

RPA Alert

Regulation. Prosecution. Action.

Alert to all practitioners* from the Legal Services Commissioner and the Legal Services Board

RPA Alert 4, June 2013

New Financial Services and Investments Notification Rules 2013

From 14 June 2013 new rules apply to all law practices and approved barristers' clerks, requiring them to inform their clients that certain types of funds left in their care are NOT protected trust funds.

The Legal Services Board has made the *Financial Services and Investments Notification Rules 2013* which require law practices and approved clerks to notify clients in writing that money entrusted for:

- Financial services
- Investment schemes
- Mortgage financing

is not trust money and may, therefore, not be protected by a fidelity or compensation fund.

These rules are a response to the very high incidence of misunderstanding in the community about money "entrusted" to a lawyer or clerk. Client money provided for investments or financial services is not protected by the Fidelity Fund if it is lost or misappropriated. The Fidelity Fund pays compensation to people who lose trust money as a result of a default by a practitioner or approved clerk.

These new rules are designed to enhance consumer protection while imposing minimal obligations on Victorian practitioners. Affected clients will now know, upfront the limited protections applying to their money under the *Legal Profession Act 2004* in relation to those non-legal services.

These rules may be viewed on the [Legal Services Board website](#).

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