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Legal Services Council inquires into MIS restrictions

The Legal Services Council has asked financial services law expert Professor Pamela Hanrahan from UNSW to inquire into the likely impact of changes to the Legal Profession Uniform Law due to come into effect next year.

The changes will prohibit law practices and their related entities from engaging in a range of activities, including promoting or operating arrangements and structures that come within the broad statutory definition of a 'managed investment scheme'.

"The changes are contained in section 258 of the Uniform Law. They were enacted in 2014 but their commencement was deferred until 1 July 2018," Professor Hanrahan said.

"Some firms may not have them on their radar, or think they are only relevant to solicitors who conduct mortgage businesses, but this is not the case. Nor is it just about managed investment schemes that must be registered with ASIC under the Corporations Act."

The new rules will potentially catch a range of activities, including some internal firm structures. They may impact on some multidisciplinary practices that include a financial services component and there will be new restrictions on providing legal services in certain circumstances, including where lawyers or staff have investments in a scheme.

The Inquiry will report to the Legal Services Council by 30 September 2017, with recommendations on new rules to be made under the section. Professor Hanrahan is currently meeting with stakeholders, and would welcome comments from anyone with an interest in the area. The Terms of Reference for the Inquiry are available at www.legalservicescouncil.org.au. Any comments or queries can be addressed to lsc@legalservicescouncil.org.au.

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**For further information please contact
Dale Boucher, CEO Legal Services Council
02 8293 5900**