

Media Release

4 July 2018

Managed Investment Schemes: Commencement of Uniform Law prohibition for the legal profession

Law practices in Victoria are no longer permitted to operate or promote managed investment schemes (MIS).

There are also new restrictions on the legal services that may be provided in relation to a MIS if any associate of the law practice has a substantial interest in the scheme or the responsible entity for the scheme. The new provisions also affect legal services that may be provided in connection with mortgage practices.

Section 258 of the Legal Profession Uniform Law came into force on 1 July 2018 in both Victoria and NSW, its commencement having been suspended since its enactment in 2015, and extends to all law practice types and their related entities. The commencement of this section restricts the following:

1. Law practices and their related entities promoting or operating a MIS;
2. The provision of legal services in relation to a MIS in which an associate of the law practice has a substantial interest;
3. Law practices providing certain mortgage-related services to private lenders in circumstances where the law practice (or its agent or associate) has introduced the borrower to the lender.

These restrictions are intended to minimise law practices' exposure to conflicts of interest and minimise potential for consumer harm.

The Legal Services Council (LSC) has also made an amendment to the [Legal Profession Uniform General Rules 2015](#) on 28 June 2018 to facilitate the operation of section 258. These Rules reflect the extensive and collaborative work undertaken over the last 12 months by the LSC and their expert consultant, Professor Pamela Hanrahan, in reviewing section 258 in time for its commencement. The LSC has produced a comprehensive [Information Sheet](#) for legal practitioners, which gives both detailed explanation of the key features of the changes and FAQs exploring the effects on different law practices and their various interactions with MIS and mortgage services. Professor Hanrahan's [full 2017 report](#) may also be viewed through the [LSC's media release](#).

The Victorian Legal Services Board & Commissioner (VLSB+C) as the designated local regulatory authorities, intend to take a reasoned, sensible and proportionate approach to compliance with the prohibition, bearing in mind the ultimate purpose being the protection of consumers. The VLSB+C endorses the LSC's comprehensive Information Sheet and considers that it broadly articulates the compliance measures law practices should consider. The VLSB+C are working closely with the legal profession and our fellow regulators in NSW to identify and assist law practices with any other particular issues identified or potential compliance burdens that may emerge.

The VLSB+C encourage you to familiarise yourself with these new provisions in the context of your law practice. Should you require any additional assistance, explanation or have questions please email: mis@lsbc.vic.gov.au