’s Daily Noon Rates that is in effect at the time the member receives or accepts the cash; or
 - (b) if the day on which the member receives or accepts cash is a holiday, the official conversion rate of the Bank of Canada in effect on the most recent business day preceding the day on which the member receives or accepts the cash.
- (3) Subrule (1) applies when a member engages on behalf of a client or gives instructions on behalf of a client in respect of the following activities:
 - (a) receiving or paying funds;
 - (b) purchasing or selling securities, real property, business assets or entities; or
 - (c) transferring funds by any means.

- (4) Notwithstanding subrule (3), subrule (1) does not apply when the member receives cash in connection with the provision of legal services by the member or the member's firm:
- (a) from a financial institution or public body;
 - (b) from a peace officer, law enforcement agency or other agent of the Crown acting in an official capacity;
 - (c) to pay a fine, penalty or bail; or
 - (d) for professional fees, disbursements, or expenses, provided that any refund out of such receipts is also made in cash.
- (5) Every member who pays a cash refund pursuant to this subrule must obtain a signed acknowledgement of the payment from the person receiving the refund showing the date, amount, client name or client reference, file number, if any, and name of the person who received the funds.

Recordkeeping for Cash Transactions

- (6) Every member, in addition to existing financial recordkeeping requirements to record all money and other property received and disbursed in connection with the member's practice, shall maintain;
- (a) books of original entry identifying the method by which money is received in trust for a client; and
 - (b) a book of original entry showing the method by which money, other than money received in trust for a client, is received.
- (7) Every member who receives cash for a client shall maintain, in addition to existing financial recordkeeping requirements, a book of duplicate receipts, with each receipt identifying the date on which cash is received, the person from whom cash is received, the amount of cash received, the client for whom cash is received, any file number in respect of which cash is received and containing the signature authorized by the member who receives the cash and of the person from whom cash is received.
- (8) The financial records described in subrules (6) and (7) may be entered and posted by hand or by mechanical or electronic means, but if the records are entered and posted by hand, they shall be entered and posted in ink.
- (9) The financial records described in subrules (6) and (7) shall be entered and posted so that they are current at all times.
- (10) A firm or member shall keep the financial records described in subrules (6) and (7) for the six-year period immediately preceding the firm's most ~~recent fiscal~~ recent annual reporting period~~year-end~~ in accordance with Rule 1529.

Deposit of Trust Funds

1504(1) A member who receives trust money shall deposit the money into a pooled trust account of the firm within 3 business days.

- (2) Trust money may not be paid or transferred to any other person, entity or account until subrule (1) has been complied with.
- (3) Where a member who receives trust money participates in an arrangement with another firm to share either or both of space and certain common expenses but otherwise practises as an independent practitioner:

- (a) the member must open a trust account in the name of the member's own firm; and
 - (b) the member must not deposit trust money into a trust account opened by any other firm without the written approval of the Executive Director other than in the course of providing legal services to a client.
- (4) If a member at the time this Rule comes into force participates in an arrangement ~~for using to use~~ another member's trust account, that member may apply to the Executive Director to continue to operate in the current manner until such time as the Executive Director advises that this Rule must be complied with.
- (5) A member who receives trust funds with written instructions as to where the funds are to be placed shall first place the funds into a pooled trust account and then place the funds in accordance with instructions received.
- (6) A member may not hold or invest monies outside the Province of Saskatchewan on behalf of a client unless the member's primary practice is outside of Saskatchewan, and the trust funds are handled in accordance with the Rules of the law society of that province or territory and the monies are received pursuant to that practice.
- (7) A law firm may receive trust and general receipts by credit or debit cards subject to the following conditions:
 - (a) trust receipts must be deposited, within 3 business days, directly into a trust account;
 - (b) general receipts must be deposited within 7 business days directly into a general account or may be deposited to a pooled trust account subject to the following conditions:
 - (i) the general portion of the receipt must be paid within 3 business days from the trust account to the general account;
 - (ii) the firm shall maintain a trust ledger card recording the receipt and payout of the general receipts; and
 - (iii) the trust ledger card must distinguish the general receipts by client.
 - (c) the payor, client name, and file number must be recorded on the merchant slip;
 - (d) the word "Trust" must be recorded on the merchant slip for all trust receipts and the word "General" must be recorded on the merchant slip for all general receipts;
 - (e) the receipt must be recorded in the applicable trust or general journal and the merchant slip must be attached to the deposit slip and filed in chronological order; and
 - (f) all service charges and discounts, including those related to trust receipts, must be withdrawn from the law firm general account.
- (8) A firm may receive money into its trust account electronically subject to the deposit of these monies being confirmed within 3 business days of receipt.
- (9) The confirmation mentioned in subrule (8) shall be prepared by the bank or the firm, retained by the firm, and shall include:
 - (a) the date monies are deposited into trust;
 - (b) the name of the financial institution;
 - (c) the account number into which these monies are deposited;

- (d) information identifying the remitter of the funds;
 - (e) the client name or file number involved; and
 - (f) the signature or initial of the member or person authorized by the member confirming the deposit of monies received electronically into the firm's trust account.
- (10) Members may deposit trust and general receipts using automated teller machines (ATMs) but only subject to the following conditions:
- (a) ATM cards for trust accounts must be restricted to deposit only;
 - (b) trust receipts must be deposited directly into a pooled trust account of the firm;
 - (c) unless received by credit or debit card and handled in accordance with subrule (7), general receipts must be deposited directly into a general account of the firm; and
 - (d) the payor, client name and file number, if applicable, must be recorded on all ATM slips;
 - (e) the receipt must be recorded in the applicable trust or general journal and the ATM slip must be attached to a deposit slip and filed in chronological order.
- (11) A member who receives trust funds which belong in part to a client and in part to the member shall:
- (a) deposit the funds into a pooled trust account; and
 - (b) within 7 business days of receiving information that would enable the member to split the funds, withdraw the member's funds from the trust account.
- (12) A member may handle the member's own legal transactions through a trust account provided the money is handled in the normal course of a legal file and the money is paid out expeditiously when the matter is concluded.
- (13) Active members whose primary practice is outside Saskatchewan are not required to hold trust monies in Saskatchewan, but they must comply with the trust accounting rules in the jurisdiction in which they practise.
- (14) In this Rule:
- (a) the cities of Lloydminster, Alberta, and Flin Flon, Manitoba, are deemed to be in Saskatchewan and the deposit of trust monies in a financial institution located in those two cities is deemed compliant with Rule 1505 and Rule 1507;
 - (b) Alberta or Manitoba credit unions located in Lloydminster, Alberta or Flin Flon, Manitoba, which are incorporated, continued or registered under the Alberta or Manitoba equivalent to *The Credit Union Act, 1985* are deemed to be financial institutions.

E. Funds in Trust

Procedure for Withdrawing Funds from a Pooled Trust Account

1514(1) Subject to subrules (2) and (45), and subrule 1507(6), a member who makes or authorizes the withdrawal or transfer of funds from a pooled trust account shall:

- (a) effect the withdrawal or transfer by a consecutively numbered cheque marked "trust";
- (b) not make the cheque payable to "cash" or "bearer";

- (c) provide the client or file reference in the memo field of the cheque, on the cheque copy or the cheque stub;
 - (d) ensure the cheque is dated, but not post-dated;
 - (e) ensure the cheque is fully completed as to the payee and amount before being signed;
 - (f) ensure that the cheque is signed by at least one member; and
 - (g) not make transfers of trust money from one client's account to another client's account unless the money is held in a pooled trust account in the same financial institution and the member has obtained either:
 - (i) the written authorization of the client from whose account the money is transferred; or
 - (ii) the verbal authorization of the client from whose account the money is transferred, which authorization is subsequently confirmed in writing to the client by the member.
- (2) Trust withdrawals must not be made by a bank draft except in exceptional circumstances and only with prior written approval of the Executive Director.
- (3) If a withdrawal by a bank draft has been approved by the Executive Director pursuant to subrule (2), the member shall:
- (a) obtain the recipient's authorization to receive the funds in the form of a bank draft in writing;
 - (b) document the exceptional circumstances on the client's file;
 - (c) retain the written approval provided pursuant to subrule (2) on the client's file;
 - (d) purchase the bank draft only at a financial institution where the law firm has a pooled trust account;
 - (e) make the bank draft payable to the client or a payee approved in writing by the client; and
 - (f) maintain a copy of the bank draft and client approvals on the client's file.

~~(4) Money may be electronically transferred by a firm subject to the following conditions:-~~

- ~~(a) the withdrawal from trust must be greater than or equal to \$25 million dollars;~~
- ~~(b) the transfer system used must be able to produce, within one banking day of the transfer, a confirmation from the financial institution showing the details of the transfer;~~
- ~~(c) the confirmation from the financial institution must be in hardcopy form and must contain the following details: date of transfer, source trust account information including account name, financial institution and account number, authorizing member reference and amount of the transfer;~~
- ~~(d) the member must complete a \$25 Million Non-Cheque Transfer Requisition Form in Form TA-8;~~
- ~~(e) the requesting member and authorizing member sections of Form TA-8 must be signed and dated by an active member of the firm;~~
- ~~(f) the firm must obtain the confirmation from the financial institution and within two banking days an active member of the firm must:~~

- ~~i. write the name of the client and file number on the confirmation;~~
- ~~ii. sign and date the confirmation;~~
- ~~iii. agree the particulars from the confirmation to the \$25 Million Non-Cheque Transfer Requisition Form;~~
- ~~iv. verify that the money was properly transferred in accordance with the requisition; and~~
- ~~v. sign and date the verifying lawyer section of Form TA-8.~~

~~(5)~~(4) A member may make or authorize the withdrawal of funds from a pooled trust account by wire transfer using a manual requisition or an Online Wire Payments Service provided all the following conditions are met:

- (a) the system will produce, not later than the next banking day, a confirmation form from the financial institution confirming the details of the transfer, which includes the following:
 - (i) the date of the transfer;
 - (ii) source trust account information, including account name, financial institution and account number;
 - (iii) destination account information, including account name, financial institution, financial institution address and account number;
 - (iv) the name of the member authorizing the transfer; and
 - (v) amount of transfer.
- (b) if using a manual requisition for transfer, the requisition must be in a form approved by the Executive Director and the member must:
 - (i) complete and sign a requisition for the transfer;
 - (ii) submit the original requisition to the appropriate financial institution;
 - (iii) retain a copy of the requisition.
- (c) if using the Online Wire Payments Service offered by the financial institution, the member must follow the Wire Transfer Procedures via Online Wire Payments Service approved by the Executive Director.
- (d) in completing a wire transfer pursuant to subrule (b) or (c) the member must also:
 - (i) obtain the confirmation referred to in subrule (a) from the financial institution;
 - (ii) retain a hardcopy of the confirmation; and
 - (iii) immediately on receipt of the confirmation, verify that the money was drawn from the trust account as specified in the requisition.

~~(6)~~(5) A member who withdraws or authorizes the withdrawal of trust funds for the payment of fees, disbursements or other expenses, must do so only on the basis of a previously prepared invoice.

~~(7)~~ (6) The withdrawal mentioned in subrule (56) must be made only by a consecutively numbered trust cheque payable to the firm's general account or by electronic payment or transfer of trust funds only to the firm's general account:-

(a) If payment is by transfer of trust funds, the member should retain confirmation from the financial institution of the details of the transfer including the date, the source account number and the destination account number, the amount and the member who authorized the transaction.

~~(8)~~ (7) Amounts paid from trust must relate to a particular invoice or the total of a group of invoices referenced to the payment.

~~(9)~~ (8) Once a legal matter is concluded, the member shall ensure all related trust money is paid out expeditiously or no longer than 6 months after the conclusion of the matter.

~~(10)~~ (9) Subrule (1) does not apply to the interest earned on a pooled trust account which the firm has instructed the financial institution to pay to the Law Foundation pursuant to subrule 1505(2).

G. Books, Records and Accounts Required to be Maintained

Trust Books, Records and Accounts Required to be Maintained

1519 A firm shall maintain at least the following trust books, records and accounts:

(a) a daily journal or other book of original entry recording:

- (i) for all funds received in trust for each client; the date of receipt, the receipt number, source of the funds, the form in which the funds are received, and the identity of the client on whose behalf the trust funds are received;
- (ii) for all funds disbursed out of trust for each client; the cheque or reference number, the date of each disbursement, the name of the recipient and the identity of the client or the file reference on whose behalf the trust funds are disbursed; and
- (iii) a running balance of the total amount in trust.

(b) a client trust ledger recording separately for each client matter:

(i) the name, matter description and file number of the client; and

(ii) a chronological listing showing:

- (A) all receipts of funds including; the date on which the funds are received, the source of the funds, the amount of funds received, the receipt number, and a description of the nature of the deposit;
- (B) all withdrawals of funds including; the date on which a cheque is issued or funds are withdrawn or transferred, the name of the recipient of the withdrawal or transfer, or the payee of any payment associated with the withdrawal, the amount of the withdrawal or transfer, the cheque or transfer number, and a description of the nature of the withdrawal or transfer; and
- (C) the running balance of the total amount in each trust ledger.

~~(iii) all trust funds received and disbursed, and the unexpended balance.~~

(c) a transfer record showing each transfer of funds between client trust ledgers containing:

- (i) an explanation of the purpose for which each transfer is made; and
- (ii) the member's signed approval of the transfer.

- (d) the monthly trust reconciliations required to be prepared pursuant to subrule 1524(1), and the detailed listings and reconciliations described in subrule 1524(2), along with any and all supporting documentation and reports;
- (e) a current listing of all valuable property showing all valuable property, other than money, held in trust for each client; and
- (f) all supporting documents and records, including but not limited to:
 - (i) validated, detailed deposit receipts or readable digital deposit images;
 - (ii) periodic bank statements;
 - (iii) passbooks;
 - (iv) voided cheques, and front and back of cancelled cheques or digital cheque images; and
 - (v) bank vouchers and similar documents.

H. Monthly Trust and Non-Trust Reconciliations

Preparation of Monthly Reconciliations

1524(1) A firm shall ensure that a monthly trust reconciliation is prepared for each pooled trust account and SIBA showing:

- (a) the total of all unexpended balances of funds held in trust for clients, as they appear in the client trust ledger; and
- (b) the total of trust fund balances held in all trust accounts, as they appear in the records of the financial institution together with the reasons for any differences between the totals.

(2) The monthly trust reconciliation shall include all pooled trust accounts and SIBAs and be supported by:

- (a) a detailed listing showing the unexpended balance of pooled trust funds held for each client, identifying each client for whom trust funds are held, and the date of the last transaction;
- (b) ~~the sum of all the individual client trust ledgers; recorded in that client's trust ledger for the fiscal year end listing;~~
- (c) ~~a report showing all transfers of trust money between client trust ledgers; a detailed monthly bank reconciliation for each pooled trust account;~~
- (d) ~~a trust bank statement issued by a financial institution; a listing of balances of each SIBA identifying the client for whom each is held;~~
- (e) a trust journal; and
- (f) a listing of trust property received and delivered, and the undelivered portion of valuables held for each client.

~~(3) The listings and reconciliations described in subrule (2) shall be retained as records supporting the monthly trust reconciliation.~~

~~(4)~~ (3) The trust reconciliation required under subrule (1) shall be prepared and completed within 30 days after the end of the period to which it pertains.

~~(5)~~ (4) A firm shall ensure that a monthly reconciliation is prepared for each non-trust account showing:

- (a) the amount of funds in the bank according to the firm's records;
- (b) the amount of funds in the bank according to the bank's records; and
- (c) a listing of reconciling items with supporting explanations and documentation as necessary.

~~(6)~~ (5) Completed monthly trust and non-trust reconciliations shall be reviewed, signed and dated by a member not more than 30 days after the end of the period to which it pertains.

~~P.~~ Withdrawal from Practice

Duties of Firms and Members

~~1551(1) A firm shall close all trust accounts within 90 days after withdrawing from or winding up a practice, unless written consent from the Society is obtained.~~

~~(2) Within 90 days after withdrawing from the practice of law in Saskatchewan, a member or former member must:~~

~~(a) confirm to the Executive Director in writing that all trust accounts have been closed in accordance with Rule 2301(2)(b); and~~

~~(b) provide a letter from each bank in which a trust account was located stating that the trust account is closed.~~

PART 16 – Reporting Requirements

Definitions

1601 In this Part:

~~“fiscal period” means the time period, not exceeding 12 months without the written approval of the Society, for which the accounts of a member have been or ordinarily are made up;~~

[...]

Required Annual Reporting Period~~Change in Fiscal Period~~

~~**1603** A firm's Law Society annual reporting fiscal period shall be from January 1 to December 31, that changes the fiscal period shown in the Registration Form mentioned in Rule 1602 or the Annual Report filed most recently with the Executive Director shall, within 30 days of the change, notify~~

~~the Executive Director in writing of the firm's new fiscal period.~~

Filing of Annual Reports

~~**1604**(1) A firm shall, by March 31 each year, ~~within three months after the end of each fiscal period~~ deliver or cause to be delivered to the Executive Director:~~

- (a) an Annual Report;
- (b) a Power of Attorney; and
- (c) for firms with trust accounts, the Trust Safety Administration Fee, pursuant to Rule 1605.

- (2) A firm shall, within three months after termination of practice or termination of the existence of the firm or association in or with which a member formerly practised, deliver or cause to be delivered to the Executive Director an Annual Report and fulfill all requirements pursuant to Rule 2301 ~~and provide confirmation of trust account closure.~~
- (3) The Executive Director may approve a firm's written request that the firm's Annual Report cover a time period greater than 12 months.
- (4) The Annual Report and Power of Attorney filed for the purposes of this Rule must be completed in a form prescribed by the Executive Director.

PART 23 - Withdrawal from Practice

Disposition of Files, Trust Monies and Other Documents and Valuables

2301(1) Subject to subrule (4), a member who intends to withdraw from the practice of law in Saskatchewan shall, before the withdrawal occurs, advise the Executive Director in writing of the member's intended disposition of all:

- (a) open and closed files;
- (b) wills and wills indices;
- (c) titles and other important documents and records;
- (d) other valuables; and
- (e) trust accounts and trust funds which relate to the member's practice and are within the member's possession or power.

(2) Subject to subrule (4), a member who has withdrawn from the practice of law in Saskatchewan shall, within 3 months after the withdrawal occurs, confirm to the Executive Director in writing that:

(a) the documents and property referred to in subrule (1)(a) to (d) have been disposed of, and any way in which the disposition differs from that reported under subrule (1); and

(b) all trust accounts referred to in subrule (1)(e) have been closed and that:

(i) all the balances have been:

(A) remitted to the clients or other persons on whose behalf they were held; or

(B) transferred to another member with written instructions concerning the conditions attaching to them; ~~and~~

(ii) any interest earned on a mixed trust account has been remitted to the Law Foundation in accordance with Part 15 of these Rules; ~~and-~~

(iii) a letter has been provided from each bank where a trust account was located confirming that the trust account is closed and indicating the date of closure ~~stating that the trust account is closed and the date that it was closed is provided to the Executive Director~~

(3) The Executive Director may, upon application in writing by the member or former member, extend the time limit referred to in subrule (2).

(4) A member who withdraws from a law firm in circumstances where the firm will continue in existence and will continue to have possession and power over the documents, property and accounts described in subrule (1), is not required to comply with subrule (1) or (2).



**CERTIFIED to be a true copy of the resolutions
passed by the Benchers of the Law Society of
Saskatchewan at their meeting held June 23,
2023.**

TIMOTHY J. BROWN, K.C.
Executive Director