

**Responses to the submission from  
Mr John Brewer**

Since the cause of action in a derivative action (whether it is taken under common law or the Bill) belongs to the company, only registered shareholders i.e. members, irrespective of whether they are beneficial owners or not, should be allowed to commence derivative actions.

“Serious question to be tried” is a standard adopted by courts for assessing interlocutory injunction applications. By this standard, it is sufficient to show that the proceedings are not frivolous or vexatious. Hence, this should not be a high threshold.

**Financial Services Branch  
Financial Services and the Treasury Bureau  
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