

IN THE SUPREME COURT OF TENNESSEE
AT NASHVILLE

**IN RE: ADOPTION OF TENNESSEE SUPREME COURT RULE 43:
INTEREST ON LAWYERS' TRUST ACCOUNT PROGRAM**

ORDER

On August 26, 2002, this Court revised Tennessee Supreme Court Rule 8 to adopt the Tennessee Rules of Professional Conduct. As part of that revision, the Court adopted Rule of Professional Conduct 1.15, which requires lawyers to participate in the Interest on Lawyers' Trust Account (IOLTA) program, unless the lawyer gives annual written notice to the Chief Justice of the Tennessee Supreme Court. Unlike its predecessor, however, Rule 1.15 contains no specific provisions setting forth the general guidelines for the operation of the IOLTA program. Therefore, in accordance with this Court's inherent power to establish ethical standards relating to the practice of law and to oversee the administration of law in the courts of this state, Rule 43 of the Rules of the Supreme Court is hereby adopted:

Rule 43 — Interest on Lawyers' Trust Accounts.

The following rule shall govern the maintenance and operation of the Interest on Lawyers' Trust Accounts program (hereinafter "IOLTA"):

- (a) Lawyers or law firms depositing client funds in an IOLTA account shall direct the depository institution:
 - (1) To remit interest, net any service charges or fees, as computed in accordance with the institution's standard accounting practice, at least quarterly, to the Tennessee Bar Foundation for deposit in its IOLTA program; and
 - (2) To transmit with each remittance to the Tennessee Bar Foundation a statement showing the name of the lawyer or law firm on whose account the remittance is sent, the account number and the rate of interest applied, with a copy of such statement to be transmitted to the lawyer or the law firm.
- (b) All interest transmitted to the Tennessee Bar Foundation shall be distributed by that entity for the following purposes:
 - (1) To provide legal assistance to the poor;
 - (2) To provide student loans, grants, and scholarships to deserving law students;

(3) To improve the administration of justice; and

(4) For such other programs for the benefit of the public as are specifically approved by the Tennessee Supreme Court from time to time.

(c) The registration required by Supreme Court Rule 9, Section 20.5 shall also include an IOLTA compliance statement, which shall set forth the bank or banks where the lawyer or the law firm maintains the depository account or accounts. This compliance statement shall further designate the account number assigned by any such bank to any such account. The IOLTA compliance statement shall also direct such bank or banks to remit interest thereon as required in Supreme Court Rule 8, Rule 1.15.

(d) A lawyer who does not maintain such depository account for the deposit of clients' funds as referenced above shall advise the Tennessee Board of Professional Responsibility when filing the registration statement and the IOLTA compliance statement as referenced above herein. This statement shall state that the lawyer does not maintain a pooled depository account and shall set forth the reasons for not doing so. A copy of the lawyer's statement declining to participate in the IOLTA program, or a statement that no such pooled depository account is maintained, shall also be transmitted to the Tennessee Bar Foundation by the Board of Professional Responsibility.

(e) The Board of Professional Responsibility, acting in concert with the Tennessee Bar Foundation, may promulgate such forms and procedures as are necessary to implement the provisions of this Rule and of Supreme Court Rule 8, Rule 1.15.

IT IS SO ORDERED.

PER CURIAM