

Minute of the Annual General Meeting of Law Society of Scotland held via telephone and video conference on 19 June 2025 at 5.30 pm.

Present: Patricia Thom (President), Serena Sutherland (Vice President), Susan Murray (Past President), David Gordon (Regulatory Committee Convener), Paul Gostelow, Ben Kemp, Sheila Webster, Ken Dalling, Iain Burke, Nyree Conway, Eilidh Dobson, Anne Follin, Rebecca Fraser, Amna Ashraf, Andrew Hintridge, Austin Lafferty, John Mulholland, Bruce Nelson, Rebecca Roberts, Anne Stewart, Peter Walsh, Charles Ilako, Katherine Graham, Siobhan Kahmann, Colin Anderson, John Bett, Jonathan Clinch, Leigh Gould, Alistair Hill, Thomas Alexander Johnstone, Oksana Khusainova, Joshua King, Tinsley Lockhart, Giulio Marini, Archibald Millar, Lewis Raynor, Adeyinka Alase, Kirsty Lang, Gordon Barclay, and Ian Messer.

In attendance: Kevin Lang (Interim Chief Executive & Executive Director of External Relations), Rachel Wood (Executive Director of Regulation), Fiona Robb (Interim Executive Director of Member Services and Engagement), Liz Campbell (Executive Director of Education, Training and Qualifications), Gillian Rees (Head of Finance), Elaine Crawford (Head of Regulatory Compliance), Valerie McEwan (Head of Communications), Ester Aracil (Governance and Recruitment Lead), Kirsty Barrett (Governance Manager), and Amanda Byron (Governance Secretary).

Apologies: for absence were intimated from: Baktosch Gillan, and Tom Monteith.

Minutes: Amanda Byron (Governance Secretary).

1. Welcome

The President welcomed everyone to the 76th Annual General Meeting ("**AGM**") of the Law Society of Scotland (the "**Society**").

The President invited the Governance Manager to run through the principal procedural arrangements for the meeting.

The Governance Manager summarised the procedural arrangements for the AGM. The formal notice for the AGM had been issued on 28 May 2025.

2. Approval of the Minute of the Annual General Meeting held on 27 June 2024

The President referred to the minute of the Annual General Meeting held on 27 June 2024, circulated in advance of the meeting, and invited any comments. None were raised.

The minutes were proposed by Susan Murray and were seconded by Serena Sutherland.

Decision: The minute of the Annual General Meeting held on 27 June 2024 was approved.

3. The Past President's Address

The President invited Susan Murray, Past President, to report on her year as President during 2024-2025.

The Past President stated the following:

"Hello everyone and thank you for joining us this evening at our Annual General Meeting for 2025.

As always, this meeting is an opportunity for members to influence the direction of our professional body as we look to the year ahead.

It is also an opportunity for us, as a Society, to reflect on some of the key issues, challenges, and successes that have happened over the past year.

Having recently taken up the role as immediate Past President, I am pleased to provide an insight into my year in office, as President.

Access to justice and the critical part that Legal Aid plays in achieving that access has once again been a particular concern for the Society and its members.

As we know, decades of underfunding have had a hugely detrimental impact – on members of the public who need advice on often complex legal problems and on the solicitors who continue to provide legal aid, despite the extreme challenges of providing this vital legal service and the ever-diminishing rewards.

Resolving the current crisis is a challenge that will continue as a focus for the Society until the right outcome is achieved for our affected members and their clients.

This past year we have continued to highlight the issue in public forums, through our ongoing engagement and discussions with the Scottish Government; in giving evidence to the Scottish Parliament's Equalities and Human Rights Committee's civil legal aid inquiry and through our public campaigning.

The fact of the crisis is now accepted by the Scottish Government, and we will continue to press it to commit to properly resourcing legal aid to ensure that access to justice is available to all, and that it is not restricted to only those with the means to pay.

The Regulation of Legal Services (Scotland) Bill, first introduced to the Scottish Parliament in April 2023, was, as you might expect, another dominant feature throughout my presidency.

Throughout the last year, Society colleagues, Council, and members of the Society's Regulatory Committee have worked incredibly hard on amendments to the Bill - to ensure that the legislation adheres to the principles of the rule of law - and is practicable.

You will recall the position at the time of publication of the Bill in early 2024, when it contained proposals for potential direct ministerial intervention in the way that solicitors in Scotland are regulated. This was a real threat to our profession, and we are relieved to say that Ministers did move away from that policy approach, following the substantial outcry right across the legal profession – including Scotland's most senior judges and colleagues at the International Bar Association and beyond.

It was a significant success to see the Bill passed by MSPs last month – and this marks another major step towards the much needed and long overdue changes in regulation of legal services in Scotland, which will provide benefit to both legal services consumers and the legal profession itself. Over the next months, information will be coming out from the Society to members to explain the effects of the new legislation for them and also explain how it will effect changes within the Society itself.

Alongside these high profile, challenging issues facing our profession, there have also been many highlights to my presidency.

2024 marked the Law Society's 75th anniversary and we took that opportunity to celebrate our members and their many, sometimes unseen, achievements. We involved members at all stages of their careers throughout our anniversary year, as well as launching our inaugural Legal Pioneer Awards. I had the enormous privilege of presenting awards to six very worthy winners at our Annual Conference in October last year - and also presenting two Honorary Membership awards to members with long-standing connections to the Society, former President Christine McLintock, and the former Convener of our Property Law Committee, Ross MacKay, at a special 75th anniversary event at the Scottish Parliament.

Another highlight of my year has been meeting members right across the country. From Dingwall to Dumfries, I have heard first-hand about the issues that most affect our profession and discussed how the Society can assist. Among the many issues raised during these meetings, legal aid and recruitment and retention have been the issues that were raised most often – and these are of course both ones on which the Society is actively engaged.

While it was a great pleasure to meet members at these events, we want to engage directly with even more of our members, and so there may be

changes to the Society's approach to this in the future – perhaps involving hybrid meetings or engaging according to legal specialities. No doubt more information will come out to you about these changes during the course of this year.

A particularly pleasurable part of the role of President has been welcoming new solicitors to the profession. Over the last few years, we have seen record numbers of solicitors join the profession, and I have presided over a total of 11 admission ceremonies and admitted over 700 new solicitors. It has been a real joy to meet the next generation of Scottish solicitors and witness their enthusiasm and pride as they start out in their careers.

It is vital that talented people from different backgrounds continue to be attracted to law as a career, to ensure that we have a profession that reflects the society it serves – and also that we support young professionals to achieve their full potential throughout their careers.

It has become clear to me throughout my time as President, that Scottish solicitors form part of a collegiate profession, bound by professional values, committed to upholding the rule of law and helping others to uphold their rights.

I will end by saying that being President of the Law Society for the year 2024/2025 has been a hugely positive experience for me and both an honour and a privilege.

I have received tremendous support both from within and out with the Society and I thank everybody who has given me their support during the last year.

I also want to record the Society's thanks to its former Chief Executive, Diane McGiffen, for her work within the Society and her advocacy of behalf of our profession.

We now look forward to working with our new Chief Executive, Ben Kemp, who joins us in August this year. I have no doubt at all that Ben will be a tremendous asset to the Society as he leads us through future challenges and helps all of us at the Society to support and promote Scotland's solicitor profession within the wider legal sector.

Thank you."

4. The President's Address

The President addressed the meeting stating:

"Good evening, everyone.

Thank you for joining us tonight for the Society's Annual General Meeting 2025.

This is an important meeting in our calendar. It allows us to provide you with an update on our performance against the aims we set out in our Annual Plan.

It provides an opportunity to share with members proposals for new rules to ensure continuing high standards across the profession.

This is when we set our Practising Certificate fee for the year ahead to ensure that we have the resources to undertake important work on behalf of our members and in the public interest.

And of course, it is important that our members have an opportunity to have their say.

As your new President, this is one of my first opportunities to speak with members and I am delighted to be able to do so this evening and to tell you a little about myself.

For those of you who do not know me, I am Patricia Thom - the Society's 63rd President, and eighth woman to hold the post.

I am sure you can tell I am not local. I originally qualified as a barrister and solicitor in Canada's Northwest Territories, before emigrating to Scotland and requalifying via the Law Society's own exams as a Scottish-qualified solicitor.

My first role as a Scottish solicitor was with Borders Regional Council, where I remained for 13 years before working in private practice specialising in civil court practice, with an emphasis on family law and adults with incapacity until my recent retirement.

I say retirement, but I continue to do reports for both the courts as a Child Welfare Reporter and Curator and for the Children's Hearing System as a Safeguarder.

And, of course, I am involved in the Law Society's work.

I joined the Law Society Council 10 years ago after being elected to represent the Sheriffdoms of Haddington, Selkirk, and Jedburgh.

While I was on the Admissions Committee and the Civil Justice Committee during those initial years, my involvement with the Law Society really took off in February 2020 when I became Convener of the Civil Legal Aid Committee, working with Ian Moir as Convener of the Criminal Legal Aid Committee.

The timing of this turned out to be a baptism of fire as COVID hit very shortly afterwards and all normality - in both our personal and professional lives - came to a halt, including of course the abrupt closure of our courts which had a major impact on our justice system - with outcomes we are still dealing with today.

The more involved I became with the Law Society and its work, the more I wanted to contribute. It was that desire that led to me putting my hat in the ring to become President, and I am delighted to step into the role after a year as Vice President, supporting my predecessor, Susan Murray.

Since taking up the presidential reins many people have been in touch to congratulate me for my year ahead. I want to say how much I appreciate and am grateful to everyone who has supported me in my journey within the Society to date – and for their support to come over the next 12 months.

It will be no surprise that as former co-convenor of the Society's Legal Aid Committee I will continue to champion the work of legal aid practitioners and continue our efforts to ensure that the system is properly resourced. Ending the current crisis and ensuring legal aid is sustainable over the longer term is critical.

We continue to engage with Ministers, but the assurances we have heard from the government on finding solutions must be matched by assurances of proper funding now and in the future to ensure access to justice for all those who need it, regardless of their financial status.

While this issue remains a focus, I fully intend to be a President for all members. Whether you are a solicitor in a large firm or small, work in private practice or in-house, public sector, or private, and whether you are just starting out as a newly admitted solicitor or a highly experienced practitioner, I will represent the profession I am so proud to be part of, to the very best of my ability.

Most importantly I want to listen and to learn.

I am looking forward to meeting many of our members across the country – to understanding challenges you face; finding out about your concerns as members; and how we at the Society can help you thrive within your role.

I know that I will be ably supported by the team at the Law Society – from my Vice President, Serena Sutherland, my colleagues on Council, and our committees, to the dedicated staff team who do so much on behalf of the profession.

I already know it is going to be busy – with the Regulation of Legal Services (Scotland) Bill now passed, we are now looking ahead to its provisions coming into effect and the changes that will require.

Two key Bills are currently progressing through the parliament which aim to reform Scotland's criminal justice system and will mean further change for the profession.

And looking ahead to the next couple of months, there is of course a major change ahead for the Society.

I am very much looking forward to welcoming and working with the Society's new Chief Executive Ben Kemp when he starts in August. A solicitor himself, he has a deep understanding of the profession and the issues we face and will undoubtedly be a great asset to us.

And as we anticipate Ben's arrival in the coming weeks, I would like to offer my sincere thanks to both our former CEO Diane McGiffen who did a tremendous job and was such a champion for our profession while she was in post, and to our Interim Chief Executive Kevin Lang who has stepped up to steer the Society's work between Diane's departure and Ben's arrival and is doing a fantastic job.

Thank you."

5. Adoption of the Report from the Client Protection Fund for 2023/24

The President referred to the report from the Client Protection Fund for 2023/2024 (the "**Report**"). The President reminded the meeting that the Report had been placed on the Society's AGM website page. The President invited questions.

There were no questions on the Report which was duly adopted by the meeting.

The report was proposed by Susan Murray and seconded by Nyree Conway.

6. Chief Executive's Report

The Interim Chief Executive, Kevin Lang reported to the meeting, stating:

"Thank you, Madam President, and good evening, everyone.

I want to start by expressing my sincere thanks to Diane McGiffen who recently left the Law Society in April, after three years as our Chief Executive.

Diane was instrumental in helping us adapt to new ways of working from the period after the COVID pandemic, including the change to our smaller and reconfigured office, which opened just earlier this week. Diane was also a steadfast supporter of our work on the Regulation Bill, in particular to protect the rule of law and the independence of the legal profession.

We are all grateful to Diane for all her work and leadership, and we wish her all the very best for the future.

I also want to express my thanks to Paul Mosson, our Executive Director of Member Services and Engagement, who left in April after a decade of work helping to drive a step change in our member services. He was, and remains, an absolute passionate advocate for the legal sector, and we are

so delighted that he moved on and up to become Chief Executive at one of the legal regulators in England.

Now my job, and my privilege, is to lead the wonderful team of staff at the Law Society as interim CEO and provide that bridge until Ben Kemp starts as our new Chief Executive in August.

As a team, we are currently in the third year of our strategy which provides the blueprint for us in the work we undertake. I am pleased to say we are making good progress with 26 of our 30 annual plan projects for this year on track to be complete by the end of October.

In addition to these key Annual Plan projects, our core work is to provide an excellent day-to-day service for our members, for the public, and for our stakeholders, all of whom depend on us. This includes:

Setting and enforcing standards to ensure the public continue to have confidence in the profession and that the badge of Scottish solicitor is one every member has pride in.

Negotiating the Master Policy on behalf of members every year, ensuring there is proper affordable professional indemnity insurance in place.

Scrutinising legislation, both at Holyrood and Westminster, and suggesting changes to improve the law.

Offering confidential advice to thousands of members on practice rules and ethics, delivering a programme of almost 100 high quality training and CPD events, and offering, I think, an unrivalled package of professional support, from careers advice to setting up a business.

And, helping members of the public too, to find a solicitor who can help them – with our public communications team responding to more than 7,000 queries last year.

I am pleased to report the profession now has 13,300 practising members, more than ever before. And new solicitors are qualifying at near record numbers, almost 800 in the last year.

And the Scottish solicitor profession is not only bigger than ever before, it is more diverse than ever, with solicitors working on the high street, in large commercial firms and in-house within the public and private sectors, as well as more members working overseas. And while there is much more to be done, we see a broader and richer set of backgrounds to our membership too.

Given this diversity, understanding and serving our members' needs is one of our biggest challenges. It means considering not just the technical knowledge and skills needed to succeed as a practising solicitor, but members' professional and career goals and, increasingly, their wellbeing and good mental health.

Now, the area of work which our polling and surveys have consistently shown that members want and expect most from us is proper, effective regulation of the profession. Members tell us that dealing with complaints, assuring client money is properly accounted for, and stepping in when there is a firm failure, this is all the most important work we at the Law Society do.

Of course, by far and away, the biggest project for us (and being open for me personally) over the last year has been the Regulation of Legal Services (Scotland) Bill which was, eventually, passed by the Scottish Parliament last month.

This legislation is the culmination of a decade's-long campaign by the Law Society to secure improvements to the statutory framework of regulation for the benefit of both the profession and the public.

This was not always an easy road, with questions raised as to whether the Law Society would even continue to be the regulator of the profession.

I am pleased and I am proud that, thanks in large part to the support of our members, the Law Society will continue to be your professional body – we do not lose a single power under the Bill, and in fact we get many new powers to regulate more effectively.

I mentioned the Bill's progress was not all plain sailing. It was only through strong opposition, by the Society, the judiciary, and others both at home and internationally, that proposals which would have seen sweeping new powers for Scottish Government Ministers to intervene directly in regulating the profession – these proposals were dropped from the Bill at Stage 2. This was a critical safeguarding of the independence of the legal profession, and I am proud at how members came together to stop this kind of state interference over the very people who so often work on behalf of clients to hold the politically powerful to account and stop the excessive use of power by the State.

The rule of law and access to justice were also guiding principles in our wider work to influence public policy decisions. We responded to 67 consultations, worked on 18 Bills, and participated in 10 parliamentary evidence sessions over the year.

This work included the legislation for reforms to our criminal justice system, as well as laws that affect all of us as citizens – including the Scottish Parliament's Assisted Dying Bill, and the Data Use Bill at Westminster.

It is however deeply frustrating at the lack of government action on legal aid. As part of our work to ensure this critical area remains on the political agenda, we launched a major, public facing Legal Aid Matters campaign highlighting the impact of years of underfunding on members of the public, including the most vulnerable in our society. We will continue to press government on what is now an accepted crisis in legal aid in Scotland.

In addition to our regulatory duties, providing support and speaking out on behalf of the profession, it is important that we also lead on key issues such as sustainability, equality, diversity, and inclusion, including social mobility.

We continue to build on our commitment to support our members in adopting a climate conscious approach to legal practice alongside the launch of our Sustainability Resource Hub.

Equality, diversity, and inclusion also remain proud core areas of our work. Our aim is to ensure we encourage talented individuals from across our society to be part of and remain in this Scottish solicitor profession, whatever their background, wherever they come from.

Now, all our work is made possible by the solicitors and lay members who volunteer their time and expertise on our Council and our family of different committees. We simply could not do what we do without the hundreds of people who give of their time in this way – thank you.

And finally, to the amazing, talented, professional team of staff at the Law Society, who do so much to support and serve our members, and to ensure we maintain high professional standards in the public interest. Thank you. Each and every week, I am blown away by their dedication and commitment and being asked to lead that team for this interim period has been a true honour and a great privilege.

Leading that team from August will fall to our new Chief Executive, Ben Kemp. And we are so excited about him starting, with his own experience as a long-standing Scottish solicitor but also his extensive knowledge from his work in leading another professional body. All of us are excited and looking forward to working and supporting Ben, to ensure he gets off to flying start, and as he takes this organisation forward for our members and the public.

Thank you very much."

7. Resolution number 1 – approval of the Annual Report and Financial Statements of the Society for the year ending 31 October 2024

The President referred to the following resolution:

"The approval of the Annual Report and Financial Statements of the Society for the year ending 31 October 2024" ("**Resolution 1**").

Resolution 1 was proposed by Paul Gostelow and was seconded by Serena Sutherland.

The President reported that the result of the advanced voting for Resolution 1 was as follows:

- 133 for
- 4 against
- 22 abstain

The President stated that under the terms of standing order 3(c) it was deemed that the direct negative has been moved and invited the Governance Manager to conduct a vote on Resolution 1.

The Governance Manager stated the following: -

"By way of reminder, only members can vote. For the avoidance of doubt, trainee solicitors without a practicing certificate and other persons in attendance cannot vote. Please note you cannot vote if you have already voted online in advance of the meeting.

The tellers from the Society will be Amanda Byron and Ester Aracil.

The text of the motion will be entered into the Teams chat function for clarity of the item being voted on.

Each person present who was registered to attend the meeting in advance and who has not already voted electronically will be invited to state their name before being invited to vote either:

- *for;*
- *against; or to*
- *abstain*

in respect of the motion.

Thereafter, any eligible member present who has not already voted will be invited to vote on the motion.

Anyone who is eligible to vote but has not registered to attend in advance of this meeting will be required to state their name and place of business when invited to vote."

A vote was then undertaken, and the President announced that the overall result of the vote for Resolution 1 was as follows:

- 140 for
- 4 against
- 25 abstain

Decision: The President announced that Resolution 1 was approved.

8. Resolution number 2 - re-appointment of the auditors (BDO) to the Society

The President referred to the following resolution:

"The re-appointment of BDO LLP as the Auditors to the Society" ("**Resolution 2**").

Resolution 2 was proposed by Serena Sutherland and was seconded by Susan Murray.

The President reported that the result of the advanced voting for Resolution 2 was as follows:

- 131 for
- 9 against
- 19 abstain

The President stated that under the terms of standing order 3(c) it was deemed that the direct negative has been moved and invited the Governance Manager to conduct a vote on Resolution 2.

The Governance Manager reminded the meeting of the voting procedures.

A vote was then undertaken, and the President announced that the overall result of the vote for Resolution 2 was as follows:

- 138 for
- 9 against
- 21 abstain

Decision: The President announced that Resolution 2 was approved.

9. Resolution number 3 – approval of the Practising Certificate fee for 2025/26. That, as from 1 November 2025, the Annual Subscription payable by each member of the Society holding a Practising Certificate for 2025/26 will be £832.

The President referred to the following resolution:

"That, as from 1 November 2025, the Annual Subscription payable by each member of the Society holding a Practising Certificate for 2025/26 will be £832" ("**Resolution 3**").

Resolution 3 was proposed by Paul Gostelow and was seconded by Serena Sutherland.

The Convener of the Finance Committee, Paul Gostelow reported to the meeting, stating:

"Good evening, everyone.

A new Practising Certificate (PC) fee is brought to members each year for their consideration and vote.

It follows a very rigorous process involving both the Senior Leadership Team and the Society's Finance Committee in recommending the Practising Certificate fee to Council for its approval.

As Convener of the Finance Committee, I can assure members that we take our responsibility extremely seriously and make a thorough assessment of the Society's financial position and the work it must undertake, before bringing the proposal to the Society's Council - and I must add that there is a great deal of thought and deliberation by Council before any final agreement on what goes before members at the AGM.

You will of course be well aware of the substantial, but necessary, increases over the past two years. It followed a £2.2million reduction over the pandemic on the back of a decade of near static fees. It was therefore important we put in place plans to ensure the Society's longer-term security and restore financial stability, over a period of years.

This year, the Law Society's Council has proposed a 5.5% rise - the lowest proposed increase in three years. It takes the Practising Certificate fee from £788 to £832. There is also a £9 increase to the Roll fee, taking it from £155 to £164.

The Law Society is committed to the profession and the public interest.

We have a statutory obligation to carry out regulatory work which protects consumers of legal services. In addition, our members tell us that regulation is vital. It sets the standards for the profession and ensures confidence and trust in Scottish solicitors.

As part of that work, we set entry requirements and standards of practice for solicitors. We investigate conduct complaints. We carry out financial compliance inspections and undertake critical Anti-Money Laundering (AML) work.

This ensures our members are qualified, competent, and trusted to meet the needs of all those they serve - from individual members of the public in need of bespoke legal advice, to major corporation's dependent on our members' legal expertise.

The Society also provides high quality services to meet our members' needs and support them in their roles.

This includes Continuing Professional Development (CPD), our professional practice helpline, negotiating the Master Policy for the entire Scottish solicitor profession, and specialist accreditations as our members progress in throughout their careers.

This helps sustain the high standards the profession is renowned for and sits alongside a wide range of additional support services.

Other important areas of work include social mobility and inclusion, wellbeing, technology, and cyber security, and working to ensure we have good law that works in practice.

There has been huge focus on the legal sector in recent years – marked by major Bills going through the Scottish Parliament including proposals to radically reform the criminal justice system, and of course the recently passed legislation on regulating legal services.

It is important that we have the resources to continue to speak out strongly on issues affecting our members. We are also committed to speaking out on fundamental principles such as the rule of law and access to justice and ensuring that Scottish solicitors can carry out their work without undue interference or threat.

This next year is particularly critical as we look ahead to the impact of the Regulation of Legal Services (Scotland) Bill once enacted, and integrating new responsibilities for the Society over the next few years. We will also continue our work to improve our current regulatory processes, including complaints handling.

We will make sure we spend every penny of our members' money wisely. The proposed core PC and roll fee will maintain and improve all areas of our work, while remaining lower in real terms than 15 years ago.

I would therefore ask you to support the resolution on the practising certificate fee for 2025-26.

Thank you."

The President invited comments. Giulio Marini spoke, noting that he has been registered as a solicitor since 2012 and has consistently worked from abroad, primarily in Rome, Italy. He highlighted that since Brexit; solicitors like himself have lost the ability to appear in court across the EU. He confirmed that he had submitted his comments in writing and asked whether the Society might consider a fee reduction for solicitors practising abroad, similar to the existing reduction applied to the levy fee.

Giulio Marini acknowledged that the recent fee increases may be reasonable domestically but expressed concern that they can be disproportionately burdensome for solicitors working overseas, where income levels may differ

significantly. He added that, due to Brexit, he now also must maintain registration in both Scotland and Italy to continue practising, and suggested the Society take into account the specific challenges faced by solicitors based abroad.

The President responded by thanking Giulio Marini for his comments and acknowledged the concerns raised. The President noted that it had already been explained to Giulio Marini that the Society is constrained by government legislation, which does not permit different categories of membership. While the issue could not be addressed at the current meeting due to procedural deadlines, the President emphasised that the door is not closed. She encouraged members to work towards persuading the Scottish Government to allow for such changes and confirmed that the executive would be willing to collaborate with any member to explore a suitable resolution at a future meeting.

The President reported that the result of the advanced voting for Resolution 3 was as follows:

- 112 for
- 56 against
- 3 abstain

The President stated that under the terms of standing order 3(c) it was deemed that the direct negative has been moved and invited the Governance Manager to conduct a vote on Resolution 3.

The Governance Manager reminded the meeting of the voting procedures.

A vote was then undertaken, and the President announced that the result of the vote for Resolution 3 was as follows:

- 119 for
- 56 against
- 5 abstain

Decision: The President announced that Resolution 3 was approved.

10. Draft Practice Rules for consideration

The President noted that the final item on the agenda was the draft practice rules for consideration.

The President invited David Gordon, Convener of the Regulatory Committee, to present the draft practice rules.

David Gordon stated the following: -

"Good evening, everyone."

I am pleased to talk to you this evening about new and amended Rules and Guidance which increase protections for consumers of legal services while aiming to be proportionate for Law Society members.

The power to make Practice Rules and set related Guidance is delegated to the Regulatory Committee under the Solicitors (Scotland) Act 1980. Practice Rules must be approved by the Lord President and, in the case of rules relating to incidental financial business, must also be approved by the Financial Conduct Authority. Approval in principle for the Rules presented this evening has been received by the Lord President and the Financial Conduct Authority (FCA). The new draft rules also need to be sent to all members of the Society and submitted to a meeting of the Society. Comments from members on the new Rules and Guidance are invited when I conclude my remarks.

The Regulatory Committee is introducing new Practice Rules and Guidance which seek to further protect and promote the interests of clients and consumers in the event of the cessation of a firm and separately to make certain changes to the money laundering and incidental financial business rules.

Now we turn in more detail to the changes.

A predominant risk associated with certain practice unit cessations is delay in identifying and notifying clients of the ceased firm and obtaining instructions by new solicitors.

I am sure that many of you here this evening will recognise that these are issues connected to the widely publicised cessation of law firm WW & J McClure Ltd.

In the case of McClures, this issue was compounded by the sheer volume of trusts where McClures' solicitors had been appointed as trustees.

In reviewing the outcomes of the firm's closure, the Committee considered that requiring better record-keeping by all practice units in relation to such trusts would assist in the event of cessation of any firm. The committee also considered that it would be appropriate and proportionate to clarify the obligations for any practice unit taking custody of files, deeds, and client money formerly held by a practice unit which has ceased.

That is why we are introducing two new draft rules to be added to the Practice Rules at B6, which will apply to all practice units.

The first new rule requires all practice units to maintain a central record of all trusts where a trustee is connected to the practice unit in a professional capacity.

The record must include specified information, and the Society can request a copy of the record at any time. This is intended to improve record keeping in

relation to trusts and would mean better information would be available, should the practice unit cease.

We believe this is proportionate as much of the information which practice units would be required to record, is information which they would already need for registration on His Majesty's Revenue and Customs (HMRC's) Trusts Register Service.

The second new rule is intended to clarify the responsibilities of a practice unit which receives files, papers, and other client assets from a ceased firm.

The rule is not intended to place a significant burden on the receiving practice unit and reflects what should already be good professional practice in such a situation. However, in light of the issues arising out the cessation of McClures, it was considered appropriate to clarify the obligations of a practice unit when taking custody of the assets of a ceased practice's clients.

There is new Guidance supporting the second new rule.

There is also separate Guidance to highlight the application of the existing Rule D3 (Advertising and Promotion) in the context of the advertising or promotion of a practice unit's services by others, including independent financial advisers.

These new rules should help to not only ensure confidence in those providing trusts advice but also provide an opportunity for improved administration and record keeping which will be beneficial for both clients and firms.

Separately to the new rules around trusts, we are also making changes to the Money Laundering Rules (B9) and the Incidental Financial Business Rules (C2).

These amendments are considered appropriate and proportionate and align the rules with equivalent provisions of the Accounts Rules and with current practice.

In relation to the Money Laundering Rules (B9) the committee considered that the Society's AML regime would be further strengthened by including a "dishonesty" rule within the Money Laundering Rules, equivalent to the one that already exists in the Society's Accounts Rules.

This could be applied in response to situations such as a general and reckless disregard for the AML requirements or in the situation where false or misleading information was deliberately provided in response to Law Society's information requests related to AML inspections and investigations.

Further amendments to the rules aim to provide more flexibility regarding fair and proportionate charging for reinspection. The current provision is for a daily rate, but AML re-inspections can take a period of time and daily rate charging neither fits well into how the process often unfolds, nor provides clarity for the practice unit as to what the final charge might be.

The amended rules offer a fairer and more transparent charging basis.

The changes to Rule C2 in relation to Incidental Financial Business will reduce the frequency of reporting from every six months to every 12 months; will require that a practice unit produce only one compliance certificate rather than one for each office of that practice unit; and will also remove the requirement for a report to be submitted to Council on all inspections, moving instead to reporting if it is considered necessary to do so.

These changes are a proportionate reflection of the low incidence of identified breaches, reducing the administrative burden on solicitors while maintaining protections.

In all of the new and amended rules we have sought to ensure fair and proportionate regulation.

Thank you for listening. I would now like to open the floor for any questions or comments."

No additional questions or comments were received.

11. Conclusion of the Meeting

The President thanked all members who had attended. The President also thanked the Society's executive for their work in arranging the meeting. There being no other business, the meeting ended at 6.30pm