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Breaking News for the Legal Sector: Key Updates on the Legal Sector B-BBEE Code Implementation

The publication of the Legal Sector Code for Broad-Based Black Economic Empowerment (B-BBEE) on 20 September 2024 brought immediate changes to the industry as it was to be implemented without a transitional period.

The initial interpretation by the B-BBEE industry was that clients whose financial years concluded after this date would need to be rated under the *newly published Legal Sector Code*. This caused significant distress within the legal sector due to ambiguities and uncertainties regarding the provisions of the new Code.

One of the primary concerns was the absence of key institutional structures necessary for compliance. For instance, the Legal Charter Council had not yet been formed, and the Legal Sector Transformation Fund where legal entities were required to make specific donations, had also not been established. These uncertainties left many legal firms in a difficult position, unsure about how to meet the new requirements.

In this article we aim to clarify some of these uncertainties.

Legal Sector Steering Committee engagement

Recognising these challenges, the *Legal Sector Steering Committee* held an engagement session with industry stakeholders on 4 February 2025 to clarify the implementation of the Legal Sector Code.

During this session, it was confirmed that any Legal Sector Measured Entity (LSME) whose financial year had already commenced before the publication date of the Codes, being 20 September 2024, still had to be measured under the Revised Codes of Good Practice (the so-called General B-BBEE Codes).

This means that entities with financial years ***ending*** **between September 2024 to August 2025** will be allowed to be measured under the Revised Codes of Good Practice once more.

For example, measured entities with a February 2025 financial year-end, will be measured under the Revised Codes of Good Practice.

In conclusion

This clarification provides much-needed relief to LSMEs, allowing them to maintain compliance under familiar regulations while additional clarity is sought on the Legal Sector Code.

However, this decision may negatively impact on entities that had already taken steps to implement the new Legal Sector Code before the clarification. These entities, having acted in good faith, now find themselves required to be measured under the Revised Codes of Good Practice rather than the new Legal Sector Code. Many such entities, particularly those with financial year-ends in December 2024, may not have met their targets under the Revised Codes of Good Practice, as they had believed they were aligning with the new Legal Sector Code.

The industry now awaits further developments regarding the establishment of necessary structures and additional guidance to ensure a smoother transition to the Legal Sector Code. In the meantime, firms should continue to monitor updates and seek expert advice on their B-BBEE compliance strategies.

SERR Synergy assists businesses to *implement viable B-BBEE initiatives and ensures alignment of initiatives with the legal requirements of the B-BBEE Codes.* As a *BEE consulting company*, we make use of a variety of *verification agencies* and our BEE consultants are all accustomed to their views regarding different interpretations.

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