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FINANCIAL SERVICES BRANCH  
FINANCIAL SERVICES AND  
THE TREASURY BUREAU  
GOVERNMENT OF THE HONG KONG  
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16 May 2006

Mrs Percy Ma  
Clerk to Panel  
Legislative Council Secretariat  
3rd floor, Citibank Tower  
3 Garden Road  
Hong Kong

Dear Mrs Ma,

**Panel on Administration of Justice and Legal Services  
Limited Liability for Professional Practices**

Thank you for your letter of 31 March 2006 to the Financial Secretary who has asked me to reply to it on his behalf.

The Administration's position on the proposals for limiting liability put forward by organisations representing various professions such as the Hong Kong Law Society (HKLS) and the Hong Kong Institute of Certified Public Accountants (HKICPA) has already been reflected in the paper presented by the Department of Justice to the Panel on Administration of Justice and Legal Services on 27 March 2006. The position represents the considered view of the Administration as a whole on the subject of limiting liability. We consider that the Government should not at this time consider upsetting the balance of the present liability regime, which would have consequences for all service providers, consumers and service users.

I should point out that we have been keeping a close watch on relevant developments in other international financial centres. I should also mention that in arriving at the Administration's position, we have already taken account of all the arguments put forward by HKLS and HKICPA as well as views expressed by members of the Panel, including those relating to Hong Kong's position as an international financial centre. We are keenly aware of the need to maintain the competitiveness of Hong Kong in this respect. Having regard to all relevant considerations, the Government has concluded that it will not at this time consider upsetting the present balance in the liability regime and no further studies will be carried out into the proposals for limiting liability during the remainder of the Chief Executive's term of office.

Yours sincerely,



( Albert Lam )  
for Secretary for Financial Services  
and the Treasury

c.c.

Hon Margaret NG  
Chairman of the Panel on Administration of Justice and Legal Services

Hon Bernard CHAN  
Chairman of the Panel on Financial Affairs