

# Framework for Conditional Fee Agreements in Singapore Comes into Operation

May 2022 | [Singapore](#)



## Introduction

Conditional fee agreements ("**CFAs**"), which were previously prohibited under Singapore law, are now allowed for specific contentious proceedings. On 4 May 2022, the framework for CFAs in Singapore came into operation, opening the door for lawyers and clients to enter into a wider range of permitted fee arrangements.

This development has been keenly anticipated in the legal industry, serving to enhance litigation funding in Singapore and support the dispute resolution needs of businesses and individuals. The costs of traversing a commercial dispute can be potentially prohibitive. With the introduction of CFAs, disputants with strong claims will have greater access to justice, being able to pursue their claims without being hindered by cash flow issues.

The CFA framework is contained in the Legal Profession Act and the Legal Profession (Conditional Fee Agreement) Regulations 2022 ("**CFA Regulations**"). Following a public consultation on the proposed framework, the Legal Profession (Amendment) Bill was tabled for First Reading in Parliament on 1 November 2021 (covered in our earlier Legal Update, available [here](#)). The Bill was passed in Parliament on 12 January 2022 (covered in our subsequent Legal Update, available [here](#)), and has now come into force.

In this Update, we provide an overview of the key elements of the newly operational CFA framework, including the permitted types of CFAs, the situations in which CFAs are allowed, and the requirements for a valid CFA.

## What is a CFA?

Traditionally, in lawyer-client fee agreements for dispute resolution, lawyers were prohibited from having fees contingent on the outcome of a contentious matter. The new CFA framework allows for lawyers and clients to enter into CFAs, in which lawyers may receive payment of all or part of their legal fees only in specified circumstances (for example, where the claim is successful).

Examples of CFAs would include:

- **Win, more fee** – The lawyer would receive higher fees upon a successful claim.
- **No win, no fee** – The lawyer would not receive fees if the claim is unsuccessful.
- **No win, less fee** – The lawyer would receive lower fees if the claim is unsuccessful.
- **Uplift fees** – If a certain outcome is achieved, the legal fees charged would be higher than what would otherwise be payable.

## In What Situations are CFAs Allowed?

The CFA framework applies to Singapore lawyers and law practices, as well as certain registered foreign lawyers and foreign law practices.

CFAs are only applicable to certain disputes. The CFA Regulations prescribes the contentious proceedings to which a CFA may relate, which currently includes the following:

- International and domestic arbitration proceedings, as well as related court proceedings (e.g. stay of proceedings applications, enforcement of awards, mediation proceedings); and
- Proceedings in the Singapore International Commercial Court, as well as related proceedings (e.g. appeal proceedings, mediation proceedings).

## What are the Requirements of a CFA?

The CFA framework sets out certain requirements for a valid CFA. This includes the following:

- **Form** – The CFA must be in writing and signed by the client;
- **No contingency fees** – Remuneration or costs payable cannot be calculated as a percentage of the amount of damages awarded to the client (also known as contingency fees);
- **Provision of information** – Before a CFA is entered into, the lawyer must provide the client with certain prescribed information on the CFA in plain language, and the client must sign and date an acknowledgement that they have received and understood such information. The prescribed information includes the nature and operation of the CFA and the client's right to seek independent legal advice; and

- **Prescribed terms** – The CFA must include certain prescribed terms, including a cooling-off period of five days from when the CFA is entered into, and three days from any variation to the CFA relating to costs.

These requirements serve to establish the formalities for a valid CFA, as well as implement certain protections for clients against any abuse of the CFA. In particular, the requirements seek to ensure that the client is fully informed of the CFA and what it means, and has a reasonable opportunity to back out of the CFA during the cooling-off period.

## Concluding Words

The new CFA framework is an important milestone in litigation funding in Singapore, widening the scope of cost arrangements which clients and lawyers can enter into, and allowing for the crafting of arrangements which accommodate the specific financial situation of the client. It also serves to further enhance Singapore's position as a dispute resolution hub.

Parties considering the use of CFAs should seek to explore the options available to them in terms of the types of permitted CFAs and the situations in which CFAs are allowed. For further queries, please feel free to contact our team below.

Visit our [Arbitration Asia](#) website for insights from our thought leaders across Asia concerning arbitration and other alternative dispute resolution mechanisms, ranging from legal and case law developments to market updates and many more.

## Contacts



**Adrian Wong**  
Partner, Singapore

T +65 6232 0427  
[adrian.wong@rajahtann.com](mailto:adrian.wong@rajahtann.com)



**Vikram Nair**  
Partner, Singapore

T +65 6232 0973  
[vikram.nair@rajahtann.com](mailto:vikram.nair@rajahtann.com)

---

Please feel free to contact the editorial team of *Arbitration Asia* at [arbitrationasia@rajahtannasia.com](mailto:arbitrationasia@rajahtannasia.com), and follow us on LinkedIn [here](#).

Rajah & Tann Asia is a network of member firms with local legal practices in Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. Our Asian network also includes our regional office in China as well as regional desks focused on Brunei, Japan, and South Asia. Member firms are independently constituted and regulated in accordance with relevant local requirements.

The contents of this article are owned by Rajah & Tann Asia together with each of its member firms and are subject to all relevant protection (including but not limited to copyright protection) under the laws of each of the countries where the member firm operates and, through international treaties, other countries. No part of this article may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Rajah & Tann Asia or its respective member firms.

Please note also that whilst the information on this article is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as legal advice or a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. You should seek legal advice for your specific situation. In addition, the information on this article does not create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on the information on this article.