LET RIGHT PREVAIL

The Law Society of Upper Canada | Barreau du Haut-Canada

September 24, 2015
9:00 a.m.

CONVOCATION MATERIAL

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CONVOCATION AGENDA
September 24, 2015

Benchers' Landing – 8:15 a.m. Aboriginal Smudging Ceremony

Convocation Room – 9:00 a.m.

Treasurer's Remarks

Consent Agenda – Motion [Tab 1]
- **Confirmation of Draft Minutes of Convocation** – June 25, 2015 and September 10, 2015
- **Motions** – Committee and Other Appointments
  – In Camera Appointments
- **Report of the Director of Professional Development and Competence** - Deemed Call Candidates

Address by Ian M. Hull, Chair, Law Society Foundation Board of Trustees on the Toronto Lawyers Feed the Hungry Program

Professional Regulation Committee Report *(M. Mercer)* [Tab 2]
- Amendments to the *Rules of Professional Conduct* – Language Rights
- New Process for Administrative Surrender of Licence

For Information:
- 2015 Lawyer Annual Report
- Professional Regulation Division Quarterly Report
- Report of the Alternative Business Structures Working Group

Paralegal Standing Committee Report *(M. Haigh)* [Tab 3]
- In Camera Item
- Amendments to *Paralegal Rules of Conduct* - Transferring Paralegals

For Information:
- Amendments to the Paralegal *Guidelines* - Limited Scope Retainers
- 2015 Paralegal Annual Report
- Other Committee Work

LAWPRO Report (*S. McGrath*) [Tab 4]

Address by Thomas G. Conway, President, Federation of Law Societies of Canada

REPORTS FOR INFORMATION ONLY

Audit and Finance Committee Report *(C. Bredt/P. Wardle)* [Tab 5]
- Law Society of Upper Canada Financial Statements for the Six Months ended June 30, 2015
- LibraryCo Inc. Financial Statements for the Six Months ended June 30, 2015
- LAWPRO Financial Statements for the Six Months ended June 30, 2015
- In Camera Item
- Performance of Investment Manager
- Investment Compliance Reports
- Other Committee Work

Tribunal Committee Report [Tab 6]
- Tribunal 2015 First and Second Quarter Statistics

Equity and Aboriginal Issues Committee/Comité sur l'équité et les affaires autochtones Report *(J. Leiper)* [Tab 7]

- Discrimination and Harassment Counsel Semi-Annual Report
- Appointments to the Equity Advisory Group
- Public Education Equality and Rule of Law Series Calendar 2015 – 2016

Report from The Action Group on Access to Justice (TAG) [Tab 8]

Lunch – Benchers' Dining Room

Tab 1

THE LAW SOCIETY OF UPPER CANADA

MOTION TO BE MOVED AT THE MEETING OF CONVOCATION ON SEPTEMBER 24, 2015

MOVED BY:

SECONDED BY:

THAT Convocation approve the consent agenda set out at Tab 1 of the Convocation Materials.

Tab 1.1.1

D R A F T

MINUTES OF CONVOCATION

Thursday, 25th June, 2015
9:00 a.m.

PRESENT:

The Treasurer (Janet E. Minor), Anand, Armstrong, Banack, Beach, Bickford, Boyd, Braithwaite, Bredt, Burd, Callaghan, Clément, Conway, Cooper, Corbiere, Corsetti, Criger, Donnelly, Earnshaw, Epstein, Evans, Falconer, Ferrier, Furlong, Galati, Go, Goldblatt, Gottlieb, Groia, Haigh, Hartman, Horvat, Krishna, Leiper, Lem, Lerner, Lippa (by telephone), MacKenzie, MacLean, Manes (by telephone), McDowell, McGrath, Merali, Mercer, Murchie, Murray, Nishikawa, Papageorgiou, Pawlitza, Porter, Potter, Richardson (by telephone), Richer, Rosenthal, Ross, Schabas, Sharda, Sheff, Sikand, Spurgeon, St. Lewis, C. Strosberg, H. Strosberg, Swaye (by telephone), Troister, Udell, Vespry, Wardle and Wright.

……

Secretary: James Varro

The Reporter was sworn.

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IN PUBLIC

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TREASURER'S REMARKS

The Treasurer welcomed those joining Convocation by webcast.

ANNOUNCEMENT OF THE ELECTION OF TREASURER

The Secretary announced that as of the close of nominations at 5:00 p.m. on May 29, 2015, there was one candidate for the election of Treasurer. Janet E. Minor was declared elected as Treasurer.

TREASURER'S REMARKS

The Treasurer welcomed newly appointed benchers Suzanne Clément, in attendance today, and Gisèle Chrétien to Convocation.

The Treasurer thanked Diana Miles and her staff in the Professional Development and Competence Division for their work in organizing the calls to the bar.

The Treasurer congratulated all recipients of the Honorary LL.D. at the June calls to the bar:

- London Janet E. Stewart, Q. C.
- Ottawa The Honourable Peter A. S. Milliken
- Toronto Julian Porter Q.C.
  Sheila Block
  Jean Teillet
  James Stewart

The Treasurer congratulated Cathy Corsetti on receiving an honorary degree from Humber College at its Convocation on June 16, 2015.

The Treasurer expressed condolences to the family and friends of former bencher Thomas Cole who passed away on March 3, 2015.

The Treasurer was honored to give greetings on behalf of the Law Society at the swearing in of new Associate Chief Justice of the Ontario Court of Justice, The Honourable Peter J. De Frietas on June 24, 2015.

The Treasurer advised that The Law Society of Upper Canada will be hosting a display booth at the Canadian National Exhibition this summer.

The Treasurer reminded benchers of the International Legal Regulators Conference co-hosted by the Federation of Law Societies of Canada and The Law Society of Upper Canada to be held on July 27 and 28, 2015 at the Law Society.

The Treasurer advised that she and Robert Lapper attended a dinner hosted by the Barreau du Québec for the newly elected Bâtonnière Lu Chan Khuong.

The Treasurer advised of her attendance at a number of events this month including the Pride Event on June 23, and the Solo and Small Firm Conference reception today.

The Treasurer advised benchers that a list of her activities will be posted each quarter in the Resource Centre on Diligent Boards.

The Treasurer advised benchers of an upcoming Aboriginal Legal Education event on Thursday, September 10, 2015 that will include a focus on the Truth and Reconciliation Report released this month.

The Treasurer advised that the luncheon guests for today are:

- Jack Rabinovitch, former appointed bencher
- Shelley Potter, Deputy Chief of Staff, Office of the Premier
- Kirsten Mercer, Senior Policy Advisor, Office of the Premier
- Shane Gonsalves, Chief of Staff, Ministry of the Attorney General
- Susan Kushneryk, Senior Policy Advisor, Ministry of the Attorney General

MOTION – CONSENT AGENDA

It was moved by Ms. Horvat, seconded by Mr. Goldblatt, that Convocation approve the consent agenda set out at Tab 1 of the Convocation Materials.

Carried

DRAFT MINUTES OF CONVOCATION – Tab 1.1

The draft minutes of Convocation of May 28, 2015 were confirmed.

MOTION – Tab 1.2

Re: Committee and Other Appointments

THAT Convocation approve the appointments set out in the motion at Tab 14 and Schedule A to the motion.

Carried

REPORT OF THE EXECUTIVE DIRECTOR OF PROFESSIONAL DEVELOPMENT AND COMPETENCE – Tab 1.3

THAT the Report of the Executive Director of Professional Development and Competence listing the names of the call to the bar candidates be adopted.

Carried

PROFESSIONAL DEVELOPMENT AND COMPETENCE COMMITTEE REPORT

Mr. Goldblatt presented the Report.

Re: Competence Enhancement – Law Student Experiential Learning – By-Law Amendments

It was moved by Mr. Goldblatt, seconded by Ms. Murchie, that Convocation approve amendments to By-Law 4 and By-law 7.1 in accordance with the bilingual motion set out at Tab 2.1.1.

Carried

PROFESSIONAL REGULATION COMMITTEE REPORT

Mr. Mercer presented the Report.

Re: Proposed Amendments to the *Rules of Professional Conduct*

It was moved by Mr. Mercer, seconded by Ms. Richer, that Convocation approve the amendments to the *Rules of Professional Conduct* as set out at Tabs 3.1.1, 3.1.3 and 3.1.5.

An amendment was accepted to remove the word “official” from paragraph [3] of the Commentary to Rule 3.2-2B.

The motion as amended carried.

Re: Call for Input on Proposed Amendments to the *Rules of Professional Conduct*

It was moved by Mr. Mercer, seconded by Ms. Richer, that Convocation approve a call for input on proposed amendments to the *Rules of Professional Conduct*, as set out in the Report.

Carried

PARALEGAL STANDING COMMITTEE REPORT

Ms. Haigh presented the Report.

Re: *Paralegal Rules of Conduct* – Language Rights

It was moved by Ms. Haigh, seconded by Ms. McGrath, that Convocation approve the amendments to Rule 3.02 of the *Paralegal Rules of Conduct* as set out in the Report.

Carried

Ms. Haigh spoke to the Report on Paralegals Changing Status for information.

For Information

- Report on Paralegals Changing Status
- Paralegal Professional Conduct Guidelines
- Information on Proposed Amendments to the *Rules of Professional Conduct*

TREASURER’S REMARKS

The Treasurer announced that she is establishing a roundtable forum, modelled on the Treasurer’s Liaison Group, to be comprised of lawyers and paralegals who have practised under ten years.

TREASURER’S REPORT

Ms. Hartman and Ms. Leiper presented the Report.

Re: Proposed Task Force on Compliance-Based Entity Regulation

It was moved by Ms. Hartman, seconded by Mr. Groia, that Convocation establish a task force to study and make recommendations on a process for professional regulation that focusses on compliance measures for entities through which lawyers and paralegals provide legal services, with membership of the task force and terms of reference as set out in the Report.

Carried

Re: Proposed Task Force to Create a Strategy to Promote Wellness and Address Mental Health and Addictions Issues

It was moved by Ms. Leiper, seconded by Mr. McDowell, that Convocation establish a task force to create a Law Society strategy to promote wellness and address mental health and addictions issues, with terms of reference and membership of the task force as set out in the Report.

Carried

EQUITY AND ABORIGINAL ISSUES COMMITTEE/COMITÉ SUR L'ÉQUITÉ ET LES AFFAIRES AUTOCHTONES REPORT

Mr. Schabas presented the Report.

Re: Human Rights Monitoring Group Request for Interventions

It was moved by Mr. Schabas, seconded by Ms. Go, that Convocation approve the letters and public statements in the following cases:

a. Lawyer Mahienour El-Massry - Egypt – letters of intervention presented at Tab 7.2.1; and
b. Lawyers Valerian Vakhitov and Khusanbay Saliev- Kyrgyzstan– letters of intervention and public statement presented at Tab 7.2.2.

Carried

For Information

- Career Choices Study

SECRETARY'S REPORT

Mr. Wardle presented the Report.

Re: Transparency and Accessibility of Convocation

It was moved by Mr. Falconer, seconded by Mr. Goldblatt, that Convocation approve regular webcasting of Convocation to ensure the transparency and accessibility of Convocation.

Carried

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REPORTS FOR INFORMATION ONLY

AUDIT & FINANCE COMMITTEE REPORT
- LibraryCo Inc. Financial Statements for the Three Months ended March 31, 2015
- Other Committee Work

PRIORITY PLANNING COMMITTEE REPORT
- Convocation's Priority Planning - Status of Work on Convocation's Priorities

REPORT FROM THE ACTION GROUP ON ACCESS TO JUSTICE

REPORT OF THE CHIEF EXECUTIVE OFFICER

CONVOCATION ROSE AT 1:11 P.M.

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MATERIALS TO FOLLOW WHEN AVAILABLE

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Tab 1.3

To the Benchers of the Law Society of Upper Canada Assembled in Convocation

The Executive Director of Professional Development and Competence reports as follows:

CALL TO THE BAR AND CERTIFICATE OF FITNESS

Licensing Process and Transfer from another Province – By-Law 4

Attached is a list of candidates who have successfully completed the Licensing Process and have met the requirements in accordance with section 9.

All candidates now apply to be called to the bar and to be granted a Certificate of Fitness on Thursday, September 24th, 2015

ALL OF WHICH is respectfully submitted

DATED this 24th day of September, 2015

CANDIDATES FOR CALL TO THE BAR
September 24th, 2015

Transfer from another province (Mobility)

Ayodele Olawale Akenroye
Christopher Eric Jon Albinati
Tarnjit Singh Aujla
Josée Beaudoin
Vikram Bhandari
Jaan Maria Boban
Ryan Michael Caithness
Daryl Alain Chicoine
Angela D'Elia
Joseph Wilfrid Clarence Fearon
Amanda Kristin Fowler
Ainsley Anne Furlonger
Zachary Max Goldenberg
Evan Pogust Griffith
Penny-Ann Harding
Salma Hussain
Ari Shaun Kirshenblatt
Erica Faren Lasker
Sage Richard Longclaws
Myron Anthony Mallia-Dare
James Robert Milne
Hera Waseem Qazi
Rachel Helen Virginia Roy
Harpreet Sachdeva
Andrew William Schleichkorn
Brent David Sharpless
Jessica Elizabeth Sisk Roehle
Preston Param Walia
Victoria Yafen Xu

L3

Assunta Di Lorenzo
Louis Joseph Lucien Robert L'Heureux

Licensing Process

Harinder Pal Si Bhullar
Ruth Merrill Bigler
Hannah Louise Hickey
Lacey Justine Kassis
Marcus John Moore
Robin Wynne Ord

The Law Society of Upper Canada | Barreau du Haut-Canada

TAB 2

Report to Convocation
September 24, 2015

Professional Regulation Committee

Committee Members
Malcolm Mercer (Chair)
Susan Richer (Vice-Chair)
Paul Schabas (Vice-Chair)
Robert Armstrong
Peter Beach
John Callaghan
Suzanne Clément
Cathy Corsetti
Janis Criger
Seymour Epstein
Robert Evans
Julian Falconer
Patrick Furlong
Carol Hartman
Jacqueline Horvat
Brian Lawrie
William C. McDowell
Ross Murray
Jan Richardson
Heather Ross

Purpose of Report: Decision and Information

Prepared by the Policy Secretariat
(Margaret Drent (416-947-7613)

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For Decision

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Professional Regulation Division Quarterly Report……..Tab 2.4

Alternative Business Structures Working Group Report……..Tab 2.5

COMMITTEE PROCESS

1. The Professional Regulation Committee ("the Committee") met on September 10, 2015. In attendance were Malcolm Mercer (Chair), Peter Beach, John Callaghan (by telephone), Suzanne Clément, Janis Criger, Seymour Epstein, Robert F. Evans, Patrick Furlong, Carol Hartman, Jacqueline Horvat, Brian Lawrie, Ross Murray, and Heather Ross. Staff members attending were Lesley Cameron, Terry Knott, James Varro, Naomi Bussin, Eric Smith, Denise McCourtie, and Margaret Drent.

Tab 2.1

FOR DECISION

PROPOSED AMENDMENTS TO THE *RULES OF PROFESSIONAL CONDUCT* ON LANGUAGE RIGHTS

MOTION

2. That Convocation approve the amendments to the *Rules of Professional Conduct* as set out in Tab 2.1.1.

INTRODUCTION

3. The Committee is recommending amendments to Rules 3.2-2A and 3.2-2B that deal with language rights. A blackline version of the amendments to the Rules and a version showing changes incorporated into the Rules at **Tabs 2.1.1** and **2.1.2**, respectively.

RATIONALE

4. At June 2015 Convocation, when Rules 3.2-2A and 3.2-2B were adopted, the Chair of the Committee agreed to review suggestions for further changes. The recommendations in this report deal with these changes.

DISCUSSION

5. Convocation adopted amendments to the Rules of Professional Conduct in June 2015 to implement changes based on the Model Code of Professional Conduct of the Federation of Law Societies of Canada. In October, 2014 Council of the Federation adopted amendments to the Model Code, including new Rules in this area.

6. Prior to the June 2015 amendments, language rights were the subject of Commentary to Rule 2.1-1.

7. Now, Rule 3.2-2A provides that “a lawyer shall, when appropriate, advise a client of the client’s language rights, including the right to proceed in the official language of the client’s choice”. New Rule 3.2-2B provides “when a client wishes to retain a lawyer for representation in the official language of the client’s choice, the lawyer shall not undertake the matter unless the lawyer is competent to provide the required service in that language”.

8. New commentary to the Rules refers to aboriginal language rights. Paragraph [2] provides "the lawyer should also be aware that provincial or territorial legislation may provide additional language rights, including in relation to aboriginal languages".

9. At Convocation in June, 2015, it was suggested that there be more explicit reference to aboriginal language rights in the Rules. It was also suggested that the reference to "official language of the client's choice" in Rules 3.2-2A and 3.2-2B could be interpreted as referring only to English and French. The *Official Languages Act* (Canada) provides that English and French are official languages.[1] In contrast, the *Official Languages Act* of the North-West Territories, provides that there are eleven official languages.[2]

10. The Committee considered these issues and proposes that Rule 3.2-2A be amended to provide as follows:

> **3.2-2A** A lawyer shall, when appropriate, advise a client of the client's language rights, including the right to use
>
> (i) the official language of the client's choice; and
>
> (ii) a language recognized in provincial or territorial legislation as a language in which a matter may be pursued, including, where applicable, aboriginal languages".

11. The Committee is proposing to refer to a client's "right to use" a language rather than the client's "right to proceed" in a language, as the Committee is of the view that this amendment would enhance the readability of the Rules.

12. Rule 3.2-2B continues to emphasize that a lawyer must be competent in the language in the language in which the lawyer provides services to the client. The Committee proposes to amend the Rule 3.2-2B to require the lawyer to obtain the consent of the client in the event that the client wishes to retain a lawyer who is not able to represent him or her in the client's language of choice. This amendment is intended to provide additional guidance to lawyers.

13. A blackline, showing changes that would be made to the Rules of Professional Conduct, is attached as **Tab 2.1.1**. A clean version is shown at **Tab 2.1.2.**

---

[1] *Official Languages Act*, R.S.C. 1985, c. 31, s. 2, online at http://laws-lois.justice.gc.ca/eng/acts/o-3.01/.

[2] *Languages Act*, R.S.N.W.T. 1988, c. 0-1, s. 4, online at http://www.canlii.org/en/nt/laws/stat/rsnwt-1988-c-o-1/latest/rsnwt-1988-c-o-1.html.

BLACKLINE SHOWING CHANGES PROPOSED TO LANGUAGE RIGHTS RULES

Language Rights

3.2-2A A lawyer shall, when appropriate, advise a client of the client's language rights, including the right to use ~~the right to proceed in the official language of the client's choice~~.

(i) the official language of the client's choice; and

(ii) a language recognized in provincial or territorial legislation as a language in which a matter may be pursued, including, where applicable, aboriginal languages.

3.2-2B ~~When~~ If a client proposes to use a ~~wishes to retain a lawyer for representation in the official~~ language of his or her ~~the client's~~ choice and, the lawyer is not competent in that language to provide the required services, the lawyer shall not undertake the matter unless he or she ~~the lawyer~~ is otherwise able to competently ~~to~~ provide ~~the~~ those ~~required~~ services and the client consents in writing~~in that language~~.

Commentary

[1] The lawyer should advise the client of the client's language rights as soon as possible.

[2] The choice of ~~official~~ language is that of the client not the lawyer. The lawyer should be aware of relevant statutory and constitutional law relating to language rights including the *Canadian Charter of Rights and Freedoms*, s. 19(1) and Part XVII of the *Criminal Code* regarding language rights in courts under federal jurisdiction and in criminal proceedings. The lawyer should also be aware that provincial or territorial legislation may provide additional language rights, including in relation to aboriginal languages.

[3] When a lawyer considers whether to provide the required services in the language chosen by the client, the lawyer should carefully consider whether it is possible to render those services in a competent manner as required by Rule 3.1-2 and related Commentary.

[New – June, 2015]

CLEAN VERSION SHOWING CHANGES PROPOSED TO LANGUAGE RIGHTS RULES

Language Rights

3.2-2A A lawyer shall, when appropriate, advise a client of the client's language rights, including the right to use

(i) the official language of the client's choice; and

(ii) a language recognized in provincial or territorial legislation as a language in which a matter may be pursued, including, where applicable, aboriginal languages.

3.2-2B If a client proposes to use a language of his or her choice and, the lawyer is not competent in that language to provide the required services, the lawyer shall not undertake the matter unless he or she is otherwise able to competently provide those services and the client consents in writing.

Commentary

[1] The lawyer should advise the client of the client's language rights as soon as possible.

[2] The choice of language is that of the client not the lawyer. The lawyer should be aware of relevant statutory and constitutional law relating to language rights including the *Canadian Charter of Rights and Freedoms*, s. 19(1) and Part XVII of the *Criminal Code* regarding language rights in courts under federal jurisdiction and in criminal proceedings. The lawyer should also be aware that provincial or territorial legislation may provide additional language rights, including in relation to aboriginal languages.

[3] When a lawyer considers whether to provide the required services in the language chosen by the client, the lawyer should carefully consider whether it is possible to render those services in a competent manner as required by Rule 3.1-2 and related Commentary.

[New – June, 2015]

Tab 2.2

FOR DECISION

NEW PROCESS FOR ADMINISTRATIVE SURRENDER OF LICENCE

MOTION

14. **That Convocation approve in principle a new process which would permit a licensee to surrender their licence in the face of a Law Society investigation or discipline proceeding.**

RATIONALE

15. Enhancing the efficiency of the Law Society's discipline process by avoiding or shortening hearings, where appropriate, was one of Convocation's priorities for the 2011-2015 bencher term. [1]

16. The proposal would, if approved, permit a licensee to apply to surrender their licence in the face of regulatory proceedings in certain circumstances. If Law Society staff agree, the application would be referred to the summary order bencher, who may approve or deny the application. This would be a new administrative process which is distinct from the Tribunal's authority to order a surrender of license in the discipline process.

17. Enabling provisions in the by-laws would be prepared for Convocation's approval at a later date.

18. The advantages of the process are:
    a. a reduction in time and resources required to terminate a licence;
    b. the creation of additional options for licensees who may wish to surrender their licence, but cannot do so due to ongoing investigations or discipline; and
    c. termination of licence in circumstances where it might otherwise be difficult to achieve this result through the disciplinary process

19. The Paralegal Standing Committee considered the proposal at its September 9 meeting and agrees that it be recommended to Convocation for its consideration.

[1] Priority Planning Committee Report to Convocation, December 9, 2011, paragraph 6, online at http://www.lsuc.on.ca/WorkArea/DownloadAsset.aspx?id=2147486341.

BACKGROUND

20. Discipline proceedings are the most serious response to lawyer or paralegal misconduct. These proceedings can be lengthy, costly, and only address the specific issues being adjudicated. In that sense, discipline is a blunt instrument.

21. Currently, administrative surrender of licence is not available to licensees who are in the investigation or discipline process. A new process to permit administrative surrender of licence in the face of regulatory proceedings would be distinct from other types of surrender of licence. A surrender of licence without discipline penalty has a number of advantages, including certainty, finality, timeliness and efficiency.

22. There are some licensees who have engaged in misconduct and are not interested in practising law or providing legal services in the future. Their conduct might not result in licence revocation through the discipline process, but they may be willing to surrender their licence voluntarily, outside of the discipline process. In some circumstances, the public interest may not require a prosecution. Licensees may not be well suited to the practice of law, or they may be close to retirement and experiencing difficulty in their practice after an unblemished career. The public may be better served by removing the licensee from practice than by pursuing a finding of misconduct.

23. The Law Society would use such a process in a manner consistent with its duties to protect the public interest and to act in a timely, open and efficient manner.

24. The following describes the proposed surrender process. It does not require changes to the Law Society Act and could be implemented with changes to the By-Laws. While the process would save resources, its suitability in a given case would not be based on expediency, but protection of the public interest.

DISCUSSION

25. Two principles guide this proposal.

26. In considering an application for surrender of licence in the context of the Law Society's duty to ensure public confidence in its ability to regulate the profession, the first principle would be to ensure that the information to be published about the decision is sufficient to enable the public to understand the allegations and the reasons for granting the licensee permission to surrender their licence.

27. The second principle to be considered by the Society upon receipt of an application for surrender of licence is whether the surrender process is in the public interest in the

particular case. Factors to be considered would include

a. the need to complete the investigation; and
b. the public interest in a full hearing of the allegations.

Surrender Process

28. The three key stages in the proposed process are

    a. consideration by Law Society staff, which may involve negotiation with the licensee, and ensuring that the application is complete;

    b. referral to the decision-maker, who would be the summary order bencher;

    c. publication of a record of the decision, including an agreed statement of facts.

29. The process would be relevant to circumstances in which a licensee has engaged in misconduct and is not interested in practicing law or providing legal services in the future. Their conduct might not result in licence revocation through the discipline process, but some may be willing to voluntarily surrender their license, outside the discipline process.

30. The Society would use the process in a manner that is consistent with its duty to protect the public interest as well as to act in a timely, open and efficient manner.

31. A circumstance in which a licensee is failing to respond to, or cooperate with, the Law Society would not generally be appropriate for this process.

<u>Description of the Process</u>

32. Any licensee who is under investigation or is the subject of discipline hearings may apply to surrender their license under this process.

33. To initiate the process, the licensee would submit a written application to surrender to the Law Society on a prescribed form, which requires the licensee to provide certain information.

34. The licensee and the Law Society would have to agree on a written description of the facts. This written description would be part of the application record. If the application is accepted, the statement of facts would be public, and the statement or a summary would be published on the Law Society's website.

35. As part of its consideration of a licensee's application to surrender, it would be

recommended that the licensee receive Independent Legal Advice.

36. The Society would have the ability to seek costs as part of the surrender process. These costs might be sought at the time of surrender, or be payable prior to any application for licensing in the future. It is possible that imposition of costs may discourage some licensees from reapplying for their licence following surrender.

37. The application to surrender would be considered, in writing only, by the summary order bencher. The question for decision would be whether the application is accepted or rejected. In making this decision, the summery order bencher would take into consideration the need to ensure public confidence in the Law Society and the protection of the public in the public interest.

38. If the application is accepted, the surrender would be processed by the Law Society as a licence surrender in the normal course. If the application is refused, the investigation and/or discipline proceeding would continue in the normal course. There is no appeal from this decision.

39. The fact that the licensee has been granted permission to surrender their licence, and an agreed statement of facts, would be published and available in the public register.

40. If a license granted permission to surrender wishes to apply for a license in the future, they would have to meet certain conditions to be described in by-laws.

Current Regulatory Framework and Required Amendments

41. Section 30 (1) of the Law Society Act provides that a licensee may apply to the Law Society to surrender their licence in accordance with the by-laws. Section 62(0.1)35 of the Act provides that Convocation may make by-laws governing applications to surrender a licence under s. 30.

42. Part III of By-Law 4 currently provides a regulatory framework for an application to surrender a licence, but does not address the proposed process. Under subsection 26(3) of the By-Law, the Society cannot consider an application for surrender if the applicant is the subject of an audit, investigation, search or seizure by the Law Society, or is a party to a discipline proceeding. Amendment to Part III of By-Law 4 would be required to permit a licensee to surrender in these circumstances, if the proposal is approved.

43. Part III of By-Law 8 governs the information that is made available regarding licensees on the public register. This would require amendment.

44. Part II of By-Law 4 specifies current requirements for licensing. The Committee will consider new By-law requirements that may be appropriate for those who have surrendered a licence under this proposal and subsequently reapply to the Society for licensing. For example, a time restriction following the surrender may be considered appropriate.

Tab 2.3

FOR INFORMATION

2015 LAWYER ANNUAL REPORT

Summary

45. The amended 2015 Lawyer Annual Report and the 2015 Class L3 Canadian Legal Advisor Annual Report, shown at **TAB 2.3.1** and **2.3.2,** are provided for Convocation's information.

46. Subsection 5(1) of By-Law 8 requires that every licensee file a report with the Law Society by March 31 of each year, in respect of the licensee's professional business during the preceding year; and the licensee's other activities during the preceding year related to the licensee's practice of law or the provision of legal services. The reporting form is called the Lawyer Annual Report.

47. The major substantive change to the 2015 Lawyer Annual Report and Class L3 Canadian Legal Advisor Annual Report involves the Law Foundation of Ontario (LFO) Form 1 questions, solely relating to mixed trust accounts, being incorporated into Section G – Financial Reporting as part of Question 5B. The mixed trust account information was previously collected separately by both the Law Society and the LFO. The Law Society did not previously collect the information contained in Questions 5B(i), (ii), (iii), (iv) and (v).

Reasons for the Change

48. Subsections 57(1) and 57(3) of the *Law Society Act* require that all interest from money held in a mixed trust account be paid to the Law Foundation of Ontario (LFO). Subsection 2(1) of Regulation 709 of the Revised Regulations of Ontario requires a licensee to file a report (Form 1) with the LFO with respect to every mixed trust account by March 31 each year.

49. LFO's main source of revenue is interest received from licensees' mixed trust accounts. The LFO collects information annually about mixed trusts accounts using the Form 1. The Form 1 is currently filed electronically through the LSUC Portal, usually at the same time that a licensee submits his/her annual report.

50. The Form 1 process is the primary way that the LFO ensures that all mixed trust accounts are being reported.

51. The integration of Form 1 into the annual report process is expected to increase compliance with the Law Foundation's information requirements and help ensure that interest revenue from mixed trust accounts is directed to the LFO. Additionally, integration will:
    a. facilitate the ability of licensees to fulfill statutory obligations;
    b. reduce the number of follow-up emails and calls that are made each year to licensees who have failed to file a separate Form 1;

c. ease the reporting burden of licensees by eliminating a second mandatory report with partially overlapping information;
d. capture more complete and accurate data while using fewer resources.
e. promote increased compliance by financial institutions; and
f. support processes to ensure revenues to the LFO are maximized for access to justice objectives.

The Law Society of Upper Canada | Barreau du Haut-Canada

2015 Lawyer Annual Report

Introduction Page

YOUR 2015 LAWYER ANNUAL REPORT IS DUE MARCH 31, 2016.

This report is based on the calendar year ending December 31, 2015, and is due by March 31, 2016. Failure to complete and file the report within 60 days of the due date will result in a late filing fee and a summary order suspending your licence until such time as this report is filed and the late filing fee is paid.

Your responses to Sections A to D will be shared with the Lawyers' Professional Indemnity Company (LAWPRO), which may rely on this information for the purposes of your professional indemnity insurance.

Your responses to Section G, relating to mixed trust accounts, will be shared with the Law Foundation of Ontario (LFO).

GUIDE: For definitions or assistance in completing this report, click the "Guide" button in the "Additional Information Menu" at the top of this page. For quick reference, you can also access relevant parts of the Guide within each section of the report.

FINANCIAL FILING DECLARATION (FFD): Only the Designated Financial Filing Licensee for each firm should submit the Financial Filing Declaration. A single Financial Filing Declaration is required from each firm. The Financial Filing Declaration is available for filing at the end of Section G or by clicking on the "FFD" button in the "Attachments Menu". The FFD will not submit automatically with your report; you must ensure that you submit your FFD once you have completed it.

You do not have to submit the FFD at the same time as your Lawyer Annual Report.

BY-LAWS: To reference the applicable by-law, click on the "By-Laws" button in the "Additional Information Menu" at the top of this page.

BLANK DRAFT FORM: To download a draft reference copy, click on the "Blank Draft Form" button found at the top of this page.

The draft reference copy cannot be submitted.

NOTE: Your session will time out automatically after 45 minutes of inactivity. You must save your changes frequently to avoid losing any information you have entered in your report. Use the "Save" button found in the "Navigation Menu" or at the bottom of each section.

To log out of the LSUC Portal, click on "Log Out" at the top of this page. Please ensure you have saved your changes first; or, if you wish to move to a different area in the LSUC Portal, save your changes and then click on the relevant portlet.

If you require filing assistance, contact By-Law Administration Services at (416) 947-3315 or at (800) 668-7380 ext. 3315 or by email at bylawadmin@lsuc.on.ca.

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Section A IDENTIFICATION

Populated from Law Society records as at December 2015.

Questions about this section? Click here.

Licensee Information:
Law Society Number:
Year of Call:

Mailing Information*:
**As at December 2015*
Name:
Address:
Email:
Assistant/Administrator Email: (optional)

(If you wish your confirmation email to be sent to you and someone else, enter the email address here.)

Phone:
Status:

Is the information above current? If not, update our records online by selecting the Change of Information portlet after you have logged out and/or completed filing your annual report. By-Law 8 requires licensees to notify the Law Society immediately after any change in contact information.

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1. Bencher Election Privacy Option (non-mandatory response)

During the bencher election, many candidates want to communicate with voters by email.

Check the box if you give the Law Society permission to provide your email address for bencher election campaigning purposes: ☐

2. Provision of Legal Services in French (non-mandatory response)

a) Can you communicate with your clients and provide legal advice to them in the French language? Yes ☐ No ☐

b) Can you communicate with your clients, provide legal advice to them, and represent them in the French language? Yes ☐ No ☐

3. Other Languages (non-mandatory response)

☐ ASL or LSQ (Sign Language)	☐ Albanian	☐ Arabic
☐ Bulgarian	☐ Cantonese	☐ Croatian
☐ Czech	☐ Danish	☐ Dutch
☐ English	☐ Estonian	☐ Finnish
☐ French	☐ German	☐ Greek
☐ Gujarati	☐ Hebrew	☐ Hindi
☐ Hungarian	☐ Italian	☐ Japanese
☐ Korean	☐ Latvian	☐ Lithuanian
☐ Macedonian	☐ Mandarin	☐ Norwegian
☐ Persian	☐ Polish	☐ Portuguese
☐ Punjabi	☐ Romanian	☐ Russian
☐ Serbian	☐ Slovak	☐ Slovene
☐ Spanish	☐ Swedish	☐ Ukrainian
☐ Urdu	☐ Yiddish	

☐ Other - Please specify: _____

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Section B YEAR END STATUS (To be completed by all licensees.)

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. Choose only one status (your status on December 31, 2015) regardless of changes during the 2015 calendar year.
2. **Your response to this question will not be used to change your status.** To review or update your current status, you must use the Change of Information portlet in the LSUC Portal.

December 31, 2015 Status (Select only ONE)		Mandatory Sections	Complete if Applicable
A sole practitioner, practising alone in Ontario	☐	DEFGH	
A sole practitioner, practising in Ontario with one or more lawyers as employees	☐	DEFGH	
A sole practitioner, practising in Ontario with one or more lawyers in shared facilities	☐	DEFGH	
A partner in a law partnership in Ontario	☐	DEFGH	
An employee/associate/counsel in a law firm in Ontario	☐	DEFGH	
In House Counsel Insured by LawPRO	☐	EF H	CDG
In House Counsel Not Insured by LawPRO	☐	EF H	CDG
Employed by Legal Aid Ontario or a community legal clinic	☐	EF H	CDG
Employed in government in Ontario	☐	EF H	CDG
Employed in education in Ontario	☐	EF H	CDG
Employed other in Ontario (not practising law)	☐	EF H	CDG
A lawyer practising law outside of Ontario	☐	EF H	CDG
Employed other outside of Ontario (not practising law)	☐	EF H	CDG
Emeritus lawyer providing pro bono legal services through Pro Bono Law Ontario	☐	EF H	CDG
Not working or on parental leave or unemployed	☐	EF H	CDG
Suspended	☐	EF H	CDG
In a situation not covered above (specify your status in the area below)	☐	EF H	CDG

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Section C ALLOCATION OF PRACTICE (To be completed by all lawyers practising law but not in private practice in 2015.)

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. Complete Section C only if you engaged in the practice of law* in respect of Ontario law (whether Provincial or Federal) during the course of your employment or engagement. Complete Section C only in respect of such services. Complete regardless of where you were resident.
2. "Employer" includes a corporation or other entity employing you, as well as affiliated, controlled, and subsidiary companies of that corporation or other entity.
3. "Affiliated", "controlled" and "subsidiary" companies are as defined in the *Securities Act*, R.S.O. 1990, c.S.5.
4. * Refer to the Lawyer Annual Report (LAR) Guide for definitions.

What approximate percentage of the time spent practising law was devoted to:	
The practice of law for outside third parties on your employer's behalf (e.g. employer's clients, customers, etc.)	_____
The practice of law for outside third parties not on your employer's behalf	_____
The practice of law directly for your employer	_____
Total:	_____

The total for the 3 rows should be 100%.

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Section D AREAS OF PRACTICE (To be completed by all lawyers resident in Ontario in 2015, who engaged in the practice of law, whether in private practice or otherwise. Other lawyers, including those resident and practising in Canada, but outside of Ontario throughout 2015, and those resident and practising outside of Canada throughout 2015, should omit this section and proceed to Section E.)

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. Questions in this section relate only to your law practice while resident in Ontario in 2015."Resident" as used in this section has the same meaning given to it for the purposes of the *Income Tax Act* (Canada), R.S.C., 1985, c.1.
2. Where exact information is not available to respond to the questions under this heading, provide your best approximation.
3. In estimating the approximate percentage of time in each question, your response should include:
   a. time spent by non-lawyer staff on your behalf, and
   b. your docketed and undocketed time, combined.
4. If you were engaged in the practice of law* other than in private practice, unless otherwise noted, your responses should be based upon the whole of your practice, whether for your employer or for others.
5. Do not include ADR or litigation activities in the categories of "Corporate/Commercial Law" and "Real Estate Law" for the first two questions in this section. ADR and litigation activities should be reflected under "ADR/Mediation Services" and "Civil Litigation" respectively for these noted categories.
6. In the category of "ADR/Mediation Services" for the first two questions in this section, indicate the percentage of time spent as a mediator or other role as an intermediary.
7. *Refer to the LAR Guide for definitions.

1. Canadian Law Practice – Ontario

a) Did you practise law relating to Ontario Law in 2015?
If "Yes" to a): Yes ☐ No ☐

b) Describe that portion of your law practice most directly relating to Ontario, by indicating the approximate percentage of time devoted by you while resident in Ontario in 2015 to each area of law listed below:

Aboriginal Law	_____%	ADR/Mediation Services (see Notes 5 & 6 above)	_____%
Administrative Law	_____%	Bankruptcy & Insolvency Law	_____%
Civil Litigation – Plaintiff	_____%	Civil Litigation – Defendant	_____%
Construction Law	_____%	Corporate/Commercial Law (see Note 5 above)	_____%
Criminal/Quasi Criminal Law	_____%	Employment/Labour Law	_____%
Environmental Law	_____%	Family/Matrimonial Law	_____%
Franchise Law	_____%	Immigration Law	_____%
Intellectual Property Law	_____%	Real Estate Law (see Note 5 above)	_____%
Securities Law	_____%	Tax Law	_____%
Wills, Estates, Trusts Law	_____%	Workplace Safety & Insurance Law	_____%

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Other	_____%
Total:	_____%

Question 1b) must total 100%.

2. Canadian Law Practice – Other than Ontario

a) Did you practise law relating to Canadian jurisdictions other than Ontario in 2015? Yes ☐ No ☐

If "Yes" to a):

b) Describe that portion of your law practice most directly relating to Canadian jurisdictions other than Ontario, by indicating the approximate percentage of time devoted by you while resident in Ontario in 2015 to each area of law listed below.

Aboriginal Law	_____%	ADR/Mediation Services (see Notes 5 & 6 above)	_____%
Administrative Law	_____%	Bankruptcy & Insolvency Law	_____%
Civil Litigation – Plaintiff	_____%	Civil Litigation - Defendant	_____%
Construction Law	_____%	Corporate/Commercial Law (see Note 5 above)	_____%
Criminal/Quasi Criminal Law	_____%	Employment/Labour Law	_____%
Environmental Law	_____%	Family/Matrimonial Law	_____%
Franchise Law	_____%	Immigration Law	_____%
Intellectual Property Law	_____%	Real Estate Law (see Note 5 above)	_____%
Securities Law	_____%	Tax Law	_____%
Wills, Estates, Trusts Law	_____%	Workplace Safety & Insurance Law	_____%
Other	_____%		
Total:	_____%		

Question 2b) must total 100%.

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3. Canadian Law Practice - Other than Ontario

What percentage of your total Canadian law practice relates most directly to Canadian jurisdictions other than Ontario? _____%

4. Details of Real Estate Practice (if applicable)

a) Of the time you devoted to your overall real estate practice in 2015, what approximate percentage of the time related to:

Purchases and mortgages	_____%	Sales	_____%
Development/land use	_____%	Residential landlord/tenant	_____%
Commercial leasing	_____%	Mortgage remedies work	_____%
Other	_____%		
Total:	_____%		

The total for the 7 rows should be 100%.

b) Of the time you devoted to your overall residential real estate practice in 2015 (including urban and non-urban, combined), what approximate percentage of the time related to:

--Non-Condominiums--

Residential single unit dwellings	_____%	Residential multiple unit dwellings of 4 units or less	_____%
Residential multiple unit dwellings of more than 4 units	_____%		

--Condominiums--

Residential	_____%
Total:	_____%

The total for the 4 rows should be 100%.

c) Of the time you devoted to conveyancing-related work, including mortgage work in 2015, what approximate percentage of the time related to:

Residential urban (i.e. within town/city limits)	_____%	Residential non-urban	_____%
Commercial	_____%	Industrial	_____%
Other	_____%		
Total:	_____%		

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The total for the 5 rows should be 100%.		
d) Did you act on a real estate transaction in 2015? **If "Yes" to d),** complete e).	Yes ☐	No ☐

e) Real Estate Declaration – To be completed by all lawyers who acted on a real estate transaction in 2015.			
i.	I declare that I complied in 2015 with my professional obligations to not permit anyone to use my lawyer's e-reg™ diskette/key and to not disclose to anyone my personalized e-reg™ pass phrase, as set out at Rule 6.1-5 of the *Rules of Professional Conduct ("Rules")* and at subsection 6(2) of By-Law 7.1.	Yes ☐	No ☐
ii.	I declare that I complied in 2015 with my professional obligations to directly supervise non-lawyers to whom I assign permissible tasks and functions and to not assign to non-lawyers tasks requiring a lawyer's skill or judgment, as set out at Section 6.1 of the *Rules* and in Part I of By-Law 7.1.	Yes ☐	No ☐
iii.	I declare that I complied in 2015 with my professional obligation to not act for both a transferor and a transferee in the transfer of title to real property, as set out at Rule 3.4-16.7 of the *Rules*, except in the limited circumstances set out at Rule 3.4-16.9.	Yes ☐	No ☐
iv.	I declare that I complied in 2015 with my professional obligation, when acting in permissible circumstances for both a borrower and a lender in a mortgage or loan transaction, to disclose in writing to the borrower and lender, before the advance or release of mortgage or loan funds, all material information that is relevant to the transaction, as set out at Rule 3.4-15 of the *Rules* and discussed further in the Commentary to the rule.	Yes ☐	No ☐
v.	I acknowledge my professional obligation, in the practice of real estate law, to not act or do anything or omit to do anything to assist a client, a person associated with a client or any other person to facilitate dishonesty, fraud, crime, or illegal conduct, as set out at Rules 3.2-7 and 3.2-7.1 of the *Rules*, and discussed further in the Commentary to the rules, which I have read. I am aware that the Law Society and LawPRO offer many resources about real estate fraud, including the Law Society's Update on Mortgage Fraud and webpage entitled Fighting Real Estate Fraud, and LawPRO's Fraud Fact Sheet and webpage entitled Avoid a Claim.	Yes ☐	No ☐
vi.	I declare that I complied with my obligation under the Electronic Land Registration Agreement to obtain evidence of proper authorization from the owner of the land or holder of an interest in the land that has directed the registration, prior to the submission of the document for registration in the electronic land registration system.	Yes ☐	No ☐

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Section E SELF-STUDY (To be completed by all licensees regardless of status.)

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. Refer to the "Additional Information Menu" above and click on "Guide" for more information about self-study.
2. The annual minimum expectation is 50 hours of self-study.
3. For the purposes of this section, self-study means self-directed reading or research using print materials, electronic or otherwise.
4. CPD hours must be reported in the CPD section of the LSUC Portal by December 31st of each calendar year.

1. Self-Study

a) Did you undertake any self-study during 2015? Yes ☐ No ☐

If "Yes" to a), answer b) to d).

If "No" to a), you may provide an explanation in the area at the end of this section.

b) Approximate total number of self-study hours spent on **file specific** reading or research: _____

c) Approximate total number of self-study hours spent on **general** reading or research: _____

d) Indicate below the tools used, overall, for all types of self-study. Check all that apply:

☐ Printed Material ☐ Internet ☐ Other

If required, use the area below to provide further information about your Self-Study (Section E).

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Section F INDIVIDUAL LAWYER QUESTIONS (To be completed by all licensees regardless of status.)

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. For further assistance in completing this section, refer to The Bookkeeping Guide for Lawyers available on our website at www.lsuc.on.ca.
2. *Refer to the LAR Guide for definitions.

1. Cash Transactions - All lawyers must report on large cash transactions regardless of jurisdiction of practice.

a) Did you receive cash* in an aggregate amount equivalent to $7,500 CDN or more in respect of any one client file in 2015? Yes ☐ No ☐

If "Yes" to a):

b) Was the cash solely for legal fees and/or client disbursements*? Yes ☐ No ☐

If "No" to b), provide full particulars below with respect to compliance with Part III of By-Law 9 (Cash Transactions).

2. Trust Funds/Property - 2a), 2b) and 2c) must be answered.

a) In 2015, did you receive* trust funds* and/or trust property* on behalf of your firm in connection with the practice of law in Ontario? Yes ☐ No ☐

b) In 2015, did you disburse* (payout), or did you have signing authority to disburse, trust funds* or trust property* on behalf of your firm in connection with the practice of law in Ontario? Yes ☐ No ☐

c) In 2015, did you hold* trust funds* or trust property* on behalf of your firm in connection with the practice of law in Ontario? Yes ☐ No ☐

3. Estates and Power(s) of Attorney - 3a), 3b) and 3c) must be answered.

a) i) In 2015, did you act as an estate trustee* in Ontario? Yes ☐ No ☐

If "Yes" to i), answer ii), iii) & iv).

ii) Were you an estate trustee* only for related* persons in Ontario? Yes ☐ No ☐

iii) In 2015, the total number of estates in which you were an estate trustee* was: _____ N/A ☐

iv) As estate trustee* for any estate, did you receive*, hold*, or disburse* estate funds or estate property? Yes ☐ No ☐

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If "Yes" to iv), answer v), vi) & vii).

v) The total dollar value as at December 31, 2015 of all separate* bank accounts and investments* for the estates referred to in iv) was: $_____ N/A ☐

vi) Were books and records maintained in accordance with By-Law 9, or other applicable rules/statutes? Yes ☐ No ☐ N/A ☐

vii) Was the total dollar value indicated in v) recorded in the firm's accounting records? Yes ☐ No ☐ N/A ☐

If "No" to vii), provide a written explanation in the text box at the end of this section.

b) i) In 2015, did you exercise a power of attorney* for property in Ontario? Yes ☐ No ☐

If "Yes" to i), answer ii), iii) & iv).

ii) Did you exercise the power(s) of attorney* for property only for related* persons in Ontario? Yes ☐ No ☐

iii) In 2015, the total number of persons for whom you exercised a power of attorney* was: _____ N/A ☐

iv) In exercising the power(s) of attorney* for any person, did you receive*, hold*, or disburse* the donors' funds or property? Yes ☐ No ☐

If "Yes" to iv), answer v), vi) & vii).

v) The total dollar value as at December 31, 2015 of all separate* bank accounts and investments* for the power(s) of attorney* referred to in iv) was: $_____ N/A ☐

vi) Were books and records maintained in accordance with By-Law 9, or other applicable rules/statutes? Yes ☐ No ☐ N/A ☐

vii) Was the total dollar value indicated in v) recorded in the firm's accounting records? Yes ☐ No ☐ N/A ☐

If "No" to vii), provide a written explanation in the text box at the end of this section.

c) i) In 2015, did you control* estate assets as a solicitor, and not as an estate trustee, in Ontario? (Only the lawyer responsible for the estate should answer "Yes".) Yes ☐ No ☐

If "Yes" to i), answer ii) & iii).

ii) In 2015, the total number of estate files open at any time during the year in which you were a solicitor with control* over estate assets, but not an estate trustee was: _____ N/A ☐

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iii) As a solicitor, did you receive*, hold*, or disburse* estate funds or estate property? Yes ☐ No ☐

If "Yes" to iii), answer iv), v) & vi).

iv) The total dollar value as at December 31, 2015 of all separate* bank accounts and investments* for the estate files referred to in iii) was: $_____ N/A ☐

v) Were books & records maintained in accordance with By-Law 9? Yes ☐ No ☐ N/A ☐

vi) Was the total dollar value indicated in iv) recorded in the firm's accounting records? Yes ☐ No ☐ N/A ☐

If "No" to vi), provide a written explanation in the text box at the end of this section.

4. Borrowing from Clients - 4a) and 4b) must be answered.

Note: If your borrowing was/is from a lending institution, financial institution, insurance company, trust company or any similar corporation whose business includes lending money to members of the public, answer **"No" to i) and "N/A" to ii).**

See Rules 3.4-31 to 3.4-33 of the *Rules.*

a) i) At any time in 2015, were you personally indebted to a client or person who at the time of borrowing was or had been your client or a client of a firm for which you were then practising law? Yes ☐ No ☐

If "Yes" to i):

ii) Was the client or person a related* person as defined in the *Income Tax Act* (Canada)? Yes ☐ No ☐ N/A ☐

If "Yes" to i), provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.

b) At any time in 2015, was your spouse or a corporation, syndicate or partnership in which either you or your spouse has, or both of you have, directly or indirectly, a substantial interest, indebted to a client or person who at the time of borrowing was or had been your client or a client of a firm in which you were then practising law? Yes ☐ No ☐

If "Yes" to b), provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.

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5. Mortgage Transactions

In 2015, did you either directly or indirectly through a related person* or corporation*, hold* mortgages or other charges on real property in trust for clients or other persons? Yes ☐ No ☐

6. Private Mortgages - 6a) and 6b) must be answered.
Refer to the Guide for Private Mortgage reporting information.

a) In 2015, did you act for a lender, lending money through a mortgage broker? Yes ☐ No ☐

b) i) In 2015, did you act for, or receive money from, a lender who was lending money secured by a charge, or charges, on real property, except for transactions listed in subsection 24(2) of By-Law 9? (Note: For the exception in subsection 24(2)(a)(i), funds loaned through RRSPs and RSPs belong to the plan holder, not the financial institution.) Yes ☐ No ☐

If "Yes" to i):

ii) In 2015, approximately how many private mortgage* loans were advanced? _____

iii) In 2015, the approximate total dollar value of private mortgage* loans advanced was: $_____

7. Client Identification - All lawyers must answer questions 7a) and 7b).

a) i) In 2015, when you provided professional services to clients, did you obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to i), answer ii).

ii) In 2015, when you provided professional services to clients, were you exempt from the requirement to obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to ii), provide an explanation below.

b) i) In 2015, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, did you obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

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If "No" to i), answer ii).

ii) In 2015, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, were you exempt from the requirement to obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1?

Yes ☐ No ☐ N/A ☐

If "No" to ii), provide an explanation below.

8. Pro Bono Legal Services

(Pro bono legal services means the provision of legal services to persons of limited means or to charitable or not-for-profit organizations without expectation of a fee from the client.)

a) Did you provide pro bono legal services in Ontario in 2015? Yes ☐ No ☐

If "Yes" to a), complete b) and c).

b) How many hours did you devote to pro bono legal services in Ontario in 2015? _____

c) Did you provide pro bono legal services for Pro Bono Law Ontario (PBLO) sponsored programs? Yes ☐ No ☐

9. Membership in other Regulatory Bodies

a) Are you now a member of another professional/regulatory/governing body in any jurisdiction? Yes ☐ No ☐

If "Yes" to a), please identify the professional/regulatory/governing body. _____

If required, use the area below to provide further information about your Individual Lawyer Questions (Section F).

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Section G FINANCIAL REPORTING
To be completed by:

- **All sole practitioners;**
- **All partners, employees, associates and counsel of law firms;**
- **All lawyers employed by Legal Aid Ontario who are responsible for general*, trust* and/or mixed trust* accounts; and**
- **All other lawyers who held or continued to hold client monies or property from a former legal practice in Ontario.**

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. For further assistance in completing this section, refer to The Bookkeeping Guide for Lawyers available on our website at www.lsuc.on.ca.
2. * Refer to the LAR Guide for definitions.

1. Trust and General (Non-Trust) Accounts - 1a) and 1b) must be answered.

a) During the filing year, did either you or your firm operate a trust* or mixed trust* account in Ontario? Yes ☐ No ☐

b) During the filing year, did either you or your firm operate a general* (non-trust) account in Ontario? Yes ☐ No ☐

If "Yes" to a), proceed to question 2.
If "No" to a) and "Yes" to b), proceed to question 4, and then proceed to Section H.
If "No" to both a) and b), proceed to Section H.

2. During the filing year, were you a sole practitioner, or were you the lawyer responsible for filing the trust* account information on behalf of other licensees in Ontario? Yes ☐ No ☐

If "Yes" to 2, proceed to questions 4 through 11.

NOTE about Financial Filing Declaration (FFD): If you are reporting financial information on behalf of other licensees, you must also submit a Financial Filing Declaration. Your report is not considered complete without submitting the Financial Filing Declaration.

If "No" to 2, complete the Designated Financial Filing Option (question 3) below.

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3. Designated Financial Filing Option

This option is available to you if you are not responsible for filing trust account information.

Indicate on lines a) and b) below who will be reporting the firm's financial information on your behalf, then proceed to Section H.

ENTER DESIGNATED FINANCIAL FILING LICENSEE'S NAME & LAW SOCIETY NUMBER

a) FINANCIAL FILING LICENSEE'S NAME: _____

b) Law Society Number: _____
(e.g. 12345A or P12345)

The Designated Financial Filing Licensee that you have named is responsible for submitting the Financial Filing Declaration to report the firm's financial information on your behalf. Your Lawyer Annual Report will not be considered complete without the submission of the **Financial Filing Declaration by the licensee you have named.**

4. Firm Records

Were financial records for all your firm's trust* accounts (mixed*, separate*, estates, power(s) of attorney* and other interest generating investments*) and/or general* (non-trust) bank accounts maintained throughout the filing year, on a current basis, in accordance with all applicable sections in By-Law 9? Yes ☐ No ☐

If "No" to 4, indicate below which areas were deficient and provide an explanation for each.

COMPLETE THIS CHART ONLY IF YOU ANSWERED "NO" ABOVE
COMPLETE ONLY THOSE AREAS WHERE YOU WERE DEFICIENT

By-Law 9: Financial Transactions and Records	**By-Law 9** ***Sections 18, 19 & 20*** **(Maintain)**	**By-Law 9** ***Section 22*** **(Current)**	**Explanation for Deficiency**
1. Trust Receipts Journal *Subsection 18(1)*	☐	☐	
2. Trust Disbursements Journal *Subsection 18(2)*	☐	☐	
3. Clients' Trust Ledger *Subsection 18(3)*	☐	☐	
4. Trust Transfer Journal *Subsection 18(4)*	☐	☐	
5. General Receipts Journal *Subsection 18(5)*	☐	☐	

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6. General Disbursements Journal *Subsection 18(6)*	☐	☐	
7. Fees Book or Chronological Billing File *Subsection 18(7)*	☐	☐	
8. Trust Bank Comparison ** *Subsection 18(8)*	☐	☐	
9. Valuable Property Record *Subsection 18(9)*	☐	☐	
10. Source documents including deposit slips, bank statements and cashed cheques *Subsection 18(10)*	☐	☐	
11. Electronic Trust Transfer Requisitions and Confirmations *Subsection 18(11) and Section 12 (Form 9A)*	☐	☐	
12. Teranet Authorizations and Confirmations *Subsection 18(12) and Section 15 (Form 9B)*	☐	☐	
13. Duplicate Cash Receipts Book for all cash received *Section 19*	☐	☐	
14. Records for mortgages held in trust *Section 20*	☐	☐	
** Trust comparisons are to be completed within 25 days of the effective date of the monthly trust reconciliation.			

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5A. Comparison of Trust Bank Reconciliations and Trust Listing of Client Liabilities as at December 31, 2015.

Trust Reconciliation and Comparison To refer to a sample reconciliation in the "Guide" click here.	December 31, 2015 Balances
(i) The total dollar value of mixed* trust bank accounts	**$**
(ii) The total dollar value of separate* interest bearing trust accounts or income generating trust accounts/investments*	**+ $**
(iii) The total dollar value of separate* estate and/or power of attorney* accounts and investments* Include the total dollar value indicated in questions F 3a)v), F 3b)v) and/or F 3c)iv) (if any)	**+ $**
(iv) **TOTAL** of i) to iii)	=
(v) Total outstanding deposits (if any)	+
(vi) Total bank/posting errors (if any)	+/-
(vii) Total outstanding cheques (if any)	-
(viii) **Reconciled Bank Balance**	=
(ix) **Total Client Trust Liabilities** (Client Trust Listing)	-
(x) **Difference between Reconciled Bank Balance and Total Client Trust Liabilities**	=

If there is a difference between the Reconciled Bank Balance **(viii)** and the Total Client Trust Liabilities **(ix)**, provide a written explanation below.

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5B. Trust Accounts

- This question must be answered if you operated a trust and/or mixed trust account at any time during the filing year (2015 calendar year).
- A licensee who receives money in trust for a client shall immediately pay the money into an account at a chartered bank, provincial savings office, credit union or a league to which the *Credit Unions and Caisses Populaires Act*, 1994 applies or registered trust corporations, to be kept in the name of the licensee, or the name of the firm of licensees of which the licensee is a partner, through which the licensee practises law or provides legal services or by which the licensee is employed, and designated as a trust account.
- A mixed trust account is a trust account holding, or intended to hold, trust funds for more than one client. Mixed trust accounts are governed by subsection 57(1) of the *Law Society Act*, which requires any interest payable on a mixed trust account to be paid to the Law Foundation of Ontario.

Financial Institution Name	Transit Number	Trust Account Number	Branch Address	Account Holder Name	Is this a mixed trust account?
SAMPLE *Royal Bank of Canada*	*0652*	*1234567*	*123 Main Street* *Oakville, ON L6J 7M4*	*Smith Jones LLP*	**Yes** ☐ **No** ☐
					Yes ☐ **No** ☐

(i) Has this financial institution (at any time) been directed to pay interest on this account to the Law Foundation of Ontario (applicable to mixed trust accounts only)?	**Yes** ☐ **No** ☐ **N/A** ☐
(ii) Was this account opened during the filing year?	**Yes** ☐ **No** ☐
If "Yes" to ii): Date account was opened:	_____ / _____ **MM / DD**
(iii) Was this account closed during the filing year?	**Yes** ☐ **No** ☐
If "Yes" to iii): Date account was closed:	_____ / _____ **MM / DD**
(iv) If the account was closed, was the balance of the closed account transferred to the Law Society of Upper Canada's Unclaimed Trust Fund?	**Yes** ☐ **No** ☐
(v) Was there at least one transaction in this account during the filing year?	**Yes** ☐ **No** ☐

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If you are filing your Lawyer Annual Report by paper and if you have multiple trust accounts, please contact By-Law Administration Services at bylawadmin@lsuc.on.ca or (416) 947-3315 for an additional form, or enter the information in the space provided at the end of this Section.

6. Answer all questions as at December 31, 2015.

a) i) What is the total number of mixed* trust bank accounts referred to in 5A(i)? _____

ii) Of the total mixed* trust bank account balance recorded in 5A(i), what is the estimated value of estate assets? $_____

b) What is the total number of separate* interest bearing trust accounts or income generating trust accounts/investments* referred to in 5A(ii)? _____

c) What is the total number of separate* estate and/or power of attorney* accounts and investments* referred to in 5A(iii)? _____

7. Overdrawn Accounts

a) During 2015, did your records at any month end disclose overdrawn clients' trust ledger account(s)? Yes ☐ No ☐

If "Yes" to a):

b) Were the account(s) corrected by December 31, 2015? Yes ☐ No ☐

If "No" to b):

c) The total dollar value of overdrawn clients' trust ledger account(s) as at December 31, 2015 was: $_____

d) The total number of overdrawn clients' trust ledger account(s) as at December 31, 2015 was: _____

8. Outstanding Deposits

a) During 2015, did your records at any month end disclose outstanding trust account deposits, not deposited the following business day? Yes ☐ No ☐

If "Yes" to a):

b) Were the account(s) corrected by December 31, 2015? Yes ☐ No ☐

If "No" to b):

c) The total dollar value of outstanding trust account deposits as at December 31, 2015 was: $_____

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d) The total number of outstanding trust account deposits as at December 31, 2015 was: _____

9. Unchanged Client Trust Ledger Account Balances

a) Were there client trust ledger account balances that were unchanged* (i.e. had no activity) for the entire year? Yes ☐ No ☐

If "Yes" to a):

b) The total dollar value of these account balances as at December 31, 2015 was: $_____

c) The total number of client trust ledger accounts that remained unchanged* for the entire year as at December 31, 2015 was: _____

d) Were any of the unchanged* client trust ledger account balances for the registration of mortgage discharges? Yes ☐ No ☐

If "Yes" to d):

e) The total number of unchanged* client trust ledger account balances held for the registration of mortgage discharges was: _____

10. Unclaimed Client Trust Ledger Account Balances

a) Of the amounts identified in question 9, were any unclaimed* for two years or more? (Refer to Section 59.6 of the *Law Society Act*) Yes ☐ No ☐ N/A ☐

If "Yes" to a):

b) The total dollar value of the unclaimed* client trust ledger account balances was: $_____

c) The total number of unclaimed* client trust ledger accounts was: _____

11. Financial Filing Declaration (FFD)

Will you be filing the above financial information on behalf of any other lawyers and/or paralegals? Yes ☐ No ☐

Sole practitioners practising alone in Ontario do not need to file the FFD.

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If required, use the area below to provide further information about your Financial Reporting (Section G), including details of any additional trust or mixed trust accounts.

Section H CERTIFICATION AND SUBMISSION (To be completed by all licensees.)

I am the lawyer filing this 2015 Lawyer Annual Report. I have reviewed the matters reported and the information contained herein is complete, true and accurate. I acknowledge that it is professional misconduct to make a false or misleading reporting to the Law Society of Upper Canada.

_____ _____/_____/_____

Signature DD MM YYYY

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Canadian Legal Advisor Annual Report

YOUR 2015 CLASS L3 LICENCE CANADIAN LEGAL ADVISOR ANNUAL REPORT IS DUE MARCH 31, 2016.

This report is based on the calendar year ending December 31, 2015, and is due by March 31, 2016. Failure to complete and file the report within 60 days of the due date will result in a late filing fee and a summary order suspending your licence until such time as this report is filed and the late filing fee is paid.

Your responses to Section G, relating to mixed trust accounts, will be shared with the Law Foundation of Ontario (LFO).

GUIDE: For definitions or assistance in completing this report, see the enclosed Guide.

FINANCIAL FILING DECLARATION (FFD): Only the Designated Financial Filing Licensee for each firm should submit the Financial Filing Declaration. A single Financial Filing Declaration is required from each firm. The Financial Filing Declaration is enclosed.

BY-LAWS: The applicable by-laws are available in your 2015 Class L3 Licence Canadian Legal Advisor Annual Report package or on our website, for your reference.

If you require assistance, contact By-Law Administration Services at (416) 947-3315 or at (800) 668-7380 ext. 3315 or by email at bylawadmin@lsuc.on.ca.

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Section A IDENTIFICATION

Populated from Law Society records as at December 2015.

Licensee Information:
Law Society Number:
Year of Call:

Mailing Information*:
Name:
Address:
City, Province:
Postal Code:
Email:
Phone:
Status:

*As at December 2015

Is the information above current? If not, update our records online by selecting the Change of Information portlet in the LSUC Portal. By-Law 8 requires licensees to notify the Law Society immediately after any change in contact information.

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1. Bencher Election Privacy Option (non-mandatory response)

During the bencher election, many candidates want to communicate with voters by email.

Check the box if you give the Law Society permission to provide your email address for bencher election campaigning purposes: ☐

2. Provision of Legal Services in French and English (non-mandatory response)

a) Can you communicate with your clients and provide legal advice to them in both the French and English languages? Yes ☐ No ☐

b) Can you communicate with your clients, provide legal advice to them, and represent them in both the French and English languages? Yes ☐ No ☐

3. Other Languages (non-mandatory response)

☐ ASL or LSQ (Sign Language)	☐ Albanian	☐ Arabic
☐ Bulgarian	☐ Cantonese	☐ Croatian
☐ Czech	☐ Danish	☐ Dutch
☐ English	☐ Estonian	☐ Finnish
☐ French	☐ German	☐ Greek
☐ Gujarati	☐ Hebrew	☐ Hindi
☐ Hungarian	☐ Italian	☐ Japanese
☐ Korean	☐ Latvian	☐ Lithuanian
☐ Macedonian	☐ Mandarin	☐ Norwegian
☐ Persian	☐ Polish	☐ Portuguese
☐ Punjabi	☐ Romanian	☐ Russian
☐ Serbian	☐ Slovak	☐ Slovene
☐ Spanish	☐ Swedish	☐ Ukrainian
☐ Urdu	☐ Yiddish	

☐ Other - Please specify: _____

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Section B YEAR END STATUS (To be completed by all licensees.)

NOTES ABOUT THIS SECTION:

1. Choose only one status (your status as a Canadian Legal Advisor in Ontario on December 31, 2015) regardless of changes during the 2015 calendar year.
2. **Your response to this question will not be used to change your status.** To review or update your status, please use the Change of Information portlet in the LSUC Portal.

December 31, 2015 Status (Select only ONE)		**Mandatory Sections**	**Complete if Applicable**
Canadian Legal Advisor practising in Ontario	☐	DEFGH	
Canadian Legal Advisor prohibited from practising in Ontario (pursuant to subsection 4.1 of By-Law 4)	☐	EFH	DG
Canadian Legal Advisor suspended in Ontario	☐	EFH	DG
In a situation not covered above (specify your status in the area below)	☐	EFH	DG

Section C – NOT APPLICABLE TO A CLASS L3 LICENCE

Section D AREAS OF PRACTICE (Complete if you engaged in the practice of law in Ontario, whether in private practice or otherwise.)

NOTE ABOUT THIS SECTION:
Where exact information is not available, provide your best approximation.

1. **Indicate the percentages of time you devoted as a lawyer in Ontario to each area of practice.**	
a) The Laws of Canada	_____
b) The Laws of Quebec	_____
c) Public International Law	_____
Total:	_____
Question 1 must total 100%	

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Section E SELF-STUDY (To be completed by all licensees.)

NOTES ABOUT THIS SECTION:

1. The annual minimum expectation is 50 hours of law related self-study. Canadian Legal Advisors can complete self-study in Ontario or Quebec.
2. For the purposes of this section, self-study means self-directed reading or research using print materials, electronic or otherwise.
3. CPD hours must be reported in the CPD section of the LSUC Portal by December 31st of each calendar year.

1. Self-Study

a) Did you undertake any self-study during 2015? Yes ☐ No ☐

If "Yes" to a), answer b) to d).

If "No" to a), you may provide an explanation in the area at the end of this section.

b) Approximate total number of self-study hours spent on **file specific** reading or research: _____

c) Approximate total number of self-study hours spent on **general** reading or research: _____

d) Indicate below the tools used, overall, for all types of self-study. Check all that apply:

☐ Printed Material ☐ Internet ☐ Other

If required, use the area below to provide further information about your Self-Study (Section E).

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Section F INDIVIDUAL LAWYER QUESTIONS (To be completed by all licensees in Ontario.)

NOTES ABOUT THIS SECTION:

1. For further assistance in completing this section, refer to The Bookkeeping Guide for Lawyers available on our website at www.lsuc.on.ca.
2. *Refer to the Lawyer Annual Report (LAR) Guide for definitions.

1. Cash Transactions – All lawyers must report on large cash transactions regardless of jurisdiction of practice.

a) Did you receive cash* in an aggregate amount equivalent to $7,500 CDN or more in respect of any one client file in 2015? Yes ☐ No ☐

If "Yes" to a):

b) Was the cash solely for legal fees and/or client disbursements*? Yes ☐ No ☐

If "No" to b), provide full particulars below with respect to compliance with Part III of By-Law 9, (Cash Transactions).

2. Trust Funds/Property - 2a), 2b) and 2c) must be answered.

a) In 2015, did you receive* trust funds* and/or trust property* on behalf of your firm in connection with the practice of law in Ontario? Yes ☐ No ☐

b) In 2015, did you disburse* (payout), or did you have signing authority to disburse, trust funds* or trust property* on behalf of your firm in connection with the practice of law in Ontario? Yes ☐ No ☐

c) In 2015, did you hold* trust funds* or trust property* on behalf of your firm in connection with the practice of law in Ontario? Yes ☐ No ☐

3. Estates and Power(s) of Attorney - 3a), 3b) and 3c) must be answered.

a) i) In 2015, did you act as an estate trustee* in Ontario? Yes ☐ No ☐

If "Yes" to i), answer ii).

ii) Were you an estate trustee* only for related* persons in Ontario? Yes ☐ No ☐

b) i) In 2015, did you exercise a power of attorney* for property in Ontario? Yes ☐ No ☐

If "Yes" to i), answer ii).

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ii) Did you exercise the power(s) of attorney* for property only for related* persons in Ontario? Yes ☐ No ☐

c) i) In 2015, did you control* estate assets as a solicitor/legal counsel, and not as an estate trustee, in Ontario? Yes ☐ No ☐

(Only the lawyer responsible for the estate should answer "Yes".)

4. Borrowing from Clients resident in Ontario - 4a) and 4b) must be answered.

Note: If your borrowing was/is from a lending institution, financial institution, insurance company, trust company or any similar corporation whose business includes lending money to members of the public, answer **"No" to i) and "N/A" to ii).**

See Rules 3.4-31 to 3.4-33 of the *Rules of Professional Conduct.*

a) i) At any time in 2015, were you personally indebted to a client or person resident in Ontario who at the time of borrowing was or had been your client or a client of a firm in which you were then practising law? Yes ☐ No ☐

If "Yes" to i):

ii) Was the client or person a related person as defined in the *Income Tax Act* (Canada), R.S.C., 1985, c.1? Yes ☐ No ☐ N/A ☐

If "Yes"to i), provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.

b) At any time in 2015, was your spouse or a corporation, syndicate or partnership in which either you or your spouse has, or both of you have, directly or indirectly, a substantial interest, indebted to a client or person resident in Ontario who at the time of borrowing was or had been your client or a client of a firm in which you were then practising law? Yes ☐ No ☐

If "Yes" to b), provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.

5. NOT APPLICABLE TO A CLASS L3 LICENCE

6. NOT APPLICABLE TO A CLASS L3 LICENCE

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7. Client Identification – All lawyers must answer questions 7a) and 7b).

a) i) In 2015, when you provided professional services to clients, did you obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to i), answer ii).

ii) In 2015, when you provided professional services to clients, were you exempt from the requirement to obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to ii), provide an explanation below.

b) i) In 2015, when you engaged in or gave instructions in respect of the receiving, paying or transferring of fund**s,** did you obtain and record information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to i), answer ii).

ii) In 2015, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, were you exempt from the requirement to obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to ii), provide an explanation below.

8. Pro Bono Legal Services

(Pro bono legal services means the provision of legal services to persons of limited means or to charitable or not-for-profit organizations without expectation of a fee from the client.)

a) Did you provide pro bono legal services in Ontario in 2015? Yes ☐ No ☐

If "Yes" to a), complete b) and c).

b) How many hours did you devote to pro bono legal services in Ontario in 2015? _____

c) Did you provide pro bono legal services for Pro Bono Law Ontario (PBLO) sponsored programs? Yes ☐ No ☐

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9. Membership in other Regulatory Bodies

a) Are you now a member of another professional/regulatory/governing body in any jurisdiction? Yes ☐ No ☐

If "Yes" to a), please identify the professional/regulatory/governing body. _____

If required, use the area below to provide further information about your Individual Lawyer Questions (Section F).

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Section G FINANCIAL REPORTING Answer the following questions as they relate to clients resident in Ontario. To be completed by:

- **All sole practitioners;**
- **All partners, employees, associates and counsel of law firms; and**
- **All other lawyers who held or continued to hold client monies or property from a former legal practice in Ontario.**

NOTES ABOUT THIS SECTION:

1. For further assistance in the completion of this section, refer to The Bookkeeping Guide for Lawyers available on our website at www.lsuc.on.ca.
2. * Refer to the Guide for definitions.

1. Trust and General (Non-Trust) Accounts - 1a) and 1b) must be answered.

a) During the filing year, did either you or your firm operate a trust* account or mixed* trust account for client matters in Ontario? Yes ☐ No ☐

b) During the filing year, did either you or your firm operate a general* (non-trust) account for client matters in Ontario? Yes ☐ No ☐

If "Yes" to a), proceed to question 2.
If "No" to a) and "Yes" to b) proceed to question 4, and then proceed to Section H.
If "No" to both a) and b) proceed to Section H.

2. During the filing year, were you a sole practitioner, or were you the lawyer responsible for filing the trust* account information on behalf of other licensees in Ontario? Yes ☐ No ☐

If "Yes" to 2, proceed to questions 4 through 11.

NOTE about Financial Filing Declaration (FFD): If you are reporting financial information on behalf of other licensees, you must also submit a Financial Filing Declaration. Your report is not considered complete without submitting the Financial Filing Declaration.

If "No" to 2, complete the "Designated Financial Filing Option" (question 3) below.

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3. Designated Financial Filing Option

This option is available to you if you are not responsible for filing trust account information.

Indicate on lines a) and b) below who will be reporting the firm's financial information on your behalf, then proceed to Section H.

ENTER DESIGNATED FINANCIAL FILING LICENSEE'S NAME & LAW SOCIETY NUMBER

a) FINANCIAL FILING LICENSEE'S NAME _____

b) Law Society Number (e.g. 12345A or P12345) _____

The Designated Financial Filing Licensee that you have named is responsible for submitting the Financial Filing Declaration to report the firm's financial information on your behalf. Your Class L3 Licence Canadian Legal Advisor Annual Report will not be considered complete without the submission of the **Financial Filing Declaration by the licensee you have named.**

4. Firm Records

For your clients resident in Ontario, were financial records for all your firm's trust* accounts (mixed*, separate*, estates, power(s) of attorney* and other interest generating investments*) and/or general* (non-trust) bank accounts maintained throughout the filing year, on a current basis, in accordance with all applicable sections in By-Law 9?

Yes ☐ No ☐

If "No" to 4), indicate below which areas were deficient and provide an explanation for each.

COMPLETE THIS CHART ONLY IF YOU ANSWERED "NO" ABOVE
COMPLETE ONLY THOSE AREAS WHERE YOU WERE DEFICIENT

By-Law 9: Financial Transactions and Records	**By-Law 9 *Sections* 18, 19 & 20 (Maintain)**	**By-Law 9 *Section 22* (Current)**	**Explanation for Deficiency**
1. Trust Receipts Journal *Subsection 18(1)*	☐	☐	
2. Trust Disbursements Journal *Subsection 18(2)*	☐	☐	
3. Clients' Trust Ledger *Subsection 18(3)*	☐	☐	
4. Trust Transfer Journal *Subsection 18(4)*	☐	☐	

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5. General Receipts Journal *Subsection 18(5)*	☐	☐	
6. General Disbursements Journal *Subsection 18(6)*	☐	☐	
7. Fees Book or Chronological Billing File *Subsection 18(7)*	☐	☐	
8. Trust Bank Comparison ** *Subsection 18(8)*	☐	☐	
9. Valuable Property Record *Subsection 18(9)*	☐	☐	
10. Source documents including deposit slips, bank statements and cashed cheques *Subsection 18(10)*	☐	☐	
11. Electronic Trust Transfer Requisitions and Confirmations *Subsection 18(11) and Section 12 (Form 9A)*	☐	☐	
12. NOT APPLICABLE TO CLASS L3 LICENCE			
13. Duplicate Cash Receipts Book for all cash received *Section 19*	☐	☐	
14. NOT APPLICABLE TO CLASS L3 LICENCE			
** Trust comparisons are to be completed within 25 days of the effective date of the monthly trust reconciliation.			

5A. Comparison of Trust Bank Reconciliations and Trust Listing of Client Liabilities as at December 31, 2015.

Trust Reconciliation and Comparison To refer to a sample reconciliation in the "Guide" click here.	December 31, 2015 Balances
(i) The total dollar value of mixed* trust bank accounts	**$**
(ii) The total dollar value of separate* interest bearing trust accounts or income generating trust accounts/investments*	**+ $**

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(iii) The total dollar value of separate* estate and/or power of attorney* accounts and investments*	**+ $**
(iv) **TOTAL** of i) to iii)	=
(v) Total outstanding deposits (if any)	+
(vi) Total bank/posting errors (if any)	+/-
(vii) Total outstanding cheques (if any)	-
(viii) **Reconciled Bank Balance**	=
(ix) **Total Client Trust Liabilities** (Client Trust Listing)	-
(x) **Difference between Reconciled Bank Balance and Total Client Trust Liabilities**	=

If there is a difference between the Reconciled Bank Balance **(viii)** and the Total Client Trust Liabilities **(ix)**, provide a written explanation below.

5B. Trust Accounts

- This question must be answered if you operated a trust and/or mixed trust account at any time during the filing year (2015 calendar year).
- A licensee who receives money in trust for a client shall immediately pay the money into an account at a chartered bank, provincial savings office, credit union or a league to which the *Credit Unions and Caisses Populaires Act*, 1994 applies or registered trust corporations, to be kept in the name of the licensee, or the name of the firm of licensees of which the licensee is a partner, through which the licensee practises law or provides legal services or by which the licensee is employed, and designated as a trust account.
- A mixed trust account is a trust account holding, or intended to hold, trust funds for more than one client. Mixed trust accounts are governed by subsection 57(1) of the *Law Society Act*, which requires any interest payable on a mixed trust account to be paid to the Law Foundation of Ontario.

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Canadian Legal Advisor Annual Report

Financial Institution Name	Transit Number	Trust Account Number	Branch Address	Account Holder Name	Is this a mixed trust account?
SAMPLE *Royal Bank of Canada*	*0652*	*1234567*	*123 Main Street* *Oakville, ON L6J 7M4*	*Smith Jones LLP*	**Yes** ☐ **No** ☐
					Yes ☐ **No** ☐

(i) Has this financial institution (at any time) been directed to pay interest on this account to the Law Foundation of Ontario (applicable to mixed trust accounts only)?	**Yes** ☐ **No** ☐ **N/A** ☐
(ii) Was this account opened during the filing year?	**Yes** ☐ **No** ☐
If "Yes" to ii): Date account was opened:	_____ / _____ **MM / DD**
(iii) Was this account closed during the filing year?	**Yes** ☐ **No** ☐
If "Yes" to iii): Date account was closed:	_____ / _____ **MM / DD**
(iv) If the account was closed, was the balance of the closed account transferred to the Law Society of Upper Canada's Unclaimed Trust Fund?	**Yes** ☐ **No** ☐
(v) Was there at least one transaction in this account during the filing year?	**Yes** ☐ **No** ☐

If you are filing your Lawyer Annual Report by paper and if you have multiple trust accounts, please contact By-Law Administration Services at bylawadmin@lsuc.on.ca or (416) 947-3315 for an additional form, or enter the information in the space provided at the end of this Section.

6. NOT APPLICABLE TO CLASS L3 LICENCE

7. **Overdrawn Accounts**

a) During 2015, did your records, at any month end, disclose overdrawn clients' trust ledger account(s) for client matters in Ontario? Yes ☐ No ☐

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If "Yes" to a):

b) Were the account(s) corrected by December 31, 2015? Yes ☐ No ☐

If "No" to b):

c) The total dollar value of overdrawn clients' trust ledger account(s) as at December 31, 2015 was: $_____

d) The total number of overdrawn clients' trust ledger account(s) as at December 31, 2015 was: _____

8. **Outstanding Deposits**

a) During 2015, did your records, at any month end, disclose outstanding trust account deposits, not deposited the following business day for client matters in Ontario? Yes ☐ No ☐

If "Yes" to a):

b) Were the account(s) corrected by December 31, 2015? Yes ☐ No ☐

If "No" to b):

c) The total dollar value of outstanding trust account deposits as at December 31, 2015 was: $_____

d) The total number of outstanding trust account deposits as at December 31, 2015 was: _____

9. **Unchanged Client Trust Ledger Account Balances**

a) Were there client trust ledger account balances that were unchanged*(i.e. had no activity) for the entire year for client matters in Ontario? Yes ☐ No ☐

If "Yes" to a):

b) The total dollar value of these account balances as at December 31, 2015 was: $_____

c) The total number of client trust ledger accounts that remained unchanged* for the entire year as at December 31, 2015 was: _____

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10. **Unclaimed Client Trust Ledger Account Balances**

a) Of the amounts identified in question 9, were any unclaimed* for two years or more for client matters in Ontario? (Refer to subsection 59.6 of the *Law Society Act*) Yes ☐ No ☐ N/A ☐

If "Yes" to a):

b) The total dollar value of the unclaimed* client trust ledger account balances was:

$_____

c) The total number of unclaimed* client trust ledger accounts was: _____

11. **Financial Filing Declaration (FFD)**

Will you be filing the above financial information on behalf of any other lawyers and/or paralegals? Yes ☐ No ☐

Sole practitioners practising alone in Ontario do not need to file the FFD.

If required, use the area below to provide further information about your Financial Reporting (Section G), including details of any additional trust or mixed trust accounts.

Section H CERTIFICATION (To be completed by all licensees.)

I am the lawyer filing this 2015 Class L3 Licence Canadian Legal Advisor Annual Report. I have reviewed the matters reported, and the information contained herein is complete, true and accurate. I acknowledge that it is professional misconduct to make a false or misleading reporting to the Law Society of Upper Canada.

_____ _____/_____/_____

Signature DD MM YYYY

Tab 2.4

FOR INFORMATION

PROFESSIONAL REGULATION DIVISION QUARTERLY REPORT

52. The Professional Regulation Division Quarterly Report (second quarter 2015), provided to the Committee by Lesley Cameron, Active Executive Director of the Professional Regulation Division, appears at **Tab 2.4.1**. The report, which was also reviewed by the Paralegal Standing Committee on September 9, 2015 includes information on the Division's activities and responsibilities, including file management and monitoring, for the period April to June 2015.

LET RIGHT PREVAIL

The Law Society of Upper Canada | Barreau du Haut-Canada

The Professional Regulation Division

Quarterly Report

April – June 2015

The Law Society of Upper Canada
The Professional Regulation Division
Quarterly Report (April 1 – June 30, 2015)

The Quarterly Report

The Quarterly Report provides a summary of the Professional Regulation Division's complaints activity and achievements during the past quarter, April 1 to June 30, 2015. The purpose of the Quarterly Report is to provide information on the production and work of the Division during the quarter and to explain the factors that may have influenced the Division's performance.

The Professional Regulation Division

Professional Regulation is responsible for responding to complaints against licensees, including the resolution, investigation and prosecution of complaints which are within the jurisdiction provided under the *Law Society Act*. In addition the Professional Regulation provides trusteeship services for the practices of licensees who are incapacitated by legal or health reasons. Professional Regulation also includes the Compensation Fund which compensates clients for losses suffered as a result of the wrongful acts of licensees.

See Appendices for a case flow chart describing the complaints process as well as a chart of the Professional Regulation's departments.

The Law Society of Upper Canada
The Professional Regulation Division
Quarterly Report (April 1 – June 30, 2015)

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SECTION 1

DIVISIONAL PERFORMANCE DURING THE QUARTER

The Law Society of Upper Canada
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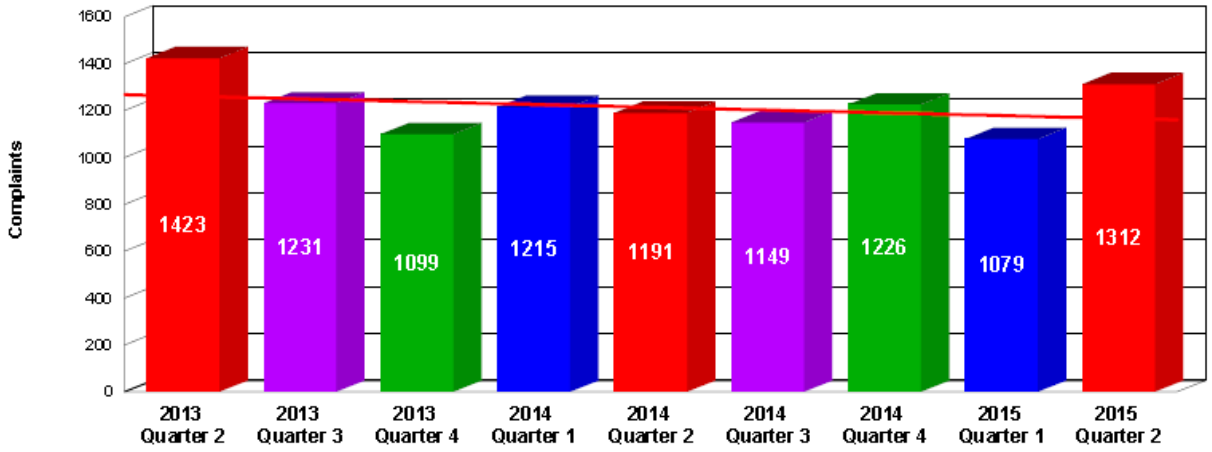
PERFORMANCE IN THE PROFESSIONAL REGULATION DIVISION

Graph 2A: Complaints[1] Received in the Division



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Detailed Analysis of Complaints Received in the Division

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Complaints against Lawyers	882	936	1004	862	946
Lawyer Applicant Cases★	17	25	4	7	62
Complaints against Licensed Paralegals	126	117	150	134	158
Paralegal Applicant Cases★	118	20	20	33	96
Complaints against Non-Licensees/Non-Applicants*	48	51	48	43	50
TOTAL	1191	1149	1226	1079	1312

★ Applicant cases include good character cases and UAP complaints
* For a complete analysis of UAP complaints see section 3.4.

[1] Includes all complaints received in the Division from Complaints Services.

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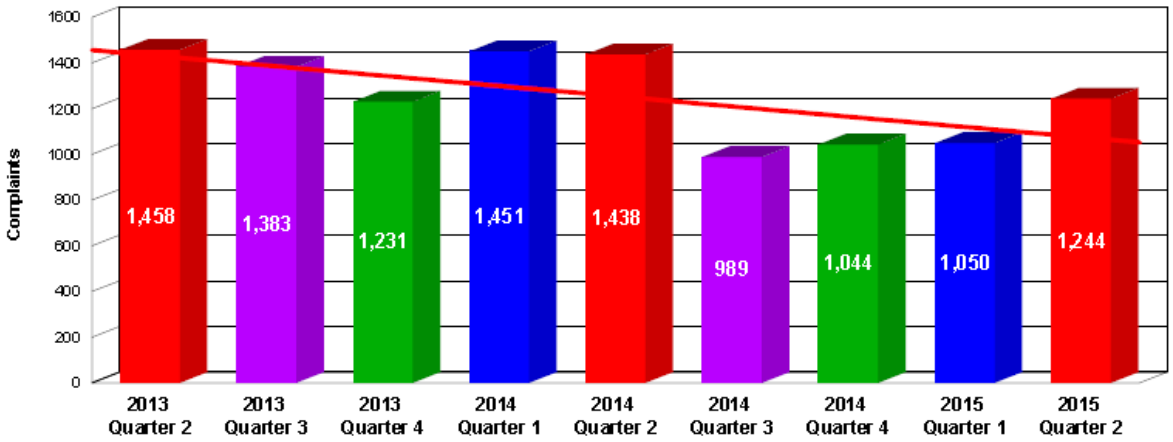
Graph 2B: Complaints Closed[2] in the Division (by Quarters)



Detailed Analysis of Complaints Closed in the Division

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Complaints against Lawyers	1067	780	826	832	937
Lawyer Applicant Cases★	69	16	14	9	60
Complaints against Licensed Paralegals	134	133	122	125	122
Paralegal Applicant Cases★	100	22	32	29	75
Complaints against Non-Licensees/Non-Applicants*	68	38	50	55	50
TOTAL	1438	989	1044	1050	1244

★ Applicant cases include good character cases and UAP complaints

* For a complete analysis of UAP ccomplaints see section 3.4.

[2] This graph includes all complaints closed in Intake, Complaints Resolution, Investigations and Discipline.

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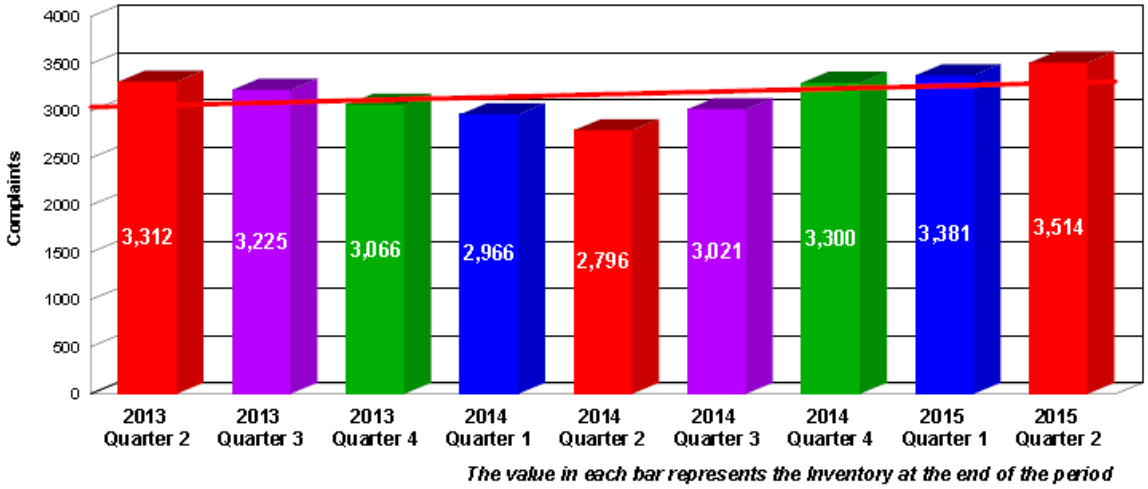
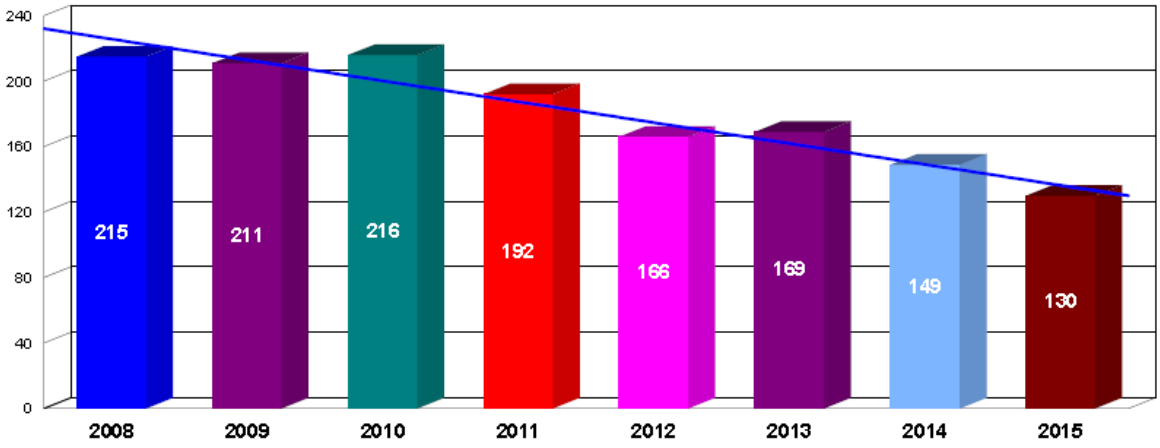
Quarterly Report (April 1 – June 30, 2015)

Graph 2C: Total Inventory[3]



Graph 2D: Median Age of Closed Complaints (days)[3]



2015 – as of June 30

[3] These graphs do not include active complaints (enforcement matters) in the Monitoring & Enforcement Department.

SECTION 2

DEPARTMENTAL PERFORMANCE DURING THE QUARTER

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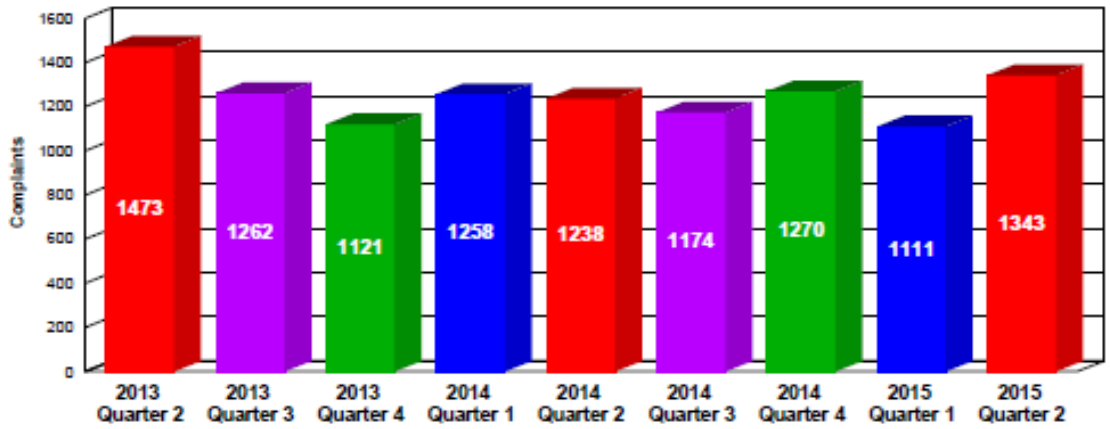
2.1 – Intake

Graph 2.1A: Input[4]



[4] Includes new complaints received and re-opened complaints

The Law Society of Upper Canada
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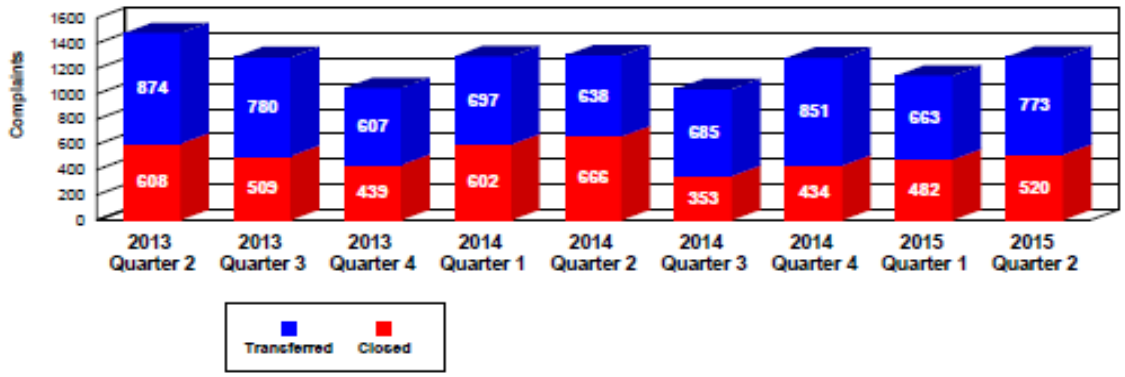
2.1 – Intake

Graph 2.1B: Complaints Closed and Transferred Out



Detailed Analysis of Complaints Closed and Transferred From Intake

		Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Complaints against Lawyers	Closed	439	291	342	399	354
	Transferred	482	576	687	525	562
Lawyer Applicant Cases★	Closed	66	12	7	4	52
	Transferred	12	10	1	3	11
Complaints against Licensed Paralegals	Closed	60	32	41	35	34
	Transferred	79	74	116	97	127
Paralegal Applicant Cases★	Closed	85	7	21	21	65
	Transferred	30	6	11	10	32
Complaints against Non-Licensees/Non-Applicants*	Closed	16	11	23	23	15
	Transferred	35	19	36	28	41
TOTAL	Closed	666	353	434	482	520
	Transferred	638	685	851	663	773

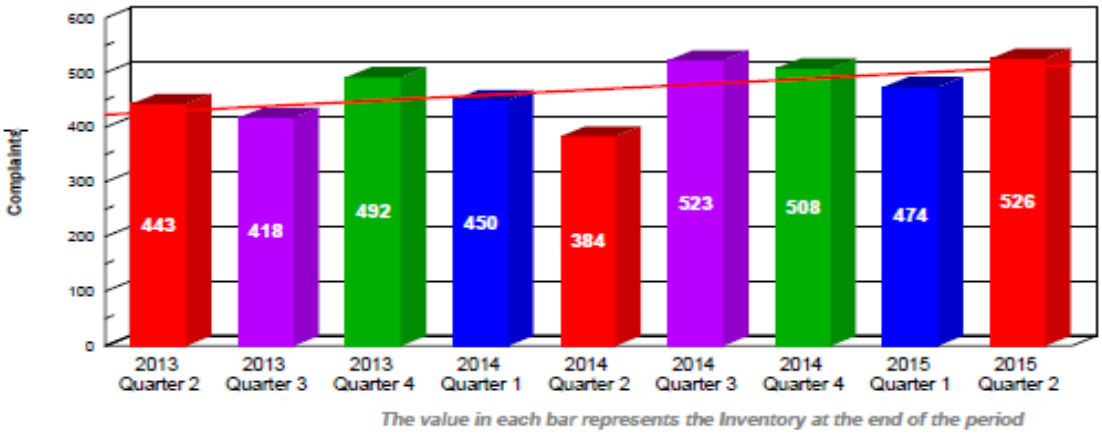
★ Applicant cases include good character cases and UAP complaints

* For a complete analysis of UAP ccomplaints see section 3.4.

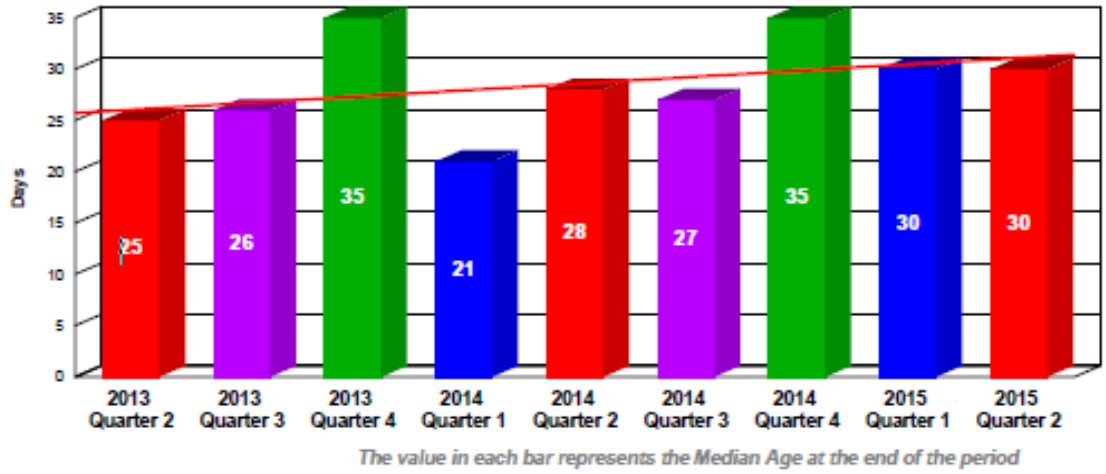
The Law Society of Upper Canada
The Professional Regulation Division
Quarterly Report (April 1 – June 30, 2015)

2.1 – Intake

Graph 2.1 C: Department Inventory



Graph 2.1D: Median Age of Active Complaints



The Law Society of Upper Canada
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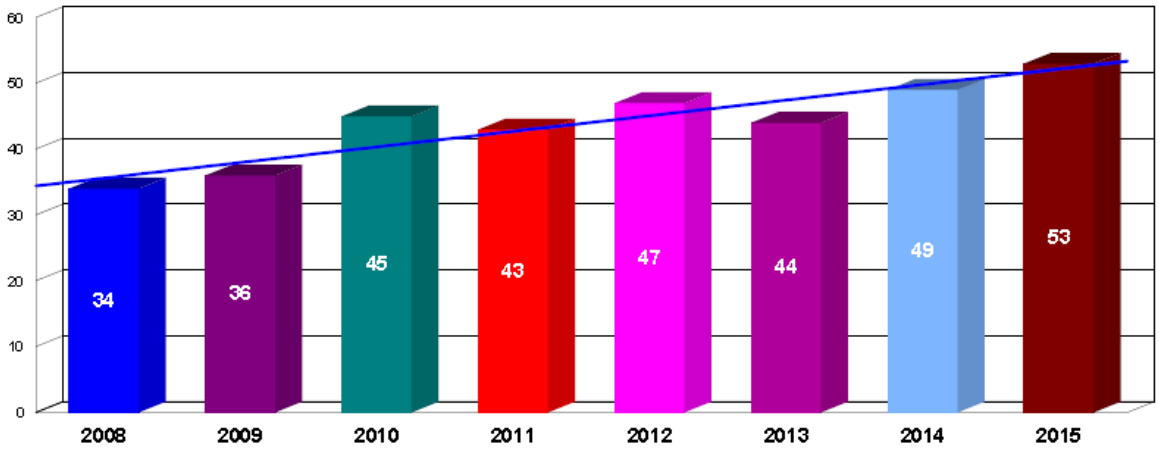
2.1 – Intake

Graph 2.1E: Median Age of Closed Complaints (days)



2015 – as at June 30

The Law Society of Upper Canada
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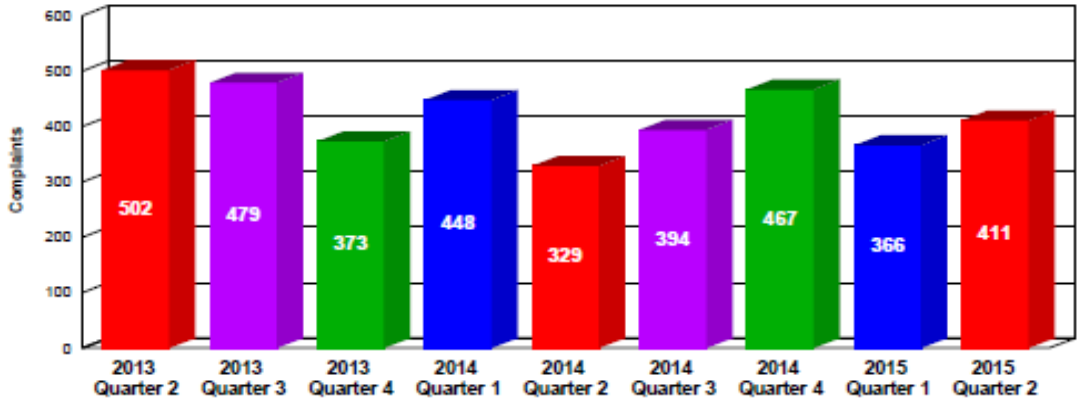
2.2 – Complaints Resolution

Graph 2.2A: Input[5]



Detailed Analysis of New and Re-opened Complaints in Complaints Resolution

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Complaints against Lawyers	295	346	410	325	352
Lawyer Applicant Cases★	0	0	0	0	0
Complaints against Licensed Paralegals	34	48	56	41	59
Paralegal Applicant Cases★	0	0	0	0	0
Complaints against Non-Licensees/Non-Applicants*	0	0	1	1	0
TOTAL	329	394	467	367	411

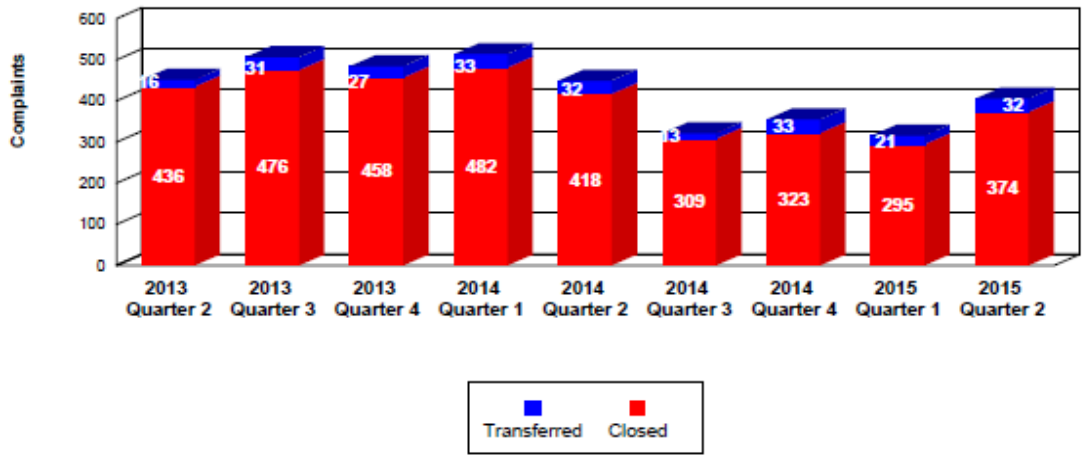
★ Applicant cases include good character cases and UAP complaints
* For a complete analysis of UAP complaints see section 3.4.

[5] Includes new complaints received into the department as well as complaints re-opened during the Quarter.

The Law Society of Upper Canada
The Professional Regulation Division
Quarterly Report (April 1 – June 30, 2015)

2.2 – Complaints Resolution

Graph 2.2B: Complaints Closed and Transferred Out



Detailed Analysis of Complaints Closed and Transferred From Complaints Resolution

		Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Complaints against Lawyers	Closed	389	273	286	265	329
	Transferred	30	13	28	13	25
Lawyer Applicant Cases★	Closed	0	0	0	0	0
	Transferred	0	0	0	0	0
Complaints against Licensed Paralegals	Closed	29	36	37	30	45
	Transferred	2	0	5	8	7
Paralegal Applicant Cases★	Closed	0	0	0	0	0
	Transferred	0	0	0	0	0
Complaints against Non-Licensees/Non-Applicants*	Closed	0	0	0	0	0
	Transferred	0	0	0	0	0
TOTAL	Closed	418	309	323	295	374
	Transferred	32	13	33	21	32

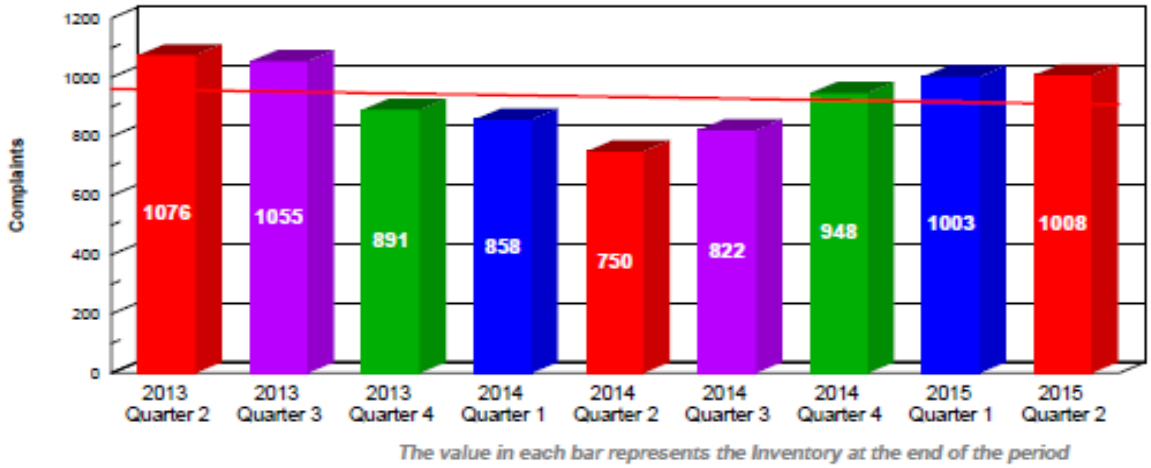
★ Applicant cases include good character cases and UAP complaints

* For a complete analysis of UAP complaints see section 3.4.

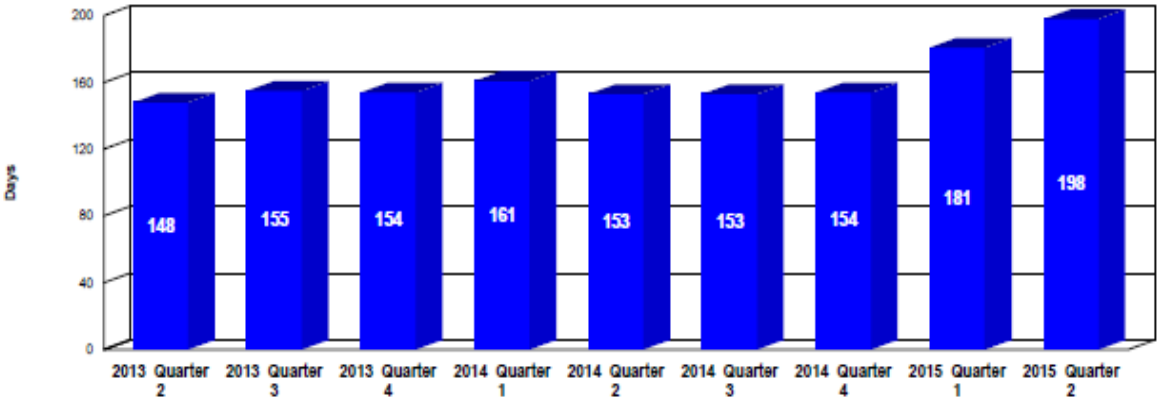
The Law Society of Upper Canada
The Professional Regulation Division
Quarterly Report (April 1 – June 30, 2015)

2.2 – Complaints Resolution

Graph 2.2C: Department Inventory



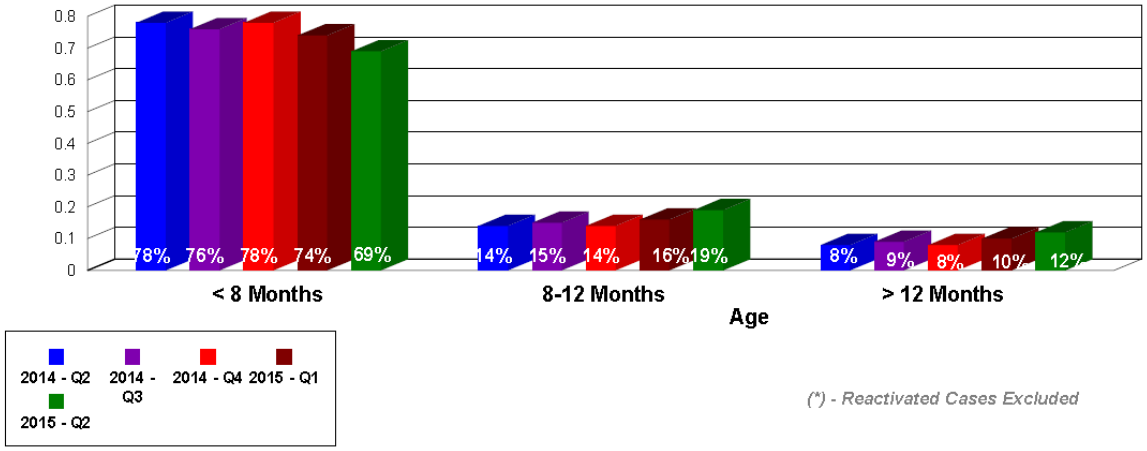
Graph 2.2D: Median Age of Active Complaints



The Law Society of Upper Canada
The Professional Regulation Division
Quarterly Report (April 1 – June 30, 2015)

2.2 – Complaints Resolution

Graph 2.2E: Aging of Active Complaints



(*) - Reactivated Cases Excluded

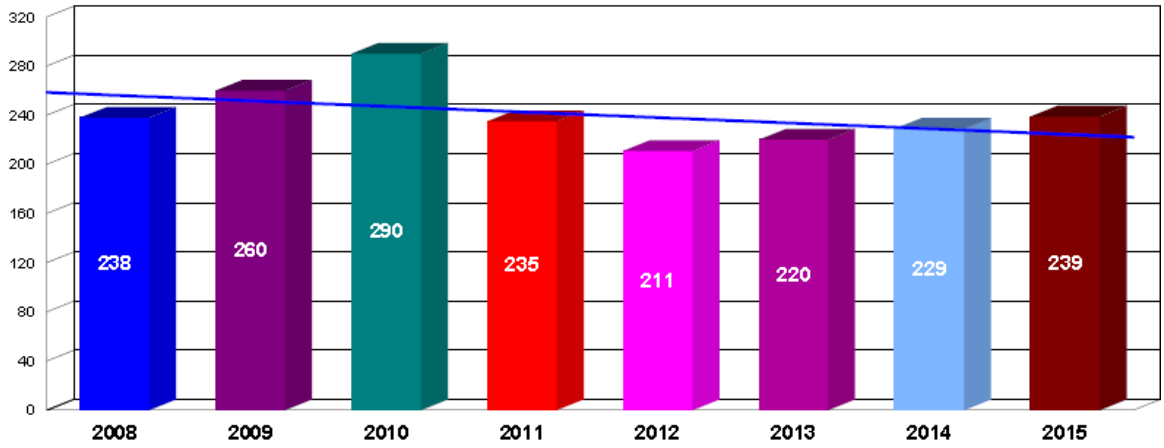
	<8 months	8 to 12 months	>12 months
Q2 2014	534 cases involving 487 subjects	100 cases involving 95 subjects	53 cases involving 42 subjects
Q3 2014	574 cases involving 521 subjects	114 cases involving 106 subjects	67 cases involving 54 subjects
Q4 2014	673 cases involving 620 subjects	120 cases involving 112 subjects	73 cases involving 60 subjects
Q1 2015	679 cases involving 625 subjects	147 cases involving 137 subjects	94 cases involving 70 subjects
Q2 2015	627 cases involving 579 subjects	177 cases involving 168 subjects	107 cases involving 78 subjects

Cases which have been in the process longer than 12 months are closely monitored. In almost all instances, the case is in this category due to reasons beyond the control of the Law Society. Cases are usually older than 12 months in Complaints Resolution for the following reasons:

- Newer complaints against the lawyer/paralegal are received. In some cases existing cases await the completion of younger cases relating to the same licensee;
- Delays on the part of licensees in providing representations and in responding to the investigators' requests. In a number of instances, the Summary Hearing process is required;
- Delays on the part of complainants in responding to licensee's representations and to investigators' requests for additional information; and
- New issues raised by the complainant requiring additional investigation.

2.2 – Complaints Resolution

Graph 2.2F: Median Age of Completed[6] Complaints



2015 – as at June 30

[6] Included are complaints closed by Complaints Resolution or transferred by the department to Discipline.

The Law Society of Upper Canada
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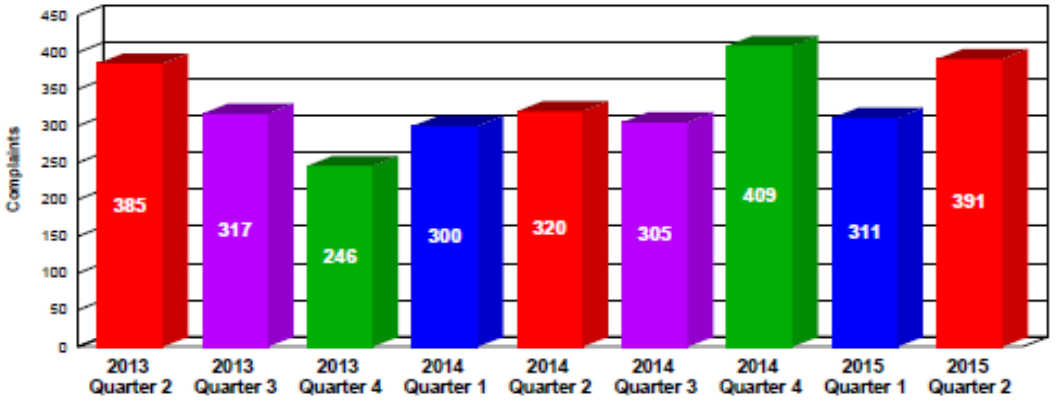
2.3 –Investigations

Graph 2.3A: Input



Detailed Analysis of New and Re-opened Complaints Received in Investigations

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Complaints against Lawyers	201	240	296	210	238
Lawyer Applicant Cases★	12	10	2	3	11
Complaints against Licensed Paralegals	42	30	65	60	70
Paralegal Applicant Cases★	30	6	11	11	32
Complaints against Non-Licensees/Non-Applicants*	35	19	35	27	40
TOTAL	320	305	409	311	391

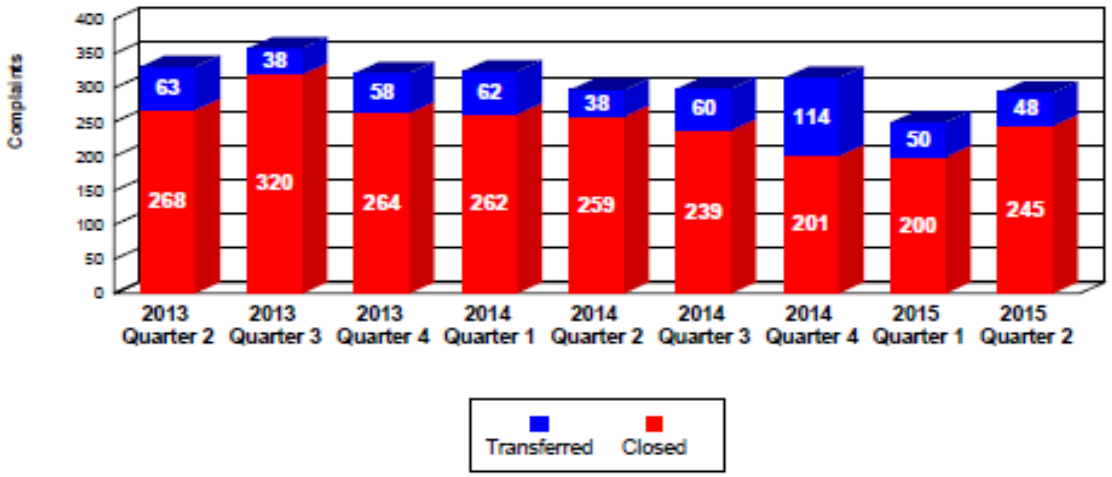
★ Applicant cases include good character cases and UAP complaints

* For a complete analysis of UAP complaints see section 3.4.

The Law Society of Upper Canada
The Professional Regulation Division
Quarterly Report (April 1 – June 30, 2015)

2.3 –Investigations

Graph 2.3B Complaints Closed and Transferred Out



Detailed Analysis of Complaints Closed and Transferred Out of Investigations

		Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Complaints against Lawyers	Closed	166	147	122	121	162
	Transferred	31	48	90	27	26
Lawyer Applicant Cases★	Closed	3	4	6	5	7
	Transferred	1	0	0	0	3
Complaints against Licensed Paralegals	Closed	32	51	37	48	38
	Transferred	1	11	20	17	17
Paralegal Applicant Cases★	Closed	8	10	11	5	10
	Transferred	1	0	4	4	1
Complaints against Non-Licensees/Non-Applicants*	Closed	50	27	25	21	28
	Transferred	4	0	0	2	1
TOTAL	Closed	259	239	201	200	245
	Transferred	38	59	114	50	48

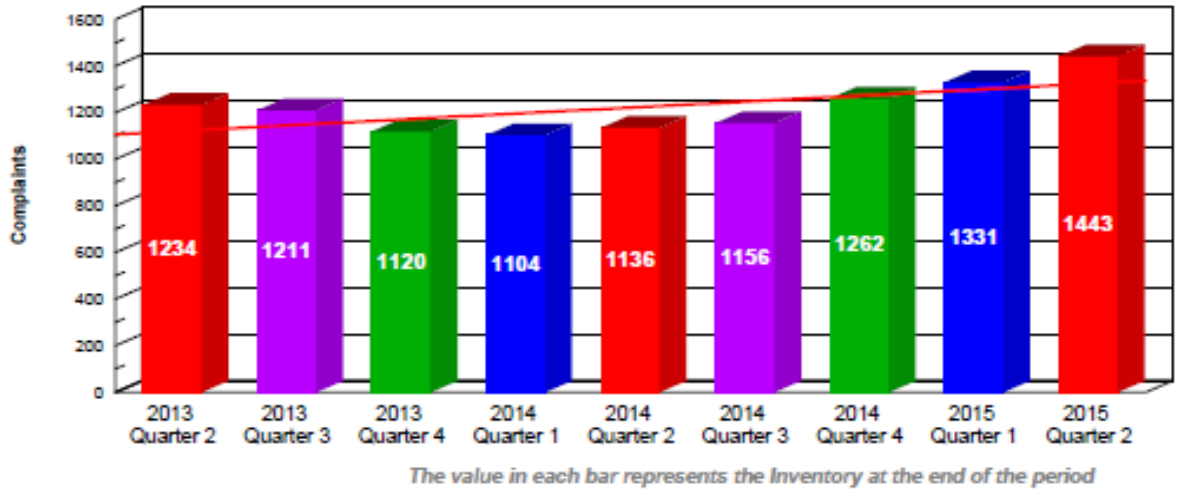
★ Applicant cases include good character cases and UAP complaints

* For a complete analysis of UAP complaints see section 3.4.

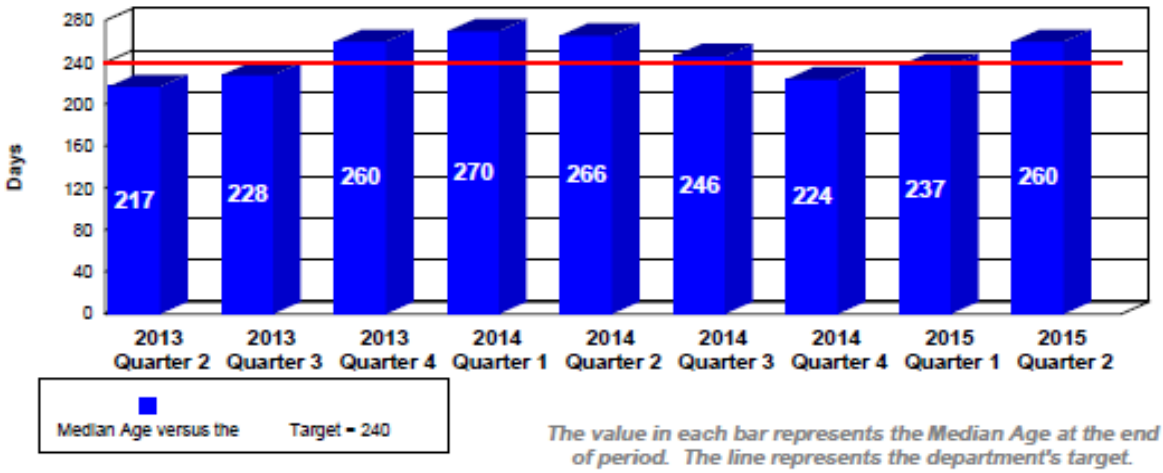
The Law Society of Upper Canada
The Professional Regulation Division
Quarterly Report (April 1 – June 30, 2015)

2.3 – Investigations

Graph 2.3C: Department Inventory



Graph 2.3D: Median Age of All Complaints



The Law Society of Upper Canada
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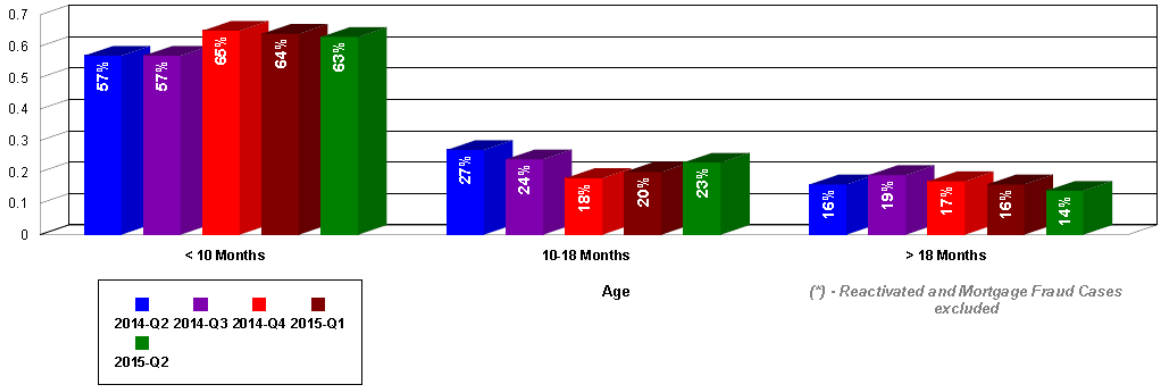
Quarterly Report (April 1 – June 30, 2015)

2.3 – Investigations

Graph 2.3E: Aging of Active Complaints

(a) Core Cases



	<10 months	10 to 18 months	>18 months
Q2 2014	549 cases involving 433 subjects	256 cases involving 178 subjects	160 cases involving 120 subjects
Q3 2014	540 cases involving 395 subjects	223 cases involving 180 subjects	180 cases involving 124 subjects
Q4 2014	693 cases involving 451 subjects	193 cases involving 152 subjects	181 cases involving 119 subjects
Q1 2015	740 cases involving 476 subjects	226 cases involving 186 subjects	185 cases involving 125 subjects
Q2 2015	787 cases involving 548 subjects	284 cases involving190 subjects	183 cases involving 121 subjects

While the department strives to reduce the proportion of cases in the older time frame and to increase the proportion of cases in the youngest time frame, it is recognized that there are cases that are older than 18 months in Investigations for the following reasons:

- The investigator has to wait for evidence from a third party (i.e. not the complainant or the licensee/subject), for example psychiatric evaluation, court transcripts, or a key witness;
- Newer complaints are received against the licensee/subject. In order to move forward together to the Proceedings Authorization Committee, the older cases await the completion of younger cases;
- A need to coordinate investigations between different licensees/subject where the issues arise out of the same set of circumstances (e.g. a complainant complains about 2 lawyers in relation to the same matter);
- Multiple cases involve one lawyer. These investigations are complex and time consuming;
- Where capacity issues are raised during a conduct investigation.

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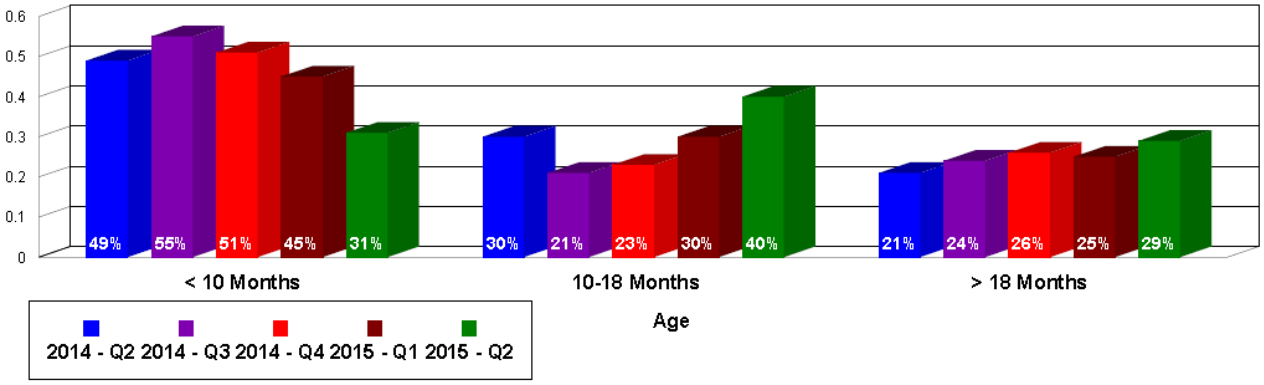
2.3 – Investigations

(b) Mortgage Fraud Cases



	<10 months	10 to 18 months	>18 months
Q2 2014	49 cases involving 41 subjects	30 cases involving 24 subjects	21 cases involving 19 subjects
Q3 2014	61 cases involving 46 subjects	23 cases involving 19 subjects	26 cases involving 21 subjects
Q4 2014	57 cases involving 41 subjects	26 cases involving 23 subjects	29 cases involving 26 subjects
Q1 2015	46 cases involving 32 subjects	31 cases involving 28 subjects	26 cases involving 23 subjects
Q2 2015	30 cases involving 25 subjects	39 cases involving 31 subjects	28 cases involving 25 subjects

As noted above, the department strives to reduce the proportion of mortgage fraud cases in the older time frame and to increase the proportion of cases in the youngest time frame. However, it is recognized that there will always be mortgage fraud cases that are older than 18 months in Investigations for the reasons cited above, particularly:

- When newer complaints against the licensee/subject are received, existing investigations may have to await their completion in order that all the cases can be taken to Proceedings Authorization Committee together.
- There is a need to coordinate investigations between different licensees/subject where the issues arise out of the same set of circumstances (e.g. a complainant complains about 2 lawyers in relation to the same matter).
- There are multiple cases involve one lawyer resulting in greater complexity.

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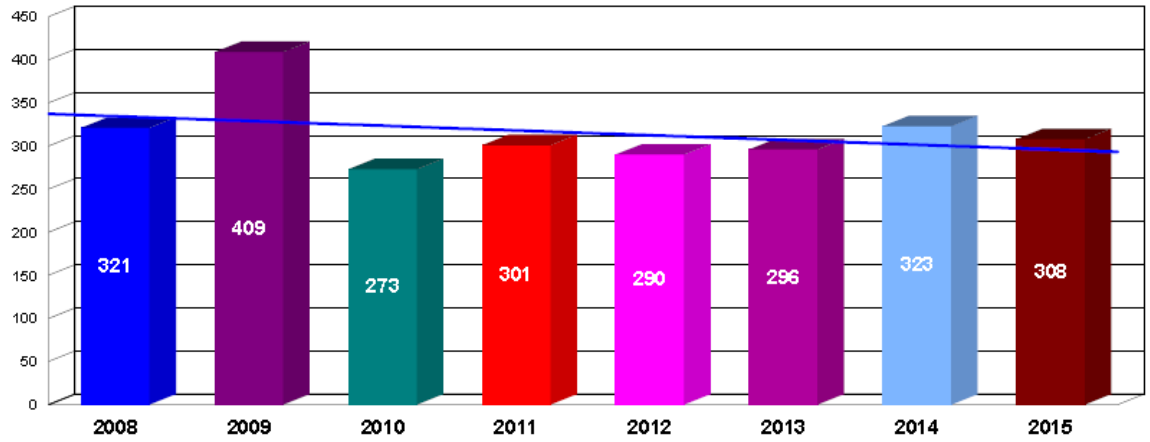
2.3 – Investigations

Graph 2.3F: Median Age of Completed[7] Complaints



2015 – as at June 30

[7] Included are complaints closed by Investigations or transferred by the department to Discipline.

2.4 – Unauthorized Practice (UAP)

Graph 2.4A: Unauthorized Practice Complaints in Intake

Quarter	New	Closed	Transferred for Investigation	Active at end of Quarter
Q1 2013	71	29	59	11
Q2 2013	60	26	51	5
Q3 2013	69	27	46	9
Q4 2013	60	20	41	11
Total for 2013	260	102	197	11
Q1 2014	64	26	51	6
Q2 2014	52	15	38	7
Q3 2014	44	13	21	20
Q4 2014	63	23	44	21
Total for 2014	223	77	154	21
Q1 2015	45	22	37	11
Q2 2015	60	16	47	8

Graph 2.4B: Unauthorized Practice Investigations

	New Investigations	Closed[8] Investigations	Inventory at Quarter End
Q1 2013	59	62	128
Q2 2013	51	36	143
Q3 2013	46	58	129
Q4 2013	40	31	137
Totals: 2013	197	187	
Q1 2014	51	66	122
Q2 2014	38	82	82
Q3 2014	21	29	74
Q4 2014	44	29	90
Totals: 2014	154	206	
Q1 2015	37	26	101
Q2 2015	46	31	115

Graph 2.4C: UAP Enforcement Actions

There were no new UAP enforcement matters commenced in Q2 2015. As at June 30, 2015, there was 1 active UAP matter.

[8] "Closed" refers to completed investigations and therefore consists of both those investigations that were closed by the Law Society and those that were referred for prosecution/injunctive relief.

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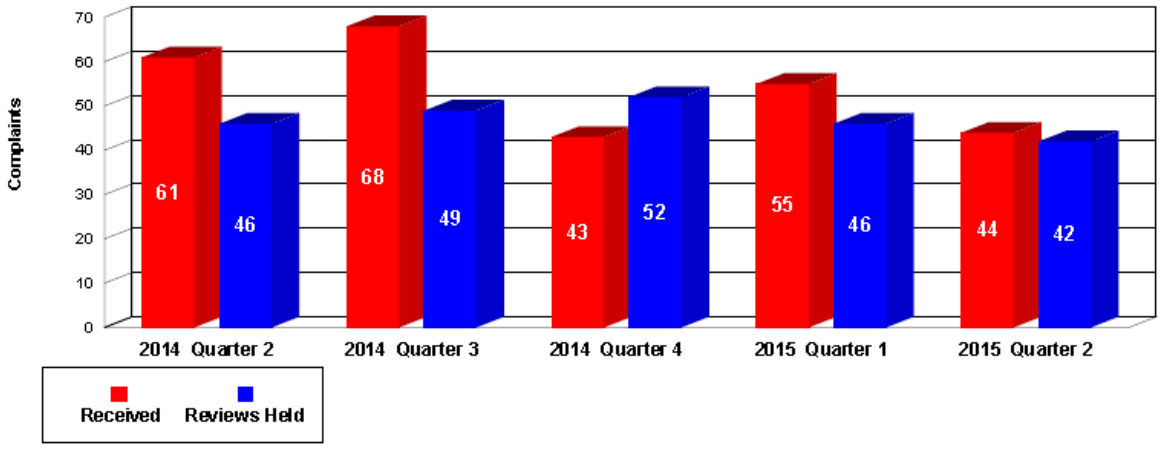
2.5 – Complaints Resolution Commissioner

Graph 2.5A: Reviews Requested and Files Reviewed (by Quarter)



Graph 2.5B: Decisions Rendered, by Quarter

Quarter	Decisions Rendered	Files to Remain Closed	Files Referred Back to PRD
Q1 2013	40	38 (95 %)	2 (5 %)
Q2 2013	55	49 (89%)	6 (11%)
Q3 2013	43	40 (93%)	3 (7%)
Q4 2013	67	65 (97%)	2 (3%)
Total 2013	205	192 (94%)	13 (6%)
Q1 2014	51	50(98%)	1(2%)
Q2 2014	36	33(92%)	3(8%)
Q3 2014	30	29(97%)	1(3%)
Q4 2014	50	48 (98%)	2 (2%)
Total 2014	167	160(96%)	7(4%)
Q1 2015	39	37 (95%)	2 (5%)
Q2 2015	40	39 (98%)	1 (2%)

Of the 40 decisions rendered in Q2 2015, the Commissioner referred 1 file back to Professional Regulation. While satisfied that the decision to close was reasonable, the Commissioner referred the case back citing procedural concerns.

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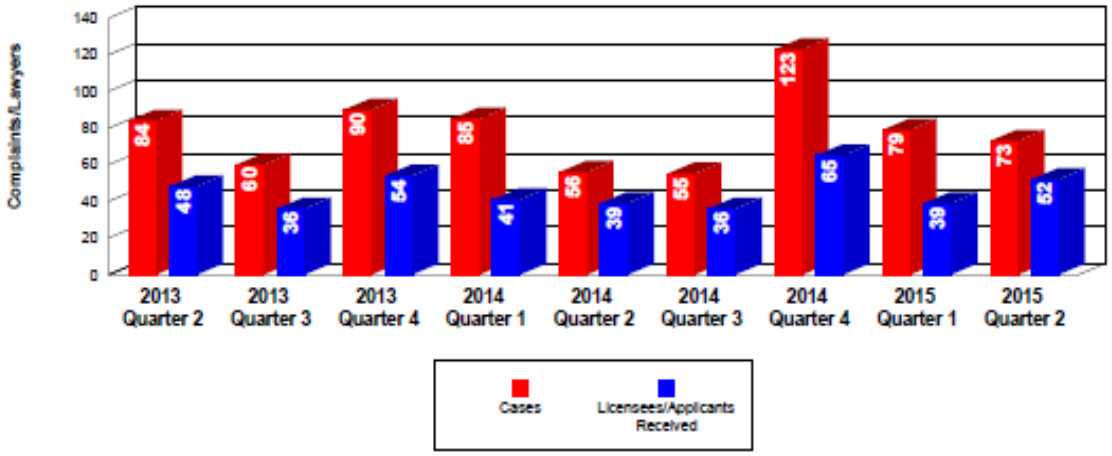
2.6 – Discipline

Graph 2.6A: Input[9]



Detailed Analysis of New Cases Received in Discipline

		Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Lawyers	Cases	72	46	49	100	49	45
	Lawyers	32	33	33	52	26	32
Lawyer Applicants	Cases	0	1	0	0	0	3
	Lawyer Applicants	0	1	0	0	0	3
Licensed Paralegals	Cases	12	8	6	20	29	20
	Licensed Paralegals	8	4	3	10	12	13
Paralegal Applicants	Cases	1	1	0	3	1	5
	Paralegal Applicants	1	1	0	3	1	4
TOTAL	Cases	85	56	55	123	79	73
	Licensees & Applicants	41	39	36	65	39	52

[9] "Input" refers to complaints that were transferred into Discipline from various other departments during the specific quarter. Includes new complaints/cases received in Discipline and the lawyers/applicants to which the new complaints relate.

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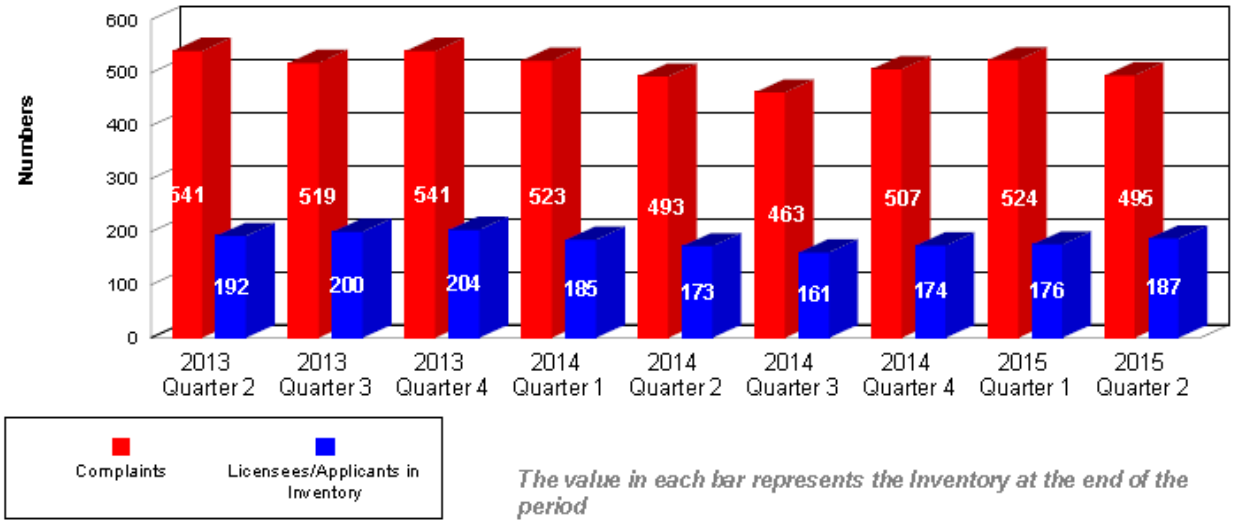
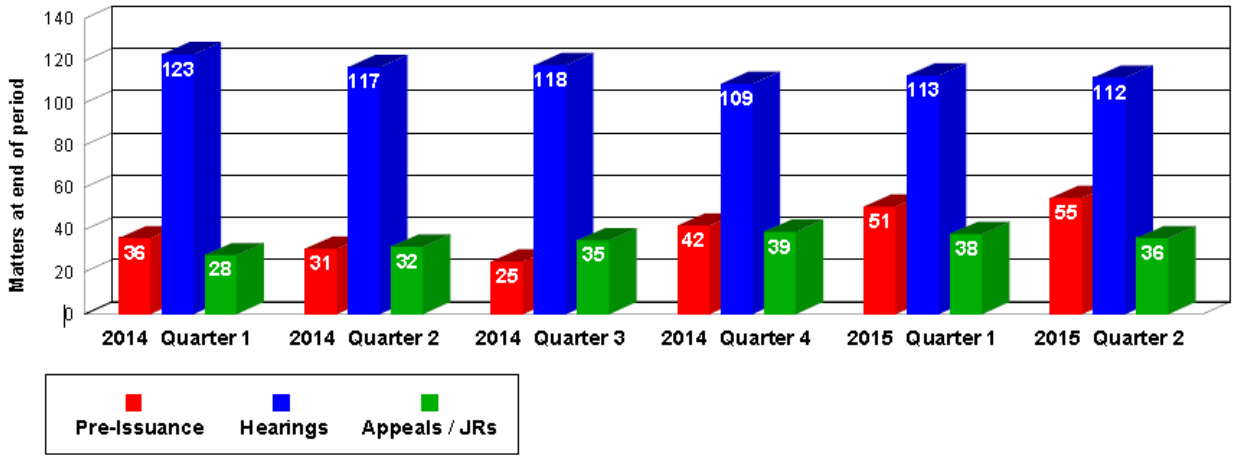
2.6 – Discipline

Graph 2.6B: Department Inventory[10]



The value in each bar represents the Inventory at the end of the period

Graph 2.6C: Inventory of Discipline Matters[11]



10 Consists primarily of complaints and lawyers/applicants that are in scheduling and are with the Hearing Division or on appeal. Note that a lawyer/applicant who has more than one matter will only be counted once.

11 A licensee may have more than one matter ongoing at a time (e.g. a licensee may have an ongoing hearing before the Hearing Division and a judicial review in Divisional Court).

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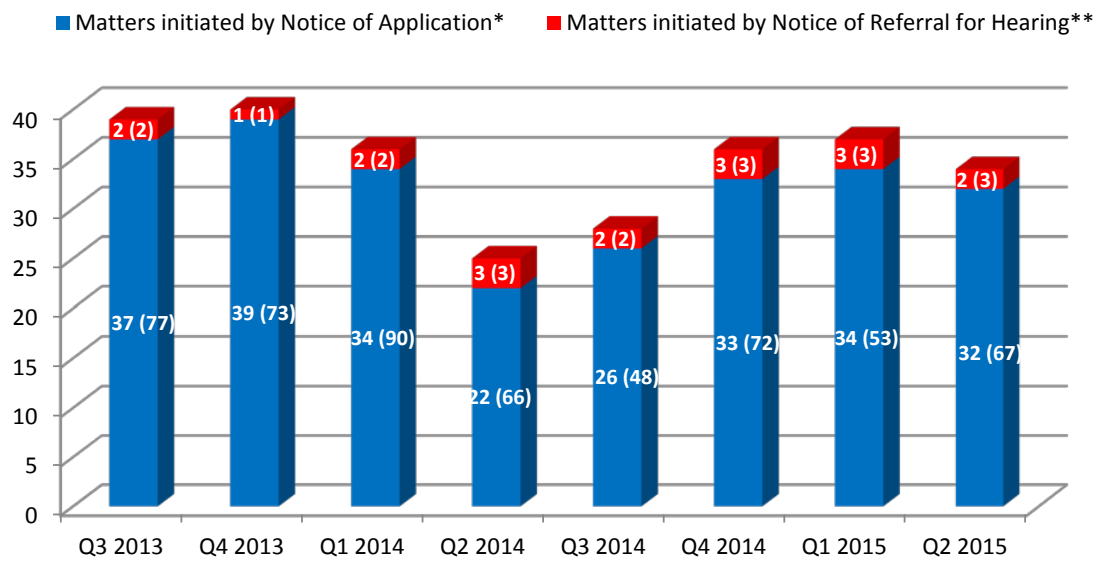
2.6 – Discipline

Graph 2.6D: Notices Issued in the Hearing Division



* Matters which are initiated by Notice of Application include conduct, capacity, non-compliance and competency matters. Also included in this category are interlocutory suspension/restriction motions.

** Matters which are initiated by Notice of Referral for Hearing include licensing (including re-licensing matters), reinstatement and restoration matters.

The numbers in each bar indicate the number of notices issued and, in brackets, the number of cases relating to those notices. One notice may relate to more than one case. For example, in Q2 2015, 32 Notices of Application were issued (relating to 67 cases) and 2 Notices of Referral for Hearing were issued (relating to 3 cases).

With respect to the 32 Notices of Application[12]/Notices of Motion for Interim Suspension Order and 1 Notice of Referral for Hearing (licensing matter) which were issued in Q2 2015:

- 82% were issued within 60 days of PAC Authorization;
- 91% were issued within 90 days of PAC Authorization.

[12] Notices of Application are issued with respect to conduct, competency, capacity and non-compliance matters and require authorization by the Proceedings Authorization Committee (PAC).

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2.6 – Discipline

Graph 2.6E: Completed Matters in the Hearing Division

		Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Conduct Hearings	Lawyers	30	21*	23	30	14	20
	Paralegal Licensees	10	6	4	3	6	4
Interlocutory Suspension Hearings/ Orders	Lawyers	2	3	2	4	2	4
	Paralegal Licensees	-	-	-	3	1	-
Capacity Hearings	Lawyers	1	-	-	1	2	1
	Paralegal Licensees	-	-	-	-	-	-
Competency Hearings	Lawyers	-	-	-	-	-	-
	Paralegal Licensees	-	-	-	-	-	-
Non-Compliance Hearings	Lawyers	-	1*	-	-	-	1
	Paralegal Licensees	-	-	-	-	-	
Reinstatement / Terms Dispute	Lawyers	2	-	1	1	1	2
	Paralegal Licensees	-	-	1	-	-	
Restoration	Lawyers	-	-	-	-	-	
	Paralegal Licensees	-	-	-	-	-	
Licensing Hearings**	Lawyer Applicants	-	1	-	1	2	
	Paralegal Applicants	1	2	1	-	3	1
TOTAL NUMBER OF HEARINGS	Lawyers*	35	25	26	37	21	28
	Paralegals*	11	8	6	6	10	5
	TOTAL	**46**	**33**	**32**	**43**	**31**	**33**

* In Q2 2014, a conduct application and a non-compliance application were heard together in one hearing. Both are included in the totals for lawyer conduct and lawyer non-compliance categories. However, the hearing is only counted once in the total numbers for the quarter.

** including Readmission

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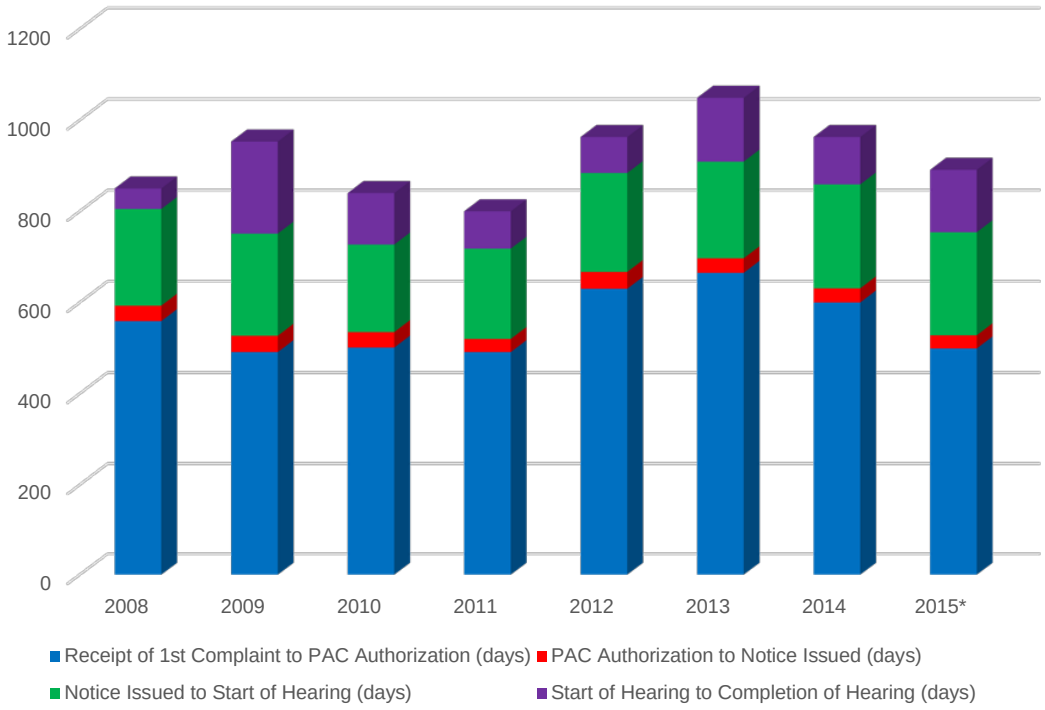
2.6 – Discipline

Graph 2.6F: Age of Completed Matters in the Hearing Division

	Total Completed Hearings	Date 1st Complaint Received to Date Hearing Completed	Total Completed Hearings less Completed Mortgage Fraud Hearings	Date 1st Complaint Received to Date Hearing Completed
2008	108	847 days	100	770 days
2009	102	841 days	98	813 days
2010	131	833 days	117	727 days
2011	114	770 days	102	652 days
2012	110	940 days	92	693 days
2013	123	1031 days	103	805 days
2014	135	896 days	126	797 days
2015*	66	823 days	62	690 days



	2008	2009	2010	2011	2012	2013	2014	2015*
Receipt of 1st Complaint to PAC Authorization (days)	559	491	501	491	630	665	600	499
PAC Authorization to Notice Issued (days)	34	36	34	29	37	32	31	29
Notice Issued to Start of Hearing (days)	212	224	192	198	217	212	228	226
Start of Hearing to Completion of Hearing (days)	45	202	113	82	79	140	104	137

*** to June 30, 2015**

2.6 – Discipline

Graph 2.6G: Appeals and Judicial Reviews

The following chart sets out the number of appeals filed with the Appeal Division, the Divisional Court or the Court of Appeal in the calendar years 2010 to 2014 and the first half of 2015.

Quarter/Year	Appeal Division	Divisional Court	Court of Appeal
2010	27	3 appeals; 2 judicial reviews	4 motions for leave
2011	18	6 appeals, 2 judicial reviews	2 motions for leave
2012	23	4 appeals; 5 judicial reviews	2 motions for leave
2013	20	3 appeals; 3 judicial reviews	
2014	23	14 appeals; 5 judicial reviews	4 motions for leave
2015 1st Quarter	6	1 appeal; 1 judicial review	3 motions for leave
2nd Quarter	1	1 appeal; 0 judicial reviews; 1 leave motion*	0 motions for leave; 1 appeal
Total	7	2 appeals; 1 judicial review; 1 leave motion	3 motions for leave; 1 appeal

* motion for leave to appeal a cost decision

As of June 30, 2015, there are 11 appeals pending before the Appeal Division, 1 appeal in which the Appeal Division has reserved on judgment, 2 appeals that have been adjourned sine die and 3 appeals in which costs or penalty decisions remained outstanding.

With respect to matters before the Divisional Court, there are 9 appeals, 1 motion for leave to appeal regarding a cost order and 5 judicial review matters pending. There is 1 motion for leave to appeal and 1 appeal pending in the Court of Appeal.

SECTION 3

APPENDICES

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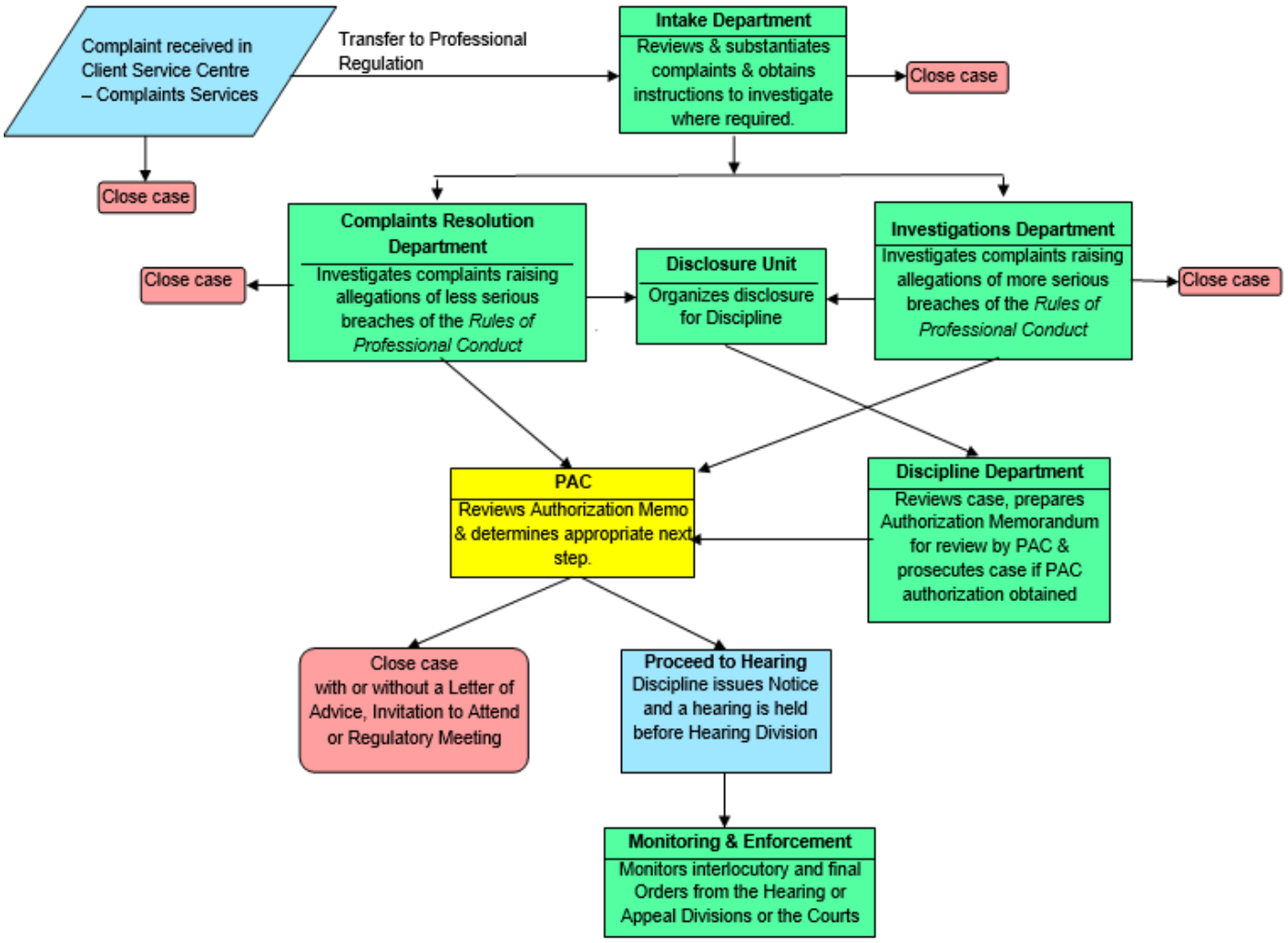
The Professional Regulation Complaint Process



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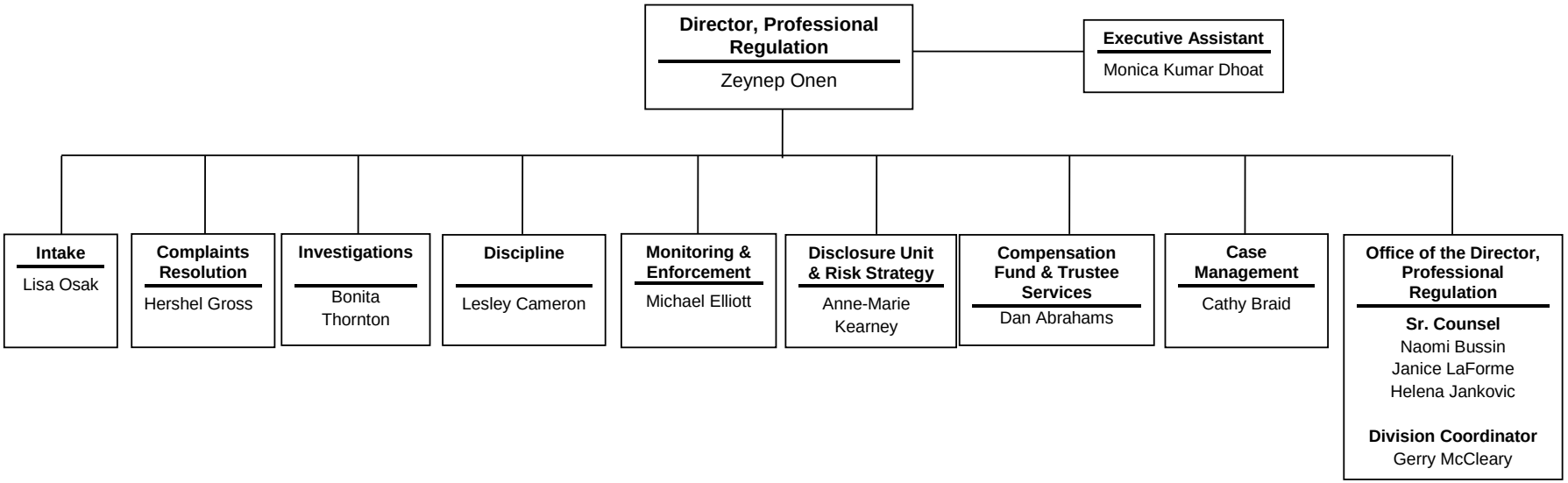
PROFESSIONAL REGULATION ORGANIZATIONAL CHART



Tab 2.5

FOR INFORMATION

ALTERNATIVE BUSINESS STRUCTURES WORKING GROUP REPORT – NEXT STEPS

INTRODUCTION

53. This status report from the Alternative Business Structures (ABS) Working Group ("Working Group") provides Convocation with the initial conclusions and intended next steps of the Working Group as it continues its study of ABSs in Ontario.[1]

SUMMARY OF INITIAL CONCLUSIONS AND NEXT STEPS

54. On September 27, 2012, the Working Group's Terms of Reference were reported to Convocation. The Terms of Reference appear at **Tab 2.5.1.** The Terms of Reference provided, amongst other things, that the Working Group would:
    a. inform itself on developments in Canada and abroad including on new and existing alternative legal service delivery models and structures;
    b. develop a set of criteria to assess and prioritize new models and structures;
    c. determine the range of legal service delivery models and financing arrangements that should be explored;
    d. identify legal services delivery models and regulatory changes that should be considered by the Law Society for possible implementation based on initial assessment of their impacts and consultation; and
    e. report the results of its work to Convocation, including, as appropriate, proposals and recommendations for next steps.

55. In September of 2014, the Working Group released a Discussion Paper on potential models for ABS in Ontario. In the Discussion Paper, the Working Group introduced the following four models ("the Four Models"):

    Model #1: Business entities providing legal services only in which individuals and entities who are not licensed by the Law Society can have up to 49 per cent ownership;

    Model #2: Business entities providing legal services only with no restrictions on ownership by individuals and entities who are not licensed by the Law Society;

[1] The ABS Working Group members are Susan McGrath (Co-Chair), Malcolm Mercer (Co-Chair), Marion Boyd, Ross Earnshaw, Carol Hartman, Jacqueline Horvat, Brian Lawrie, Jeffrey Lem, Jan Richardson and Peter Wardle.

Model #3: Business entities providing both legal and non-legal services (except those identified as posing a regulatory risk) in which individuals and entities who are not licensed by the Law Society would be permitted up to 49 per cent ownership; and

Model #4: Business entities providing both legal and non-legal services (except those identified as posing a regulatory risk) in which individuals and entities who are not licensed by the Law Society would be permitted unlimited ownership.

56. Based on its work to date, the Working Group does not propose to further examine any majority or controlling non-licensee ownership models for traditional law firms in Ontario at this time. Such non-licensee ownership levels do not appear to be warranted based on current information when the potential benefits to such external ownership levels are weighed against the regulatory risks and regulatory proportionality. However, the Working Group will continue its mandate by exploring and assessing other potential ABS options.

57. There are further legal service delivery models and financing arrangements that remain to be explored and assessed for possible implementation. Specifically, the Working Group believes that more limited non-licensee ownership models for traditional law firms merit further study, and that there are certain tailored ABS models which should be considered in depth, based on criteria identified by the Working Group and in consideration of the responses to its September 2014 Discussion Paper.

58. Accordingly, the Working Group will continue its work by:

a. Informing itself on on-going developments in Canada and abroad on new and existing alternative legal service delivery models and structures, financing arrangements, and the related regulatory processes;

b. Considering the level, if any, and nature of non-licensee minority ownership of law firms and entities, including those offering enhanced multi-disciplinary services, that should be permitted;

c. Considering the nature, if any, of franchise arrangements that should be permitted;

d. Considering whether there may be an opportunity to develop an access to justice focused ABS framework (sometimes called ABS+) to enable civil society organizations, such as charities, not-for-profits, and trade unions, to become owners of entities in order to facilitate access to legal services;

e. Considering how the Law Society may facilitate innovation in the delivery of legal services by permitting alternative business structures where legal services are not generally being provided by lawyers and paralegals with the goal of enhancing access

to justice for Ontarians and regulating more effectively and efficiently and in proportion to the Law Society's regulatory objectives; and

f. Considering the criteria that should be considered when determining whether a particular business structure should not be permitted taking into account regulatory risk and advancement of the public interest.

g. Consulting further with the professions and other interested parties at the appropriate time including on:

i. the appropriate level and nature of minority ownership that might be generally permitted;

ii. the appropriate types of franchise agreements that might be available;

iii. a possible framework or frameworks for permitting majority external ownership for civil society entities delivering services dedicated to facilitating access to legal services; and

iv. a possible framework or frameworks for permitting alternative business structures in areas not generally being served by lawyers and paralegals.

59. The Working Group will continue to report to Convocation through the Professional Regulation Committee with information updates on its continued study and consultation. If appropriate, any proposals for consideration will also be brought to Convocation for its consideration.

BACKGROUND

60. As reported to Convocation in its earlier reports, the term "alternative business structures" may be used to refer to any form of non-traditional business structure, as well as alternative means of delivering legal services, and may include, for example:
a. alternative ownership structures, such as non-lawyer or non-paralegal investment or ownership of law firms, including equity;
b. firms offering legal services together with other professionals; and
c. firms offering an expanded range of products and services, such as "do it yourself" automated legal forms as well as more advanced applications of technology and business processes.

61. The Working Group was created in 2012 to study business structures and law firm financing, which was identified as a priority by Convocation for the 2011-2015 bencher term. As Convocation's April 2012 work plan for this priority highlighted, rapid changes in legal regulation, and the emergence of ABSs in other jurisdictions prompted consideration

by the Law Society of ABSs and law firm ownership and financing.

62. Since then, the Working Group has engaged in an extensive review of the issues related to ABS by:
    a. engaging in an ongoing fact-finding exercise that has included studying reports and scholarly articles, and meeting with ABS experts from various jurisdictions, including Australia, England and Wales and the United States;
    b. meeting with members of the professions (Summer 2013);
    c. commissioning a paper by Professors Edward M. Iacobucci and Michael Trebilcock of the University of Toronto Faculty of Law entitled *An Economic Analysis of Alternative Business Structures for the Practice of Law* for a symposium on ABS (October 2013);
    d. holding a symposium on ABS attended by lawyers and paralegals from diverse practices and regions (October 2013);
    e. seeking input from the professions on potential models for ABS through the release of a Discussion Paper (September 2014);
    f. meeting with numerous legal groups, organizations and associations (August 2013 to February 2015); and
    g. considering the over 40 responses received in response to its Discussion Paper and reporting on the call for input in February 2015.

63. A selection of background reading materials, the Iacobucci and Trebilcock paper, the webcast of the October 2013 ABS Symposium, the September 2014 Discussion Paper and responses and previous reports of the Working Group to Convocation can be found on the Law Society's ABS webpage at http://lsuc.on.ca/abs/.

DISCUSSION

Criteria for Analyzing ABS Options

64. As the Working Group reflected on the responses to the Discussion Paper and considered next steps, it returned to the criteria, established to guide its study of potential models for ABS, which are set out in the Working Group's February 2014 Report to Convocation (the "February 2014 Report"). The criteria, which are considered below, are as follows:

    a. Access to justice: Any structural and related regulatory changes concerning alternative business structures should be reviewed to determine their effect on access to justice. Solutions that provide potential improvements for access to justice should be given more weight on that basis.

    b. Responsive to the public: In promoting access, the new structures and processes should be responsive to the needs of the public for legal services including greater flexibility in cost, location and availability of legal and other services with appropriate quality and adequate financial assurance of legal services.

c. Professionalism: The fundamentals of professionalism, including independence, confidentiality, avoidance of conflict of interest, and candour should be safeguarded in any move to liberalize ownership and structure.

d. Protection of Solicitor-Client Privilege: Any change proposed to implement alternative business structures must not jeopardize the protection of solicitor-client privilege.

e. Promote Innovation: New business structures and processes should be designed to promote innovation which may include, among other things, the adoption of technology and/or other business processes that will enable them to adapt to the legal services marketplace and to better serve the public.

f. Alignment of requirements with new directions taken: The Law Society's current rules and by-laws should be aligned with the objective to promote innovation and flexibility in the provision of legal services to the public. Rules and other requirements should be proportionate to the significance of the regulatory objectives.

g. Orderly Transition: The preferred alternative business structures or related solutions options should be amenable to an orderly and thoughtful transition to new regulatory models. Any plan for new structures or service models should be inclusive, responsible, and mindful of any necessary disruptions that may be occasioned.

h. Efficient and Proportionate Regulation: Any changes should improve the Law Society's ability to effectively protect and promote the public interest in competent and ethical practices, including appropriate responses to client complaints. Restrictions on who may provide legal services should be proportionate to the significance of the regulatory objectives.

65. The Working Group reviewed these criteria and determined that they remain relevant and appropriate, with two modifications. First, the Working Group considers that "competence" "integrity", and "service to the public good through client relationships and responsibilities to the administration of justice" should expressly be included among the indicia of "professionalism".[2] Second, it concludes that paragraph f. should be removed as innovation and proportionality are already stand-alone criteria.

66. As a result, the revised criteria to evaluate ABS are:
    a. Access to justice
    b. Responsive to the public
    c. Professionalism

[2] Chief Justice of Ontario Advisory Committee on Professionalism "Elements of Professionalism", online at: http://ojen.ca/sites/ojen.ca/files/sites/default/files/resources/third_colloquium_jim_varro.pdf, at page 10.

d. Protection of Solicitor-Client Privilege
e. Promote Innovation
f. Orderly Transition; and
g. Efficient and Proportionate Regulation.

67. As the Working Group indicated in its February 2014 Report, "not all criteria will apply to all options, or they may apply at different stages of the ABS project, however, where relevant, they are of assistance to ensure a comprehensive analysis."[3]

The Four Models

68. In the September 2014 Discussion Paper, the Working Group set out the Four Models as options for consideration as permissible regulatory structures, and issued the Discussion Paper to obtain feedback on whether the Law Society should undertake any change respecting ABS, particularly with respect to the degree to which non-licensees should be permitted ownership in the business structure and/or the extent to which non-legal services might be provided to clients within the business structure.

69. The Four Models, which were presented to stimulate discussion and which were not exhaustive,[4] offered different options on ownership levels and multidisciplinary practice, which are the two major policy issues arising in the consideration of ABS. Each of the Four Models would either permit minority ownership by non-licensees up to 49% or unrestricted ownership. Two of the models would permit the provision of both legal and non-legal services.

Non-Licensee Ownership Issues for Consideration

70. There are two main potential benefits to external ownership that the Four Models sought to explore: increased access to expertise, and increased access to capital.

71. New non-licensee owners can bring new expertise in areas such as marketing, new client development, design, project management, information technology or strategic planning.

72. Permitting non-licensee ownership increases access to capital. As the Working Group's prior Reports to Convocation note, with increased capital should come the increased ability to:
a. Invest in talent by hiring new licensees and non-legal staff, and/or rewarding key employees, including non-licensees;
b. Expand (through opening of new locations, acquiring other firms, and/or entering new practice areas);

[3] February 2014 Report to Convocation at para. 90.
[4] Discussion Paper at page 22.

c. Invest in knowledge management, technology, and business process innovations to enhance quality and/or scale operations; and
d. Otherwise market and professionalize the business processes of law.[5]

73. Franchise arrangements offer similar opportunities by allowing access through the franchise system to legal, technological, business and marketing expertise, processes and brand by franchise fee payments rather than through equity investment. Currently franchise arrangements are not permitted in Ontario under either the *Law Society Act* or the By-Laws. Traditional franchise arrangements involving non-licensee ownership likely offend various professional conduct rules, such as, for example, referral fee and fee sharing rules.

74. In England and Wales, Quality Solicitors provides an example. The potential benefits of franchise systems for licensees and the general public were first raised at the summer 2013 meetings with the professions and its October 2013 ABS Symposium.[6] The franchise model was expressly recommended by one response to the Discussion Paper.

75. However, as the Working Group recognized in its February 2015 Report to Convocation, most responses to the Discussion Paper expressed major concerns about introducing certain types of ABSs in Ontario, such as publicly listed law firms and other types of firms owned or controlled by non-licensees. Some were opposed to majority or unrestricted non-licensee ownership, but would consider relatively small minority ownership levels.

76. There were many different rationales provided by the professions as to why law firms with greater than 49% non-licensee ownership levels should be rejected for Ontario. The concerns and risks identified by the responses included the following:
a. External ownership emphasizing profits over professionalism (with detrimental effects potentially including decreases in pro bono initiatives, commoditization of legal work eroding the quality of the work, downloading significant responsibilities onto lower cost clerks or junior counsel, etc.);
b. Difficulties preserving client confidentiality and solicitor-client privilege due to pressure by non-licensee owners to learn about the firm's cases;
c. Increased risks of conflicts, including conflicts inherent to the structure of certain ABSs when they are owned by non-licensees (such as the example provided by Nick Robinson of the inherent conflict of having an insurance company own a law firm practicing in insurance related areas);[7]

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[5] February 2014 Report to Convocation at paras. 127-128.
[6] Iacobucci and Trebilcock, *An Economic Analysis of Alternative Business Structures for the Practice of Law*. Paper commissioned by the Law Society of Upper Canada for the Alternative Business Structures symposium held on October 4, 2013, online, <http://lsuc.on.ca/uploadedFiles/ABS-report-Iacobucci-Trebilcock-september-2014.pdf > at page 23.
[7] Nick Robinson, *When Lawyers Don't Get All the Profits: Non-Lawyer Ownership of Legal Services, Access and Professionalism,* (August 27, 2014). Harvard Law School Program on the Legal Profession Research Paper No. 2014-20, at page 21.

d. Market consolidation, which could, among other impacts, limit the choice of the public to counsel in certain areas.

77. Several responses cautioned that if any level of non-licensee ownership is permitted, regulation would be required to address areas where non-licensee ownership could create high risks of conflict of interest, such as in personal injury and real estate law.

Non-legal services

78. Two of the Four Models also presented options for providing non-legal services together with legal services. Ontario is well situated to consider further liberalization of the types of non-legal services which may be provided together with services provided by lawyers and paralegals. As the Working Group previously noted, [8] Multi-Discipline Practices ("MDPs") are already permitted in Ontario, enabling the combination of the provision of legal services and other professional services.[9] Further expanding the types of other services that may be provided to consumers of legal services would represent an incremental development.

79. By expanding on the MDP model, and combining it with greater access to capital, the Law Society could facilitate innovation, the development of more comprehensive and client-tailored services, and new means of addressing access to justice.

80. However, any Law Society effort to unlock gains from enhanced multidisciplinary structures must also consider the attendant risks, which primarily relate to avoiding conflicts of interest, protecting confidentiality and privilege, and protecting the independence of the legal service provider.

Discussion of the Four Models

81. The challenge in exploring ABS ownership models is how to maximize the benefits from external ownership and/or the provision of interdisciplinary services while minimizing regulatory risks. In addressing this challenge, the Working Group considered its criteria against the Four Models.

"Access to Justice" criterion

82. In its study of ABS, the Working Group has given significant consideration to the relationship between the introduction of ABS and access to justice. Its February 2014 Report considered this issue in detail, and noted, *inter alia*, the following:
a. Many legal needs are not being effectively met through existing business structures.

[8] June 2013 Interim Report to Convocation, footnote 2, online at <http://www.lsuc.on.ca/uploadedFiles/ABS-report-to-convocation-june-2013(1).pdf>.
[9] Law Society By-Law 7, Part III, Multi-Discipline Practices, online at <http://lsuc.on.ca/WorkArea/DownloadAsset.aspx?id=2147485808>.

b. Access to justice is a matter both of the costs of legal services currently being provided and of the legal needs that are not being served ("latent demand for legal services").
c. Enhancing existing practices could provide the public with better access to legal services. New business models could provide the public with new means of accessing legal services.

83. The Working Group concluded that:

> While it would be wrong to suggest that ABSs are a panacea, ABSs may play a part in addressing these legal needs. ABSs may also more efficiently serve these legal needs by allowing clients to better access existing legal services together with other needed services such as, for example, social work and psychological services.
>
> Permitting new models for the delivery of legal services and the practice of law is not the sole, nor likely the most important, solution to issues of access to justice. Lawyers and paralegals will still need to spend time to provide services for their clients, with an attendant cost. ABS models, however, have the potential to enhance access by providing new means of access in addition to the current models, and by providing lawyers and paralegals with additional means to gain efficiency and flexibility, with possible impacts on cost.[10]

84. In the Working Group's view, the potential that ABS may facilitate access to justice, even in a limited way, is a reason to continue to consider some type of ABS.

85. One of the access to justice challenges is that the legal nature of everyday legal problems frequently goes unnoticed by Ontarians. In enhanced multidisciplinary service settings, clients seeking assistance in non-legal areas may benefit from the "one stop shop" experience to learn about, and possibly benefit from, legal services available. Multidisciplinary ABSs could provide one avenue to attempt to address Ontario's unmet civil legal needs challenges.

86. Enhanced multidisciplinary structures may also facilitate access to justice by better serving clients' legal and non-legal needs. In family law in particular, as responses to the Discussion Paper indicated, there may be opportunities to combine family law services with related services such as financial and counselling services. These models could foster early resolution of disputes where possible, engaging legal, financial, counselling and other services as appropriate.

[10] February 2014 Report to Convocation at paras. 119-120.

87. As such, expanding the non-legal services available in a firm structure with appropriate regulatory controls could have positive access to justice impacts. This supports further consideration of interdisciplinary ABS models.

88. However, based on the experience to date in other jurisdictions, the likely access to justice impact does not appear to be sufficient to justify majority non-licensee ownership or effective control, for practices generally.

89. Professors Trebilcock and Iacobucci cautioned at the October 2013 ABS Symposium that introducing ABS options in Ontario likely would not cause dramatic change in how legal services are currently provided by law firms in Ontario.

90. Significant enhanced access to capital would not necessarily mean that innovation will facilitate access to justice. Changed ownership may not change the service delivery model. New investors may find existing well served areas of practice to be more attractive for investment than unserved or underserved areas. Investment in profitable areas of practice may simply result in shifting profits between service providers rather than cost reduction for clients.

91. The experiences in Australia and in England and Wales demonstrate that, while there have been ABSs which facilitate certain forms of access to justice, generally, non-lawyer ownership of law firms in those jurisdictions does not appear to have caused transformative change to facilitate access to justice. To date, ABS has not served as a major catalyst to spark transformative access to justice innovations by regulated entities. In fact, in many instances, non-regulated entities (such as LegalZoom, Axiom, and Neota Logic in the United States) have been major innovators.

92. The regulatory changes required to permit and the consequences of permitting non-lawyer ownership, or effective control, for any and all legal practices do not appear to be justified at least from the perspective of the potential access to justice benefits.

93. ABS is still unfolding in England and Wales, but given what the Working Group has observed to date there and in Australia, there does not appear to be sufficient evidence to warrant introducing transformative change to existing Ontario legal practices in an attempt to achieve major access to justice gains.

94. Access to justice objectives could, however, be pursued through more incremental changes. There are models arising in England and Wales in particular that might be appropriate for Ontario, and which might be achievable through some level of non-licensee minority ownership. Franchise models such as Quality Solicitors, for example, might offer access to justice and other benefits to Ontarians and licensees.

"Responsive to the public" criterion

95. Changes to law firm ownership rules could also lead to the delivery of new responsive means of delivering legal services to the public. While there are some more significant innovators, it is notable that most ABSs in Australia and in England and Wales are existing practices that have taken on limited non-lawyer ownership in order to innovate in ways that may be described as evolutionary rather than revolutionary. From this experience, it appears that innovation in legal service delivery does not depend on non-license majority ownership or control. It is not surprising that service innovation by existing practices is more likely to be gradual than transformative. On the other hand, more significant innovations do appear to be tied to substantial new investment.

96. Enhanced multidisciplinary practices could be more responsive to the public by offering new ways for the public to learn about and use legal services. The "one stop shop" model may also be efficient for consumers of legal and other services.

"Professionalism" criterion

97. The Working Group has heard concerns from some individuals that external ownership would necessarily emphasize profits over professionalism. However, the experiences in Australia and England and Wales to date show that the regulators have developed innovative approaches to safeguard the administration of justice and client interests, such as maintaining confidentiality and solicitor-client privilege, over the interests of shareholders. Similar regulatory structures could be implemented in Ontario to safeguard the unique professional obligations that lawyers and paralegals must fulfill in our justice system.

98. That said, the Working Group agrees that there is not yet sufficient evidence from other jurisdictions from which to make proper judgments about the effect of public ownership on professionalism. The Working Group is of the same view with respect to the effect of substantial market consolidation. While some consider that very large non-licensee owned law firms can deliver more effective and efficient services, others have expressed concern that professionalism will be impaired where individuals are served by such firms. The Working Group considers that the better course is to wait for further experience to develop in other jurisdictions before attempting to reach conclusions as to the effect of public ownership and consolidation on professionalism. In taking this approach, we have recognized that public ownership and consolidation appear to particularly arise in sectors, such as personal injury, where access to justice is more readily available.

99. The Working Group also agrees that the nature of the investor may affect the risk to professionalism. For example, casualty insurers in England have invested in personal injury law firms which could compromise the general approach taken in the representation of injured persons. The same issue is raised in real estate practice if other market participants, such as title insurers and mortgage lenders, were to acquire an interest in real estate practices. An inherent conflict could arise even from a minority interest in the law firm. The

Working Group therefore considers that any shift to permit some level of non-licensee ownership should be accompanied by restrictions that protect against inherent conflicts in certain areas of law. The issue of inherent conflict could also apply to franchises, if other market participants with an inherent conflict of interest came forward to establish a franchised network of legal (and possibly other) services.

100. The professionalism issues that may arise in interdisciplinary settings was addressed in the Working Group's February 2014 Report. At that time the Working Group acknowledged that an expanded MDP model may not be appropriate in all circumstances because there "may well be types of services that are inappropriate and likely to increase risk."[11]

101. Having benefitted from the thoughtful responses to its Discussion Paper, the Working Group remains of the view that enhanced multi-disciplinary models should be explored, with further consideration given to the types of services which might not be appropriate to offer in tandem with legal services.

"Protection of Solicitor Client Privilege" criterion

102. The Working Group notes the concerns raised that client confidentiality and solicitor-client privilege would be placed at risk in a firm with non-licensee ownership. While the Working Group continues to believe that appropriate regulatory structures can be developed to address these concerns, experiences in Australia and in England and Wales demonstrate that protecting client confidentiality and solicitor-client privilege in law firms that are majority owned or controlled by non-licensee owners requires significant regulatory resources. Based on currently available information, the benefits of broadly permitting such levels of non-licensee ownership do not appear to justify such intricate regulatory requirements.

103. The Working Group believes that further consideration should be given to whether more proportionate types of regulation might be tailored to permit structures with minority non-licensee ownership, and franchises. The Working Group queries whether such structures might enable licensees and the public to realize some of the benefits of ABS structures in a manner that protects confidentiality and solicitor-client privilege.

104. The Working Group does not have major concerns regarding maintaining solicitor client privilege in multi-disciplinary practices. The Law Society already permits Multi-Discipline Practice and Multi-Discipline Partnership models. Under these existing structures, lawyers and paralegals may form an MDP with professionals who practice a profession, trade or occupation that supports or supplements their services. This structure has not resulted in any difficulties in protecting solicitor-client privilege or client confidentiality. As noted above, however, expansion of the multidisciplinary model would require further consideration regarding how to address the risk of inherent conflicts arising, such as prohibiting some specific combinations of services.

[11] February 2014 Report to Convocation at para. 156.

"Promoting Innovation" criterion

105. A key component of ABS is the potential to facilitate innovation, both for access to justice and to enhance the delivery of legal services generally. Indeed, innovation is a necessary driver of advancing access to justice and responsiveness to the public. While many have fairly observed that transformative change has not been experienced as a result of permitting ABS, it does appear that increased innovation has occurred both by ABSs and in reaction to ABSs.

106. The recent *2015 Innovation in Legal Services Report* for the Solicitors Regulatory Authority and the Legal Services Board recently conducted the largest study of innovation of legal services of its kind. It concluded that "All else being equal, ABS Solicitors are 13-15% more likely to introduce new legal services." [12] It concludes that "The implication is that the wider adoption of ABS status would be likely to increase the range of legal services on offer."[13]

107. The study noted that the "major effects of innovation are in extending service range, improving quality, attracting new clients, and improved tailoring of services."[14] This research therefore suggests that ABS models appear to be the structures that are more likely to bring about such enhancements to the delivery of legal services.

108. However, in England and Wales, the shift towards ABS has been resource intensive for the regulator. To date there are fewer than 500 ABS entities in a market of over 15,000 providers.[15]

109. Moreover, the type of innovations occurring are generally moderate. As the *2015 Innovation in Legal Services Report* noted:

> Innovation is more often than not incremental in nature with very few providers consider[ing] themselves to be radical innovators […] Overall, the impression is of a profession in which ideas for new services and new ways of working are internally generated and rarely radical in nature.[16]

110. Perhaps most importantly from the Working Group's perspective, the innovation observed to date has focused on areas where legal needs are now being served. The Chair of the

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[12] Roper, Love, Reiger and Bourke, *Innovation in legal services: A report for the Solicitors Regulation Authority and the Legal Services Board,* July 2015, online: <https://research.legalservicesboard.org.uk/news/innovation-in-legal-services-2015/> ["*2015 Innovation in Legal Services Report*"] at page 4.
[13] *Ibid.*
[14] *Ibid*.
[15] Neil Rose, *The innovation game,* Legal Futures, July 7, 2015, online: <http://www.legalfutures.co.uk/blog/the-innovation-game>.
[16] *2015 Innovation in Legal Services Report*, at

Legal Services Board has stated that he is "disappointed" that there has been little evidence of legal services providers trying to meet unmet legal needs.[17]

111. Although ABSs appear to be innovating more than their non-ABS counterparts, the Working Group is of the view that it is too early to determine whether the levels of innovation taking place in England and Wales support a shift to majority or controlling non-licensee ownership of traditional law firms in Ontario.

112. Nevertheless, the Working Group believes that there are other types of ABS models which warrant exploration and assessment. Consideration should be given to whether a shift to some level of minority non-licensee ownership can facilitate innovation by access to new expertise and additional capital. This is consistent with the observation that innovation by existing practices is likely to be evolutionary and in respect of existing service provision rather than transformative and in unserved areas.

113. It is significant that there is significant ABS innovation occurring in England and Wales involving not-for-profit organizations. For example, a trade union, the British Medical Association, and a charity are all providing legal services through ABSs.

114. Unionline is an ABS that was created by two unions, in order to provide legal services to nearly one million union members. It has a legal advice helpline, provides certain legal services in-house, and will use the unions' existing panel law firms to serve as the ABS's agents to deliver more complex legal services to union members.[18] Similarly, the British Medical Association set up an ABS to provide a "one-stop shop" to its 154,000 members.[19]

115. As one response to the Discussion Paper highlighted, in Australia the Salvation Army owns two firms. Salvos Legal offers commercial and property legal services. The fees from this practice support its humanitarian law practice, Salvos Legal Humanitarian. Salvos Legal Humanitarian operates as a charity, and provides free legal advice and legal services to vulnerable populations. It has provided legal service in over 7,600 cases.[20] It does so while recognizing client confidentiality, and taking steps to avoid conflicts of interest.[21]

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[17] Neil Rose, *ABSs delivering on the promise of innovation, major research concludes,* Legal Futures, July 7, 2015 online: <www.legalfutures.co.uk/latest-news/abss-delivering-on-the-promise-of-innovation-major-research-concludes>.
[18] Neil Rose, *Leading trade unions make ABS play,* Legal Futures, May 23, 2014, online: <http://www.legalfutures.co.uk/latest-news/leading-trade-unions-make-abs-play>.
[19] Neil Rose, *The solicitor will see you now: British Medical Association sets up ABS for doctors,* Legal Futures, May 6, 2015, online: <http://www.legalfutures.co.uk/latest-news/the-solicitor-will-see-you-now-british-medical-association-sets-up-abs-for-doctors>.
[20] Salvos Legal, *A brief introduction,* online: <http://www.salvoslegal.com.au/about_us>.
[21] Salvos Legal, *Humanitarian,* online: <http://www.salvoslegal.com.au/our_services/humanitarian>.

116. Salvos Legal Humanitarian describes its clients and approach as follows:

> Almost all of the people whom Salvos Legal Humanitarian act for are on Government pensions or are from low income backgrounds and have been unable to access Legal Aid. Certainly none of these people could afford a Lawyer to act on their behalf and in most cases without one, they would very likely be unable to properly fight for their rights in Court.
>
> Salvos Legal Humanitarian has also assisted many families from war-torn and troubled nations around the world to be reunited and to come to a peaceful new home here in Australia.
>
> The aim of Salvos Legal Humanitarian is not only to exist as a law firm. We recognise that the clients who come to us don't only have a legal need but that there are often other complicating factors in their lives.
>
> To this end, Salvos Legal Humanitarian exists to be able to help our clients with their legal needs and to help them engage with other Salvation Army social and pastoral services, such as drug & alcohol recovery, employment assistance, welfare, counselling, financial management and aged care.
>
> Salvos Legal Humanitarian exists to give people a helping hand when they need it most.[22]

117. England and Wales also permits legal franchises, such as Quality Solicitors, which provide another means of delivering legal services to clients. Quality Solicitors is a network of local law firms. It has over 200 branches, and makes services accessible through telephone and online access points and extended hours. It provides certain fixed fee services, and up front cost estimates for other legal services. It focuses on legal issues facing individuals, as well as business services.[23]

118. These innovations through ABSs are aimed at providing affordable, accessible legal services. The Working Group is of the view that certain types of ABS may facilitate innovation in the provision of legal services in Ontario, and that this is an important consideration for the future delivery of legal services to those who are currently not served or underserved and in circumstances where geography can affect access to services.

119. Inviting licensees to consider working with a broader range of non-licensees than currently permitted would likely also initiate and facilitate innovation.

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[22] *Ibid.*
[23] See Quality Solicitors online at <http://www.qualitysolicitors.com/>.

"Orderly Transition" criterion

120. The Working Group agrees that preferred ABS models would need to be introduced in a manner that is mindful of any disruption that a new scheme may cause. Permitting majority non-licensee ownership would represent a major change, requiring significant resources to implement, including legislative reform. The Working Group considers that this criterion militates against implementation of majority or controlling non-licensee ownership levels.

121. On the other hand, some level of minority non-licensee ownership should require more gradual and less resource intensive work to implement. Moreover, and as noted above, a shift towards broader multidisciplinary practice options represents an incremental next step from the current MDP model, which should facilitate an orderly transition to a new regulatory framework.

"Efficient and Proportionate Regulation" criterion

122. As described above, the Working Group is concerned that a shift to generally permitting non-licensee majority ownership or control likely creates disproportionate regulatory complexity and risk when weighed against the likely benefits as currently observed through the ABS experiences in Australia and England and Wales to date.

123. The Working Group also has concerns that a shift to majority external ownership would, if circumstances warranted, be difficult to reverse. For example, it would be difficult, if not impossible, to replace equity investment in a publicly listed law firm, or majority non-licensee owners of a law firm. Indeed, it might not be possible to do so. Replacing minority ownership interests would not present the same degree of difficulty, and could presumably be replaced with licensee equity or with new debt financing.

124. Generally permitting non-licensee majority ownership or control would create a more complex environment with different risks including with respect to supervision, control and liability. Consideration of the issue of client protection through financial assurance would be necessary and would be potentially complex both in terms of minimum mandatory insurance levels as well as coverage where the practice ceases to operate. The burden of designing and implementing new approaches to financial assurance is a regulatory cost to be considered in the balance.

125. In addition, as described in the *Professionalism* section above, the Australian and England and Wales experiences demonstrate that when 100% non-lawyer ownership occurs, there has been significant market consolidation in the personal injury sector. However, the long term impact of consolidation, both positive and negative, is uncertain. It is difficult to imagine reversing market consolidation if the long term impact is unfavourable. Waiting for evidence to develop in other jurisdictions before making irreversible decisions appears to be the prudent course where the net advantage of broad change is not yet apparent.

126. The Working Group recognizes that while there may be opportunities to expand the range of services provided with legal services through ABSs, there may be circumstances where regulatory risk would necessitate restrictions. For example, a service that offers real estate brokerage, mortgage lending or title insurance and related legal services would create inherent conflicts with the interests of real estate clients. A company specializing in funding bail bonds also offering criminal defence services would also create inherent conflicts. However, the Working Group is of the view that there may be an opportunity to achieve the numerous benefits that may derive from offering legal services and non-legal services together to the public, in a manner that proportionately regulates the accompanying risks.

Summary

127. The Working Group evaluated the Four Models in its Discussion Paper based on the criteria established to consider ABSs. Based on the above considerations, which were informed by the responses it received to its Discussion Paper, the Working Group is of the view that majority or controlling non-licensee ownership should not be examined further at this time for traditional law firms. Such non-licensee ownership levels do not appear to be warranted based on current information when the potential benefits to such external ownership levels are weighed against the regulatory risks and regulatory proportionality.

128. While the Working Group does not rule out the potential of majority non-licensee ownership or control of traditional law firms at some later date, it does not intend to address this more fundamental structural shift at this time. Rather, the Working Group considers that waiting for further evidence from other jurisdictions to develop is the better approach.

Exploring More Targeted ABS Models

129. Having concluded that generally permitting non-licensee majority ownership or control of traditional law firms should not be further examined at this time, the Working Group considers it appropriate to explore and assess a subset of ABS models which might be applicable to Ontario.

(a) Non-Licensee Minority Ownership of Law Firms and Entities

130. The Working Group considers that appropriate levels of non-licensee minority ownership of law firms and entities, including those offering expanded multi-disciplinary services, should be explored and assessed. This would include considering whether introducing some level of minority ownership with appropriate regulation may facilitate ABS benefits.

131. With respect to expanded multi-disciplinary services, the Working Group believes that criteria should be established that would assist in determining which multidisciplinary structures would present unacceptably high regulatory risk taking into account the inherent conflicts and other regulatory issues that arise in specific areas of law.

132. The experience in Australia and in England and Wales is that most ABSs are traditional legal practices that have taken on minority non-lawyer ownership. Minority non-licensee ownership of traditional practices appears to be associated with increased innovation but has not given rise to regulatory issues or the issues raised by publicly owned ABSs or ABSs owned or controlled by non-licensees.

133. While the Working Group is aware of innovations among licensees who are offering new ways to meet the legal needs of individual and corporate clients, it seems appropriate for the Law Society to find ways to encourage further innovation through proportionate regulation.

(b) Franchise Models

134. Similarly the Working Group considers that franchise models should be explored and assessed. Like minority non-licensee ownership of law firms and entities, a franchise model may offer opportunities to traditional practices to innovate, enhance competency, enable a more dedicated focus on the practice of law rather than the business of law and encourage licensees to develop new legal services.

135. For example, a law firm franchisee may benefit from back office support, enhanced referral networks, marketing, and access to specialized expertise. Enabling licensees to access services and expertise through a franchise arrangement without effective loss of control of their practices could be in the public interest, without appearing to raise the regulatory and other issues raised by majority non-licensee ownership models.

(c) ABS+ : Civil Society ABS Owners to Facilitate Access to Justice

136. The Working Group also believes that an ABS+ approach which could permit greater external ownership levels to civil society entities to facilitate access to legal services merits consideration.

137. Some responses to the Working Group's Discussion Paper suggested that ABS regulation could be developed in a manner to facilitate access to justice and those most in need of legal services. One submission coined the phrase "ABS+". An ABS+ regulatory approach would build on the following statement by Nick Robinson that was adopted by many responding to the ABS Discussion Paper:

> For policymakers the goal should not be deregulation for its own sake, but rather increasing access to legal services that the public can trust delivered by legal service providers who are part of a larger legal community that sees furthering the public good as a fundamental

> commitment. Carefully regulated non-lawyer ownership may be a part of achieving this larger goal, but only a part.[24]

138. Although ABS efforts in Australia and England and Wales have not yet led to systemic transformation, there are nevertheless practices which have emerged to provide legal assistance to vulnerable persons, such as Salvos Legal Humanitarian, described above.

139. The adoption of ABS in Australia and in England and Wales was not intended to facilitate access to justice *per se*. Yet, as the Salvos Legal Humanitarian example demonstrates, ABS created an opportunity for new means of delivering legal services to marginalized, vulnerable populations.

140. The Working Group recognizes that there may be an opportunity to build on the Australia and England and Wales experience in a way that expressly seeks to harness ABS as one means of addressing the major access to justice issues facing Ontario.[25]

141. Specifically, the Working Group intends to consider whether there may be circumstances where permitting non-licensee ownership from the civil society sectors would open new opportunities for the delivery of legal services, or encourage new ways of delivering legal services to those who are currently unable to access legal services. The issue for the Working Group is whether certain civil society entities, such as charities, not-for-profits, and trade unions, should have the ability, subject to conditions, to own a law firm in order to better serve the needs of those they serve.

142. External ownership by particular civil society groups may be one way of leveraging non-legal networks and expertise to facilitate access to legal services provided by licensees.

143. In addition to changes in ownership levels, the “one stop shop” model, if adopted by civil society organizations, might enable those they serve to access legal services at the same time that they access other services or resources.

144. The Working Group therefore intends to consider eligibility criteria, and how an ABS+ regulatory structure could facilitate access to justice while protecting core professional values.

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[24] Robinson, at page 53.

[25] For a description of the access to justice issues in Ontario, see generally the Working Group’s February 2014 Report to Convocation, as well as the February 2014 Report of the Treasurer’s Advisory Group on Access to Justice Working Group, online at: <http://lsuc.on.ca/uploadedFiles/For_the_Public/About_the_Law_Society/Convocation_Decisions/2014/convfeb2014_TAG_no_appendices.pdf>.

(d) ABS+ : Promoting Innovation where legal services are not generally being provided by lawyers and paralegals

145. Certain innovations are occurring outside what may be described as the "regulatory sphere". The *Law Society Act* provides that, except as permitted by the Law Society, only licensees may provide "legal services" which is a broadly defined term. Section 1(5) of the Act provides that "a person provides legal services if the person engages in conduct that involves the application of legal principles and legal judgment with regard to the circumstances or objectives of a person". Given the broad definition of legal services and the few exceptions to the licensing requirement, the regulated sphere is very wide but is not fully served by licensees.

146. Certain services are already readily available in Ontario, but are operating outside or on the margins of the regulated sphere. As certain responses to its Discussion Paper note, major disruptive innovations occurring outside of the regulated sphere from outside Ontario are expected to eventually come to Ontario.

147. Moreover, in 2015 Ontario became the home to two legal innovation zones, which will facilitate the development of "radical" or "disruptive" innovations to the provision of legal services. Ryerson launched its Legal Innovation Zone ("LIZ") in 2015. It is "Challenging the status quo of Canada's legal system". Its goal is to "foster, support and develop innovative solutions and technologies that will help make Canada's legal system smarter, faster, better and more accessible."[26] In launching Ryerson's LIZ, Ryerson President Sheldon Levy stated "Who knows what the Uber of law will be? No one knows what that will be. But if it happens, I am absolutely sure that it will be here."[27]

148. Toronto's MaRS Discovery District launched The MaRS LegalX cluster in 2015, which it describes as follows:

> The MaRS LegalX cluster team is dedicated to moving the legal sector forward through enterprises — whether startup or established corporates and law firms. Working at the intersection of high-growth ventures, technology, design and the legal industry, LegalX connects the technologists, designers, engineers and lawyers who are driving change.[28]

149. The Working Group is well aware of the rapid changes taking place in the legal sector, primarily due to technological innovations. Ross Intelligence, for example, is developing a

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[26] The Legal Innovation Zone at Ryerson, online: < http://www.legalinnovationzone.ca/>.
[27] Will Sloan, *Right brain meets left brain at Legal Innovation Zone,* Ryerson University, May 5, 2015, online at: <www.ryerson.ca/news/news/General_Public/20150504-right-brain-meets-left-at-legal-innovation-zone.html>.
[28] MaRS LegalX Cluster, online: <www.marsdd.com/our-sectors/information-and-communications-technology/legalx-cluster/#mailinglist>.

"digital legal expert" that is powered by Watson, IBM's "cognitive computer".[29] The company, which grew out of a University of Toronto / IBM student competition, now has the support of Dentons, a global law firm with offices in Ontario.[30] Just as disruptive technology may enter Ontario's legal services markets, Ontario based disruptive technologies could enter Ontario's legal services markets, and permeate globally.

150. Two issues broadly arise. The first is that the providers outside of the regulated sphere may be well positioned, if permitted, to provide legal services that are not currently being provided. The second is that the public interest may be served by allowing new providers into the regulated sphere thereby permitting supervision in the public interest. The question is what the Law Society should do to proactively consider their impacts, assess their merits for Ontario's legal services market and the public interest implications of allowing that to happen.

151. While the Working Group reaffirms its view, first expressed in its February 2014 Report, that these issues be considered separate from consideration of ABS, there is merit in considering whether permitting alternative business structures in unserved and underserved areas usefully addresses these issues.

NEXT STEPS

152. At this point, the Working Group has fulfilled much of the mandate established for its work under its Terms of Reference and by subsequent decisions of Convocation. It has:

a. Informed itself on developments in Canada and abroad on new and existing alternative legal service delivery models and structures, financing arrangements, and the related regulatory process (Terms of Reference (a));
b. Considered these developments in light of regulatory requirements and developed criteria to assess and prioritize these new models and structures (Terms of Reference (b)); and
c. Followed a Work Plan in order to conduct an initial assessment of the impacts of potential ABS arrangements that could be explored, held a high level consultation (as well as other educational and outreach initiatives), and reported its findings to Convocation (Terms of Reference (d)).

153. The Working Group has carefully considered majority non-licensee ownership and control as well as different levels of multidisciplinary and now reports its conclusions to Convocation having explored, assessed and consulted in accordance with the Terms of

[29] Ross Intelligence, online: <http://www.rossintelligence.com/>.
[30] Jeff Gray, *UofT students' artificially intelligent robot signs with Dentons law firm,* The Globe and Mail, August 9, 2015, online: <http://www.theglobeandmail.com/report-on-business/industry-news/the-law-page/u-of-t-students-artificially-intelligent-robot-signs-with-dentons-law-firm/article25898779/>.

Reference in this regard. The Working Group intends to continue its work in accordance with the Terms of Reference as described above.

154. Specifically, the Working Group will monitor on-going ABS developments in Canada and abroad (Terms of Reference (a)) and continue to determine a range of legal service delivery models and economic arrangements that should be explored in more depth and the existing regulatory constraints on delivery models and economic arrangements (Terms of Reference (c)). This exploration will necessarily include consideration of the current regulatory structure and the related Rules and By-Laws regarding fee-sharing, referral fees, direct supervision and ownership restrictions, using the lens of proportionate regulation for the risk the regulatory structure seeks to mitigate.

155. The Working Group in particular will consider minority ownership by non-licensees in law practices, with attention paid to implications for certain areas of law, possible franchise arrangements, and a potential expanded multi-discipline practice scheme to be considered and discussed with the professions. In addition, the Working Group will consider majority ownership by civil society organizations focused on facilitating access to justice and discussed with civil society sectors and with the professions. The Working Group will consider potential alternative business structures in unserved and underserved areas to be considered and discussed with the professions and other interested parties.

156. The Working Group will continue to consider and apply the criteria set above and continue to pay close attention to the potential benefits and costs/risks and rewards of alternatives under consideration.

TERMS OF REFERENCE OF THE LAW SOCIETY OF UPPER CANADA WORKING GROUP ON ALTERNATIVE BUSINESS STRUCTURES

On September 27, 2012, the Working Group reported its Terms of Reference to Convocation. These Terms of Reference provide that the Working Group will

(a) inform itself on developments in Canada and abroad on new and existing alternative legal service delivery models and structures, financing arrangements, and the related regulatory process;

(b) consider these developments in light of regulatory requirements and develop a set of criteria to assess the prioritize these new models and structures. Criteria may include access to the services by the public (access to justice), public protection (risk assessment of various models), and other principles that inform the Law Society's public interest mandate, including the requirement that standards of professional conduct be proportionate to the significance of the regulatory objectives sought to be realized; and

(c) determine the range of legal service delivery models and financing arrangements that should be explored and examine the existing regulatory constraint s on delivery models and financing arrangements;

(d) create a Work Plan that will include identification of the legal services delivery models and regulatory changes that should be considered by the Law Society for possible implementation based on

    (i) an initial assessment of their impacts based on the criteria developed earlier;

    (ii) a high level consultation; and

    (iii) report the results of its work to Convocation, including, as appropriate, proposals and recommendations for next steps.

The Law Society of Upper Canada | Barreau du Haut-Canada

TAB 3

Report to Convocation
September 24th, 2015

Paralegal Standing Committee

Committee Members
Michelle Haigh, Chair
Susan McGrath, Vice-Chair
Marion Boyd
Robert Burd
Cathy Corsetti
Janis Criger
Brian Lawrie
Marian Lippa
Malcolm M. Mercer
Barbara Murchie
Baljit Sikand
Catherine Strosberg
Anne Vespry

Purpose of Report: Decision and Information

Prepared by the Policy Secretariat
Julia Bass 416 947 5228

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Paralegal Annual Report ..... **TAB 3.4**

Reports for Information..... **TAB 3.5**

COMMITTEE PROCESS

1. The Committee met on September 9th, 2015. Committee members present were: Michelle Haigh (Chair), Susan McGrath (Vice-Chair), Marion Boyd, Robert Burd, Cathy Corsetti, Janis Criger, Brian Lawrie, Marian Lippa (by telephone), Malcolm Mercer, Barbara Murchie, Catherine Strosberg and Anne Vespry.

2. Staff in attendance were: Terry Knott, Diana Miles, Lesley Cameron, Allison Cheron, Naomi Bussin, Eric Smith and Julia Bass.

THIS SECTION CONTAINS

IN CAMERA MATERIAL

TAB 3.2

FOR DECISION

AMENDMENTS TO *PARALEGAL RULES OF CONDUCT*: TRANSFERRING PARALEGALS

Motion

24. **That Convocation approve the amendments to the Paralegal Rules regarding Transferring Paralegals shown at TAB 3.2.1, to be consistent with the rule changes for lawyers approved by Convocation in June 2015.**

Rationale

25. The changes approved in June were developed to accord with changes to the Model Code of Professional Conduct adopted by the Federation of Law Societies of Canada. Convocation has adopted the policy that the Paralegal Rules should be consistent with the lawyers' Rules to the extent possible. These changes were approved for the lawyers' Rules on the basis that they would provide a more principled and straightforward approach to the potential conflict of interest issues raised when a licensee transfer from one firm to another. A clean copy of the proposed amendments is shown at **TAB 3.2.2.**

DISCUSSION

Principles Underlying Amendments to Lawyers' Rules

26. The guiding principle underlying the redrafted Rules in this area is that there should be no use of confidential information that would prejudice the client. The changes made by the Federation's Standing Committee create a more practical framework for the safeguarding of confidential information, resulting in the deletion of the previous wording and its replacement with a simpler and more principled approach.

27. The Rules make it clear that only actual possession of confidential information is caught by the Rule. Knowledge of confidential information will not be imputed so as to disqualify.

28. The amendments approved by Convocation in June revised both the Lawyers' Rules and the accompanying Commentary. The changes in the rules have been generally followed in the proposed changes to the Paralegal Rules shown at **TAB 3.2.1**. The accompanying changes to the Commentary will be incorporated into the Paralegal Guidelines – this draft is still being prepared and will be completed in the next few weeks.

TAB 3.2

Summary of changes to the Lawyers' Rules

29. The amendments to the lawyers' Rules and Commentary approved in June include,
    a. a new rule and commentary providing that when a lawyer transfers from one law firm to another, the lawyer may disclose confidential client information in circumstances where it is necessary in order to detect and resolve a conflict of interest;
    b. new commentary providing that only actual and not imputed knowledge of confidential information gives rise to disqualification;
    c. new commentary regarding reasonable measures to be implemented by the new law firm to protect confidential information;
    d. a reference to disclosure of confidential information in situations where a lawyer is considered for hiring;
    e. a redrafted Rule providing guidance on lawyer due diligence for non-lawyer staff;
    f. amendments to the rule providing that the transfer provisions do not apply where the transfer involved is within a government.

Proposed Amendments to Paralegal Rules

30. The Paralegal Rules governing conflicts are generally consistent with the lawyers' Rules. To maintain consistency, the following changes are recommended.

Reasonably Necessary Disclosure

31. The recommended new Rule 3.03, in the provisions governing Confidentiality, would clarify that when a paralegal transfers from one firm to another, the paralegal may disclose confidential client information "to the extent reasonably necessary to detect and resolve conflicts of interest" that may arise as a result of the transfer, provided the disclosure does not prejudice the client.

Reasonable Measures

32. The recommended amendment to Rule 3.05 (2) regarding Law Firm Disqualification would clarify that a firm may not be required to cease representation if all reasonable measures have been taken to ensure that there will be no disclosure of confidential client information.

Due Diligence for staff

33. The recommended new Rule would provide that a transferring paralegal shall exercise due diligence in ensuring that each member and employee of the new firm complies with the rules and does not disclose confidential information.

TAB 3.2

Government employment

34. A recommended new Rule 3.05 (1.1) would provide that the transfer rules do not apply to a transfer within a government.

Accompanying Provisions to be added to the Paralegal Guidelines

Imputed Knowledge

35. The Commentary to Rule 3.4-18 of the lawyers' Rules was amended to clarify that actual, rather than imputed, knowledge is the subject of the Rule. The Paralegal Guidelines should be amended in the same manner.

Guidance in Hiring

36. Commentary to Rule 3.4-20 of the lawyers' Rules provides guidance intended to assist law firms in determining if a conflict of interest exists when hiring a lawyer from another firm. These matters were previously addressed in the Commentary to Rule 3.4-23. Consistent wording should be incorporated into the Paralegal Guidelines.

TAB 3.2.1

PROPOSED AMENDMENTS REDLINED

3.03 CONFIDENTIALITY

Justified or Permitted Disclosure

(10) a paralegal may disclose confidential information to the extent reasonably necessary to detect and resolve conflicts of interest arising from:

(a) the paralegal's change of employment or

(b) changes in the composition or ownership of a paralegal firm,

but only if the information disclosed does not compromise client confidentiality or otherwise prejudice the client.

3.05 CONFLICTS OF INTEREST - TRANSFERS

Interpretation and Application of Rule

3.05 (0.1) In rule 3.05,

"matter" means a case, a transaction, or other client representation, but within such representation does not include offering general "know-how" and, in the case of a government paralegal, providing policy advice unless the advice relates to a particular client representation.

Application of Rule

3.05 (1) ~~This r~~Rules 3.05 (2) to 3.05 (7) applyes ~~where~~ when a paralegal transfers from one paralegal firm ("former ~~paralegal~~ firm") to another ("new ~~paralegal~~ firm"), and ~~either the transferring paralegal or the new paralegal firm is aware at the time of the transfer or later discovers that,~~

(a) the transferring paralegal or the new firm is aware at the time of the transfer or later discovers it is reasonable to believe the transferring paralegal has confidential information relevant to the new firm's matter for its client; or

(b) the transferring paralegal or the new firm is aware at the time of the transfer or later discovers that

(i) the new paralegal firm represents a client in a matter that is the same as or related to a matter in which the former paralegal firm represents or represented its client ("former client");

(b) the interests of those clients in that matter conflict; and

(c) the transferring paralegal actually possesses relevant information respecting that matter.

3.05 (1.1) Rules 3.05 (2) to 3.05 (7) do not apply to a paralegal employed by the federal, a provincial or territorial government who, after transferring from one department, ministry or agency to another, continues to be employed by that government.

Paralegal Firm Disqualification

(2) If ~~a~~the transferring paralegal actually possesses confidential information relevant to a matter respecting a former client that ~~is confidential and that, if disclosed to a paralegal in the new paralegal firm,~~ may prejudice the former client if disclosed to a members of the new firm~~,~~, the new ~~paralega~~l firm shall cease its representation of its client in that matter unless

(a). ~~unless~~ the former client consents to the new ~~paralegal~~ firm's continued representation of its client; or

(b) the new ~~paralega~~l firm has ~~establishes that it is in the interests of justice that it continue to represent the client.~~

(i) taken reasonable measures to ensure that there will be no disclosure of the former client's confidential information by the transferring paralegal to any member of the new firm; and

(ii) advised the paralegal's former client, if requested by the client, of the measures taken.

~~(3) In deciding whether or not it is appropriate to continue to act for a client, the new paralegal firm shall consider all the circumstances including,~~

~~(a) the adequacy and timing of the measures taken to ensure that no disclosure to any paralegal of the new paralegal firm of the former client's confidential information will occur;~~

~~(b) the availability of suitable alternative representation;~~

~~(c) the measures taken to ensure that no disclosure of the former client's confidential information, to any paralegal in the new paralegal firm, will occur;~~

~~(d) the extent of any prejudice to any party;~~

~~(e) the good faith of the parties; and~~

~~(f) issues affecting the public interest.~~

~~(4) If a transferring paralegal actually possesses relevant information respecting a former client but that information is not confidential information as described in subrule (2), the paralegal shall execute an affidavit or solemn declaration to that effect, and the new paralegal firm shall,~~

~~(a) notify its client and the former client, or if the former client is represented in that matter by a licensee, notify that licensee, of the relevant circumstances and its intended action under this rule; and~~

~~(b) deliver to the persons referred to in clause (a) a copy of the paralegal's affidavit or solemn declaration executed under this subrule.~~

Transferring Paralegal Disqualification

(~~3~~5) Unless the former client consents, a~~A~~ transferring paralegal described in subrule (2) or (4) shall not, ~~unless the former client consents,~~

(a) participate in any manner in the new paralegal firm's representation of its client in that matter; or

(b) disclose any confidential information respecting the former client.

(~~4~~6) Unless the former client consents, members of the new firm shall not ~~No paralegal in the new paralegal firm shall, unless the former client consents~~, discuss the new firm's representation of its current client or the former firm's representation of the former client in that matter with a transferring paralegal described in subrules (2) or (4) except as permitted by rule 3.03. ~~the new paralegal firm's representation of its client or the former paralegal firm's representation of the former client in that matter~~.

(~~7~~5) Anyone who has an interest in, or who represents a party in, a matter referred to in this rule may apply to a tribunal of competent jurisdiction for a determination of any aspect of this rule.

Paralegal Due Diligence for non-licensee staff

3.05 (6) A transferring paralegal and the members of the new firm shall exercise due diligence in ensuring that each member and employee of the paralegal's firm, and all other persons whose services the paralegal or the firm has retained

(a) comply with Rule 3.05; and
(b) do not disclose confidential information of

(i) clients of the firm, or

(ii) any other paralegal firm in which the person has worked.

TAB 3.2.2

RULE CHANGES: TRANSFERRING PARALEGALS

3.03 Confidential Information

[NEW] (10) A paralegal may disclose confidential information to the extent reasonably necessary to detect and resolve conflicts of interest arising from:

(a) the paralegal's change of employment or
(b) changes in the composition or ownership of a paralegal firm,

but only if the information disclosed does not compromise client confidentiality or otherwise prejudice the client.

3.05 CONFLICTS

Conflicts from Transfer between Firms

Interpretation and Application of Rule

[NEW] 3.05 (0.1) In rule 3.05,

> "matter" means a case, a transaction, or other client representation, but within such representation does not include offering general "know-how" and, in the case of a government paralegal, providing policy advice unless the advice relates to a particular client representation.

3.05 (1) Rules 3.05 (2) to 3.05 (6) apply when a paralegal transfers from one paralegal firm ("former firm") to another ("new firm"), and

(a) the transferring paralegal or the new firm is aware at the time of the transfer or later discovers it is reasonable to believe the transferring paralegal has confidential information relevant to the new firm's matter for its client; or

(b) the transferring paralegal or the new firm is aware at the time of the transfer or later discovers that

(i) the new firm represents a client in a matter that is the same as or related to a matter in which the former firm represents or represented its client ("former client");

(ii) the interests of those clients in that matter conflict; and

(iii) the transferring paralegal actually possesses relevant information respecting that matter.

[NEW] 3.05 (1.1) Rules 3.05 (2) to 3.05 (7) do not apply to a paralegal employed by the federal, a provincial or territorial government who, after transferring from one department, ministry or agency to another, continues to be employed by that government.

Paralegal Firm Disqualification

3.05 (2) If the transferring paralegal actually possesses confidential information relevant to a matter respecting the former client that may prejudice the former client if disclosed to a member of the new firm, the new firm shall cease its representation of its client in that matter unless

a. the former client consents to the new firm's continued representation of its client; or

b. the new firm has

(i) taken reasonable measures to ensure that there will be no disclosure of the former client's confidential information by the transferring paralegal to any member of the new firm; and
(ii) advised the paralegal's former client, if requested by the client, of the measures taken.

Transferring Paralegal Disqualification

3.05 (3) Unless the former client consents, a transferring paralegal referred to in subrules (2) or (4) shall not,

a. participate in any manner in the new firm's representation of its current client in the matter; or
b. disclose any confidential information respecting the former client except as permitted by Rule 3.03.

3.05 (4) Unless the former client consents, members of the new firm shall not discuss the new firm's representation of its current client or the former firm's representation of the former client in that matter with a transferring paralegal referred to in subrules (2) or (4) except as permitted by Rule 3.03.

Paralegal Due Diligence for non-licensee staff

[NEW] 3.05 (6) A transferring paralegal and the members of the new firm shall exercise due diligence in ensuring that each member and employee of the paralegal's firm, and all other persons whose services the paralegal or the firm has retained

(a) comply with Rule 3.05; and
(b) do not disclose confidential information of
(i) clients of the firm, or
(ii) any other paralegal firm in which the person has worked.

TAB 3.3

FOR INFORMATION

PARALEGAL GUIDELINES RE LIMITED SCOPE RETAINERS

37. In June, Convocation approved the addition of new provisions to the Commentary to the lawyers' *Rules of Professional Conduct* regarding limited scope retainers, as recommended by the Professional Regulation Committee. The Paralegal Standing Committee has now approved similar additions to the Paralegal *Guidelines*, at **TAB 3.3.1.** (Unlike the Rules, the Guidelines do not require the approval of Convocation).

38. Limited Scope Retainers, also known as "unbundling" or limited representation, involve a paralegal taking on part of a legal matter without the expectation that the paralegal represent the client for the entire proceeding.

39. The new wording,
    a. Advises that a paralegal should consider confirming in writing with the client when the limited scope retainer is complete, and consider providing notice to the tribunal of the completion of the retainer;
    b. Moves the wording regarding the provision of limited scope retainers to a client with diminished capacity;
    c. Cautions the paralegal to be careful not to mislead a tribunal as to the scope of a retainer, and to consider whether disclosure of the limited nature of the retainer is required by the rules of practice or by the circumstances, and
    d. Advises the paralegal to consider whether it may be necessary to obtain instructions from his or her client before disclosing the retainer to a tribunal, or to an opposing party or counsel for an opposing party.

Rationale

40. Convocation has adopted the policy that the rules for paralegals should generally be consistent with those for lawyers. The proposed changes are regarded as clarifying the guidance to licensees on the use of limited scope retainers in the advocacy context.

TAB 3.3.1

PARALEGAL GUIDELINES* – GUIDELINE 6 – *BLACKLINE

GUIDELINE 6: COMPETENCE AND QUALITY OF SERVICE
General
Rule Reference: Rule 3.01
Rule 3.02(1)
Rule 3.02(13) & (14)

Limited Scope Retainers

3. A paralegal may provide legal services under a limited scope retainer, but must carefully assess in each case whether, under the circumstances, it is possible to render those services in a competent manner. Although an agreement for such services does not exempt a paralegal from the duty to provide competent representation, the limitation is a factor to be considered when determining the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation. The paralegal should ensure that the client is fully informed of the nature of the arrangement and clearly understands the scope and limitation of the services.

3.1. A paralegal who is asked to provide legal services under a limited scope retainer to a client who has diminished capacity to make decisions should carefully consider and assess in each case if, under the circumstances, it is possible to render those services in a competent manner and in compliance with Rule 3.02 (13) and (14).

Providing Services Under a Limited Scope Retainer
Disclosure of the Limited Scope Retainer

Rule Reference: Rule 3.02(15) – (17)
10. Where a paralegal provides services under a limited scope retainer to a client, it is very important to clearly identify the scope of the retainer, such as identifying the services that the paralegal will and will not be providing to the client. It is advisable that the limits of the paralegal's retainer are clearly stated in a written retainer agreement.

10.1. For greater clarity and to avoid miscommunications, a paralegal should confirm with the client in writing when the limited scope retainer is complete. Where appropriate under the rules of the tribunal, the paralegal may consider providing notice to the tribunal that the retainer is complete.

10.2. Where the limited services being provided include an appearance before a tribunal, a paralegal must be careful not to mislead the tribunal as to the scope of the retainer, and should consider whether disclosure of the limited nature of the retainer is required by the rules of practice or the circumstances.

10.3. A paralegal should also consider whether the existence of a limited scope retainer should be disclosed to the tribunal or to an opposing party or, if represented, to an opposing party's representatives. The paralegal may need to obtain instructions from the client to make the disclosure.

TAB 3.3.2

***PROPOSED AMENDED PARALEGAL GUIDELINES* – GUIDELINE 6**

GUIDELINE 6: COMPETENCE AND QUALITY OF SERVICE
General
Rule Reference: Rule 3.01
Rule 3.02(1)
Rule 3.02(13) & (14)

Limited Scope Retainers

3. A paralegal may provide legal services under a limited scope retainer, but must carefully assess in each case whether, under the circumstances, it is possible to render those services in a competent manner. Although an agreement for such services does not exempt a paralegal from the duty to provide competent representation, the limitation is a factor to be considered when determining the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation. The paralegal should ensure that the client is fully informed of the nature of the arrangement and clearly understands the scope and limitation of the services.

3.1. A paralegal who is asked to provide legal services under a limited scope retainer to a client who has diminished capacity to make decisions should carefully consider and assess in each case if, under the circumstances, it is possible to render those services in a competent manner and in compliance with Rule 3.02 (13) and (14).

Providing Services Under a Limited Scope Retainer
Disclosure of the Limited Scope Retainer

Rule Reference: Rule 3.02(15) – (17)
10. Where a paralegal provides services under a limited scope retainer to a client, it is very important to clearly identify the scope of the retainer, such as identifying the services that the paralegal will and will not be providing to the client. It is advisable that the limits of the paralegal's retainer are clearly stated in a written retainer agreement.

10.1. For greater clarity and to avoid miscommunications, a paralegal should confirm with the client in writing when the limited scope retainer is complete. Where appropriate under the rules of the tribunal, the paralegal may consider providing notice to the tribunal that the retainer is complete.

10.2. Where the limited services being provided include an appearance before a tribunal, a paralegal must be careful not to mislead the tribunal as to the scope of the retainer, and should consider whether disclosure of the limited nature of the retainer is required by the rules of practice or the circumstances.

10.3. A paralegal should also consider whether the existence of a limited scope retainer should be disclosed to the tribunal or to an opposing party or, if represented, to an opposing party's representatives. The paralegal may need to obtain instructions from the client to make the disclosure.

TAB 3.4

FOR INFORMATION

2015 PARALEGAL ANNUAL REPORT

41. The 2015 Paralegal Annual Report is shown at **TAB 3.4.1** for Convocation's information. The only change from last year's form is the addition of questions incorporating the Law Foundation of Ontario's Form 1.

Background

42. Subsection 5(1) of By-Law 8 requires that every licensee file a report with the Law Society by March 31 of each year, in respect of the licensee's professional business during the preceding year; and the licensee's other activities during the preceding year related to the licensee's practice of law or the provision of legal services.

43. Subsections 57(1) and 57(3) of the Law Society Act require that all interest from money held in a mixed trust account be paid to the Law Foundation of Ontario (LFO). Subsection 2(1) of Regulation 709 of the Revised Regulations of Ontario requires a licensee to file a report (Form 1) with the LFO with respect to every mixed trust account, by March 31 each year.

44. The integration of Form 1 into the annual report process is expected to increase compliance with the Law Foundation's information requirements. Additionally, integration will provide the following benefits:

    a. Facilitate the ability of licensees to fulfill statutory obligations.
    b. Reduce the number of follow-up emails and calls that are made each year to licensees who have failed to file a separate Form 1.
    c. Ease the reporting burden of licensees by eliminating a second mandatory report with partially overlapping information.
    d. Capture more complete and accurate data while using fewer resources.
    e. Promote increased compliance by financial institutions.
    f. Support processes to ensure revenues to the LFO are maximized for access to justice objectives.

The Law Society of Upper Canada | Barreau du Haut-Canada

2015 Paralegal Annual Report

YOUR 2015 PARALEGAL ANNUAL REPORT IS DUE MARCH 31, 2016.

This report is based on the calendar year ending December 31, 2015, and is due by March 31, 2016. Failure to complete and file the report within 60 days of the due date will result in a late filing fee and a summary order suspending your licence until such time as this report is filed and the late filing fee is paid.

Your responses to Section F, relating to mixed trust accounts, will be shared with the Law Foundation of Ontario (LFO).

GUIDE: For definitions or assistance in completing this report, click the "Guide" button in the "Additional Information Menu" at the top of this page. For quick reference, you can also access relevant parts of the Guide within each section of the report.

FINANCIAL FILING DECLARATION (FFD): Only the Designated Financial Filing Licensee for each firm should submit the Financial Filing Declaration. A single Financial Filing Declaration is required from each firm. The Financial Filing Declaration is available for filing at the end of Section F or by clicking on the "FFD" button in the "Attachments Menu". The FFD will not submit automatically with your report; you must ensure that you submit your FFD once you have completed it.

You do not have to submit the FFD at the same time as your Paralegal Annual Report.

BY-LAWS: To reference the applicable by-law, click on the "By-Laws" button in the "Additional Information Menu" at the top of this page.

BLANK DRAFT FORM: To download a draft reference copy, click on the "Blank Draft Form" button found at the top of this page.

The draft reference copy cannot be submitted.

NOTE: Your session will time out automatically after 45 minutes of inactivity. You must save your changes frequently to avoid losing information you have entered in your report. Use the "Save" button found in the "Navigation Menu" or at the bottom of each section.

To log out of the LSUC Portal, click on "Log Out" at the top of this page. Please ensure you have saved your changes first; or, if you wish to move to a different area in the LSUC Portal, save your changes and then click on the relevant portlet.

If you require filing assistance, contact By-Law Administration Services at (416) 947-3315 or at (800) 668-7380 ext. 3315 or by email at bylawadmin@lsuc.on.ca.

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2015 Paralegal Annual Report

Section A IDENTIFICATION

Populated from Law Society records as at December 2015.

Questions about this section? Click here.

Licensee Information:
Law Society Number:
Year Licensed:

Mailing Information*:
**As at December 2015*.
Name:
Address:
City, Province:
Postal Code:
Email:
Assistant/Administrator Email: (optional)

(If you wish your confirmation email to be sent to you and someone else, enter the email address here.)

Phone:
Status:

Is the information above current? If not, update our records online by selecting the Change of Information portlet after you have logged out and/or completed filing your annual report. By-Law 8 requires licensees to notify the Law Society immediately after any change in contact information.

1. Bencher Election Privacy Option (non-mandatory response)

During the bencher election, many candidates want to communicate with voters by email.

Check the box if you give the Law Society permission to provide your email address for bencher election campaigning purposes: ☐

2. Provision of Legal Services in French (non-mandatory response)

a) Can you communicate with your clients and provide legal services to them in the French language? Yes ☐ No ☐

b) Can you communicate with your clients, provide legal services to them, and represent them in the French language? Yes ☐ No ☐

The Law Society of Upper Canada | Barreau du Haut-Canada

2015 Paralegal Annual Report

3. Other Languages (non-mandatory response)

☐ ASL or LSQ (Sign Language)	☐ Albanian	☐ Arabic
☐ Bulgarian	☐ Cantonese	☐ Croatian
☐ Czech	☐ Danish	☐ Dutch
☐ English	☐ Estonian	☐ Finnish
☐ French	☐ German	☐ Greek
☐ Gujarati	☐ Hebrew	☐ Hindi
☐ Hungarian	☐ Italian	☐ Japanese
☐ Korean	☐ Latvian	☐ Lithuanian
☐ Macedonian	☐ Mandarin	☐ Norwegian
☐ Persian	☐ Polish	☐ Portuguese
☐ Punjabi	☐ Romanian	☐ Russian
☐ Serbian	☐ Slovak	☐ Slovene
☐ Spanish	☐ Swedish	☐ Ukrainian
☐ Urdu	☐ Yiddish	

☐ Other - Please specify: _____

The Law Society of Upper Canada | Barreau du Haut-Canada

2015 Paralegal Annual Report

Section B YEAR END STATUS (To be completed by all licensees.)

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. Choose only one status (your status on December 31, 2015) regardless of changes during the 2015 calendar year.
2. **Your response to this question will not be used to change your status.** To review or update your current status, please use the Change of Information portlet in the LSUC Portal.

December 31, 2015 Status (Select only ONE)		**Mandatory Sections**	**Complete if Applicable**
A sole practitioner, providing legal services alone (with no other paralegals)	☐	CDEFG	
A sole practitioner, providing legal services with one or more paralegals as employees	☐	CDEFG	
A sole practitioner, providing legal services with one or more paralegals and/or lawyers in shared facilities	☐	CDEFG	
A partner with one or more paralegals only, in a paralegal firm providing legal services	☐	CDEFG	
A partner with one or more lawyers providing legal services for a paralegal firm or law firm	☐	CDEFG	
An employee/associate in a paralegal firm	☐	CDEFG	
In House Paralegal, providing legal services exclusively for your employer	☐	CDEFG	
An employee in a law firm	☐	CDEFG	
Employed by Legal Aid Ontario or a community legal clinic	☐	DEG	CF
Employed in government in Ontario	☐	DEG	CF
Employed in education in Ontario	☐	DEG	CF
Employed other in Ontario (not providing legal services)	☐	DEG	CF
A paralegal providing legal services outside of Ontario	☐	DEG	CF
Employed other outside of Ontario (not providing legal services)	☐	DEG	CF
Not working or on parental leave or unemployed	☐	DEG	CF
Suspended	☐	DEG	CF
In a situation not covered above (specify your status in the area below)	☐	DEG	CF

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Section C AREAS OF LEGAL SERVICES (To be completed by all paralegals providing legal services in Ontario.)

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. Where exact information is not available to respond to the questions under this heading, provide your best approximation.
2. * Refer to the Paralegal Annual Report (PAR) Guide for definitions.

1. Indicate the approximate percentage of time you devoted in 2015 to the areas of legal services listed below:

Ontario Court of Justice *Provincial Offences Act* matters	_____%
Ontario Court of Justice - Summary Conviction offences	_____%
Worker's Compensation	_____%
Small Claims Court matters	_____%
Property Tax Assessment	_____%
Statutory Accident Benefits Schedule matters (SABS)	_____%
Human Rights	_____%
Landlord and Tenant	_____%
Other Tribunals - Please specify in the area below	_____%
Total:	_____%

Question 1 must total 100%.

2. In what primary area do you provide legal services? Choose only one.

Ontario Court of Justice *Provincial Offences Act* matters	_____
Ontario Court of Justice - Summary Conviction offences	_____
Worker's Compensation	_____
Small Claims Court matters	_____
Property Tax Assessment	_____
Statutory Accident Benefits Schedule matters (SABS)	_____
Human Rights	_____

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Landlord and Tenant	_____
Other Tribunals - Please specify in the area below	_____

3. Lawyer Supervision

a) Do you work under the supervision* of a lawyer? Yes ☐ No ☐

If "Yes" to a):

b) Indicate the percentage of time you spend in the following areas:

Advocacy*	_____
Non-advocacy*	_____
Total:	_____

Question 3b) must total 100%.

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Section D SELF-STUDY (To be completed by all licensees regardless of status.)

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. Refer to the "Additional Information Menu" above and click on "Guide" for more information about self-study.
2. The annual minimum expectation is 50 hours of self-study.
3. For the purposes of this section, self-study means self-directed reading or research using print materials, electronic or otherwise.
4. CPD hours must be reported in the CPD section of the LSUC Portal by December 31st of each calendar year.

1. Self-Study

a) Did you undertake any self-study during 2015? Yes ☐ No ☐

If "Yes" to a), answer b) to d).

If "No" to a), you may provide an explanation in the area at the end of this section.

b) Approximate total number of self-study hours spent on **file specific** reading or research: _____

c) Approximate total number of self-study hours spent on **general** reading or research: _____

d) Indicate below the tools used, overall, for all types of self-study. Check all that apply:

☐ Printed Material ☐ Internet ☐ Other ☐

If required, use the area below to provide further information about your Self-Study (Section D).

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Section E INDIVIDUAL PARALEGAL QUESTIONS (To be completed by all licensees regardless of status.)

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. For further assistance in completing this section, refer to The Bookkeeping Guide for Paralegals available on our website at www.lsuc.on.ca.
2. * Refer to the PAR Guide for definitions.

1. Cash Transactions - All paralegals must report on large cash transactions regardless of jurisdiction where legal services were provided.

a) Did you receive cash* in an aggregate amount equivalent to $7,500 CDN or more in respect of any one client file in 2015? Yes ☐ No ☐

If "Yes" to a):

b) Was the cash solely for legal services fees and/or client disbursements*? Yes ☐ No ☐

If "No" to b), provide full particulars below with respect to compliance with Part III of By-Law 9, (Cash Transactions).

2. Trust Funds/Property - 2a), 2b), and 2c) must be answered.

a) In 2015, did you receive* trust funds* and/or trust property* on behalf of your firm in connection with the provision of legal services in Ontario? Yes ☐ No ☐

b) In 2015, did you disburse* (payout), or did you have signing authority to disburse, trust funds* or trust property* on behalf of your firm in connection with the provision of legal services in Ontario? Yes ☐ No ☐

c) In 2015, did you hold* trust funds* or trust property* on behalf of your firm in connection with the provision of legal services in Ontario? Yes ☐ No ☐

3. Borrowing from Clients - 3a) must be answered and 3b), if applicable.

Note: If your borrowing was/is from a lending institution, financial institution, insurance company, trust company or any similar corporation whose business includes lending money to members of the public, answer **"No" to a).**

See Rules 3.06(6)(a) and (b) of the *Paralegal Rules of Conduct*.

a) At any time in 2015, were you personally indebted to a client or person who at the time of borrowing was or had been your client or a client of a firm for which you were then providing legal services? Yes ☐ No ☐

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If "Yes" to a):

b) Was the client or person a related* person as defined in the *Income Tax Act* (Canada), R.S.C., 1985, c.1? Yes ☐ No ☐ N/A ☐

If "Yes" to a) or b), provide full particulars below. Include the name of the lender and of the borrower, the amount of the loan, the security provided, and particulars of independent legal advice or independent legal representation obtained by the lender.

4. Client Identification - All paralegals must answer questions 4a) and 4b).

a) i) In 2015, when you provided professional services to clients, did you obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to i), answer ii).

ii) In 2015, when you provided professional services to clients, were you exempt from the requirement to obtain and record identification information for every (each) client and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to ii), provide an explanation below.

b) i) In 2015, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, did you obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to i), answer ii).

ii) In 2015, when you engaged in or gave instructions in respect of the receiving, paying or transferring of funds, were you exempt from the requirement to obtain information to verify the identity of each client, and additional identification information for a client that is an organization, and any third party, in accordance with Part III of By-Law 7.1? Yes ☐ No ☐ N/A ☐

If "No" to ii), provide an explanation below.

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5. Pro Bono Legal Services

(Pro bono legal services means the provision of legal services to persons of limited means or to charitable or not-for-profit organizations without expectation of a fee from the client.)

a) Did you provide pro bono legal services in Ontario in 2015? Yes ☐ No ☐

If "Yes" to a), complete b).

b) How many hours did you devote to pro bono legal services in Ontario in 2015? _____

6. Membership in other Regulatory Bodies

a) Are you now a member of another professional/regulatory/governing body in any jurisdiction? Yes ☐ No ☐

If "Yes" to a), please identify the professional/regulatory/governing body. _____

If required, use the area below to provide further information about your Individual Paralegal Questions (Section E).

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Section F FINANCIAL REPORTING

To be completed by:

- **All sole practitioners;**
- **All partners, employees and associates of paralegal firms or law firms; and**
- **All other paralegals who held or continued to hold client monies or property from a former legal services business in Ontario.**

Questions about this section? Click here.

NOTES ABOUT THIS SECTION:

1. For further assistance in completing this section, refer to The Bookkeeping Guide for Paralegals available on our website at www.lsuc.on.ca.
2. * Refer to the PAR Guide for definitions.

1. Trust and General (Non-Trust) Accounts - 1a) and 1b) must be answered.

a) During the filing year, did either you or your firm operate a trust* account or mixed* trust account in Ontario? Yes ☐ No ☐

b) During the filing year, did either you or your firm operate a general* (non-trust) account in Ontario? Yes ☐ No ☐

If "Yes" to a), proceed to question 2**.**
If "No" to a) and "Yes" to b), proceed to question 4, and then proceed to Section G.
If "No" to both a) and b), proceed to Section G.

2. During the filing year, were you a sole practitioner, or were you the paralegal responsible for filing the trust* account information on behalf of other licensees in Ontario? Yes ☐ No ☐

If "Yes" to 2, proceed to questions 4 through 11.

NOTE about Financial Filing Declaration (FFD): If you are reporting financial information on behalf of other licensees in your firm, you must also submit a Financial Filing Declaration. Your report is not considered complete without the submission of the Financial Filing Declaration.

If "No" to 2, complete the "Designated Financial Filing Option" (question 3) below.

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3. Designated Financial Filing Option

This option is available to you if you are not responsible for filing trust account information.

Indicate on lines a) and b) below who will be reporting the firm's financial information on your behalf, then proceed to Section G.

ENTER DESIGNATED FINANCIAL FILING LICENSEE'S NAME & LAW SOCIETY NUMBER

a) **FINANCIAL FILING LICENSEE'S NAME:**_____

b) **Law Society Number:** _____
(e.g. P12345 or 12345A)

The Designated Financial Filing Licensee that you have named is responsible for submitting the Financial Filing Declaration to report the firm's financial information on your behalf. Your report will not be considered complete without the submission of the **Financial Filing Declaration by the licensee you have named.**

4. Firm Records

Were financial records for all your firm's trust* accounts (mixed*, separate*, and other interest generating investments*) and/or general* (non-trust) bank accounts maintained throughout the filing year, on a current basis, in accordance with all applicable sections in By-Law 9? Yes ☐ No ☐

If "No" to 4, indicate below which areas were deficient and provide an explanation for each.

COMPLETE THIS CHART ONLY IF YOU ANSWERED "NO" ABOVE.
COMPLETE ONLY THOSE AREAS WHERE YOU WERE DEFICIENT

By-Law 9: Financial Transactions and Records	**By-Law 9** ***Sections 18 & 19*** **(Maintain)**	**By-Law 9** ***Section 22*** **(Current)**	**Explanation for Deficiency**
1. Trust Receipts Journal *Subsection 18(1)*	☐	☐	
2. Trust Disbursements Journal *Subsection 18(2)*	☐	☐	
3. Clients' Trust Ledger *Subsection 18(3)*	☐	☐	
4. Trust Transfer Journal *Subsection 18(4)*	☐	☐	
5. General Receipts Journal *Subsection 18(5)*	☐	☐	

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6. General Disbursements Journal *Subsection 18(6)*	☐	☐	
7. Fees Book or Chronological Billing File *Subsection 18(7)*	☐	☐	
8. Trust Bank Comparison** *Subsection 18(8)*	☐	☐	
9. Valuable Property Record *Subsection 18(9)*	☐	☐	
10. Source documents including deposit slips, bank statements and cashed cheques *Subsection 18(10)*	☐	☐	
11. Electronic Trust Transfer Requisitions and Confirmations *Subsection 18(11) and Section 12 (Form 9A)*	☐	☐	
12. Duplicate Cash Receipts Book for all cash received *Section 19*	☐	☐	
** Trust comparisons are to be completed within 25 days of the effective date of the monthly trust reconciliation.			

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5A. Comparison of Trust Bank Reconciliations and Trust Listing of Client Liabilities as at December 31, 2015.

Trust Reconciliation and Comparison To refer to a sample reconciliation in the "Guide" click here.	December 31, 2015 Balances
(i) The total dollar value of mixed* trust bank accounts	**$**
(ii) The total dollar value of separate* interest bearing trust accounts or income generating trust accounts/investments*	**+ $**
(iii) **TOTAL** of i) and ii)	**=**
(iv) Total outstanding deposits (if any)	**+**
(v) Total bank/posting errors (if any)	**+/-**
(vi) Total outstanding cheques (if any)	**-**
(vii) **Reconciled Bank Balance**	**=**
(viii) **Total Client Trust Liabilities** (Client Trust Listing)	**-**
(ix) **Difference between Reconciled Bank Balance and Total Client Trust Liabilities**	**=**

If there is a difference between the Reconciled Bank Balance **(vii)** and the Total Client Trust Liabilities **(viii)**, provide a written explanation below.

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5B. Trust Accounts

- This question must be answered if you operated a trust and/or mixed trust account at any time during the filing year (2015 calendar year).
- A licensee who receives money in trust for a client shall immediately pay the money into an account at a chartered bank, provincial savings office, credit union or a league to which the *Credit Unions and Caisses Populaires Act*, 1994 applies or registered trust corporations, to be kept in the name of the licensee, or the name of the firm of licensees of which the licensee is a partner, through which the licensee practises law or provides legal services or by which the licensee is employed, and designated as a trust account.
- A mixed trust account is a trust account holding, or intended to hold, trust funds for more than one client. Mixed trust accounts are governed by subsection 57(1) of the *Law Society Act*, which requires any interest payable on a mixed trust account to be paid to the Law Foundation of Ontario.

Financial Institution Name	Transit Number	Trust Account Number	Branch Address	Account Holder Name	Is this a mixed trust account?
SAMPLE *Royal Bank of Canada*	*0652*	*1234567*	*123 Main Street* *Oakville, ON L6J 7M4*	*Smith Jones LLP*	**Yes** ☐ **No** ☐
					Yes ☐ **No** ☐

(i) Has this financial institution (at any time) been directed to pay interest on this account to the Law Foundation of Ontario (applicable to mixed trust accounts only)?	**Yes** ☐ **No** ☐ **N/A** ☐
(ii) Was this account opened during the filing year?	**Yes** ☐ **No** ☐
If "Yes" to ii): Date account was opened:	_____ / _____ **MM / DD**
(iii) Was this account closed during the filing year?	**Yes** ☐ **No** ☐
If "Yes" to iii): Date account was closed:	_____ / _____ **MM / DD**
(iv) If the account was closed, was the balance of the closed account transferred to the Law Society of Upper Canada's Unclaimed Trust Fund?	**Yes** ☐ **No** ☐
(v) Was there at least one transaction in this account during the filing year?	**Yes** ☐ **No** ☐

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If you are filing your Lawyer Annual Report by paper and if you have multiple trust accounts, please contact By-Law Administration Services at bylawadmin@lsuc.on.ca or (416) 947-3315 for an additional form, or enter the information in the space provided at the end of this Section.

6. Answer all questions as at December 31, 2015.

a) What is the total number of mixed* trust bank accounts referred to in 5A(i)? _____

b) What is the total number of separate* interest bearing trust accounts or income generating trust accounts/investments* referred to in 5A(ii)? _____

7. Overdrawn Accounts

a) During 2015, did your records at any month end disclose overdrawn clients' trust ledger account(s)? Yes ☐ No ☐

If "Yes" to a):

b) Were the account(s) corrected by December 31, 2015? Yes ☐ No ☐

If "No" to b):

c) The total dollar value of overdrawn clients' trust ledger account(s) as at December 31, 2015 was: $ _____

d) The total number of overdrawn clients' trust ledger account(s) as at December 31, 2015 was: _____

8. Outstanding Deposits

a) During 2015, did your records at any month end disclose outstanding trust account deposits, not deposited the following business day? Yes ☐ No ☐

If "Yes" to a):

b) Were the account(s) corrected by December 31, 2015? Yes ☐ No ☐

If "No" to b):

c) The total dollar value of outstanding trust account deposits as at December 31, 2015 was: $_____

d) The total number of outstanding trust account deposits as at December 31, 2015 was: _____

9. Unchanged Client Trust Ledger Account Balances

a) Were there client trust ledger account balances that were unchanged* (i.e. had no activity) for the entire year? Yes ☐ No ☐

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If "Yes" to a):

b) The total dollar value of these account balances as at December 31, 2015 was:

$_____

c) The total number of client trust ledger accounts that remained unchanged* for the entire year as at December 31, 2015 was:

_____

10. Unclaimed Client Trust Ledger Account Balances

a) Of the amounts identified in question 9, were any unclaimed* for two years or more? (Refer to Section 59.6 of the *Law Society Act*) Yes ☐ No ☐ N/A ☐

If "Yes" to a):

b) The total dollar value of the unclaimed* client trust ledger account balances was:

$_____

c) The total number of unclaimed* client trust ledger accounts was:

_____

11. Financial Filing Declaration (FFD)

Will you be filing the above financial information on behalf of any other paralegals and/or lawyers? Yes ☐ No ☐

Sole practitioners providing legal services alone in Ontario do not need to file the FFD.

If required, use the area below to provide further information about your Financial Reporting (Section F), including details of any additional trust or mixed trust accounts.

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Section G CERTIFICATION AND SUBMISSION (To be completed by all licensees.)

I am the paralegal filing this 2015 Paralegal Annual Report. I have reviewed the matters reported and the information contained herein is complete, true and accurate. I acknowledge that it is professional misconduct to make a false or misleading reporting to the Law Society of Upper Canada.

_____/_____/_____

_____

Signature DD MM YYYY

Law Society Number Licensee Name 18

TAB 3.5

REPORTS FOR INFORMATION

45. The Committee received a report from the Working Group on Alternative Business Structures, and the second-quarter Quarterly report from the Professional Regulation Division. These reports are included in the report from the Professional Regulation Committee to September 24, 2015 Convocation.

Tab 4

REPORT TO CONVOCATION

SEPTEMBER 2015

Lawyers' Professional Indemnity Company
Assurance LawPRO®

TO: The Treasurer and Benchers of The Law Society of Upper Canada

RE: 2016 Insurance Program: Transmittal of Report to Convocation

Many changes in the legal profession have occurred during the last few years and while some are now accepted as commonplace, others continue to be scrutinized and their effects monitored. As we move towards 2016, LAWPRO has reflected on the changing environment in which lawyers (and paralegals) practise and is proposing slight adjustments to stay current with the needs of our insureds. But overall, the 2016 Report to Convocation reflects a mature insurance operation with a stable professional liability program.

Arriving at the base premium: capital management plays a role

Just as important for LAWPRO as changes in the environment for Law Society licensees are the many changes in insurance regulation over recent years. The Minimum Capital Test (MCT) is the main solvency test for Canadian insurance companies. The LAWPRO MCT ratio at June 30, 2015 was 249% - a strong result that satisfies LAWPRO's preferred range of 220-230%. A combination of good investment returns and the addition of a three year phase-in period for the 2015 changes to the MCT calculation has worked in our favour. Also, some of the proposals for the new MCT calculation were moderated in the final months before implementation, in comparison to the earlier drafts circulated by the regulator. If all of these "stars" had not "aligned" as they did, we estimate that the MCT would have dropped below the preferred range, to approximately 200%.

Will LAWPRO continue to see such a healthy MCT result? The stock market is a famously difficult beast to predict, but LAWPRO will continue to invest prudently and manage its investment risk as responsibly as possible. That approach to protecting capital is an important part of the premium equation going forward.

In the short term, the good news is that our offer of insurance maintains the same base premium as 2015. In fact, 2016 marks the sixth year in a row with a base premium of $3,350. So, neither changes in the profession nor in insurance regulation have yet affected that number.

Real Estate Practice Coverage Option reduction

Anticipated claims costs per year of the program continue to hover close to the $100 million mark and there is an overall long term upward trend in claims severity (cost per claim). Real estate and civil litigation practice continue to represent the highest risk when compared to other areas of practice. These costs are addressed, in part, with levy surcharges and other tools.

Notwithstanding the long term significance of real estate claims for the program, the premium for the Real Estate Practice Coverage Option (REPCO) will be reduced to $100. This is a $150 reduction from the $250 charged in 2012 through 2015, and is part of LAWPRO's on-going commitment to appropriate risk-rating of the program. This savings will be available to approximately 7,800 real estate practitioners.

How can this happen? Having issued the REPCO endorsement since the spring of 2008, we have more data and a growing ability to predict appropriate reserves for future loss development in this area. Despite real estate being one of the areas of law with the highest rate of claims in the profession, to date there has been only one claim paid under the REPCO endorsement. One must remember that this endorsement targets a relatively narrow risk: the registration of a fraudulent instrument by the insured under the *Land Titles Act*, which action would otherwise be excluded from coverage due to the dishonesty of the insured. And of course, updated risk-rating or a change in coverage terms could result in the premium for the REPCO endorsement being increased in a future year. In the meantime, the reduction to the premium is a $150 savings that LAWPRO is happy to be able to provide to approximately one-third of the program's insureds.

Changes to support what we see around us

Two years ago LAWPRO proposed expanding the program to include as insureds the small number of paralegals who are practising in partnership with lawyers. In similar fashion, LAWPRO now proposes to insure paralegal shareholders of combined licensee professional corporations (CLPC). In other words, these are professional corporations with both lawyer and paralegal shareholders and as such, are exposed to the same insurance-related risks as combined licensee partnerships: the possibility of duplication of claims, overlapping coverage and potential stacking of policy limits between paralegal insurer policies and those of lawyers with LAWPRO. Premiums for paralegals holding shares in CLPCs will be the same as they are for paralegal partners.

Another tweak to the program involves facilitating mentorship by lawyers on exemption from the insurance program. We are all aware that mentoring promotes the dissemination of knowledge from more experienced lawyers to those with less experience. LAWPRO already has a structure in the insurance program (with precise requirements) for mentoring by lawyers who are currently insured. The 2016 LAWPRO offer expands that structure to lawyers on exemption from paying insurance premiums, and includes the ability to have claims handled under run-off coverage (subject to the individual's personal run-off availability). For example, this may assist those on parental

or medical leave who are challenged to keep program coverage in place due to costs, but wish to be able to mentor another lawyer who is overseeing the practice.

What is happening with administrative dismissal claims?

The exposure relating to the practice of civil litigation has climbed during recent years, with administrative dismissals under Rule 48 of the *Rules of Civil Procedure* being a serious factor.

Changes to Rule 48 which took effect earlier this year may stem the tide and LAWPRO is busy educating Ontario lawyers about those changes through the Rule 48 Transition Toolkit. The Toolkit has been sent electronically to all lawyers who reported civil litigation transaction levies in recent years and mailed in hard copy to all lawyers with the September 2015 LAWPRO magazine. These materials are being further reinforced through presentations and CPD programs.

Even though these resources are available, they can only help when used by lawyers in the field. LAWPRO will continue to monitor this area for the next several years, as (hopefully) claims under the old Rule 48 regime begin to diminish and practitioners transition with care to the new regime.

Only the beginning

At the end of the celebration of our 20th anniversary of providing the mandatory insurance program for the Law Society, the Board members and management of LAWPRO hope that this is only the beginning of a long and rewarding relationship that ensures the availability of high quality and cost-effective insurance to enhance the viability and competitive position of our professional liability insureds.

Original signed by Susan McGrath

Susan T. McGrath
Chair

Original signed by Kathleen Waters

Kathleen A. Waters
President & CEO

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LAWYERS' PROFESSIONAL INDEMNITY COMPANY ("LAWPRO")

REPORT TO CONVOCATION – SEPTEMBER, 2015

BACKGROUND

1. The Law Society of Upper Canada ("Law Society") governs the legal profession in the public interest. One of the ways it discharges its responsibilities is through the mandatory requirement it places on practising lawyers to obtain professional liability insurance coverage for legal malpractice claims. This coverage is provided by LAWPRO, a provincially licensed insurer that is owned by the Law Society.

2. The coverage that the Law Society's mandatory insurance program ("Program") provides is considered to be both in the best interests of the public and in the best interests of Ontario lawyers – in that the public has reasonable assurance that an insurance policy backstops errors committed by lawyers in practice, and lawyers have assurance that they have a degree of financial protection for their professional liability that is well-suited to most lawyers' practice needs.

3. In recent years, we have seen an upward trend in the number of open claims files, with approximately 3,813 open files as at December 31, 2014, estimated to have a gross value of $468.5 million. Overall, the Program manages about 83 per cent of the Law Society's over $810 million in combined assets.

4. Each September since 1995, LAWPRO's Board of Directors has reported to Convocation on changes to the Law Society's Program for the following calendar year. The timing of this report is necessitated by the logistics of renewing upwards of 26,000 policies effective January 1, and the need to negotiate and place any related or corollary reinsurance treaties.

5. This report is also an opportunity for LAWPRO's Board to review with Convocation issues of importance to its insurance operations and receive policy

direction where necessary. Financial information on LAWPRO and the Program is provided to Convocation throughout the year.

6. Convocation established LAWPRO's mandate in 1994 with the adoption of the Insurance Committee Task Force Report ("Task Force Report"). The mandate and principles of operation derived from the Task Force Report are as follows:

- that LAWPRO be operated separate and apart from the Law Society by an independent board of directors;
- that LAWPRO be operated in commercially reasonable manner;
- that LAWPRO move to a system where the cost of insurance reflects the risk of claims; and
- that claims be resolved fairly and expeditiously; however, this was not to be a system of "no-fault" compensation and there would be certain circumstances where coverage was denied or coverage was limited.

For 2016, we have conducted our annual review of the Program to re-validate the approach and rating structure in light of these Task Force recommendations.

7. The LAWPRO Board of Directors believes that these recommendations have been achieved in LAWPRO's operations, and that the proposed Program for 2016 continues to fulfill these principles. This report deals solely with the Program for the Law Society. The LAWPRO optional insurance segment, composed of TitlePLUS® title insurance and the Excess professional liability insurance programs, is planned to operate on an expected break-even or better basis.

2016 PROGRAM SUMMARY

8. The following summarizes the 2016 professional liability insurance Program, as provided for in this report.

Premium Pricing for 2016:

(i) The base premium is $3,350 per lawyer for 2016, the same base premium charged in 2011 through 2015 (paragraph 110(a)).

(ii) Revenues from real estate and civil litigation transaction levies collected by the Errors & Omissions Fund during the year are budgeted at $23.4 million for the purposes of establishing the base premium for 2016 and other budgetary purposes (paragraph 110(b)).

(iii) The premium for the Real Estate Practice Coverage Option will be reduced to $100. This is a $150 reduction from the $250 charged in 2012 through 2015 (paragraph 110(c)).

(iv) 100 per cent of the premiums and losses for the Program will again be retained by LAWPRO in 2016, subject to limited capital backstop protection provided by the Errors & Omissions Fund, and reinsurance protecting the Program from multiple losses arising out of a common event or nexus (paragraph 81).

Combined Licensee (i.e., Paralegal/Lawyer) Professional Corporations:

(v) To better avoid the possibility of duplication of claims, overlapping coverage and potential stacking of policy limits with paralegal insurer policies, for 2016 the Program policy will be amended to insure all licensee shareholders (i.e., including paralegal shareholders) of combined licensee professional corporations that are duly authorized by the Law Society. To assist in avoiding possible costs of cancellation of insurance, any such paralegal shareholders

whose existing insurance expires mid-year in 2016 will not be required to carry the Program insurance until expiry of their existing insurance in 2016 (paragraph 22).

Mentoring While on Exemption:

(vi) To facilitate mentoring by exempt lawyers, for 2016 the Program will be amended so that claims arising out of mentoring services provided by lawyers while exempt from the payment of insurance premium levies under the Program (that would otherwise not be extended coverage due to a lawyer's exempt status), will be deemed to be professional services provided by the lawyer as a practising lawyer insured under the Program, for the purposes of such lawyer's run-off coverage (paragraph 32).

LAWPRO Risk Management Credit:

(vii) The LAWPRO Risk Management Credit will be continued for the 2016 Program, with a $50 premium credit per approved CPD program, subject to a $100 per lawyer maximum amount, to be applied for pre-approved legal and other educational programs taken and successfully completed by lawyers between September 16, 2015, and September 15, 2016, for which the lawyer has successfully completed the online Risk Management Credit Declaration Form (paragraph 53).

Other Program Features (or Adjustments):

(viii) Subject to the changes identified earlier in the report, the remaining exemption criteria, policy coverage, coverage options, and premium discounts and surcharges in place in 2015 will remain unchanged for the 2016 Program (paragraph 115).

The Errors & Omissions Insurance Fund:

(ix) The investment income of the Errors & Omissions Fund which is surplus to the obligations of the Fund will be made available to the Law Society during 2016 (paragraph 12).

Conclusion:

(x) The LAWPRO Board considers the Program changes to be appropriate and consistent with its mandate as set out in the 1994 Insurance Committee Task Force Report. The LAWPRO Board offers this Program of insurance for 2016 and asks for Convocation's acceptance of this Report at the September Convocation, so that the 2016 Program can be implemented by January 1, 2016 (paragraph 116).

PART 1 – THE ERRORS & OMISSIONS INSURANCE FUND

9. LAWPRO provides service to the Law Society with respect to the Errors & Omissions Fund of the Law Society, which is currently in run-off mode. (The Errors & Omissions Fund was responsible for the insurance Program prior to 1990, and for a group deductible of up to $250,000 per claim prior to 1995.)

10. In recent years the Errors & Omissions Fund resources have been utilized to settle outstanding claims (for Program policies in place between July 1, 1989 and December 31, 1994), maintain its investment in LAWPRO share capital, make available $15 million of funds to backstop the potential of significant deterioration in the loss experience under recent years' Program policies, guarantee the level of supplementary premiums such as transaction levies, and make premium contributions where appropriate (see the Reinsurance and Capital Preservation section starting at paragraph 73 for more details). Where the investment income has been considered surplus to the Errors & Omissions Fund's commitments, it has typically been aggregated for use to the benefit of the Law Society for general purposes.

11. As of June 30, 2015, the Errors & Omissions Fund had outstanding claims liabilities of $0.3 million. The number of open files for 1994 and prior years stood at two. Since there are sufficient assets in the Errors & Omissions Fund to fully meet the outstanding liabilities, the LAWPRO Board is again satisfied that the investment income generated by the Errors & Omissions Fund is surplus to the needs of the Errors & Omissions Fund and can be used by the Law Society for its general purposes.

12. Accordingly, the investment income of the Errors & Omissions Fund which is surplus to the obligations of the Fund will be made available to the Law Society during 2016.

PART 2 – CHANGES TO THE PROGRAM FOR 2016

13. In developing the details of the 2016 Program, LAWPRO has, as always, considered the changing environment in which lawyers practise and any comments received from the profession during the previous year. The general structure of the current Program appears to generally meet the needs and practice realities of the profession for 2016.

14. However, for the 2016 Program, two substantive modifications in the structure of the Program or in the form and substance of the policy are contemplated.

Combined Licensee Professional Corporations

15. Since 2014, the Program has insured paralegals (Class P1 licensees) who are in partnership with lawyers (Class L1 licensees) in what are referred to as "Combined Licensee Partnerships" ("CLPs"). In practice, the Law Society provides LAWPRO with notice of which firms are considered to be CLPs and directs the paralegal partners to apply for Program coverage with LAWPRO.

16. As partners in the firm would have exposure when any members of the firm are sued, this change was made to better avoid the possibility of duplication of claims, overlapping coverage and potential stacking of policy limits with paralegal insurer policies. This change was also made appreciating the broader insurance protection afforded to lawyers under the Program policy and the exposure lawyer partners may have for any uninsured activities of firm paralegals.

17. To date, paralegals in 22 firms have applied for coverage. All but one of these firms remain active. Of the 21 active combined licensee firms, at least nine of these are in fact not partnerships, but rather professional corporations. In total, it is estimated that about 20 paralegals currently hold shares in combined licensee professional corporations ("CLPCs").

18. The *Business Corporations Act* (Ontario), the *Law Society Act* ("Act") and Part II of By-law 7 made pursuant to the Act permit lawyers and licensed paralegals to practice law or provide legal services through a professional corporation provided the professional corporation has received a Certificate of Authorization from the Law Society. Under the current wording of By-law 6, which sets out the requirement that paralegals in CLP firms are required to maintain their practice coverage with LAWPRO, and Endorsement No. 13 of the 2015 Policy, which describes the coverage provided to paralegal partners, reference is made only to "partners" and "partnerships", and not to "professional corporations" or "shareholders".

19. LAWPRO believes that the risk associated with lawyers and paralegals holding shares in CLPCs is similar to the risk presented to lawyers and paralegals who are in partnership together. If a claim is made against any "owner", that claim could ultimately involve the firm itself, and any claim against the firm could involve all owners. If different insurers insure the various shareholders, a duplication of claims and overlapping coverage between insurers can be expected and the potential of an unintended stacking of policy limits exists. It could also lead to lawyers contributing to claims where the error was actually made by one of the paralegal shareholders, without the Program receiving an appropriate premium for this additional risk.

20. Given this similarity in risk, premiums will be similarly applied to paralegals holding shares in CLPCs as they are to paralegal partners in CLPs. In that regard, based upon risk, a base rate of $600 has been established for paralegals not involved in the handling of claims for statutory accident benefits within the meaning of the *Insurance Act,* R.S.O. 1990, c., I.8 and a base rate of $1,000 has been established for paralegals involved in the handling of such claims.[1] Base premiums are adjusted to reflect years in practice, part-time practice, claims history, etc., based upon risk. As well, transaction levies would apply as they do to lawyers in the firm.

[1] These base rates have been determined with the benefit of paralegal and other claims data, as well as an assessment of adequacy of market rates. It can be expected that base premiums, as well as discounts and surcharges, will be adjusted annually to reflect the growing claims data available, inflation and other factors commensurate with risk.

21. Features of the Program will generally apply to paralegal shareholders in CLPCs as they do to lawyer shareholders in the firm. For example, the LAWPRO Risk Management Credit will similarly be available to paralegal shareholders in CLPCs as it is to lawyer shareholders, and lawyer and paralegal shareholders in CLPCs will need to carry the same deductible option and innocent party sublimit.

22. For 2016, the Program policy will be amended to insure all licensee shareholders (i.e., including paralegal shareholders) of combined licensee professional corporations that are duly authorized by the Law Society. To assist in avoiding possible costs of cancellation of insurance, any such paralegal shareholders whose existing insurance expires mid-year in 2016 will not be required to carry the Program insurance until expiry of their existing insurance in 2016.

Mentoring While on Exemption

23. Mentoring promotes the dissemination of knowledge from more experienced lawyers to those with less experience. It can be a way for lawyers to expand their network and it can sometimes help lawyers that may otherwise feel isolated. A successful mentoring relationship should yield positive results for the mentor, the mentee and the mentee's clients, and hopefully creates a cycle that will see the mentee one day also passing along his or her knowledge to a new generation of lawyers.

24. While many of the advantages clients gain through their lawyer's mentoring relationship are anecdotal in nature (i.e. there currently is no factual basis for showing that mentoring actually avoids claims and saves the Program money), LAWPRO is satisfied that mentoring may have a potential risk-management benefit.

25. LAWPRO has taken a number of steps to date under the Program to facilitate mentoring. These steps have been at little cost to the Program and have been designed to allay the concerns of potential mentors regarding the possible effect of claims arising from the mentoring relationship on their deductible obligations and future years' premiums. In this regard, since 2002 the Program has provided that such claims will

have no impact on a mentor's deductible obligations and/or future year's premiums, if the mentor and mentee:

(a) have a written mentorship agreement in place (LAWPRO's "*Managing a Mentoring Relationship*" booklet includes a sample mentorship agreement);

(b) ensure that the mentor has no contact with the mentee's clients; and

(c) ensure that the mentee is responsible for individually and independently satisfying himself/herself of the soundness of any suggestions put forward by the mentor.

26. By this approach, LAWPRO effectively supports practising lawyers who wish to mentor others. However, it does not address barriers that may keep lawyers who have left active private practise from entering into mentoring relationships.

27. Lawyers who are currently on exemption from payment of the Program premiums are generally unable to "engage in the practice of law" (as this term is used in the rules for exemption eligibility and By-law 6 made pursuant to the Act) other than in specific circumstances, such as in-house lawyers and lawyers employed in government or education acting only for and on behalf of their employer.

28. In this regard, a lawyer who gives legal advice respecting the laws of Ontario or Canada or provides any professional services of a barrister or solicitor for others would be considered to be engaged in the practice of law.[2] Provided an exempt mentoring lawyer does not have contact with the mentee's clients and the mentee independently verifies (or discounts) any suggestions made by the exempt mentor (with each party's role typically set out in the mentorship agreement), then it would appear that the mentor has not engaged in the practice of law.

29. Even with these safeguards in place, a claim may be made against the mentor for advice provided to a mentee during a period of exemption.

[2] Subsection 1(2) of By-law 6 made under the Act.

30. There would be no coverage for the exempt lawyer under the Program policy in its current form, since the run-off coverage afforded to exempt lawyers generally precludes coverage for claims arising out of professional services provided by the lawyer while exempt from the requirement to pay insurance premium levies under the Program.

31. Given the perceived benefits to the legal profession and the small likely cost to the Program in having more experienced lawyers enter into well-structured and well-managed mentoring relationships with those less experienced, it is the intention that claims made against exempt lawyers that arise out of mentoring services provided while on exemption be afforded coverage under the exempt lawyer's run-off coverage, subject to LAWPRO's established mentoring protocols being met.

32. Accordingly, for 2016 the Program will be amended so that claims arising out of mentoring services provided by lawyers while exempt from the payment of insurance premium levies under the Program (that would otherwise not be extended coverage due to a lawyer's exempt status), will be deemed to be professional services provided by the lawyer as a practising lawyer insured under the Program, for the purposes of such lawyer's run-off coverage.

PART 3 – THE PROFESSIONAL LIABILITY INSURANCE PROGRAM

33. Persistent increases in the number and cost of claims over the last decade are putting significant pressure on the Program. The Program is also subject to ongoing uncertainty regarding investment income and transaction levies. Because of the elimination of the Premium Stabilization Fund, there is no longer a significant pool of money in the Law Society's Errors & Omissions Fund which can routinely be used on an annual basis to insulate the Program from negative impacts.

34. As LAWPRO works through these challenging times, its prudent and conservative approach to the issues of the day has stood it in good stead. LAWPRO has maintained a solid capital base, with a minimum capital test ("MCT") as of June 30, 2015 of 249 per cent. This MCT result is above the regulators' minimum level of 100 per cent and supervisory threshold of 150 per cent, and above LAWPRO's internal minimum target of 180 per cent. LAWPRO has a robust asset-liability matching program to ensure that the funds are available to satisfy the claims obligations undertaken to date. Also, LAWPRO has received a consistent "A" (Excellent) rating from A.M. Best Co. each year since 2000.

35. In 2015, LAWPRO has retained its "stable" outlook based on its commanding market profile and recent improvement in operating and underwriting results. (An "outlook", which looks more to the future, is different from a "rating".) However, A.M. Best Co. did note LAWPRO's unfavourable loss ratio trends would continue to place pressure on its capital base. While the MCT of 249 per cent as of June 30, 2015, represents only a slightly unfavourable result compared with the 251 per cent as at December 31, 2014, note that a 36 percentage point drop under the new 2015 MCT rules is being phased-in by the regulators through to the end of 2017. Further note that LAWPRO'S level of capital is somewhat lower than various Canada-wide averages, such as the overall insurer average of over 270 per cent, the personal lines average of over 250 per cent or the commercial lines average of over 300 per cent.[3] The proposals

[3] As reported by MSA Research Inc.

outlined in the following pages are designed to address the present challenges in a prudent fashion and maintain LAWPRO'S ability to meet the needs of the Program in the years to come.

36. To establish the recommended Program for 2016, the LAWPRO Board considered several factors, such as:

- the cumulative effect of the recent underwriting and investment results, and the economic environment, on the Program;
- the expected future loss cost;
- the revenue sources which are expected to supplement the base levies; and
- the inherent uncertainties in predicting the results of the Program each year.

37. To ensure the Program's long-term viability, LAWPRO and the Board took a prudent approach to projections of revenue, as well as claims frequency and severity, taking into account factors such as emerging claims trends, general economic conditions, the tax environment and inflationary pressures on the claims portfolio.

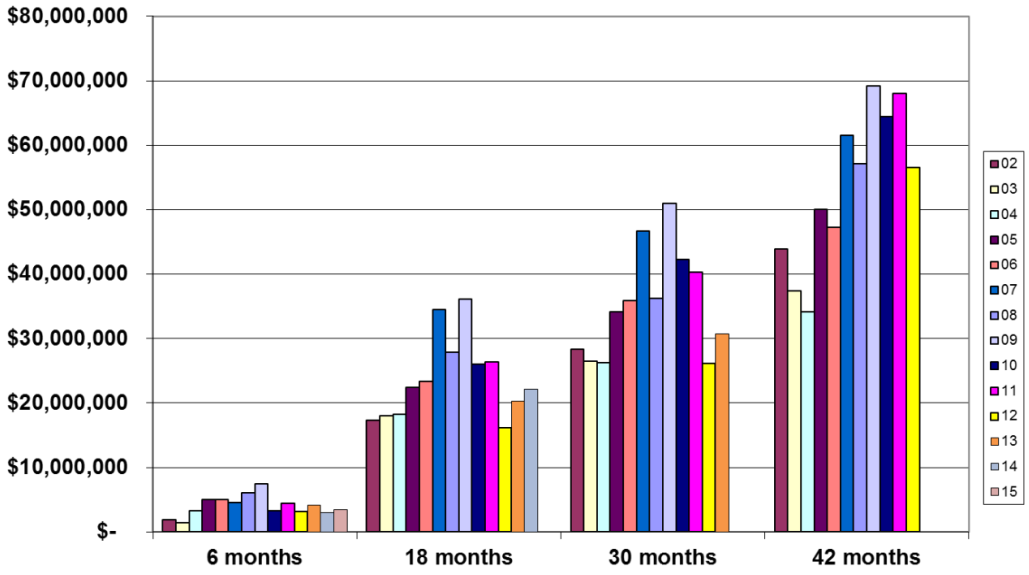
38. As part of its ongoing planning process, LAWPRO looked at a five-year time horizon. Any LAWPRO forecast is reviewed and revised periodically based on new information as it emerges. The subject forecast reflects the trends detailed in this report, and takes a conservative approach to projecting the frequency and cost of claims under the Program. This prudent approach is dictated by uncertainties associated with predicting (a) general economic and inflationary trends, and (b) claims associated with recommended or recent Program changes, as applicable.

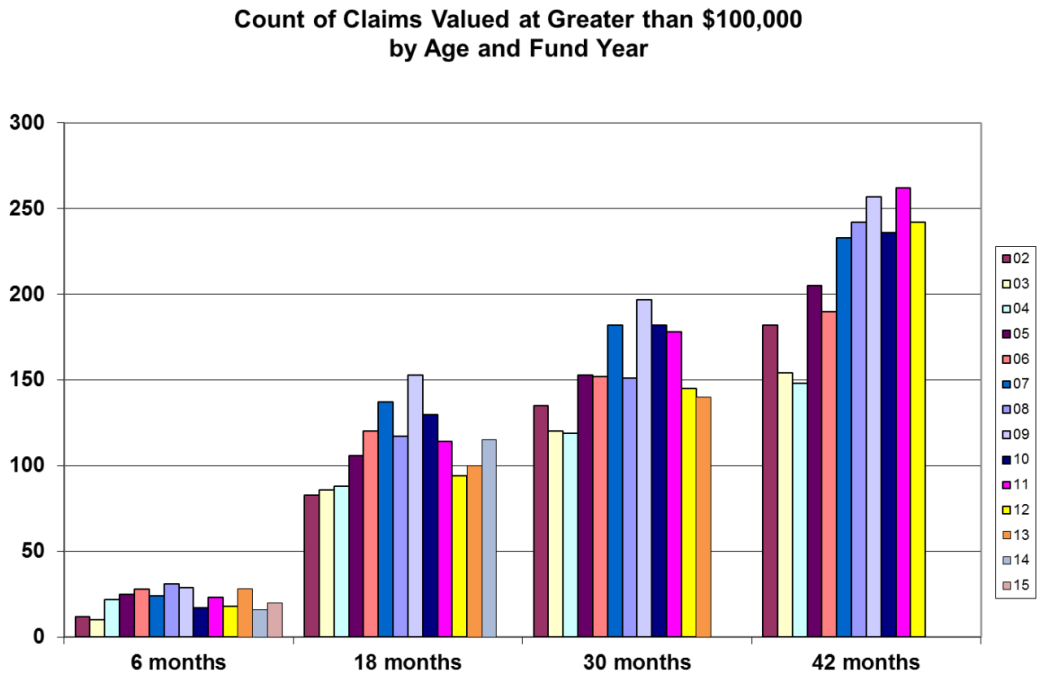
Program Costs

39. LAWPRO's revenue requirements for the 2016 Program are based on the anticipated cost of claims for the year, as well as the cost of applicable taxes and Program administration.

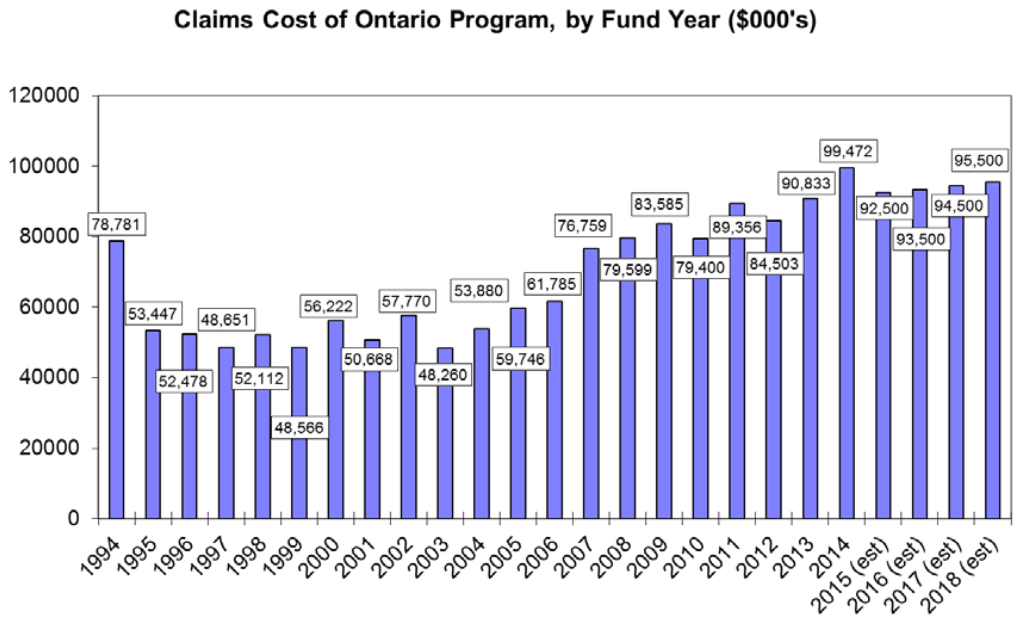
40. Loss experience has trended up noticeably in terms of frequency since 2004, with more claims reported than in the earlier part of the decade. It is too early to form a final view on the development of the most recent fund years' claims, such as 2013 through 2015. However, despite a very recent stabilization in the number of claims involving $100,000 or more (as seen in the following charts), there is an overall longer term upward trend in claims severity (cost per claim).

Dollar Value of Claims Valued at Greater than $100,000 by Age and Fund Year





41. For 2016, LAWPRO expects direct claims costs alone to be $93.5 million (see chart following). LAWPRO estimates total Program funds (that is, claims costs plus general expenses) required for 2016 to be $121.1 million. This estimate is slightly above the current forecast of total Program funds needed for 2015, which is approximately $119.0 million.



Risk Rating

(a) Background

42. As already discussed in this report, the Task Force Report concluded that the cost of insurance under the Program should generally reflect the risks.

43. Specifically the Task Force Report indicated that "…as a fundamental, shaping principle, the cost of insurance should generally reflect the differences in risk history, differing risks associated with different areas of practice, and differing volumes of practice. But no insurance program can be solely risk-reflective and there must be some sharing and spreading of risk."[4]

44. In keeping with this approach, LAWPRO regularly conducts detailed analyses of the risks associated with the Program. The earlier results of these analyses are summarized in previous Reports to Convocation. These analyses concluded that the

[4] 1994 Task Force Report, page 17.

practice of real estate and civil litigation represented a disproportionate risk when compared to other areas of practice, and that lawyers with a prior history of claims have a greater propensity for future claims than do other lawyers.

45. The objective of risk rating was finally achieved in 1999 by applying various discounts and additional levies (such as the real estate and civil litigation transaction levies and claims history levy) to the Program.

46. Risk rating, however, is not static. Because the relationship between the cost of claims and different areas of practice may change, LAWPRO must continue to monitor the Program to ensure that risk rating continues to be achieved. The results of these earlier risk analyses are re-evaluated each year, and the factors used to assess risk and determine premium under the Program are re-evaluated for degree of relevance. The factors currently used to match risk to premium include area of practice, years in practice, claims history, liability for partners and associates, and size of practice.

47. As in the past, LAWPRO's risk analysis also examined the degree of specialization, size of firm, and geographic location of practice as possible factors to be used in assessing risk and setting premiums. The potential factors were examined individually and on a combined basis to determine any correlation or dependencies.

48. In 2015, this review has reaffirmed the overall validity of the rating structure currently in place, subject to certain adjustments in magnitude. The results of the customary re-evaluation of the earlier risk analyses are addressed in this report at paragraphs 54 to 72.

(b) Practice Trends

49. LAWPRO's present risk analysis reaffirms the results of its last report indicating that the practice of real estate and civil litigation represent a disproportionate risk when compared to other areas of practice. These two areas of practice represent 69 per cent of the claims reported and 64 per cent of the claims costs under the Program in 2014.

50. In particular:

a) Real estate claims costs have trended upwards since 2001, with real estate accounting for nearly 30 per cent of costs in many of those years. Since 2004, claims costs in this area of practice have increased almost 50 per cent;

b) In 2014, the exposure relating to the practice of civil litigation again was substantially more than that traditionally seen, with civil litigation accounting for 43 per cent of the claims reported and 45 per cent of the claims costs under the Program;

c) In 2014, the nature of claims against civil litigators was also reaffirmed, with missed limitation period claims (including administrative dismissals) accounting for almost 36 per cent of litigation claims, whereas general conduct or handling of the matter accounted for about 64 per cent of these claims; and

d) Lawyers with a prior claims history continue to have a considerably greater propensity for claims than other practising lawyers. Lawyers with claims in the prior 10 years were more than three times more likely to report a claim during the past year than those with no claims in the prior 10 years.

51. The result of this analysis is summarized in the graphs contained in **Appendix "B"** of this report.

(c) Risk Management Initiatives

52. A principal mandate of LAWPRO is to help the legal profession manage the risk associated with practice. This is accomplished by providing lawyers with information, tools and resources that help them manage risk and practice in a more risk-averse fashion. Among LAWPRO's major risk management initiatives are:

- **TitlePLUS® Program:** TitlePLUS insurance is a competitive title insurance product that has made a positive difference in the Ontario real estate market. It expands the choice offered to consumers and lawyers. It influences the behaviour of other title insurers. It educates consumers and has expanded policy coverages available to them. It also educates lawyers on title insurance and real estate trends. The TitlePLUS program promotes real estate lawyers and recommends that consumers seek the advice of lawyers when closing their real estate transactions.

  TitlePLUS staff have also given presentations at various CPD programs on title insurance and fraud prevention measures in real estate transactions. These are designed to provide the legal profession, including new lawyers entering practice, with the tools they need to manage risk and avoid claims under both the professional liability and TitlePLUS programs.

  "TitlePLUS Today", the department's news bulletin, is sent regularly to subscribing lawyers across Canada, providing legal and underwriting updates on current national real estate issues. Also, in recognition of the role support staff play in real estate transactions, the department publishes "TitlePLUS Tips", a bulletin written especially for support staff in the offices of subscribing lawyers. To increase lawyer and clerk understanding of the products and risk management techniques, links to how-to videos and risk management videos were distributed via these newsletters.

  In 2014, LAWPRO continued with its consumer education program which involved a media campaign highlighting the role of lawyers in real estate transactions and TitlePLUS insurance. Overall, the consumer education

program involved 169 articles, generating over 12.9 million impressions. Additionally, articles on wills, family law and starting a business highlighted other ways in which lawyers can be of service to the public.

- **practicePRO® Program:** Now in its 17th year, LAWPRO's successful risk management and claims prevention initiative is a recognized source of high-quality risk management tools and resources, both inside and outside of Ontario. This year, practicePRO staff helped lawyers avoid malpractice claims through articles in *LAWPRO Magazine* and other law-related publications, information on the practicePRO website and AvoidAClaim blog, social media, live presentations, and an exhibitor presence at CPD programs and other law-related events. The practicePRO program has significant presence in the legal community by maintaining relationships and actively working with its various constituents, including the Law Society, the Ontario and Canadian Bar Associations, local law associations, legal goods and service providers, the legal and mainstream press and others.
- ***LAWPRO Magazine*:** With its strong risk management focus, LAWPRO's flagship publication continues to play an important role in helping lawyers avoid malpractice claims. Through an Annual Review issue of the magazine published each spring, LAWPRO provides lawyers with an overview of claims trends and an explanation of how these affected their premiums and LAWPRO's financial results. This Annual Review issue also provides information on LAWPRO's efforts to prevent claims and to advance lawyers' interests with the government and public opinion. The September 2014 issue of *LAWPRO Magazine*, titled *The Changing Face of the Profession* focused on collaborating effectively with colleagues and clients, regardless of their culture or personal identity characteristics. It highlighted scenarios where cultural issues can cause claims.
- **Fraud:** In terms of the risk they present to the Program, fraud-related claims are an ongoing and significant concern for LAWPRO. LAWPRO continues to take steps to combat fraud through measures within its own operations, its

relationship with the legal profession, and by working as occasions arise with law enforcement, land registry, banking, insurance and other organizations and industries also affected by fraud. The Fraud Fact Sheet was updated in early 2015 with information on new trends and scams. This resource was downloaded nearly 6,000 times from the practicePRO website and handed out at numerous CPD programs and events sponsored by the practicePRO and TitlePLUS programs in 2014. The AvoidAClaim blog continues to be an important tool for alerting lawyers to the latest email and online fraud scams as they happen. It averages almost 660 visitors a day and had 200 fraud-related posts made to it in 2014. Lawyers from all over Ontario and elsewhere visit the blog after searching the names of fraudsters pretending to be prospective clients, often because the matters appear to be suspicious. The information provided by LAWPRO has helped many Ontario lawyers avoid being duped.

- **Rule 48 Admin Dismissals:** Effective January 1, 2015, a new Rule 48.14 brought significant changes to the administrative dismissal regime in Ontario. LAWPRO strongly encouraged lawyers to take steps to familiarize themselves with the change requirements under the new Rule 48.14, and in particular the transition provisions. This message was incorporated into speaking engagements, *LAWPRO Magazine* and webzines, the AvoidAClaim blog and on social media. An eight-page Rule 48 Transition Toolkit is currently in distribution.

- **Consultations:** The practicePRO program actively worked with various entities to ensure that professional liability and risk management concerns were taken into account when policy issues were under discussion. LAWPRO made submissions to the Law Society on a variety of formal and informal consultations, including the corporate and insurance issues that ABS implementation would raise. LAWPRO presented risk management information to students at the Law Practice Programs at Ryerson and the University of Ottawa and worked to get claims and risk management information into the Lakehead University law school curriculum.

- **practicePRO Lending Library:** To help lawyers improve their practices, this library makes 150 of the best books on law practice, technology and risk management topics available on loan for free to all Ontario lawyers. In 2014, 115 books went out on loan to 82 lawyers.

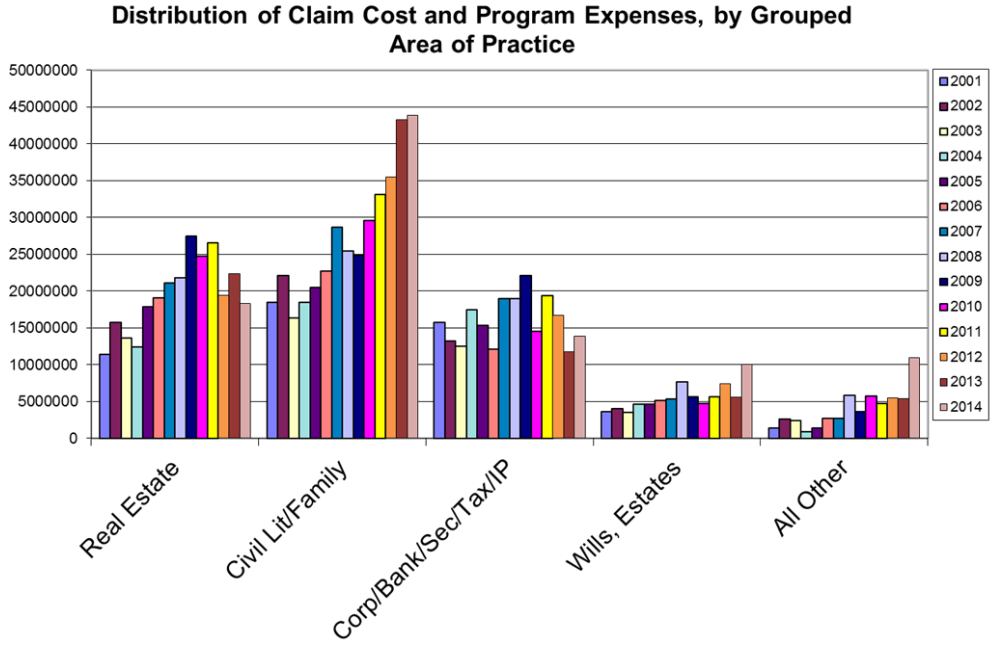
- **The LAWPRO Risk Management Credit:** This premium credit offered under the Program is another significant LAWPRO risk management initiative. In 2001, a premium credit of $50 was first offered to lawyers using the practicePRO Online Coaching Centre, an Internet-based, self-coaching tool that helps lawyers enhance their business and people skills. The premium credit was broadened in the following year to provide a $50 credit (to a maximum of $100 per lawyer per year) for designated law-related CPD programs completed by the lawyer. For a credit on premiums for 2016, lawyers (and paralegal partners in combined licensee partnerships) must have participated in LAWPRO-approved CPD programs between September 16, 2014 and September 15, 2015. In addition to the Online Coaching Centre and Homewood Health e-Courses, 281 programs qualified for the credit during this period. These programs had approximately 55,000-60,000 attendees.

  Prior to the implementation of the LAWPRO Risk Management Credit, most CPD programs focused solely on substantive law. Due to the Risk Management Credit and the Law Society's new focus on mandatory ethics and professionalism content, a significant number of Ontario CPD programs have been broadened to include risk management and claims prevention content.

53. In addition to the other risk management initiatives described above, the LAWPRO Risk Management Credit will be continued for the 2016 Program, with a $50 premium credit per approved CPD program, subject to a $100 per lawyer maximum amount, to be applied for pre-approved legal and other educational programs taken and successfully completed by lawyers between September 16, 2015, and September 15, 2016, for which the lawyer has successfully completed the online Risk Management Credit Declaration Form.

(d) Revalidating Risk Rating

54. It is important to periodically re-evaluate the Program by area of practice to ensure that it continues to be effective in its risk rating. The following chart shows the distribution of ultimate expected claims costs by detailed area of practice commencing in 2001 (being Fund Year Z).

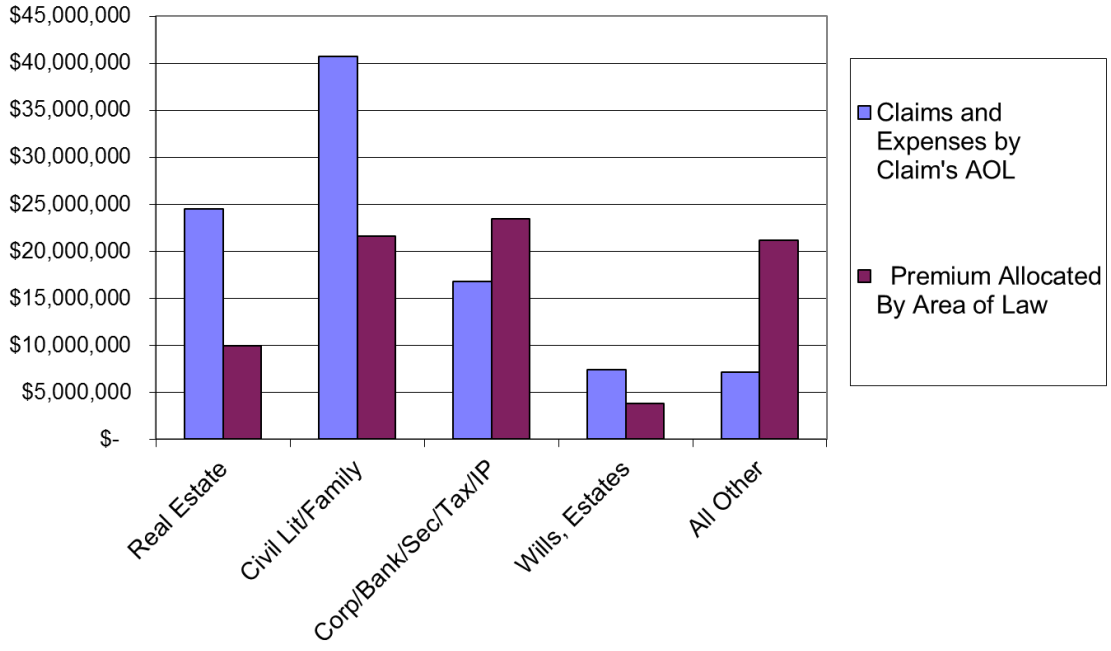


55. Apparent from this chart are the significant claims costs in many practice areas and the fact that real estate and litigation continue to be higher risk on a consistent basis over a multi-year period.

56. The fact that few lawyers practice exclusively in one area provides a compelling reason to group together common or related areas of practice. However, to ensure that risk rating is being achieved, the Program's anticipated losses and related costs must be compared to the premiums. Based on the most recent loss experience under the Program (including that seen under the Program up to December 31, 2014), the following chart compares the anticipated losses and costs distributed by area of law to the proposed base premiums by primary area of practice. The premiums in this chart

include the proposed base premiums with real estate practice coverage, innocent party and base premium adjustments, but exclude transaction levies and claims history surcharges.

Comparison of Projected 2016 Premium by Lawyer's Primary Area of Practice to Claims and Expenses by Claim's Area of Law



57. The shortfall between the anticipated claims costs and expenses to base premiums is particularly significant for the areas of real estate law and civil litigation.

58. The latest Program statistics indicate that without the benefit of the transaction and claims history levy revenues, the 2016 base premium would be about $9,000 for those whose primary area of practice is real estate.

59. Past Reports to Convocation have discussed the importance of using the transaction and claims history surcharge levies as premiums, to avoid any substantial

dislocation among the bar in the higher areas of practice which would otherwise occur with risk rating.[5]

60. By including the transaction and claims history surcharge levies in most recent years, a shortfall for real estate and civil litigation claims costs is typically overcome. Therefore, it is proposed to maintain the levies at the same level for 2016.

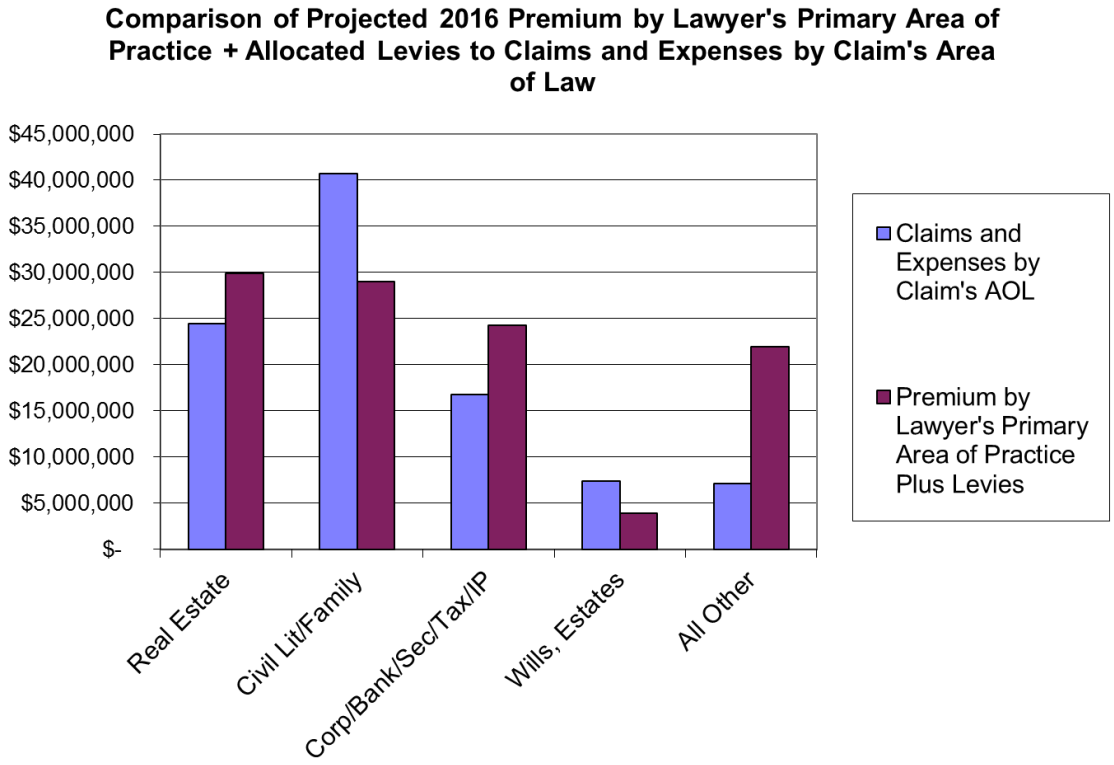
61. In April 2008, LAWPRO introduced a Real Estate Practice Coverage Option ("REPCO"). One REPCO claim has arisen as of June 30, 2014, representing a limit loss of $250,000, which was paid out. LAWPRO is maintaining an actuarial loss reserve for potential incidents that have occurred but have not yet been reported to LAWPRO. (Since the essence of REPCO coverage is to compensate for an act of fraud by the insured lawyer, it is unlikely that there will be an immediate report by the lawyer involved; therefore, LAWPRO is making a conservative assumption that there will often be delays in reporting under this coverage.)

62. To acknowledge the promising results to date, the price of the REPCO coverage has been reduced over time. For its first two years, it was $500 per insured. In 2010 this was reduced by a prudent $100 to $400. In 2012 it was reduced by a further $150 to $250, which has been its price until 2015. Actuarial analysis has confirmed that a further reduction in 2016 would be merited.

63. Accordingly, the premium for REPCO will be reduced to $100.

64. The following chart compares the anticipated premiums sorted by the lawyer's primary area of practice (plus the claims history surcharge, REPCO premium as revised and transaction levies) to the anticipated claims costs and expenses for each area of law.

[5] 1999 LAWPRO Report to Convocation, pp. 18-22; 1998 LAWPRO Report to Convocation, pp. 37-37; and 1996 LAWPRO Report to Convocation, pp. 32-36.



65. This comparison indicates that, with the benefit of the transaction and claims history surcharge levies, and including the REPCO premium, there is a more acceptable correlation between revenues and claims for the major practice areas. Although some moderation in civil litigation claims costs can be expected over time with the recent change in Rule 48, the recent years' spike in civil litigation costs will need to be monitored to determine whether any action should be taken on this category.

66. The graph does indicate some subsidy by area of practice, especially by the practitioners in the "All Other" category. This subsidy changes somewhat over time and may vary considerably from year to year for the smaller practice areas, if they were broken down in greater detail.

67. The area of wills and estates has experienced an increase in claim costs over the past decade. Given the relatively small number of practitioners in this area, a few large claims often skew the results. LAWPRO will continue to monitor these results and propose any action, if appropriate, at a future date.

68. Appreciating the foregoing variables and possibilities of comparison by area of practice, it appears that the Program does substantially meet its objectives of risk rating, and that the proposed Program will continue to do so in the coming year. Although some subsidy may exist for certain areas of practice, when taking into account operating costs and commercial realities, the cost of insurance under the Program is considered to generally reflect the risk. Notably, the Task Force Report acknowledged that "…no insurance program can be solely risk-reflective and there must be some sharing and spreading of risk."[6]

69. Other aspects reviewed in the analysis included the exposure based on the size of the firm, year of call, geographic location and prior claims history. The overall results of this analysis reaffirm the premium discounts already in place, including the surcharge applied to practitioners with a prior claims history. The results of this analysis are reproduced in select graphs in **Appendix "B"**.

70. Although the volume (size) of practice may not be wholly determinative of risk, the transaction levies do reflect the volume of business transacted in a practice, as well as the higher risk associated with real estate conveyancing and civil litigation.

71. Accordingly, the LAWPRO Board is satisfied with the continued use of transaction and claims history levy revenues as premium, with the result that the cost of insurance under the Program continues to generally reflect the risk.

72. Various examples of premiums which would be charged to members depending on the nature of their practice are summarized in **Appendix "C"** of this report.

Reinsurance and Capital Preservation

73. LAWPRO annually assesses its need for reinsurance based on its capital position and its claims results and volatility.

[6] 1994 Insurance Committee Task Force Report, at page 17.

74. In its early years, LAWPRO purchased Program-wide quota share reinsurance. A stronger financial position and more stable claims experience enabled LAWPRO to cease reinsuring the Program with quota share reinsurance starting in 2003. In addition to relying on LAWPRO's own capital, the resources of the Errors & Omissions Fund up to a $15 million cap were effectively relied on starting in 2003. An enhanced retrospective premium endorsement provided that for certain years actual loss experience above a certain threshold would be borne by the Errors & Omissions Fund through additional premiums. On the other hand, actual loss experience below a certain threshold would trigger a refund of premiums to the Errors & Omissions Fund. The Errors & Omissions Fund used the Premium Stabilization Fund ("PSF") as a mechanism to fulfill its potential obligation for additional premiums and as a place to hold premium refunded.

75. Given the current uncertain environment for future claims, transaction levies and investment income, and the rapidly declining balance of the PSF, it was decided in September 2009 that LAWPRO would achieve greater Program stability by retaining any future favourable claims development. As a result, the refund aspect of the retrospective premium endorsement was not continued in the 2010 Program.

76. As already noted, under the endorsement as drafted in certain years before 2010, additional premium payments relating to past insurance fund years were potentially required as final claims costs emerged. Accordingly, recognizing the decreased size of the PSF and not wanting to place undue pressure on the Errors & Omissions Fund as a whole, the threshold for the additional premium aspect of the retrospective premium endorsement was increased in 2010.

77. For 2016, it is proposed that there continue to be a $15 million dollar cap on the Errors & Omissions Fund's exposure to provide additional premium to LAWPRO. As in 2010 through 2015, to the extent that the net loss ratio exceeds the anticipated loss ratio for the year by an absolute 10 per cent, the Errors & Omissions Fund would cover the losses. The 2010 through 2016 backstop provisions will be evaluated separately, with the $15 million limit shared by the six fund years. The lower likelihood of a payout

by the Errors & Omissions Fund in this regime, as it commenced on January 1, 2010, makes the protection more akin to a catastrophic coverage, providing payout only in the unlikely scenario that an insurance fund year experienced significant deterioration from its initial expectations.

78. By relying on its own resources and the $15 million backstop from the Errors & Omissions Fund as described above, LAWPRO will not need to pursue the expensive course of purchasing reinsurance on a Program-wide basis.

79. For 2016, LAWPRO will again look to purchase reinsurance protection against the possibility of multiple losses arising out of a common event or nexus, as it has since 2005 (the "Clash Excess of Loss Reinsurance"). This protection against aggregated losses extends across both the professional liability and TitlePLUS programs, and offers some measure of protection against a series of claims, such as fraud-related claims where the fraudster targets more than one lawyer, or a single defect in title affecting an entire condominium project.

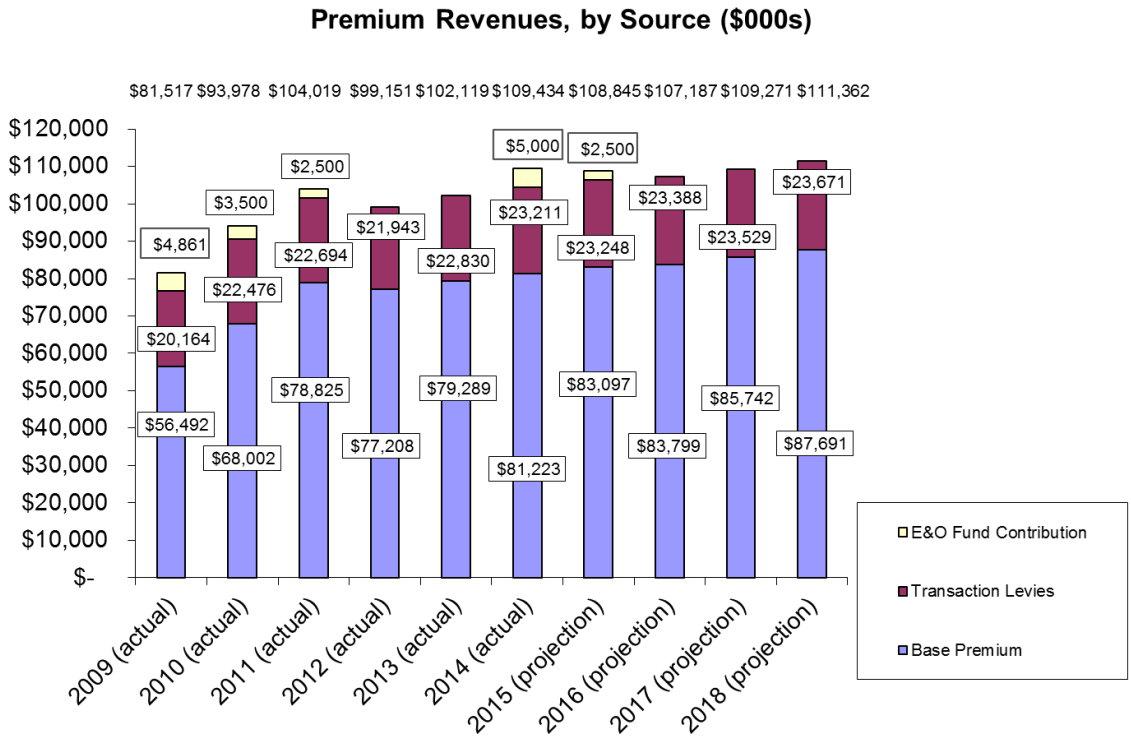
80. Since January 1, 2013, LAWPRO has purchased an additional $20 million limit above what had been the existing $10 million limit under the Clash Excess of Loss Reinsurance (for a possible total limit of $30 million in coverage above LAWPRO's retained exposure). This additional $20 million layer covers multiple claims that directly or indirectly relate to class proceedings. In 2016, LAWPRO will again look to purchase the higher layer of protection, at least against the possibility of class proceedings against multiple insureds.

81. Accordingly, 100 per cent of the premiums and losses for the Program will again be retained by LAWPRO in 2016, subject to limited capital backstop protection provided by the Errors & Omissions Fund, and reinsurance protecting the Program from multiple losses arising out of a common event or nexus.

Revenues

82. To meet the total expected Program obligations for 2016, LAWPRO first evaluates its likely investment income, and then considers premium sources. By way of contrast with some recent years, there will be no contribution from the Errors & Omissions Fund to minimize the base premium, rather premium revenues to meet fiscal requirements for 2016 will come only from two principal sources: the base premium[7] and levy surcharges.

83. The projected premium revenues from these two sources are as follows:



(a) Investment Income

84. LAWPRO takes full advantage of the time between the collection of premiums and the payment of claim costs by investing any available funds into a well-diversified

[7] "Base premiums" includes base premiums with applied discount or charges, as well as innocent party and REPCO premiums.

portfolio of fixed income and equity securities. LAWPRO uses the resulting investment income to help pay operating and claims expenses, thereby reducing the amount of funds that must come from premium sources.

85. LAWPRO provides further stability to the Program by segregating into a separate portfolio (the liability-matched portfolio) sufficient money to pay anticipated future claims costs, with any surplus capital held in a different portfolio. The securities in the liability-matched portfolio consist of high-quality government and corporate fixed income securities, with the future cash inflows to LAWPRO arranged to coincide with the expected payout patterns of the future claim costs. The surplus portfolio consists of a prudent mix of fixed income and equity securities.

86. During recent years, investment returns have weakened as the worldwide credit crunch resulted in some depressed equity and fixed income prices. In addition, with central banks such as the Bank of Canada lowering their overnight interest rates to rock-bottom levels, the rates of return on fixed income securities have also dropped significantly. For LAWPRO, the downward pressure on returns is exacerbated as fixed income securities mature and need to be reinvested at these low rates. Rate cuts by the Bank of Canada will put further pressure on investment income, and it will likely be some time before interest rates available upon purchasing new fixed income securities equal the rates that have been available to LAWPRO in the past.

87. LAWPRO's prudent investing philosophy helped protect its portfolios (both liability-matched and surplus as described above) from significant losses of principal during the economic turbulence of recent years. Further, LAWPRO'S portfolio has been well-positioned to participate in the recent recovery in the equity markets. However, as a result of continued market uncertainty, LAWPRO has set its expected return on investments for 2016 at 3.15 per cent, slightly lower than the 3.25 per cent originally projected for 2015, and significantly lower than the 5 per cent (or higher) in previous years.

(b) Levy Surcharge

88. The Ontario real estate market has been quite resilient in the last few years, but there are indications that the market will be varied in the near term. Statistics published by Canada Mortgage and Housing Corporation in June 2015 indicate that the number of resale transactions increased by 3.8 per cent in 2014, and is forecast to increase 1.8 per cent in 2015 but then decrease by almost 3.1 per cent in 2016. Regarding new housing starts, after a 3.2 per cent decrease in 2014, results are forecast to increase by 4.3 per cent in 2015 before dropping 1.8 per cent in 2016.

89. At present, the levy surcharges include a $50 civil litigation transaction levy and a $65 real estate transaction levy, as well as a claims history levy surcharge.[8] Revenues from these levy surcharges are applied as premiums, to supplement the base levy.

90. Civil litigation and claims history levy surcharge revenues have been quite stable over time, while the revenue from real estate transaction levies declined by approximately 50 per cent between 1999 and 2009 (prior to the increase in levy for the 2010 Program).

91. The increased use of title insurance is considered to be largely responsible for a reduction in the count of real estate transaction levies since 1999. Lawyers acting for those obtaining an interest or charge in the land in many instances are not required to pay a transaction levy, where the interests of all parties obtaining an interest or charge in the property are title-insured, and the acting lawyer or lawyers are provided with the appropriate release and indemnity protection by the title insurer, based on a standard form agreement entered into between the title insurer and the Law Society on behalf of Ontario lawyers.

92. It is estimated that more than 90 per cent of residential real estate transactions in Ontario are title-insured.[9] In recent years, the number of real estate transaction levies

[8] The claims history levy surcharge ranges from $2,500 for a lawyer with one claim paid in the last five years in practice, to $25,000 for a lawyer with five claims paid in the last five years in practice (an additional $10,000 is levied for each additional claim paid in excess of five).
[9] LAWPRO makes this estimate based on the correlation between real estate sales data and transaction levy filings.

collected has moved in tandem with residential real estate sales. This indicates a maturity or saturation of this market for title insurance.

93. More recently, the number of transaction levies stabilized as a result of the solid Ontario real estate sales. As of July 2015, transaction levy revenues are slightly above expectations at $0.9 million over budget.

94. To account for ongoing uncertainties in the real estate market and the prospect of a shortfall, a conservative approach has been taken in estimating revenues from levy surcharges for 2016.

95. As described above in this report, the use of transaction levies ensures an element of risk rating in the Program, as both real estate and civil litigation continue to represent a disproportionate risk when compared to other areas of legal practice. The use of levies also avoids the substantial dislocation which likely would occur if the base premiums were increased to reflect the risk, and reflects the consensus reached with the affected sectors of the bar and others in the profession as the most equitable way to achieve risk rating when introduced in 1995.

96. For 2016, LAWPRO estimates transaction levy revenues at $23.4 million.

(c) Errors & Omissions Fund

97. Since the introduction of the 1999 Program, any receipts in excess of those budgeted from the transaction levies and claims history surcharges collected in the year were held within the PSF component of the Errors & Omissions Fund. They were managed on a revolving account basis and applied to the Program. These funds were used to guard against any future shortfall in levy receipts in a given year, appreciating the difficulties in forecasting transaction levy revenues in a changing economic climate, and acted in some years as a buffer against the need for increases in base premium revenues.

98. Because of the obligation to meet its retrospective premium obligation for 2009, which involved a payout of $13 million given the one-time retrospective impact of the

HST, the PSF was exhausted as of December 31, 2009. While in recent years the Errors & Omissions Fund has held well over $60 million of surplus, the vast majority of those funds have already been committed for specific purposes, such as the $15 million Program backstop (see paragraphs 73 through 81) and the Errors & Omissions Fund's investment in LAWPRO shares.

99. Given the low remaining available surplus balance, effective the 2014 Program the guarantee mechanism relating to claims history surcharges was discontinued. In 2014, LAWPRO reported to Convocation that discontinuing the remainder of the Errors & Omissions Fund's guarantee mechanism (i.e., relating to transaction levies) would better align the Program with both the risk transfer requirements pursuant to IFRS 4 *"Insurance Contracts"* and the Office of the Superintendent of Financial Institutions' ("OSFI") views on related party transactions.

100. Therefore, the Program discontinued the transaction levy guarantee mechanism effective January 1, 2015 and an amount of $2.5 million (LAWPRO's current best estimate of the remainder notionally being held for this previously revolving account) was drawn from that surplus and applied towards the premium under the 2015 Program. This helped to address the continued high claims costs experienced by the Program and near-term capital pressures (see below). Note that the current LAWPRO five-year projection does not assume further contributions from the Errors & Omissions Fund to support the base rate premium, or any backstop for levy surcharges of any type.

(d) Capital Requirements

101. As a final consideration before determining the base premium, LAWPRO must consider its capital needs. Canadian regulators use the Minimum Capital Test ("MCT") in order to assess capital adequacy of a property and casualty insurer. The MCT is a risk-based ratio calculation which compares the insurer's capital or net assets available to the "capital required." Through the capital required component of the test, regulators prescribe certain additional capital or margins that must be held based on the various types of assets and liabilities on the insurer's balance sheet.

102. A significant margin requirement relates to the approximate 20 per cent additional capital that must be held for all the net claims liabilities on the books that relate to commercial liability (which includes professional liability coverage). Given the steady historical growth of LAWPRO's net claims liabilities over the last decade or so, even a net income of $5 million can often lead to a decline in LAWPRO's MCT ratio. As a very general rule of thumb, LAWPRO requires in the neighbourhood of $5 million to $7 million of either net income or increased after-tax net unrealized gains on its surplus portfolio[10] to achieve a stable to slightly increasing MCT ratio.

103. The determination of a specific insurer's "ideal" MCT ratio is no easy task, as the current industry metrics are primarily designed simply to identify levels that are too low. Canadian regulators require that insurers do not fall below various MCT levels, such as the 100 per cent minimum and 150 per cent supervisory levels. In addition, working in conjunction with LAWPRO, the regulators have accepted 180 per cent as the internal target level. All of these figures represent minimum MCT levels, not ideal operating targets in and of themselves.

104. Subject to future regulatory direction in this regard, the Board believes that a long-term operating MCT target in the neighborhood of 220 to 230 per cent balances LAWPRO's risk profile and its unique ability to set premiums and raise capital, which differs significantly from those of other commercial insurers in Canada. An MCT in this range would allow LAWPRO some capacity to absorb unexpected losses or changes in market conditions, and have time to implement a strategy to restore capital levels to the desired range.

105. While LAWPRO's MCT at 249 per cent as of June 2015 is above the Board's preferred long term range, key near-term trends must also be considered. For example, effective January 1, 2015 the Canadian insurance regulators have implemented a new manner in which the MCT ratio is calculated. Under the new capital regime LAWPRO's MCT ratio dropped about 36 percentage points, though the ratio is temporarily elevated as regulators are phasing in this adjustment over three years (LAWPRO's current MCT

[10] Increases in net unrealized gains relating to the liability-matched portfolio, as well as realized gains, are included in net income.

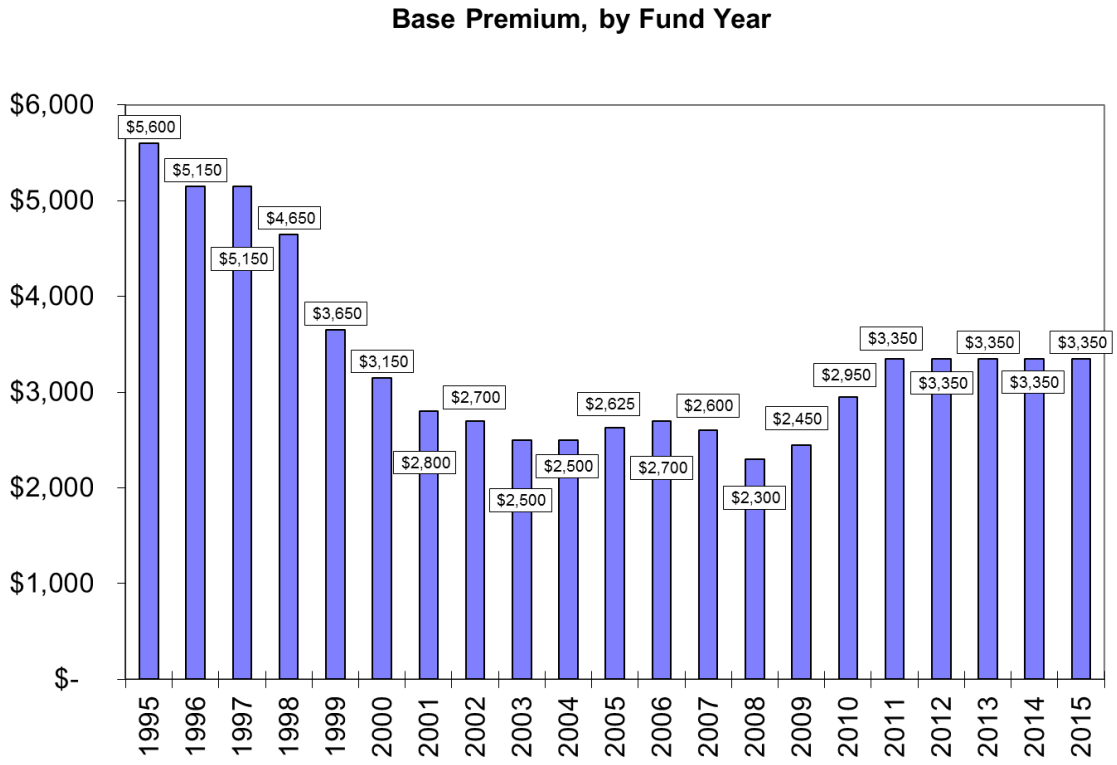
would be just under 220 per cent without this adjustment). In addition, OSFI has released *Guideline E-19 Own Risk Solvency Assessment (ORSA)*, which is fundamentally changing the manner in which an insurer's regulatory internal target ratio will be calculated. As a result, LAWPRO's regulatory capital will be under significant pressure in the near to medium term.

106. Given LAWPRO's current capital levels as well as near-term challenges, the premium for 2016 and onwards must be set at a level that generates significantly more than a break-even result, allowing LAWPRO to continue a phase of capital ratio stabilization and replenishment.

(e) Base Premiums

107. Based on the previous discussion of Program costs, sources of revenue and capital needs, the base premium will be set at $3,350 per member to account for a continued elevated level of claims experience and the likelihood of continuing economic uncertainty. In summary, the 2016 proposed base premium is based on the following key assumptions:

- 26,053 practising insured lawyers (full-time equivalents);
- $121.1 million in anticipated total Program costs (paragraph 41);
- $23.4 million in budgeted transaction levy revenues (paragraph 96); and
- 3.15 per cent return on investment (paragraph 87).



108. At this time, the Board is satisfied that this base premium rate appropriately recognizes the uncertainties in emerging claims experience and economic conditions, and allows the Program to continue to operate on a self-sustaining basis while protecting LAWPRO's overall financial position. The rate is consistent with information provided in the Report to Convocation in recent years. It was repeatedly noted that the historically low base premium (for example, less than $2,500 per insured lawyer) may not be sustainable in future years, as higher claims costs had already begun to emerge. In particular, the beneficial 2008 base premium level was a method of giving the benefit to the bar during 2008 of some superior 2007 investment results and favourable claim reserve development for earlier fund years. As noted earlier, investment returns in the current market are lower than in 2006 and 2007, and claims experience in terms of frequency and severity has deteriorated. Also, the full impact on the Program of Ontario's adoption of HST has now been evaluated and factored into the premium calculations. It should be noted that a base premium of $3,350 per lawyer in 2016 is significantly lower than premiums charged in the past. In fact, if inflation were removed,

this premium would be the equivalent to about $2,250 in 1995 dollars, compared to the $3,350 actually being charged now.

109. In setting a base rate for 2016, LAWPRO tested its five-year planning horizon under various scenarios. Overall LAWPRO results are projected to exceed break-even, thus allowing LAWPRO to both stabilize and strengthen its capital position for the possible challenges of coming years. Many factors influence this forecast, most significantly interest rates and claims experience. The results of this forecast cannot be considered definitive in nature and further base rate increases may be required in future years.

110. Accordingly:

a) The base premium is $3,350 per lawyer for 2016, the same base premium charged in 2011 through 2015;

b) Revenues from real estate and civil litigation transaction levies collected by the Errors & Omissions Fund during the year are budgeted at $23.4 million for the purposes of establishing the base premium for 2016 and other budgetary purposes; and

c) The premium for the Real Estate Practice Coverage Option will be reduced to $100. This is a $150 reduction from the $250 charged in 2012 through 2015.

(f) Other Program Features (or Adjustments)

111. With the exception of the changes specifically described in this report, all aspects of the Program for 2016 will remain unchanged from the Program now in place.

112. As detailed in **Appendix "A"**, subject to the noted changes, the current Program for lawyers in private practice encompasses the following:

- standard practice coverage, including Mandatory Innocent Party Coverage; and

- coverage options, including Innocent Party Buy-Up, Part-Time Practice, Restricted Area of Practice and Real Estate Practice.

113. The current Program also provides for premium discount and surcharges. Discount and surcharges as a percentage of premium include:

- New Lawyer discount;
- Part-Time Practice discount;
- Restricted Area of Practice Option discount;
- adjustments for deductible options and minimum premiums; and
- a surcharge in the event that no completed application form is filed.

114. Discounts and surcharges as stated dollar amounts include:

- the Mandatory Innocent Party premium;
- optional Innocent Party Buy-Up premium;
- the Real Estate Practice Coverage premium;
- premium discount for early lump sum payment;
- e-filing discount; and
- Continuing Professional Development discount.

115. Subject to the changes identified earlier in the report, the remaining exemption criteria, policy coverage, coverage options, and premium discounts and surcharges in place in 2015 will remain unchanged for the 2016 Program.

CONCLUSION

116. The LAWPRO Board considers the Program changes to be appropriate and consistent with its mandate as set out in the 1994 Insurance Committee Task Force Report. The LAWPRO Board offers this Program of insurance for 2016 and asks for

Convocation's acceptance of this Report at the September Convocation, so that the 2016 Program can be implemented by January 1, 2016.

ALL OF WHICH LAWPRO'S BOARD OF DIRECTORS RESPECTFULLY SUBMITS TO CONVOCATION.

September 2015

Susan T. McGrath
Chair of the Board
Lawyers' Professional Indemnity Company

Ian D. Croft
Vice-Chair of the Board
Lawyers' Professional Indemnity Company

Appendix "A"

The Standard Program Coverage for 2016[11]

Eligibility

- Required of all lawyer sole practitioners, lawyers practising in association or partnership, paralegals acting in partnership with lawyer(s), paralegals holding shares in professional corporations with lawyer(s) and lawyers practising in a Law Corporation, who are providing services in private practices.
- Required of all other lawyers (e.g. retired lawyers, in-house corporate counsel and other lawyers no longer in private practice) who do not fully meet the Program exemption criteria.
- Available to lawyers who do meet the exemption criteria but opt to purchase the insurance coverage.

Coverage Limit

- $1 million per CLAIM/$2 million aggregate (i.e. for all claims made in 2016), applicable to CLAIM expenses, indemnity payments and/or cost of repairs together.

Standard DEDUCTIBLE

- $5,000 per CLAIM applicable to CLAIM expenses, indemnity payments and/or costs of repairs together.

Standard base premium

- $3,350 per insured lawyer.

[11] Terms entirely capitalized are as defined in the Program policy.

Transaction Premium Levy

- $65 per real estate transaction and $50 per civil litigation transaction;
- No real estate transaction levy generally payable by transferee's lawyer if title-insured.

Premium reductions for new lawyers

- Premium for lawyers with less than 4 full years of practice (private and public):
    - ◊ less than 1 full year in practice: premium discount equal to 50 per cent of base premium;
    - ◊ less than 2 years in practice: premium discount equal to 40 per cent of base premium;
    - ◊ less than 3 full years in practice: premium discount equal to 30 per cent of base premium;
    - ◊ less than 4 full years in practice: premium discount equal to 20 per cent of base premium.

Mandatory Innocent Party Coverage

Eligibility

The minimum coverage of $250,000 per claim/in the aggregate must be purchased by paralegals in partnership with lawyer(s), paralegals who own shares in professional corporations with lawyer(s) and all lawyers practising in association or partnership (including general, CLP, MDP and LLP partnerships), or in the employ of other lawyers.

The minimum coverage must also be purchased by all lawyers practising in a Law Corporation, where two or more lawyers practise in the Law Corporation.

Premium

$250 per insured lawyer.

2016 Program Options

1. Deductible option

$Nil deductible

- Increase in premium equal to 15 per cent of base premium ($502.50 increase).

$2,500 deductible applicable to claim expenses, indemnity payments and/or costs of repairs together

- Increase in premium equal to 7.5 per cent of base premium ($251.25 increase).

$2,500 deductible applicable to indemnity payments and/or costs of repairs only

- Increase in premium equal to 12.5 per cent of base premium ($418.75 increase).

Standard Program: $5,000 deductible applicable to claim expenses, indemnity payments and/or costs of repairs together

- Base premium of $3,350 per insured lawyer.

$5,000 deductible applicable to indemnity payments and/or costs of repairs only

- Increase in premium equal to 10 per cent of base premium ($335 increase).

$10,000 deductible applicable to claim expenses, indemnity payments and/or costs of repairs together

- Decrease in premium equal to 7.5 per cent of base premium ($251.25 decrease).

$10,000 deductible applicable to indemnity payments and/or costs of repairs only

- Increase in premium equal to 7.5 per cent of base premium ($251.25 increase).

$25,000 deductible applicable to claim expenses, indemnity payments and/or costs of repairs together

- Decrease in premium equal to 12.5 per cent of base premium ($418.75 decrease).

2. Innocent Party Sublimit Coverage Options

Innocent Party Coverage Sublimit Buy-Up: For lawyers practising in associations, partnerships and Law Corporations

Lawyers practising in association or partnership (including general, CLP, MDP and LLP partnerships) or a Law Corporation (with more than one practising lawyer), paralegals in partnership with lawyers, or paralegals holding shares in professional corporations with lawyers, can increase their Innocent Party Coverage in two ways:

Increase coverage sublimit to:	Additional annual premium:
$500,000 per claim/aggregate	$150 per insured lawyer
$1 million per claim/aggregate	$249 per insured lawyer

Optional Innocent Party Sublimit Coverage: For sole practitioners and lawyers practising alone in a Law Corporation

Coverage sublimits

- $250,000 per claim/in the aggregate
- $500,000 per claim/in the aggregate
- $1 million per claim/in the aggregate

3. Practice Options

Restricted Area of Practice Option

Eligibility

Available only to lawyers who agree to restrict their practice to criminal[12] and/or immigration law[13] throughout 2016.

Premium

Eligible for discount equal to 50 per cent of base premium, to a maximum of $1,675.[14]

Part-Time Practice Option

Eligibility

Available only to part-time practitioners who meet the part-time practice criteria.

Premium

Eligible for discount equal to 50 per cent of base premium, to a maximum of $1,675.

Real Estate Practice Coverage Option

Eligibility

All lawyers who intend to practice real estate law in Ontario in 2016 must be eligible for and apply for this coverage option.

"ELIGIBLE" means eligible to practice real estate law in Ontario, as permitted by the Law Society. Categories of lawyers who would not be eligible to practice real estate law in Ontario, include:

[12] Criminal law is considered to be legal services provided in connection with the actual or potential prosecution of individuals, municipalities and government for alleged breaches of federal or provincial statutes or municipal by-laws, generally viewed as criminal or quasi-criminal.

[13] Immigration law is considered to be practice of law dealing with any and all matters arising out of the *Immigration and Refugee Protection Act* (S.C. 2001, c.27) and regulations, and procedures and policies pertaining in this report, including admissions, removals, enforcement, refugee determination, citizenship, review and appellate remedies, including the application of the *Charter of Rights and Freedoms* and the *Bill of Rights.*

[14] The maximum premium discount for Restricted Area of Practice, Part-Time Practice options and the New Practitioners' discount combined cannot exceed 50 per cent of the base premium.

- Those who are in bankruptcy;
- those who have been convicted or disciplined in connection with a real estate fraud;
- those under investigation, where the Law Society obtains an interlocutory suspension order or a restriction on the lawyer's practice prohibiting the lawyer from practicing real estate, or an undertaking not to practise real estate.

Premium
$100 per insured lawyer.

4. Premium Payment Options

Instalment Options

- Lump sum payment by cheque or pre-authorized bank account debit: eligible for $50 discount
- Lump sum payment by credit card
- Quarterly instalments
- Monthly instalments

5. E-filing Discount

- $25 per insured lawyer (if filed by November 1, 2015)

6. LAWPRO Risk Management Credit

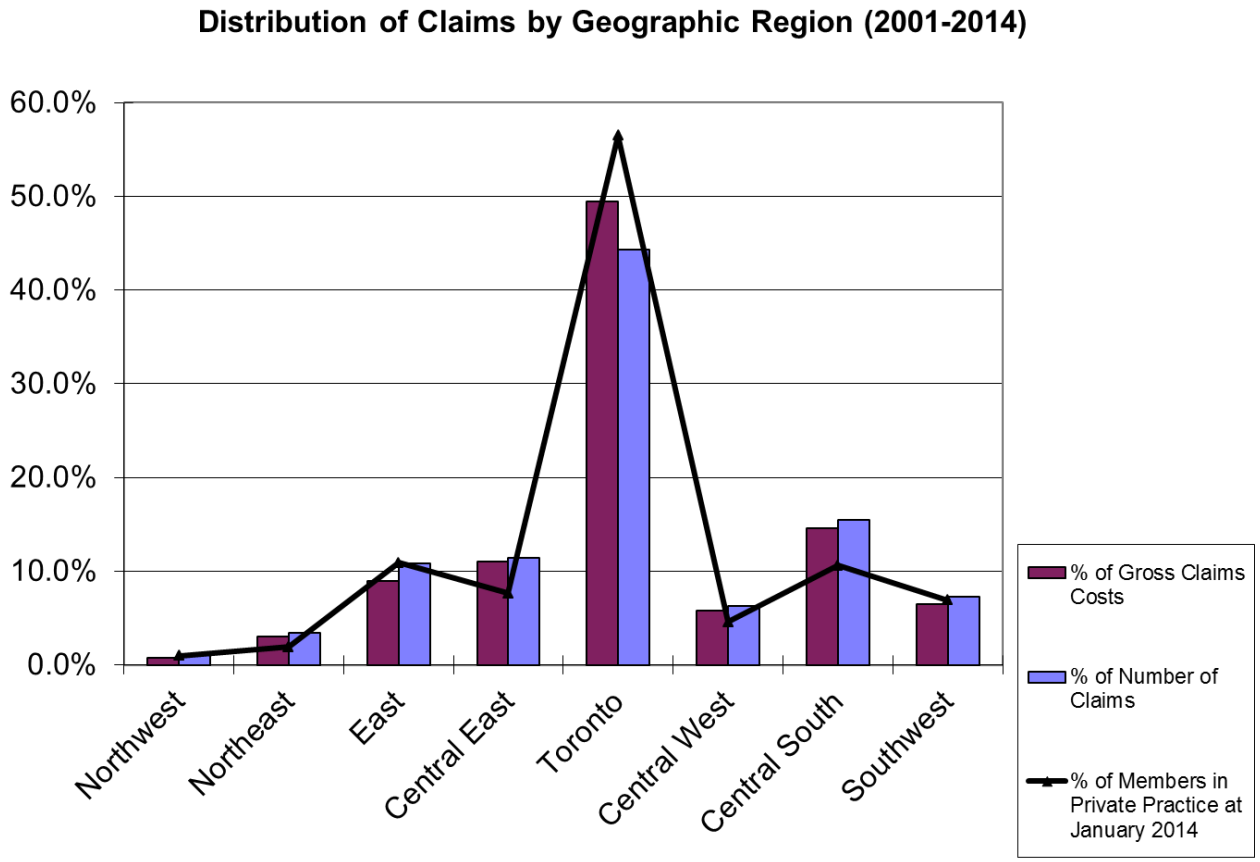
- $50 per course, subject to a $100 per insured lawyer maximum discount, will be applied under the 2016 insurance Program.
- LAWPRO will collect data for pre-approved legal and other educational risk management courses taken and successfully completed by the insured lawyer between September 16, 2015, and September 15, 2016, where the lawyer

completes and files the required LAWPRO Risk Management Credit online declarations by September 15, 2016 (in anticipation of the 2017 Program).

- LAWPRO's Online Coaching Centre is included as a pre-approved course, where the insured lawyer or paralegal completes at least three modules between September 16, 2015, and September 15, 2016.
- As in 2015, the premium credit is extended to include credit for select programs offered by the Law Society's Member Assistance Program (MAP) (to a $100 per insured maximum amount).
- The premium credit is also available to paralegal partners or shareholders in combined licensee firms (CLPs or CLPCs) insured under the Program.

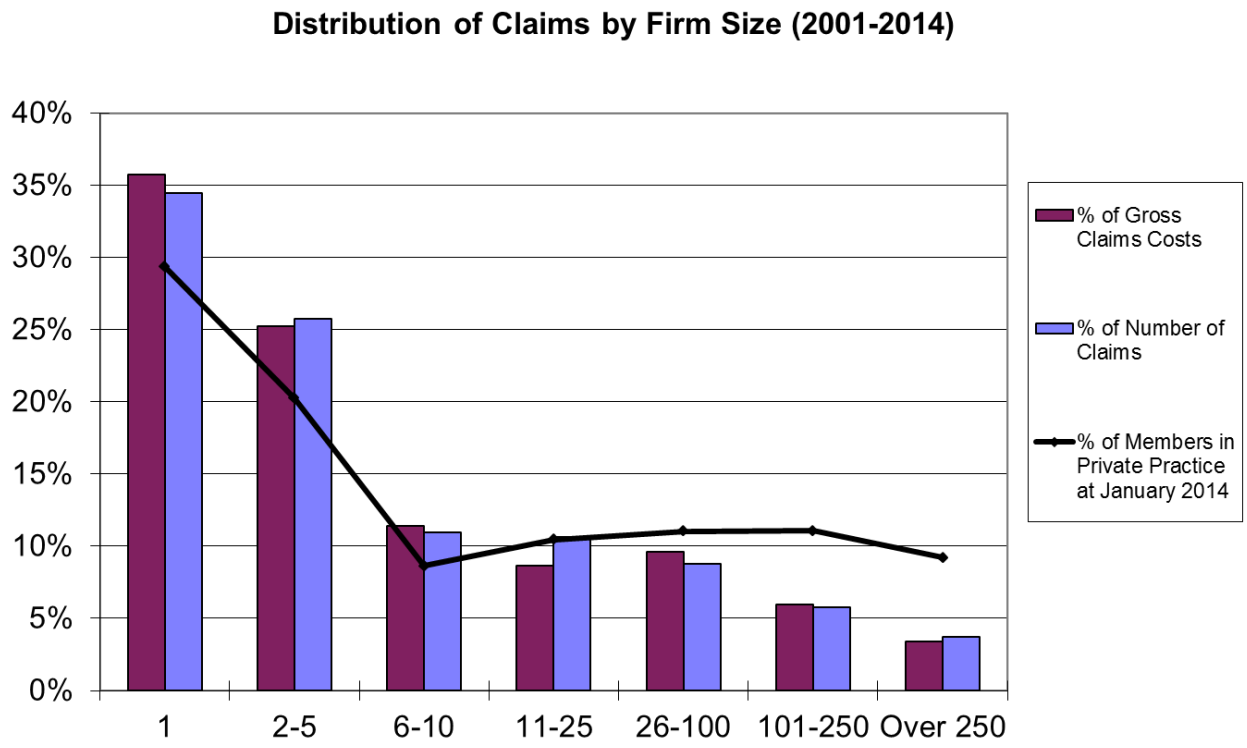
Appendix "B"

Distribution of Claims by Geographic Region



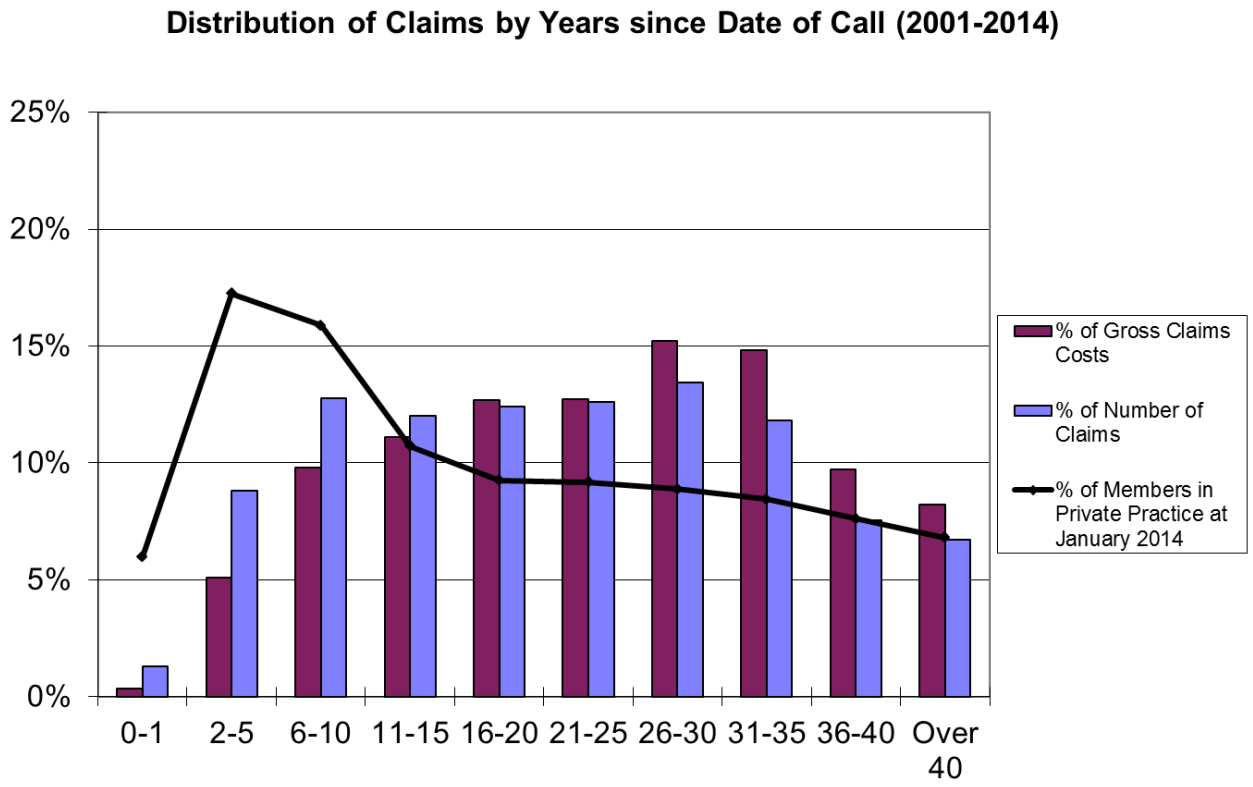
Appendix "B"

Distribution of Claims by Firm Size



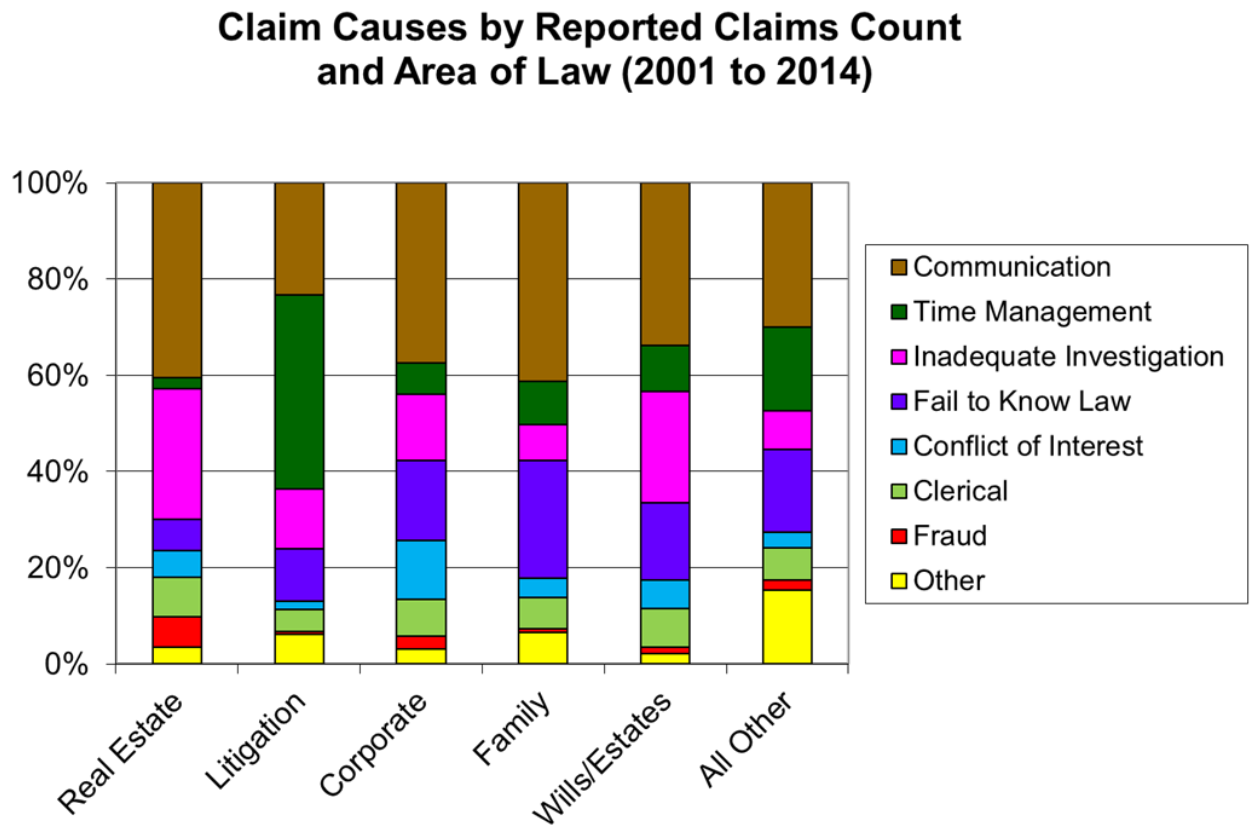
Appendix "B"

Distribution of Claims by Years since Date of Call



Appendix "B"

Claims Causes by Reported Claims Count and Area of Law



Communications: Communication-related errors (including poor communication, not keeping clients informed or failing to obtain client consent) are the biggest causes of claims in all areas of law (except litigation, where it is the #2 cause) and in firms of all sizes. While the most numerous claims, they are at the same time the most easily prevented. Lawyers can reduce their exposure to these types of claims by controlling client expectations, actively communicating with the client at all stages of a matter, documenting advice and instructions and confirming in writing what work was done on a matter at each step along the way.

Time management: These kinds of claims include failing to ascertain a deadline, failing to calendar the deadline, and failing to react to the deadline even when it was known. These lapses often become claims when a limitation period ends up being missed or an action is administratively dismissed due to failing to move the litigation forward appropriately. There are also claims resulting from procrastination when a lawyer lets files that require work languish for extended periods of time. Time management claims are heavily concentrated in the litigation field, as it is so reliant on deadlines. They are also high in the intellectual property area. Practice management software and tickler systems can help prevent these claims, as can lawyers building in more time cushions so that they are not adversely affected by unexpected delays.

Inadequate investigation: Modern technology and busy practices may be behind the tendency of lawyers to give quick legal advice without taking extra time to dig deeper or ask appropriate questions on a client's matter. LAWPRO has seen a big increase in these types of claims in real estate, litigation and will/estates areas of law. High-volume real estate practices often mean lawyers do not have enough time to ask the clients about their plans for the property, and as a result don't do the necessary searches or obtain the proper title insurance.

Failure to know/apply the law: These claims result from a lawyer not having sufficient or current knowledge of the relevant law on a matter in which he or she is working. Extensive federal and provincial legislation, as well as voluminous case law, help make this the second-most-common type of claim in family law. This category also includes failing to know or appreciate the consequences of tax law in corporate/commercial

matters. Lawyers can best avoid this type of claim by sticking to the law they know best and not “dabbling” in other areas.

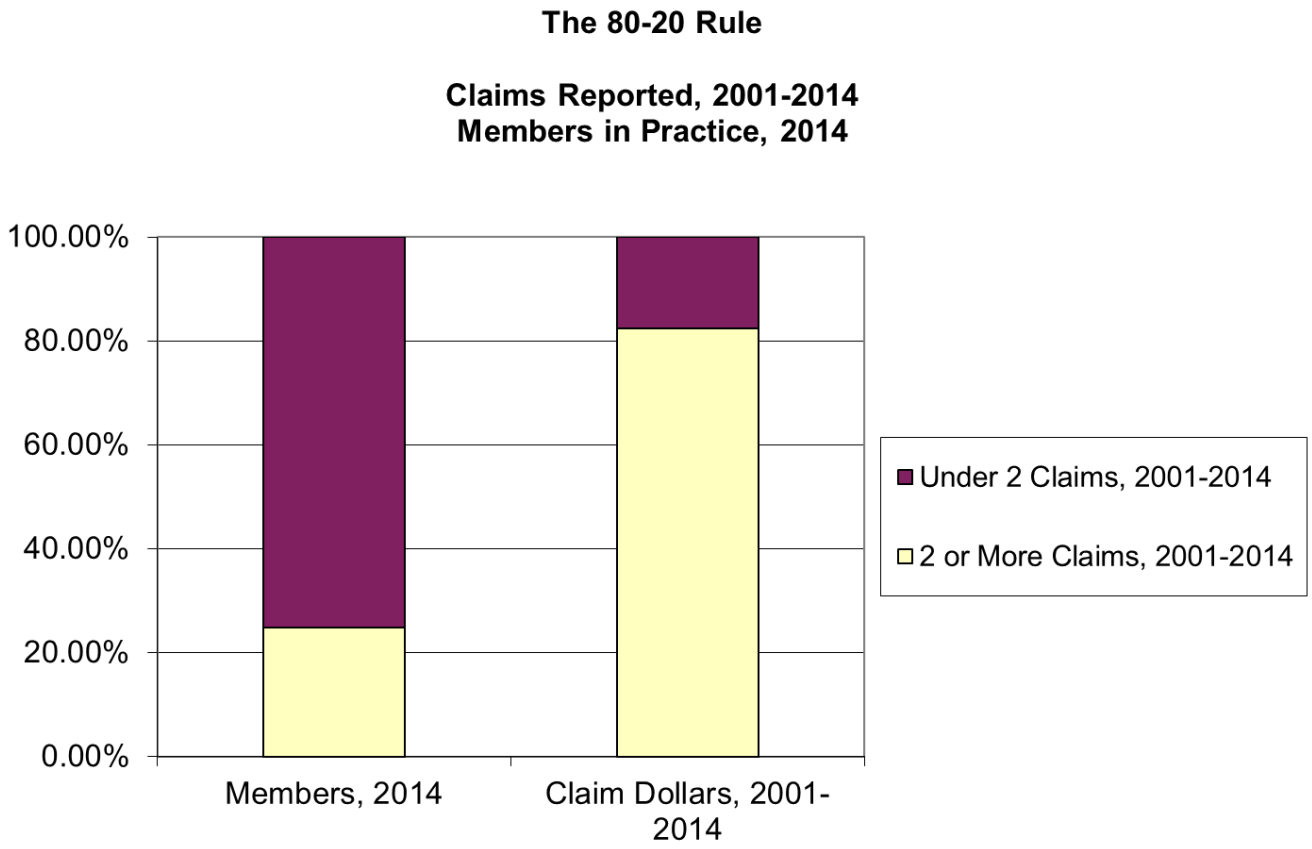
Conflict of interest: There are two types of conflict claims: the first arises when conflicts occur between multiple current or past clients represented by the same lawyer or firm. The second is a conflict that arises when a lawyer has a personal interest in the matter. As they regularly act for multiple clients/entities, real estate and corporate commercial lawyers experience proportionately more conflicts claims than other areas of law, while litigators have a relatively low rate of conflicts claims.

Clerical errors: These types of errors include things such as simple clerical mistakes, errors in mathematical calculation, work delegated to an employee or outsider that is not checked and failure to file documents. As important as delegation is to the efficient functioning of a law firm, lawyers need to take the time to review the work as they are ultimately responsible for it.

Fraud: Fraud continues to be a significant risk for LAWPRO, one which could cost the Program significant claims dollars if not prevented. Lawyers are reporting attempted frauds to LAWPRO on a daily basis. Fraudsters on occasion still successfully dupe lawyers and law clerks, and it is not just real estate lawyers who are targeted. Litigation, business and family law lawyers are regular targets of bad cheque scams involving debt collections, spousal support payments and business loans. Through our efforts, Ontario lawyers are clearly more aware of frauds, but ever more sophisticated frauds mean lawyers must continue to be vigilant.

Appendix "B"

The 80-20 Rule



Appendix "C"

Premium Rating Examples

Premium Rating Examples (In Dollars)

	1995[1]	2005[2]	2015[3]	2016[3]
Base premium	$5,600	$2,625	$3,350	**$3,350**
Examples:				
1. Sole Practitioner Practising Real Estate Law - $10,000 defence & indemnity deductible - early lump sum payment discount - early e-filing of application	$5,600*	$2,228	$3,274	**$3,124**
2. Firm Practitioner Practising Real Estate Law - $25,000 defence & indemnity deductible - $250,000 Mandatory Innocent Party cover - early e-filing of application	$6,000*	$2,497	$3,406	**$3,256**
3. New Lawyer Practising in Association - first year in practice discount - $250,000 Mandatory Innocent Party cover - $10,000 defence & indemnity deductible - early lump sum payment discount - early e-filing of application	$3,900*	$1,428	$1,599	**$1,599**

	1995♦	2005♦♦	2015♦♦♦	2016♦♦♦
4. Criminal Lawyer (sole practitioner) - Restricted Areas of Practice discount - $10,000 defence & indemnity deductible - early lump sum payment discount - early e-filing of application	$5,600*	$1,178	$1,349	**$1,349**
5. Part-time Lawyer (in association) - Part-time Practitioner discount - $1,000,000 Optional Innocent Party cover - $10,000 defence & indemnity deductible	$6,000*▸	$1,877	$1,923	**$1,923**
6. Firm Practitioner with 1 Claim - claims history levy surcharge - $5,000 defence & indemnity deductible - $250,000 Mandatory Innocent Party cover	$8,500*	$5,375	$6,100	**$6,100**
7. Sole Practitioner with 2 Claims - claims history levy surcharge - $5,000 defence & indemnity deductible	$10,600*	$7,625	$8,350	**$8,350**

***** Subject to a $6,000 defence and indemnity deductible (adjusted to $7,500 in the case of an insured with one previous claim, or $8,500 in the case of two previous claims).

▸ Subject to $250,000 Innocent Party cover only, additional limits not available.

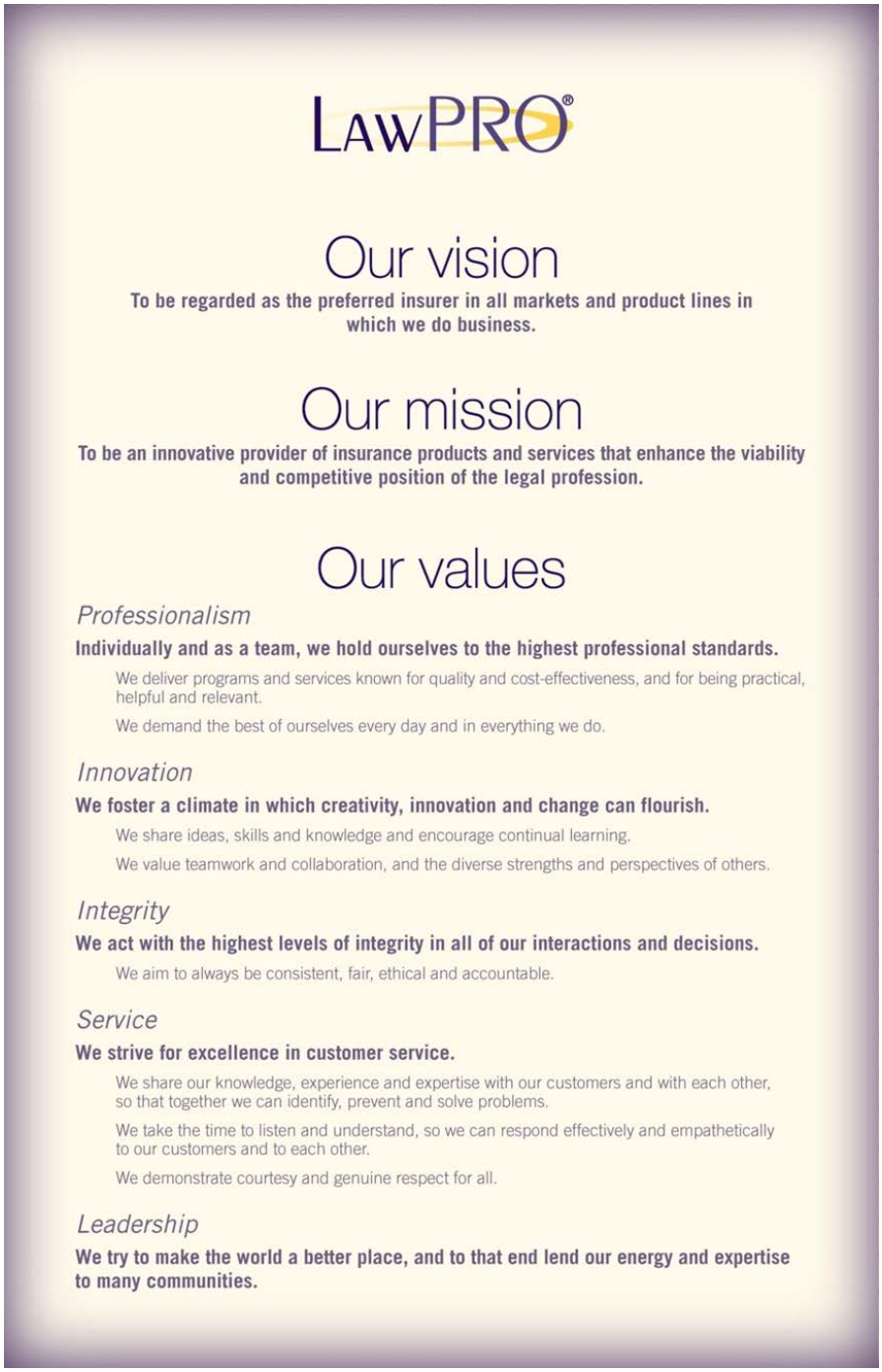
♦ Members are also required to pay a $25 levy for each civil litigation or real estate transaction not otherwise excluded.

♦♦ Members are also required to pay a $50 levy for each civil litigation or real estate transaction not otherwise excluded.

♦♦♦ $65 per real estate transaction and $50 per civil litigation transaction. Premium for the Real Estate Practice Coverage Option was also applied and is included in the calculated premium amounts for these years.

Appendix "D"

LAWPRO Vision, Mission & Values



LawPRO®

Our vision

To be regarded as the preferred insurer in all markets and product lines in which we do business.

Our mission

To be an innovative provider of insurance products and services that enhance the viability and competitive position of the legal profession.

Our values

Professionalism

Individually and as a team, we hold ourselves to the highest professional standards.

We deliver programs and services known for quality and cost-effectiveness, and for being practical, helpful and relevant.

We demand the best of ourselves every day and in everything we do.

Innovation

We foster a climate in which creativity, innovation and change can flourish.

We share ideas, skills and knowledge and encourage continual learning.

We value teamwork and collaboration, and the diverse strengths and perspectives of others.

Integrity

We act with the highest levels of integrity in all of our interactions and decisions.

We aim to always be consistent, fair, ethical and accountable.

Service

We strive for excellence in customer service.

We share our knowledge, experience and expertise with our customers and with each other, so that together we can identify, prevent and solve problems.

We take the time to listen and understand, so we can respond effectively and empathetically to our customers and to each other.

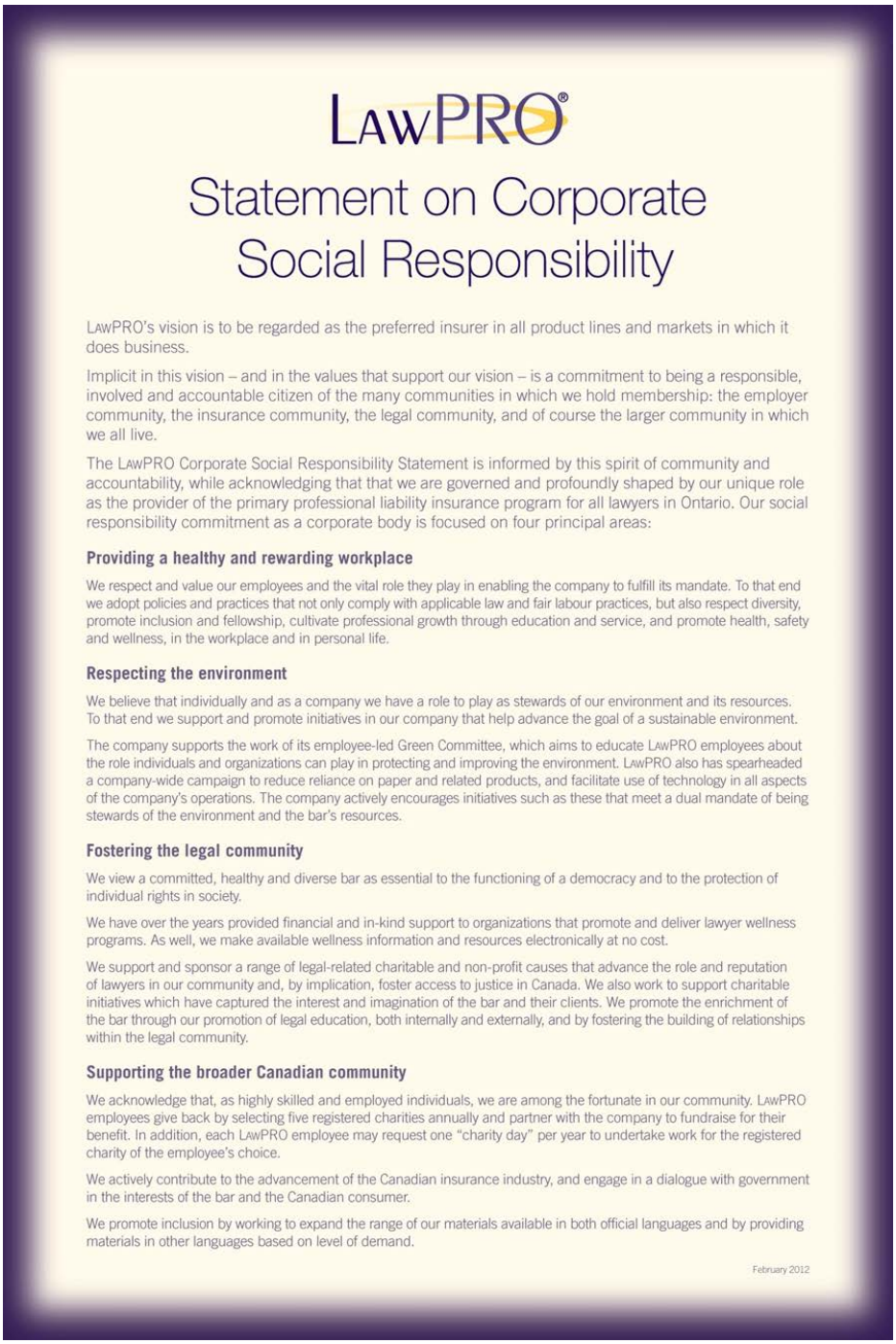
We demonstrate courtesy and genuine respect for all.

Leadership

We try to make the world a better place, and to that end lend our energy and expertise to many communities.

Appendix "E"

LAWPRO Statement on Corporate Social Responsibility



LawPRO®

Statement on Corporate Social Responsibility

LawPRO's vision is to be regarded as the preferred insurer in all product lines and markets in which it does business.

Implicit in this vision – and in the values that support our vision – is a commitment to being a responsible, involved and accountable citizen of the many communities in which we hold membership: the employer community, the insurance community, the legal community, and of course the larger community in which we all live.

The LawPRO Corporate Social Responsibility Statement is informed by this spirit of community and accountability, while acknowledging that that we are governed and profoundly shaped by our unique role as the provider of the primary professional liability insurance program for all lawyers in Ontario. Our social responsibility commitment as a corporate body is focused on four principal areas:

Providing a healthy and rewarding workplace

We respect and value our employees and the vital role they play in enabling the company to fulfill its mandate. To that end we adopt policies and practices that not only comply with applicable law and fair labour practices, but also respect diversity, promote inclusion and fellowship, cultivate professional growth through education and service, and promote health, safety and wellness, in the workplace and in personal life.

Respecting the environment

We believe that individually and as a company we have a role to play as stewards of our environment and its resources. To that end we support and promote initiatives in our company that help advance the goal of a sustainable environment.

The company supports the work of its employee-led Green Committee, which aims to educate LawPRO employees about the role individuals and organizations can play in protecting and improving the environment. LawPRO also has spearheaded a company-wide campaign to reduce reliance on paper and related products, and facilitate use of technology in all aspects of the company's operations. The company actively encourages initiatives such as these that meet a dual mandate of being stewards of the environment and the bar's resources.

Fostering the legal community

We view a committed, healthy and diverse bar as essential to the functioning of a democracy and to the protection of individual rights in society.

We have over the years provided financial and in-kind support to organizations that promote and deliver lawyer wellness programs. As well, we make available wellness information and resources electronically at no cost.

We support and sponsor a range of legal-related charitable and non-profit causes that advance the role and reputation of lawyers in our community and, by implication, foster access to justice in Canada. We also work to support charitable initiatives which have captured the interest and imagination of the bar and their clients. We promote the enrichment of the bar through our promotion of legal education, both internally and externally, and by fostering the building of relationships within the legal community.

Supporting the broader Canadian community

We acknowledge that, as highly skilled and employed individuals, we are among the fortunate in our community. LawPRO employees give back by selecting five registered charities annually and partner with the company to fundraise for their benefit. In addition, each LawPRO employee may request one "charity day" per year to undertake work for the registered charity of the employee's choice.

We actively contribute to the advancement of the Canadian insurance industry, and engage in a dialogue with government in the interests of the bar and the Canadian consumer.

We promote inclusion by working to expand the range of our materials available in both official languages and by providing materials in other languages based on level of demand.

February 2012

LawPRO®
Lawyers' Professional Indemnity Company
Assurance LawPRO®

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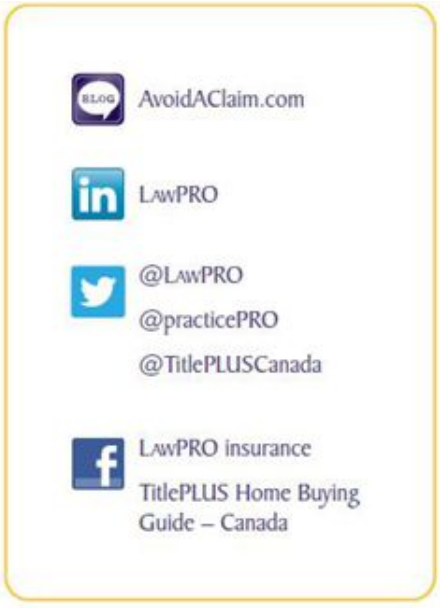
WWW.LAWPRO.CA



The Law Society of Upper Canada | Barreau du Haut-Canada

TAB 5

Report to Convocation
September 24, 2015

Audit & Finance Committee

Committee Members
Christopher Bredt (Co-Chair)
Peter Wardle (Co-Chair)
Michelle Haigh (Vice-Chair)
John Callaghan
Suzanne Clément
Paul Cooper
Teresa Donnelly
Seymour Epstein
Rocco Galati
Vern Krishna
Janet Leiper
Catherine Strosberg

Purpose of Report: Information

Prepared by the Finance Department
Wendy Tysall, Chief Financial Officer, 416-947-3322 or wtysall@lsuc.on.ca

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- Lawyers' Professional Indemnity Company ..... TAB 5.3

In Camera Item ..... TAB 5.4

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COMMITTEE PROCESS

1. The Audit & Finance Committee ("the Committee") met on September 9, 2015. Committee members in attendance were Christopher Bredt (Co-Chair), Peter Wardle (Co-Chair), Michelle Haigh (Vice-Chair), Paul Cooper, Teresa Donnelly, Seymour Epstein, Rocco Galati, Vern Krishna, Janet Leiper (telephone) and Catherine Strosberg.

2. Also in attendance were Benchers Peter Beach and Joseph Groia.

3. Also in attendance were Kathleen Waters, CEO and Steve Jorgensen, CFO of LAWPRO.

4. Law Society staff in attendance: Robert Lapper, Wendy Tysall, Fred Grady and Andrew Cawse.

TAB 5.1

FOR INFORMATION

LAW SOCIETY OF UPPER CANADA FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

5. Convocation is requested to receive the second quarter financial statements for the Law Society for information.

Rationale

6. This is part of the quarterly financial reporting schedule to Convocation. These interim statements convey the performance of the Law Society before the end of the year. Unlike annual statements, interim statements are not audited.

Law Society of Upper Canada Financial Statements
For the six months ended June 30, 2015

Financial Statement Highlights

7. The Lawyer General Fund incurred a surplus of $2.1 million at the end of the second quarter of 2015, compared to $2.7 million in 2014. There was a budgeted deficit for the 2015 period of $2.1 million with the budget using the General Fund accumulated surplus and a transfer of excess investment income from the E&O Fund as sources of funding to mitigate a fee increase for lawyers.

8. The Paralegal General Fund generated a surplus of $794,000 at the end of the second quarter of 2015 compared to $516,000 at the end of the second quarter of 2014 and a budgeted deficit for the period of $391,000 with the budget using the General Fund accumulated surplus as a source of funding to mitigate a fee increase for paralegals.

9. In comparing revenues to budget, there are some large positive variances, specifically in the licensing process and other revenues such as fees and ordered costs. In comparing expenses to budget, variances in the income statement categories are virtually all positive, particularly in Professional Regulation and Convocation, Policy & Outreach. There are some noteworthy negative variances or potentially negative variance in individual accounts addressed below. While some variances from budget are attributable to timing differences, it is still too early to say whether this will be representative of the remainder of the year.

10. The Law Society's restricted funds report a deficit of $3.8 million primarily comprising deficits of
    a. $1.2 million in the Lawyer Compensation Fund.
    b. $1.1 million in the E&O Fund.
    c. amortization of $1.8 million in the Invested in Capital Assets Fund.

11. Overall, some greater than projected revenues and lesser than projected expenses have compensated for some challenges in the contingency. The Law Society is on track to meet or exceed its 2015 budget expectations, its financial position remains strong although claims against the Compensation Fund continue to be a concern.

Background

12. The Financial Statements are prepared under Generally Accepted Accounting Principles for Canadian not-for-profit organizations using the restricted fund method of accounting.

13. The Financial Statements for the six months ended June 30, 2015 comprise the following statements:
    a. Balance Sheet
    b. Statement of Revenues and Expenses and Change in Fund Balances, detailing results of operations for lawyers and paralegals
    c. Schedule of Restricted Funds
    d. Supplemental schedules include Schedules of Revenues and Expenses for the Combined General Fund, Lawyer and Paralegal General Funds, the Compensation Fund and the Errors and Omissions Insurance Fund

Balance Sheet

14. Cash and short-term investment balances have increased by $9.2 million over the last twelve months to $70 million with capital transfers from portfolio investments offsetting deficits during the period.

15. Most of the prepaid expense balance relates to annual E&O insurance premiums paid or payable for the year, which are expensed over the full year.

16. The Investment in LawPRO totaling $35.6 million is made up of two parts. The investment represents the share capital of $4,997,000 purchased in 1991 when LawPRO was established plus contributed capital of $30,645,000 accumulated between 1995 and 1997 from a special capitalization levy by the Law Society.

17. Portfolio investments are shown at fair value of $71.8 million, a decrease from $78.1 million in 2014. Investment returns have been modest and the E&O Fund has withdrawn capital of $8 million to recoup deficits and fund transfers in recent years. Approximately 20% of the portfolio is held in equity investments. Investments (after the reclassification of cash and near cash) are held in the following funds:

Fund ($ 000's)	June 30, 2015	June 30, 2014
Errors & Omissions Insurance	$21,812	$29,068
Compensation	$34,716	34,044
General	15,318	14,993
Total	**$71,846**	**$78,105**

18. Current liability balances at the end of June 2015 of $135 million primarily comprise:
    a. deferred revenue ($85.3 million) – made up of annual fees, licensing process revenues and insurance premiums which are recognized over the full year with the

increasing balance at the end of June reflecting the increased underlying revenues in 2015;

b. amount due to LawPRO ($39 million) – which will decline by year-end as insurance premiums and levies collected are paid to LawPRO.

19. The provision for unpaid grants in the Compensation Fund ($22.8 million) represents the estimate for unpaid claims and inquiries against the Compensation Fund which has increased by $11.1 million due to an increase in grants anticipated to be closed with payment. Most of this increase occurred in the 2014 financial year and is attributable to some large alleged defalcations on the part of certain licensees. The Compensation Fund describes a major defalcation as being over 35 claims arising from the conduct of one licensee in a single year and the Fund is currently processing two of these major defalcations that occurred in 2014. Most of these claims are still being evaluated and in some instances related investigations are still ongoing. The paralegal Compensation Fund provision for unpaid grants comprises $262,000 of the total Compensation Fund provision for unpaid grants.

20. The *Law Society Act* permits a member who has dormant trust funds, to apply for permission to pay the money to the Law Society. Money paid to the Law Society is held in trust in perpetuity for the purpose of satisfying the claims of the persons who are entitled to the capital amount. At the end of June, unclaimed money held in trust amounts to $4 million, compared to $3.3 million in the prior year.

21. The operating surpluses in the lawyer and paralegal General Funds have increased the fund balances to $22.2 million and $3.8 million respectively, still within the parameters established by Convocation's fund balance administration policy. The lawyer Compensation Fund's deficit in the period of $1.2 million continues to erode the lawyer Compensation Fund balance. While most of the claims attributable to the two major defalcations are still being evaluated, at the present time it appears the fund balance is falling below the minimum level which is required by Convocation's fund balance administration policy, approximately $16 million, and an increase in the Compensation Fund levy in 2016 may be required.

Statement of Revenues and Expenses and Change in Fund Balances

22. The Lawyer General Fund incurred a surplus of $2.1 million at the end of the second quarter of 2015, $600,000 less than the first six months of 2014. As discussed below, expenses have increased by $1 million to $37.4 million, $2.3 million less than budget. Revenues have increased by $400,000 to $39.5 million or $1.9 million more than budget. The 2015 budget incorporates the use of $641,000 in annual funding from the lawyer Fund Balance to provide for a budgeted operating deficit. Actual use of the Fund Balance is contingent on a deficit occurring. In addition, the 2015 budget incorporates the use of $1.5 million in funding from surplus investment income in the E&O Fund which has been received.

23. The Paralegal General Fund had a surplus of $794,000, $278,000 more than last year. The 2015 budget incorporates the use of $541,000 in annual funding from the paralegal Fund Balance to provide for a budgeted operating deficit. Actual use of the Fund Balance is contingent on a deficit occurring.

24. The Law Society's restricted funds report a deficit of $3.8 million for the period (2014: deficit of $6.5 million). The current deficit is primarily attributable to:
    a. the $1.2 million deficit in the Lawyer Compensation Fund due to an increase in grants anticipated to be closed with payment;
    b. the $1.1 million deficit in the E&O Fund brought about by the fund's prorated 2015 premium contribution As set out in the Insurance Report submitted to Convocation by LawPRO in September last year, $2.5 million is being drawn from the available surplus in the E&O Fund built up in prior years and applied to mitigate the 2015 insurance premium; and
    c. the $1.8 million amortization expense in the Invested in Capital Assets Fund.

25. Interfund transfers are reduced from last year as the approved 2014 budget included the transfer of $6.0 million from the General Fund balance to the Capital Allocation Fund dedicated to the revitalization of the Law Society's information systems.

26. Annual fee revenue is recognized on a monthly basis. One of the goals of the three-year rolling budget, set out in 2014, was stabilizing fees and the 2015 budget maintained the annual fee for lawyers ($1,866) and paralegals ($996) at 2014 levels. Total annual fees recognized in the first half of the year of $37.2 million have increased slightly compared to 2014 because of the number of lawyers and paralegals billed increased as budgeted. Based on the number of lawyers and paralegals licensed to date in 2015, the increase in licensees will exceed budget.

27. Revenue from insurance premiums and levies is recognized on a monthly basis. LawPRO's base premium of $3,350 has not changed from 2014, with the increase in number of insureds leading to a slight increase in premium and levy revenue to $51 million.

28. Professional development and competence revenue comprises licensing process and continuing professional development revenue:
    a. At $6.2 million, lawyer licensing process revenue is the same as last year. The Law Society is in the second year of a three year pilot project that will allow lawyer licensing candidates to either article or complete a Law Practice Program (LPP), which started in the 2014-2015 licensing year. The total Licensing Process fee, including the fees for the initial application, the Barrister and Solicitor Licensing Examinations and the Call to the Bar, is $4,710, the same as last year. Registrations are higher than budgeted.
    b. At $1.1 million, paralegal licensing process revenue is effectively the same as last year and $200,000 over budget for the period.

c. Lawyer continuing professional development revenue of $3.7 million is nominally less than budget and less than last year. CPD revenues in 2015 were budgeted at $800,000 less than 2014 to reflect trends in that year. Key indicators including the number of original programs held to date and the number of paid registrations are both healthy. Traditionally, fall has been CPD's busiest period and registrations will continue to be closely monitored for trends and budgeting for 2016 will be adjusted.

29. At $1.1 million, total investment income has substantially decreased from $3.6 million at the end of the second quarter of 2014 reflecting market conditions of low fixed income returns and the S&P/TSX Composite year-to-date increase has been less than 1% limiting capital gains in the equity market.

30. Other income of $4.9 million includes Ontario Reports ($826,000), late fees ($859,000), catering ($478,000) and monitoring & enforcement revenues ($414,000).

31. Total regulatory expenses of $13.6 million are nominally less than last year by $300,000 primarily due to less spending on outside counsel fees which was higher than usual in 2014. It is still early in the year and most departments and expense categories are contributing to positive budget variances, in particular some unfilled staff positions.

32. Cost awards arising from the disciplinary process are occasionally awarded against the Law Society. At the current time, there are three matters which may lead to significant cost awards against the Law Society, although, in compliance with generally accepted accounting principles, there is insufficient certainty for these cost awards to be accrued at this time. As set out in the contingent liabilities note in the annual financial statements for 2014, the ultimate settlement for cost awards could range from nil to approximately $5 million.

33. Total professional development and competence expenses have increased from $12.6 million to $13.5 million. Most of the major expense categories in the lawyer licensing process have trended higher although are still $424,000 less than budget. The CPD department continues to see a shift towards online learning with more registrants viewing programs by live webcast or on demand. The programs are both offering and selling fewer copies of printed materials as registrants grow more comfortable with electronic program materials. These developments provide savings in program expenses, including catering costs, course materials and venue rentals leading lawyer CPD expenses to decline by $200,000 to $1.8 million and a positive budget variance of $400,000.

34. Corporate services expenses of $11.7 million, primarily comprise Information Technology, Finance, Office of the General Counsel ("OGC"), Human Resources, Facilities and other administrative expenses and are higher than last year but less than budget.

35. Convocation, policy and outreach expenses of $3.8 million are $200,000 less than last year at this time. These expenses are under budget with bencher expenses being $200,000 under budget. The timing of bencher remuneration and expenses is not regular and depends on submissions from benchers. The Society has received a $400,000 grant from the Law Foundation of Ontario funding the development and delivery of Access to Justice initiatives.

Restricted Funds

36. The E&O Fund accounts for the mandatory professional liability insurance program of the Law Society which is administered by LAWPRO. The insurance premium expense, as well as related levies and income from their investment are tracked within this fund. The Law Society is insured for lawyers' professional liability and recovers annual premium costs from lawyers through a combination of annual base levies and additional levies that are charged based on a lawyer's claims history, status, and real estate and litigation levies. The fund is reporting a deficit of $1.1 million (2014 - $3.2 million) as expected due to the annual use of $2.5 million (2014 - $5 million) of the fund balance to mitigate the base insurance levy for lawyers. Revenue from insurance premiums and levies is recognized on a monthly basis. LAWPRO's base premium of $3,350 has not changed from 2014, with the increase in number of insured's leading to a slight increase in premium and levy revenue to $51 million. Expenses in the Errors and Omissions Insurance Fund have decreased from $54.4 million to $52.4 million. As noted above, $2.5 million was allocated from the fund balance to mitigate the 2015 base insurance levy compared to $5 million in 2014.

37. Compensation Fund annual fee revenues have decreased from $4.7 million in June 2014 to $4.5 million after a small decrease in the lawyer and paralegal levy. Investment returns have deteriorated by $1 million to $441,000 due to differences in capital gains from 2014. The Compensation Fund experienced an abnormally high claims experience in 2014 and this has filtered into the first half of 2015 with total Compensation Fund expenses of $6.2 million after an increase in the balance sheet provision for unpaid grants. It appears likely the fund balance may fall below the minimum level which is required by Convocation's policy and an increase in the Compensation Fund levy in 2016 may be required.

38. County Libraries Fund revenues and expenses are relatively static at $3.8 million.

39. Included in Other Restricted Funds are expenses for the Parental Leave Assistance Plan of $105,000. The budget for 2015 raised $300,000.

Other Schedules

40. Supplementary budget to actual income and expense schedules for the Lawyer General Fund and the Paralegal General Fund are shown. Significant variances have been analyzed above.

41. A supplementary income and expense schedule for the Compensation Fund is included with variances analyzed above.

42. A supplementary income and expense schedule for the Errors and Omissions Insurance (E&O) Fund is also shown with variances analyzed above. The E&O Fund accounts for the mandatory professional liability insurance program of the Law Society which is administered by LAWPRO. Insurance premium expense, as well as related levies and income from their investment are tracked within this fund. The Law Society is insured for lawyers' professional liability and recovers annual premium costs from lawyers through a combination of annual base levies and additional levies that are charged based on a lawyer's claims history, status, and real estate and litigation levies.

THE LAW SOCIETY OF UPPER CANADA

Balance Sheet

Unaudited
Stated in thousands of dollars
As at June 30

		2015	2014
	Assets		
	Current Assets		
1	Cash	**19,855**	**26,311**
2	Short-term investments	**50,123**	**34,465**
3	Cash and short-term investments	**69,978**	**60,776**
4	Accounts receivable	**32,795**	**33,598**
5	Prepaid expenses	**57,507**	**57,594**
6	**Total current assets**	**160,280**	**151,968**
7	**Investment in subsidiaries**	**35,642**	**35,642**
8	**Portfolio investments**	**71,846**	**78,105**
9	**Capital assets**	**10,786**	**12,018**
10	**Total Assets**	**278,554**	**277,733**
	Liabilities and Fund Balances		
	Current Liabilities		
11	Accounts payable and accrued liabilities	**10,687**	**5,876**
12	Deferred revenue	**85,318**	**83,859**
13	Due to LAWPRO	**39,034**	**42,682**
14	**Total current liabilities**	**135,039**	**132,417**
15	Provision for unpaid grants/claims	**22,837**	**11,707**
16	Unclaimed trust funds	**4,010**	**3,330**
17	**Total Liabilities**	**161,886**	**147,454**
	Fund Balances		
	General funds		
18	Lawyers	**22,228**	**19,653**
19	Paralegals	**3,768**	**2,415**
	Restricted funds		
20	Compensation - lawyers	**14,439**	**25,003**
21	Compensation - paralegals	**418**	**574**
22	Errors and omissions insurance	**55,729**	**60,292**
23	Capital allocation	**8,328**	**8,813**
24	Invested in capital assets	**10,786**	**12,018**
25	County libraries	**(51)**	**(26)**
26	Other	**1,023**	**1,537**
27	**Total Fund Balances**	**116,668**	**130,279**
28	**Total Liabilities and Fund Balances**	**278,554**	**277,733**

THE LAW SOCIETY OF UPPER CANADA

Statement of Revenues and Expenses and Change in Fund Balances

Unaudited
Stated in thousands of dollars
For the six months ended June 30

		2015	2014	2015	2014	2015	2014	2015	2014
		General Fund Lawyer		General Fund Paralegal		Restricted Funds		Total	
	Revenues								
1	Annual fees	**25,116**	24,714	**2,012**	1,860	**10,098**	9,868	**37,226**	36,442
2	Insurance premiums and levies	**-**	-	**-**	-	**51,023**	49,875	**51,023**	49,875
3	Professional development and competence	**9,886**	10,012	**1,499**	1,358	**-**	-	**11,385**	11,370
4	Investment income	**318**	782	**30**	65	**779**	2,727	**1,127**	3,574
5	Other	**4,191**	3,628	**600**	334	**92**	99	**4,883**	4,061
6	**Total revenues**	**39,511**	39,136	**4,141**	3,617	**61,992**	62,569	**105,644**	105,322
	Expenses								
7	Professional regulation, tribunals and compliance	**12,460**	12,871	**1,175**	1,049	**-**	-	**13,635**	13,920
8	Professional development and competence	**12,461**	11,643	**1,034**	995	**-**	-	**13,495**	12,638
9	Corporate services	**10,743**	9,944	**1,017**	825	**-**	-	**11,760**	10,769
10	Convocation, policy and outreach	**3,471**	3,775	**289**	288	**-**	-	**3,760**	4,063
11	Services to members and public	**1,803**	1,869	**114**	113	**-**	-	**1,917**	1,982
12	Allocated to Compensation Fund	**(3,519)**	(3,684)	**(282)**	(169)	**-**	-	**(3,801)**	(3,853)
13	Restricted (schedule of restricted funds)	**-**	-	**-**	-	**65,812**	69,079	**65,812**	69,079
14	**Total expenses**	**37,419**	36,418	**3,347**	3,101	**65,812**	69,079	**106,578**	108,598
15	**Surplus**	**2,092**	2,718	**794**	516	**(3,820)**	(6,510)	**(934)**	(3,276)
16	**Fund balances, beginning of year**	**18,507**	21,410	**2,974**	1,882	**96,121**	110,263	**117,602**	133,555
17	**Interfund transfers**	**1,629**	(4,475)	**-**	17	**(1,629)**	4,458	**-**	-
18	**Fund balances, end of period**	**22,228**	19,653	**3,768**	2,415	**90,672**	108,211	**116,668**	130,279

THE LAW SOCIETY OF UPPER CANADA

Schedule of Restricted Funds

Unaudited
Stated in thousands of dollars
For the six months ended June 30

		2015								2014
		Compensation Fund		Errors and omissions insurance	Capital allocation	Invested in capital assets	County libraries	Other restricted	Total Restricted funds	Total
		Lawyer	Paralegal							
1	**Fund balances, beginning of year**	**15,618**	**426**	**58,305**	**8,096**	**12,549**	**-**	**1,127**	**96,121**	110,263
	Revenues									
2	Annual fees	**4,229**	**304**	**-**	**1,468**	**-**	**3,797**	**300**	**10,098**	9,868
3	Insurance premiums and levies	**-**	**-**	**51,023**	**-**	**-**	**-**	**-**	**51,023**	49,875
4	Investment income	**441**	**-**	**338**	**-**	**-**	**-**	**-**	**779**	2,727
5	Other	**(14)**	**39**	**-**	**67**	**-**	**-**	**-**	**92**	99
6	**Total revenues**	**4,656**	**343**	**51,361**	**1,535**	**-**	**3,797**	**300**	**61,992**	62,569
	Expenses									
7	Allocated expenses	**3,519**	**282**	**-**	**-**	**-**	**-**	**-**	**3,801**	3,853
8	Provision for grants	**2,056**	**44**						**2,100**	2,769
9	Direct expenses	**260**	**25**	**52,437**	**1,333**	**1,763**	**3,848**	**245**	**59,911**	62,457
10	**Total expenses**	**5,835**	**351**	**52,437**	**1,333**	**1,763**	**3,848**	**245**	**65,812**	69,079
11	**(Deficit) Surplus**	**(1,179)**	**(8)**	**(1,076)**	**202**	**(1,763)**	**(51)**	**55**	**(3,820)**	(6,510)
12	**Interfund transfers**	**-**	**-**	**(1,500)**	**30**	**-**	**-**	**(159)**	**(1,629)**	4,458
13	**Fund balances, end of period**	**14,439**	**418**	**55,729**	**8,328**	**10,786**	**(51)**	**1,023**	**90,672**	108,211

THE LAW SOCIETY OF UPPER CANADA
Lawyers and Paralegals General Fund
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars
For the six months ended June 30

		2015 Actual	Budget YTD	Variance
	REVENUES			
1	Annual fees	**27,128**	**27,035**	**93**
2	Professional development and competence	**11,385**	**9,696**	**1,689**
3	Investment income	**348**	**465**	**(117)**
4	Ontario reports revenue	**891**	**891**	**-**
5	Other	**3,900**	**2,876**	**1,024**
6	**Total revenues**	**43,652**	**40,963**	**2,689**
	EXPENSES			
7	Professional regulation, tribunals and compliance	**13,635**	**14,640**	**1,005**
8	Professional development and competence	**13,495**	**14,141**	**646**
9	Corporate services	**11,760**	**11,596**	**(164)**
10	Convocation, policy and outreach	**3,760**	**5,004**	**1,244**
11	Services to members and public	**1,917**	**2,007**	**90**
12	Allocated to Compensation Fund	**(3,801)**	**(3,925)**	**(124)**
13	**Total expenses**	**40,766**	**43,463**	**2,697**
14	**Surplus (Deficit)**	**2,886**	**(2,500)**	**5,386**

THE LAW SOCIETY OF UPPER CANADA
General Fund - Lawyers
Schedule of Revenues and Expenses

Unaudited

Stated in thousands of dollars
For the six months ended June 30

		2015 Actual	Budget YTD	Variance
	REVENUES			
1	Annual fees	**25,116**	**25,165**	**(49)**
2	Professional development and competence	**9,886**	**8,522**	**1,364**
3	Investment income	**318**	**428**	**(110)**
4	Ontario reports revenue	**826**	**826**	**-**
5	Other	**3,365**	**2,671**	**694**
6	**Total revenues**	**39,511**	**37,612**	**1,899**
	EXPENSES			
7	Professional regulation, tribunals and compliance	**12,460**	**13,401**	**941**
8	Professional development and competence	**12,461**	**12,838**	**377**
9	Corporate services	**10,743**	**10,540**	**(203)**
10	Convocation, policy and outreach	**3,471**	**4,682**	**1,211**
11	Services to members and public	**1,803**	**1,892**	**89**
12	Allocated to Compensation Fund	**(3,519)**	**(3,632)**	**(113)**
13	**Total expenses**	**37,419**	**39,721**	**2,302**
14	**Surplus (Deficit)**	**2,092**	**(2,109)**	**4,201**

THE LAW SOCIETY OF UPPER CANADA
General Fund - Paralegals
Schedule of Revenues and Expenses

Unaudited
Stated in thousands of dollars
For the six months ended June 30

		2015 Actual	Budget YTD	Variance
	REVENUES			
1	Annual fees	**2,012**	**1,870**	**142**
2	Professional development and competence	**1,499**	**1,174**	**325**
3	Investment income	**30**	**37**	**(7)**
4	Ontario reports revenue	**65**	**65**	**-**
5	Other	**535**	**205**	**330**
6	**Total revenues**	**4,141**	**3,351**	**790**
	EXPENSES			
7	Professional regulation, tribunals and compliance	**1,175**	**1,239**	**64**
8	Professional development and competence	**1,034**	**1,303**	**269**
9	Corporate services	**1,017**	**1,056**	**39**
10	Convocation, policy and outreach	**289**	**322**	**33**
11	Services to members and public	**114**	**115**	**1**
12	Allocated to Compensation Fund	**(282)**	**(293)**	**(11)**
13	**Total expenses**	**3,347**	**3,742**	**395**
14	**Surplus (Deficit)**	**794**	**(391)**	**1,185**

THE LAW SOCIETY OF UPPER CANADA
Compensation Fund
Schedule of Revenues and Expenses and Change in Fund Balances

Unaudited

	Stated in thousands of dollars	2015			2014		
	For the six months ended June 30	**Lawyers**	**Paralegals**	**Total**	**Lawyers**	**Paralegals**	**Total**
	Revenues						
1	Annual fees	**4,229**	**304**	**4,533**	4,386	328	4,714
2	Investment income	**441**	**-**	**441**	1,483	-	1,483
3	Recoveries	**(14)**	**39**	**25**	30	-	30
4	**Total Revenues**	**4,656**	**343**	**4,999**	5,899	328	6,227
	Expenses						
5	Provision for unpaid grants	**2,056**	**44**	**2,100**	2,765	4	2,769
6	Spot audit	**2,445**	**220**	**2,665**	2,006	81	2,087
7	Share of investigation and discipline	**981**	**54**	**1,035**	999	35	1,034
8	Administrative	**93**	**33**	**126**	708	53	761
9	Salaries and benefits	**260**	**-**	**260**	247	-	247
10	**Total Expenses**	**5,835**	**351**	**6,186**	6,725	173	6,898
11	**(Deficit) Surplus**	**(1,179)**	**(8)**	**(1,187)**	(826)	155	(671)
12	Fund balances, beginning of year	**15,618**	**426**	**16,044**	25,829	419	26,248
13	**Fund Balances, end of period**	**14,439**	**418**	**14,857**	25,003	574	25,577

TAB 5.2

FOR INFORMATION

LIBRARYCO INC.
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

43. Convocation is requested to receive the second quarter financial statements for LibraryCo for information.

Rationale

44. LibraryCo Inc. is the central manager of the Ontario county courthouse library system in accordance with the objectives, policies and principles established and approved by the Law Society, in consultation with the County and District Law Presidents' Association and the Toronto Lawyers' Association. LibraryCo is a wholly-owned subsidiary of the Law Society.

45. There is a quarterly financial reporting schedule to the shareholder. These interim statements convey the performance of LibraryCo for the six months ended June 30, 2015. Unlike annual statements, the interim statements are not audited. The statements have been approved by LibraryCo's board.

LIBRARYCO INC.
FINANCIAL REPORT
For the six months ended June 30, 2015

KEY POINT SUMMARY

Overall Results

46. Results for the second quarter identify a surplus of $55,512 compared to a budgeted deficit of $26,668 or $100,000 deficit for the year. The positive variance from budget of $82,180 comprises relatively small variances spread across most expense categories and larger variances related to contingency, consulting fees, the group benefit plan and the bursaries, capital and special needs grants expense categories.

Revenues

47. The Law Society grant (line 1) is the transfer to LibraryCo. This transfer includes amounts for central administration and quarterly transfers to the 48 libraries. The actual grant from the Law Society was $3.8 million and matched budgeted amounts for the period.
48. A Law Foundation of Ontario grant (line 2) was not provided to LibraryCo for 2015. In 2014, this grant was used to subsidize the purchase of electronic resources.
49. Other Income (line 3) consists of investment income on LibraryCo's cash and short term investments.

Expenses

50. Total expenses (line 18) were $3,795,828 compared to a budgeted total of $3,874,670.

51. Salaries and benefits (line 5) were nil compared to 2014 as LibraryCo no longer has any staff.

52. Administration expenses (line 6) of $215,000 represents the service fee paid to the Law Society and equals budget.

53. Professional fees (line 7) include audit expenses and consulting fees. The consulting fee budget remains unspent which has resulted in a positive variance of $10,700.

54. Contingency (line 8) was created during the budget reallocation approved by the Board in March. The budget was allocated to the remaining three quarters of 2015 and remains unused at the end of the second quarter.

55. Other head-office expenses (line 9) include LibraryCo publications (such as the production of the Annual Report), head office courier/postage costs, LibraryCo's Directors and Officers (D&O) insurance, bank charges, web initiatives and website maintenance costs, the cost of providing most libraries with a toll free telephone number, miscellaneous expenses and meeting expenses (including travel and accommodation)

related to board meetings, audit and finance committee and transition committee meetings.

56. Totalling $18,826, other head-office expenses are lower than budget for the period by approximately $9,800 primarily as a result of underspending for publication expenses within LibraryCo, 1-800 line charges, web initiatives and miscellaneous expenses.

57. Electronic product expenses of $169,500 (line 11) are in line with the new agreement with LexisNexis.

58. Group benefits and insurance (line 12) of $151,119 consist of the Group Benefits for enrolled library staff and library D&O and property insurance. Group benefits and insurance are lower than budget by about $16,800 as group benefits premiums may vary slightly month-to-month and these are budgeted conservatively.

59. Other centralized expenses (line 13) of $46,603 includes continuing education bursaries for library staff, library courier costs for inter-library loans of materials, publications provided by the Law Society to each of the 48 law libraries, COLAL meeting expenses (yearly meeting held in October – covers meeting costs including travel and accommodation for library staff), and CDLPA meeting expenses for the Library Committee. Other centralized expenses are higher than budget by $283.

60. County and District law libraries grants (line 15) are in line with budget at $3,171,870.

61. Bursaries, capital and special needs grants (line 16) consist of pre-approved computer refreshment grants, special needs grants and conference bursaries for library staff.

62. Bursaries, capital and special needs grants are under budget by $13,413 as computer grants do not follow a pattern and two CALL conference bursaries were not spent as two recipients awarded were not able to attend the conference. This available bursary money will remain available for special needs requests as needed.

Balance Sheet

63. Cash and short-term investments (line 1) of $658,000 consists of cash and a one year GIC.

64. Accounts receivable (line 2) are related to long term disability benefits premiums paid by LibraryCo on the libraries' behalf for the past quarter. These receivables are usually repaid early in the next quarter.

65. Prepaid expenses (line 3) primarily represents the property and D&O insurance policies for LibraryCo and the libraries which were renewed at the end of April.

66. Accounts payable and accrued liabilities (line 5) are almost $21,800 lower than 2014. The monthly electronic products expense is now being paid in the current month in which it is billed. In the prior year, the monthly electronic products expense was paid in the month following receipt of the invoice.

67. The General Fund has increased by $55,512 during the year to $196,868. The 2015 budget forecasts a decrease of $100,000 during the year if the contingency is used.

68. The Reserve Fund has a balance at the end of June of $500,000 comprising a general component of $200,000, a capital and special needs component of $150,000, and a staffing and severance component of $150,000 in accordance with Board policy.

LIBRARYCO INC.
Schedule of Actual and Budgeted Revenues and Expenses
Stated in Dollars
For the six months ended June 30
Unaudited

		2015 Actual	YTD Budget	YTD Variance	Annual Budget	2014 Actual
	REVENUES					
1	Law Society of Upper Canada grant	3,848,002	3,848,002	-	7,696,000	3,749,261
2	Law Foundation of Ontario grant	-	-	-	-	542,000
3	Other Income	3,338	-	3,338	-	4,270
4	**Total revenues**	**3,851,340**	**3,848,002**	**3,338**	**7,696,000**	**4,295,531**
	EXPENSES					
	Head office/administration					
5	Salaries and benefits	-	-	-	-	74,239
6	Administration	215,000	215,000	-	430,000	263,850
7	Professional fees	7,323	18,000	10,677	36,000	7,503
8	Contingency	-	28,500	28,500	85,541	-
9	Other	18,826	28,604	9,778	53,325	30,174
10	**Total Head office/administration expenses**	**241,149**	**290,104**	**48,955**	**604,866**	**375,766**
	Law Libraries - centralized purchases					
11	Electronic products and services	169,500	169,500	-	339,000	739,332
12	Group benefits and insurance	151,119	167,876	16,757	337,345	155,090
13	Other	46,603	46,320	(283)	126,650	54,787
14	**Total Law Libraries - centralized purchases**	**367,222**	**383,696**	**16,474**	**802,995**	**949,209**
15	County and District law libraries - grants	3,171,870	3,171,870	-	6,343,739	3,140,465
16	Bursaries, capital and special needs grants	15,587	29,000	13,413	44,400	32,701
17	**Total County and District Law Libraries Expenses**	**3,187,457**	**3,200,870**	**13,413**	**6,388,139**	**3,173,166**
18	**Total expenses**	**3,795,828**	**3,874,670**	**78,842**	**7,796,000**	**4,498,141**
19	**Surplus (Deficit)**	**55,512**	**(26,668)**	**82,180**	**(100,000)**	**(202,610)**

This statement includes the revenues and expenses of the LibraryCo entity only.

LIBRARYCO INC.
Balance Sheet
Stated in Dollars
As at June 30
Unaudited

		2015	2014
	Assets		
	Current Assets		
1	Cash and short-term investments	658,198	666,181
2	Accounts receivable	16,628	17,243
3	Prepaid expenses	77,256	73,935
4	**Total Assets**	**752,082**	**757,359**
	Liabilities, Share Capital and Fund Balances		
	Liabilities		
5	Accounts payable and accrued liabilities	55,014	76,833
6	**Total Liabilities**	**55,014**	**76,833**
	Share Capital and Fund Balances		
7	Share capital	200	200
8	General fund	196,868	180,326
9	Reserve fund	500,000	500,000
10	**Total Share Capital and Fund Balances**	**697,068**	**680,526**
11	**Total Liabilities, Share Capital and Fund Balances**	**752,082**	**757,359**

This Balance Sheet includes the financial resources of the LibraryCo entity only.

LIBRARYCO INC.
Statement of Changes in Fund Balances
Stated in Dollars
For the six months ended June 30

		2015			2014
		General Fund	Reserve Fund	**Total**	**Total**
1	Balance, beginning of year	141,356	500,000	**641,356**	**882,936**
2	Surplus (Deficit)	55,512	-	**55,512**	**(202,610)**
3	**Balance, end of period**	**196,868**	**500,000**	**696,868**	**680,326**

This statement includes the fund balances of the LibraryCo entity only.

TAB 5.3

FOR INFORMATION

LAWYERS' PROFESSIONAL INDEMNITY COMPANY
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

69. Convocation is requested to receive the second quarter financial statements for LawPRO for information.

Rationale

70. The Law Society provides mandatory professional liability insurance to lawyers through LawPRO, a provincially licensed insurer and wholly-owned subsidiary of the Law Society. There is a quarterly financial reporting schedule to the shareholder. These interim statements convey the performance of LawPRO before the end of the year. Unlike annual statements, the interim statements are not audited.

71. The professional liability insurance program generally requires practising lawyers to pay premiums and levies to the E&O Fund that contribute toward the premium paid by the Law Society to fund the anticipated costs of professional liability claims made in each annual policy period.

72. Paralegals typically obtain this form of coverage through independent insurance companies. In addition to providing mandatory lawyers professional liability insurance, LawPRO also sells optional excess lawyers professional liability and title insurance.

73. LawPRO administers the operations of the E&O Fund at no charge, under an administrative services agreement.

74. As an information item, the interim financial statements have no direct financial impact but LawPRO's financial results in 2015 influence insurance premiums in future years. The base premium has been stable in recent years at $3,350. The annual policy limits for each of the years effective January 1, 1995 to December 31, 2014 have been $1 million per claim and $2 million in aggregate per member.

75. The statements have been approved by LawPRO's board.

Report to the Audit and Finance Committee of the Law Society of Upper Canada

September 09, 2015

Report to the Audit and Finance Committee – Law Society

September 9, 2015

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LAWPRO

- ***Financial Statements, as at June 30, 2015*** ***3***
- ***Premiums*** ***7***
- ***Claims & Adjustment Expenses*** ***7***
- ***Claims Trends*** ***8***
- ***Review of Insurance Ratios*** ***10***
- ***Compliance with Investment Guidelines:***
  - ***CIBC Global Asset Management Inc.*** ***11***
  - ***Letko Brosseau & Associates Inc.*** ***12***

Key Point Summary

- *LAWPRO has sufficient assets to discharge its claims and other liabilities.*

- *At June 30, 2015, LAWPRO held investment assets totaling $654.2 million, inclusive of cash and cash equivalents and investment income due and accrued. These funds have been invested in accordance with the Company's investment policy. LAWPRO was in compliance with its policy during the six months ended June 30, 2015 (see pages 11 and 12).*

- *LAWPRO'S net income for the six months ended June 30, 2015 was $14.6 million compared to a budgeted income of $0.3 million and a net income of $7.0 million for the same period in 2014. During the six months ended June 30, 2015 LAWPRO experienced a total comprehensive income of $16.8 million, which reflects an increase in unrealized gains of $2.2 million on its surplus investments, compared to a budgeted income of $1.0 million and an income of $2.6 million for the same period in 2014.*

- *Overall, earned premiums on the mandatory program were above expected levels. Investment income of $12.5 million for the six months of 2015 was higher than budgeted levels by $3.1 million, mainly due to $4.0 million in realized gains. Current year investment income was below the results for the same period in 2014 by $3.1 million, primarily due to a $2.8 million increase in the unrealized gains and losses on the Company's asset-liability bond portfolio in the prior period.*

- *Claims and adjustment expenses for the six months ended June 30, 2015 were $15.8 million lower than budget and $15.3 million lower than the same period last year, primarily due to the broad-based $14.0 million of favourable prior year development in the E&O program experienced during 2015. General expenses for the six months ended June 30, 2015 were $0.3 million lower than budget and $0.1 million higher than the same period in 2014.*

- *LAWPRO is in compliance with all regulatory requirements regarding solvency and filing of financial information. A summary of LAWPRO'S position with respect to its Risk Appetite Statement (including standard insurance ratios) at June 30 is included on page 10.*

Lawyers' Professional Indemnity Company

STATEMENT OF FINANCIAL POSITION

Stated in thousands of Canadian dollars

UNAUDITED

	As at June 30 2015	As at December 31 2014
Assets		
Cash and cash equivalents	26,706	17,328
Investments	624,968	597,280
Investment income due and accrued	2,511	2,012
Due from reinsurers	388	726
Due from insureds	3,610	1,909
Due from the Law Society of Upper Canada	39,039	6,623
Reinsurers' share of provisions for:		
Unpaid claims and adjustment expenses	46,972	44,900
Unearned premiums	3,553	-
Deferred policy aquisition expenses	1,767	-
Other receivables	1,712	1,404
Other assets	1,836	1,984
Property and equipment	1,591	1,658
Intangible assets	1,152	1,028
Deferred income tax asset	4,992	5,057
Total assets	**760,797**	**681,909**
Liabilities		
Provision for unpaid claims and adjustment expenses	466,962	468,493
Unearned premiums	59,838	769
Unearned reinsurance commissions	761	-
Due to reinsurers	2,714	612
Due to insureds	158	265
Expenses due and accrued	1,793	1,635
Income taxes due and accrued	2,762	1,054
Other taxes due and accrued	362	456
	535,350	473,284
Equity		
Capital stock	5,000	5,000
Contributed surplus	30,645	30,645
Retained earnings	160,132	145,566
Accumulated other comprehensive income	29,670	27,414
	225,447	208,625
Total liabilities and equity	**760,797**	**681,909**

Lawyers' Professional Indemnity Company

STATEMENT OF PROFIT OR LOSS

Stated in thousands of Canadian dollars

UNAUDITED

For Six months ended June 30	**2015**	**2014**
Revenue		
Gross written premiums	116,831	118,616
Premiums ceded to reinsurers	(7,048)	(7,205)
Net written premiums	109,783	111,411
(Increase) decrease in unearned premiums	(55,516)	(55,459)
Net premiums earned	54,267	55,952
Net investment income	12,498	15,637
Ceded commissions	771	870
	67,536	**72,459**
Expenses		
Gross claims and adjustment expenses	39,773	55,625
Reinsurers' share of claims and adjustment expenses	(2,252)	(2,829)
Net claims and adjustment expenses	37,521	52,796
Operating expenses	8,564	8,431
Premium taxes	1,738	1,788
	47,823	**63,015**
Profit (loss) before income taxes	**19,713**	**9,444**
Income tax expense (recovery)		
- current	5,082	2,548
- deferred	65	(135)
	5,147	2,413
Profit (loss)	**14,566**	**7,031**
Other comprehensive income / (loss)		
Unrealized gains / (losses)		
- bonds	730	935
- equities	1,526	1,616
Defined benefit remeasurements	-	-
	2,256	**2,551**
Total comprehensive income	**16,822**	**9,582**

Lawyers' Professional Indemnity Company
STATEMENT OF COMPREHENSIVE INCOME
Stated in thousands of Canadian dollars
UNAUDITED

For six months ended June 30	**2015**	**2014**
Profit (loss)	**14,566**	**7,031**
Other comprehensive income, net of income tax:		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans, net of income tax expense (recovery) of $0 (2014: $0)	-	-
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale assets		
Net changes unrealized gains (losses), net of income tax expense (recovery) of $1,486 (2014: $2,017)	4,121	5,593
Reclassification adjustment for (gains) losses recognized in profit or loss, net of income tax (expense) recovery of ($792) [2014: ($1,173)]	(2,196)	(3,254)
Reclassification adjustment for impairments, recognized in profit or loss, net of income tax expense of $120 (2014: $76)	331	212
Other comprehensive income	**2,256**	**2,551**
Comprehensive income	**16,822**	**9,582**

Lawyers' Professional Indemnity Company
STATEMENT OF CHANGES IN EQUITY
Stated in thousands of Canadian dollars

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Equity
Balance at December 31, 2013	**5,000**	**30,645**	**129,076**	**25,154**	**189,875**
Total comprehensive income for the year	-	-	17,060	1,690	18,750
Transfer of defined benefit remeasurements from OCI to retained earnings	-	-	(570)	570	-
Balance at December 31, 2014	**5,000**	**30,645**	**145,566**	**27,414**	**208,625**
Total comprehensive income for the year	-	-	14,566	2,256	16,822
Transfer of defined benefit remeasurements from OCI to retained earnings			-	-	
Balance at June 30, 2015	**5,000**	**30,645**	**160,132**	**29,670**	**225,447**

LAWYERS' PROFESSIONAL INDEMNITY COMPANY
REPORT TO AUDIT AND FINANCE COMMITTEE - LAW SOCIETY OF UPPER CANADA
MANDATORY E&O INSURANCE PROGRAM
SIX MONTHS ENDED JUNE 30, 2015

PREMIUMS

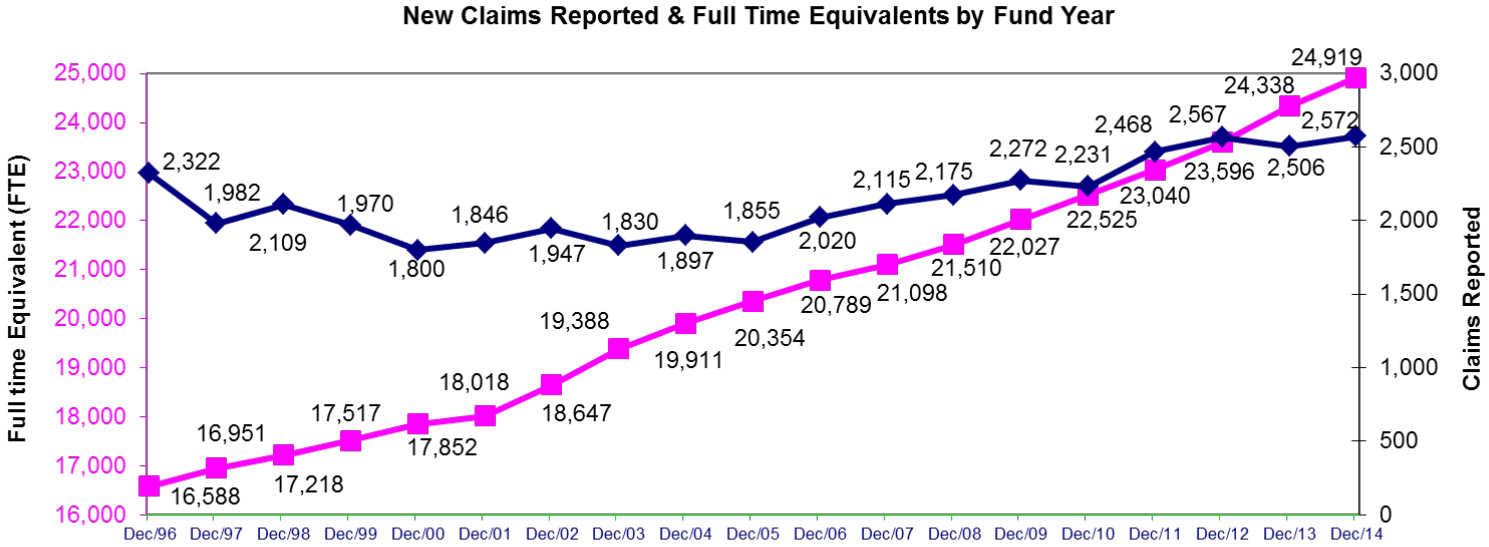
- The 2015 Ontario mandatory professional liability program performed as expected. Overall, written premiums were slightly below expected levels. At June 30, 2015, there were 25,146 full-time equivalent practitioners, a level which is on target to meet the budgeted amount of 25,563 as new calls come into the program later in the year.
- For 2015, transaction levies were $0.5 million above budget, and $0.4 million above the results for the same period in 2014.

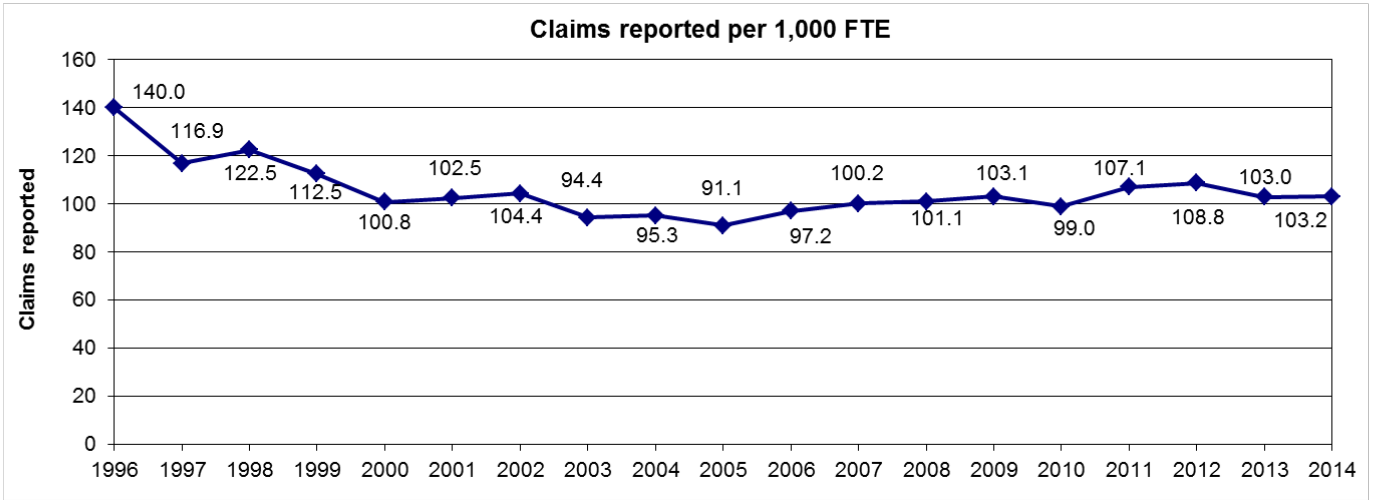
CLAIMS & ADJUSTMENT EXPENSES

- During the year, there were 981 new 2015 fund year claim files reported, compared with 947 new 2014 fund year claim files reported during the same prior year period.
- The number of files remaining open for all fund years at June 30, 2015 was 3,806, which is higher than the 3,731 files that remained open at June 30, 2014.
- For all fund years, 1,348 files were activated through June 30, 2015 (including 97 which were reopened) and 1,355 closed. The comparable figures for the six months ended June 30, 2014 were 1,361 claims files activated (including 102 which were reopened) and 1,219 closed.

On an aggregate basis, for the first six months of 2015 there has been a significant net favorable development on claims of prior years (in particular fund years 2008, and 2010 through 2014, offset slightly by an appreciable unfavourable development for the fund year 2009). Regarding prior year development, in the same period in 2014, there was a significant net favourable development on claims of prior years (in particular fund years 2008, 2009, 2011, and 2013 offset somewhat by a large unfavourable development for the fund year 2010).

An increase in reserves for several pending TitlePLUS program building compliance claims has caused the optional business segment to currently be reported as "out of range" on the "Insurance Ratios" exhibit.


New Claims Reported & Full Time Equivalents by Fund Year
Full time Equivalent (FTE)
Claims Reported
25,000
24,000
23,000
22,000
21,000
20,000
19,000
18,000
17,000
16,000
3,000
2,500
2,000
1,500
1,000
500
0
2,322
1,982
2,109
1,970
1,800
1,846
1,947
1,830
1,897
1,855
2,020
2,115
2,175
2,272
2,231
2,468
2,567
2,572
2,506
16,588
16,951
17,218
17,517
17,852
18,018
18,647
19,388
19,911
20,354
20,789
21,098
21,510
22,027
22,525
23,040
23,596
24,338
24,919
Dec/96 Dec/97 Dec/98 Dec/99 Dec/00 Dec/01 Dec/02 Dec/03 Dec/04 Dec/05 Dec/06 Dec/07 Dec/08 Dec/09 Dec/10 Dec/11 Dec/12 Dec/13 Dec/14


Claims reported per 1,000 FTE
Claims reported
160
140
120
100
80
60
40
20
0
140.0
116.9
122.5
112.5
100.8
102.5
104.4
94.4
95.3
91.1
97.2
100.2
101.1
103.1
99.0
107.1
108.8
103.0
103.2
1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

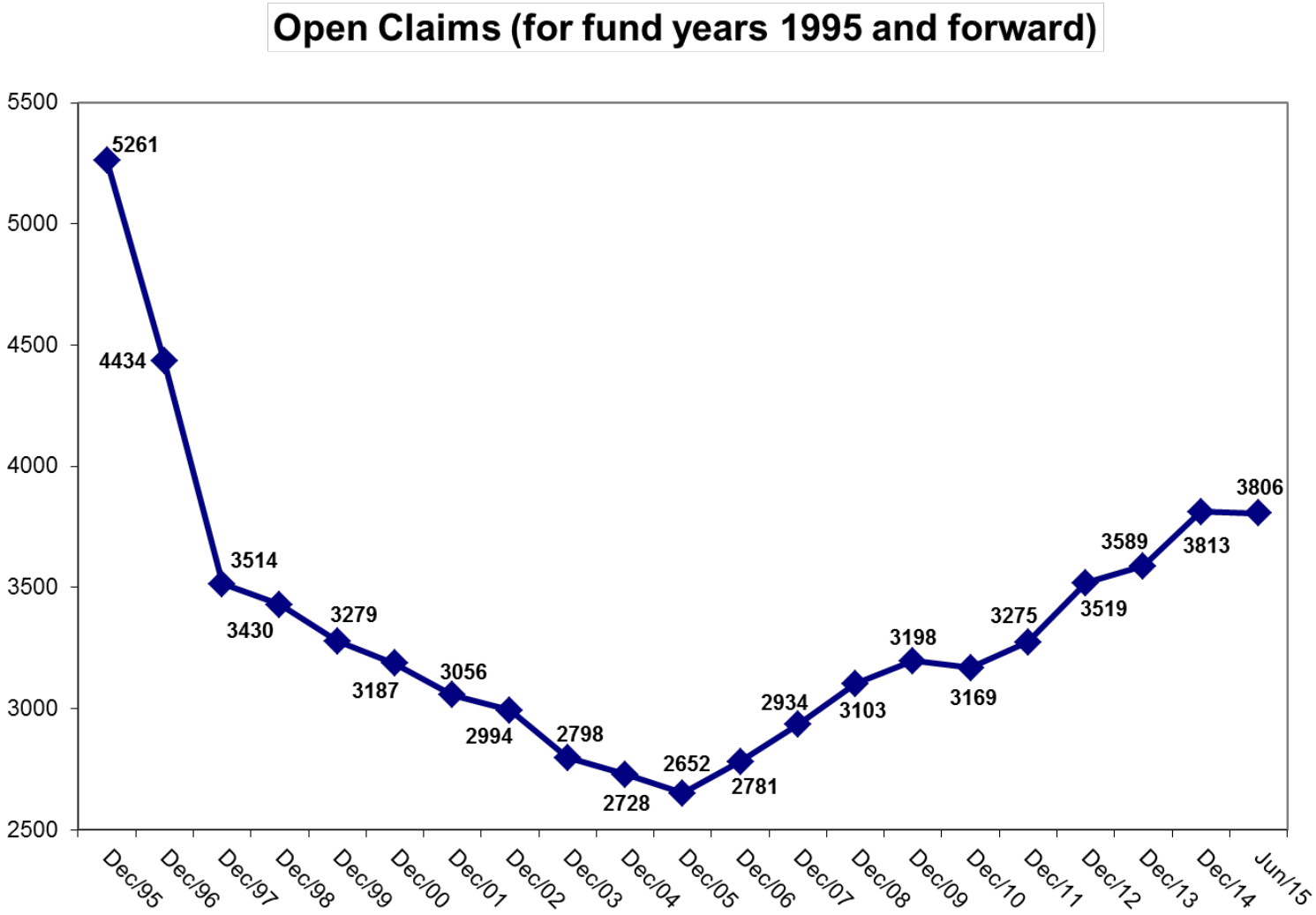

Open Claims (for fund years 1995 and forward)
5500
5000
4500
4000
3500
3000
2500
5261
4434
3514
3430
3279
3187
3056
2994
2798
2728
2652
2781
2934
3103
3198
3169
3275
3519
3589
3813
3806
Dec/95
Dec/96
Dec/97
Dec/98
Dec/99
Dec/00
Dec/01
Dec/02
Dec/03
Dec/04
Dec/05
Dec/06
Dec/07
Dec/08
Dec/09
Dec/10
Dec/11
Dec/12
Dec/13
Dec/14
Jun/15

Exhibit 12 – INSURANCE RATIOS[1]

TEST	RECOMMENDED RANGE	JUN 2015	DEC 2014	JUN 2014	DEC 2013
I. Solvency Ratios					
1. Minimum Capital Test					
p(Measures the excess of capital available to capital required based on a risk-based capital adequacy framework and is used to determine capital adequacy of a company.)	Preferred: 220-230% Minimum: 180%	249%	251%	239%	233%
2. Loss reserves to equity					
(Measures unpaid claim and adjustment reserves as a percentage of surplus and provides a simple test of the leveraged position of the company.)	Preferred: < 225% Maximum: 250%	186%	203%	209%	215%
II. Other Select Ratios					
1. Liabilities as a % of liquid assets					
(Liabilities as a percentage of Cash and other liquid assets-measures company's ability to meet its financial demands.)	Preferred: < 80% Maximum: 105%	74%	70%	78%	70%
2. Net premiums written as a % of surplus					
(Net risk ratio measures the company's ability to absorb financial shocks. The higher the ratio of premiums to surplus, the greater is the potential risk borne by the company in relation to the surplus available to absorb loss variations.)	Preferred: < 80% Maximum: 100%	49%	55%	56%	56%
3. Return on equity					
(Measures an insurer's net income as a percentage of equity. The higher the ratio, the greater the return to shareholders per unit of invested capital. Sustainability of earnings is more important than periods of high returns followed by periods of low returns or losses.)	Greater than 0%[1], Net income	14%	9%	8%	3%
	Comprehensive Income	16%	9%	10%	10%
4. General expense ratio					
(Measures an insurer's general expenses, excluding commissions, as a percentage of net earned premiums.). This ratio should be maintained at lower than or equal to comparable small insurance companies.	Up to small insurance company benchmark (28% as at Dec 2014)	19%	18%	18%	19%
5. Optional business segment					
(Excess program and TitlePLUS title insurance) is planned to operate on a break-even or better basis.	Greater than $0 (stated in $'000s)	(834)	2,049	882	993

Note:

1. Sufficient to maintain/grow MCT.

Better Than Range
Within Range
Outside of Range

CIBC Asset Management Inc.
18 York Street, Suite 1400
Toronto ON M5J 2T8
Tel: 416-364-5620
Fax: 416-364-3286

Confidential

April 28, 2015

Subject: Quarterly Compliance Report as at March 31, 2015 for Lawyers' Professional Indemnity Company

As of and for the quarter ending March 31, 2015, we hereby certify that to the best of our knowledge the investments in the Lawyers' Professional Indemnity Company portfolio were in compliance, based on our records which are issued on a trade date basis, in accordance with the Investment Policy Statement dated January 1, 2015.

Yours truly,

Deborah Lewis, CFA
First Vice President

LETKO BROSSEAU

GESTION DE PLACEMENTS GLOBALE
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Toronto, ON M5H 1J8
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(647) 426-1587

May 4th, 2015

Lawyers' Professional Indemnity Company
C/O Ms Kathleen A. Waters, President & CEO
250 Yonge Street, Suite 3101
P.O. Box 3
Toronto, Ontario
M5B 2L7

SUBJECT: COMPLIANCE CERTIFICATE

Dear Ms. Waters,

This is to confirm that, at the end of each month of the quarter ending March 31st, 2015, Letko Brosseau was in compliance with the requirements of the Statement of Investment Policies and Procedures, effective January 1st, 2015. To the best of our knowledge, we have no reason to believe that we were not in compliance with all such requirements at any other time during such period.

Should you require additional information, please do not hesitate to contact us at your convenience.

Regards,

Original letter signed by Peter Letko

Peter Letko
Letko Brosseau & Associates Inc.
PL/mn

THIS SECTION CONTAINS

IN CAMERA MATERIAL

TAB 5.5

FOR INFORMATION

PERFORMANCE OF INVESTMENT MANAGER

91. **Convocation is requested to receive a report on the performance of the Law Society's long-term investments for the six months to June 30, 2015 for information**.

Rationale

92. Under the Law Society's Investment Policy, the Audit & Finance Committee shall periodically report to Convocation on the investment returns of the portfolio investments. The Law Society's long-term investments are divided into three portfolios for the General Fund (June 30, 2015: $15.3 million), the Compensation Fund (June 30, 2015: $34.7 million), and the Errors & Omissions Insurance Fund (June 30, 2015: $21.8 million). All the investments are managed by Foyston Gordon & Payne under the same investment policy.

93. Approximately 20% of the portfolio administered is held in equity investments with the balance in fixed income securities.

94. The Law Society receives biannual reports on investment performance from AON Hewitt, our investment consultants. The Investment Monitoring Report as at June 30, 2015 follows on the next page.

95. According to the Investment Policy, the Investment Manager's benchmarks are:
    a) By asset class
       to outperform the appropriate market index return
    b) By benchmark portfolio
       to outperform a static benchmark portfolio consisting of the benchmark of the asset mix ranges (i.e., a portfolio consisting of 85% of the FTSE TMX Short-Term Bond Index total return, and 15% of the total return of the S&P/TSX Composite Index, over a four year moving average or complete market cycle).

96. According to pages 5, 7 and 9 of the AON report, the Investment Manager has exceeded the performance benchmarks for the 4 year period ending June 30, 2015. Their performance for periods going back one year have lagged the market and this will be monitored.

Financial Impact

97. The second quarter financial statements show total investment income of $1.1 million versus last year's total of $3.6 million.

Aon Hewitt
Investment Consulting

Streamlined Performance Review and Investment Manager Evaluation

Law Society of Upper Canada:
Errors & Omissions Insurance Fund, Compensation Fund and General Fund

Semi-Annual Period Ending 30 June 2015

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Empower Results®

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4	Compensation Fund Analysis	Page 19
5	General Fund Analysis	Page 24
6	Asset Class Analysis	Page 29
7	Appendix A - Plan Information	Page 36
8	Appendix B - Manager Updates	Page 39
9	Appendix C - Capital Markets Environment	Page 41
10	Appendix D - Description of Market Indices and Statistics	Page 51
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12	Appendix F - Compliance	Page 58
13	Appendix G - Disclosure	Page 60

Executive Summary

Executive Summary

Commentary and Recommendations

As of 30 June 2015

	Comments	Recommendations
E&O Insurance Fund Performance	▪ The overall gross return over the 4-year period ending 30 June 2015 was 4.11%, resulting in an outperformance of 0.74% relative to the benchmark. ▪ Over the most recent 6-month period, the Fund underperformed its benchmark by 0.73%. ▪ Negative asset class performance within Canadian equities, along with an overweight to Canadian equities and Short-Term detracted value from the overall portfolio. ▪ FGP Canadian equities underperformed the Index due to the Fund's large underweight to the Health Care sector, as well as negative stock picks within the Materials and Consumer Discretionary sectors. ▪ Strong stock picks within the Energy and Industrials sectors, along with an overweight to Consumer Disc and an underweight to Industrials provided a partial offset to the Fund's overall negative performance. ▪ Fixed income underperformance was due to the Fund's lower than Index duration, particularly as the Bank of Canada dropped its overnight rate in the first quarter. The Fund's overweight to Corporates, its strongest performing sector, provided a partial recovery during the period.	▪ No action is required.
Compensation Fund Performance	▪ The overall gross return over the 4-year period ending 30 June 2015 was 4.12%, resulting in an outperformance of 0.75% relative to the benchmark. ▪ Over the most recent 6-month period, the Fund underperformed its benchmark by 0.77%. ▪ Performance attribution comments for this Fund are the same as the E&O Insurance Fund comments above.	▪ No action is required.
General Fund Performance	▪ The overall gross return over the 4-year period ending 30 June 2015 was 4.12%, resulting in an outperformance of 0.75% relative to the benchmark. ▪ Over the most recent 6-month period, the Fund underperformed its benchmark by 0.76%. ▪ Performance attribution comments for this Fund are the same as the E&O Insurance Fund comments above.	▪ No action is required.

Executive Summary

Commentary and Recommendations

As of 30 June 2015

	Comments	Recommendations
Portfolio Rebalancing	▪ All asset classes were within their allowable ranges as at 30 June 2015.	▪ No action is required.
Statement of Investment Policies and Procedures (SIPP)	▪ The SIPP was last updated in April 2015. The Compliance Summary was revised, accordingly.	▪ The SIPP should be reviewed and updated annually and any changes to the Plan's investment policies should be reflected accordingly.
Foyston, Gordon & Payne (FGP)	▪ In April 2015, Colin Ripsman joined FGP as Vice President of Institutional Client Services. ▪ Donald Foyston became the new Chairman of the FGP Board of Directors, replacing Jim Martin, in February 2015. Martin retired from FGP in September 2012, however remained as the Chairman of the FGP Board of Directors until February 2015. ▪ During the first quarter of 2015, John Berry, Senior Vice President and Portfolio Manager, was appointed to the Board as its fifth member. Berry, alongside Bryan Pilsworth, President and Portfolio Manager, represent FGP shareholders on the Board.	▪ Continue to monitor.

Executive Summary

Latest Thinking

During the last quarter, we have produced papers on the following topics. Although these topics may not be directly applicable to your Fund, they may be of general interest and provide some insight into Aon Hewitt's global research. For copies of the papers, or for more details, please contact your Aon Hewitt Investment Consultant.

Topic	Summary
China Through Train	This paper examines the improving access that international investors are gaining to equity investment in China. Access to the domestic "A-Share" equity market has recently improved as the Chinese authorities have allowed investment in these shares through the "Shanghai-Hong Kong Stock Connect" scheme, otherwise known as the "through-train". This development is significant because it will provide an improved representation of the China opportunity set, these shares will likely be included into mainstream equity indices and alpha opportunities for active managers if this market should be enhanced. In a wider context, these changes represent one of many investment opportunities available to Emerging Market investors. http://www.aon.com/canada/attachments/thought-leadership/report_aon_All-Aboard-Through-Train.pdf
Reinsurance Investing	This paper highlights the potential benefits to investing in insurance linked securities. The reinsurance market is a large, diverse market which is expanding beyond the sphere of traditional reinsurance companies. The demand for reinsurance capital has increased significantly over recent years and it is now possible for investors to access this market through various avenues. Importantly, the returns and risks of catastrophe reinsurance are generated through the occurrence and severity of peak perils: hurricanes, windstorms, earthquakes, etc. This less-correlated return stream, with true independence of risk, provides diversification within a portfolio of more traditional financial assets which are subject to common and potentially systemic macroeconomic risks. http://www.aon.com/canada/attachments/thought-leadership/report_aon_reinsurance-investing-june2015.pdf
Global Equity – What's the Benchmark	This paper discusses the use of the two main global equity indexes, MSCI World and MSCI All Country World Index. Most investors, especially in Canada, are using either the MSCI World Index or the MSCI All Country World Index ("ACWI) to benchmark their active global equity managers depending on the managers' exposure to emerging markets. We believe that the choice of indices should depend on the active equity managers' allowable exposure to emerging markets. Given most unconstrained managers have or can have some exposure to emerging markets; we believe using the MSCI ACWI to be the most appropriate for monitoring relative performance given the increased opportunity set. http://www.aon.com/canada/attachments/thought-leadership/investment_insights/pub_aon_investment-insights-July2015.pdf
Understanding How Much Alternative Assets Your Portfolio Can Handle	This paper discusses managing liquidity risk for Defined Benefit Plans with de-risking glide paths. Many defined benefit plans with de-risking glide paths can use alternative assets to improve their de-risking programs due to such assets' return potential and diversification benefits. But it is critical to ensure that any illiquidity risk is tolerable. The specific level of illiquid assets a pension plan can hold is highly customized to its circumstances, including cash outflows, cash inflows, asset allocation glide path and potential "events" like pension liability settlements. Investors considering alternative assets should perform multi-year stress-testing projections to understand their liquidity profile. http://www.aon.com/canada/attachments/thought-leadership/report_aon_alternative-assets-072015.pdf

Executive Summary

E&O Insurance Fund Asset Allocation and Annualized Performance

As of 30 June 2015

	Market Value ($000)	%	Performance (%)							
			6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
E&O Insurance Fund (Gross)	**22,964**	**100.0**	**1.23**	**1.25**	**4.79**	**4.84**	**4.11**	**4.59**	**4.25**	**1/04/2006**
E&O Insurance Fund Benchmark			1.96	2.77	4.73	3.93	3.37	3.83	3.62	
Value Added			-0.73	-1.52	0.06	0.91	0.74	0.76	0.63	
E&O Insurance Fund (Net)	22,964	100.0	1.17	1.12	4.65	4.71	3.99	4.47	4.10	1/04/2006
E&O Insurance Fund Benchmark			1.96	2.77	4.73	3.93	3.37	3.83	3.62	
Value Added			-0.79	-1.65	-0.08	0.78	0.62	0.64	0.48	
E&O Canadian Equities	4,169	18.2	-1.29 (94)	-5.64 (91)	11.13 (86)	14.40 (45)	7.79 (52)	10.64 (41)	6.07 (45)	1/04/2006
S&P/TSX Capped Composite			0.91 (60)	-1.16 (69)	12.77 (66)	11.12 (85)	5.34 (91)	8.28 (88)	4.96 (76)	
Value Added			-2.20	-4.48	-1.64	3.28	2.45	2.36	1.11	
E&O Canadian Fixed Income	17,643	76.8	1.83	3.03	3.53	3.14	3.32	3.35	4.48	1/04/2006
FTSE TMX Short Term Bond			2.11	3.43	3.32	2.66	2.95	2.99	4.08	
Value Added			-0.28	-0.40	0.21	0.48	0.37	0.36	0.40	
E&O Short-Term	1,152	5.0	0.44 (72)	0.99 (69)	1.03 (73)	1.06 (70)	1.04 (77)	1.03 (75)	0.94 (75)	1/10/2009
FTSE TMX 91-Day T-Bill			0.40 (91)	0.87 (96)	0.92 (96)	0.95 (91)	0.95 (90)	0.94 (90)	0.86 (89)	
Value Added			0.04	0.12	0.11	0.11	0.09	0.09	0.08	

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
Parentheses contain percentile rankings.
Returns for periods greater than one year are annualized.

Executive Summary

E&O Insurance Fund Annual Performance

As of 30 June

	Performance (%)										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
E&O Insurance Fund (Gross)	**1.25**	**8.45**	**4.94**	**1.98**	**6.54**	**7.43**	**-0.46**	**1.42**	**11.24**	**-**	**-**
E&O Insurance Fund Benchmark	2.77	6.72	2.34	1.70	5.70	5.57	-0.80	2.82	8.39	-	-
Value Added	-1.52	1.73	2.60	0.28	0.84	1.86	0.34	-1.40	2.85	-	-
E&O Insurance Fund (Net)	1.12	8.30	4.82	1.86	6.40	7.29	-0.66	1.26	11.03	-	-
E&O Insurance Fund Benchmark	2.77	6.72	2.34	1.70	5.70	5.57	-0.80	2.82	8.39	-	-
Value Added	-1.65	1.58	2.48	0.16	0.70	1.72	0.14	-1.56	2.64	-	-
E&O Canadian Equities	-5.64 (91)	30.89 (36)	21.21 (6)	-9.83 (50)	22.80 (25)	13.89 (23)	-18.85 (25)	-6.78 (95)	26.80 (24)	-	-
S&P/TSX Capped Composite	-1.16 (69)	28.66 (68)	7.90 (95)	-10.25 (56)	20.87 (54)	11.95 (44)	-25.69 (62)	6.75 (31)	22.73 (62)	19.64 (43)	18.04 (61)
Value Added	-4.48	2.23	13.31	0.42	1.93	1.94	6.84	-13.53	4.07	-	-
E&O Canadian Fixed Income	3.03	4.04	2.37	3.87	3.44	7.43	6.16	6.91	5.39	-	-
FTSE TMX Short Term Bond	3.43	3.21	1.36	3.80	3.16	4.31	8.02	6.46	4.02	0.09	6.54
Value Added	-0.40	0.83	1.01	0.07	0.28	3.12	-1.86	0.45	1.37	-	-
E&O Short-Term	0.99 (69)	1.06 (70)	1.13 (60)	0.96 (81)	0.99 (56)	-	-	-	-	-	-
FTSE TMX 91-Day T-Bill	0.87 (96)	0.97 (93)	1.00 (79)	0.96 (81)	0.89 (85)	0.33 (77)	1.98 (67)	4.13 (75)	4.27 (67)	3.15 (78)	2.35 (79)
Value Added	0.12	0.09	0.13	0.00	0.10	-	-	-	-	-	-

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
Parentheses contain percentile rankings.

Executive Summary

Compensation Fund Asset Allocation and Annualized Performance

As of 30 June 2015

	Market Value ($000)	%	Performance (%)							
			6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Compensation Fund (Gross)	**36,511**	**100.0**	**1.19**	**1.22**	**4.76**	**4.85**	**4.12**	**4.59**	**5.30**	**1/06/2003**
Compensation Fund Benchmark			1.96	2.77	4.73	3.93	3.37	3.83	4.83	
Value Added			-0.77	-1.55	0.03	0.92	0.75	0.76	0.47	
Compensation Fund (Net)	36,511	100.0	1.13	1.09	4.62	4.72	4.00	4.49	5.19	1/06/2003
Compensation Fund Benchmark			1.96	2.77	4.73	3.93	3.37	3.83	4.83	
Value Added			-0.83	-1.68	-0.11	0.79	0.63	0.66	0.36	
Compensation Canadian Equities	6,929	19.0	-1.21 (94)	-5.50 (91)	11.25 (85)	14.48 (43)	7.85 (51)	10.68 (40)	10.50 (38)	1/06/2003
S&P/TSX Capped Composite			0.91 (60)	-1.16 (69)	12.77 (66)	11.12 (85)	5.34 (91)	8.28 (88)	9.24 (77)	
Value Added			-2.12	-4.34	-1.52	3.36	2.51	2.40	1.26	
Compensation Canadian Fixed Income	27,787	76.1	1.89	3.10	3.57	3.17	3.35	3.37	4.92	1/06/2003
Compensation Fixed Income Benchmark			2.11	3.43	3.32	2.66	2.95	2.99	4.46	
Value Added			-0.22	-0.33	0.25	0.51	0.40	0.38	0.46	
Compensation Short-Term	1,795	4.9	0.44 (68)	0.99 (69)	1.04 (71)	1.06 (69)	1.04 (77)	1.03 (75)	1.77 (96)	1/06/2003
FTSE TMX 91-Day T-Bill			0.40 (91)	0.87 (96)	0.92 (96)	0.95 (91)	0.95 (90)	0.94 (90)	1.97 (88)	
Value Added			0.04	0.12	0.12	0.11	0.09	0.09	-0.20	

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
Parentheses contain percentile rankings.
Returns for periods greater than one year are annualized.

Executive Summary

Compensation Fund Annual Performance

As of 30 June

	Performance (%)										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Compensation Fund (Gross)	**1.22**	**8.43**	**5.03**	**1.98**	**6.49**	**7.97**	**3.91**	**3.36**	**7.93**	**0.75**	**10.28**
Compensation Fund Benchmark	2.77	6.72	2.34	1.70	5.70	6.40	2.72	4.91	6.85	0.78	11.29
Value Added	-1.55	1.71	2.69	0.28	0.79	1.57	1.19	-1.55	1.08	-0.03	-1.01
Compensation Fund (Net)	1.09	8.28	4.91	1.86	6.46	7.95	3.85	3.26	7.79	0.63	10.13
Compensation Fund Benchmark	2.77	6.72	2.34	1.70	5.70	6.40	2.72	4.91	6.85	0.78	11.29
Value Added	-1.68	1.56	2.57	0.16	0.76	1.55	1.13	-1.65	0.94	-0.15	-1.16
Compensation Canadian Equities	-5.50 (91)	30.97 (34)	21.21 (6)	-9.83 (50)	22.80 (25)	13.89 (23)	18.85 (25)	-6.78 (95)	26.80 (24)	16.48 (66)	20.37 (34)
S&P/TSX Capped Composite	-1.16 (69)	28.66 (68)	7.90 (95)	10.25 (56)	20.87 (54)	11.95 (44)	25.69 (62)	6.75 (31)	22.73 (62)	19.64 (43)	18.04 (61)
Value Added	-4.34	2.31	13.31	0.42	1.93	1.94	6.84	13.53	4.07	-3.16	2.33
Compensation Canadian Fixed Income	3.10	4.04	2.39	3.87	3.44	7.88	6.33	6.95	5.47	-0.17	13.03
Compensation Fixed Income Benchmark	3.43	3.21	1.36	3.80	3.16	5.62	7.02	6.80	4.77	-0.66	11.97
Value Added	-0.33	0.83	1.03	0.07	0.28	2.26	-0.69	0.15	0.70	0.49	1.06
Compensation Short-Term	0.99 (69)	1.08 (68)	1.12 (61)	0.96 (81)	0.99 (56)	-3.72 (100)	5.27 (1)	3.72 (88)	3.76 (98)	2.26 (99)	2.41 (67)
FTSE TMX 91-Day T-Bill	0.87 (96)	0.97 (93)	1.00 (79)	0.96 (81)	0.89 (85)	0.33 (77)	1.98 (67)	4.13 (75)	4.27 (67)	3.15 (78)	2.35 (79)
Value Added	0.12	0.11	0.12	0.00	0.10	-4.05	3.29	-0.41	-0.51	-0.89	0.06

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
Parentheses contain percentile rankings.

AON
Empower Results®

Executive Summary

General Fund Asset Allocation and Annualized Performance

As of 30 June 2015

	Market Value ($000)	%	Performance (%)							
			6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
General Fund (Gross)	**16,109**	**100.0**	**1.20**	**1.22**	**4.75**	**4.84**	**4.12**	**4.59**	**4.35**	**1/04/2004**
General Fund Benchmark			1.96	2.77	4.73	3.93	3.37	3.83	4.09	
Value Added			-0.76	-1.55	0.02	0.91	0.75	0.76	0.26	
General Fund (Net)	16,109	100.0	1.14	1.09	4.62	4.71	3.99	4.49	4.25	1/04/2004
General Fund Benchmark			1.96	2.77	4.73	3.93	3.37	3.83	4.09	
Value Added			-0.82	-1.68	-0.11	0.78	0.62	0.66	0.16	
General Canadian Equities	3,057	19.0	-1.18 (93)	-5.50 (91)	11.25 (85)	14.48 (43)	7.85 (51)	10.68 (40)	8.92 (41)	1/04/2004
S&P/TSX Capped Composite			0.91 (60)	-1.16 (69)	12.77 (66)	11.12 (85)	5.34 (91)	8.28 (88)	7.65 (77)	
Value Added			-2.09	-4.34	-1.52	3.36	2.51	2.40	1.27	
General Canadian Fixed Income	12,261	76.1	1.89	3.10	3.57	3.18	3.35	3.37	3.91	1/04/2004
FTSE TMX Short Term Bond			2.11	3.43	3.32	2.66	2.95	2.99	3.81	
Value Added			-0.22	-0.33	0.25	0.52	0.40	0.38	0.10	
General Short-Term	791	4.9	0.44 (68)	0.99 (69)	1.03 (71)	1.04 (73)	1.01 (80)	0.99 (82)	2.20 (17)	1/04/2004
FTSE TMX 91-Day T-Bill			0.40 (91)	0.87 (96)	0.92 (96)	0.95 (91)	0.95 (90)	0.94 (90)	1.89 (89)	
Value Added			0.04	0.12	0.11	0.09	0.06	0.05	0.31	

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
Parentheses contain percentile rankings.
Returns for periods greater than one year are annualized.

AON
Empower Results®

Executive Summary

General Fund Annual Performance

As of 30 June

	Performance (%)										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund (Gross)	**1.22**	**8.41**	**5.03**	**1.98**	**6.52**	**4.68**	**5.33**	**3.16**	**6.82**	**1.25**	**4.73**
General Fund Benchmark	2.77	6.72	2.34	1.70	5.70	5.25	3.58	4.64	6.19	1.42	6.67
Value Added	-1.55	1.69	2.69	0.28	0.82	-0.57	1.75	-1.48	0.63	-0.17	-1.94
General Fund (Net)	1.09	8.27	4.91	1.86	6.48	4.67	5.26	3.06	6.70	1.14	4.61
General Fund Benchmark	2.77	6.72	2.34	1.70	5.70	5.25	3.58	4.64	6.19	1.42	6.67
Value Added	-1.68	1.55	2.57	0.16	0.78	-0.58	1.68	-1.58	0.51	-0.28	-2.06
General Canadian Equities	-5.50 (91)	30.97 (32)	21.21 (6)	-9.83 (50)	22.80 (25)	13.89 (23)	-18.85 (25)	-6.78 (95)	26.80 (24)	16.48 (66)	20.37 (34)
S&P/TSX Capped Composite	-1.16 (69)	28.66 (68)	7.90 (95)	-10.25 (56)	20.87 (54)	11.95 (44)	-25.69 (62)	6.75 (31)	22.73 (62)	19.64 (43)	18.04 (61)
Value Added	-4.34	2.31	13.31	0.42	1.93	1.94	6.84	-13.53	4.07	-3.16	2.33
General Canadian Fixed Income	3.10	4.04	2.41	3.87	3.44	3.75	7.90	6.79	3.69	0.54	5.71
FTSE TMX Short Term Bond	3.43	3.21	1.36	3.80	3.16	4.31	8.02	6.46	4.02	0.09	6.54
Value Added	-0.33	0.83	1.05	0.07	0.28	-0.56	-0.12	0.33	-0.33	0.45	-0.83
General Short-Term	0.99 (69)	1.08 (69)	1.04 (75)	0.93 (83)	0.90 (84)	0.05 (100)	8.48 (1)	3.76 (88)	3.05 (100)	2.29 (98)	1.94 (98)
FTSE TMX 91-Day T-Bill	0.87 (96)	0.97 (93)	1.00 (79)	0.96 (81)	0.89 (85)	0.33 (77)	1.98 (67)	4.13 (75)	4.27 (67)	3.15 (78)	2.35 (79)
Value Added	0.12	0.11	0.04	-0.03	0.01	-0.28	6.50	-0.37	-1.22	-0.86	-0.41

The total fund performance prior to 30 June 2009 includes a U.S. equities component.
Parentheses contain percentile rankings.

Capital Market Performance

Capital Market Performance

Major Capital Markets' Returns

As of 30 June 2015

	6 Months	Year To Date	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Canadian Equity								
S&P/TSX Composite	0.9	0.9	-1.2	12.8	11.1	5.3	8.3	6.9
Foreign Equity								
S&P 500 (CAD)	9.1	9.1	25.9	25.9	25.5	21.8	21.2	8.1
S&P 500 (USD)	1.2	1.2	7.4	15.7	17.3	14.2	17.3	7.9
MSCI EAFE (Net) (CAD)	13.7	13.7	12.3	18.3	19.8	11.8	13.1	5.3
MSCI World (Net) (CAD)	10.6	10.6	18.9	22.0	22.3	16.4	16.8	6.6
Real Estate								
REALpac / IPD Canada Property Index	2.5	2.5	6.8	8.1	9.8	11.0	11.4	11.0
Fixed Income								
FTSE TMX Universe Bond	2.4	2.4	6.3	5.8	3.8	5.2	5.1	5.0
FTSE TMX Long Term Bond	2.2	2.2	10.1	8.9	4.8	8.1	7.9	6.6
FTSE TMX 91-Day T-Bill	0.4	0.4	0.9	0.9	0.9	1.0	0.9	1.8
Consumer Price Index								
Canadian CPI, unadjusted	2.2	2.2	1.0	1.7	1.5	1.5	1.8	1.8

Canadian Equities

The S&P/TSX Composite Index returned 0.9% over the first 2 quarters of 2015. The Health Care sector delivered a notable return of 58.6%; however, the strong performance had little impact on the Index return due to its modest weight of 4.9%. Two other top performing sectors were the Consumer Discretionary and Consumer Staples sectors, which returned 7.8% and 3.2% respectively. Over the one-year period, the Index fell -1.2%, solely due to weak performance from the Energy (-25.6%) and Materials (-15.8%) sectors, which combined represent 31.2% of the Index.

U.S. Equities

The S&P 500 Index (USD) delivered a positive 1.2% over the half; however, the weakened Canadian dollar magnified unhedged investors' returns, resulting in a 9.1% return in Canadian dollar terms. All major sectors delivered positive returns, with an exception of the Utilities sector, which returned -3.7%. In one year, the S&P 500 Index (CAD) returned a strong 25.9%, with Healthcare (45.5%) and Consumer Discretionary (36.5%) being the leading sectors, and the Consumer Staples (-8.8%) sector being the only detractor.

Non-North American Equities

In the last six months, the MSCI EAFE Index (CAD) delivered strong double digit growth of 13.7%, with all sectors contributing positively to the return, especially the Consumer Discretionary (17.1%) and Health Care (17.1%) sectors. In the last 12 months, the Index returned 12.3%, mostly driven by strong performance in the Information Technology (22.6%), Health Care (20.3%) and Consumer Discretionary (19.7%) sectors, while the Energy (-18.1%) sector hampered the Index return.

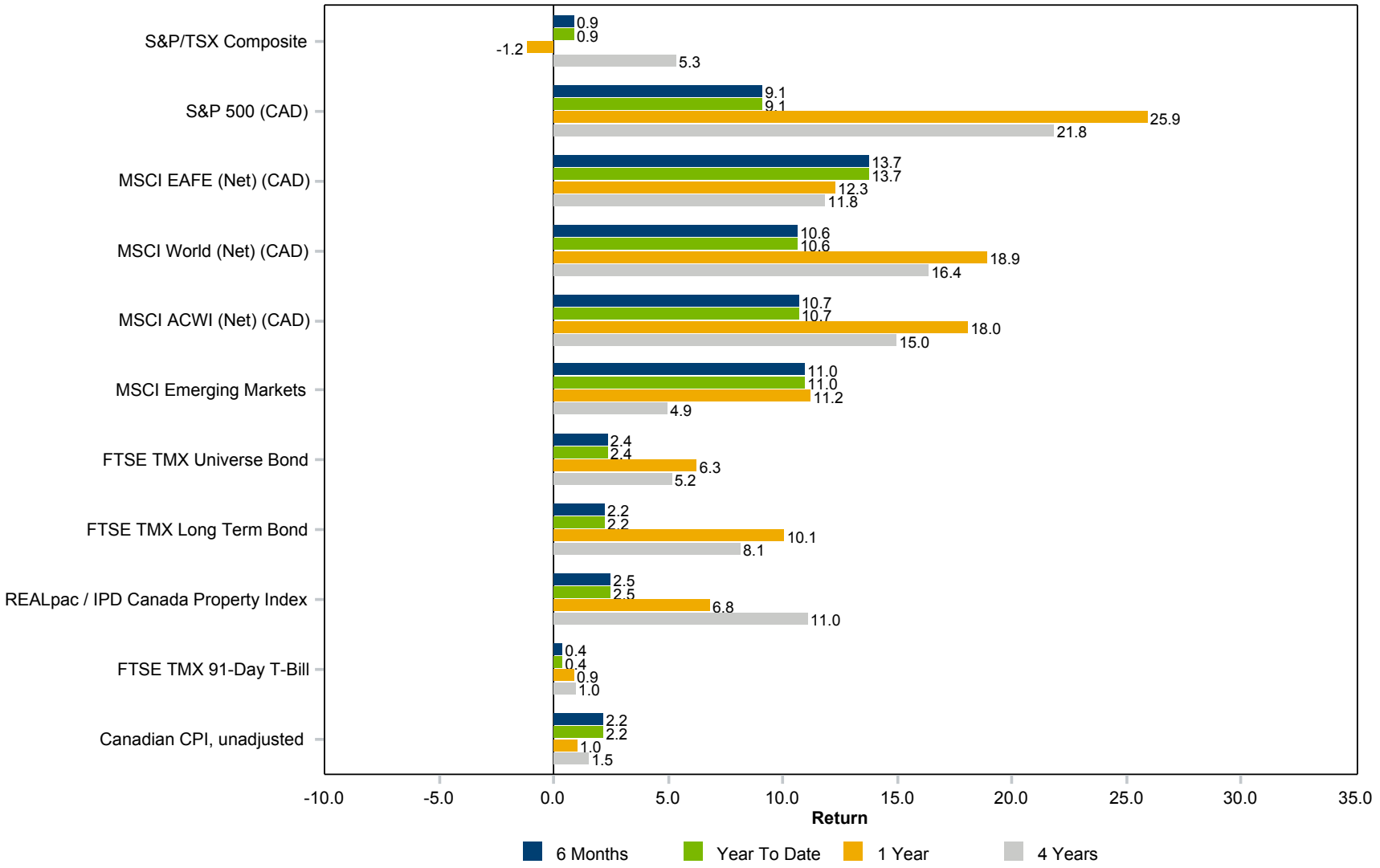
Fixed Income

Over the last six months, the FTSE TMX Universe Bond Index was up 2.4%, with all major sectors delivering positive returns. The two best performing sectors were the Provincial and Municipal sectors, returning 2.8% and 2.5% respectively. Over one year, the Index was a positive 6.3%, primarily driven by strong market demand for Provincial (8.5%) and Municipal (7.7%) securities. During the half, the FTSE TMX 91-Day T-Bill Index returned 0.4%, with the Bank of Canada's Bank Rate cut (0.25% to 0.75%) in the first quarter driving yields lower.

Capital Market Performance

Comparative Performance

As of 30 June 2015



E&O Insurance Fund Analysis

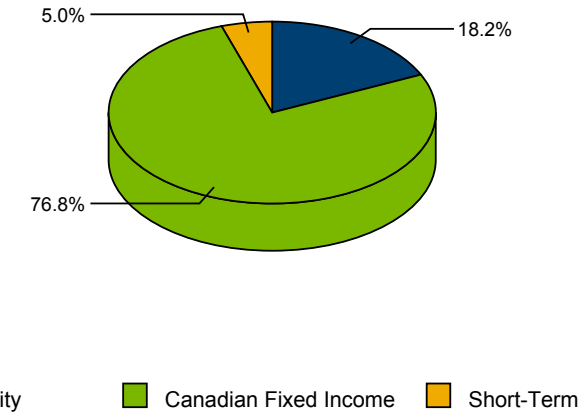
E&O Insurance Fund

Asset Allocation by Segment

E&O Insurance Fund

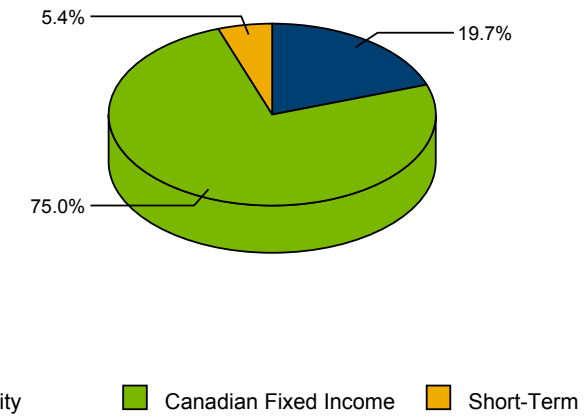
Segments	Market Value ($)	Allocation (%)
Canadian Equity	4,169,213	18.2
Canadian Fixed Income	17,642,675	76.8
Short-Term	1,151,841	5.0

30 June 2015 : $22,963,729



Segments	Market Value ($)	Allocation (%)
Canadian Equity	6,041,061	19.7
Canadian Fixed Income	23,026,143	75.0
Short-Term	1,648,164	5.4

31 December 2014 : $30,715,368

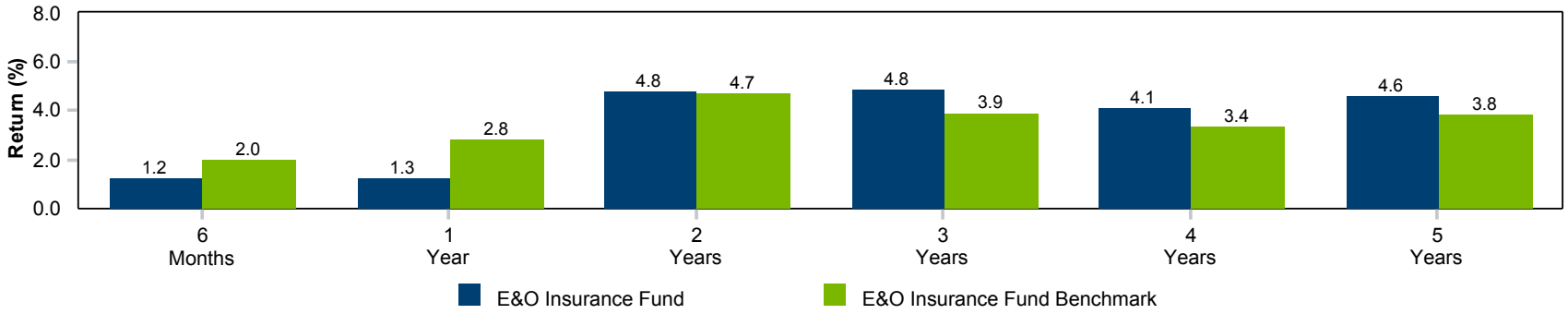


E&O Insurance Fund

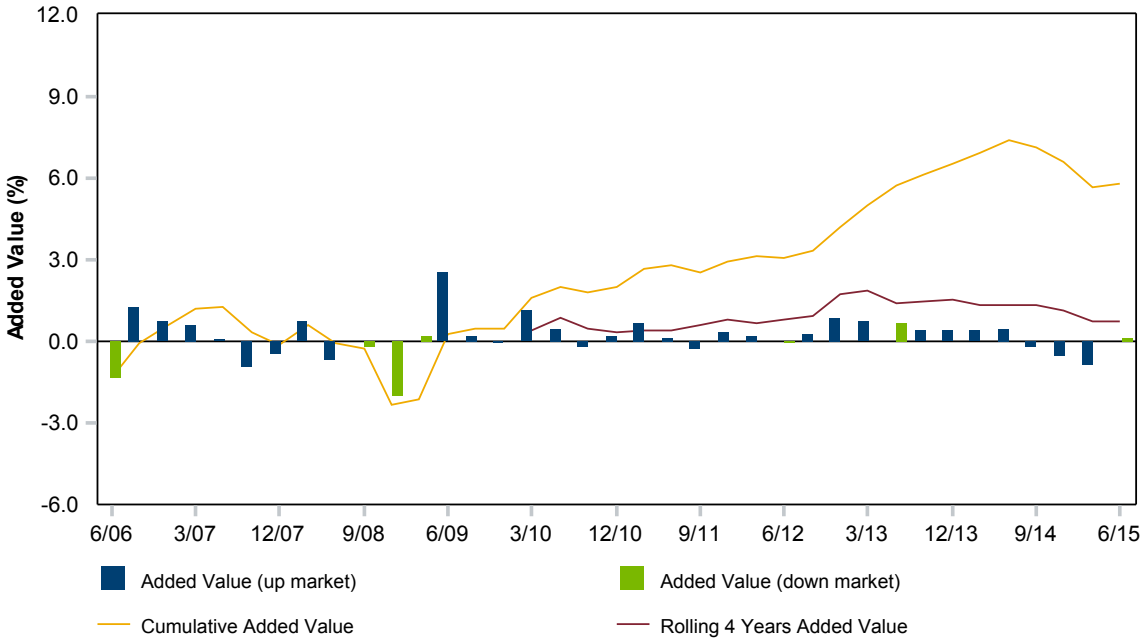
E&O Insurance Fund Performance Summary

As of 30 June 2015

Return Summary



Added Value History (%)



Performance Statistics	Quarters	%
Market Capture		
Up Markets	30	121.0
Down Markets	7	133.3
Batting Average		
Up Markets	30	73.3
Down Markets	7	42.9
Overall	37	67.6

Negative asset class performance within Canadian equities, along with an overweight to Canadian equities and Short-Term detracted value from the overall portfolio.

FGP Canadian equities underperformed the Index due to the Fund's large underweight to the Health Care sector, as well as negative stock picks within the Materials and Consumer Discretionary sectors. Strong stock picks within the Energy and Industrials sectors, along with an overweight to Consumer Disc and an underweight to Industrials provided a partial offset to the Fund's overall negative performance.

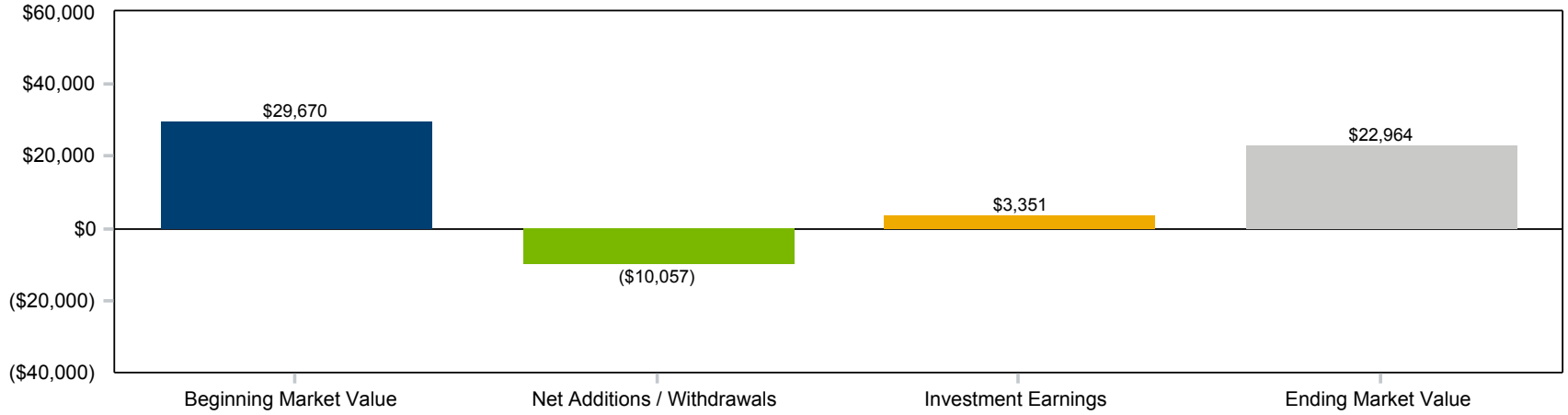
Fixed income underperformance was due to the Fund's lower than Index duration, particularly as the BoC dropped its overnight rate in the first quarter. The Fund's overweight to Corporates, its strongest performing sector, provided a partial recovery during the period.

E&O Insurance Fund

E&O Insurance Fund Asset Summary

As of 30 June 2015

Change in Market Value ($000)
From 1 January 2013 to 30 June 2015



Summary of Cash Flows ($000)

	Jan-2013 To Jun-2015
E&O Insurance Fund	
Beginning Market Value	29,670
+/- Net Cash Flows	-10,057
+/- Income	2,551
+/- Capital Gains / Losses	800
= Ending Market Value	**22,964**

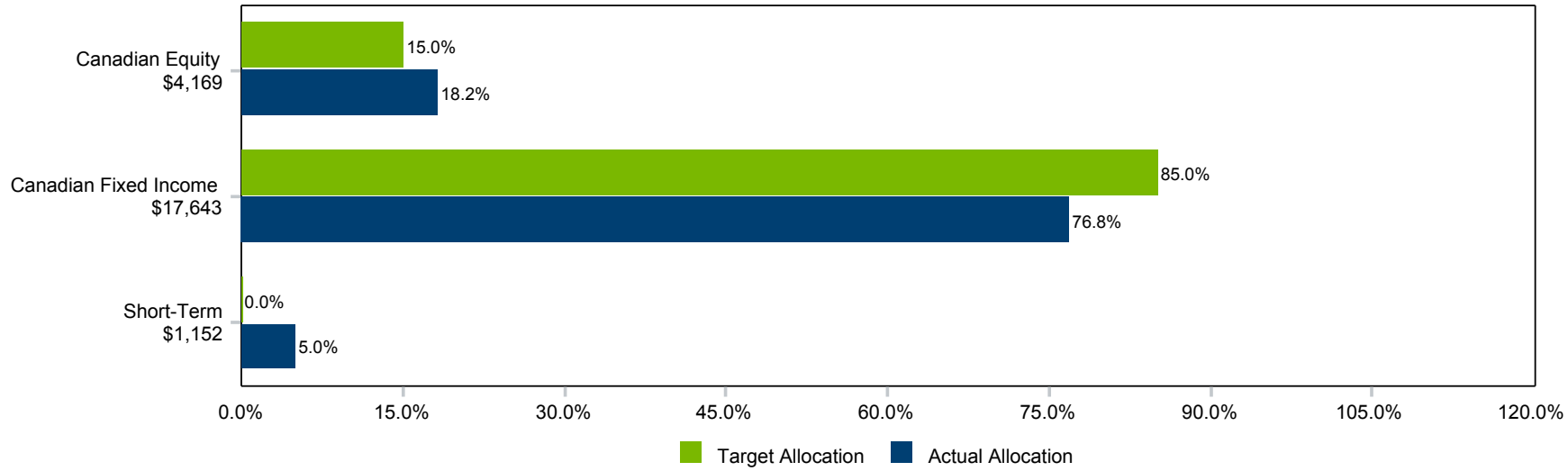
Note: Capital Gains / Losses also includes Accretion / Amortization

.

E&O Insurance Fund

Asset Allocation Compliance

As of 30 June 2015 ($000)



	Market Value ($000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	22,964	100.0	100.0	0.0		
Canadian Equity	4,169	18.2	15.0	3.2	5.0	25.0
Canadian Fixed Income	17,643	76.8	85.0	-8.2	60.0	95.0
Short-Term	1,152	5.0	0.0	5.0	0.0	15.0

Compensation Fund Analysis

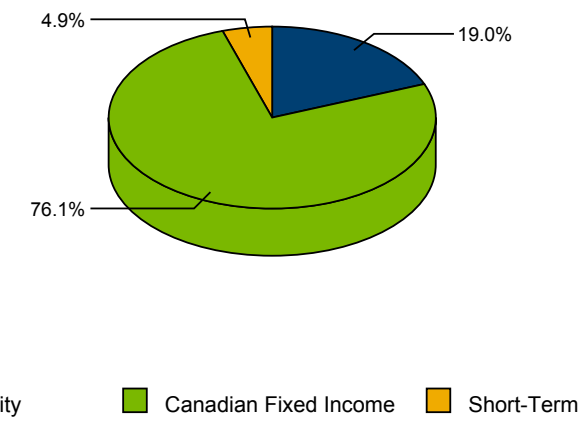
Compensation Fund

Asset Allocation by Segment

Compensation Fund

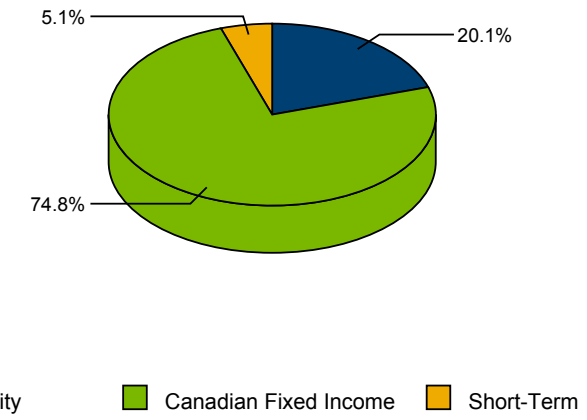
Segments	Market Value ($)	Allocation (%)
Canadian Equity	6,928,507	19.0
Canadian Fixed Income	27,787,188	76.1
Short-Term	1,795,000	4.9

30 June 2015 : $36,510,695



Segments	Market Value ($)	Allocation (%)
Canadian Equity	7,254,169	20.1
Canadian Fixed Income	26,988,528	74.8
Short-Term	1,837,070	5.1

31 December 2014 : $36,079,767

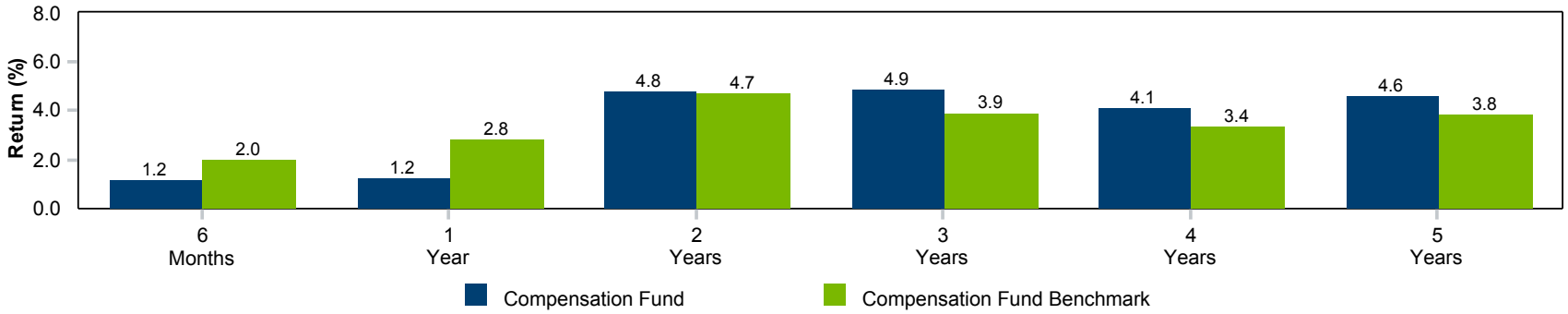


Compensation Fund

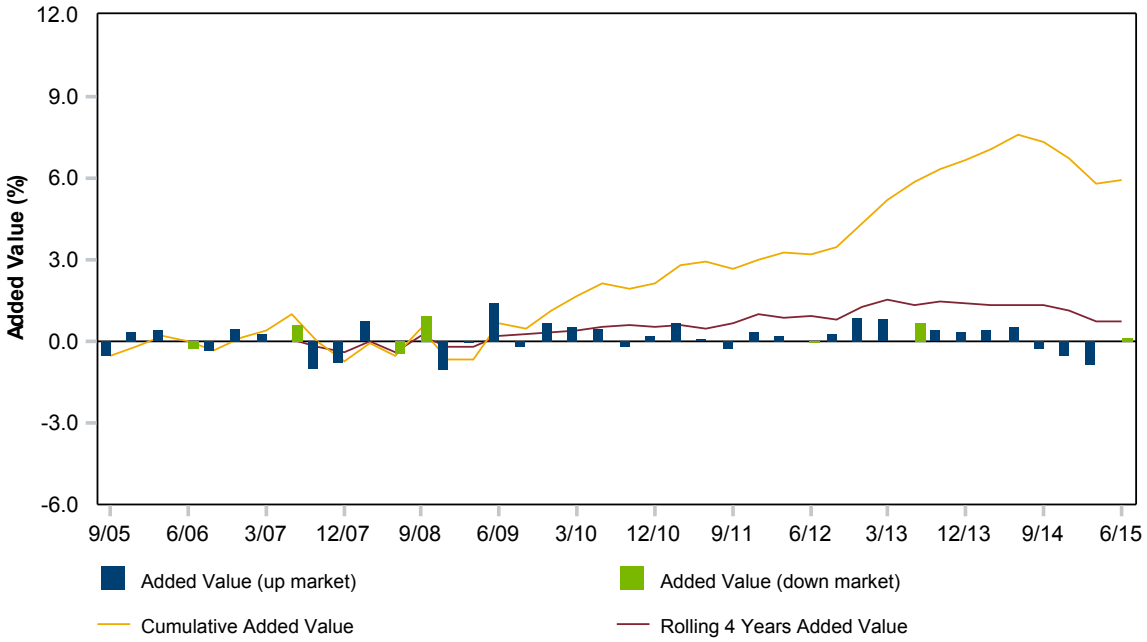
Compensation Fund Performance Summary

As of 30 June 2015

Return Summary



Added Value History (%)



Performance Statistics	Quarters	%
Market Capture		
Up Markets	33	109.3
Down Markets	7	74.6
Batting Average		
Up Markets	33	63.6
Down Markets	7	57.1
Overall	40	62.5

Negative asset class performance within Canadian equities, along with an overweight to Canadian equities and Short-Term detracted value from the overall portfolio.

FGP Canadian equities underperformed the Index due to the Fund's large underweight to the Health Care sector, as well as negative stock picks within the Materials and Consumer Discretionary sectors. Strong stock picks within the Energy and Industrials sectors, along with an overweight to Consumer Disc and an underweight to Industrials provided a partial offset to the Fund's overall negative performance.

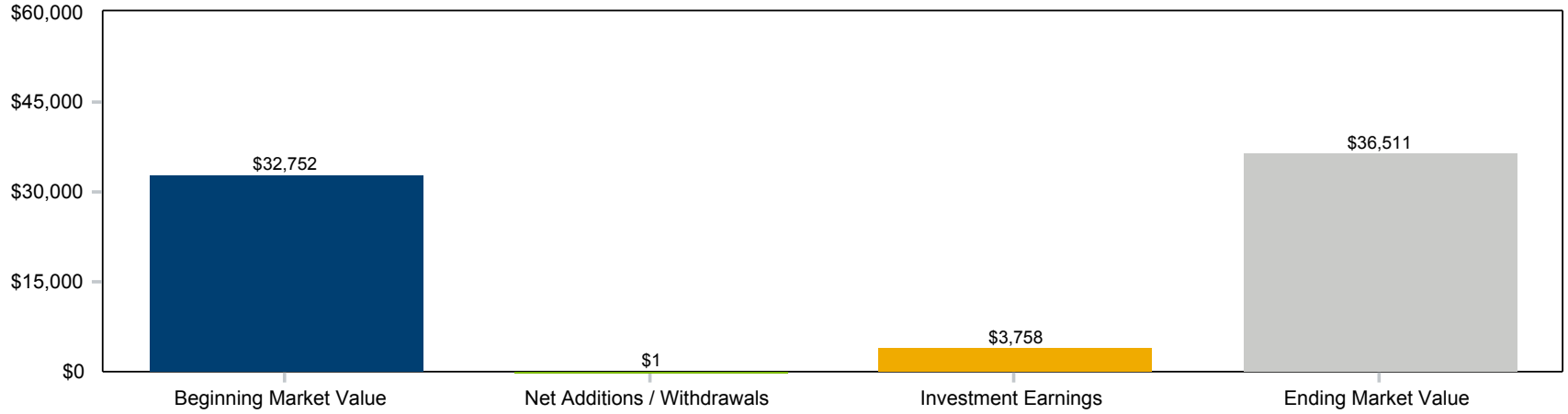
Fixed income underperformance was due to the Fund's lower than Index duration, particularly as the BoC dropped its overnight rate in the first quarter. The Fund's overweight to Corporates, its strongest performing sector, provided a partial recovery during the period.

Compensation Fund

Compensation Fund Asset Summary

As of 30 June 2015

Change in Market Value ($000)
From 1 January 2013 to 30 June 2015



Summary of Cash Flows ($000)

	Jan-2013 To Jun-2015
Compensation Fund	
Beginning Market Value	32,752
+/- Net Cash Flows	1
+/- Income	2,682
+/- Capital Gains / Losses	1,076
= Ending Market Value	**36,511**

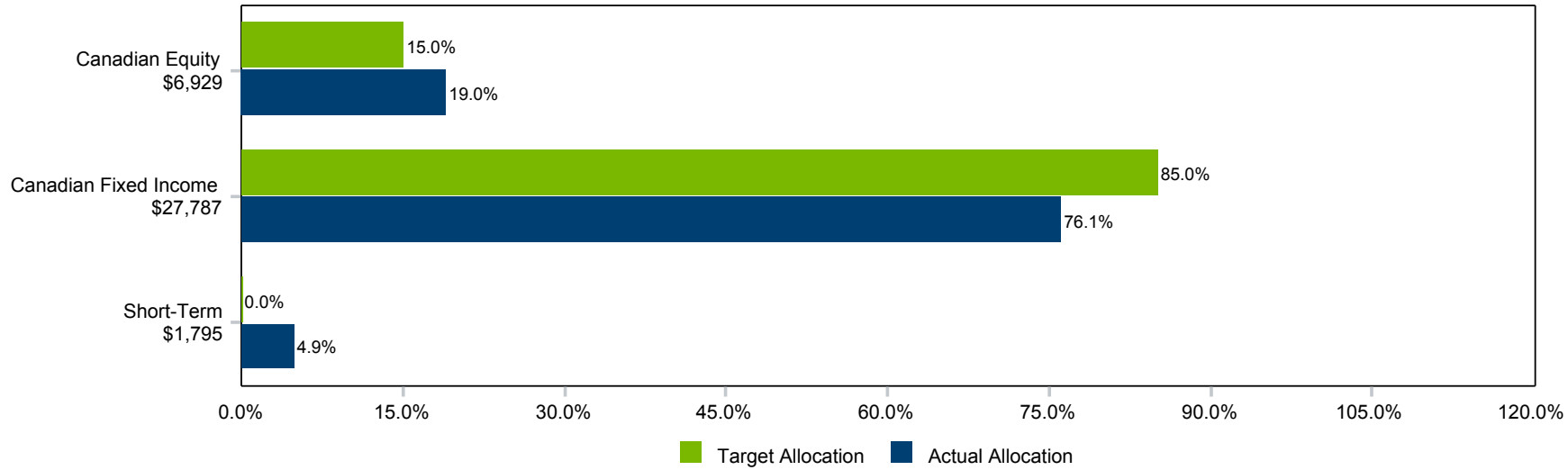
Note: Capital Gains / Losses also includes Accretion / Amortization

.

Compensation Fund

Asset Allocation Compliance

As of 30 June 2015 ($000)



	Market Value ($000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	36,511	100.0	100.0	0.0		
Canadian Equity	6,929	19.0	15.0	4.0	5.0	25.0
Canadian Fixed Income	27,787	76.1	85.0	-8.9	60.0	95.0
Short-Term	1,795	4.9	0.0	4.9	0.0	15.0

General Fund Analysis

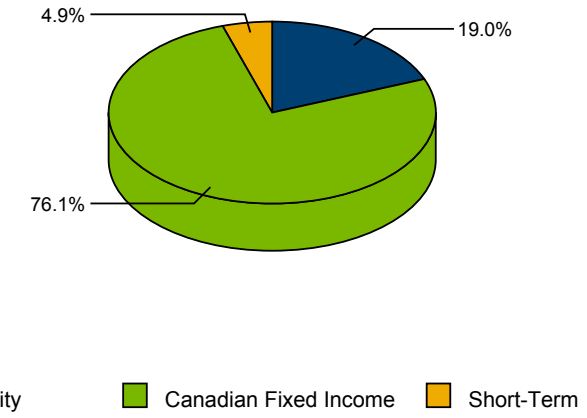
General Fund

Asset Allocation by Segment

General Fund

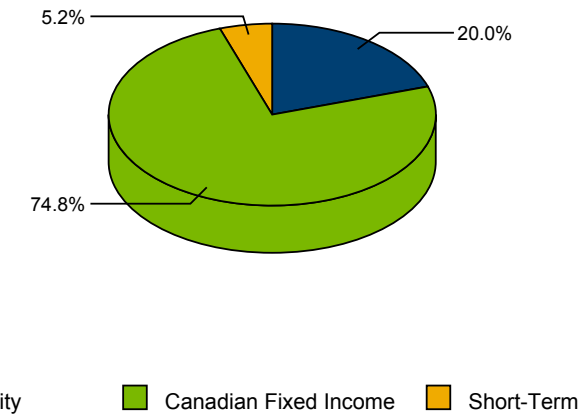
Segments	Market Value ($)	Allocation (%)
Canadian Equity	3,057,368	19.0
Canadian Fixed Income	12,261,029	76.1
Short-Term	790,813	4.9

30 June 2015 : $16,109,210



Segments	Market Value ($)	Allocation (%)
Canadian Equity	3,181,034	20.0
Canadian Fixed Income	11,909,385	74.8
Short-Term	827,311	5.2

31 December 2014 : $15,917,730

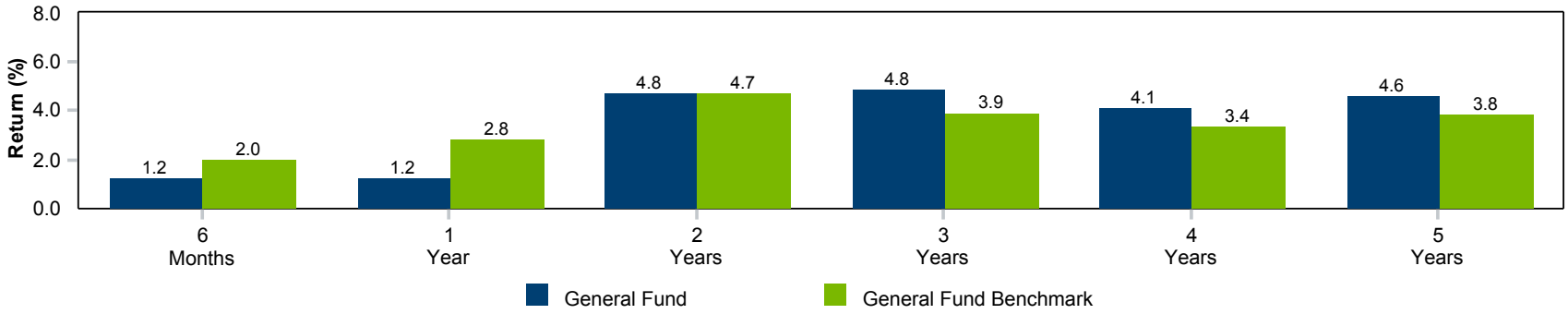


General Fund

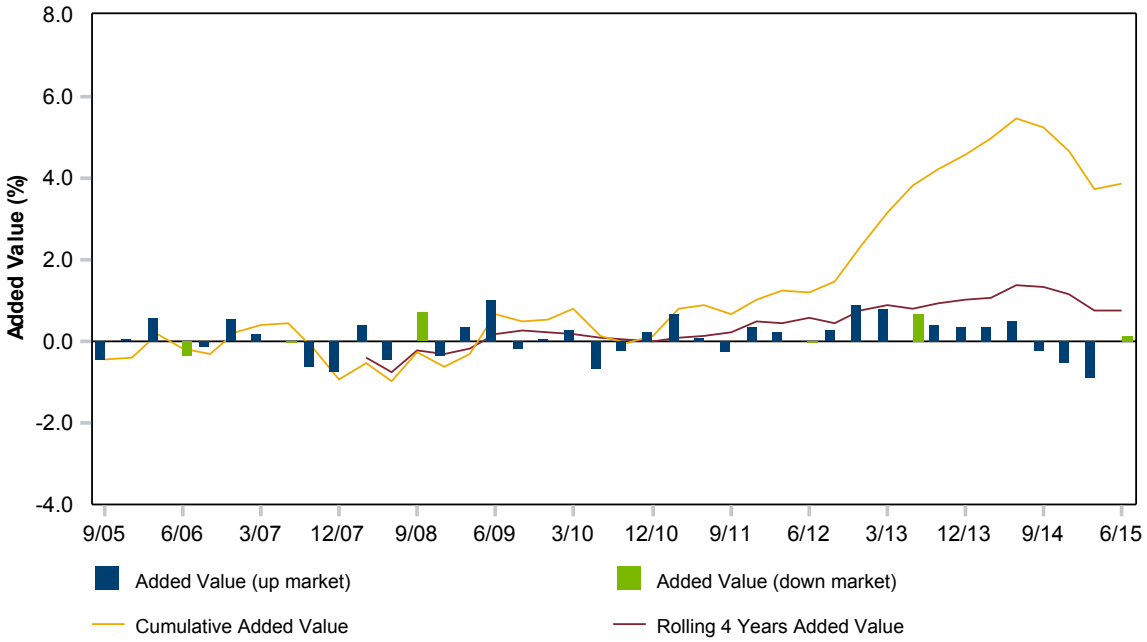
General Fund Performance Summary

As of 30 June 2015

Return Summary



Added Value History (%)



Performance Statistics	Quarters	%
Market Capture		
Up Markets	38	101.9
Down Markets	7	42.0
Batting Average		
Up Markets	38	57.9
Down Markets	7	71.4
Overall	45	60.0

Negative asset class performance within Canadian equities, along with an overweight to Canadian equities and Short-Term detracted value from the overall portfolio.

FGP Canadian equities underperformed the Index due to the Fund's large underweight to the Health Care sector, as well as negative stock picks within the Materials and Consumer Discretionary sectors. Strong stock picks within the Energy and Industrials sectors, along with an overweight to Consumer Disc and an underweight to Industrials provided a partial offset to the Fund's overall negative performance.

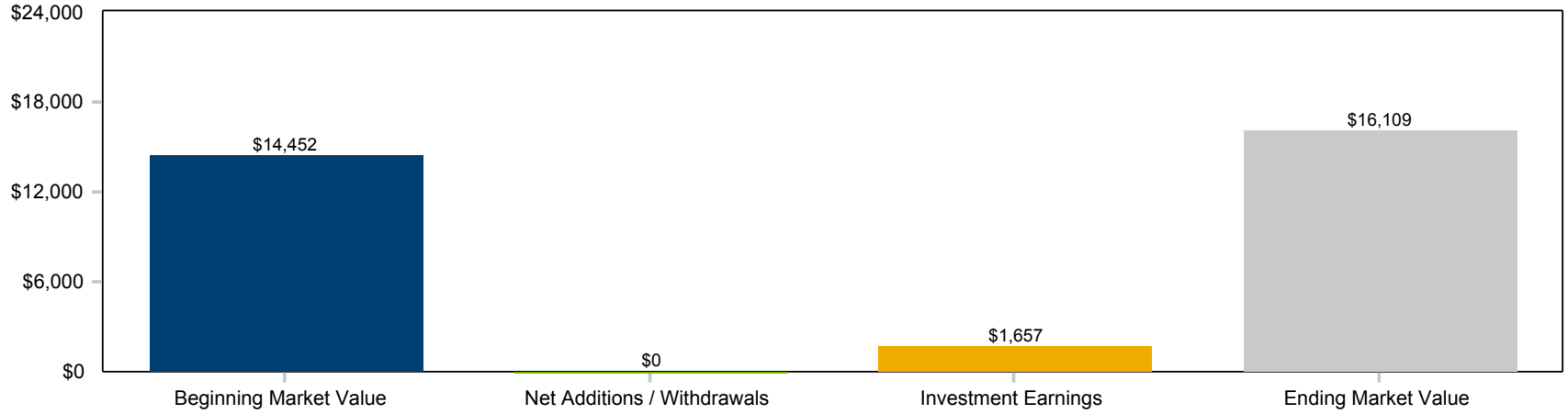
Fixed income underperformance was due to the Fund's lower than Index duration, particularly as the BoC dropped its overnight rate in the first quarter. The Fund's overweight to Corporates, its strongest performing sector, provided a partial recovery during the period.

General Fund

General Fund Asset Summary

As of 30 June 2015

Change in Market Value ($000)
From 1 January 2013 to 30 June 2015



Summary of Cash Flows ($000)

	Jan-2013 To Jun-2015
General Fund	
Beginning Market Value	14,452
+/- Net Cash Flows	-
+/- Income	1,184
+/- Capital Gains / Losses	473
= Ending Market Value	**16,109**

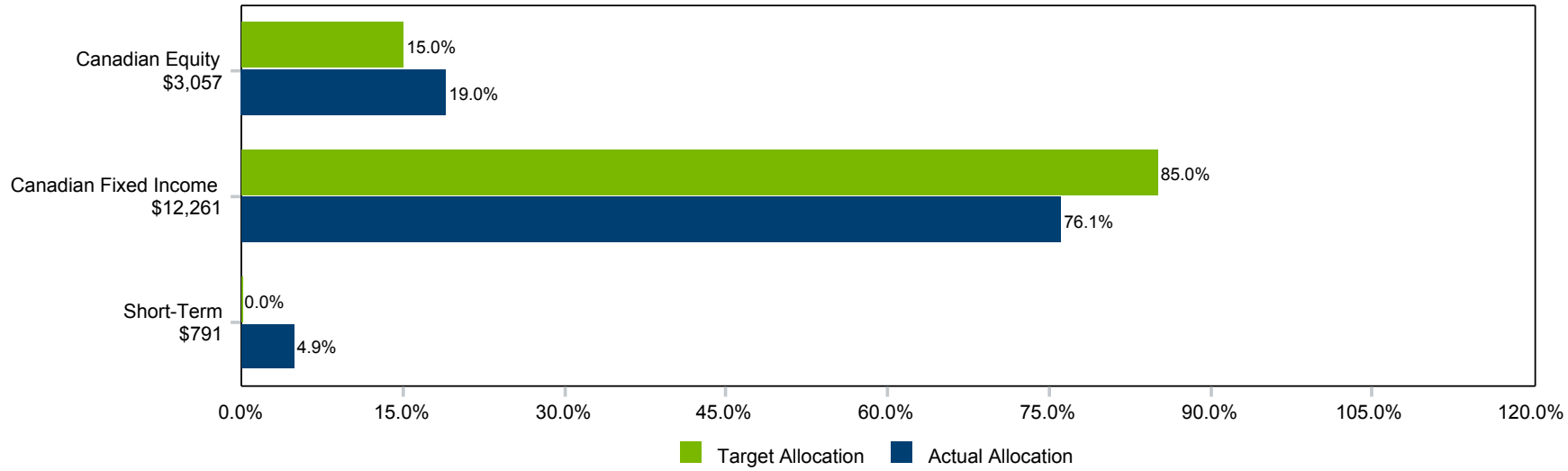
Note: Capital Gains / Losses also includes Accretion / Amortization

.

General Fund

Asset Allocation Compliance

As of 30 June 2015 ($000)



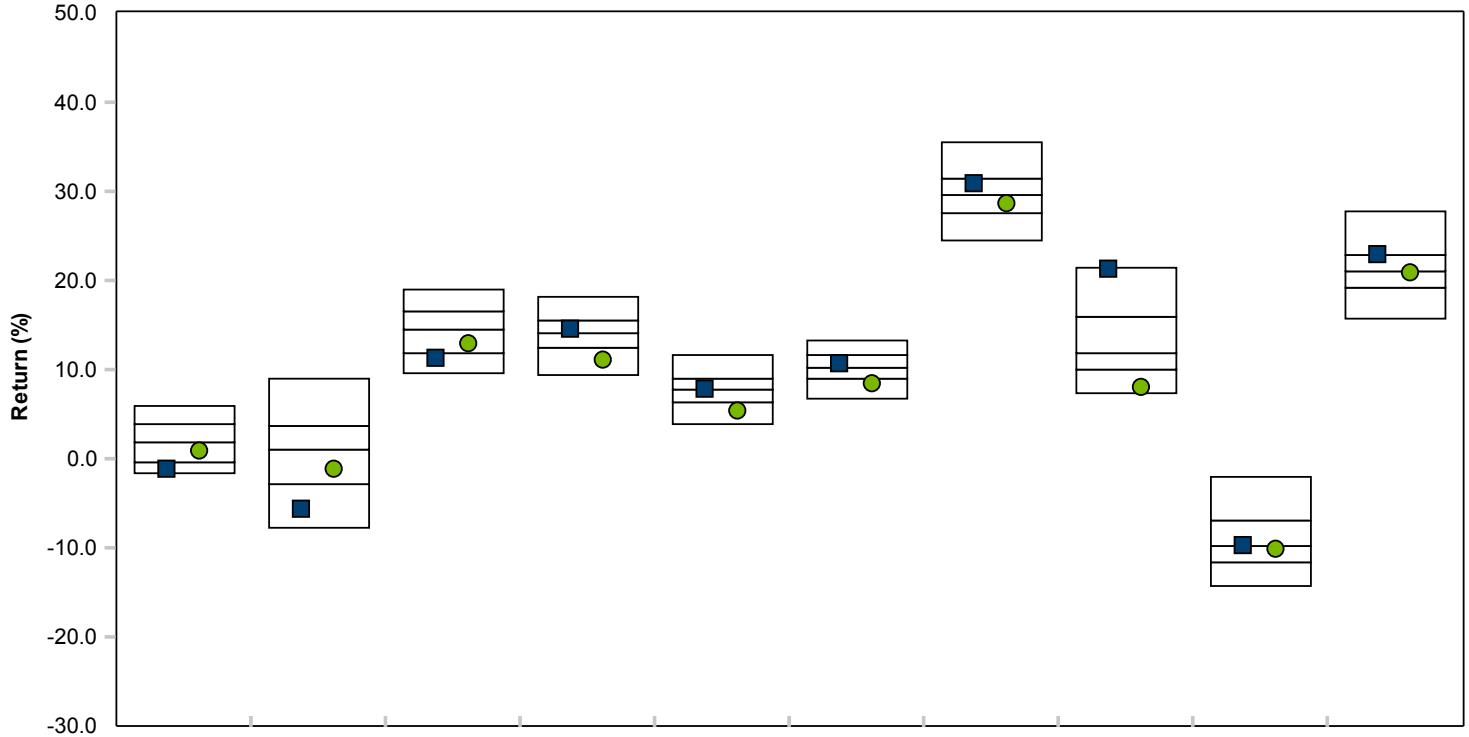
	Market Value ($000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	16,109	100.0	100.0	0.0		
Canadian Equity	3,057	19.0	15.0	4.0	5.0	25.0
Canadian Fixed Income	12,261	76.1	85.0	-8.9	60.0	95.0
Short-Term	791	4.9	0.0	4.9	0.0	15.0

Asset Class Analysis

Canadian Equity Funds

Peer Group Analysis

As of 30 June 2015
Canadian Equity



	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	2014	2013	2012	2011
FGP Canadian Equity	-1.3 (94)	-5.6 (91)	11.1 (86)	14.4 (45)	7.8 (52)	10.6 (41)	30.9 (36)	21.2 (6)	-9.8 (50)	22.8 (25)
S&P/TSX Capped Composite	0.9 (60)	-1.2 (69)	12.8 (66)	11.1 (85)	5.3 (91)	8.3 (88)	28.7 (68)	7.9 (95)	-10.3 (56)	20.9 (54)
5th Percentile	5.9	8.9	18.9	18.2	11.6	13.2	35.6	21.3	-2.0	27.7
1st Quartile	4.0	3.6	16.5	15.6	9.0	11.6	31.4	15.9	-7.0	22.8
Median	1.8	1.1	14.4	14.0	7.9	10.3	29.7	11.8	-9.8	21.0
3rd Quartile	-0.3	-2.8	11.8	12.5	6.3	8.9	27.5	10.0	-11.6	19.2
95th Percentile	-1.6	-7.8	9.5	9.4	3.9	6.7	24.5	7.4	-14.3	15.7
Population	85	85	85	85	85	85	90	96	98	102

Parentheses contain percentile rankings.
Returns for periods greater than one year are annualized.
Source: Aon Hewitt Manager Universe.

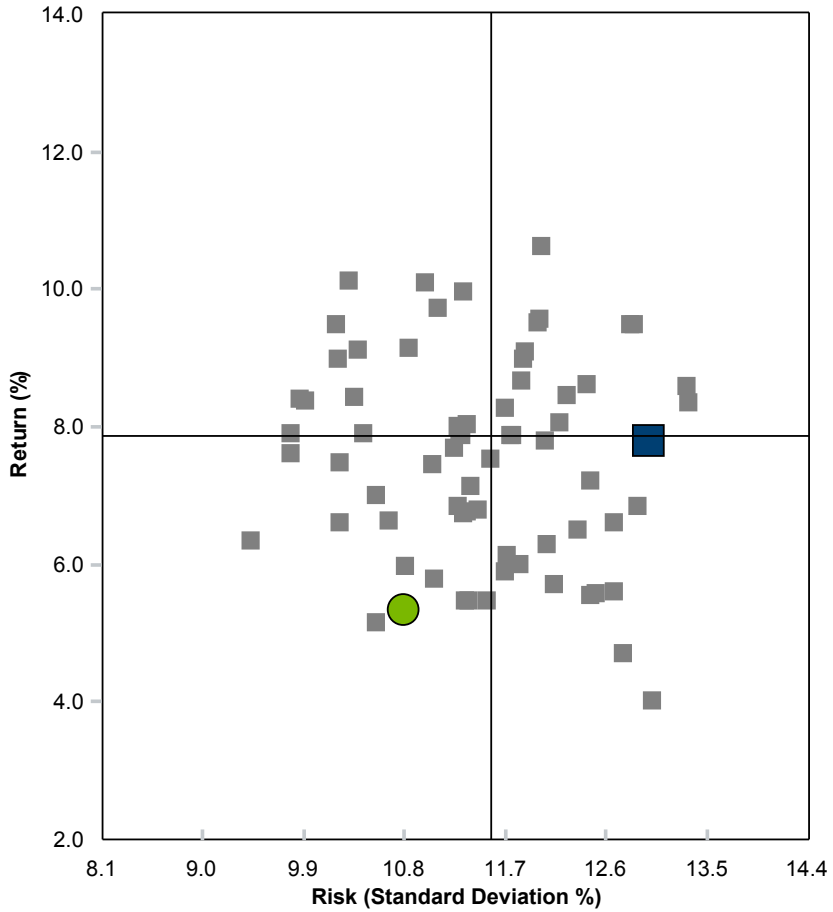
Canadian Equity Funds

Peer Group Scattergram

Periods Ending 30 June 2015

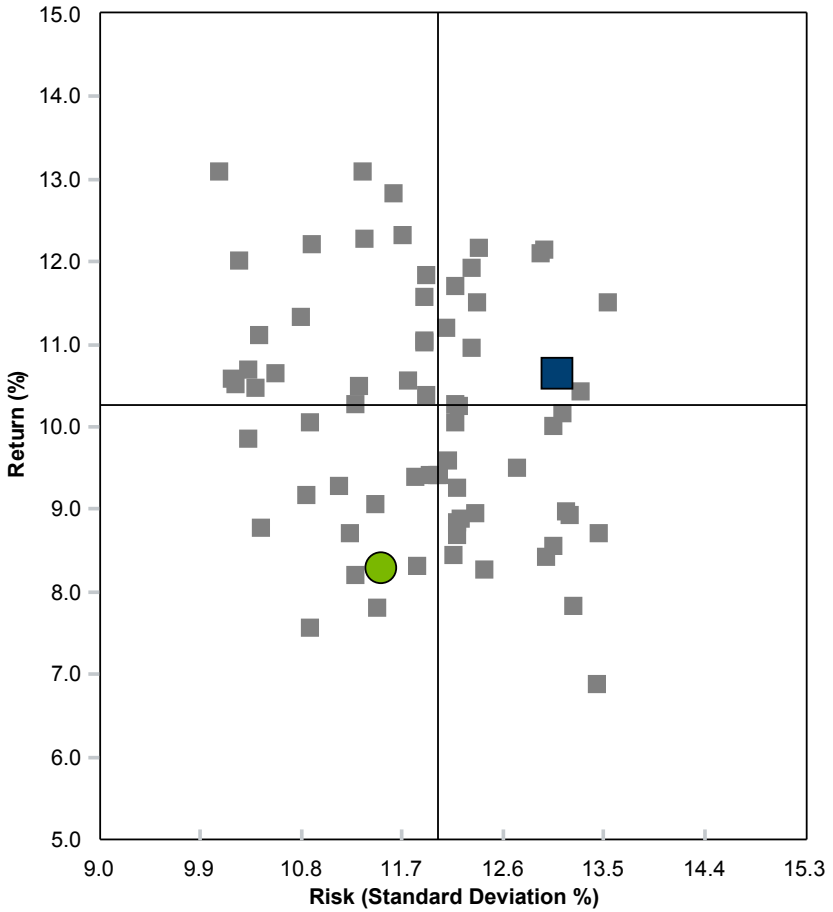
Canadian Equity

4 Years



	Return	Standard Deviation
FGP Canadian Equity	7.8	13.0
S&P/TSX Capped Composite	5.3	10.8
Median	7.9	11.6

5 Years



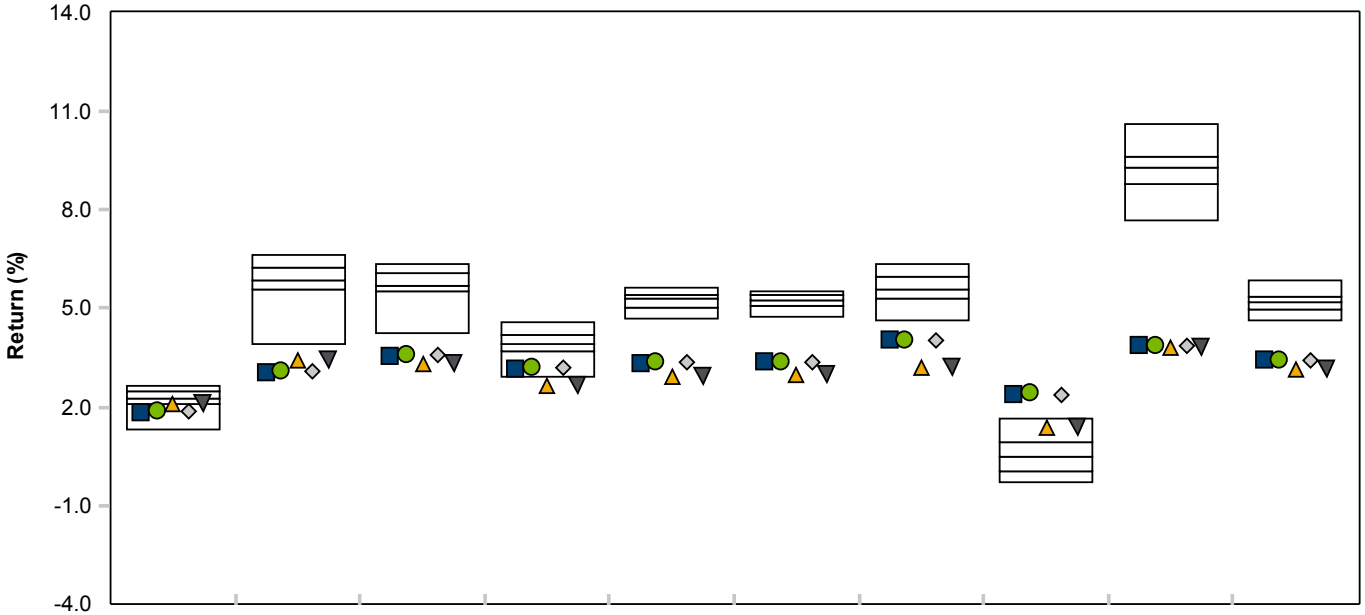
	Return	Standard Deviation
FGP Canadian Equity	10.6	13.1
S&P/TSX Capped Composite	8.3	11.5
Median	10.3	12.0

Returns for periods greater than one year are annualized.
Source: Aon Hewitt Manager Universe.

Fixed Income Funds

Peer Group Analysis

As of 30 June 2015
Canadian Bonds



	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	2014	2013	2012	2011
■ E&O Fixed Income	1.8 (89)	3.0 (100)	3.5 (100)	3.1 (94)	3.3 (100)	3.3 (100)	4.0 (98)	2.4 (1)	3.9 (100)	3.4 (100)
● General Fixed Income	1.9 (86)	3.1 (100)	3.6 (100)	3.2 (94)	3.4 (100)	3.4 (100)	4.0 (98)	2.4 (1)	3.9 (100)	3.4 (100)
▲ FTSE TMX Short Term Bond	2.1 (73)	3.4 (100)	3.3 (100)	2.7 (99)	2.9 (100)	3.0 (100)	3.2 (100)	1.4 (13)	3.8 (100)	3.2 (100)
◇ Compensation Fixed Income	1.9 (86)	3.1 (100)	3.6 (100)	3.2 (94)	3.3 (100)	3.4 (100)	4.0 (98)	2.4 (1)	3.9 (100)	3.4 (100)
▼ Compensation Fixed Income Benchmark	2.1 (73)	3.4 (100)	3.3 (100)	2.7 (99)	2.9 (100)	3.0 (100)	3.2 (100)	1.4 (13)	3.8 (100)	3.2 (100)
5th Percentile	2.6	6.6	6.4	4.6	5.6	5.5	6.4	1.7	10.6	5.9
1st Quartile	2.5	6.3	6.1	4.2	5.4	5.4	6.0	0.9	9.6	5.4
Median	2.3	5.9	5.7	3.9	5.3	5.3	5.6	0.5	9.3	5.2
3rd Quartile	2.1	5.6	5.5	3.7	5.0	5.1	5.3	0.1	8.8	5.0
95th Percentile	1.3	3.9	4.2	2.9	4.7	4.8	4.6	-0.3	7.7	4.6
Population	46	46	46	46	46	46	50	53	56	59

Parentheses contain percentile rankings.
Returns for periods greater than one year are annualized.
For illustrative purposes, Aon Hewitt has used the FTSE TMX Universe Bond Index for the purpose of a peer group analysis.
Note, this is not a direct comparison between FGP's Canadian fixed income mandate and the Canadian bonds universe.
Source: Aon Hewitt Manager Universe.

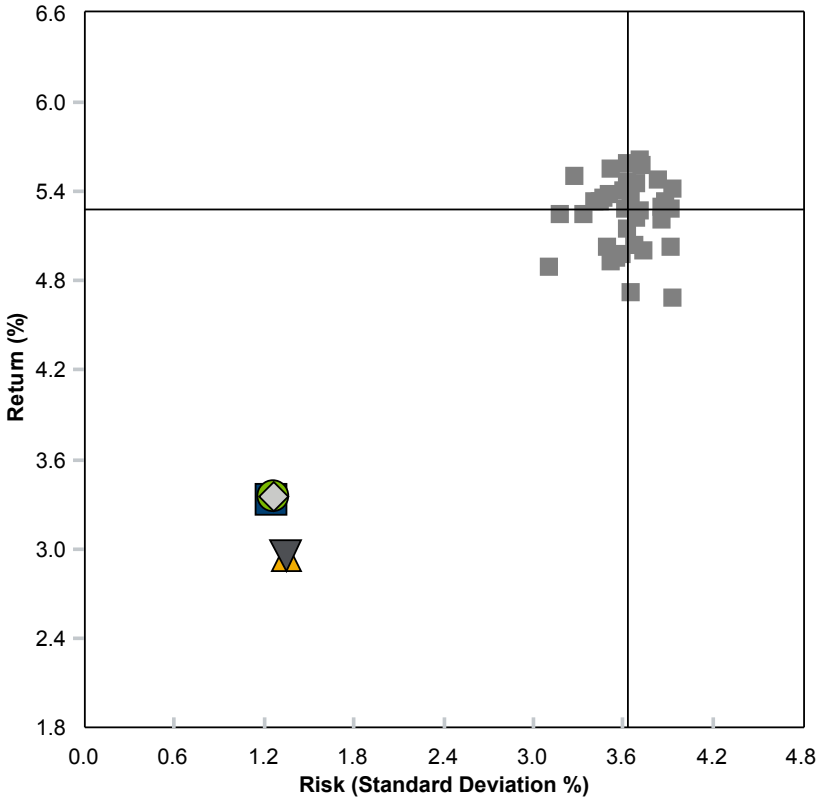
Fixed Income Funds

Peer Group Scattergram

Periods Ending 30 June 2015

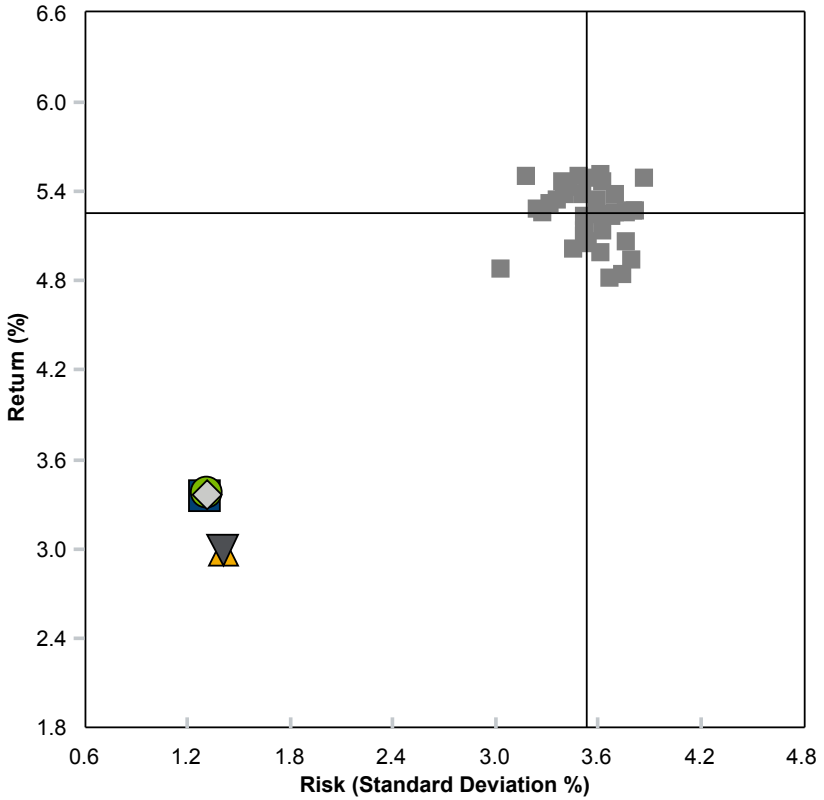
Canadian Bonds

4 Years



	Return	Standard Deviation
E&O Fixed Income	3.3	1.3
General Fixed Income	3.4	1.3
FTSE TMX Short Term Bond	2.9	1.4
Compensation Fixed Income	3.3	1.3
Compensation Fixed Income Benchmark	2.9	1.4
Median	5.3	3.6

5 Years



	Return	Standard Deviation
E&O Fixed Income	3.3	1.3
General Fixed Income	3.4	1.3
FTSE TMX Short Term Bond	3.0	1.4
Compensation Fixed Income	3.4	1.3
Compensation Fixed Income Benchmark	3.0	1.4
Median	5.3	3.5

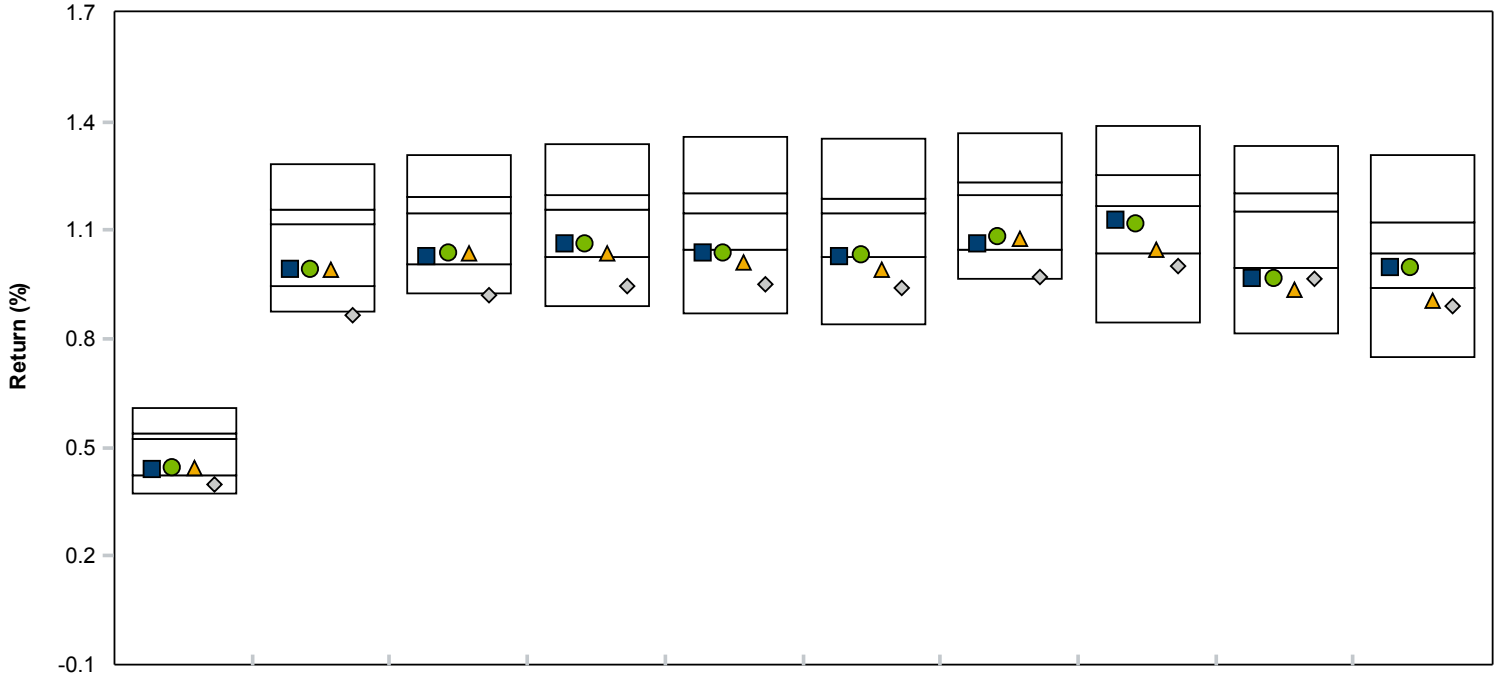
Returns for periods greater than one year are annualized.
For illustrative purposes, Aon Hewitt has used the FTSE TMX Universe Bond Index for the purpose of a peer group analysis.
Note, this is not a direct comparison between FGP's Canadian fixed income mandate and the Canadian bonds universe.
Source: Aon Hewitt Manager Universe.

Money Market Funds

Peer Group Analysis

As of 30 June 2015

Money Market



	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	2014	2013	2012	2011
E&O Short-Term	0.4 (72)	1.0 (69)	1.0 (73)	1.1 (70)	1.0 (77)	1.0 (75)	1.1 (70)	1.1 (60)	1.0 (81)	1.0 (56)
Compensation Short-Term	0.4 (68)	1.0 (69)	1.0 (71)	1.1 (69)	1.0 (77)	1.0 (75)	1.1 (68)	1.1 (61)	1.0 (81)	1.0 (56)
General Short-Term	0.4 (68)	1.0 (69)	1.0 (71)	1.0 (73)	1.0 (80)	1.0 (82)	1.1 (69)	1.0 (75)	0.9 (83)	0.9 (84)
FTSE TMX 91-Day T-Bill	0.4 (91)	0.9 (96)	0.9 (96)	0.9 (91)	1.0 (90)	0.9 (90)	1.0 (93)	1.0 (79)	1.0 (81)	0.9 (85)
5th Percentile	0.6	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.3	1.3
1st Quartile	0.5	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.2	1.1
Median	0.5	1.1	1.1	1.2	1.1	1.1	1.2	1.2	1.2	1.0
3rd Quartile	0.4	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9
95th Percentile	0.4	0.9	0.9	0.9	0.9	0.8	1.0	0.8	0.8	0.7
Population	29	29	29	29	29	29	31	34	36	37

Parentheses contain percentile rankings.
Returns for periods greater than one year are annualized.
Source: Aon Hewitt Manager Universe.

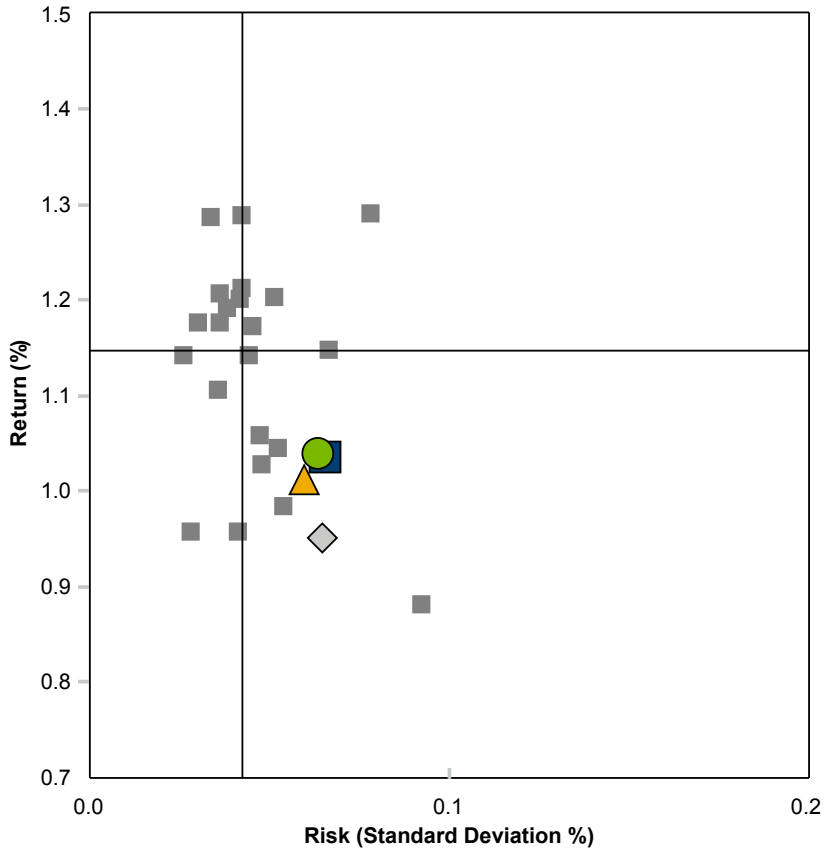
Money Market Funds

Peer Group Scattergram

Periods Ending 30 June 2015

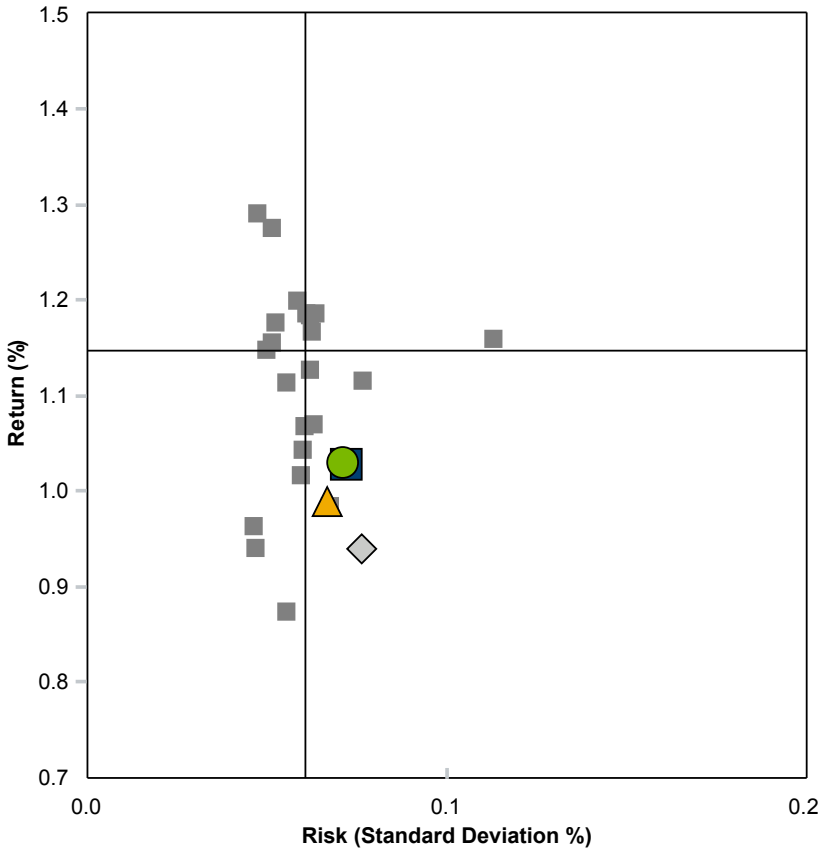
Money Market

4 Years



	Return	Standard Deviation
E&O Short-Term	1.0	0.1
Compensation Short-Term	1.0	0.1
General Short-Term	1.0	0.1
FTSE TMX 91-Day T-Bill	1.0	0.1
Median	1.1	0.0

5 Years



	Return	Standard Deviation
E&O Short-Term	1.0	0.1
Compensation Short-Term	1.0	0.1
General Short-Term	1.0	0.1
FTSE TMX 91-Day T-Bill	0.9	0.1
Median	1.1	0.1

Returns for periods greater than one year are annualized.
Source: Aon Hewitt Manager Universe.

Appendix A - Plan Information

Plan Information

Summary of Investment Objectives

The investment policy contains specific performance objectives for the fund and for the investment manager.

Investment rates of return are reported on a calendar basis and include realized and unrealized capital gains and losses, plus income.

Returns are calculated on a time-weighted basis and are compared to the objectives described below in order to assess the performance of the investment manager.

The primary objective is to outperform a benchmark portfolio over moving four-year periods. The specific benchmark weights are provided on the following page.

Management Mandates: Active management of the asset allocation
Active management of the asset classes

Management Structure: One Short-Term bond mandate
One Canadian equity mandate

Management Firm: Foyston, Gordon & Payne Inc. (FGP)

Investment Products:	Prior to 30 June 2009	From 1 July 2009 to 21 May 2010	From 21 May 2010 23 June 2014	After 23 June 2014
E&O Insurance Fund				
Short-Term	-	Pooled	Pooled	Pooled
Canadian Bonds	Pooled	Pooled	Segregated	Pooled
Canadian Equities	Pooled	Pooled	Pooled	Pooled
Private U.S. Equities	Pooled	-	-	-
Compensation & General Fund				
Short-Term	Pooled	Pooled	Pooled	Pooled
Canadian Bonds	Segregated	Segregated	Segregated	Pooled
Canadian Equities	Pooled	Pooled	Pooled	Pooled
Private U.S. Equities	Segregated	-	-	-

Note: Segregated = Individual Securities

Plan Information

Summary of Investment Objectives

Blended Benchmark Composition

E&O Insurance Fund Benchmark

Components	Weight (%)
Mar-2006	
S&P/TSX Composite	15.00
S&P 500 (CAD)	15.00
FTSE TMX Short Term Bond	70.00
Jul-2009	
S&P/TSX Composite	15.00
FTSE TMX Short Term Bond	85.00
FTSE TMX 91-Day T-Bill	0.00

Compensation Fund Benchmark

Components	Weight (%)
Jun-2003	
S&P/TSX Composite	7.50
S&P 500 (CAD)	7.50
FTSE TMX Short Term Bond	85.00
Jan-2004	
S&P/TSX Composite	7.50
S&P 500 (CAD)	7.50
FTSE TMX Universe Bond	85.00
Jul-2009	
S&P/TSX Composite	13.00
FTSE TMX Universe Bond	87.00
Apr-2010	
S&P/TSX Composite	15.00
FTSE TMX Short Term Bond	85.00
FTSE TMX 91-Day T-Bill	0.00

General Fund Benchmark

Components	Weight (%)
Mar-2004	
S&P/TSX Composite	7.50
S&P 500 (CAD)	7.50
FTSE TMX Short Term Bond	85.00
Jul-2009	
S&P/TSX Composite	13.00
FTSE TMX Short Term Bond	87.00
Apr-2010	
S&P/TSX Composite	15.00
FTSE TMX Short Term Bond	85.00
FTSE TMX 91-Day T-Bill	0.00

Compensation Fund Fixed Income Benchmark

Components	Weight (%)
Jun-2003	
FTSE TMX Short Term Bond	100.00
Jan-2004	
FTSE TMX Universe Bond	100.00
Apr-2010	
FTSE TMX Short Term Bond	100.00

Appendix B - Manager Updates

Manager Updates

Manager Updates

As of 30 June 2015

Foyston, Gordon & Payne ("FGP")

Q2 2015

Business
There were no significant events.

Staff
Colin Ripsman joined FGP in April as Vice President of Institutional Client Services. Ripsman brings 25 years of investment experience. Prior to joining FGP, Ripsman was at Eckler Ltd. as an Investment Consultant.

Q1 2015

Business
During the first quarter of 2015, the FGP Universe Bond Fund and the FGP Canadian Equity Dividend Fund were launched.

Staff
Donald Foyston became the new Chairman of the FGP Board of Directors, replacing Jim Martin, in February 2015. Martin retired from FGP in September 2012, however remained as the Chairman of the FGP Board of Directors until February 2015.

Also during the first quarter, John Berry, Senior Vice President and Portfolio Manager, was appointed to the Board as its fifth member. Berry, along side Bryan Pilsworth, President and Portfolio Manager, represent FGP shareholders on the Board.

Kenneth Wong, Research Analyst, Foreign Equities resigned just after the first quarter of 2015.

Appendix C - Capital Markets Environment

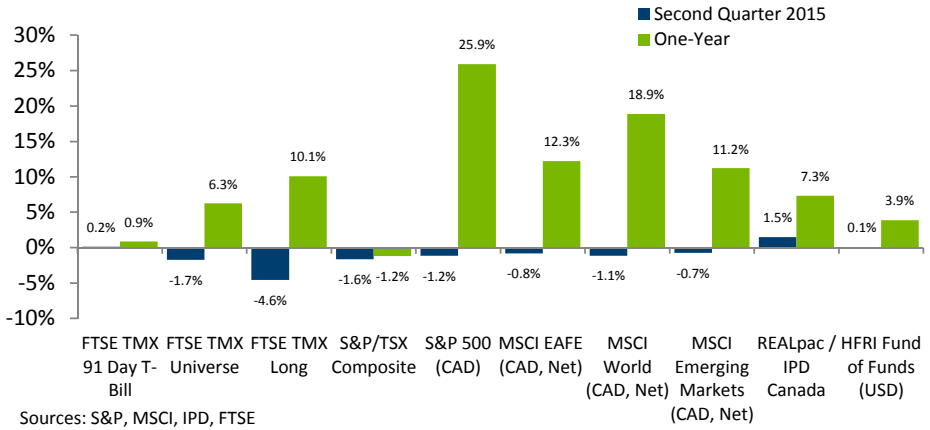
Capital Markets Environment

Capital Markets Environment

As of 30 June 2015

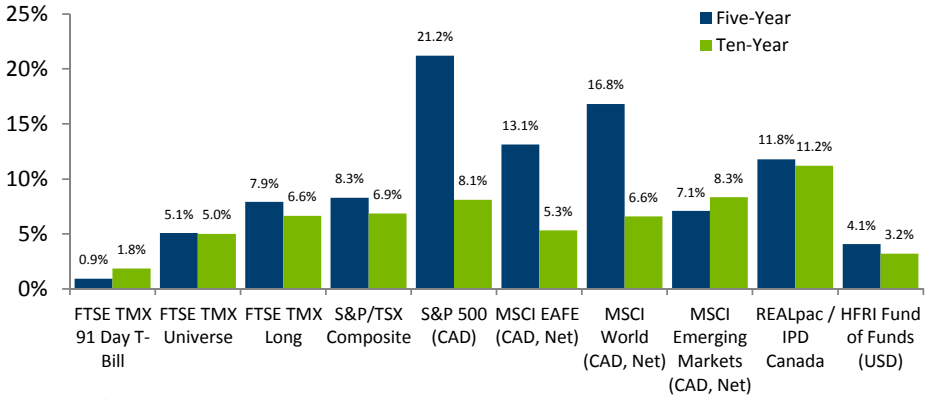
- Global capital markets were weak over the quarter as concerns over the Greek debt crisis affected investor sentiment. The MSCI World Index decreased by 1.1% in Canadian dollar terms.
- Equity markets were buoyed early in the quarter by central bank statements. The Federal Reserve ("Fed") stated, and then reiterated, that any interest rate rises would be gradual, with the first rate hike expected in late 2015. Also, European Central Bank chair Mario Draghi announced that quantitative easing would be ramped up before the summer trading lull.
- However, mounting concerns over Greece at the end of June resulted in a sharp selloff in equity markets when negotiations between Greece and its creditors broke down, erasing the positive returns of April and May.
- Canadian GDP contracted by an annualized 0.6% in the first quarter of 2015, driven by a drop in business investment, highlighting the impact of lower oil prices on the Canadian economy. The Bank of Canada kept its monetary policy unchanged in the second quarter of 2015.

SHORT TERM RETURNS AS OF 6/30/2015



Sources: S&P, MSCI, IPD, FTSE

LONG TERM ANNUALIZED RETURNS AS OF 6/30/2015



Sources: S&P, MSCI, IPD, FTSE

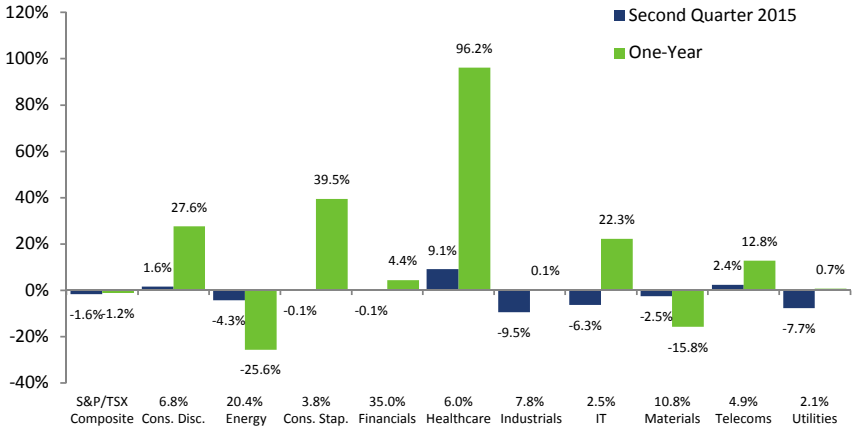
Capital Markets Environment

Capital Markets Environment

As of 30 June 2015

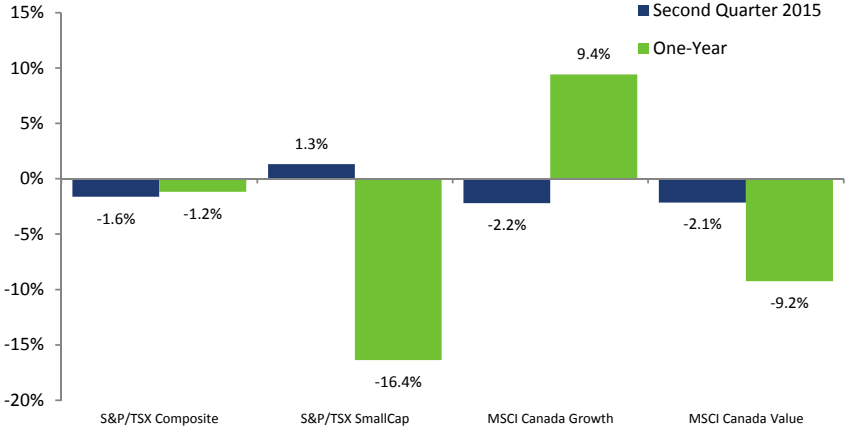
Canadian Equity Markets

S&P/TSX COMPOSITE GICS SECTOR RETURNS (CAD) AS OF 6/30/2015



Source: S&P

CANADIAN EQUITY STYLE/SIZE RETURNS (CAD) AS OF 6/30/2015



Source: S&P, MSCI

- The S&P/TSX Composite Index decreased by 1.6% during the quarter and by 1.2% over the one-year period to June 30, 2015.
- Only 3 out of the 10 sectors posted positive returns in the second quarter of 2015. The best performing sectors were Healthcare (+9.1%) and Telecommunications (+2.4%) while Industrials (-9.5%), Utilities (-7.7%) and IT (-6.3%) were the worst performers.
- In the second quarter of 2015, both Canadian growth and value stocks as measured by the MSCI Canada indices fell by over 2%.
- Canadian small cap stocks outperformed large cap stocks in the past quarter but have underperformed by over 15% in the past year.

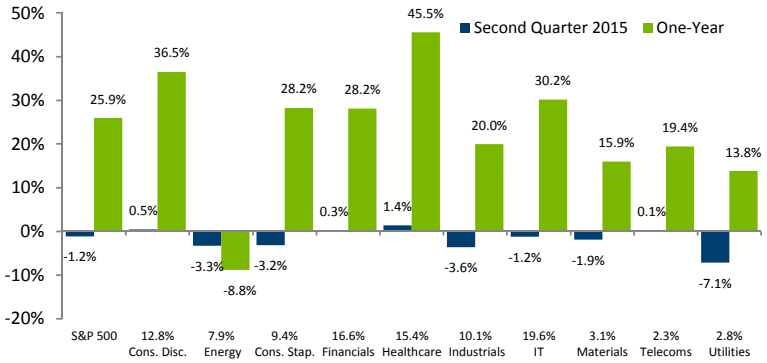
Capital Markets Environment

Capital Markets Environment

As of 30 June 2015

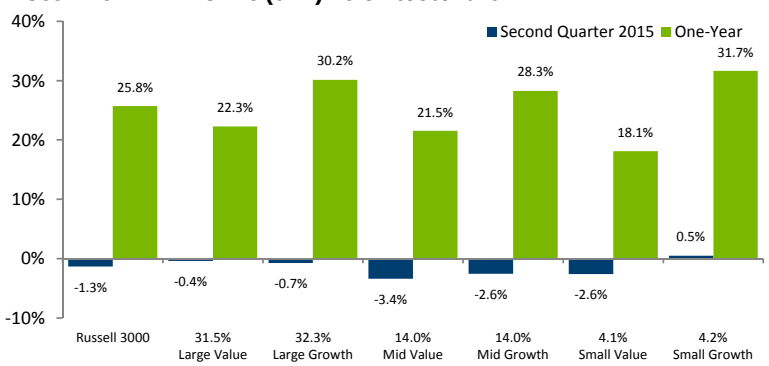
U.S. Equity Markets

S&P 500 GICS SECTOR RETURNS (CAD) AS OF 6/30/2015



Source: S&P

RUSSELL STYLE RETURNS (CAD) AS OF 6/30/2015



Source: Russell Indexes

- U.S. equity returns were marginally positive in local currency terms in the past quarter as the market reacted positively to Fed statements in May and June that indicated gradual interest rate increases were expected in late 2015. However, economic data coming from the U.S. over the quarter was mixed. The S&P 500 (CAD) Index fell by 1.2% during the quarter as the Canadian dollar strengthened versus the U.S. dollar. Over the one-year period, the Index was up 25.9% in Canadian dollar terms.
- Only 4 out of the 10 sectors posted positive returns last quarter. The top performing sectors in Canadian dollar terms were Healthcare (+1.4%) and Consumer Discretionary (+0.5%) while the worst performing sectors were Utilities (-7.1%) and Industrials (-3.6%).
- Only U.S. small cap growth stocks generated positive returns in the second quarter of 2015 in Canadian dollar terms. Mid cap stocks underperformed large and small cap stocks as measured by the Russell Indexes.

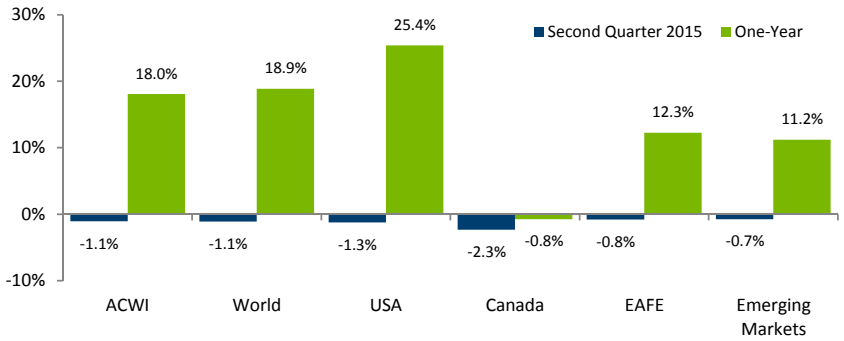
Capital Markets Environment

Capital Markets Environment

As of 30 June 2015

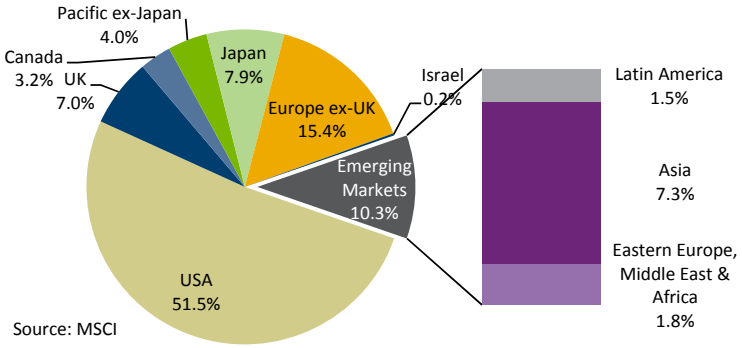
Global Equity Markets

GLOBAL MSCI INDEX (NET) RETURNS (CAD) AS OF 6/30/2015



Source: MSCI

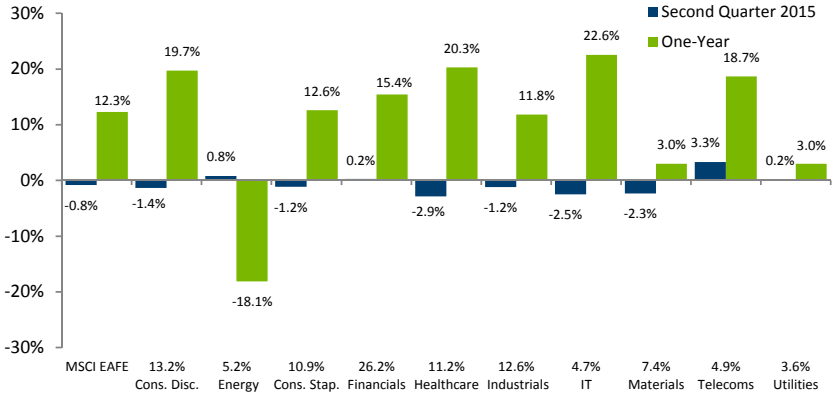
MSCI ALL COUNTRY WORLD INDEX
GEOGRAPHIC ALLOCATION AS OF 6/30/2015



Source: MSCI

- The MSCI All Countries World Index (CAD) decreased by 1.1% during the quarter but gained 18.0% over the one-year period.
- In the quarter, the MSCI EAFE Index fell as the strong performance of Japanese equities was more than offset by weakness in the European equity market in the latter stages of the quarter. Canadian dollar weakness versus global currencies limited the fall to 0.8% in Canadian dollar terms.
- Emerging markets equities' performance was driven by the Chinese stock market, which continued its very strong performance over the majority of the quarter, before dropping abruptly at the end of June. Brazilian equities posted strong returns on the back of improved political developments whilst Russian equities benefited from recovering oil prices. Currency weakness amongst emerging markets resulted in a decrease of 0.7% in Canadian dollar terms in the second quarter of 2015.
- Most sectors in the MSCI EAFE Index suffered negative returns in the second quarter in Canadian dollar terms with Telecommunications (+3.3%) being the best performer and Healthcare (-2.9%) being the worst.

MSCI EAFE GICS SECTOR (NET) RETURNS (CAD) AS OF 6/30/2015



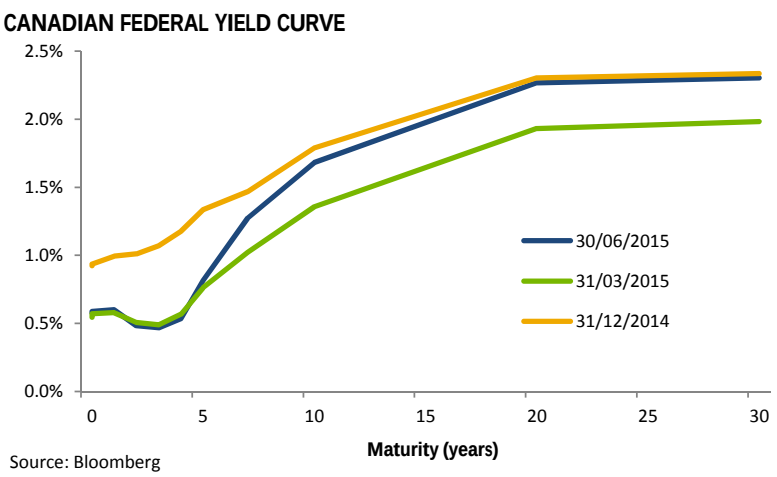
Source: MSCI

Capital Markets Environment

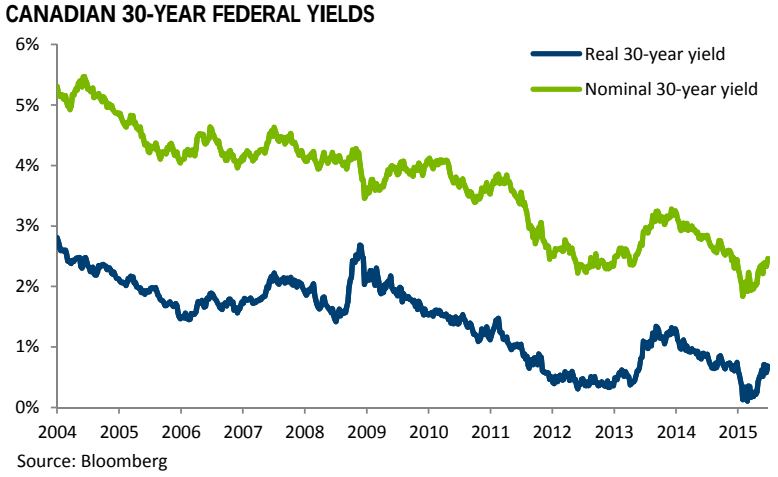
Capital Markets Environment

As of 30 June 2015

Canada Fixed Income Markets



Source: Bloomberg



Source: Bloomberg

§ The Canadian yield curve steepened over the quarter with medium and long dated yields rising while yields remained unchanged at the short end of the curve. The yield differential between 2-year and 10-year bonds increased by 0.39% and the yield differential between 2-year and 30-year bonds increased by 0.35% in the second quarter of 2015.

§ The rebound in yields was partly fuelled by market expectations of an improving economy. The lack of a cut in interest rates by the Bank of Canada and the sell-off in government bonds across most other developed markets also contributed to the rise in yields.

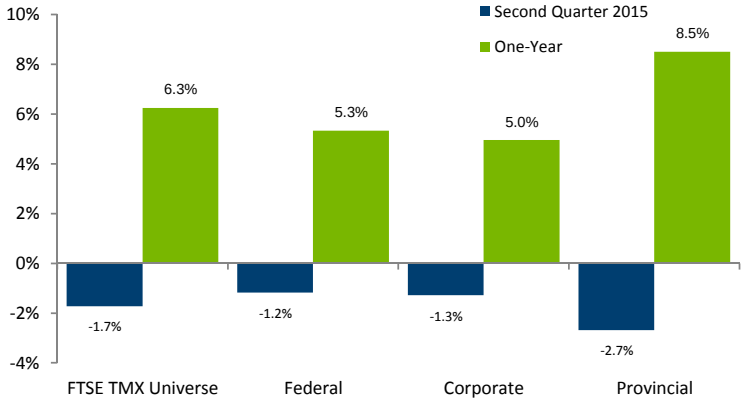
Capital Markets Environment

Capital Markets Environment

As of 30 June 2015

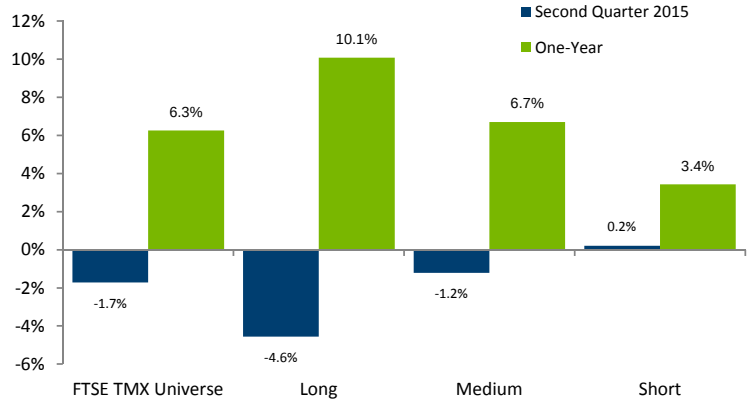
Canada Fixed Income Markets

FTSE TMX RETURNS BY SECTOR AS OF 6/30/2015



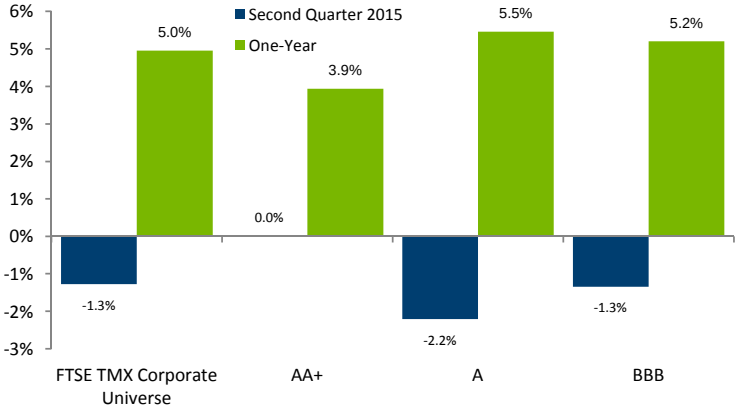
Source: FTSE

FTSE TMX RETURNS BY MATURITY AS OF 6/30/2015



Source: FTSE

FTSE TMX RETURNS BY CREDIT QUALITY AS OF 6/30/2015



Source: FTSE

- Bond market returns were negative across all sectors for the quarter but one-year returns were positive. Provincial issues underperformed federal and corporate issues in the second quarter of 2015, largely due to their much longer duration, reversing the recent trend.
- Long duration bond returns fell notably in the quarter relative to the return on medium and short duration bonds. Short duration bonds managed to provide a slight positive return as the yield curve steepened.
- In the corporate investment grade market, returns of higher quality AA+ issues were flat while returns of lower quality issues were negative.

Capital Markets Environment

Capital Markets Environment

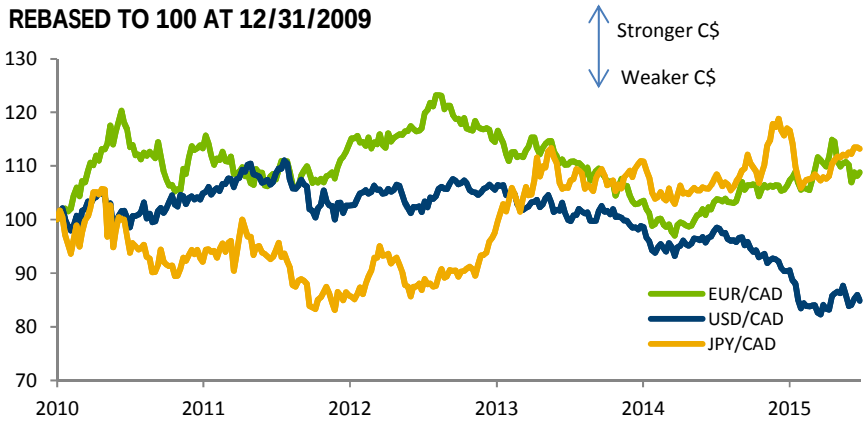
As of 30 June 2015

Currency

TRADE WEIGHTED CANADIAN DOLLAR INDEX
(1997 = 100)

Source: Bank of England

CANADIAN DOLLAR RELATIVE TO EUR, USD AND JPY
REBASED TO 100 AT 12/31/2009



Source: DataStream

- As measured by the broad Trade Weighted Canadian Dollar Index, the Canadian dollar strengthened during the quarter, driven mainly by the rebound in the price of oil.
- Relative to the Canadian dollar, the U.S. dollar depreciated by 1.4%. The Fed kept the target Federal Funds rate range unchanged at 0-0.25% (unchanged since December 2008).
- The Euro strengthened by 2.3% against the Canadian dollar. Some of the Euro strength was attributed to investors that unwound their positions of the popular Euro carry trade (where an investor borrows in low yielding countries and invests in higher yielding countries) amid uncertainty within the Eurozone. Unwinding the trade created a demand for Euros as investors repaid loans denominated in Euros.
- The Bank of Japan continued to pursue monetary easing policies. As a result, the currency depreciated by 5.9% against the Canadian dollar.

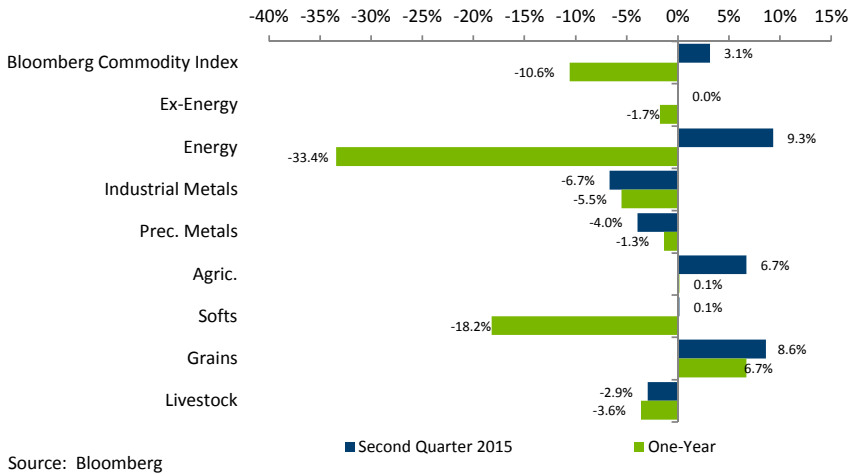
Capital Markets Environment

Capital Markets Environment

As of 30 June 2015

Commodities

COMMODITY RETURNS (CAD) AS OF 6/30/2015



Source: Bloomberg

§ The Bloomberg Commodity Index reversed some of its losses from past quarters with a return of +3.1% in Canadian dollar terms for the quarter.

§ The best performing segments of the commodity markets in Canadian dollar terms over the past three months were energy (+9.3%) and grains (+8.6%).

§ Industrial metals (-6.7%) and precious metals (-4.0%) were the worst performing sectors of the commodity markets during the quarter in Canadian dollar terms.

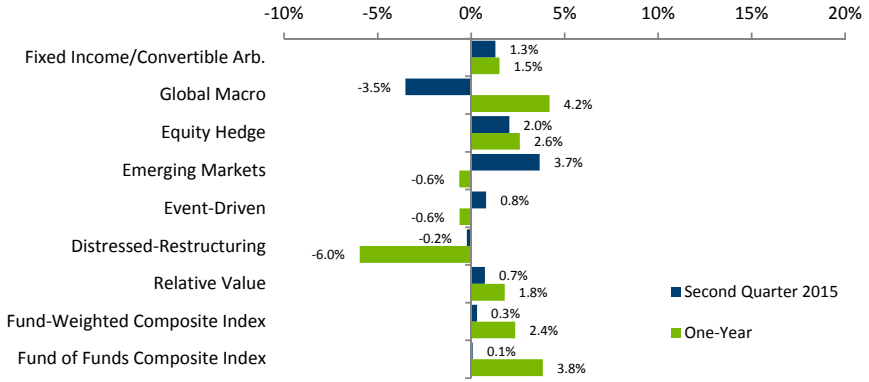
Capital Markets Environment

Capital Markets Environment

As of 30 June 2015

Hedge Fund Markets Overview

HEDGE FUND PERFORMANCE (USD) AS OF 6/30/2015



Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.
Source: HFR

§ Hedge fund performance was positive across most strategies over the quarter.

§ The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of +0.3% and +0.1% respectively in U.S. dollar terms in the second quarter of 2015.

§ Amongst hedge fund strategies, Emerging Markets (+3.7% in U.S. dollar terms) was the strongest performing segment over the quarter while Global Macro (-3.5% in U.S. dollar terms) was the weakest performer.

Appendix D - Description of Market Indices and Statistics

Description of Market Indices and Statistics

Index Definitions

S&P/TSX Composite

S&P/TSX Composite Index comprises approximately 71 percent of market capitalization for Canadian-based, Toronto Stock Exchange listed companies. It is calculated on a float market capitalization and is the broadest Canadian equity index available. The index also serves as the premier benchmark for Canadian pension funds and mutual market funds.

S&P 500

Standard and Poor's 500 Composite Stock Index consists of the largest 500 companies in the United States chosen for market size, liquidity and industry group representation. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. For the purposes of this report, the S&P 500 Index returns are converted from U.S. dollars into Canadian dollars, and therefore reflect currency gains or losses.

FTSE TMX Universe Bond (formerly DEX Universe Bond)

The FTSE TMX Universe Bond Index covers all marketable Canadian bonds with term to maturity of more than one year. The Universe contains approximately one thousand marketable Canadian bonds with an average term of 10.1 years and an average duration of 7.1 years. The purpose of the index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Composite Index.

FTSE TMX 91-Day T-Bill (formerly DEX 91-Day T-Bill)

Canada Treasury Bills represent the highest quality short-term instruments available. The index is constructed by selling and repurchasing Government of Canada T-Bills with an average term to maturity of 91 days. The 91-Day Treasury Bill Index is calculated and marked to market daily.

AON
Empower Results®

Description of Market Indices and Statistics

Statistic Definitions

As of 30 June 2015

Active Return

Arithmetic difference between the portfolio return and the benchmark return over a specified time period.

Active Weight

The difference between the portfolio weight and the benchmark weight, where the weight is based on the beginning of period weights for the sector/region/asset class for a certain periodicity (monthly or quarterly, depending upon the reporting frequency), adjusted by the relative return for the sector/region/asset class.

Annualized Value Added

A portfolio's excess return over a benchmark, annualized as it is recorded.

Asset Allocation

The value added or subtracted by under or over weighting sectors/regions/asset classes versus the benchmark weights. Asset allocation measures the impact on performance attributed only to the sector/region/asset class weighting decisions by the manager. It assumes that the manager holds the same securities in each sector/region/asset class and in the same proportion as in the benchmark. Any differences in return can be attributed to differences in sector weights between the manager's fund and the benchmark.

Batting Average

The frequency, expressed in percentage terms, of the portfolio's return equaling or exceeding the benchmark's return.

Beta

A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.

Correlation

Also called coefficient of correlation, it is a measure of the co-movements of two sets of returns. Indicates the degree in which two sets of returns move in tandem.

Cumulative Added Value

The geometrically linked excess return of a portfolio over a benchmark.

Down Market Capture

The portfolio's average return as a percentage of the benchmark return, during periods of negative benchmark return. Lower values indicate better portfolio performance.

Downside Risk

A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the portfolio.

Description of Market Indices and Statistics

Statistic Definitions

As of 30 June 2015

Duration

A measure of a bond portfolio's sensitivity to movements in interest rates.

EPS

Earnings Per Share

Excess Return

Arithmetic difference between the managers return and the risk-free return over a specified time period.

Excess Risk

A measure of the standard deviation of a portfolio's performance relative to the risk free return.

Information Ratio

Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

Return

Compounded rate of return for the period.

R-Squared

The percentage of a portfolio's performance explained by the behaviour of the appropriate benchmark. High R-Square means a higher correlation of the portfolio's performance to the appropriate benchmark.

Security Selection

The value added or subtracted by holding securities at weights which differ from those in the benchmark, including securities not in the benchmark or a zero weight. The security selection return assumes the manager weights for each sector/region/asset class in the portfolio are in the same proportion as in the overall benchmark, and excess returns are due to security selection. That is, differences in returns between the manager's fund and the benchmark are attributed to the securities the manager has chosen.

Sharpe Ratio

Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio’s historical risk-adjusted performance.

Simple Alpha

The difference between the portfolio's return and the benchmark's return.

Description of Market Indices and Statistics

Statistic Definitions

As of 30 June 2015

Standard Deviation

A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.

Tracking Error

A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate benchmark.

Treynor Ratio

Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Represents the excess rate of return over the risk free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio’s historical risk-adjusted performance.

Up Market Capture

The portfolio's average return as a percentage of the benchmark return, during periods of positive benchmark return. Higher values indicate better portfolio performance.

Appendix E - Fee Analysis

Fee Analysis

Manager Fees

Account	Fee Schedule	Market Value	Percentage of Portfolio	Estimated Annual Fee ($)	Estimated Annual Fee (%)
Total		**$75,583,635**	**100.0%**	**$94,412**	**0.125%**
FGP - Equities	0.450% of the first $50 Million 0.300% of the next $25 Million 0.200% of the balance	$14,155,088	18.7%	$63,698	0.450%
FGP - Fixed Income & Short-Term	0.050% of the balance	$61,428,546	81.3%	$30,714	0.050%

Appendix F - Compliance

Compliance

E&O Insurance Fund, Compensation Fund and General Fund

Category	Guidelines	Jun-15
General	Confirm whether the following transactions have occurred in the portfolio:	
	Use of non-taxable accounts.	✓
	Use of derivatives.	✓
	Short selling investments.	✓
	Use of margin.	✓
	Direct investment in real estate.	✓
Money Market Investments	Investments have a minimum rating of R1 or equivalent, by DBRS, Moody's or Standard and Poor.	✓
	Investments have a maximum maturity of 1 year (364 days).	✓
	Money Market/Short Term Investments are only in these type of investments:	
	• Federal Government T-Bills (including Federal and Provincial agencies) • Bankers Acceptance • Commercial Paper	✓
	No more than 8% of the total portfolio has been invested with any single issuer other than Government of Canada securities.	✓
Fixed Income Investments	Investments have a minimum rating of BBB for bonds and debentures or P2 for preferred stocks or equivalent by DBRS, Moody's or Standard and Poors.	✓
	Investments are in Canadian Currency.	✓
	No more than 10% of the market value of the fixed income portfolio has been invested with any one security or issuer other than holdings with Federal and Provincial Governments and their guarantees.	✓
	Portfolio's weighted average duration is between 1 to 5 years and in-line with the Benchmark (FTSE TMX Short Term Bond Index).	✓
	Fixed Income Investments are only in these type of investments: • Bonds, Debentures, Notes, Non-Convertible Preferred Stocks, Term Deposits and GICs • Bonds of Foreign Issuers denominated in Canadian Dollars • NHA-insured Mortgage-Backed Securities or Collateralized Mortgage-Backed Securities • Marketable Private Placement of Bonds	✓
	Confirm whether the fixed income portion of the portfolio's asset mix has been within the ranges defined below for the previous month:	
	Minimum holding in Government of Canada Debt Obligations: Benchmark Weight minus 20%	✓
	Provincial Government Debt and Municipal Government Debt Obligations: Benchmark Weight plus or minus 20%	✓
	Maximum Total Corporate Debt Obligations: Benchmark weight plus 20%	✓
	Maximum Total Corporate BBB Issues: Benchmark weight plus 10%	✓
	Foreign Issuer or Canadian Issuer in foreign currency: Max 10%	✓
Equity Securities	Stocks are listed on one of the major stock exchanges.	
	No more than 10% of market value of the total portfolio is invested with a single issuer.	✓
Asset Mix (based on market value)	Confirm whether the portfolio asset mix has been within the ranges defined below for the previous month:	
	Money Market: Min 0%, Max 15%	✓
	Canadian Fixed Income: Min 60%, Max 95%	✓
	Total Fixed Income: Min 75%, Max 95%	✓
	Canadian Equities: Min 5%, Max 25%	✓

Appendix G - Disclosure

Disclosure

Statement of Disclosure

As of 30 June 2015

Aon Hewitt Inc. reconciles the rates of return with each investment manager quarterly. Aon Hewitt Inc. calculates returns from the custodian/trustee statements while the managers use different data sources. Occasionally discrepancies occur because of differences in computational procedures, security prices, "trade date" versus "settlement date" accounting, etc. We monitor these discrepancies closely and find that they generally do not tend to persist over time. However, if a material discrepancy arises or persists, we will bring the matter to your attention after discussion with your money manager.

This report may contain slight discrepancies due to rounding in some of the calculations.

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TAB 5.6

FOR INFORMATION

INVESTMENT COMPLIANCE REPORTING

98. Investment Compliance Statements as at June 30, 2015 are provided for information.

STATEMENT OF INVESTMENT COMPLIANCE
SHORT TERM
For the six months ended June 30, 2015

Investment Parameters	Guidelines for Both	COMPENSATION FUND Compliance	GENERAL FUND Compliance
1. Asset Mix			
Federal & provincial treasury bills	Allowed	Yes	Yes
Bankers acceptances	Allowed	Yes	Yes
Commercial paper	Allowed	Yes	Yes
Investment manager Money Market Fund	Allowed	Yes	Yes
Premium Savings Account	Allowed	Yes	Yes
FGP S/T Invest Fund	Allowed	Yes	Yes
2. Quality Requirements			
Commercial paper rating	Min. R1	N/A	N/A
Liquidity	Max. term to maturity of 365 days	Yes	Yes
3. Quantity Restrictions			
Commercial paper of a single corporate issuer	Max. 8% of Fund	Yes	Yes
4. Other Restrictions			
Equity securities	None	Yes	Yes
Direct investments in:			
resource properties	None	Yes	Yes
mortgages and mortgage-backed securities	None	Yes	Yes
real estate	None	Yes	Yes
venture capital financings	None	Yes	Yes
Derivatives	None	Yes	Yes

Fred Grady
Manager of Finance

STATEMENT OF INVESTMENT COMPLIANCE
LONG TERM
For the six months ended June 30, 2015

Investment Parameters	Guidelines	Target	COMPENSATION FUND Compliance	GENERAL FUND Compliance	E & O FUND Compliance
1. Asset Mix					
Cash and Short-Term	0 - 15%	0%	Yes	Yes	Yes
Equity investments	5 - 25%	15%	Yes	Yes	Yes
Bonds	60 - 95%	85%	Yes	Yes	Yes
2. Quality Requirements					
Bonds	Min. BBB		Yes	Yes	Yes
3. Quantity Restrictions					
Equities:					
Single holding	Max. 10%		Yes	Yes	Yes
Weight in portfolio > weight in S&P/TSX Composite Index	Varies		Yes	Yes	Yes
Derivatives etc.	None		Yes	Yes	Yes
Non-Canadian	None		Yes	Yes	Yes
Bonds:					
Government of Canada or Government of Canada guaranteed bond	26-100%	46%	Yes	Yes	Yes
Provincial Government and Provincial Government guaranteed bonds and municipal bonds	0-38%	18%	Yes	Yes	Yes
Corporate Bonds*	0-56%	36%	Yes	Yes	Yes
* Target for BBB bonds within corporate bonds of the fixed income portfolio	8-18%	8%	Yes	Yes	Yes

Fred Grady
Manager of Finance

The Law Society of Upper Canada
General Fund
Manager: Foyston, Gordon & Payne Inc.
Compliance Report
(Period ending June 30, 2015)

1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	60%	85%	95%	Y
Total Fixed Income	**75%**	**85%**	**95%**	**Y**
Canadian Equity	**5%**	**15%**	**25%**	**Y**
Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.				Y
Minimum holding in Federal and Federally Guaranteed Bonds	FTSE TMX Short Term Bond Index Benchmark Weight minus 20%			Y
Provincials, Provincially Guarantees and Municipals	FTSE TMX Short Term Bond Index Benchmark Weight plus or minus 20%			Y
Maximum Total Corporate Issues	FTSE TMX Short Term Bond Index Benchmark Weight plus 20%			Y
Maximum Total Corporate BBB Issues	FTSE TMX Short Term Bond Index Benchmark Weight plus 10%			Y
Not more than 10% of the total market value of the bond portfolio will be invested in securities issued by a foreign issuer, or Canadian issuer.				Y
Bond portfolio duration 1 to 5 years.				Y
The Market value of any one common equity issuer cannot represent more than 10% of the market value of the total portfolio, or that equity's weight in the S&P/TSX Composite Index, whichever is greater.				Y

Note: In mid-June 2014 Law Society General Fund moved into the FGP Short Term Bond Fund from the segregated Short Term Bonds.

Investment policy (latest draft version dated April 2015).

*If policy not complied with, comment on specifics.

July 2015
Date:

Stephen P. Copeland
Senior Vice President Investments
& Private Client Services

The Law Society of Upper Canada
Compensation Fund
Manager: Foyston, Gordon & Payne Inc.
Compliance Report
(Period ending June 30, 2015)

1. Asset Mix:	Min.	Mid-Point	Max.	Compliance* (Y/N)
Cash & Short Term	0%	0%	15%	Y
Bonds	60%	85%	95%	Y
Total Fixed Income	**75%**	**85%**	**95%**	**Y**
Canadian Equity	**5%**	**15%**	**25%**	**Y**
Minimum bond rating "BBB" or better by the Dominion Bond Rating Service or equivalent rating by another recognized bond rating service.				Y
Each bond portfolio may be invested within the following parameters:				
Minimum holding in Federal and Federally Guaranteed Bonds	FTSE TMX Short Term Bond Index Benchmark Weight minus 20%			Y
Provincials, Provincially Guarantees and Municipals	FTSE TMX Short Term Bond Index Benchmark Weight plus or minus 20%			Y
Maximum Total Corporate Issues	FTSE TMX Short Term Bond Index Benchmark Weight plus 20%			Y
Maximum Total Corporate BBB Issues	FTSE TMX Short Term Bond Index Benchmark Weight plus 10%			Y
Not more than 10% of the total market value of the bond portfolio will be invested in securities issued by a foreign issuer, or Canadian issuer.				Y
Bond portfolio duration 1 to 5 years.				Y
The Market value of any one common equity issuer cannot represent more than 10% of the market value of the total portfolio, or that equity's weight in the S&P/TSX Composite Index, whichever is greater.				Y

Note: In mid-June 2014 Law Society Compensation Fund moved into the FGP Short Term Bond Fund from the segregated Short Term Bonds.

Investment policy (latest draft version dated April 2015).

*If policy not complied with, comment on specifics.

July 2015

Date:

Stephen P. Copeland
Senior Vice President Investments
& Private Client Services

FOYSTON, GORDON & PAYNE INC.

INVESTMENT COUNSEL

July 2015

Ms. Wendy Tysall
Chief Financial Officer
Osgoode Hall
Finance Dept., 1st Floor
130 Queen Street West
Toronto, Ontario
M5H 2N6

Dear Wendy:

Re: Manager Compliance Reporting

The Law Society of Upper Canada Errors and Omissions Insurance Fund, we wish to confirm that the portfolio being managed by Foyston, Gordon & Payne Inc. was in compliance with the Law Society of Upper Canada Investment Policy Statement in effect (latest draft revision dated April 2015), for the quarter ending June 30, 2015.

Yours truly,

Stephen P. Copeland
Senior Vice President Investments
& Private Client Services

P.O. Box 200, 1 Adelaide Street East, Suite 2600, Toronto Ontario M5C 2V9
Tel 416.362.4725 Fax 416.367.1183 www.foyston.com

TAB 5.7

FOR INFORMATION

OTHER COMMITTEE WORK

99. The Committee reviewed the draft 2016 Law Society budget and medium term financial plan.

100. The Committee received a letter from Kathleen Waters, President & CEO of the Lawyers' Professional Indemnity Company, summarizing the implications of the 2016 insurance program on the Errors & Omissions Insurance Fund.

101. The Committee received summaries of the Treasurer's honorarium, Treasurer's expenses, Bencher remuneration and Bencher expense reimbursement as required by the related policies.

The Law Society of Upper Canada | Barreau du Haut-Canada

TAB 6

Report to Convocation
September 24, 2015

Tribunal Committee

Committee Members
Barbara Murchie (Chair)
Peter Wardle (Vice-Chair)
Raj Anand
Larry Banack
Marion Boyd
Jack Braithwaite
Christopher Bredt
Robert Burd
Lee Ferrier
Rocco Galati
Isfahan Merali
Baljit Sikand

Purpose of Report: Information

Prepared by the Policy Secretariat
(Sophia Sperdakos 416-947-5209)

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Tribunal 2015 First and Second Quarter Statistics **TAB 6.1**

COMMITTEE PROCESS

1. The Committee met on September 10, 2015. Committee members Barbara Murchie (Chair), Larry Banack, Jack Braithwaite, Marion Boyd, Chris Bredt, Robert Burd, Lee Ferrier, Rocco Galati, Isfahan Merali and Baljit Sikand participated. Tribunal Chair, David Wright, and staff members Grace Knakowski, Lisa Mallia and Sophia Sperdakos also attended.

TAB 6.1

INFORMATION

TRIBUNAL 2015 FIRST AND SECOND QUARTER STATISTICS

2. The Tribunal's quarterly reports for the first and second quarters of 2015 are set out at **TAB 6.1.1: 2015 Q1 Final and TAB 6.1.2: 2015 Q2 Final** for information.

3. Ongoing collection and reporting of Tribunal operational statistics assist the Tribunal, the Committee and Convocation in their consideration of the implementation of the new model and of certain processes and statistical trends.

Law Society Tribunal
Tribunal du Barreau

2015 LAW SOCIETY TRIBUNAL STATISTICS

First Quarter Report: January 1, 2015 to March 30, 2015

Files Opened 3
Files Closed 4
Open Files at the End of Each Quarter 6
Summary Files Opened and Closed 8
Open Summary Files at End of Quarter 8
Number of Lawyers and Paralegals Before the Tribunal 9
Number of Files and Frequency Before the Tribunal 10
Total Hearings Scheduled and Vacated 11
Reasons for Vacated Hearings 12
Calendar Days Scheduled and Vacated 13
Reasons For and Number of Resulting Vacated Calendar Days 14
Parties' Adjournment Requests 15
Parties' Position on Adjournment Requests 16
Lawyer Matters 16
Paralegal Matters 16
Tribunal Reasons Produced and Published 17

Files Opened

The Tribunal opens a file when it is issued upon the filing of an originating process that has been served on the parties. An originating process includes a notice of application, referral for hearing, motion for interlocutory suspension or practice restriction, and appeal.

Files related to the same lawyer or paralegal that are heard concurrently are counted as separate files.

NOTE – In all tables in this document, numbers in parentheses are 2014 figures.

Table 1 Number of lawyer and paralegal files opened in the Hearing and Appeal Divisions for each quarter.

	Q1	Q2	Q3	Q4	**Cumulative**
Total Files	**42** (38)				**42** (38)
Lawyer	31				31
Paralegal	11				11
Hearing Files	**36** (36)				**36** (36)
Lawyer	26				26
Paralegal	10				10
Appeal Files	**6** (2)				**6** (2)
Lawyer	5				5
Paralegal	1				1

Files Closed

The Tribunal closes a file after the final decision and order, and reasons if any, have been delivered or published. A file that is closed in a quarter may have been opened in that same quarter or any time prior.

Table 2 Number of lawyer and paralegal files closed in the Hearing and Appeal Divisions for each quarter.

	Q1	Q2	Q3	Q4	**Cumulative**
Total Files	**51** (44)				**51** (44)
Lawyer	40				40
Paralegal	11				11
Hearing Files	**45** (35)				**45** (35)
Lawyer	35				35
Paralegal	10				10
Appeal Files	**6** (9)				**6** (9)
Lawyer	5				5
Paralegal	1				1

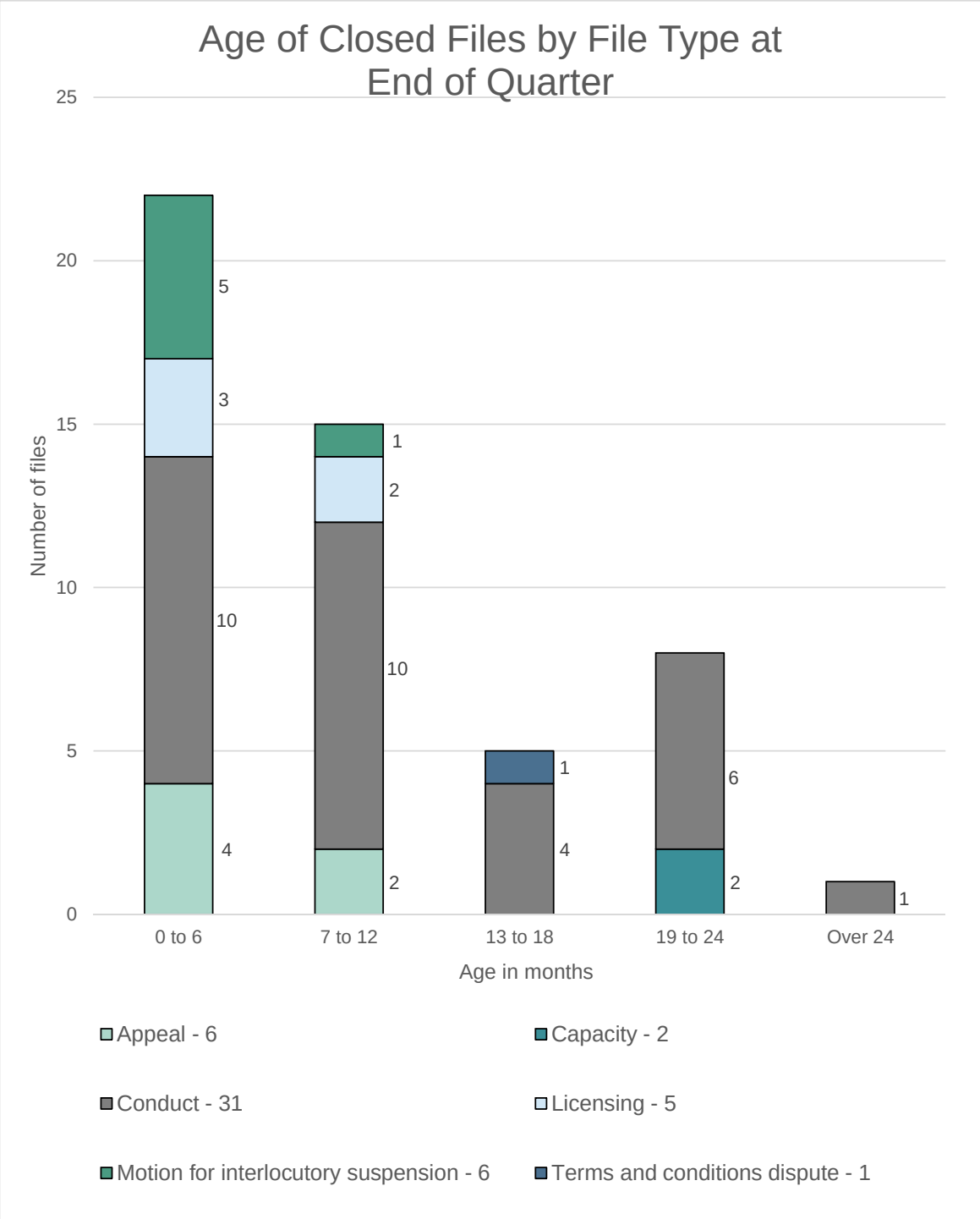

Figure 1 Number and age of files closed in each file type.

Open Files at the End of Each Quarter

Table 3 Number of lawyer and paralegal files that were open at the end of each quarter.

	Q1	Q2	Q3	Q4
Total Files	**145** (179)			
Lawyer	124			
Paralegal	21			
Hearing Files	**127** (162)			
Lawyer	108			
Paralegal	19			
Appeal Files	**18** (17)			
Lawyer	16			
Paralegal	2			

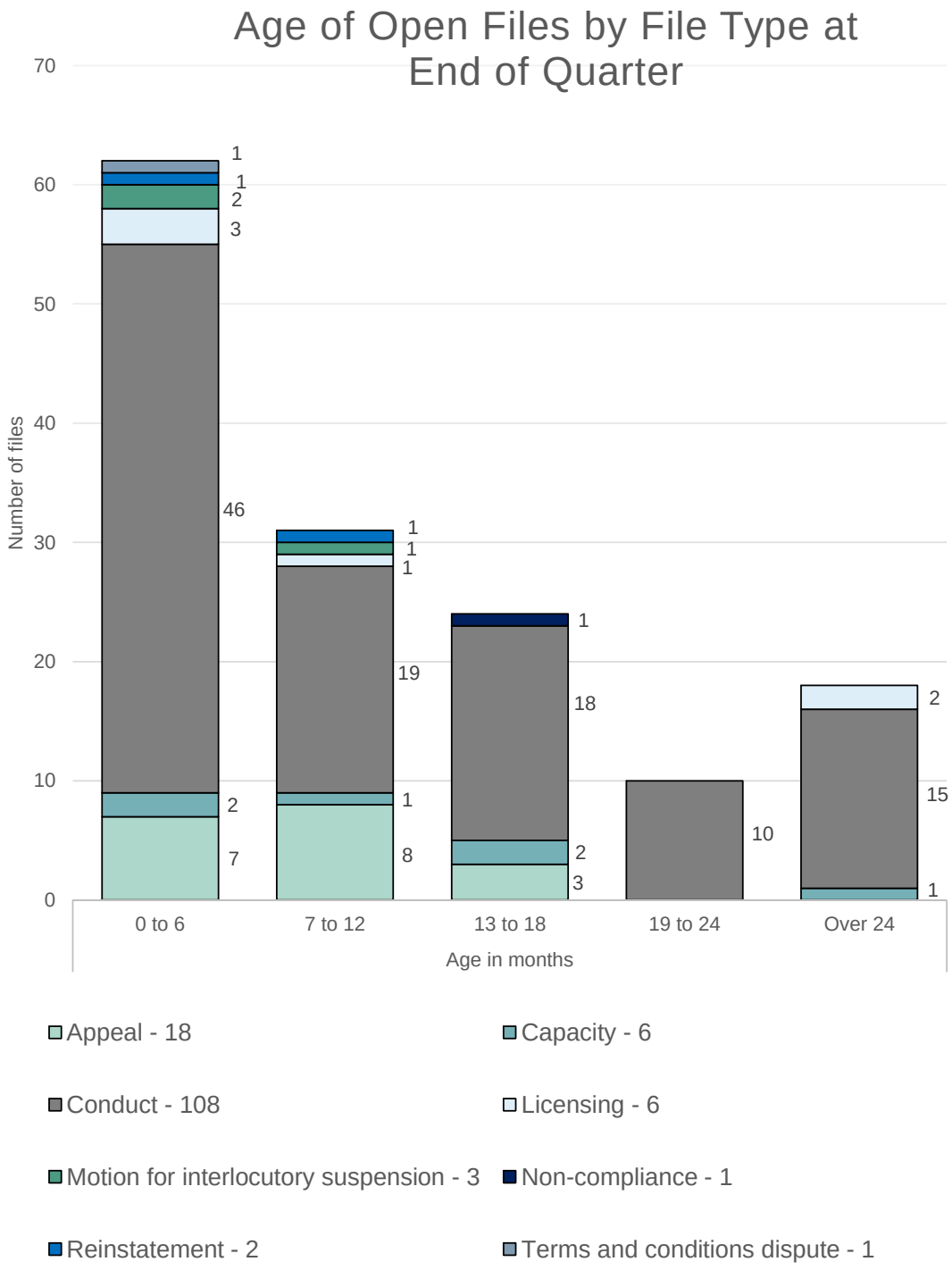

Figure 2 Number and age of open files in each file type.

Summary Files Opened and Closed

A summary file is a proceeding that is first returnable to a hearing panel and bypasses the PMC in accordance with s.2(1) of O. Reg. 167/07. These files are typically heard by a single adjudicator. This data is a subset of the information in Table 1 and Table 2.

Table 4 Number of lawyer and paralegal summary files that were opened and closed in each quarter.

	Q1	Q2	Q3	Q4	**Cumulative**
Total Summary Files Opened	**10** (8)				**10** (8)
Lawyer	7				7
Paralegal	3				3
Total Summary Files Closed	**9** (12)				**9** (12)
Lawyer	8				8
Paralegal	1				1

Open Summary Files at End of Quarter

Table 5 Number of lawyer and paralegal summary files that were open at the end of each quarter.

	Q1	Q2	Q3	Q4
Total Summary Files	**18** (21)			
Lawyer	15			
Paralegal	3			

Number of Lawyers and Paralegals Before the Tribunal

Table 6 Number of lawyers and paralegals before the Tribunal at various proceeding stages.

Stage	Q1	Q2	Q3	Q4	Yearly Total
Proceeding Management Conference (PMC)	**48** (68)				**48** (68)
Lawyers	45				45
Paralegals	3				3
Hearing	**40** (65)				**40** (65)
Lawyers	30				30
Paralegals	10				10
Appeal Management Conference (AMC)	**5** (5)				**5** (5)
Lawyers	5				5
Paralegals	0				0
Appeal	**6** (13)				**6** (13)
Lawyers	4				4
Paralegals	2				2

Number of Files and Frequency Before the Tribunal

Files heard on more than one occasion by the Tribunal within a quarter are counted each time the file proceeds before the Tribunal.

Table 7 Number of files before the Tribunal and number of times files were considered by the Tribunal.

Stage	**Q1** Files	**Q1** Times Considered	Q2 Files	Q2 Times Considered	Q3 Files	Q3 Times Considered	Q4 Files	Q4 Times Considered	**Total Files**	**Total Times Considered**
PMC	**50** (73)	**73** (119)							**50** (73)	**73** (119)
Lawyer	47	70							47	70
Paralegal	3	3							3	3
Hearing	**46** (76)	**61** (111)							**46** (76)	**61** (111)
Lawyer	35	47							35	47
Paralegal	11	14							11	14
AMC	**5** (5)	**6** (11)							**5** (5)	**6** (11)
Lawyer	5	6							5	6
Paralegal	0	0							0	0
Appeal	**6** (13)	**7** (13)							**6** (13)	**7** (13)
Lawyer	4	5							4	5
Paralegal	2	2							2	2

Total Hearings Scheduled and Vacated

The number of hearings scheduled in each quarter is listed below. Files scheduled on more than one occasion within a quarter are counted each time the file is scheduled. A hearing is counted as scheduled when the date the hearing is to proceed falls within the quarter. A hearing is counted as vacated when it does not proceed on the scheduled date. A multi-day hearing is partially vacated if it proceeded on only some of the scheduled days. Reasons for vacated hearings are noted in Table 9. The number of hearing calendar days is noted in Table 11.

Table 8 Total hearings scheduled and vacated per quarter.

	Q1	Q2	Q3	Q4	**Cumulative**
Number of hearings scheduled[1]	**75** (121)				**75** (121)
Lawyer	63				63
Paralegal	12				12
Number of hearings completely vacated	**21** (29)				**21** (29)
Percentage of hearings completely vacated	**28%** (24%)				**28%** (24%)
Lawyer	21				21
Paralegal	0				0
Number of hearings partially vacated	**14** (9)				**14** (9)
Percentage of hearings partially vacated	**19%** (7%)				**19%** (7%)
Lawyer	10				10
Paralegal	4				4
Number of appeal hearings scheduled[2]	**11** (15)				**11** (15)
Lawyer	9				9
Paralegal	2				2
Number of appeal hearings completely vacated	**3** (1)				**3** (1)
Percentage of appeal hearings completely vacated	**27%** (7%)				**27%** (7%)
Lawyer	3				3
Paralegal	0				0

[1] This includes PMC motion hearings.
[2] This includes AMC motion hearings.

Reasons for Vacated Hearings

A hearing may be vacated for more than one reason. These tables show the number of times each reason resulted in a vacated hearing. In these tables, L represents lawyers and P represents paralegals.

Table 9 Reasons hearings were vacated per quarter.

Reasons Hearings Were Vacated	**Q1 (L)**	**Q1 (P)**	Q2 (L)	Q2 (P)	Q3 (L)	Q3 (P)	Q4 (L)	Q4 (P)
Party / counsel / representative unavailable / ill	6							
Counsel / representative newly retained / to be retained	3							
Licensee is subject of other proceeding	3							
Appeal abandoned	2							
Osgoode Hall closed	2							
Seized panel member unavailable / ill	2							
Disclosure to be reviewed	1							
Licensing application abandoned	1							
Parties requested more time to prepare	1							
Submissions to be made in writing	1							
Panel composition change	1							
Witness unavailable	1							

Table 10 Reasons that portions of hearings were vacated per quarter.

Reasons Portions Of Hearings Were Vacated	**Q1 (L)**	**Q1 (P)**	Q2 (L)	Q2 (P)	Q3 (L)	Q3 (P)	Q4 (L)	Q4 (P)
Hearing completed ahead of time estimated	3	2						
Party to obtain / provide additional evidence	2	1						
Agreed Statement of Facts (ASF) concluded / expected	1	1						
Party / counsel / representative unavailable / ill	2							
Seized panel member unavailable / ill	2							
Licensee is subject of other proceeding	1							

Calendar Days Scheduled and Vacated

The number of hearing calendar days scheduled is listed below. Multiple hearings are often scheduled on each calendar day. A vacated calendar day is a day on which no scheduled hearings or appearances before the PMC or AMC proceeded. The day an adjournment request is heard is not counted as a vacated calendar day. For example, if a request to adjourn a three-day hearing was granted on the first day, only the remaining days are counted as vacated. Or, if one hearing was vacated, but other hearings proceeded on the same day, that day is not counted as vacated. Some hearings and appeals were heard on the same calendar day.

Reasons for vacated calendar days are noted in Table 12.

Table 11 Number of calendar days that were scheduled and vacated in the Hearing and Appeal Divisions

	Q1	Q2	Q3	Q4	**Cumulative**
Number of available calendar days	62 (62)				62 (62)
Number of Hearing Division calendar days scheduled	**59 (60)**				**59 (60)**
Number of Hearing Division calendar days vacated	5 (4)				5 (4)
Percentage of Hearing Division calendar days vacated	9% (7%)				9% (7%)
Number of Appeal Division calendar days scheduled	**13 (18)**				**13 (18)**
Number of Appeal Division calendar days vacated	3 (1)				3 (1)
Percentage of Appeal Division calendar days vacated	23% (6%)				23% (6%)

Reasons For and Number of Resulting Vacated Calendar Days

The first figure in each quarter's column represents the number of times a panel accepted this reason. The second figure represents the number of resulting vacated calendar days. The number of calendar days vacated shown on this page may be greater than the calendar days vacated as reported in Table 11 because more than one matter may have been scheduled to be heard on the same day and all were vacated; so one calendar day may have been vacated for more than one reason and for more than one matter.

Table 12 Reasons and the number of times each was accepted and resulted in vacated calendar days.

Reasons For Vacated Calendar Days	**Q1**	Q2	Q3	Q4
Party / counsel / representative unavailable / ill	4-4			
Appeal abandoned	2-2			
Hearing completed ahead of time estimated	1-1			
Licensee is subject of other proceeding	1-1			
Osgoode Hall closed	1-1			
Submissions to be made in writing	1-1			
Witness unavailable	1-1			

Parties' Adjournment Requests

The following table lists the number of adjournment requests made to the Law Society Tribunal in each quarter. Adjournment requests reported below may relate to matters scheduled to be heard during this quarter or in a subsequent quarter. In this table, L represents lawyers and P represents paralegals.

Table 13 Number of adjournment requests granted and denied per quarter by the Hearing and Appeal Divisions

Adjournment Requests	**Q1 (L)**	**Q1 (P)**	Q2 (L)	Q2 (P)	Q3 (L)	Q3 (P)	Q4 (L)	Q4 (P)	**Cumulative**
Granted by PMC	**9** (6)	**0** (0)							9 (6)
Denied by PMC	**0** (1)	**0** (0)							0 (1)
Granted by Hearing Division	**10** (15)	**3** (2)							13 (17)
Denied by Hearing Division	**0** (3)	**1** (1)							1 (4)
Granted by AMC	**0** (0)	**0** (1)							0 (1)
Denied by AMC	**0** (0)	**0** (0)							0 (0)
Granted by Appeal Division	**0** (0)	**0** (0)							0 (0)
Denied by Appeal Division	**0** (0)	**0** (0)							0 (0)

Parties' Position on Adjournment Requests

Lawyer Matters

Table 14 Parties position on adjournment requests in lawyer matters for Q1.

Adjournment Requests	On Consent	Opposed	Unopposed	Total
Granted by PMC	2	3	4	9
Denied by PMC	0	0	0	0
Granted by the Hearing Division	3	2	5	10
Denied by the Hearing Division	0	0	0	0

Paralegal Matters

Table 15 Parties position on adjournment requests in paralegal matters for Q1.

Adjournment Requests	On Consent	Opposed	Unopposed	Total
Granted by PMC	0	0	0	0
Denied by PMC	0	0	0	0
Granted by the Hearing Division	0	0	3	3
Denied by the Hearing Division	0	1	0	1

Tribunal Reasons Produced and Published

The number of reasons produced does not equal the number of reasons published because some reasons produced in a quarter may not be published or will be published in a subsequent quarter.

Table 16 Number of oral and written reasons produced and published per quarter.

	Q1	Q2	Q3	Q4	**Cumulative**
Number of written reasons produced	**42** (39)				**42** (39)
Lawyer	28				28
Paralegal	14				14
Number of written reasons published	**47** (41)				**47** (41)
Lawyer	32				32
Paralegal	15				15
Number of oral reasons produced	**13** (35)				**13** (35)
Lawyer	10				10
Paralegal	3				3
Number of oral reasons published	**10** (21)				**10** (21)
Lawyer	9				9
Paralegal	1				1

Law Society Tribunal
Tribunal du Barreau

2015 LAW SOCIETY TRIBUNAL STATISTICS

Second Quarter Report: April 1, 2015 to June 30, 2015

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Files Opened

The Tribunal opens a file when it is issued upon the filing of an originating process that has been served on the parties. An originating process includes a notice of application, referral for hearing, motion for interlocutory suspension or practice restriction, and appeal.

Files related to the same lawyer or paralegal that are heard concurrently are counted as separate files.

NOTE – In all tables in this document, numbers in parentheses are 2014 figures.

Table 1 Number of lawyer and paralegal files opened in the Hearing and Appeal Divisions for each quarter

	Q1	**Q2**	Q3	Q4	**Cumulative**
Total Files	42 (38)	**37** (33)			**79** (71)
Lawyer	31	29			60
Paralegal	11	8			19
Hearing Files	36 (36)	**34** (25)			**70** (61)
Lawyer	26	27			53
Paralegal	10	7			17
Appeal Files	6 (2)	**3** (8)			**9** (10)
Lawyer	5	2			7
Paralegal	1	1			2

Files Closed

The Tribunal closes a file after the final decision and order, and reasons if any, have been delivered or published. A file that is closed in a quarter may have been opened in that same quarter or any time prior.

Table 2 Number of lawyer and paralegal files closed in the Hearing and Appeal Divisions for each quarter

	Q1	**Q2**	Q3	Q4	**Cumulative**
Total Files	51 (44)	**38** (52)			**89** (96)
Lawyer	40	28			68
Paralegal	11	10			21
Hearing Files	45 (35)	**34** (47)			**79** (82)
Lawyer	35	25			60
Paralegal	10	9			19
Appeal Files	6 (9)	**4** (5)			**10** (14)
Lawyer	5	3			8
Paralegal	1	1			2

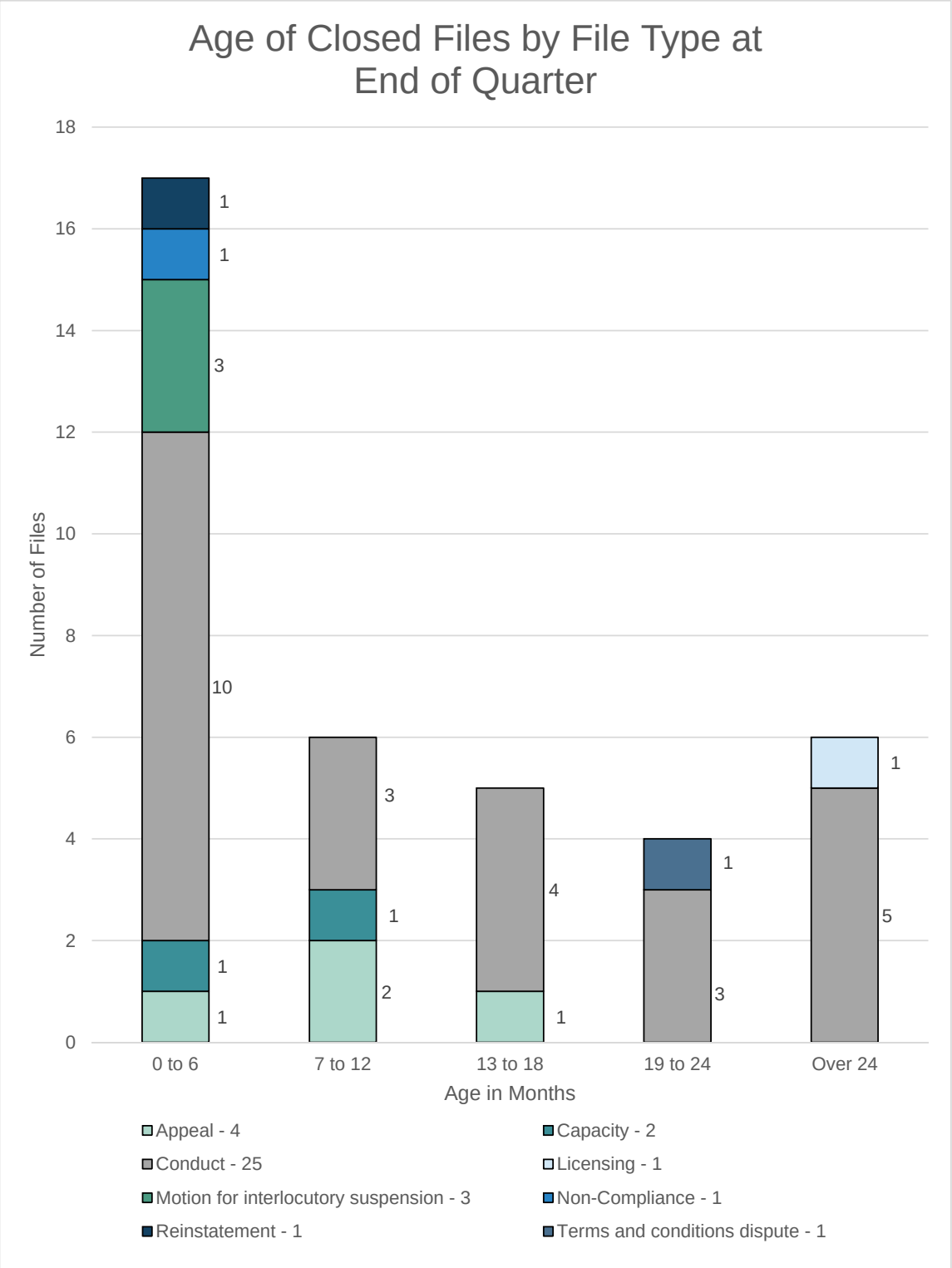

Figure 1 Number and age of files closed in each file type

Open Files at the End of Each Quarter

Table 3 Number of lawyer and paralegal files that were open at the end of each quarter

	Q1	**Q2**	Q3	Q4
Total Files	145 (179)	**145** (155)		
Lawyer	124	127		
Paralegal	21	18		
Hearing Files	127 (162)	**126** (135)		
Lawyer	108	110		
Paralegal	19	16		
Appeal Files	18 (17)	**19** (20)		
Lawyer	16	17		
Paralegal	2	2		

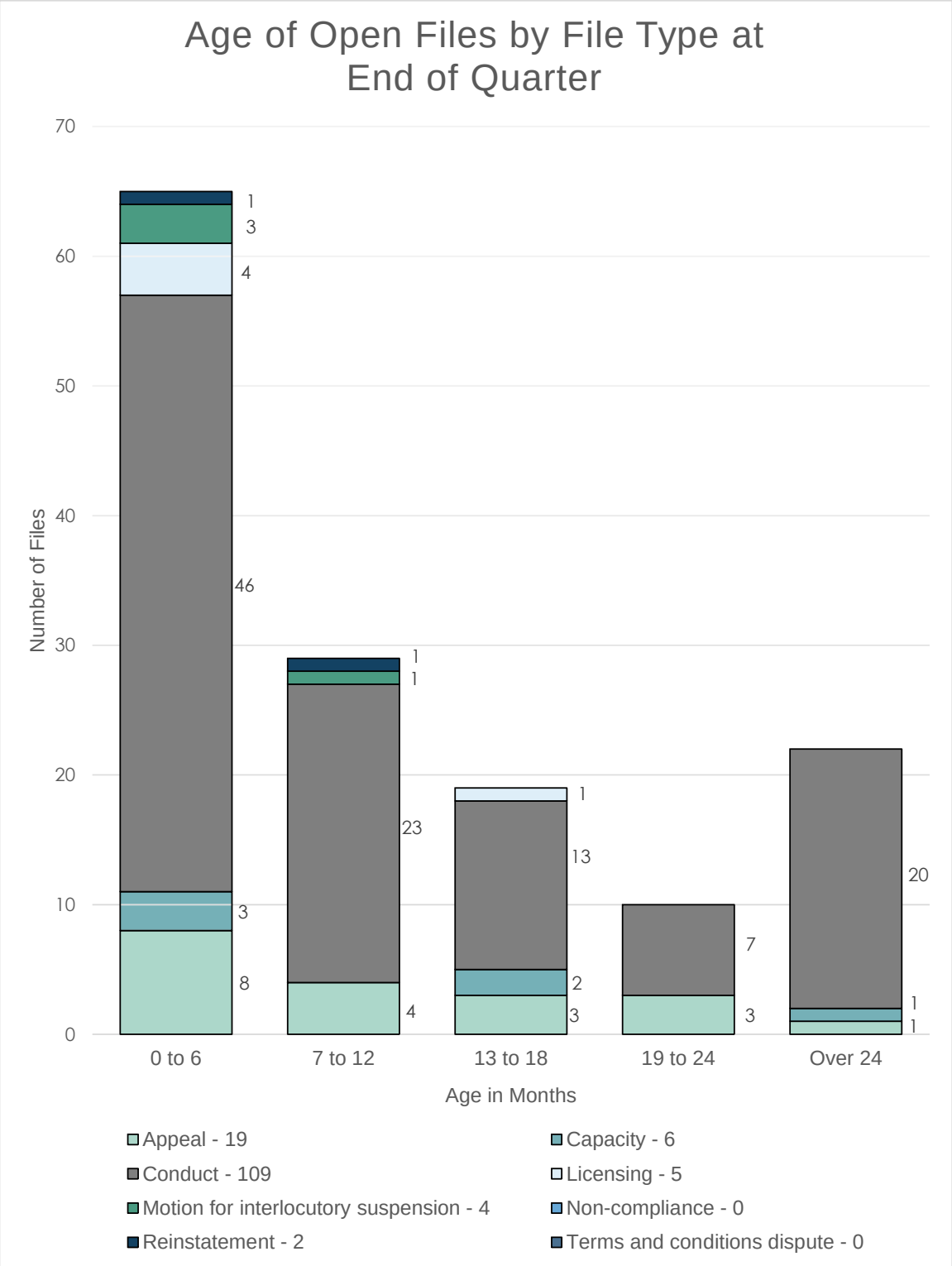

Figure 2 Number and age of open files in each file type

Summary Files Opened and Closed

A summary file is a proceeding that is first returnable to a hearing panel and bypasses the PMC in accordance with s.2(1) of O. Reg. 167/07. These files are typically heard by a single adjudicator. This data is a subset of the information in Table 1 and Table 2.

Table 4 Number of lawyer and paralegal summary files that were opened and closed in each quarter

	Q1	**Q2**	Q3	Q4	**Cumulative**
Total Summary Files Opened	10 (8)	**10** (8)			**10** (16)
Lawyer	7	6			7
Paralegal	3	4			3
Total Summary Files Closed	9 (12)	**11** (13)			**9** (25)
Lawyer	8	8			8
Paralegal	1	3			1

Open Summary Files at End of Quarter

Table 5 Number of lawyer and paralegal summary files that were open at the end of each quarter

	Q1	**Q2**	Q3	Q4
Total Summary Files	18 (21)	**18** (16)		
Lawyer	15	12		
Paralegal	3	6		

Number of Lawyers and Paralegals Before the Tribunal

Table 6 Number of lawyers and paralegals before the Tribunal at various proceeding stages

Stage	Q1	Q2	Q3	Q4	Yearly Total
Proceeding Management Conference (PMC)	48 (68)	**52** (43)			**82** (81)
Lawyers	45	46			75
Paralegals	3	6			7
Hearing	40 (65)	**47** (56)			**75** (98)
Lawyers	30	41			62
Paralegals	10	6			13
Appeal Management Conference (AMC)	5 (5)	**3** (3)			**7** (7)
Lawyers	5	3			7
Paralegals	0	0			0
Appeal	6 (13)	**4** (8)			**9** (19)
Lawyers	4	3			6
Paralegals	2	1			3

Number of Files and Frequency Before the Tribunal

Files heard on more than one occasion by the Tribunal within a quarter are counted each time the file proceeds before the Tribunal.

Table 7 Number of files before the Tribunal and number of times files were considered by the Tribunal

Stage	Q1 Files	Q1 Times Considered	**Q2** Files	**Q2** Times Considered	Q3 Files	Q3 Times Considered	Q4 Files	Q4 Times Considered	**Total Files**	**Total Times Considered**
PMC	50 (73)	73 (119)	**58** (46)	**97** (77)					**89** (89)	**170** (196)
Lawyer	47	70	51	82					82	152
Paralegal	3	3	7	15					7	18
Hearing	46 (76)	61 (111)	**55** (67)	**77** (88)					**87** (114)	**138** (199)
Lawyer	35	47	49	70					72	117
Paralegal	11	14	6	7					15	21
AMC	5 (5)	6 (11)	**4** (3)	**4** (5)					**7** (7)	**10** (16)
Lawyer	5	6	4	4					7	10
Paralegal	0	0	0	0					0	0
Appeal	6 (13)	7 (13)	**4** (8)	**4** (9)					**9** (19)	**11** (22)
Lawyer	4	5	3	3					6	8
Paralegal	2	2	1	1					3	3

Total Hearings Scheduled and Vacated

The number of hearings scheduled in each quarter is listed below. Files scheduled on more than one occasion within a quarter are counted each time the file is scheduled. A hearing is counted as scheduled when the date the hearing is to proceed falls within the quarter. A hearing is counted as vacated when it does not proceed on the scheduled date. A multi-day hearing is partially vacated if it proceeded on only some of the scheduled days. Reasons for vacated hearings are noted in Table 9. The number of hearing calendar days is noted in Table 11.

Table 8 Total hearings scheduled and vacated per quarter

	Q1	**Q2**	Q3	Q4	**Cumulative**
Number of hearings scheduled[1]	75 (121)	**86** (96)			**161** (217)
Lawyer	63	77			140
Paralegal	12	9			21
Number of hearings completely vacated	21 (29)	**21** (15)			**42** (44)
Percentage of hearings completely vacated	28% (24%)	**24%** (16%)			**26%** (20%)
Lawyer	21	19			40
Paralegal	0	2			2
Number of hearings partially vacated	14 (9)	**9** (17)			**23** (26)
Percentage of hearings partially vacated	19% (7%)	**10%** (18%)			14% (12%)
Lawyer	10	9			19
Paralegal	4	0			4
Number of appeal hearings scheduled[2]	11 (15)	**5** (9)			**16** (24)
Lawyer	9	4			13
Paralegal	2	1			3
Number of appeal hearings completely vacated	3 (1)	**1** (0)			**4** (1)
Percentage of appeal hearings completely vacated	27% (7%)	**20%** (0%)			25% (4%)
Lawyer	3	1			4
Paralegal	0	0			0

[1] This includes PMC motion hearings.
[2] This includes AMC motion hearings.

Reasons for Vacated Hearings

A hearing may be vacated for more than one reason. These tables show the number of times each reason resulted in a vacated hearing. In these tables, L represents lawyers and P represents paralegals.

Table 9 Reasons hearings were vacated per quarter

Reasons Hearings Were Vacated	Q1 (L)	Q1 (P)	**Q2 (L)**	**Q2 (P)**	Q3 (L)	Q3 (P)	Q4 (L)	Q4 (P)
Party / counsel / representative unavailable / ill	6		4					
Counsel / representative newly retained / to be retained	3		1	1				
Licensee is subject of other proceeding	3		1					
Appeal abandoned	2		1					
Osgoode Hall closed	2							
Seized panel member unavailable / ill	2		2					
Disclosure to be reviewed	1							
Licensing application abandoned	1							
Parties requested more time to prepare	1							
Submissions to be made in writing	1		1					
File rescheduled	1							
Time overestimated			1	1				
Witness unavailable	1							
Agreed Statement of Facts (ASF) concluded / expected			2					
Recusal of panelist			1					

Table 10 Reasons that portions of hearings were vacated per quarter

Reasons Portions Of Hearings Were Vacated	Q1 (L)	Q1 (P)	**Q2 (L)**	**Q2 (P)**	Q3 (L)	Q3 (P)	Q4 (L)	Q4 (P)
Hearing completed ahead of time estimated	3	2	3					
Party to obtain / provide additional evidence	2	1						
ASF expected / signed	1	1	2					
Party / counsel / representative unavailable / ill	2		5					
Seized panel member unavailable / ill	2							
Licensee is subject of other proceeding	1							
Witness unavailable			2					
Parties requested pre-hearing conference (PHC)			1					

Calendar Days Scheduled and Vacated

The number of hearing calendar days scheduled is listed below. Multiple hearings are often scheduled on each calendar day. A vacated calendar day is a day on which no scheduled hearings or appearances before the PMC or AMC proceeded. The day an adjournment request is heard is not counted as a vacated calendar day. For example, if a request to adjourn a three-day hearing was granted on the first day, only the remaining days are counted as vacated. Or, if one hearing was vacated, but other hearings proceeded on the same day, that day is not counted as vacated. Some hearings and appeals were heard on the same calendar day.

Reasons for vacated calendar days are noted in Table 12.

Table 11 Number of calendar days that were scheduled and vacated in the Hearing and Appeal Divisions

	Q1	**Q2**	Q3	Q4	**Cumulative**
Number of available calendar days	62 (62)	63 (63)			125 (125)
Number of Hearing Division calendar days scheduled	59 (60)	**61** (62)			**120** (122)
Number of Hearing Division calendar days vacated	5 (4)	2 (4)			7 (8)
Percentage of Hearing Division calendar days vacated	9% (7%)	3% (7%)			6% (7%)
Number of Appeal Division calendar days scheduled	13 (18)	**6** (13)			**19** (31)
Number of Appeal Division calendar days vacated	3 (1)	2 (0)			5 (1)
Percentage of Appeal Division calendar days vacated	23% (6%)	33% (0%)			26% (3%)

Reasons For and Number of Resulting Vacated Calendar Days

The first figure in each quarter's column represents the number of times a panel accepted this reason. The second figure represents the number of resulting vacated calendar days. The number of calendar days vacated shown on this page may be greater than the calendar days vacated as reported in Table 11 because more than one matter may have been scheduled to be heard on the same day and all were vacated; so one calendar day may have been vacated for more than one reason and for more than one matter.

Table 12 Reasons and the number of times each was accepted and resulted in vacated calendar days

Reasons For Vacated Calendar Days	Q1	**Q2**	Q3	Q4
Party / counsel / representative unavailable / ill	4-4	2-2		
Appeal abandoned	2-2	1-1		
Hearing completed ahead of time estimated	1-1			
Licensee is subject of other proceeding	1-1	1-1		
Osgoode Hall closed	1-1			
Submissions to be made in writing	1-1			
Witness unavailable	1-1			
Parties requested PHC		1-1		
Awaiting outcome of other proceeding		1-1		

Parties' Adjournment Requests

The following table lists the number of adjournment requests made to the Law Society Tribunal in each quarter. Adjournment requests reported below may relate to matters scheduled to be heard during this quarter or in a subsequent quarter. In this table, L represents lawyers and P represents paralegals.

Table 13 Number of adjournment requests granted and denied per quarter by the Hearing and Appeal Divisions

Adjournment Requests	Q1 (L)	Q1 (P)	**Q2 (L)**	**Q2 (P)**	Q3 (L)	Q3 (P)	Q4 (L)	Q4 (P)	**Cumulative**
Granted by PMC	9 (6)	0 (0)	**7** (3)	**0** (0)					**16** (9)
Denied by PMC	0 (1)	0 (0)	**3** (0)	**0** (0)					**3** (1)
Granted by Hearing Division	10 (15)	3 (2)	**10** (6)	**0** (3)					**23** (26)
Denied by Hearing Division	0 (3)	1 (1)	**1** (2)	**0** (2)					**2** (8)
Granted by AMC	0 (0)	0 (1)	**0** (0)	**0** (0)					**0** (1)
Denied by AMC	0 (0)	0 (0)	**0** (0)	**0** (0)					**0** (0)
Granted by Appeal Division	0 (0)	0 (0)	**0** (0)	**0** (0)					**0** (0)
Denied by Appeal Division	0 (0)	0 (0)	**0** (0)	**0** (0)					**0** (0)

Parties' Position on Adjournment Requests

Lawyer Matters

Table 14 Parties position on adjournment requests in lawyer matters for Q2

Adjournment Requests	On Consent	Opposed	Unopposed	Total
Granted by PMC	3	1	3	7
Denied by PMC	0	3	0	3
Granted by the Hearing Division	4	3	3	10
Denied by the Hearing Division	0	1	0	1

Paralegal Matters

Table 15 Parties position on adjournment requests in paralegal matters for Q2

Adjournment Requests	On Consent	Opposed	Unopposed	Total
Granted by PMC	0	0	0	0
Denied by PMC	0	0	0	0
Granted by the Hearing Division	0	0	0	0
Denied by the Hearing Division	0	0	0	0

Tribunal Reasons Produced and Published

The number of reasons produced does not equal the number of reasons published because some reasons produced in a quarter may not be published or will be published in a subsequent quarter.

Table 16 Number of oral and written reasons produced and published per quarter

	Q1	**Q2**	Q3	Q4	**Cumulative**
Number of written reasons produced	42 (39)	**36** (55)			**78** (94)
Lawyer	28	29			57
Paralegal	14	7			21
Number of written reasons published	47 (41)	**41** (43)			**88** (84)
Lawyer	32	32			64
Paralegal	15	9			24
Number of oral reasons produced	13 (35)	**22** (14)			**35** (49)
Lawyer	10	19			29
Paralegal	3	3			6
Number of oral reasons published	10 (21)	**8** (1)			**18** (22)
Lawyer	9	6			15
Paralegal	1	2			3

TAB 7

The Law Society of Upper Canada | Barreau du Haut-Canada

Report to Convocation
September 24, 2015

Equity and Aboriginal Issues Committee/
Comité sur l'équité et les affaires autochtones

Committee Members
Julian Falconer, Co-Chair
Janet Leiper, Co-Chair
Dianne Corbiere, Vice-Chair
Sandra Nishikawa, Vice-Chair
Raj Anand
Fred Bickford
Suzanne Clément
Teresa Donnelly
Robert Evans
Avvy Go
Howard Goldblatt
Marian Lippa
Isfahan Merali
Barbara Murchie
Gina Papageorgiou
Susan Richer
Raj Sharda

Purpose of Report: Information

Prepared by the Equity Initiatives Department
(Josée Bouchard – 416-947-3984)

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COMMITTEE PROCESS

1. The Equity and Aboriginal Issues Committee/Comité sur l'équité et les affaires autochtones (the "Committee") met on September 10, 2015. Committee members bencher Julian Falconer, Chair, bencher Janet Leiper, Chair, bencher Dianne Corbiere, Vice-Chair, bencher Sandra Y. Nishikawa, Vice-Chair, and benchers Fred Bickford, Suzanne Clément, Teresa Donnelly, Robert Evans, Howard Goldblatt, Marian Lippa, Isfahan Merali, Barbara Murchie and Gina Papageorgiou attended. Benchers Jack Braithwaite and Judith Potter, Julie Lassonde, representative of the Association des juristes d'expression française de l'Ontario, and Paul Saguil, Chair of the Equity Advisory Group, also participated. Dr. Marie Wilson, Commissioner to the Truth and Reconciliation Commission, attended to make a presentation on the Commissioner's Summary Report. Staff members Josée Bouchard, Grant Wedge and Marisha Roman also attended.

TAB 7.1

FOR INFORMATION

REPORT OF THE ACTIVITIES OF THE DISCRIMINATION AND HARASSMENT COUNSEL JANUARY 1 – JUNE 30, 2015

SUMMARY

2. Subsection 20 (1) (b) of By-Law 11, *Regulation of Conduct, Capacity and Professional Competence* provides that, unless the [Equity and Aboriginal Issues] Committee directs otherwise, the Discrimination and Harassment Counsel (the "DHC") shall make a report to the Committee no later than September 1 in each year, upon the affairs of the Counsel during the period January 1 to June 30 of the immediately preceding year.

3. Subsection 20(2) of By-Law 11 provides "The Committee shall submit each report received from the Counsel to Convocation on the day following the deadline for the receipt of the report by the Committee on which Convocation holds a regular meeting".

4. On September 10, 2015, the DHC Program presented to the Committee, pursuant to Subsection 20(1) (b) of By-Law 11, the *Report of the Activities of the Discrimination and Harassment Counsel for the Law Society of Upper Canada* for the period of January 1 to June 30, 2015 (**TAB 7.1.1**). The Committee submits the report to Convocation pursuant to Subsection 20(2) of By-Law 11.

APPOINTMENTS TO THE EQUITY ADVISORY GROUP

SUMMARY

5. In March 2015, the Equity Advisory Group ("EAG") undertook a recruitment process for new members in accordance with its Terms of Reference. The advertisement for applications appeared in the Ontario Reports in March and April of 2015. A total of 90 applications were received.

6. The 90 applications received can be subdivided as follows: 63 applications from individual lawyers; one application from an individual paralegal; eight applications from law students, paralegal students or licensing candidates; and 18 applications from legal organizations.

7. There were nine individual vacancies and 12 organizational vacancies on the EAG.

8. A Selection Committee was formed to review the applications, shortlist and interview candidates. The Selection Committee was comprised of EAG members Paul Saguil

(Chair of EAG), Sharan Basran, Paul Scotland and former EAG member Professor Faisal Bhabha.

9. The Selection Committee was cognizant of the need to reflect diversity (including, but not limited to race, gender, disability, language, sexual orientation, gender identity and regional representation and experience) and the need to enhance and broaden the expertise of EAG in certain areas (e.g. access to justice).

10. On September 10, 2015, the Equity and Aboriginal Issues Committee approved the following individual applicants for individual membership on EAG: Tahlee Afzal, Lisa Borsook, Jonathan Davey, Douglas Judson, Leonard Kim, Lorin MacDonald, Jason Tam and Brenda Young.

11. It also approved the following organizational applicants for organizational membership on EAG: Association des juristes d'expression française de l'Ontario (reappointment), ARCH Disability Law Centre (reappointment), Canadian Association of Black Lawyers (reappointment), Canadian Hispanic Bar Association (reappointment), Canadian Muslim Lawyers Association, Canadian Association of Muslim Women in Law, Federation of Asian Canadian Lawyers (reappointment), Law Students Society of Ontario, Roundtable of Diversity Organizations, South Asian Bar Association (reappointment), Women's Law Association of Ontario (reappointment) and Women's Paralegal Association of Ontario.

12. Background information of the recommended individuals and organizations can be found at **TAB 7.1.2.**

EQUITY LEGAL EDUCATION AND RULE OF LAW SERIES CALENDAR
Fall 2015-Summer 2016

13. The Equity Legal Education and Rule of Law Series calendar is presented at **TAB 7.1.3.**

TAB 7.1.1

REPORT OF THE ACTIVITIES OF THE DISCRIMINATION AND HARASSMENT COUNSEL FOR THE LAW SOCIETY OF UPPER CANADA

For the period from January 1, 2015 to June 30, 2015

Prepared By Cynthia Petersen
Discrimination and Harassment Counsel

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D. INTRODUCTION

The Discrimination and Harassment Counsel (DHC) provides a range of services to individuals who have complaints or concerns about alleged discrimination or harassment by lawyers, articling students or paralegals.[1]

The complaints/concerns reported to the DHC arise in a variety of contexts, such as (for example) clients who complain that they have been subjected to sexual harassment by their lawyer or paralegal, lawyers who are experiencing workplace discrimination relating to a maternity leave, law firm employees with disabilities who confront discriminatory barriers to employment or challenges in obtaining appropriate workplace accommodation, and paralegals, articling students and lawyers who are experiencing discriminatory (eg. racist, sexist, homophobic) treatment by opposing counsel in their cases.

The DHC provides these individuals with confidential coaching, information, referrals to other agencies and resources,[2] informal mentoring, and general (non-legal) advice – some on an ongoing basis. The DHC also provides mediation and conciliation services, described below.

The services are typically delivered by Cynthia Petersen, but there are two Alternate Counsel who replace Ms. Petersen when she is unavailable (due to illness or vacation) or unable to act (due to conflict of interest). During this reporting period, one of the Alternate Counsel, David Bennett, delivered the DHC services during one week in January, two weeks in February, and part of a week in June 2015.

[1] In order to fall within the mandate of the DHC Program, allegations of misconduct must be based on one or more of the prohibited grounds of discrimination listed in the Ontario *Human Rights Code* and/or the Law Society's codes of conduct for licensees. Personal harassment that is not based on any human rights grounds (eg. intimidation and bullying) does not fall within the mandate of the DHC Program.
[2] The DHC does not provide a lawyer referral service.

E. SERVICES PROVIDED TO COMPLAINANTS

Complainants who contact the DHC are informed about the avenues of recourse available to them, including (where applicable):

speaking to their union representative (if they are unionized and their complaint relates to their employment);

filing an internal complaint within their workplace;

making a complaint to the respondent licensee's employer (eg. the managing partner of a law firm);

filing an Application with the Human Rights Tribunal of Ontario;

filing a formal complaint of professional misconduct with the Law Society;

contacting the police (where criminal conduct is alleged); and

contacting a lawyer for legal advice regarding possible civil claims.

Complainants are provided with information about each of these options, including:

what (if any) costs might be involved in pursuing an option;

whether legal representation is required in order to pursue an option;

referral to resources on how to obtain legal representation (actual referrals to lawyers or paralegals are not made by the DHC);

how to file a complaint, Application or report (eg. whether it can be done electronically, whether particular forms are required, etc.);

the processes involved in each option (eg. investigation, conciliation, mediation, hearing, etc.);

the general types of remedies that might be available in different *fora* (eg. compensatory remedies in contrast to disciplinary penalties, reinstatement to employment versus monetary damages, public interest remedies); and

the existence of time limits for each avenue of redress (complainants are advised to seek legal advice with respect to precise limitation periods).

Complainants are advised that the options available to them are not mutually exclusive.

In some cases, strategic tips and/or coaching are provided to complainants about how to handle a situation without resort to a formal complaints process (eg. confronting the offender, documenting incidents, speaking to a mentor).

Some complainants are referred to other agencies/organizations (such as the ARCH or the Human Rights Legal Support Centre) or are directed to relevant resource materials available from the Law Society, the Ontario Human Rights Commission, or other organizations.

Mediation / Conciliation

In addition to being advised about the above-noted options, where appropriate, complainants are offered mediation or conciliation services.

Whenever formal mediation is offered, the nature and purpose of mediation is explained, including that it is a confidential and voluntary process, that it does not involve any investigation or fact finding, and that the DHC acts as a neutral facilitator to

attempt to assist the parties in negotiating the terms of a mutually satisfactory resolution of the complaint.

When a complainant opts for mediation, s/he is given the choice of contacting the respondent to propose the mediation or having the DHC contact the respondent to canvass his/her willingness to participate (written consent to contact the respondent licensee must be provided). If both parties are willing to participate, they are required to sign a mediation agreement (setting out the parameters of the mediation and ground rules) prior to entering into discussions with the DHC.

Where informal conciliation services are offered, the complainant is advised that the DHC could contact the respondent confidentially and discuss the complainant's concerns, with the goal of achieving a resolution to the complaint through shuttle diplomacy. Where such an intervention occurs, both the complainant and respondent are advised that the DHC is not acting as the complainant's counsel, advocate or representative, but rather as an impartial go-between to facilitate constructive dialogue between the parties. When a complainant requests such an intervention, written consent must be provided before the DHC contacts the respondent.

Some complainants decline the offer of the DHC's mediation and conciliation services, notwithstanding that the services are free, confidential, and in the case of formal mediation, subject to a mutual "without prejudice" undertaking by both parties. The reasons why complainants decline mediation are varied and include: complainants desiring to have a fact-finding investigation, complainants believing that the respondent will not participate in good faith, and complainants wanting to create a formal record of the respondent's misconduct through an adjudicative process.

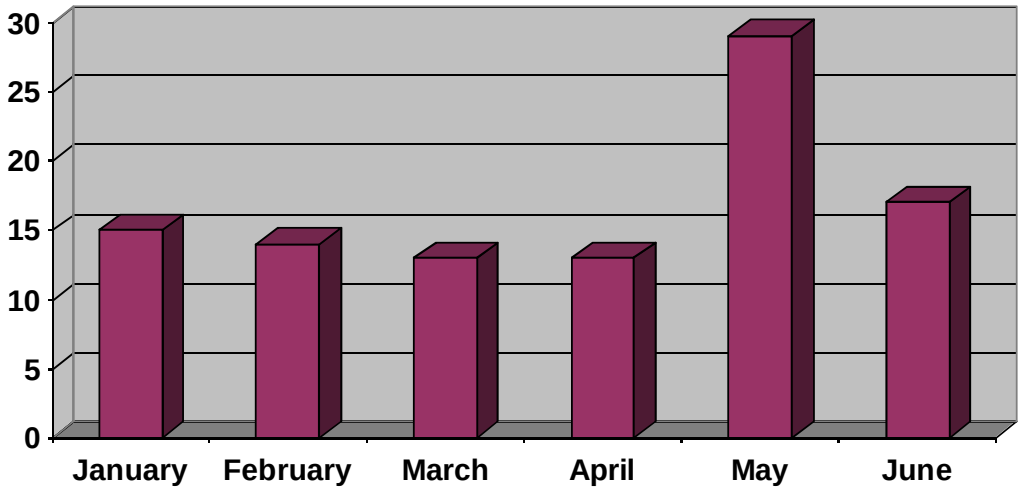
During this reporting period, there were no formal in-person mediation sessions conducted by the DHC. There were, however, several cases in which the DHC intervened informally as a conciliator, communicated with the parties involved and was

able to assist them in reaching a mutually satisfactory resolution to the complainant's concerns (eg. by developing an employment accommodation plan for a licensee with a disability).

F. OVERVIEW OF NEW CONTACTS WITH THE DHC PROGRAM

During this reporting period, 101 individuals contacted the DHC Program with a new matter.[3] This represents an average of 17 new contacts per month.

The volume of new contacts with the Program was distributed as follows:



The higher volume of new contacts in May 2015 is largely attributable to the DHC's (Ms. Petersen's) presentation on a Law Society panel about mental health in the legal profession. The panel generated a significant number of new contacts from

[3] Individuals who had previously contacted the Program and who communicated with the DHC during this reporting period with respect to the same ongoing matter are not counted in this number. Individuals who had multiple communications with the DHC about the same matter are only counted once.

individuals who were either in the audience or who viewed the panel discussion via the internet.

Of the 101 individuals who contacted the DHC during this reporting period, 70 (69%) used the telephone to make their initial contact with the program and 30 (31%) used email.

During this reporting period, 3 individuals were provided services in French.[4] The remaining clients of the Program were provided services in English.

G. SUMMARY OF DISCRIMINATION AND HARASSMENT COMPLAINTS

Of the 101 new contacts with the Program, 28 individuals reported complaints of alleged discrimination or harassment by a licensee. A total of 3 complaints were made against paralegals. The remaining 25 complaints were made against lawyers.

Of the 3 complaints against paralegals, one was made by another paralegal, one by a lawyer, and one by a member of the public.

Of the 25 complaints against lawyers, 10 were made by members of the public and 15 were made by members of the legal profession (i.e., other lawyers, articling students, paralegals or paralegal candidates).

Complaints against Lawyers by Members of the Legal Profession

In this reporting period, there were 15 complaints about lawyers made by members of the legal profession. Nine (9) of these complaints were made by other

[4] Two of the francophones made general inquiries and were not complaining about the conduct of a specific licensee. The third francophone complained about a licensee, but his allegations did not include human rights-based discrimination and harassment and his complaint was therefore outside the mandate of the DHC program.

lawyers, 4 were made by articling students, one was made by a paralegal and one was made by a paralegal candidate. All of the complainants were anglophone.[5]

Of the 15 complaints by members of the legal profession, only 3 (20%) were made by men. The paralegal, paralegal candidate and four articling student complainants were all female and 6 of the 9 lawyer complainants were women.

Twelve (12) of the 15 complaints (80%) from members of the legal profession arose in the context of the complainants' employment, including all of the articling student complaints, as well as the complaints by the paralegal and paralegal candidate.

Two complaints by lawyers arose in the context of litigation and involved allegations of misconduct against opposing counsel.

One complaint by a lawyer involved allegations of misconduct against another lawyer with whom the complainant was professionally acquainted.

There were 9 complaints based (in whole or in part) on sex:

Five (5) of these complaints included allegations of sexual harassment:

A male lawyer complained about sexual harassment and stalking by a female lawyer with whom he was professionally acquainted;

Two female articling students complained about sexual harassment by male senior partners in their firms;

A female lawyer complained about sexual harassment by a male colleague in her workplace; and

[5] By "anglophone", I mean to convey that the complainants spoke English and sought services from the DHC in English, rather than French. For some of them, English was not their first language.

A female lawyer complained about sexual harassment by a senior male partner in her firm. (She also reported that her workplace was poisoned by sexist, transphobic and homophobic remarks made by the same partner.)

A female articling student complained about sexist (and racist) comments and discriminatory treatment by male lawyers in her firm;

Two female lawyers complained about gender-based discriminatory treatment by senior male lawyers in their respective firms; and

A female lawyer complained that male opposing counsel in one of her cases was engaging in sexist conduct, including name calling.

There were 4 complaints based (in whole or in part) on disability:

A male lawyer complained about his employer's refusal to accommodate his disability in the workplace;

A female paralegal complained about workplace discrimination based on her disability;

A female paralegal candidate complained about discriminatory treatment by a male lawyer in her workplace during a work placement; and

One of the female lawyers who complained about sexual harassment in the workplace also complained about her employer's failure to accommodate her disability.

All of the above complainants self-identified as persons with mental health disabilities.

There were 3 complaints based (in whole or in part) on race:

A Black male lawyer complained that the opposing counsel in one of his cases (a Crown Attorney) was engaging in racial discrimination and harassment;

An Asian female articling student complained about racist (and sexist) comments and discriminatory treatment by lawyers in her firm; and

A Black female lawyer complained about racist remarks made by a white senior male lawyer in her firm.

There was one complaint based on place of origin. A foreign trained female lawyer complained about employment discrimination based on her place of origin.

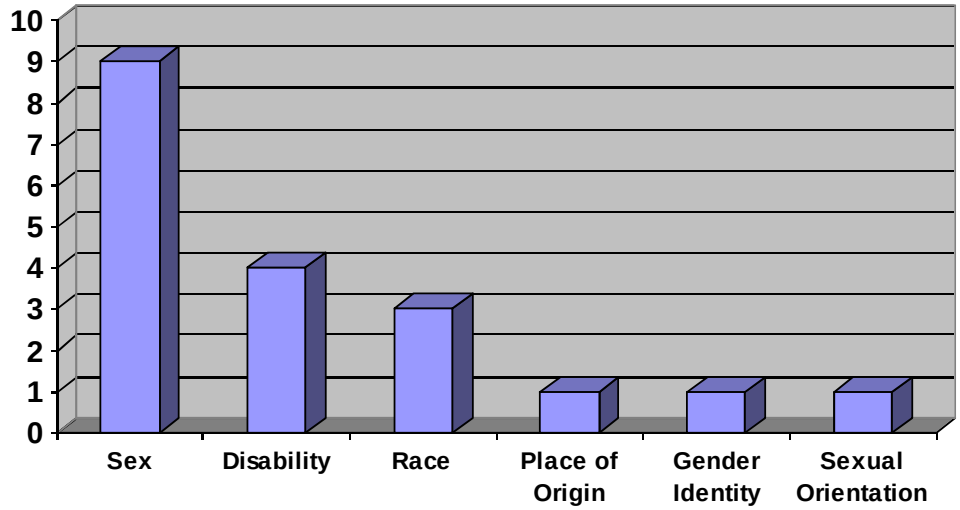
There was one complaint based in part on sexual orientation and gender identity. One of the complainants who reported sexual harassment by a senior male partner in her firm also reported that the same partner frequently made offensive homophobic and transphobic remarks in the workplace.

In summary, the number of complaints[6] by lawyers and articling students in which each of the following prohibited grounds of discrimination was raised are:

sex	9	(5 sexual harassment)
disability	4	
race	3	
place of origin	1	
gender identity	1	
sexual orientation	1	

[6] The total number exceeds 15 because some complaints involved multiple grounds of discrimination.

Grounds Raised in Complaints against Lawyers by Members of the Legal Profession



Complaints against Lawyers by Members of the Public

During this reporting period, there were 10 complaints about lawyers made by members of the public. All of the complainants were anglophone.[7]

Eight (8) of the public complaints (80%) were made by women and 2 (20%) were made by men.

Of the 10 public complaints:

4 involved clients complaining about their own lawyer;

3 involved employees complaining about a lawyer in their workplace;

[7] See footnote 5 above.

one involved a litigant complaining about the conduct of opposing counsel in her case;

one individual complained about harassment by her next-door neighbour, who was a lawyer; and

one complainant was a real estate agent who complained about harassment by a lawyer who was her client.

There were 7 public complaints based (in whole or in part) on sex:

Five (5) of these complaints involved allegations of sexual harassment:

Two female clients complained about sexual harassment by their respective male lawyers, including unwelcome sexual touching and romantic overtures;

Two female administrative assistants employed in law firms complained about sexual harassment by their respective male bosses (lawyers), including employment reprisals for having rejected sexual advances and unwelcome sexual comments about female colleagues in the workplace; and

A female real estate agent complained about sexual harassment and stalking by a male lawyer who was one of her clients.

A female litigant complained about the sexist conduct of opposing counsel in her case;

A woman complained about gender-based harassment by a male lawyer who was her neighbour; and

There was one complaint based on religion and race. A Muslim man complained that his own lawyer had engaged in offensive name-calling based on his religion and race.

There was one complaint based on disability. A woman employed in a law firm complained about her employer's discriminatory treatment based on her disability (an addiction).

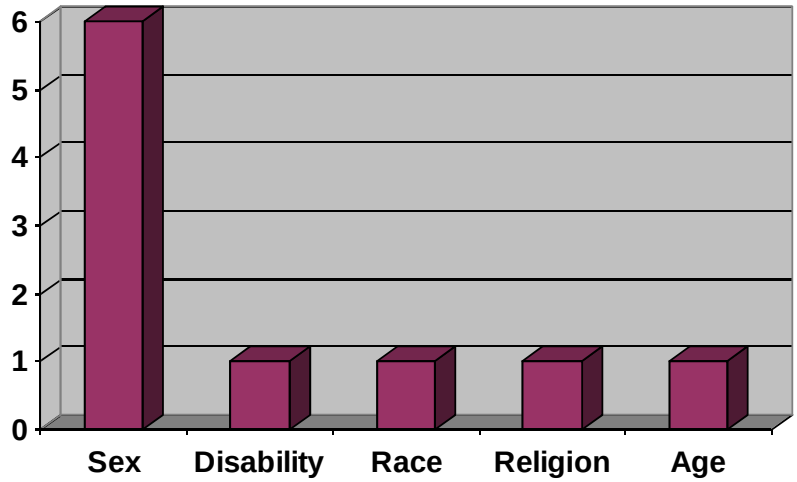
There was one complaint based on age. A man called on behalf of an elderly friend who was being subjected to discriminatory treatment by his lawyer based on his advanced age.

In summary, the number of complaints[8] by members of the public in which each of the following prohibited grounds of discrimination was raised are:

sex	7	(5 sexual harassment)
disability	1	
race	1	
religion	1	
age	1	

[8] The total number exceeds 10 because some complaints involved multiple grounds of discrimination.

Grounds Raised in Public Complaints against Lawyers



Complaints against Paralegals

During this reporting period, there were 3 complaints against paralegals.

One of the complaints was based on race. The complainant was also a paralegal and was professionally acquainted with the respondent paralegal, who had posted racist remarks on social media in a forum used by other paralegals. Both the complainant and respondent were female; the complainant self-identified as Black.

One of the complaints was made by a female lawyer who reported that the respondent male paralegal was engaging in sexist behaviour in their workplace.

One of the complaints was made by a member of the public. A male self-represented litigant reported that the paralegal representing the opposing party in his

case had made derogatory and demeaning comments about the complainant's religion and disability.

In summary, the number of complaints[9] against paralegals in which each of the following prohibited grounds of discrimination was raised are:

race	1
sex	1
religion	1
disability	1

H. GENERAL INQUIRIES

Of the 101 new contacts with the DHC during this reporting period, 25 involved general inquiries. These contacts included:

inquiries by lawyers about their professional responsibilities relating to equity issues;

inquiries by lawyers with disabilities about their disclosure obligations, mentoring programs and other services available to them, job search opportunities, career advice, etc.

questions about the scope of the DHC Program's mandate, the services offered by the DHC, and/or confidentiality; and

[9] The total number exceeds 3 because some complaints involved multiple grounds of discrimination.

inquiries about the Law Society's complaints process.

I. MATTERS OUTSIDE THE DHC MANDATE

During this reporting period, the DHC received 48 calls and/or emails relating to matters outside the Program's mandate. These contacts included complaints about the conduct of lawyers licensed in other provinces. They also included several complaints about workplace harassment in which the respondent was not a licensee.

There were some complaints about Ontario licensees that did not fall within the program's mandate. These included allegations of incivility, one billing dispute (i.e., a client alleging that her lawyer was overcharging), and several allegations of workplace harassment (eg. bullying and intimidation) in which there were no allegations based on prohibited grounds of discrimination.

An explanation of the DHC's mandate, role and duties was provided to each person who called with a matter outside the Program's mandate. Many of these individuals were referred to other agencies for assistance.

Although there are a significant number of these "outside mandate" contacts (about 2 per week on average during this reporting period), they typically do not consume much of the DHC's time or resources, since we do not assist these individuals beyond their first contact with the Program.

J. PROMOTIONAL ACTIVITIES

The LSUC maintains a bilingual website for the DHC Program, which was significantly revised and updated during this reporting period.

Throughout this reporting period, periodic advertisements were placed (in English and French) in the *Ontario Reports* to promote the DHC Program.

French and English brochures about the program are regularly circulated to legal clinics, community centres, law firms and faculties of law.

During this reporting period, the DHC (Cynthia Petersen) presented on two continuing professional development panels: The Law Society's panel on *Fostering Wellness – A Discussion of Mental Health in the Legal Profession* and an OBA/SOGIC panel entitled *One Year Out – LSUC's Model Policy on LGBT Inclusion in Law Firms.* Both of these events were well attended by large audiences and both resulted in subsequent new contacts with the DHC program from audience participants.

Ms. Petersen also gave a lecture on "Lawyer Self Care" to a class of upper year law students at Osgood Hall law school. The lecture covered the issue of coping with discrimination and harassment and the services provided by the DHC program.

The DHC (Ms. Petersen) was also interviewed by journalists who published articles in both the *Lawyers' Weekly* and the *Law Times* about the DHC Program. She was interviewed and quoted by a reporter who published an article in the *National Post* newspaper about sexual harassment in law firms.

TAB 7.1.2

BACKGROUND OF RECOMMENDED APPOINTMENTS

Individual Members:

Tahlee Afzal

Tahlee Afzal is a Policy Analyst at the Association of Ontario Midwives. In her current role she is the key liaison for the Association's ongoing human rights legal action. Prior to her current role, she was a Human Rights Representative at the Human Rights Legal Support Centre, where she advised potential applicants on the Human Rights Tribunal of Ontario process. Prior to her experience in Ontario she worked extensively in International Human Rights Law and women's rights issues for a leading NGO in Bangladesh.

Tahlee Afzal is a graduate of the Internationally Trained Lawyer's Program at the University of Toronto. She seeks to share her experience an Internationally Trained Lawyer and highlight issues unique to this group. She has recently volunteered to be a mentor to current students of the Internationally Trained Lawyer's Program.

Tahlee Afzal has also volunteered with the South Asian Women's Centre of Toronto and Bangladeshi-Canadian Community Services.

Lisa Borsook

Lisa Borsook is currently the Executive Partner of WeirFoulds LLP. Since 2007, she has held continuous leadership roles at WeirFoulds, as Managing Partner (2007-2012) and as Executive Partner (2013-present). During her tenure as Managing Partner, she focused on an array of policies relating to women in the profession, including adjustments compensation policies and associate development structures to ensure the advancement of women at the firm. She also advocated to include women on significant and influential firm committees. Lisa Borsook represents the firm at n the Law Firm Diversity and Inclusion Network. In addition, she was a member of the Steering Committee for the Law Society's Retention of Women in Private Practice Working Group. Lisa Borsook has been involved in a number of charities and boards. She regularly speaks at conferences and leadership panels about changes and advancements in the legal profession, including the changing role of General Counsel and the increased expectation of diversity from client decision makers.

Jonathan Davey

Jonathan Davey is a member of the Lower Cayuga of the Six Nations of the Grand River who is counsel with the Aboriginal Law Division of the Department of Justice Canada. He has represented Canada in dozens of Indian Residential School Independent Assessment Process Settlement Hearings and advised Aboriginal Affairs and Northern Development Canada on numerous matters involving the *Indian Act*. Jonathan holds a First Class Honours BA in Business Communications from Brock University, a Bachelor of Laws from Osgoode Hall Law

School, and a Master degree in Public Administration from Cornell University. He's received several academic awards and has been inducted into the *Pi Alpha Alpha* global honour society for public affairs and administration. Jonathan is also a Lieutenant, serving with the Queen's York Rangers (1st American Regiment) of the Canadian Armed Forces' Royal Canadian Armoured Corps.

Douglas Judson

Douglas Judson is an articling student at McCarthy Tétrault LLP. He is a graduate of the JD/MBA program at Osgoode Hall Law School and the Schulich School of Business. He also holds degrees in political science (BSocSc) and commerce (Hon. BCom) from the University of Ottawa.

Doug's professional interests lie at the intersection of business, law, and public policy. Prior to law school, Doug held posts with two federal government departments, gaining experience in public policy, research, corporate planning, and project management. Doug began his professional career on Parliament Hill, as an assistant to an MP for Northwestern Ontario (which he calls home). Doug has worked on both national and local election campaigns. While in law school, he also taught undergraduate business students at the Schulich School of Business.

Doug holds a number of leadership roles in the community. He currently serves as Vice-Chair of the Ontario Bar Association Sexual Orientation & Gender Identity Conference (SOGIC), on the board of Out On Bay Street, and is a co-founder of JusticeFundr.ca. Doug previously served as President of the Law Students' Society of Ontario, and has held numerous roles with Osgoode's student government, the Osgoode-Schulich JD/MBA Students' Association, and the OUTlaws LGBTQ affinity group. Doug was a 2014 *Law Times* Newsmaker and the 2015 recipient of the Canadian Bar Association's Edward K. Rowan-Legg Award. Doug's writing has appeared in legal industry and other publications.

Leonard Kim

Leonard Kim is an Assistant Crown Attorney with the Crown Attorney's Office in Sudbury. He currently acts as the Northern Regional representative on Hate Crime Prosecutions for the Ministry of the Attorney General (Criminal Law Division). Additionally, Leonard Kim is the former chair for the City of Greater Sudbury's Diversity Advisory panel. In this role, he successfully persuaded Sudbury City Council to, for the first time, adopt a written Diversity Policy to be publicly displayed on the City's website and in municipal government buildings throughout the City. Leonard Kim is a regular guest speaker on racism, youth and diversity issues and has been an active volunteer for a number of diversity-related organizations.

Lorin MacDonald

For over two decades, human rights lawyer Lorin MacDonald has demonstrated her leadership, passion, and commitment to accessibility and inclusion in her volunteer and professional activities, all informed by her experience as a woman living with a severe to profound hearing loss.

Lorin garners much respect for her advocacy work due to her cross-disability approach. Lorin has been featured in three Government of Ontario videos about accessible hiring practices, the importance of accessibility in the lives of people with disabilities, and the *Accessibility for Ontarians with Disabilities Act* (AODA). The YouTube video "Day in the Life of Lorin" has received over 4,000 individual views and is cited as an inspiring and positive message for all.

Recognized as one of the top voices in building awareness of accessibility and disability issues locally, provincially, and nationally, Lorin's approach is grounded in evidence-based research and a desire to challenge communities to be inclusive and accessible. She puts her legal education and never-ending optimism to good use, persevering against unfavourable odds to ensure people with disabilities have an accessible community in which to live. She continually strives to ensure those who may be uninformed or unconscious of the barriers experienced by individuals with disabilities are equipped with the tools necessary to create inclusive communities for all. Lorin lives in Toronto and has a human rights law practice focusing on disability discrimination, particularly as experienced by children.

Jason Tam

Jason Tam is Crown Counsel with the Ministry of Labour. He has practised in both Ohio and Ontario in a variety of areas including family, criminal, human rights and labour law. Jason Tam is an active member of the Federation of Asian Canadian Lawyers (FACL) and previously acted as the Chair of the FACL Advocacy and Policy Committee and the FACL representative on the Equity Advisory Group. He has also served as Chair and board member of the Metro Toronto Chinese and Southeast Asian Legal Clinic and has been involved in the Ministry of Attorney General's Legal Services Division Diversity Committee.

Brenda Young

Brenda Young is a proud member of the Chippewas of the Thames First Nation. She has utilized her professional lawyering skills in many opportunities to work on Indigenous issues and she currently works as the Community Justice Director for her home territory. Brenda is passionate in the pursuit for justice and specifically human rights. This passion led to the acceptance as a participant in the 2013 Indigenous Fellowship with the UN Office of the High Commissioner for Human Rights in Geneva. Brenda has volunteered for several organizations to enhance her knowledge about mental health, children's rights, and women's rights. She has also served on committees providing input into First Nations policing, LAO Aboriginal Issues Advisory, N'Amerind Community Justice Circles, development of ADR systems, the Anishinabek Nation Tribunal and Commission adjudication and she looks forward to serving the EAG.

Organizations:

Association des juristes d'expression française de l'Ontario (reappointment)

Mandat et objectifs de l'Association des juristes d'expression française de l'Ontario (l'AJEFO)

- promouvoir le français au sein du système judiciaire de l'Ontario
- assurer l'égalité des deux langues officielles auprès des tribunaux ontariens
- veiller à ce qu'il n'y ait aucune pénalité, délai, obstacle ou hésitation à l'utilisation du français par les avocats ou la population francophone de l'Ontario à cause de lacunes dans l'appareil judiciaire
- tisser des liens de collaboration avec les associations et les organismes communautaires, les universités et les institutions postsecondaires, les AJEFs du Canada et les paliers gouvernementaux ayant de mêmes objectifs
- sensibiliser, informer et éduquer les juristes et le grand public quant à leurs droits en matière de services juridiques dans la langue de leur choix
- augmenter la reconnaissance des droits de la minorité linguistique francophone de l'Ontario
- assurer l'offre active et l'amélioration des services juridiques en français en Ontario

ARCH Disability Law Centre (reappointment)

ARCH Disability Law Centre (ARCH) is a specialty legal clinic dedicated to advancing the equality rights of persons with disabilities. ARCH provides legal services to help Ontarians with disabilities live with dignity and participate fully in our communities. ARCH is primarily funded by Legal Aid Ontario, and is governed by a volunteer Board of Directors, the majority of which are persons with disabilities. ARCH provides free and confidential legal advice to people with disabilities across Ontario. ARCH conducts test case litigation at all levels of tribunals and courts, and conducts law reform, policy and community development activities. ARCH also provides public legal education to persons with disabilities and continuing legal education to the legal community. ARCH maintains a website at www.archdisabilitylaw.ca.

Canadian Association of Black Lawyers (reappointment)

The Canadian Association of Black Lawyers works to remove systemic barriers within the legal profession and to promote the advancement of black lawyers within the profession. They do so through a number of mechanisms, which include establishing support systems for law students and young lawyers, providing positive role models, and cultivating and fostering diversity within the profession with an emphasis on mentoring, networking and outreach. CABL is strongly committed to equality and diversity principles and has a wealth of experience in working within the legal and broader community resolving issues created by inequality.

Canadian Hispanic Bar Association (reappointment)

The *Canadian Hispanic Bar Association* (the *CHBA*), formerly the *Hispanic Ontario Bar Association*, is a national professional organization representing lawyers, law students and academics who self-identify as Hispanic, Latin American or Hispanophone Caribbean or of Hispanic, Latin American or Hispanophone Caribbean origin. The CHBA's membership enjoys large racial, ethnic, and linguistic diversity as they trace our ethnic-racial origins to pre-colonial America, Africa, Asia and Europe. They are also diverse in terms of our gender and sexual orientation, immigration status and experience, our linguistic background and levels of abilities.

The *CHBA*'s objectives may be summarized as follows:

(a) To advance the standing of Hispanic lawyers in the community;
(b) To promote cooperation and professional development of Hispanic lawyers;
(c) To be involved in significant issues affecting the Hispanic community, within and outside the legal realm;
(d) To contribute to the growth and wellness of the Hispanic community and to the legal profession, and
(e) To promote the profession so as to increase the number of Hispanic lawyers.

Canadian Muslim Lawyers Association

Founded in 1998, the CMLA is a Toronto-based non-profit association of Muslim lawyers from all Canadian provinces and territories. The CMLA has approximately 200 members and is funded entirely by the contributions of its members.

The CMLA is focused on four key areas of engagement. First, the CMLA helps build professional relationships among Canadian Muslim lawyers and between Canadian Muslim lawyers and members of other legal organizations. Second, the CMLA educates its members and the broader Canadian Muslim community on law topics of interest. Third, the CMLA provides peer support by providing law students and junior lawyers with mentorship and professional development seminars. Fourth, the CMLA serves as an advocate on select issues of importance to Canadian Muslim lawyers and the broader Canadian Muslim community.

Canadian Association of Muslim Women in Law

CAMWL is an association comprised of women licensees, prospective licensees, and legal academics who identify as Muslim. CAMWL's membership is racially, ethnically, and linguistically diverse and embodies a plurality of religious beliefs and practices. CAMWL's members work in a variety of legal settings, including private and sole practices, government, legal clinics, and academia.

CAMWL's mandate is to (a) advance the rights and interests of Muslim women in Canada, as well as other marginalized and equity-seeking groups, including through education and direct advocacy; and (b) promote mentorship and camaraderie between Muslim women engaged in the practice or study of law**.**

Federation of Asian Canadian Lawyers (reappointment)

FACL is a diverse coalition of Asian Canadian legal professionals working to promote equity, justice, and opportunity for Asian Canadian legal professionals and the wider community.

FACL is a not-for-profit organization working closely with other Asian Canadian associations and community organizations. It is affiliated with the National Asian Pacific American Bar Association (NAPABA).

Law Students Society of Ontario

The LSSO is an advocacy body representing undergraduate (JD) law students at Ontario law schools. The LSSO's goal is to articulate student needs to the organizations that govern the legal profession, the universities that administer legal education, and government bodies that regulate post-secondary education and financial aid.

Roundtable of Diversity Organizations

RODA brings together a diverse group of legal associations with the goal of fostering a dialogue and initiatives relating to the advancement of diversity, equality and inclusion in the legal profession.

RODA's member associations: Arab Canadian Lawyers Association; Association of Chinese Canadian Lawyers of Ontario; Canadian Association of Black Lawyers; Canadian Association of South Asian Lawyers; Canadian Hispanic Bar Association; Canadian Italian Advocates Organization; Canadian Muslim Lawyers Association, Federation of Asian Canadian Lawyers; Hellenic Canadian Lawyers Association; Iranian Canadian Legal Professionals; Korean Canadian Lawyers Association; Macedonian Canadian Lawyers; OBA Equality Committee; Sexual Orientation & Gender Identity Caucus; South Asian Bar Association of Toronto; Toronto Lawyers Association; Women's Law Association of Ontario.

South Asian Bar Association (reappointment)

The South Asian Bar Association of Toronto (SABA Toronto) is a voluntary bar organization and the local Toronto chapter of SABA North America. SABA Toronto provides professional growth and advancement for South Asian lawyers in the Greater Toronto Area and seeks to protect the rights and liberties of the South Asian community across Ontario. SABA Toronto has over 400 members, including lawyers in private practice, government, inhouse counsel and academia.

Women's Law Association of Ontario (reappointment)

The WLAO is a not-for-profit corporation, having existed since 1919 as an active voice for women in the legal profession. The organization is dedicated to advancing issues and causes relevant to women in the profession through education, advocacy, support for progressive law reform and policies, and awareness programs. It has also been a vital resource to members in

their pursuit of fulfilling and successful careers in law.

The WLAO membership includes law students and lawyers from diverse employment settings, and also includes judges. The association has several active chapters, which include the Young Women Lawyers, Articling Women, as well as the General Counsel chapter.

Women's Paralegal Association of Ontario

Recently founded in 2013, the Women's Paralegal Association of Ontario (WPAO) provides mentorship and support to women working as licensed Paralegals within the Province of Ontario.

Through innovation and education, this progressive not-for-profit corporation is dedicated to providing a solid, reputable support network for women within the field while promoting professional growth and advancement.

Membership is open to women Paralegals practicing within the Province of Ontario and students enrolled in Paralegal Education programs offered through post-secondary institutions and accredited by the Law Society of Upper Canada (LSUC).

TAB 7.1.3

FOR INFORMATION

EQUITY LEGAL EDUCATION AND RULE OF LAW SERIES CALENDAR
Fall 2015-Summer 2016

JOUR DES FRANCO-ONTARIENS*:*

Célébrons le Jour des Franco-Ontariens et des Franco-Ontariennes – Parlons accès à la justice en français

Date: **September 21, 2015**
Time: 5:00 to 7:00 p.m.
Location: Convocation Hall

Description: The Law Society of Upper Canada, The Ontario Bar Association, the Association of French Speaking Jurists of Ontario, the Ministry of the Attorney General and the Office of Francophone Affairs of Ontario are pleased to invite you to a discussion and reception in honour of Franco-Ontarian Day.

Special guest and speaker: The Honourable Justice Julie A. Thorburn, Ontario Superior Court of Justice

HISPANIC HERITAGE DAY CELEBRATION

Date: **October 21, 2015**
Time: 6:00 -7:30 p.m.
Location: Convocation Hall

Description: The Law Society of Upper Canada and the Canadian Hispanic Bar Association are pleased to invite you to their first annual Hispanic Heritage Day celebration.

Please join us for a Keynote Address by the Honourable Justice Joseph W.Bovard, Ontario Court of Justice, the first Hispanic lawyer to be appointed to the Bench in Canada, and remarks by Mr. Juan Carranza, recipient of their inaugural Canadian Hispanic Bar Association Achievement Award.

WOMEN LEADERS' EVENT:

Date: October 29, 2015

Time and location:
Panel Discussions: 5:00 to 7:00 p.m.* in the Lamont Learning Centre
Reception: 7:00 to 8:00 p.m. in Convocation Hall

*****This program will also be available via simultaneous webcast

Description: The Law Society of Upper Canada, The Ontario Bar Association, and the Women's Law Association of Ontario, will be hosting an event to celebrate women leaders in the legal profession. Additional details will follow closer to the event date.

LOUIS RIEL EVENT

Date: November 16, 2015 (TBC)

Time and Location:
Panel Discussions: 4:00 to 6:00* p.m. in the Lamont Learning Centre
Reception: 6:00 to 8:00* p.m. in Convocation Hall

*exact time to TBC

Description: The Law Society of Upper Canada, and the Métis Nation of Ontario will be hosting their annual event marking Louis Riel Day. Additional details will follow closer to the event date.

BLACK HISTORY MONTH EVENT

Date: February 9, 2016

Time and Location:
Panel Discussions: 4:00 to 6:00* p.m. in the Lamont Learning Centre
Reception: 6:00 to 8:00* p.m. in Convocation Hall

*exact time to TBC

Description: The Law Society of Upper Canada and the Canadian Association of Black Lawyers (CABL) will be hosting their annual celebration in honour of Black History Month. Additional details will follow closer to the event date.

INTERNATIONAL WOMEN'S DAY EVENT

Date: **March 8, 2016**

Time and Location:
Panel Discussions: 4:00 to 6:00* p.m. in the Lamont Learning Centre
Reception: 6:00 to 8:00* p.m. in Convocation Hall

*exact time to TBC

Description: The Law Society of Upper Canada, The Barbara Schlifer Clinic, The Women's Law Association of Ontario, The Women Lawyers' Forum of the Ontario Bar Association and the Women's Legal Education and Action Fund will be hosting their annual event in honour of International Women's Day. Additional details will follow closer to the event date.

JOURNÉE INTERNATIONAL DE LA FRANCOPHONIE

Date: **March 22, 2016**

Time and Location: 5:00-7:00* p.m. in Convocation Hall

*exact time to TBC

Description: The Law Society of Upper Canada, the Ontario Bar Association and the Association of French Speaking Jurists of Ontario (AJEFO) will be hosting their annual event celebrating the International Day of the Francophonie. Additional details will follow closer to the event date.

DIVERSE CAREERS FOR WOMEN IN LAW EVENT

Date: **April 19, 2016**

Time and Location: 4:00-8:00* p.m. Panel discussion and reception in Convocation Hall

*exact time TBC

Description: The Women's Law Association of Ontario and the Law Society of Upper Canada will present their annual panel discussion and reception to promote diverse careers for women in the legal profession. Additional details will follow closer to the event date.

MENTAL HEALTH AWARENESS EVENT

Date: **May 3, 2016**

Time and Location:
Panel Discussion: 4:00 – 6:00* p.m. in the Lamont Learning Centre
Reception: 6:00 – 8:00* p.m. in Convocation Hall

*exact time to TBC

Description: In honour of Mental Health Week, the Law Society will be hosting a panel discussion and reception focused on mental health and fostering wellness in the legal profession. Additional details will follow closer to the event date.

HOLOCAUST REMEMBRANCE DAY EVENT:

Date: **May 5, 2016**

Time and Location:
Panel Discussion: 4:00 – 6:00* p.m. in the Lamont Learning Centre
Reception: 6:00 – 8:00* p.m. in Convocation Hall

*exact time to TBC

Description: The Law Society, the Human Rights League of B'nai Brith and the Canadian Race Relations Foundation will be hosting their annual event to commemorate Yom HaShoa, or Holocaust Remembrance Day. Additional details will follow closer to the event date.

ASIAN AND SOUTH ASIAN HERITAGE MONTH EVENT

Date: **May 17 or 19, 2016 (TBC)**

Time and Location:
Panel Discussion: 4:00 – 6:00* p.m. in the Lamont Learning Centre
Reception: 6:00 – 8:00* p.m. in Convocation Hall

*exact time to TBC

Description: The Law Society, the Canadian Association of South Asian Lawyers, the Federation of Asian Canadian Lawyers and the South Asian Bar Association of Toronto will be hosting their annual event in celebration of Asian and South Asian Heritage Month. Additional details will follow closer to the event date.

ACCESS AWARENESS EVENT

Date: **May 31, 2016**

Time and Location:
4:00 – 8:00* p.m. Panel discussion and reception in the Lamont Learning Centre

*exact time to TBC

Description: The Law Society and the ARCH Disability Law Centre will be hosting their annual event in honour of Access Awareness Week. Additional details will follow closer to the event date.

ABORIGINAL HISTORY MONTH EVENT

Date: **June 23, 2016 (TBC)**

Time and Location:
Panel Discussion: 4:00 – 6:00* p.m. in the Lamont Learning Centre
Reception: 6:00 – 8:00* p.m. in Upper and Lower Barristers Lounges

*exact time to TBC

Description: The Law Society will be hosting its annual event in honour of National Aboriginal History Month. Additional details will follow closer to the event date.

PRIDE WEEK EVENT

Date: **June 28, 29, or 30, 2016 (TBC)**

Time and Location:
Panel Discussion: 4:00 – 6:00* p.m. in the Lamont Learning Centre
Reception: 6:00 – 8:00* p.m. in Convocation Hall

*exact time to TBC

Description: The Law Society and the Sexual Orientation and Gender Identity Section (SOGIC) of the Ontario Bar Association will be hosting their annual Pride Week discussion and reception. Additional details will follow closer to the event date.

NOTE: A number of the above events will also be available via simultaneous webcast. Additional information will be sent to benchers within 1-2 months of the event date, and will be posted here: http://www.lawsocietygazette.ca/events/

Tab 8

The Law Society of Upper Canada | Barreau du Haut-Canada

September 15, 2015

Update Report
TAG – The Action Group on Access to Justice

RECENT ACTIVITIES

Canadian National Exhibition

TAG coordinated an access to justice booth at the Canadian National Exhibition (CNE) on August 28th and September 3rd. The booth provided an opportunity to distribute a range of access to justice materials from the Law Society, Community Legal Education Ontario (CLEO), Legal Aid Ontario and the Law Commission of Ontario. Representatives from these organizations were also involved in staffing the booth and administering a short survey on iPads. This initiative serves as a public engagement pilot that will be refined and field-tested in sites across Ontario over the coming months. The ultimate goal is to increase circulation of plain language legal information and learn more about how the public manages law in their lives. Findings from the CNE survey will be shared this fall.

Family Dispute Resolution Week

Premier Kathleen Wynne has declared November 23-27, 2015 Family Dispute Resolution Week. Family Dispute Resolution Institute of Ontario (FDRIO) is a new non-profit organization of professionals that brings together a broad spectrum of dispute resolution services to families experiencing conflict. It aims to increase access to justice for families by providing the public with cohesive, affordable dispute resolution options. TAG is assisting with coordination, communications and program development including an academic panel session on November 25th at the Law Society. The panel will feature empirical research from CLEO and Osgoode Hall Law School. It is anticipated that involvement with FDRIO will advance the goals of related in-progress and in-development clusters focused on family law.

Reference Group

TAG is guided by the Reference Group, a selection of approximately 28 senior justice thought leaders from across the access to justice landscape. The Reference Group enhances TAG's network, builds its capacity, and identifies gaps that can be addressed through collaborative initiatives known as "clusters". The tenth meeting of the Reference Group is scheduled for September 17th.

CLUSTERS

Targeted Legal Services

"Targeted Legal Services & Access to Justice: We Are All Pieces of the Puzzle" is a series of three symposia organized by TAG, Social Justice Tribunals Ontario and the Law Society of Upper Canada. On September 16, the third and final symposium in this series will look to diverse panellists for practical insights on the business of providing legal services under a limited scope retainer. Archived webcasts from this series are available online.[1]

Public Legal Information (PLE)

This cluster will facilitate information sharing and collaboration among PLE organizations in order to enhance impact and reduce duplication of resources. Emphasis will be placed on improving access to justice for low-income and disadvantaged communities. Cluster activities will be informed by CLEO's Mapping Public Legal Education and Information in Ontario report which will be released in late 2015. The report found that with nearly 1700 PLE resources produced by approximately 180 providers there is significant need for greater coordination and collaboration among PLE providers. A meeting of strategic research advisors for this report will be held on October 5th at the Law Society. Outcomes from this meeting will inform future activities within this cluster.

Family Law Online - Shared Steps

Led by CLEO, Shared Steps brings together the Ontario Ministry of the Attorney General, the Ontario Superior Court of Justice, the Ontario Court of Justice, Social Justice Tribunals of Ontario, the Ontario Bar Association, Legal Aid Ontario, the Law Society of Upper Canada and a number of community legal clinics. This online resource will produce practical legal information that is accessible to the public and trusted intermediaries. Currently efforts are focused on finalizing content and developing a branding strategy to secure partners in the Shared Steps network. A presentation on TAG's role in advancing Shared Steps will be made at the Innovation in Access to Justice Conference taking place in Montreal from October 1-2. Information about the conference can be found online.[2]

Access to Justice in Rural and Remote Libraries

Working with the Community Advocacy & Legal Centre, CLEO, LibraryCo Inc. and the Rural and Remote Access to Justice Boldness Project, this cluster will enhance the capacity of licensees and engage public, courthouse and academic law librarians to increase access to legal information and quality referrals to accessible clinics across Ontario. TAG will host a facilitated session on October 29th at the Law Society. The meeting aims to develop solutions to

[1] https://www.lsuc.on.ca/targeted-legal-services/
[2] http://iaj2015.openum.ca/

make legal information more accessible in rural community libraries. BC Courthouse librarian Janet Freeman will provide a keynote presentation and Legal Innovation Zone Executive Director Chris Bentley will also provide remarks.

Mental Health & Wellness

Currently there is a limited amount of training for licensees who work with clients that have mental health issues. This poses critical questions about how to proceed when there are concerns about a client's capacity and competency. Working in coordination with the Law Society's recently established Task Force to Create a Strategy to Promote Wellness and Address Mental Health and Addictions Issues, Legal Aid Ontario, Pro Bono Law Ontario, the Advocates' Society, the Ontario Bar Association and others, this cluster will respond to professional and ethical issues faced by licensees.

This response will be guided by outcomes related to a conference co-organized with the Canadian Institute for the Administration of Justice. Scheduled for November 20th at the Law Society, the program for this event will examine how justice professionals can establish self-care habits in ethically challenging and emotionally demanding work environments. Dr. David Goldbloom from the Centre for Addiction and Mental Health (CAMH) will provide a keynote presentation. Current panellists include Dr. Graham Glancy (University of Toronto) and Dr. Deborah Goodman (Children's Aid Society of Toronto).