

2020

Committees &
Working
Parties
Reporting
Directly to the
Council



THE
LAW SOCIETY
OF HONG KONG
香港律師會

BELT AND ROAD COMMITTEE (“BRC”)

The Belt and Road Initiative (“the Initiative”) was launched by the Chinese government in 2013, which aimed to promote economic cooperation among more than 65 countries and regions along the Belt and Road routes. Now the Initiative embraces all countries anywhere that subscribe to the five principles of connectivity espoused under the Initiative.

The BRC was convened at the end of 2015 to explore opportunities for members arising from the Initiative. The BRC set up four Subgroups in March 2016 to take charge of different areas of its work, namely: (1) to update the Committee on government policy on the Initiative; (2) to reach out to overseas lawyers associations covered by the Initiative; (3) to consider possible initiatives to harmonise trade and business law; and (4) to organise joint conferences or events with overseas lawyers associations.

1st Belt and Road Webinar

The Law Society has been organising an international Belt and Road Conference in Hong Kong since 2017 to serve as a platform for professional exchanges among legal practitioners around the world. Regrettably, this year’s Conference has to be postponed due to the COVID-19 pandemic. However, thanks to digital technology advancement, The Law Society’s first Belt and Road Webinar themed “Look beyond COVID-19: Connect and Unite through Belt and Road and LawTech” was concluded with tremendous success on 23 November with over 730 participants from 29 jurisdictions.

The Webinar was graced by the presence of Dr. Peter Lam, Chairman of Hong Kong Trade Development Council (“HKTDC”) who delivered the keynote speech on the theme of the Webinar. Renowned speakers from The Law Society, government bodies, lawyers associations and business sectors both locally and globally discussed topical issues including the effects of the pandemic on contractual obligations, the growing use of technology in the legal industry, and reforms on corporate rescue laws in countries along the Belt and Road in the Webinar. The Webinar has offered an invaluable platform for our members and other participants to exchange views on these topics which have growing significance to the legal industry.

The Organising Committee would like to express their sincere gratitude to the speakers, moderators and fellow legal practitioners from all over the world for gracing us with their support and participation to make this event a great success.

5th Belt and Road Summit

Jointly organised by the HKSAR Government and HKTDC, the 5th Belt and Road Summit themed “A Business Vision for a Sustainable and Inclusive Future” was held virtually on 30 November and 1 December.

Apart from being a Supporting Organisation of the Summit, Mr. C. M. Chan, Vice-President and Chairman of Greater China Legal Affairs Committee, also participated as a speaker at the Thematic Breakout Session 3 entitled “Positioning Hong Kong for Deal-Making and Dispute Resolution under the Belt and Road Initiative” co-organised by the HKTDC and Department of Justice. Vice-President shared his insightful experience and views on Hong Kong’s strengths and expanding potential in its positioning as an important gateway connecting the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”) and international markets by highlighting the core competencies of Hong Kong legal services and what Hong Kong’s legal professionals can offer to foster and strengthen partnership among jurisdictions along the Belt and Road.

Vice-President Amirali Nasir also took part in the HKTDC’s Third Belt and Road Global Forum Annual Roundtable where participants shared their experiences and views, ranging from innovation and technology collaborations to GBA opportunities under the Initiative.

Participation in Belt and Road activities

The Law Society grasped the golden opportunities in reaching out and promoting the Hong Kong legal system and legal profession to other legal professional bodies in countries covered by the Initiative through participating in the Initiative-related events. These events include:

Date	Event Name	Location
18 November	6 th Greater Bay Area Conference by the China Daily and Silk Road Economic Development Research Center	Hong Kong
30 November – 1 December	5 th Belt and Road Summit	Hong Kong
1 December	HKTDC’s Third Belt and Road Global Forum Annual Roundtable	Hong Kong

Looking forward, The Law Society will continue our effort in exploring ways to foster collaboration with lawyers associations around the world in order to maximise the opportunities arising from the Initiative for our members.

HONOURS COMMITTEE

The Committee met on one occasion. In accordance with the Nomination Guidelines, the Committee considered candidates for admission to the Law Society's Roll of Honour and for admission as an Honorary Member of the Law Society and made recommendations to the Council.

Upon recommendation of the Honours Committee, the Council admitted Mr Michael Lintern-Smith, Ms Bebe Chu Pui Ying and Mr. Foo Tak Ching to the Roll of Honour on 15 April 2020. There was no admission to Honorary Membership in 2020.

HONG KONG SOLICITORS INDEMNITY FUND LIMITED

Hong Kong Solicitors Indemnity Fund Limited ("HKSIFL") was established by The Law Society and empowered by the Solicitors (Professional Indemnity) Rules ("the SPI Rules") to manage and administer the Professional Indemnity Scheme ("PIS") and the Solicitors Indemnity Fund ("HKSIF") subject to direction from the Council.

The HKSIFL held a total of eight Board meetings during the year and an Annual General Meeting.

The HKSIFL considered a number of matters including:

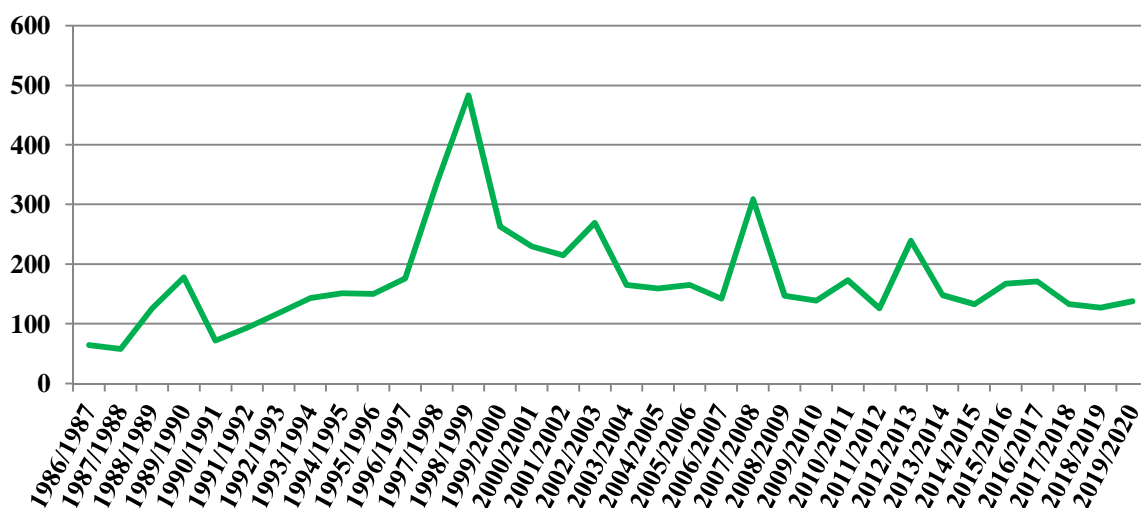
- PIS claims and related matters
- PIS seminars
- Contribution reduction
- The performance of the PIS Broker, Manager and panel solicitors
- Investments of HKSIF
- Amendments to the SPI Rules
- Outstanding PIS contributions from ceased firms
- The monthly management accounts and the audited accounts of HKSIF and HKSIFL
- Profits tax position of HKSIF and HKSIFL
- Firms which failed to file the renewal documents by the statutory deadline of 15 August 2020
- Renewal of Directors' and Officers' liability and Professional Indemnity insurance for HKSIFL and the Directors
- Matters arising from the liquidation of HIH Casualty and General Insurance Ltd. and FAI General Insurance Company Ltd. and the provisional liquidation of FAI First Pacific Insurance Co. Ltd.
- PIS enquiries

A total of 138 notifications of claims were received by the Claims Manager, ESSAR Insurance Services Ltd. ("ESSAR") during the 2019/2020 indemnity year, i.e. from 1 October 2019 to 30

September 2020 and the grace period from 1 October 2020 to 29 November 2020. As at 30 September 2020, 8 of the notifications resulted in proceedings, 2 were closed without payment, 1 was settled with payment and 129 (including those closed without payment) remained as notifications.

The number of claims for the last 34 indemnity years and the number of members holding Practising Certificates as at 31 December of each of those years are as follows:-

Figure 1: Number of Claims (1986/1987 – 2019/2020)



Indemnity Year	Number of Claims	Percentage Increase/Decrease from previous year	No of members with Practising Certificates (as of 31 December)
1986/1987	64	-	1,807
1987/1988	58	-9%	1,998
1988/1989	126	117%	2,152
1989/1990	178	41%	2,326
1990/1991	72	-60%	2,479
1991/1992	93	29%	2,721
1992/1993	118	27%	2,981
1993/1994	143	21%	3,307
1994/1995	151	6%	3,596
1995/1996	150	-1%	3,896
1996/1997	176	17%	4,309
1997/1998	336	91%	4,619
1998/1999	483	44%	4,720
1999/2000	263	-46%	4,890
2000/2001	230	-13%	5,070
2001/2002	215	-7%	5,173

Indemnity Year	Number of Claims	Percentage Increase/Decrease from previous year	No of members with Practising Certificates (as of 31 December)
2002/2003	269	25%	5,301
2003/2004	165	-39%	5,422
2004/2005	159	-4%	5,593
2005/2006	165	4%	5,757
2006/2007	142	-14%	5,925
2007/2008	309	118%	6,205
2008/2009	147	-52%	6,465
2009/2010	139	-5%	6,782
2010/2011	173	24%	7,149
2011/2012	126	-27%	7,483
2012/2013	239	90%	7,864
2013/2014	148	-38%	8,279
2014/2015	133	-10%	8,647
2015/2016	167	26%	9,076
2016/2017	171	2%	9,463
2017/2018	133	-22%	9,903
2018/2019	127	-5%	10,344
2019/2020	138	9%	10,790

* Number of Claims includes claims notified within the grace period.

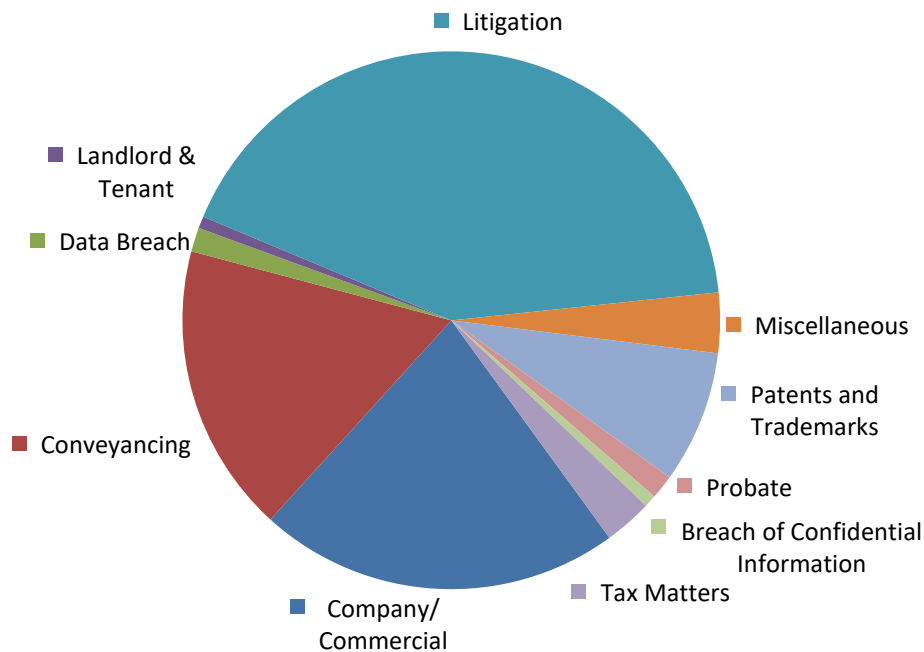
+ Percentage of increase or decrease has been calculated to the nearest decimal point.

Claims notified in the 2019/2020 indemnity year, categorised by area of practice:-

Breach of Confidential Information	1
Company/Commercial	30
Conveyancing	24
Data Breach	2
Landlord & Tenant	1
Litigation	58
Miscellaneous	5
Patents and Trademarks	11
Probate	2
Tax Matters	4

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Figure 2: Types of Claims notified in 2019/2020



3 fraud claims were notified to the PIS in the 2019/2020 indemnity year.

As at 30 September 2020, the total liability of the PIS for the 2019/2020 indemnity year, calculated on the basis of claims paid and claims reserved, was HK\$3,924,413 of which HK\$2,936,952 consisted of claims paid (including costs) and HK\$987,461 consisted of claims reserved.

The total amount of claims paid (including costs) since the inception of the self-insured PIS in 1986 amounts to HK\$2,133,593,671 and the amount reserved is HK\$173,282,944. The total claims paid and reserved is HK\$2,306,876,615.

A detailed account of the operation of the PIS and claims data as well as the audited accounts of the HKSIF as at 30 September 2020 will be published in the PIS Annual Report for the 2019/2020 indemnity year.

PIS CLAIMS COMMITTEE

Claims are handled by the Claims Committee pursuant to the SPI Rules with the assistance of the Claims Manager, ESSAR. The Claims Committee held six meetings during the year to discuss both new and ongoing claims. It also considered a wide range of urgent claims issues by email circulation.

PIS INVESTMENT SUB-COMMITTEE

The PIS Investment Sub-Committee held four meetings during the year. At each meeting, the Subcommittee and HKSIFL's investment consultant, Mercer Investment Consulting Limited met two of HKSIFL's investment managers in person to discuss their performance and to provide their outlook on market trends. The Subcommittee also assists the Board of HKSIFL to review the cash flow position of the HKSIF.

In between meetings matters arising are considered by emails. These include the consideration of monthly performance and custodian reports, exchanging and discussing information and views and making decisions on relatively minor investment issues.

As of 31 December 2020, the investment managers of the HKSIF are as follows:

- AllianceBernstein Hong Kong Ltd. ("AllianceBernstein")
- MFS Investment Management ("MFS")
- Grantham Mayo van Otterloo ("GMO")
- Ruffer LLP ("Ruffer")
- PIMCO Asia Limited ("PIMCO")
- Mercer Global Investments Europe Limited ("MGIE")

HKSIF adopts a conservative investment strategy where the investments are predominantly placed in fixed income securities. The investment objectives are:

- to preserve capital and to maximize total return on the portfolio; and
- regarding the bond portfolio, to outperform the Barclays Capital Global Aggregate Index.

The net returns on the portfolios managed by the investment managers for the 12 month period ended 31 December 2019 and 2020 were as follows:

Investment Manager	Type of portfolio	Net Return		Portfolio Size (In USD)	
		2019	2020	As of 31 Dec 2019	As of 31 Dec 2020
AllianceBernstein	Bonds	7.90%	5.0%	156,811,158	98,488,227
MFS	Equities	31.6%	15.7%	87,238,465	100,900,551
GMO	Equities	24.6%	8.3%	63,736,774	69,021,355
Ruffer	Multi-Asset (mainly equities and bonds)	10.1%	14.4%	74,833,687	85,582,148
PIMCO	Bonds	-	7.6%	94,932,399	98,716,993
MGIE	Bonds	-	6.0%	-	100,095,054
Overall portfolio return		13.4%	10.2%	477,552,483	552,804,328

Note: No return figures from PIMCO and MGIE in 2019 as the first fund injection was made on 31 December 2019 and 7 January 2020, respectively.

PROFESSIONAL INDEMNITY ADVISORY COMMITTEE

The Committee is responsible for reviewing and advising on any issue referred to it by the Council, HKSIFL or the Claims Committee relating to professional indemnity cover under the PIS.

A Working Party of this Committee considered various amendments to the SPI Rules, including amendments:

- to improve the cover provided under the PIS;
- consequential to the introduction of Solicitors Corporation Rules; and
- to set out that indemnifieds' of the PIS are to be defended by Panel Solicitors appointed by the Council, which came into operation on 1 May 2020.

The Working Party held one meeting during the year and conducted the rest of its business by email circulation.

PIS PANEL SOLICITORS SELECTION BOARD

The Selection Board was established by the Council to resolve all matters relating to the tender for appointment as PIS Panel Solicitors, to consider the tender applications and to make recommendations to the Council on the appropriate firms to be appointed to the Panel. It also considers and approves any change to the Supervising Partner of an appointed Panel firm.

The retainer of the current Panel runs from 1 April 2018 to 31 March 2023.

The firms which served as Panel Solicitors in 2020 were:

- Deacons
- Dentons Hong Kong LLP
- Fred Kan & Co.
- Howse Williams
- Mayer Brown
- Norton Rose Fulbright
- P.C. Woo & Co.
- Reynolds Porter Chamberlain

WORKING PARTY ON PIS GROSS FEE INCOME REPORTS AND CONTRIBUTIONS

The Working Party is responsible for considering and making recommendations to the Council on the appropriate action to be taken against those firms which failed, in breach of the SPI Rules, to submit the application for indemnity and/or the gross fee income report on or before 15 August, or pay their annual contributions on or before 30 September in each year. The Working Party is also responsible for approving the applications for an extension of time to submit the application for indemnity and/or the gross fee income report.

During the year, the Working Party considered a number of defaults and applications for time extensions by email circulation.

WORKING PARTY ON 2020 ANNUAL GENERAL MEETING

The Working Party was convened by the Council in March to consider and make recommendations to the Council on the special arrangements for adoption for The Law Society's 2020 Annual General Meeting ("AGM") in light of the COVID-19 pandemic.

The Working Party met on various occasions and also conducted its deliberations by email circulation during the two months of April and May before the AGM. Issues discussed by the Working Party included the appropriate venue arrangement for the AGM, how to manage the number of physical attendees of the AGM given the need to prevent mass gatherings and enhance social distancing whilst at the same time to also uphold members' right to attend and vote at the meeting, what practicable measures to put in place to ensure the safety of all attendees, and the contingency arrangements to be adopted in case the AGM would need to be adjourned or abandoned where the situation of the COVID-19 pandemic make it inappropriate to hold the AGM as scheduled, etc.

With the assistance of the Working Party, special measures were implemented for the 2020 AGM and members were informed of the special arrangements through the President's letters and circulars.

WORKING PARTY ON REVIEW OF STANDING ORDERS

The Working Party was convened by the Council in September to review the existing governance arrangements relating to the Council and Council members, including in the areas of confidentiality,

transparency and accountability; collective responsibility and engagement with external parties; conflict of interest; and compliance and sanctions.

The Working Party has met on a total of three occasions this year. Members first met in September to discuss the terms of reference of the Working Party and the work approach to be adopted and made recommendations to the Council. With its scope of work being defined, the Working Party further met in October and December to deliberate in detail the first set of governance issues of “confidentiality, transparency and accountability”. Members reviewed the existing governance arrangements with reference to comparable positions in overseas and other local organisations.

The Working Party will continue its effort in the review exercise in 2021.

WORKING PARTY ON THE COMMON ENTRANCE EXAMINATION (“CEE”) POSITION PAPER

The main terms of reference of the Working Group are to consider the feasibility of the CEE and Law Society Examination (“LSE”), to make recommendations to the Council on their feasibility, their structure and implementation.

The Working Group convened six meetings including two meetings with the law schools in Hong Kong. Matters considered by the Working Group in meetings and by paper circulation included:

- (a) The draft Position Paper on *CEE* and *LSE*;
- (b) The functions and the roles of the representatives of The Law Society involved in the *PCLL*;
- (c) The 2019 SCLET Annual Report;
- (d) Comments of SCLET on the Position Paper on *CEE* and *LSE*;
- (e) Answers provided by CityU, CUHK and HKU on questions raised by The Law Society to *PCLL* admission;
- (f) Proposals on improvement of the *PCLL*;
- (g) *CEE* and *LSE* preparatory course providers and the contents of the preparatory courses;
- (h) Accreditation and monitoring of preparatory course providers;
- (i) The syllabus and the learning outcomes of *LSE*;
- (j) *Advanced Diploma for Legal Executives (Graduate Level)* proposed by HKU SPACE.