

THE LAW SOCIETY OF HONG KONG

About Us

1. The Law Society is a professional association for solicitors in Hong Kong. It was incorporated in 1907 as a company limited by guarantee.
2. The Memorandum and Articles of Association of the Law Society set out the objects, the machinery of government of the Law Society: election of the Council, delegation of responsibilities to committees, employment of staff and investigation of complaints regarding professional misconduct.
3. Under the Legal Practitioners Ordinance (Cap. 159, Laws of Hong Kong), the Law Society has a certification role in the admission procedure and it is empowered to:
 - (a) issue annual practising certificates and certificates of registration to Hong Kong solicitors, foreign lawyers and foreign law firms;
 - (b) investigate and refer allegations of professional misconduct to the Solicitors Disciplinary Tribunal;
 - (c) intervene in a solicitor's practice in cases of dishonesty, undue delay, bankruptcy, death or other causes;
 - (d) establish rules for the conduct and education of solicitors and trainee solicitors; and
 - (e) arrange and maintain a compulsory Professional Indemnity Scheme.
4. The Council is the governing body of the Law Society. There are twenty members in the Council. The President and Vice-Presidents are elected annually by the Council. The list of Council members is set out below.
5. The Law Society's Secretariat has about 100 staff headed by the Secretary General.
6. The services provided by the Law Society are made available primarily to its members.
7. There are three major types of members:
 - (a) members who are solicitors of Hong Kong eligible to hold a practising certificate (Article 3(a) of the Articles of Association of the Law Society);
 - (b) student members who are trainee solicitors and law students (Article 3(bb) of the Articles of Association of the Law Society);
 - (c) associate members who are lawyers qualified in overseas jurisdictions (Article 3(b) of the Articles of Association of the Law Society).
8. There are also other categories including honorary members (Article 3(aa)) and members on the Roll of Honour (Article 3(ab) of the Articles of Association of the Law Society).
9. Membership is compulsory for those solicitors who wish to apply for a practising certificate. Student membership for trainee solicitors and law students is voluntary.
10. More information about the Law Society is available from its website: www.hklawsoc.org.hk. The Law Society also publishes an annual report on its activities and accounts. The 2018 annual report is posted on the Law Society website at http://www.hklawsoc.org.hk/pub_e/about/report/.

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11. This Territory Report highlights some of the key professional and legislative developments in Hong Kong since the last report submitted in July 2018.

Entrenching the rule of law and human rights under “One Country Two Systems”

12. An important role of The Law Society of Hong Kong ("the Law Society") is to safeguard the Rule of Law and to uphold these principles on which this core value is founded.

Amendments proposed for the Fugitive Offenders Ordinance

13. The Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill 2019 (“the Bill”) was gazetted on 29 March 2019. The HKSAR Government stated that one main aim of the Bill was to amend the Fugitive Offenders Ordinance (Cap. 503) (“FOO”) in relation to special surrender arrangements made between Hong Kong and other places which have not signed formal bilateral agreements with Hong Kong over the surrender of fugitives, so that the arrangements, once made, may be given effect according to the procedures in the FOO and any further protection for the surrender of a person as may be provided for by the arrangements.
14. There have been strong dissenting views to the Bill in the community resulting in mass protest and violent conflicts. In response to the Bill and the conflicts, the Law Society has issued a total of six press statements on concerned issues since June 2019. The Government announced on 4 September 2019 that it would

- formally withdraw the Bill.
15. The Law Society took the view that the Bill had far-reaching ramifications and required careful and thorough examination, discussion and analysis in a calm, rational and constructive manner with a view to finding a suitable solution for the benefit of Hong Kong as a whole.
 16. The Rule of Law is the cornerstone of our society. The legal system of Hong Kong has been renowned for being transparent, trustworthy and fair; ranking well internationally and underpinning Hong Kong's reputation as one of the safest cities in the world. The judicial system of Hong Kong has also gained international trust and confidence in it being independent and fair and adjudicating cases based on the law.
 17. As stated in its public statements, the Law Society strongly condemned all forms of unlawful violence and viewed with alarm the open defiance of the court injunctions and unfounded criticisms against the Judiciary, which is an affront to the rule of law.
 18. The Law Society is committed to upholding the rule of law and the independence of the judiciary as two of the most important pillars of the prosperity and stability of Hong Kong.

National Anthem Bill

19. The National Anthem Bill (the "NA Bill") was gazetted on 11 January 2019. The gazettal of the Bill follows the adoption of decision of the Standing Committee of the 12th National People's Congress on 4 November 2017 to add the National Anthem Law to Annex III to the Basic Law. According to the Basic Law of Hong Kong, the Hong Kong government has a constitutional obligation to locally promulgate laws that are listed in Annex III to the Basic Law. The NA Bill implements the Law of the People's Republic of China on National Anthem (National Anthem Law) in Hong Kong by local legislation.
20. The Law Society has closely monitored the contents of the NA Bill to ensure that the rights of Hong Kong citizens enshrined under the Basic Law will not be prejudiced. It provided comments on, among other things, the criminalisation of abuses of the national anthem and sets out the following views: the offences of the proposed legislation must be reasonable and proportionate; clearer definitions of words such as "solemnly", "disrespectful" and "dignity" appearing in the Bill should be provided. As for the time limit for prosecution, the usual 6-month time period as allowed for in the Magistrates Ordinance should be followed.
21. The Bills Committee has completed its scrutiny of the Bill. The Legislative Council will resume the second and third reading of the Bill on a future date to be decided.

Legal Aid Scheme

22. Access to Justice as a fundamental human right is protected under the Basic Law of Hong Kong. Legal aid plays a critical role in this regard. The Law Society is keen to see that the legal aid system in Hong Kong is continually improved by way of regular examination of legal aid practices, and continual monitoring and review of policy of the Legal Aid Department ("LAD").
23. Legal aid in Hong Kong is administered by the LAD under the Ordinary Legal Aid Scheme ("OLAS") and the Supplementary Legal Aid Scheme ("SLAS"). The SLAS is a self-funding scheme aiming to provide legal aid for the middle class. It

is funded by a levy on the damages recovered, i.e. successful legally aided plaintiffs are required to pay back a portion of their recovery of damages as contribution into the fund.

24. The Law Society has been seeking an expansion of the SLAS for the benefits of the public. It has, for example, proposed an expansion of the SLAS to cover the following three types of cases (where the claim is likely to exceed \$60,000):
 - (a) claims against incorporated owners of a multi-storey building;
 - (b) claims against independent financial consultants registered under the Securities and Futures Commission and required to have insurance cover; and
 - (c) claims in derivatives of securities, currency of futures or other futures when fraud, misrepresentation or deception was involved at the time of purchase.
25. The above proposal of the Law Society was considered by the Legal Aid Services Council ("LASC") which in July 2016 put forward to the HKSAR Government a set of recommendations on the types of cases for inclusion in the SLAS.
26. After consideration, the HKSAR Government proposed legislative amendments to expand the scope of SLAS to cover civil proceedings in respect of monetary claims (a) for professional negligence against financial intermediaries licensed or registered for Type 1 (dealing in securities), Type 2 (dealing in futures contracts) or Type 8 (securities margin financing) regulated activities within the meaning of the Securities and Futures Ordinance (Cap. 571); and (b) in respect of derivatives of securities, currency futures or other futures contracts on the basis that the person seeking legal aid was induced to deal in those derivatives, futures or contracts by fraud, deception or misrepresentation. The HKSAR Government planned to introduce amendments to the Legal Aid Ordinance (Cap.91) ("LAO") into Legislative Council by way of subsidiary legislation.
27. The Law Society is also keeping a close watch on the revision of financial eligibility limits ("FELs") for applications for legal aid. At the time of this report, a person whose financial resources do not exceed HK\$307,130 is financially eligible for legal aid under OLAS. The corresponding upper limit for SLAS is HK\$1,535,650. Lately, the HKSAR Government has completed a new round of annual review of the FELs of legal aid applicants for the period from July 2017 to July 2018. It proposes to adjust the FELs upward by 2.3%, i.e. from HK\$307,130 to HK\$314,190 for OLAS, and from HK\$1,535,650 to HK\$1,570,970 for SLAS.
28. The Law Society has raised concerns over the Director of Legal Aid's First Charge ("DLA's First Charge") and urged for a review. DLA's First Charge refers to the right of the Director of Legal Aid to recover from the aided person the costs and expenses incurred or any shortfall from the property recovered or preserved in the legally aided proceedings.
29. The HKSAR Government completed a review on DLA's First Charge in April 2018 and proposed to adjust upward the amount of maintenance that may be exempted from the DLA's First Charge specified in section 18A(5) of the LAO from HK\$4,800 to HK\$8,660; and the amount of DLA's First Charge to be waived in cases of serious hardship specified in section 19B(1)(a) of the LAO from HK\$57,400 to HK\$103,510. The HKSAR Government also proposed to introduce an annual adjustment mechanism on the two amounts. The proposal involves amendments to the LAO to be introduced into the Legislative Council by way of

- subsidiary legislation.
30. The HKSAR Government also announced that, in the Draft Estimates for the next financial year, it had proposed to increase the annual recurrent expenditure of the LAD by \$320.4 million from 2019-20, together with a one-off allocation of \$183.2 million to the LAD over the course of 2019-20 and 2020-21. This translated to an increase in the legal aid expenditure by approximately 41 percent to \$1,590.2 million for 2019/20. It is expected that the increased funding would be used to pay for anticipated increases in the cost of legal aid cases.

Improving Practice Environment

Reduction of Overheads

31. Rising overheads is an important factor to consider when running a legal practice; the challenge lies in how to contain cost. One major cost for legal practitioners in Hong Kong is the professional indemnity cost.
32. To reduce cost for practitioners, the Law Society has initiated a review of the financial status of the Solicitors Indemnity Fund with a view to considering any possibilities to allow law firms to make some savings by contributing less to the Fund. The reduction in professional negligence claims have, coupled with other factors, improved the financial status of the Fund and made it possible to reduce the amounts of contribution payable for the renewal of professional indemnity for 7 indemnity years 2010/11, 2011/12, 2013/14, 2014/15, 2015/16, 2017/18 and 2018/19 by one-third and for the indemnity years 2016/17 and 2019/2020 by half. The indemnity limit of the Professional Indemnity Scheme has also been increased from the existing HK\$10 million to HK\$20 million on 1 October 2019 at no additional cost to members, providing better protection to the profession and the public.

Civil Jurisdictional Limits

33. On 27 June 2018, the Legislative Council of Hong Kong passed resolutions to amend the District Court Ordinance (Cap. 336, Laws of Hong Kong) and Small Claims Tribunal Ordinance (Cap. 338, Laws of Hong Kong) to respectively raise the upper financial limits on the civil jurisdictions of the District Court and Small Claims Tribunal to HK\$3 million and HK\$75,000. The LegCo Resolutions were gazetted on 29 June 2018 and came into operation on 3 December 2018. The increase in the civil jurisdiction limits aim to, among cases, help alleviate the workload of the High Court by diverting a number of cases from the High Court to the District Court.

Expansion of Legal Services Market

34. Legal services market in Mainland China continues to present huge potential. Hong Kong solicitors are better positioned to tap into the opportunities in terms of language, culture and geographical proximity than our counterparts in foreign jurisdictions.
35. The Belt and Road Initiative raised by Mainland China in September 2013 creates huge potential cross-border collaboration. Having multi-jurisdictional legal talent, international connections, experience and expertise in handling cross-border transactions are qualities that distinguish Hong Kong's legal profession from

- others. The Law Society has set up a Belt and Road Committee to assist members to capitalise on the opportunities arising from the Initiative.
36. In relation to this Belt and Road Initiative, the Law Society, the Hong Kong Bar Association, the Asian Academy of International Law Limited, and the Logistics and Supply Chain MultiTech R&D Centre have come together to establish eBRAM (Electronic Business-Related Arbitration and Mediation Centre), an online dispute resolution platform that aims to provide a cross-boundary, efficient, secure and cost-effective online arbitration and mediation, as well as smart contract and related services. The eBRAM platform will benefit local micro-enterprises and SMEs, as well as those in the Belt and Road economies, members of the ASEAN and beyond, and facilitate deal making as well as dispute avoidance and resolution. The platform is expected to be launched by the end of 2019.
 37. Practice localisation is the key strategy to integration and expansion of market share. The Law Society has been lobbying for the localisation of Hong Kong law firms in Mainland China by allowing Hong Kong law firms and Mainland law firms to operate as one partnership, permitting Hong Kong offices to engage local Mainland lawyers and allowing Hong Kong solicitors to gain Mainland qualifications by passing a special qualification examination.
 38. Under the Mainland and Hong Kong Closer Economic Partnership Arrangement (“CEPA”), the partnership association model between Hong Kong law firms and Mainland law firms was set up to create a truly integrated multi-jurisdictional practice of Hong Kong and Mainland legal talents. With the implementation of the pilot scheme on Cooperation between Hong Kong and Mainland Legal Profession, the first joint venture partnership association of Hong Kong and Shenzhen was approved in November 2014. As of September 2019, 11 associations in the form of partnership between Mainland and Hong Kong law firms had been approved. To further the liberalisation under CEPA and support the growing demand for multi-jurisdictional legal services in Mainland China, the Law Society continues to advocate for a relaxation or removal of the rigid governing provisions for partnership associations between Hong Kong law firms and Mainland law firms.
 39. On 1 July 2017, the National Development and Reform Commission and the governments of Guangdong, Hong Kong and Macao signed the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation 1 (“the Framework”) in the Development of the Greater Bay Area.¹
 40. Under the Framework, Hong Kong is to continue to be a centre for international legal and dispute resolution services in the Asia-Pacific region and to be a service centre for deal making and resolving investment and commercial disputes relating to Belt and Road projects. According to the Hong Kong Government, HKSAR is tasked:
 - (a) to strengthen judicial and legal exchanges and cooperation amongst Guangdong, Hong Kong and Macao; to promote the development of diverse dispute resolution mechanism based on joint planning, joint contribution and shared benefits; to provide quality, effective and convenient judicial and legal services and protection for the development of the Greater Bay Area; and

¹ https://www.bayarea.gov.hk/filemanager/en/share/pdf/Framework_Agreement.pdf

- (b) to refine the mechanism for international commercial dispute resolution, develop an international arbitration centre, support exchanges and cooperation amongst arbitration and mediation organisations in Guangdong, Hong Kong and Macao, and provide arbitration and mediation services to support economic and trade activities in Guangdong, Hong Kong and Macao.
41. The HKSAR Government's recent initiatives in the promotion of dispute resolution in the Greater Bay Area include the following:
- (a) Building Hong Kong as a dispute resolution centre for the Belt & Road Initiative
 - (b) Establishment of a regular platform to enable the Hong Kong legal profession to enhance their presence, reputation and influence in the Mainland and among the states of Association of Southeast Asian Nations
 - (c) Organising investment law and investment mediation training courses in Hong Kong
 - (d) Development of online dispute resolution and smart contract platform
 - (e) Establishing Hong Kong as regional capacity building centre.
42. In February 2019, the Central Government promulgated the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area. The plan supports Hong Kong as the centre for international legal and dispute resolution services in the Asia-Pacific region. To foster closer collaboration with our counterparts in the area, the Law Society arranged three visits to the Greater Bay Area in 2018 to exchange with the lawyers' associations of the nine cities within the area. A series of activities, seminars, sessions on risk management education ("RME") and practice management, were arranged for lawyers in the Greater Bay Area to enhance their professional standard. A joint meeting system was also set up by lawyer's associations within the area to encourage collaborations and communications through regular meetings. The second joint meeting was held in Hong Kong in May 2019, where over 30 lawyers attended the full-day meeting and shared legal updates in each city and exchanged views on how to maximize the synergy of the different legal expertise and services.
43. During the Law Society Council's visit to various Government authorities in Beijing in April 2019, the delegation discussed how to facilitate Hong Kong solicitors in leveraging on their unique professional competitiveness to enhance their role in the development of the Belt and Road Initiative and the Greater Bay Area.
44. To strengthen the relationship with our counterparts in China and overseas, the Law Society has signed a total of 52 and 34 MOUs with law associations in Greater China area and international organisations respectively. One of the Law Society objectives is to develop a closer tie with lawyers' associations internationally. Acting on this objective, the Law Society has been attending and speaking in large a number of international conferences and outbound visits to promote Hong Kong legal system to overseas jurisdictions continuously. In 2018, two sessions were hosted by the Law Society on the occasion of the International Malaysia Law Conference in Kuala Lumpur in August and UIA Congress in Porto in October respectively. The Law Society also sponsored a session at the LAWASIA Annual Conference and UIA Congress in 2018. In addition, the Law Society has been sponsoring young members to attend international conferences, promoting intelligence exchange and encouraging them to establish foothold in the

international arena. This well demonstrates our commitment in the international arena.

45. Jointly organised by the Law Society and LAWASIA, the 32nd LAWASIA Conference will be held in Hong Kong from 6 to 8 November 2019. Under the theme “Harmonisation through Synergy”, the conference will examine a wide range of topics, including alternative dispute resolution, Belt and Road Initiative, cross-border issues and investment, technology and data protection, intellectual property, human rights, etc.

Main Legislative Developments

Arrangement Concerning Mutual Assistance in Court-ordered Interim Measures in Aid of Arbitral Proceedings by the Courts of the Mainland and of the Hong Kong Special Administrative Region (HKSAR) (Arrangement)

46. Under existing Hong Kong legislation, parties to arbitral proceedings in any place may apply to the courts of Hong Kong for interim measures. After the commencement of the Arrangement on 1 October 2019, parties to arbitral proceedings in Hong Kong, before the arbitral award is made, can make an application for interim measures to the Mainland courts, including property preservation, evidence preservation and conduct preservation. It aims at preventing one of the parties to arbitral proceedings from deliberately destroying the evidence or transferring the property and also ensuring that the arbitral proceedings can be carried out effectively.
47. According to the Arrangement, parties to arbitral proceedings seated in the HKSAR and administered by eligible arbitral institutions which have been designated would be able to apply to the Mainland courts for interim measures

Company Law

48. Hong Kong had a new Companies Ordinance (Cap. 622) (“new CO”) in March 2014. The new CO provides for a modern statutory framework for the incorporation and operation of companies in Hong Kong. A number of measures have already been introduced under the new CO to simplify statutory procedures, reduce the compliance costs of companies and cater for the needs of small and medium-sized enterprises. Implementation of the new CO has been smooth. It has largely achieved the policy objectives to enhance corporate governance, ensure better regulation, facilitate business and modernise the law.
49. Based on the operational experience since the commencement of the new CO and the feedback from various stakeholders, the HKSAR Government has identified certain provisions of the new CO that should be amended to incorporate new developments after the commencement of the new CO and clarify the policy intent or remove ambiguities and inconsistencies.
50. After further studies and discussions, the Companies (Amendment) (No.2) Ordinance 2018 (“Amendment Ordinance”) was enacted and came into operation on 1 February 2019.
51. The Amendment Ordinance expands the scope for simplified reporting, updates the accounting-related provisions to reflect the latest accounting standards, and streamlines and clarifying provisions to facilitate compliance. It also brings the new CO further in line with prevailing accounting standards and reduces compliance costs. This strengthens Hong Kong's position as an international

commercial and business centre.

Third Party Funding of Arbitration and Mediation

52. The HKSAR Government is keen to introduce third party funding for arbitration and mediation to Hong Kong. On 19 October 2015, the Third Party Funding for Arbitration Sub-committee of the Law Reform Commission of Hong Kong released a consultation paper. It proposed that third party funding for arbitration taking place in Hong Kong should be permitted under Hong Kong law, subject to compliance by third party funders with appropriate ethical and financial standards.
53. The above proposal was considered by the Legislative Council's Panel on Administration of Justice and Legal Services at its various meetings. The proposed reform received general support.
54. The Arbitration and Mediation Legislation (Third Party Funding) (Amendment) Ordinance 2017 ("the Amendment Ordinance") was enacted on 23 June 2017. The Amendment Ordinance provides that third party funding of arbitration and mediation is not prohibited by the common law doctrines of maintenance and champerty. It also provides for related measures and safeguards. Subsequently, on 18 May 2018, the Secretary for Justice was appointed as the authorised body to oversee the ethical and financial standards of third party funders. A Code of Practice for Third Party Funding of Arbitration was issued on 7 December 2018.
55. The Amendment Ordinance has been implemented in phases. Divisions 1, 2, 4 and 6 of the Amendment Ordinance came into operation upon its gazettal on 23 June 2017; Divisions 3 and 5 of new Part 10A of the Arbitration Ordinance came into operation on 1 February 2019. The commencement of section 4 of the Amendment Ordinance insofar as it relates to section 7A(c) and (d) of the Mediation Ordinance is deferred to a future date.

Revenue Law

56. The Inland Revenue (Convention on Mutual Administrative Assistance in Tax Matters) Order (the Order) was gazetted and came into operation in July 2018. The Convention on Mutual Administrative Assistance in Tax Matters (the Convention) entered into force in Hong Kong on 1 September 2018 to allow Hong Kong to effectively implement the AEOI and the BEPS package promulgated by the OECD.
57. The Inland Revenue (Amendment) (No. 2) Bill 2018 sought to expand the scope of profits tax deductions for capital expenditure incurred for the purchase of intellectual property rights ("IPRs") from the existing five types to eight. The additional three IPRs are rights in layout-design (topography) of integrated circuits, plants varieties and performances. The Bill was passed in June 2018.
58. The Inland Revenue (Amendment)(No.3) Bill 2018 was passed in October 2018. The Bill aimed to provide for enhanced tax deduction for expenditure incurred by enterprises on qualifying research and development (R&D) activities, in order to encourage more enterprises to conduct R&D activities in Hong Kong.
59. The Inland Revenue (Amendment) (No. 7) Bill 2018 was passed in February 2019. It sought to amend the Inland Revenue Ordinance (Cap.112)
 - (a) to align tax treatment of financial instruments with their accounting treatment in certain circumstances;
 - (b) to provide for deduction of interest expenses payable to overseas export

- credit agencies;
 - (c) to refine the provisions that implement the arrangement relating to automatic exchange of financial account information in tax matters;
 - (d) to avoid potential double non-taxation of income of visiting teachers and researchers; and
 - (e) to revise the meaning of the sibling relationship.
60. The Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Bill 2018 sought to address the concerns of the Council of the European Union over the ring-fencing features of the tax regimes for privately offered offshore funds in Hong Kong and enhance the competitiveness of the tax regimes by creating a level playing field for all funds operating in Hong Kong. The Bill was introduced into the Legislative Council in December 2018 and was passed in February 2019.

Competition Law

61. The Competition Ordinance (Cap. 619) ("CO") was enacted in Hong Kong in June 2012 with the objectives to prohibit conduct that prevents, restricts or distorts competition, and to prohibit mergers that substantially lessen competition in Hong Kong. The scope of the application of the merger rule is limited to carrier licences issued under the Telecommunications Ordinance (Cap. 106).
62. The CO was implemented in phases to allow for the establishment and proper functioning of the Competition Commission and the Competition Tribunal. It has come into full operation on 14 December 2015.
63. In March 2017, the Competition Commission commenced proceedings for the first time before the Competition Tribunal against five IT companies for alleged bid-rigging. In August 2017, the Commission brought its second case before the Competition Tribunal, alleging that 10 construction and engineering companies engaged in market sharing and price fixing. The Competition Commission also issued its first Block Exemption Order for certain shipping liner agreements in the same month. In September 2018, the Competition Commission filed its third application with the Competition Tribunal against three companies and two individuals allegedly engaged in cartel conduct in contravention of the First Conduct Rule in the CO by allocating customers and coordinating pricing for renovation work at a housing estate in Kowloon, Hong Kong.
64. In May 2019, the Competition Tribunal handed down judgments on Hong Kong's first two competition cases involving bid-rigging, market sharing and price fixing.

Arrangement with the Mainland on Reciprocal Recognition and Enforcement of Judgment in Civil and Commercial Matters

65. The Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region ("Arrangement") was signed on 18 January 2019. The Arrangement seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the two places.
66. The Arrangement applies to matters considered to be of a "civil and commercial" nature under both Hong Kong and Mainland law. Non-judicial proceedings and judicial proceedings relating to administrative or regulatory matters are excluded. The Arrangement covers both monetary and non-monetary relief. It also sets out

jurisdictional grounds for the purposes of recognition and enforcement as well as grounds for refusal of recognition and enforcement.

67. The Arrangement will be implemented by local legislation in Hong Kong. It will take effect after both places have completed the necessary procedures to enable implementation and will apply to judgments made on or after the commencement date.

Proposed Mainland Judgments in Matrimonial and Family Cases (Reciprocal Recognition and Enforcement) Bill and Rules

68. The Arrangement on Reciprocal Recognition and Enforcement of Judgments on Matrimonial and Family Matters was signed by the Supreme People's Court and the Government of the HKSAR on 20 June 2017 to establish a mechanism for reciprocal recognition and enforcement of civil judgments in matrimonial and family cases between the two places.
69. In February 2019, the Department of Justice launched a public consultation to seek views on the proposed Mainland Judgments in Matrimonial and Family Cases (Reciprocal Recognition and Enforcement) Bill and the proposed Mainland Judgments in Matrimonial and Family Cases (Reciprocal Recognition and Enforcement) Rules. The Law Society provided comments in response to the consultation in March 2019.

Family Law – Children's Issues

70. The Labour and Welfare Bureau of the HKSAR Government ("LWB") conducted a public consultation between November 2015 and March 2016 on, inter alia, a draft Children Proceedings (Parental Responsibility) Bill ("Draft Bill") and the relevant support measures.
71. The above Draft Bill introduces the concept of "parental responsibility" to replace the concept of "guardianship". The broad principle under the Draft Bill embraces the introduction of (a) statutory lists covering parental responsibility and major decisions on child's upbringing that would require consent or notification of the other parent; (b) a range of new court orders to replace the existing custody and access orders; and (c) a consolidation of the current law (on responsibilities of parents for children and new legislative provisions) into one ordinance. The Draft Bill also aims to repeal and re-enact the Guardianship of Minors Ordinance (Cap. 13).
72. Different views were canvassed during the public consultation. Having considered all those views, the HKSAR Government decided not to introduce the Draft Bill into the Legislative Council at this stage. The HKSAR Government proposed to, as a matter of priority, increase resources in 2018-2019 to strengthen measures to support divorcing/divorced/separated families; promote the concept of continuing parental responsibility towards children even after divorce; and strengthen co-parenting counselling and parenting coordination service.
73. On 1 June 2018, the HKSAR Government established a Commission on Children, with the Chief Secretary for Administration as the Chairperson and the Secretary for Labour and Welfare as the Vice-chairperson. The Commission comprises non-official members from different sectors, including education, healthcare, academia, child concern groups, legal, arts and sports, community service, public relations/media, parents, non-Chinese speaking/ethnic minorities and

children/youths. Its target group covers children aged below 18, with a focus on children aged 14 or below. In April 2019, it launches the Funding Scheme for Children's Well-being and Development with the objective to encourage and enable non-governmental organisations, schools and child concern groups, etc. to undertake promotional and public educational projects on children's related issues to promote the rights, interests, well-being and development of children.

Property Management Services Authority

74. The Property Management Services Authority (“the Authority”) was set up under the Property Management Services Ordinance (Cap. 626). The Authority is an independent statutory authority responsible for regulating the provision of property management services through a licensing regime, promoting the integrity of property management companies and practitioners, and enhancing the status of the profession of property management services. It is a self-financing statutory body supported by income generated from the licensing of property management companies and practitioners as well as levies collected on conveyance on sales chargeable with stamp duty.
75. Starting from 1 July 2018 a transferee (a purchaser) under a conveyance on sale of an immovable property in Hong Kong has to pay a levy to the Authority within 30 days after the conveyance on sale is executed.
76. On 20 May 2019, the Authority announced that it was drafting the Property Management Services (Licensing and Related Matters) Regulation (Subsidiary Legislation). This subsidiary Legislation sets out, among others, the categories of property management services for the licensing regime. The Authority plans to submit the subsidiary legislation to the Legislative Council in 2019 for negative vetting.

Rating (Amendment) Bill

77. The Rating (Amendment) Bill 2019 was gazetted on 13 September 2019. The Bill aims to encourage a more timely supply of first-hand private residential units, by levying Special Rates on vacant first-hand private residential premises.
78. Under the Government’s proposal, developers of first-hand private residential units with the occupation permit issued for 12 months or more would be required to submit annual returns to the Rating and Valuation Department on the status of the units. Units that remain unsold and have not been rented out for more than six months during the past 12 months would be subject to “Special Rates”
79. The Bill will be introduced into the Legislative Council at the regular Council meeting following the first Council meeting in the 2019-2020 legislative session.

Intellectual Property Specialist List

80. The Judiciary in May 2019 set up a specialist list for intellectual property cases in the Court of First Instance. This new specialist list aims to facilitate the disposal of intellectual property proceedings. A corresponding Practice Direction called "Intellectual Property List" was issued. This replaces Practice Direction 22.1 on the Trade Marks Ordinance (Cap. 559) to provide for detailed operation of the new specialist list on intellectual property cases.

Occupational Retirement Schemes

81. The Government published the Occupational Retirement Schemes (Amendment) Bill 2019 (the "Amendment Bill") in the Gazette on 4 April 2019. The Amendment Bill seeks to update the Occupational Retirement Schemes Ordinance (Cap. 426).
82. The Amendment Bill aims to prevent the misuse of Occupational Retirement Schemes as an investment vehicle open to members who are not employees of the relevant employers of the schemes by -
 - (a) enhancing the powers of the Registrar, i.e. the Mandatory Provident Fund Schemes Authority to ensure that schemes regulated under the Occupational Retirement Schemes Ordinance (Cap. 426) are genuinely employment-based retirement schemes; and
 - (b) improving the governance of occupational retirement schemes.
83. The first reading of the Amendment Bill was on 17 April 2019. A Bills Committee of the Legislative Council was set up on 26 April 2019.

Regulation of Unmanned Aircraft Systems in Hong Kong

84. The HKSAR Government released a Consultation Paper on the Regulation of Unmanned Aircraft Systems (commonly known as drones) in April 2018. The Law Society provided views on matters which were law-related and have legal implications. In June 2019, the HKSAR Government submitted a paper setting out its legislative proposal for regulating the operations of small unmanned aircraft in Hong Kong to the Legislative Council Panel on Economic Development for views.

New Regulatory Regime for Insurance Intermediaries

85. The Insurance Ordinance (Cap.41) regulates the carrying on of insurance business, and establishes the Insurance Authority (as a body corporate) to regulate the insurance industry for protecting policy holders and potential policy holders and for promoting the stable development of the insurance industry; and to provide for related matters.
86. The Insurance Authority ("IA") was established in December 2015. It is an insurance regulator independent of the HKSAR Government. The IA took over the statutory functions of the Office of the Commissioner of Insurance (OCI) to regulate insurance companies on 26 June 2017. The HKSAR Government has appointed 23 September 2019 as the date on which the IA will take over from the three Self-Regulatory Organizations (SROs) and be responsible for all aspects of the regulation of insurance intermediaries in Hong Kong, including granting licences, conducting inspections and investigations, and imposing disciplinary sanctions where applicable.
87. During the period of September 2018 to April 2019, IA released a number of consultation papers on new regulatory regime for Insurance Intermediaries for comments in anticipation of the IA taking over regulation of insurance intermediaries from the three self-regulatory organizations. Among these various consultations, the Law Society made a detailed submission in response to the consultation on Draft Codes of Conduct for Licensed Insurance Agents and Licensed Insurance Brokers in June 2019.

2019 Convention on the Recognition and Enforcement of Foreign Judgments in Civil or

Commercial Matters

88. On 2 July 2019, the *2019 Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters* was adopted by the delegates of the 22nd Diplomatic Session of The Hague Conference on Private International Law. The HKSAR Government was represented at the Diplomatic Session of the Chinese delegation.
89. This new Convention will be essential to reducing transactional and litigation costs in cross-border dealings and to promoting effective access to justice for all. It also facilitates rule-based multilateral trade and investment. The Convention will increase certainty and predictability, promote the better management of transaction and litigation risks, and shorten timeframes for the recognition and enforcement of a judgment in other jurisdictions, providing better, more effective, and cheaper justice for individuals and businesses alike.
90. It is said that the HKSAR Government will consider its application to the HKSAR after assessing the views of interested parties and the provisions of the new Convention.

**The Law Society of Hong Kong
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