

## TRANSLATED FROM THE ICELANDIC

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### REGULATIONS RESPECTING LAWYERS' TRUSTEESHIP ACCOUNTS ET AL.

No. 1192

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### REGULATIONS

respecting Lawyers' Trusteeship Accounts et al.

### SECTION 1

Sphere of Applicability

Art. 1

A lawyer is in duty bound to keep funds which he receives for the benefit of others separate from own funds, unless he has obtained an exemption from duties in accordance with para. 1, Art. 12 of the Act respecting Lawyers. He is

also in duty bound to grant the Board of the Icelandic Bar Association information about custodial funds as further stipulated in the present Regulations.

## Art. 2

The present Rules apply to lawyers having own operations and lawyers working with legal persons, unless they have obtained an exemption in accordance with para. 1, Art. 12 of the Lawyers' Act.

Where lawyers are dealt with in the present Rules this also refers to legal person, cf. para. 1, as applicable.

## SECTION II

### Custodial Funds

## Art. 3

A lawyer preserving his Client's funds shall enter a special business account in his book-keeping showing the Client's deposit at each given time. In the account there shall be entered all funds which the lawyer receives for custody, including advance payment of costs and security for payment of the lawyer's costs and remuneration. A lawyer is not in duty bound to enter in the account funds which he

receives and returns during the selfsame day.

A lawyer shall also enter a special joint business account, a trusteeship account, showing at each given time the balances of all of his Clients in the business account in accordance with para. 1. When special circumstances so recommend it is therefore permitted to enter trusteeship accounts for individual Clients.

#### Art. 4

An amount corresponding to the status of the trusteeship account in a lawyer's book-keeping shall be preserved in special bank account(s) in a commercial bank or a savings bank, a trusteeship account.

A trusteeship account shall be established in the name of a lawyer and he has formal disposal authority of the account.

A lawyer is not the owner of a deposit in an account according to the present Article and the deposit is not a qualified object of execution with him or a basis of security for his dealings or those of others. This account shall be separate from a lawyer's own funds and the balance of the account is extraneous from the order of priority of claims

for settlement upon administration of a lawyer's estate.

#### Art. 5

Financial trusteeship accounts may be established only in commercial banks or savings banks having, by means of notification to the Board of the Icelandic Bar Association which the Board deem satisfactory, undertaken to adhere to the following rules:-

(a) A bank or a savings bank is not permitted to debit on a trusteeship account any costs on account of business with a lawyer or to use the balance deposit for debt equalization of claims against him or his individual Clients.

(b) A bank or a savings bank shall not be permitted to withdraw moneys from a trusteeship account except against written or electronic instructions from a lawyer. Such instructions shall be preserved with the depository institution concerned like book-keeping data.

(c) A bank or a savings bank is in duty bound to send to the Board of the Icelandic Bar Association certified statements of the status and movements on a trusteeship account whenever the Board call for such a statement.

(d) A bank or a savings bank is in duty bound to be subject to stoppage of the use of a trusteeship account by the Board of the Icelandic Bar Association. In case the use has been stopped it is prohibited to pay out of the account without authority from a confidant nominated by the Board of the Icelandic Bar Association.

#### Art. 6

A lawyer shall without undue delay deposit all funds which he receives and which he shall enter into trusteeship account in his book-keeping in accordance with Art. 3 into a trusteeship account in a bank or a savings bank.

#### Art. 7

Withdrawals from a trusteeship account may be effected only if and when:-

- (a) funds are paid to a Client or are used for payment for and on his behalf;
- (b) a lawyer has money due from a Client according to a correctly entered status of his business account, provided that conditions for debt equalization be met;
- (c) a correct settlement and checking of trusteeship account