



*Notice to the Legal Professions*

## **New client identification and verification requirements come into effect October 31, 2008**

---

On April 24, 2008, Convocation approved amendments to By-Law 7.1 [Operational Obligations and Responsibilities] to establish rigorous Client ID and Verification regulations for Ontario's lawyers and paralegals.

The amendments, effective October 31, 2008, enhance public protection by requiring lawyer and paralegal licensees to identify and verify the identity of a client, which will assist in preventing potential fraudulent or criminal activities.

The amendments to By-Law 7.1 are based on a Model Rule developed by the Federation of Law Societies of Canada.

In many respects, the amendments codify the steps a prudent lawyer or paralegal would take in the normal course to verify a client's identity upon being retained to provide legal services.

### **Details of the new requirements**

#### *Client Identification*

The amendments require licensees to obtain certain client identification information whenever a licensee is retained to provide professional services to a client. This includes the client's name, address, telephone number and occupation. Additional information for organizational clients includes the client's business identification number, place of incorporation, general type of business and the identity of the instructing individuals.

#### *Client Verification*

The verification requirements are triggered where the licensee receives, pays or transfers funds on behalf of a client. The licensee must take reasonable steps to verify the identity of the client by referencing reliable, independent source

documents, data or information. This would include a driver's license, birth certificate or passport for an individual client and articles of incorporation or a partnership agreement for an organizational client.

Some funds transactions are exempt from the verification requirements. For example, the requirements do not apply when funds are paid to the licensee by a financial institution, public body, or a public company, or received from the trust account of another licensee.

#### *Information Records*

The amendments also require licensees to keep a record of the information and documents obtained to identify and verify the identity of clients. This information would be available to the Law Society for the purpose of ensuring compliance with the requirements.

#### *Withdrawal of Service*

The amendments require the licensee who reasonably suspects that his or her activities on behalf of the client would assist the client in fraudulent or criminal activity to cease those activities, or, if that cannot be done, to withdraw from representation.

Visit the Latest News page of the Law Society website at [www.lsuc.on.ca](http://www.lsuc.on.ca) for more information.