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## IMPORTANT COMMUNICATION

### COMPULSORY AUTOMATION OF TRUST INTEREST RECEIPTS AS PER AMENDED RULE 54.14.16 OF THE LEGAL PRACTICE COUNCIL

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#### Background

Since the inception of Regulation 8 (1) of the Attorneys Act 53 of 1979 in the 2008 financial year, the Legal Practitioners Fidelity Fund (LPFF) has seen a significant decrease in the manual payments of interest earned on practitioners' trust accounts. To date, over 80% of trust interest income is received by the LPFF is swept to the Fund using the Automated Monthly Transfer Systems (AMTS) that have developed by the banking industry.

The LPFF Board is fully satisfied with the functionality, reliability and convenience of the AMTS and accordingly resolved to implement the automation of all trust interest receipts. To support the LPFF's Board decision to automate all trust interest receipts, the Legal Practice Council (LPC) accordingly amended Rule 54.14.16, which was published for public comment and subsequently gazetted on 8 December 2023 (Government Gazette No. 49833).

#### Summary of Amended Rule 54.14.16

The amended Rule 54.14.16 mandates that all interest accrued on section 86 of the Legal Practice Act 28, of 2014 trust banking accounts (as referred to in section 86(5) of the Act must be transferred by the trust account practice's bank to the LPFF within five (5) working days after the end of the calendar month in which the interest vested in the LPFF using the AMTS.

From the 1<sup>st</sup> of September 2025, all interest accrued interest that vests with the Fund will be swept by the each of the banks that have entered into a banking arrangement with the Fund as provided by Section 63 (1) (g) of the Legal Practice Act 28 of 2014.

#### Benefits of Automation of Trust Interest Receipts

The automation of trust interest receipts offers several advantages for legal practitioners:

- Saves time and money for practitioners by shortening and removing the lengthy workflow, contributing to increased productivity.
- Reduces audit costs for practitioners and lays a foundation for future automation of the audit process.
- No transaction costs are incurred by practitioner in the automatic sweeping of interest to the LPFF
- Reduces the cost of compliance associated with manual payments for practitioners and the LPC
- Improves the liquidity and investment returns for the LPFF

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## LEGAL PRACTITIONERS FIDELITY FUND

SOUTH AFRICA

### **Implementation Date**

The amended Rule 54.14.16 will be implemented on **1 September 2025**.

Legal practitioners with Section 86 trust accounts that are not yet integrated into the banks' AMTS should coordinate with their respective banks to ensure that ensure compliance with amended Rule 54.14.16. Annexure A provides practical application of the amended rule.

**Legal Practitioners Fidelity Fund**

**15 July 2025**



# LEGAL PRACTITIONERS FIDELITY FUND

SOUTH AFRICA

## ANNEXURE A: Practical Implementation of Amended Rule 54.14.16

| Type of trust account | Trust interest due to the LPFF                                 | When should trust interest accrued be paid to the Fund? | Payment method |
|-----------------------|--|---|----------------|
| Section 86(2)         | 100% of trust interest (less recoverable bank charges)         | Within 5 working days after month end                   | AMTS           |
| Section 86(3)         | 100% of trust interest accrued (less recoverable bank charges) | Within 5 working days after month end                   | AMTS           |
| Section 86(4)         | 5% of trust interest (including Shari'ah compliant accounts)   | Within 5 working days after month end                   | AMTS           |