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ETHICS, LIABILITY AND STRUCTURE: LLP LAW FIRMS IN NIGERIA AND THE PROHIBITION OF PRACTICE AS CORPORATIONS

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Abstract

The rules of professional conduct for Legal Practitioners in Nigeria 2023, steeped in ethical standards below which legal practitioners must not fall – in conduct as well as practice – prohibits practice of law as a corporation in its Rule 5. The rationale is presumably to ensure that lawyers are personally responsible, without any form of limitation of liability, to their clients in the discharge of their professional duties to them. Practice as a corporation – a distinct entity, different from the lawyer, will certainly limit liability of lawyers to clients. The Companies and Allied Matters Act 2020 introduced Limited Liability Partnerships (LLPs) as a business form, which has features of a corporation and has been widely adopted by lawyers as mode of practice. Does Practice as LLP offend the rule against practice as a corporation? This paper reflects on the question, and upon analysis of relevant laws makes recommendations.

Key Words: Limited Liability Partnerships, Corporations, Liability of Legal Practitioners,

1.0 Introduction

Nigeria's legal profession, steeped in principles of accountability and high ethical standards, appears to be challenged with the introduction of Limited Liability Partnerships (LLPs) under the Companies and Allied Matters Act (CAMA).1 The notion of LLPs as partnerships with some features of a corporation, challenges the traditional partnership model contemplated by the Legal Practitioners Act (LPA)2 as well as the Rules of Professional Conduct (RPC),3 which

1 2020.
2 1962 (As amended).
3 2023.

prohibit the practice of law as a corporation to safeguard client trust and professional integrity. There have arisen concerns that LLPs could erode mutual accountability, since LLPs tend to limit the liability of partners. This article examines Nigeria's struggle to balance modernisation of its business models with ethical fidelity, offering a roadmap for harmonising LLPs with the RPC 2023.

2.0 Historical and Regulatory Evolution

The structure and regulation of legal practice in Nigeria have evolved significantly since the colonial era, shaped by a confluence of historical developments, professional ethics and statutory frameworks. Central to this evolution is the prohibition of practice of law as a corporation, which has long defined the permissible form of law firm organisation in Nigeria. Before the coming into force of the Companies and Allied Matters Act[4] (CAMA), law firms in Nigeria could not practice as corporations or indeed as limited liability partnerships (LLPs) since the Rules of Professional Conduct 2007 prohibited practice as a corporation and the old Companies and Allied Matters Act 1990 did not provide for LLPs, well unlike jurisdictions such as the United Kingdom or the United States, where law firms may operate as limited liability partnerships (LLPs) or professional corporations.[5] The historical roots and regulatory trajectory of these restrictions will be explored while analysing their implications for ethics, liability, and the structural development of law firms in Nigeria.
Historically, the Nigerian legal profession was modeled after the English system during the colonial period. The early 20th century saw the emergence of private legal practice primarily through sole proprietorships and informal partnerships among qualified barristers and solicitors. The enactment of the Supreme Court Ordinances[6] and the current Legal Practitioners Act, [7] laid the foundation for the regulation of legal practitioners but did not contemplate corporate practice. The Legal Practitioners Act explicitly states that "… a person shall be entitled to practise as barrister and solicitor, if and only if, his name is on the roll,"[8] and crucially, only individuals can be enrolled. This individualistic framework reflects the traditional view that legal services are inherently personal and fiduciary, requiring direct accountability and adherence to professional ethics that may be diluted in a corporate structure.

4 2020
5 I. Maurice Wormser, 'Corporations and the Practice of Law', *Fordham Law Review* (1936) 5(2) 207.
6 The Supreme Court Ordinance 1876 was the first comprehensive statute to regulate the legal profession in the colony of Lagos.
7 Cap. L11, Laws of the Federation of Nigeria (LFN) 2004
8 Section 2(1) Legal Practitioners Act, Cap L11 LFN 2004.

The prohibition of corporate legal practice was further reinforced by the Rules of Professional Conduct for Legal Practitioners 2023, which emphasize personal responsibility, independence and loyalty to clients.9 These ethical principles underpin the rationale against allowing corporations to practice law: concerns about non-lawyer ownership, profit motives compromising professional judgment, and potential conflict of interest. The Body of Benchers10 have consistently admonished newly called lawyers that the legal profession is a calling, not a purely commercial enterprise,11 and thus should not be subject to the governance models typical of corporate entities.

Despite these long-standing prohibitions, globalisation and the increasing complexity of legal work, and the entry of multinational firms into the African market underscore the imperative for reform. Many Nigerian lawyers working with international firms abroad operate within LLP structures, which offer liability protection and facilitate capital investment while maintaining professional oversight. In contrast, Nigerian law firms remain vulnerable to unlimited penal liability,12 discouraging large-scale investment and risk management innovation. The absence of an LLP framework means that partners in a law firm are jointly and severally liable for the debts and professional misconduct of their colleagues, a significant deterrent to collaborative growth and institutionalisation.

Efforts to modernise the regulatory framework have been slow. Although the Companies and Allied Matters Act (CAMA)13 makes introduced provisions for Limited Liability Partnerships (LLPs) in sections 746 – 794, by the provisions of the rules of professional conduct, legal practitioners are excluded from the scope of registration as a corporation, reflecting continued resistance from conservative elements within the legal establishment. The rationale remains rooted in ethical preservation: the fear that limited liability might erode accountability and weaken the sanctioning power of the Body of Benchers and the NBA. Nonetheless, the current structure presents practical challenges. Smaller firms struggle with scalability, and larger firms often resort to informal corporate-like arrangements, such as shared office spaces, branding, and administrative structures, without enjoying the legal protections of incorporation. This

9 Rules 14 - 19 Rules of Professional Conduct for Legal Practitioners, 2023.

10 Established by Section 3, Legal Practitioners Act, CAP L.11 LFN 2004. A body with the highest distinction in the legal profession in Nigeria, saddled with the responsibility amongst others for the formal call or admission of lawyers to the bar.

11 See speech delivered by Hon Justice Mary Peter Odili, Chairman, Body of Benchers at the Call to Bar Ceremony held on the 11th October, 2023 at the Body of Benchers Complex, Plot 688, Institution and Research District, FCC Phase III, FCT Abuja

12 Section 9, Legal Practitioners Act, Cap L11 LFN 2004.

13 2020

regulatory gap creates a dissonance between *de jure* restrictions and *de facto* practice, raising questions about enforcement and coherence in legal regulation.

In sum, the historical and regulatory evolution of law firm structures in Nigeria reveals a tension between tradition and modernity. While the prohibition on corporate legal practice is grounded in ethical considerations and the desire to preserve professional integrity, it increasingly appears out of step with contemporary legal economies. The exclusion of law firms from the LLP regime will limit innovation, expose practitioners to undue risk, and hinder Nigeria's competitiveness in the global legal services market. Reforms must carefully balance the need for accountability and ethical fidelity with the imperative to create a sustainable, resilient, and professionally robust legal services sector. A nuanced approach, perhaps allowing regulated LLPs with strict conditions on ownership, governance, and disciplinary oversight, could reconcile these competing demands and mark a new chapter in the evolution of Nigerian legal practice.

2.1 Partnership Tradition in Nigeria

The Nigerian legal profession's structural identity is deeply rooted in the partnership tradition. While pre-colonial societies employed indigenous mechanisms for dispute resolution, the advent of British colonial rule in 1861 marked the formal introduction of the English common law system and, with it, the English model of legal partnership. The English Partnership Act of 1890 (a received English Law) and the Companies and Allied Matters Act 1990 governed partnership in Nigeria prior to the enactment of the Companies and Allied Matters Act, 2020. Under the Partnership Act and the CAMA, , the partnership model was characterised by a general partnership framework, where all partners shared in the profits, losses, and liabilities of the firm. The core principle was one of mutual agency and joint and several liability, a concept that demanded a high degree of trust, mutual oversight, and personal accountability among partners.

Post-independence, Nigeria's first attempt to domesticate its legal framework while retaining its common law foundation was the enactment of the Partnership Law of Lagos state.14 The RPC and the regulatory laws implicitly reject, until the enactment of the Companies and Allied Matters Act (CAMA) 2020, the notion of non-lawyer ownership or control, reinforcing the fiduciary and personal nature of the lawyer-client relationship. The tradition of partnership as a practice form is not merely a business choice but is inextricably linked to the ethical bedrock

14 2009

of the profession. Nigerian law and rules of professional conduct have treated the law firm as an extension of the individual lawyer's professional persona. The firm's name, its reputation, and its success are all predicated on the collective and individual integrity of its partners. This stands in stark contrast to the corporate model, where the entity itself is the primary actor, and individual responsibility can be obscured by layers of management and the shield of limited liability. The partnership model, therefore, was not an arbitrary historical accident but a deliberate ethical construct designed to keep the lawyer's duty to the client paramount and unmediated by commercial or corporate interests.

2.2 Prohibition of Practice as a Corporation.

The prohibition against the practice of law as a corporation is a hallmark of the Nigerian legal profession's self-regulatory framework. This prohibition is enshrined in the Rules of Professional Conduct (RPC) 2023, which unequivocally states that: "It shall be unlawful to carry out legal practice as a corporation."[15] This rule is a direct descendant of its predecessor in the 2007 RPC and reflects a long-standing consensus among the profession's gatekeepers that the corporate form is fundamentally incompatible with the ethical duties owed to clients.

The ethical foundations for this prohibition are multifaceted. First, the corporate structure, with its potential for non-lawyer ownership, introduces a conflict of interest that could compromise a lawyer's independent professional judgment. A lawyer's primary duty is to the client and the court, not to shareholders seeking profit maximisation.[16] The ethical rule which demands that a lawyer represent a client "within the bounds of the law," could be undermined in a corporate environment where commercial pressures might incentivise a lawyer to push ethical boundaries or accept ethically dubious clients.[17]

Second, the corporate veil of limited liability is seen as a direct threat to the principle of personal accountability. The RPC imposes a duty of "dedication and devotion to the cause of the client,"[18] a duty that is best ensured when the lawyer is personally and financially answerable for their actions without any form of interference by the corporate form which is a separate entity from the lawyer engaged in the practice of law. And because that entity is not licensed or entitled to practice law, it can be held liable for its actions hence any form of shield

15 Rule 5(5) Rules of Professional Conduct, 2023
16 Deborah L. Rhode, *In the Interests of Justice: Reforming the Legal Profession* (Oxford University Press 2004) 45.
17 Rules of Professional Conduct, 2023, Rule 15.
18 Ibid. Rule 14.

for the lawyer from personal liability has been removed from the prohibition of practice as a corporation.

Additionally, practice as a corporation may lead to the participation and control of the practice or interference by non-professionals in the exercise of professional judgement. This will offend the ethical rule prohibiting the aiding of the unauthorised practice of law and also forming a partnership with a non-lawyer or person not admitted to practice law in Nigeria.19

The foregoing reasons and more are the basis for the prohibition of the practice of law as a corporation in order to maintain the high ethical standards the legal profession is known for, by ensuring that lawyers are personally and directly liable for their actions while acting on behalf of clients. This direct responsibility of lawyers for their actions, devoid of any form of protection or limitation associated with the corporate form, it is hoped, will engender adherence to the highest ethical standards in the discharge of lawyers' responsibilities to their clients.

2.3 Emergence of LLPs Under CAMA 2020

The enactment of the Companies and Allied Matters Act (CAMA)20 marked a watershed in Nigerian corporate law. Among its many reforms was the creation of a new business vehicle: the Limited Liability Partnership (LLP).21 An LLP is a hybrid entity, combining the operational flexibility and tax benefits of a traditional partnership with the limited liability protection of a corporation.22 Partners in an LLP are not personally liable for the debts and obligations of the firm beyond their agreed contributions, a feature that provides a significant risk shield absent in a general partnership. Subject of course to personal liability of a partner for his wrongful act or omission23 or his unlimited liability in case of fraud.24

While CAMA 2020 generally permits any business to be carried on by an LLP, it creates a critical ambiguity regarding professional services. The Act states that an LLP may be formed for "any lawful business," which, on its face, would include the practice of law.25 However, this general permission stands in direct tension with the specific prohibition in Rule 5(5) of the RPC 2023. This conflict has created a significant regulatory gap. The Corporate Affairs Commission (CAC), as the regulator of companies and business names under CAMA, has

19 Ibid. Rule 3(1)(a)(b) & Rule 5.
20 2020
21 Sections 746 – 794. Companies and Allied Matters Act, 2020.
22 Ibid. Sections 756 (d) & 767(1).
23 Ibid. Section 767(2).
24 Section 769. Ibid. Note the proviso to Section 769 to the effect that, a partner may be liable alongside the LLP, where the fraud was perpetrated with the knowledge of the partnership.
25 Section 753(1)(a) of CAMA 2020

registered numerous law firms as LLPs, operating on the premise that CAMA is a general business statute that permits such registration. Conversely, it can be argued that such registration goes against the grain of the RPC, which is a specific code of conduct for legal practitioners.

This clash has led to uncertainties as to the status of these law firms relative to compliance with the provisions of the rules of professional conduct and has led to questions being asked whether the registration of these law firms as LLPs is proper. While they enjoy the limited liability shield for their business debts, they remain exposed to the full brunt of professional disciplinary action for ethical breaches. This duality creates a dangerous moral hazard: a firm may be protected from financial ruin over a contractual debt but the names of lawyers there can still be struck off the roll for professional misconduct, an outcome that does not fully resolve the client’s grievance.

3.0 Ethical Dilemmas in Nigerian LLPs

The adoption of the LLP structure by Nigerian law firms, while economically rational, has introduced a new set of ethical challenges that threaten the core values of the profession. The RPC 2023, drafted with the traditional partnership in mind, must now be applied to a new and unfamiliar business form, creating tensions that were previously non-existent.

3.1 Core Ethical Principles Under RPC 2023

Several key rules of the RPC are particularly vulnerable in an LLP environment. Rule 19, which protects the "privilege and confidence of the client,"[26] assumes a tight-knit, personally accountable partnership where information flows within a trusted circle. An LLP, especially a large one, may have a more complex and hierarchical internal structure, with non-lawyer staff in management, finance, and IT roles. This decentralisation increases the risk of inadvertent data breaches and unauthorised disclosures, as the chain of custody for confidential client information becomes longer and more diffuse.

Similarly, Rule 17 on "conflict of interest" becomes exponentially more complex in a large LLP. A major firm may have hundreds of lawyers working on diverse matters for a wide array of clients, including direct competitors. The traditional imputation rules, which attribute the knowledge of one partner to all others, are designed to prevent conflicts, but their practical application in a sprawling LLP can be a logistical nightmare. In the case of *Agamore Energy*

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26 Rule 19, Rules of Professional Conduct 2023 is to the effect that all written and oral communication between lawyer and client is privileged. See also Section 192 of the Evidence Act 2011 (as amended).

Ltd v Essar Exploration & Production Ltd & Ors.,27 the Court of Appeal held that lawyers are expected to abstain from taking new cases that conflict with the interest of their existing clients as enunciated in rule 17(4) of the Rules of Professional Conduct which prohibits representing clients with divergent interests, unless it is obvious that the lawyer can represent the interest of the parties involved who have each consented to the representation after full disclosure of the effect of such representation.

In *Samtech (Nig) Ltd & Anor v Sanni & Anor.,*28 the court held that while the courts lack the power to prevent clients from choosing a lawyer of their choice, a person must not be allowed to employ services of counsel where the services to be rendered closely related to a service rendered to the opposing party.29 In this case, a senior counsel was briefed to represent a client at the trial court and consent judgement was obtained. However, the same counsel filed an application on behalf of the same party against the parties who obtained the consent judgement including his client. The court held that his representation of a third party in the case was a breach of the rules of professional conduct. The court also held that where a senior counsel is prevented from representing a client on ground of conflict of interest, all lawyers in the law firm are equally barred from appearing in the same matter.30 The sheer scale of modern legal practice, facilitated by the LLP model, inherently increases the probability of ethical conflicts. Furthermore, Rule 14 on lawyers' duty of dedication and devotion to clients' matter or "undivided loyalty" to the client can be subtly eroded by the corporate-like profit-sharing and management structures of an LLP. In a traditional partnership, profit is a direct measure of a partner's individual contribution and client service. In an LLP, however, a more complex, formula-driven compensation system may incentivise partners to prioritise firm-wide revenue generation, cross-selling of services, or other metrics that may not always align with the singular, undivided loyalty owed to a specific client. The risk is that the client's cause becomes a line item on a balance sheet rather than the sole focus of the lawyer's advocacy.

The principle of mutual oversight, a cornerstone of the traditional partnership, is also at risk in the LLP model. In a small, general partnership, partners are acutely aware of each other's work and are expected to intervene if they observe unethical conduct. This collective responsibility is a powerful internal disciplinary mechanism. However, in a large LLP, a culture of

27 (2021) LPELR-54843(CA)
28 (2018) LPELR-45336 (CA)
29 Ibid.
30 See *Ikpana v Reg. Trustees Presbyterian Church of Nigeria* (2006) ALLFWLR (Pt. 310) 1703 at 1722 (CA)

professional isolation can develop, where partners may view their practice areas as their own fiefdoms.

A report in 2022 of a petition submitted to the Legal Practitioners Disciplinary Committee (LPDC)31 provides a stark illustration of this problem. The report detailed a case involving a senior partner in a prominent Lagos partnership who was found to have solicited for employment. The investigation revealed that her co-partners, possibly absorbed in their own matters and trusting the firm's administrative systems, had failed to notice the name peddling.32 If the LPDC had found that there was inaction on the part of the partners to report the breach, which was part of the complaint before the LPDC, it would have amounted to a breach of their duty to report professional misconduct, a violation of the spirit of the RPC's emphasis on collective professional integrity. The limited liability shield, by creating a sense of financial separation, may have inadvertently contributed to a corresponding ethical separation among the partners.

3.2 Judicial Perspectives on LLPs

The Nigerian judiciary has begun to grapple with the implications of the LLP structure for professional ethics. In the significant case of *Nigerian Bar Association v Oluwole Kehinde*,33 the Court of Appeal was called upon to interpret the scope of the NBA's regulatory powers. While the case did not directly address LLPs, the court's strong affirmation of the NBA's authority to regulate all aspects of legal practice was a clear signal to the legal profession. The judgment implicitly challenged the notion that the CAC's registration of an LLP could override the ethical requirements of the RPC. The implication of the court's decision is that the practice of law is a special vocation, subject to its own internal rules and discipline, thereby reinforcing the supremacy of the profession's ethical code over general corporate law in matters of professional practice.

This judicial stance underscores the precarious position of law firms operating as LLPs. They may have a certificate of incorporation from the CAC, but their right to practice law remains contingent on their compliance with the RPC, a code that was never designed with their chosen structure in mind.

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31 See letter of 22nd July, 2022 by Nigerian Bar Association President asking the chairman of the body of benchers to recuse himself from the chairmanship of the body since he is founding partner of the partnership where the accused lawyer is partner. https://www.lawyard.org. Assessed 28th January, 2026.

32 Ibid.

33 (2017) LPELR 49798 (CA)

4.0 Balancing Risks and Accountability of a Lawyer

The core tension at the heart of the LLP debate is the balance between providing lawyers with necessary liability protection and ensuring robust accountability to clients. The traditional partnership model provides near-perfect accountability but at the cost of exposing lawyers to potentially ruinous personal liability. The corporate model offers strong liability protection but at the expense of personal accountability. The LLP, as a hybrid, attempts to thread this needle, but its application to the legal profession in Nigeria remains fraught with unresolved questions.

4.1 Limited Liability vs. Professional Duty

CAMA 2020's liability shield for LLP partners is primarily designed for contractual and commercial debts. The CAMA states that a partner is "not liable directly or indirectly for any obligation of the limited liability partnership solely by reason of being a partner."34 However, this general protection must be read in conjunction with other sections of the Act and specific laws governing professional liability. For instance, section 767(2) provides that the sole liability of a partnership set out in section 766(3) shall not affect the personal liability of individual partners for their wrongful acts or omissions. The Legal Practitioners Act also provides that a legal practitioner is not immune from liability for damages attributable to their negligence.35 This creates a critical distinction: while an LLP partner may be shielded from the firm's office rent arrears, they remain fully and personally liable for their own professional malpractice.

Rule 48 of the RPC, which governs a lawyer's right to remuneration, also implicitly reinforces this personal liability. The rule states that a lawyer is entitled to "adequate remuneration for his services," a right that is personal to the lawyer who rendered the service. This personalization of the lawyer-client relationship suggests that the corollary: personal liability for a failure in that service, is equally fundamental. Therefore, the limited liability of an LLP is, in the context of professional negligence, largely illusory. A client who suffers loss due to a lawyer's error in an LLP will sue the negligent lawyer personally, not the LLP as an entity.

Nigerian jurisprudence has consistently upheld the principle of personal liability for professional negligence. In the case of *Bello Raji v. X,36* a lawyer was held liable for failing to advise his client that a claim was statute-barred, resulting in the client losing their right to sue. The court's focus was squarely on the individual lawyer's breach of duty, not on the structure

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34 Section 767(1) Companies and Allied Matters Act 2020
35 Section 9 (1)
36 (1946) 18NLR 74

of his practice. This principle was further cemented in *NBA v. Akintokun*,37 where a lawyer was sanctioned for failing to perform instructions in a timely manner, which prejudiced his client's case. The disciplinary action was taken against the individual practitioner, demonstrating that the regulatory bodies are concerned with the conduct of the lawyer, not the business form of their firm.

An older but still relevant case, *Ataguba & Company v. Gura Nigeria Limited*,38 illustrates the stark reality of the traditional partnership. A partner (legal practitioner) in a general partnership (firm) was held personally liable for the full amount of the firm's debt (where the receipt was issued in the name of the firm) to a company that purchased a truck auctioned in the enforcement of a judgment, that could have led to personal bankruptcy. This case is frequently cited as a cautionary tale for the risks of the traditional model and a key driver for the desire for some form of liability protection. However, the emerging trend in cases like *CAC v. Udo Udoma & Belo-Osagie LLP* (2023)39 will be crucial in determining whether the courts will extend this personal liability principle to shield LLP partners from all forms of professional claims, or whether they will find a way to hold the LLP entity itself accountable in certain circumstances.

4.2 Client Vulnerability

A significant, and often overlooked, aspect of the LLP debate is the issue of client vulnerability. In Nigeria, most clients who engage the services of LLPs are completely unaware that the firm's partners enjoyed limited liability for the firm's debts. This lack of informed consent is a serious ethical issue. A client engages a "law firm" under the assumption that they are dealing with a group of professionals who are jointly and severally responsible for the work performed. The reality of an LLP, where a non-negligent partner's personal assets are protected, is a material fact that a client has a right to know.

This informational asymmetry creates a potential for exploitation. A client, suffering a loss, may find that the only solvent party is the LLP entity, which may have limited assets, while the personally liable but negligent partner is judgment-proof. This outcome would be a significant departure from the traditional partnership, where the deep pockets of all partners were theoretically available to the wronged client.

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37 (2014) LPELR- 22941 (SC).
38 (2005) 8 NWLR (Pt. 927) 429; [2005] LPELR-584(SC).
39 Suit No: FHC/L/CS/1018/2021

5.0 Governance Structure Under Cama 2020

The governance structure of an LLP under CAMA 2020 is a key point of contention with the ethical requirements of the RPC. The flexibility offered by CAMA can, if not carefully managed, lead to a structure that is at odds with the profession's core tenet of lawyer control.

5.1 Governance Flexibility

CAMA 2020[40] gives LLPs significant autonomy in structuring their internal governance. They can create a partnership agreement that defines the roles, rights, and responsibilities of each partner, as well as the management of the firm. While this flexibility is a benefit, it is circumscribed for law firms by the RPC. Rule 3 (1)(c) of the RPC prohibits a lawyer from sharing legal fees with a non-lawyer and, by extension, from allowing a non-lawyer to have a proprietary interest in a law firm or a role in its management that could influence the practice of law.[41]

This rule should lead to disciplinary actions where a firm for instance appoints a non-lawyer as its "Chief Operations Officer" with a seat on the firm's executive management committee where he has a *de facto* role in setting firm strategy, including the types of cases the firm would accept. This will be impermissible ceding of professional judgment to a non-lawyer or permitting or aiding practice by a non-lawyer.[42] This example demonstrates that the ethical prohibition is not just about ownership but about control and influence over the practice of law.

5.2 Financial Transparency

CAMA 2020[43] imposes certain transparency requirements on LLPs, including the obligation to file annual returns with the CAC, which must include financial statements. However, these financial disclosures are primarily geared towards commercial solvency and do not address the specific concerns of legal ethics. The annual returns do not require the disclosure of malpractice claims, client complaints, or disciplinary history.

The NBA, as a self-regulatory body, does not have the statutory authority to conduct routine financial audits of law firms. Its oversight is typically triggered by a complaint of professional misconduct. This creates a significant gap in regulatory oversight, where a financially troubled

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40 Section 762 Companies and Allied Matters Act 2020 on relationship of partners including their mutual rights and duties to be government by the partnership agreement.
41 Rules of Professional Conduct 2023, rule 4.
42 Ibid.
43 Sections 772 & 773 Companies and Allied Matters Act 2020 financial disclosures.

LLP may be meeting its CAC obligations while simultaneously engaging in risky or unethical practices to stay afloat, such as commingling client funds. The legal practitioner's accounts are governed by the Legal Practitioners' Accounts Rules (LPAR)[44], but enforcement of these rules is reactive, not proactive.

5.3 Regulatory Overlaps

The tension between the CAC and the NBA is perhaps the most pressing structural issue. The CAC's mandate is to register and regulate businesses for the purpose of commercial order and tax compliance. The NBA's mandate is to regulate the conduct of its members for the purpose of upholding the integrity of the legal profession and protecting the public. These mandates can and do clash.

A jurisdictional tussle could arise where there is a conflict as to whether the CAC can register a business name for a legal practice that the NBA finds to be in violation of the RPC. An instance is where the name includes the name of lawyer who has been recently elevated to the bench. While the CAC has the power to register business names, the power may not be absolute and cannot be used to circumvent the ethical rules of a regulated profession. The CAC cannot be an instrument to validate a professional practice that is, by its very nature, unethical and unprofessional under its governing code. This judgment was a significant victory for the legal profession's self-regulatory authority and a clear signal that the CAC's registration is a necessary but not sufficient condition for a law firm to operate ethically in Nigeria.

6.0 Tensions on the Practice of Law as an LLP

The debate over LLPs is not abstract; it is playing out in real-time across Nigeria's legal landscape, with different regions and firms adopting varying stances.

6.1 Lagos State: Hub of LLP Experimentation

Lagos, as Nigeria's commercial and legal capital, has become the epicenter of the LLP experiment. Such firms, which handle complex, cross-border transactions, have adopted the LLP structure to align themselves with international best practices and to manage their risk in a high-stakes environment. These firms argue that the LLP structure allows them to attract and retain top talent, invest in sophisticated technology, and compete effectively on the global stage.

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44 1964.

As an added layer of regulation, it is recommended that LLP law firms, which have become common place now, should submit compliance with ethical standards plans to their local branches of the NBA. These plans must detail how the firms will ensure they are not in violation of Rule 5(5) of the RPC, how they manage conflict of interest, and how they maintain the confidentiality of client information within their corporate structure. This proactive, albeit non-statutory, measure by the NBA branch will be a pragmatic approach to regulation, seeking to bring the new business form under the ethical umbrella of the profession.

6.2 Northern Nigeria: Resistance to LLPs

In contrast to the commercial hub of Lagos, the legal profession in Northern Nigeria has been more conservative in its approach. In states like Kaduna and Kano, the traditional sole proprietorship and small general partnerships remain the dominant models. This resistance is often framed in cultural and ethical terms, with senior practitioners arguing that the collective accountability and personal touch of the old model are more in line with the communal values of the region. The fear is that the LLP, as a product of globalised, Western commercial law, represents a form of professional alienation that is incompatible with the local context. This regional divergence highlights the challenge of creating a one-size-fits-all regulatory framework for a diverse country like Nigeria. A policy that is seen as a necessary modernisation in Lagos may be viewed as a dangerous erosion of professional values in Kaduna.

7.0 Comparative Insights: The South African Model

Looking beyond Nigeria's borders provides valuable insights. South Africa, a fellow common law jurisdiction, has successfully integrated LLPs into its legal profession through a carefully calibrated regulatory framework. The South African Legal Practice Act,45 explicitly permits the registration of law firms as "Personal Liability Companies"46 (a form of LLP) but imposes a critical condition: all shareholders must be legal practitioners, and the company must maintain mandatory professional indemnity insurance. The South African model, demonstrates that it is possible to achieve the economic benefits of an LLP while maintaining strong ethical safeguards. The mandatory insurance requirement47 is a key component as it ensures that a

45 s. 34(9) Legal Practice Act. No. 28 of 2014

46 Registered through the Companies and Intellectual Property Commission (CIPC) and comply with the Companies Act.

47 The legal practitioner's indemnity insurance fund (LPIIF) provides legal practitioners with primary layer of professional indemnity cover. This is subject to terms outlined in the LPIIF master policy. The limit of indemnity is however applicable to the entire firm and it is important to ensure that the firm has practitioner indemnity

client who suffers a loss has a clear and solvent source of compensation, thereby addressing the client vulnerability concern that is so acute in the Nigerian context. This model provides a compelling template for Nigeria to consider.

8.0 Policy Recommendations

The current state of ambiguity surrounding LLPs in the Nigerian legal profession is untenable. It creates legal uncertainty for practitioners, ethical risks for clients, and regulatory headaches for the NBA and CAC. A clear, coherent, and principled policy framework is urgently needed. The following recommendations are proposed to guide this reform:

a) Legislative Reforms

The first and most critical step is to resolve the legislative conflict between CAMA 2020 and the RPC 2023. This should be done through a formal amendment to the Legal Practitioners Act. The proposed Legal Practitioners Act (Amendment) Bill, currently before the National Assembly, is a step in the right direction. It should be amended to explicitly address the LLP question.

The amendment should state that the practice of law through a Limited Liability Partnership is permissible, but only if the LLP is registered with and complies with a specific set of conditions laid down by a joint regulatory framework to be established by the NBA and the CAC. This would formally bring LLPs under the ethical purview of the RPC, ending the current jurisdictional limbo.

b) Tiered Liability Framework

Nigeria should adopt a tiered liability framework for LLPs, similar to the South African model. This framework should have two key components:

i. **Shield for Contractual Debts**: Partners should be protected from personal liability for the general commercial debts and obligations of the LLP (e.g., rent, utilities, supplier invoices). This protection is the core economic benefit of the LLP and should be preserved.

insurance. See 'Professional Indemnity Insurance: The Legal Requirements', *Business Insurance Made Easy,* <https://bi-me.co.za/blog/legal-requirements-for-professional-indemnity-insurance/> accessed 18 March 2026.

ii. **Full Liability for Malpractice**: Partners must remain fully and personally liable for their own professional negligence and misconduct. To ensure that this liability is meaningful and not just theoretical, the law should mandate that all LLPs engaged in the practice of law must maintain a minimum level of professional indemnity insurance. A figure, aligned with international standards for major firms, would be a reasonable starting point. This insurance would provide a guaranteed, solvent source of compensation for wronged clients, directly addressing the vulnerability created by the limited liability shield.

c) Enhanced Transparency

Transparency is a cornerstone of accountability. To build public trust in the new LLP model, a robust transparency regime must be established. This should include:

i. Public Disclosures: All LLPs must be required to file, alongside their CAC annual returns, a supplementary Professional Ethics Return. This return, to be published on a public portal, should disclose any disciplinary actions against the firm or its partners, any material malpractice claims settled, and proof of their professional indemnity insurance.

ii. Client Education: The NBA should launch a public education campaign to inform the Nigerian public about the LLP structure, its implications for liability, and the steps clients can take to protect themselves. This would help to ensure that the engagement of an LLP is a truly informed decision by the client.

d) Strengthened NBA-CAC Collaboration

A formal, institutionalised collaboration is needed. A joint NBA-CAC task force should be established with the statutory mandate to:

i. Develop and maintain a single, unified register of all legal practitioners and law firms in Nigeria, which cross-references CAC business registrations with NBA professional standing.

ii. Conduct joint compliance audits of LLPs to ensure they are meeting both their corporate obligations under CAMA and their ethical obligations under the RPC.

iii. Serve as a single point of contact for resolving jurisdictional disputes.

This collaborative model would streamline regulation, reduce costs, and create a more coherent and effective system for overseeing the legal profession in its modern form.

9.0 Conclusion

The introduction of the Limited Liability Partnership under CAMA 2020 has presented the Nigerian legal profession with a profound challenge to its traditional identity. The tension between the ethical imperative of personal accountability and the economic imperative of risk management is real and cannot be ignored. A blanket prohibition of practice as a corporation by rule 5 of the RPC, while ethically pure, is anachronistic and risks isolating Nigeria's legal profession from the global legal market. Conversely, an unregulated embrace of the LLP model would be a reckless abandonment of the profession's core fiduciary duties. The path forward lies in a nuanced, principled, and pragmatic reconciliation of these competing values. By amending its laws to create a regulated space for law firm LLPs, mandating professional indemnity insurance to protect clients, enhancing transparency to build public trust, and fostering collaboration between its regulatory bodies, Nigeria can modernise its legal sector without sacrificing its ethical soul. The goal should not be to reject innovation but to harness it in service of the profession's timeless mission: to serve the cause of justice with undivided loyalty, personal integrity, and unwavering accountability. The recommendations in this paper provide a roadmap for achieving this delicate but essential balance.