SINGAPORE: More foreign law firms are eager to apply for the Qualifying Foreign Law Practice (QFLP) licence after Law Minister Mr K Shanmugam announced that a second round of QFLP licences will be awarded early next year.

The QFLP allows foreign law firms to practice commercial areas of Singapore law.

Currently, only six international firms hold the first set of licenses issued in 2008.

US law firm Jones Day has set its sights on one of the new licences that are up for grabs.

The firm had opened four new offices globally in the past year and will continue to use Singapore as its headquarters for its Southeast Asian operations.

Sushma Jobanputra, Managing Partner of Jones Day Singapore, said: "We use Singapore as our hub for providing our services to the region, in particular, countries (India, Indonesia, Vietnam, Thailand and Philippines) in which we are very active. We do not have offices in any of those countries and as a result, for our clients, we are working out of Singapore to do transactions for them in those jurisdictions. We think that a Singapore law qualification is extremely important for the office to provide full service for our international clients."

Another law firm, UK-based Watson Farley Williams, has expressed similar interest in applying.

Chris Lowe, Managing Partner of Watson Farley Williams Singapore, said: "The QFLP license is going to be important for us because it means we can have more people who can practise Singapore law through our business. At the moment in terms of our sectors, we are hitting a boom in this part of the world in the natural resources side, power & energy and transport side. That's great and we're going to need more lawyers."

Although some 600 new law graduates enter the market each year, questions have been raised on whether there is enough supply to meet the growing demand for local lawyers.

Professor Simon Chesterman, who is dean at the National University of Singapore's Faculty of Law, said: "Whether a third law school is the best way of approaching that is another question. There has been some talk of Singapore Management University increasing its intake, and that will obviously relieve some of the strain on the market. I think it will be a mistake to rule out any options at present, although the idea of setting up a third law school would need to be thought through very, very carefully indeed."

Other concerns such as fiercer competition for work and talent were dismissed by at least one local firm.

Stefanie Thio, Joint Managing Partner of TSMP Law Corporation, said: "It's a complete myth that international firms coming into Singapore will cannibalise Singapore law firms' work because the cost structure of international firms are such that they bid for totally different area of work from most of us. They bid for project finance work and international financing work, and that's a domain that Singaporean law firms have not been able to penetrate successfully. It will give us access to a more interesting and diverse set of work and that's going to be good for the market generally."

The number of foreign law firms has increased significantly from 70 in 2007 to 110 firms in 2012.
Firms can start to apply for the licences in the second half of 2012 with the process to be completed by early next year.

- CNA/fa/wm