

Real Estate Committee Referral Fees – Practice Standard

Law Society Rules Part VIII – Professional Practice Rules

Sharing of Fees

8.12 (1) A member shall not provide to or receive from any real estate broker, agent or intermediary, any financial or other reward, direct or indirect, for directing or receiving clients to or from the real estate broker, agent or intermediary.

Code of Professional Conduct – Chapter 3, Section 3.6 Fees and Disbursements

Referral Fees

3.6-7 A lawyer must not:

- (a) directly or indirectly share, split, or divide his or her fees with any person who is not a lawyer; or
- (b) give any financial or other reward for the referral of clients or client matters to any person who is not a lawyer.

Commentary [1] This rule prohibits lawyers from entering into arrangements to compensate or reward non-lawyers for the referral of clients. It does not prevent a lawyer from engaging in promotional activities involving reasonable expenditures on promotional items or activities that might result in the referral of clients generally by a non-lawyer. Accordingly, this rule does not prohibit a lawyer from: (a) making an arrangement respecting the purchase and sale of a law practice when the consideration payable includes a percentage of revenues generated from the practice sold; (b) entering into a lease under which a landlord directly or indirectly shares in the fees or revenues generated by the law practice; (c) paying an employee for services, other than for referring clients, based on the revenue of the lawyer's firm or practice; or (d) occasionally entertaining potential referral sources by purchasing meals providing tickets to, or attending at, sporting or other activities or sponsoring client functions.

The Real Estate Committee reminds members that the payment of **any** amount for the referral of clients is contrary to Law Society Rule 8.12(1) and the Code of Professional Conduct (2013), chapter 3, rule 3.6-7(b), commentary [1] and is therefore prohibited.

Members are directed to adhere to the practice standard prescribed by the Law Society Rules and the Code of Professional Conduct.