

# Update

January 8, 2009

## New Law Society Requirements: Getting to Know You

On January 1, 2009, a new Law Society of Upper Canada By-Law (7.1) came into force that imposes on all Ontario lawyers “**client identification**” requirements for all new matters (for existing and new clients alike) and “**client verification**” requirements for certain types of matters on which we are involved in the transfer of cash, currency, securities, negotiable instruments and the like on behalf of our clients. All of the Law Societies across Canada have agreed to implement similar requirements. It requires us to obtain from our clients and maintain in our records certain information some of which we did not collect before, and to independently verify such information in certain circumstances, most commonly when a client’s funds pass through our trust accounts.

### Client Identification – Mandatory in All New Matters

For a client who is an individual, we are required to obtain his or her full name, business address and business phone number, his or her home address and home phone number, and his or her occupation.

For a client that is an organization (corporation, partnership, trust, association), we are required to obtain the full name, business address and business phone number and, for organizations other than Canadian financial institutions, Canadian public (i.e. governmental) bodies and “reporting issuers”, we will also need to obtain the jurisdiction of incorporation or registration, a business number and the nature of the business/activity of the organization. For all

organizations, we are also required to collect certain additional information about the primary individual(s) authorized to instruct us on the matter, including their name, position and contact information.

We will be required to identify the individual or organization on whose behalf we are being retained in the event that we are contacted by and dealing with a law firm or other intermediary on their behalf in a matter.

### Client Verification – Required in Certain New Matters

Performing client verification is only required if we are involved in the transfer of funds (or other negotiable instruments) on behalf of a client (in most cases through our trust accounts or under escrow arrangements) AND there is no exemption available to us.

When client verification is required, we may have to obtain additional information about the directors and significant owners of certain organizations and we may need to review identification documents (such as passports or driver’s licences) of the individuals authorized to instruct us on the transfer of such funds or other instruments. We can do this personally or we are permitted to appoint an agent to verify a client’s identification if we are not meeting face to face.

We thank you in advance for your understanding, patience and assistance as we satisfy these new professional requirements going forward. Should you have any questions about any aspect of them, please do not hesitate to contact us.