



COMMUNICATION TO PRACTITIONERS FOR THE NEW PROCESS FOR THE MANUAL PAYMENT OF SECTION 86(2) & (3) TRUST INTEREST TO THE FUND

1. In terms of section 86(5)(a) of the Legal Practice Act interest accrued on money deposited in terms of this section must, in the case of money deposited in terms of—

(a) subsections (2) and (3), be paid over to the Fund and vests in the Fund

2. The following changes took effect on 1 November 2018:

1. Under Chapter 6 and 7 of the Legal Practice Act (LPA)

- a. The Attorneys Fidelity Fund (AFF) became the Legal Practitioners Fidelity Fund (LPFF).
- b. The four Law Societies were dissolved and will be replaced by nine Provincial Councils.
- c. The nine Provincial Councils will fall under a new structure called the Legal Practice Council.
- d. Trust interest which has been paid to Law Societies will be payable directly to the Legal Practitioners Fidelity Fund (LPFF).

2. The following sections in the Attorneys Act are replaced by the following sections in the LPA:

- a. Section 78(1) of the Attorneys Act was replaced by Section 86(2) of the LPA. (100% of trust interest earned, less approved recoverable bank charges, will be paid monthly to the Fund as provided for by Rule 54.14.16.1 made under the authority of Section 95 (1) of the Legal Practice Act, 28 of 2014).
- b. Section 78(2) (a) of the Attorneys Act was replaced by Section 86(3) of the LPA. (100% of trust interest earned will be paid on an annual basis to the Fund as provided for by Rule 54.14.16.3 made under the authority of Section 95 (1) of the Legal Practice Act, 28 of 2014).
- c. Section 78(2A) of the Attorneys Act was replaced by Section 86(4) of the LPA. (With effect from 1 March 2019, 5% of the trust interest earned will be paid monthly to the Fund in terms of section 86(5) as provided for by Rule 54.14.16.4 made under the authority of Section 95 (1) of the Legal Practice Act, 28 of 2014.)

3. SECTION 86(2) (previously section 78(1) trust interest - as provided for by Rule 54.14.16.1 made under the authority of Section 95 (1) of the Legal Practice Act, 28 of 2014).

3.1 Practitioners have the option of either paying the trust interest over monthly on a manual basis as above into a bank account nominated by the Legal Practitioners Fidelity Fund or using the AMTS sweeping facility currently offered by:

1. ABSA - Existing

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S D Maile (Board Secretary), M Tsogang (Acting Chief Information Officer), E N Kraai (Senior Human Resources Manager)



**LEGAL
PRACTITIONERS
FIDELITY FUND**
SOUTH AFRICA

2. Albaraka - N/A
3. FNB - Existing
4. Grindrod Bank - N/A
5. HBZ Bank - New
6. Investec - New
7. Mercantile Bank - New
8. Nedbank - Existing
9. Standard Bank - Existing

3.2. Practitioners who make use of the Banks' AMTS products will not be affected by these changes.

3.3 Please use the existing bank account details that you currently use for manual payments. The new process will commence from 1 December in respect of trust interest received during November for practitioners that use and continue to use the manual option to pay section 86(2) {previously section 78(1)} trust interest received

3.4 The Fund is in the process of taking ownership of the existing Law Society bank accounts.

3.5 In terms of regulation 54.14.16.1 practitioners should remit the excess interest, after deducting recoverable bank charges/fees (net of VAT) in the practitioner's trust account, to the LPFF on or before the last day of the next succeeding calendar month.

3.6 Practitioners who elect to pay the trust interest manually to the LPFF are required to submit the attached template for trust interest received, to LPFF on or before the last day of the next succeeding calendar month. Please submit the report to lpareports@fidfund.co.za

4. SECTION 86(3) (previously section 78(2) (a) trust interest - as provided for by Rule 54.14.16.3 made under the authority of Section 95 (1) of the Legal Practice Act, 28 of 2014).

4.1 In terms of regulation 54.14.16.3 practitioners should remit any interest referred to in section 86(5) of the Act which relates to an account opened in terms of section 86(3) of the Act {previously section 78(2) (a)} accrued on money deposited in respect of any period ending on the last day of February in each year shall, on or before the last day of May in that year,

4.2 Practitioners are required to submit the attached template for trust interest received which relates to an account opened in terms of section 86(3) of the Act accrued on money deposited in respect of any period ending on the last day of February in each year shall, on or before the last day of May in that year, to the LPFF. Please submit the report to lpareports@fidfund.co.za

Robert Burawundi

Investment Executive

Legal Practitioners Fidelity Fund

November 2018