



12 April 2017

Chairman of the Bills Committee on Arbitration and Mediation Legislation (Third Party Funding)
(Amendment) Bill 2016
The Legislative Council
Central Hong Kong
By hand and by fax: 2543 9197

Dear Sir,

Re: Arbitration and Mediation Legislation (Third Party Funding) (Amendment Bill) 2016 (the "Bill")

We acknowledge receipt of your invitation dated 24 March 2017 for submissions on the proposed Committee stage amendment to delete the new section 98G(2) of the Bill ("**Proposed Amendment**").

In response, we refer the Bills Committee to the HKIAC Task Force's comments of 1 February 2016 on the Law Reform Commission Sub-committee's Consultation Paper, and our submissions of 15 November 2016 on the Law Reform Commission's Report. In the latter submission, we provided the following comments in response to the introduction of section 98G(2):

As regards the recommendation that the definition of third party funding should not include any funding provided directly or indirectly by a person practicing law or providing legal services, the Task Force refers to its Comments, and proposes that, at a future time, consideration may be given to legislative amendments that would allow such funding arrangements in Hong Kong-seated arbitrations and related court proceedings. Such amendments would bring Hong Kong into line with other major jurisdictions that have liberalized previous restrictions of a similar nature, e.g., the PRC, England & Wales, Australia, the United States, and thus enhance Hong Kong's competitiveness in an increasingly competitive international market.

While HKIAC maintains this view, we are concerned that the Proposed Amendment could delay passage of the Bill, possibly significantly. At this stage, we believe it is essential to prioritise passing the Bill, so the important legislative change it embodies can come into force and allow parties to secure third party funding for arbitrations in Hong Kong. We therefore respectfully suggest that the Proposed Amendment be rejected at this stage, with a view to revisiting it at a later date.

HKIAC takes this opportunity to reiterate its strong support for the Bill, which we look forward to being passed and to enhancing Hong Kong's reputation as a centre of excellence for Asian arbitration. We thank the Bills Committee for the work it is doing to achieve this.



香港國際仲裁中心
Hong Kong International
Arbitration Centre

Yours sincerely

Sarah Grimmer
Secretary-General
Hong Kong International Arbitration Centre