

**TRANSCRIPT OF MINISTER'S OPENING REMARKS FOR THE
QUALIFYING FOREIGN LAW PRACTICE LICENCES PRESS
CONFERENCE ON 5 DEC 2008, 11AM**

[Minister for Law, Mr K Shanmugam, introduces the press conference panellists.]

Thank you for coming.

As most of you know, a year ago, the Government announced the liberalisation of the legal services sector. And really, there were three objectives that sought to be achieved:

First, to support Singapore's key economic growth sectors, particularly the financial, corporate and maritime sectors, so that in the longer term, the demand for these cutting-edge legal services would grow.

Secondly, to realise the potential of our legal services sector, to develop into an engine of growth in its own right. We are well-positioned to capitalise on the increasing volume of cross-border legal work. Our neutral location and the fact that we have an outstanding judiciary make us a very desirable place to do international or commercial arbitration. And as we travel around the region, we hear that repeatedly, and I think opening up will help us significantly in that aspect.

Third, is to both attract foreign talent into our legal services sector, and also to attract back our own local talent, many lawyers who have gone away. And for the fresh young graduates who are coming up, younger lawyers, to give them an opportunity to work in a variety of law firms, not

just local law firms, but local and international law firms. That was the third key idea behind the scheme.

Qualifying Foreign Law Practice (QFLP) Scheme

And the way these ideas were sought to be achieved is to both look at the Joint Law Venture Scheme as well as to implement a new scheme which we call the Qualifying Foreign Law Practice scheme or QFLP for short, where we would give QFLP licences to foreign law firms to practise Singapore law, which is a quantum change from the current position, possibly a more significant change that has taken place in a long time in the legal services sector, allowing them to practise Singapore law through Singapore qualified lawyers in what we call “permitted areas of legal practice”, which is really very much every area of Singapore law except some very specific domestic areas, such as family, conveyancing and probate law.

Qualifying Foreign Law Practice Process

First, let me say a few words about the QFLP process itself. The Government has consulted extensively with both foreign law firms and local law firms to work out the framework and reference points of the scheme and what it should achieve. In August this year, we launched the Scheme and requested for proposals from foreign law firms, and the applications closed in October.

We received a total of 20 applications. Twelve out of the 20 applicants are ranked in the Global top 100 law firms. We are extremely pleased with the very good response that our Request for Proposals (RFP) process has received.

The Government then appointed an Evaluation Committee (EC) to assess the applications. The committee was chaired by Mr Teo Ming Kian, Permanent Secretary (Finance), and comprised Managing Director (Monetary Authority of Singapore), Permanent Secretary (Trade & Industry), Permanent Secretary (Law) and the Solicitor-General. They interviewed the applicants, met with them, looked at the applications carefully, clarified their doubts and then made their recommendations to the Attorney-General, who then reviewed the recommendations and made his recommendations for decision by the Selection Committee (SC), which was chaired by myself, and comprised Senior Minister of State (Law), Senior Minister of State (Finance & Transport), and Senior Minister of State (Trade & Industry).

The process allowed us to have a good sense of their current strengths, future plans and likely presence in Singapore of the various applicants.

Number of Licences

Now, let me move to the number of licences. Our earlier announcement was that we expected to issue about five licences, though depending on the quality of the applications, that number may vary a little. Both the Evaluation Committee, the Attorney-General and Selection Committee found that the applications were very high quality, and therefore, we have decided to give six licences this year. The top six applications were really quite outstanding.

The licences are being issued in the midst of I think possibly the worst economic crisis the world has seen in a long time. And the question one

has to ask oneself is assuming that today we are starting from ground zero would we do this and undoubtedly the answer must be yes, because we are bringing in law firms who will bring in capital, manpower, and are willing to invest in Singapore, and seek to grow that sector in the midst of a very difficult economic situation. So undoubtedly our decision would be the same if we were to reconsider the process. And we are very pleased that despite the global downturn, when we interviewed the firms, they stayed very strongly committed to Singapore.

Results

Now, of course you want to know who they are, so let me go through the firms in alphabetical order:

1. Allen & Overy
2. Clifford Chance
3. Herbert Smith
4. Latham & Watkins
5. Norton Rose
6. White & Case

So six law firms – four English, UK-based and two American. The six firms are all ranked in the top 100 law firms in the world. Four of them are ranked in the top 10 in the world, so that shows you the quality of the applications. I emphasise four in the top 10.

Benefits

Direct Economic Benefits

What are the benefits that we expect out of this process? The evaluation criteria gave significant consideration to the revenue that would be generated from offshore work because we did not want the process to have work simply move from one set of law firms in Singapore to another set of law firms. It is a question of new, fresh, overseas work and what sort of manpower commitments they were prepared to make. Those are really the most direct measures of the economic benefits from awarding these licences. And taken together, even after stress testing and adjusting for the global conditions, the expectation is that both in terms of offshore revenue and manpower from these six firms, would effectively double over a period of five years on a conservative projection.

Other Benefits

We think the other significant benefits to our economy and legal market are that the six firms have committed to bring in new practices or enlarge existing practices that would support our key economic sectors, in particular, the financial, corporate and maritime sectors. And as I said earlier, the presence of these world-class law firms that can provide cutting-edge legal services will make Singapore an even more attractive location as a financial centre for the world's top corporations to continue to be here and as a top arbitration centre. The firms have made a commitment to increase their arbitration work in Singapore as well, and they have also indicated that Singapore will be their centre for regional work, making us a regional legal centre.

Opportunities for Singapore-Qualified Lawyers

What would be the opportunities for Singapore qualified lawyers? We said this in Parliament this year. These changes will open up new avenues for

Singapore qualified lawyers, and our lawyers will now be able to get international exposure without having to leave Singapore, if they choose to remain.

Implementation of Qualifying Foreign Law Practice Scheme

Let me move on to when they will start. All the applicants have committed to commence operations within six months of being awarded the licences. So we do expect most of them to start by first quarter of next year.

Future Direction

This is as we have emphasised, one of the first steps in a calibrated and measured process to liberalise our legal sector. We will review the scheme in 18 months, plus or minus, and see whether we need to fine-tune the scheme, whether we need to consider further steps. We think this process will bring us closer to our vision of a vibrant, cosmopolitan legal sector with a good concentration of top legal talent.