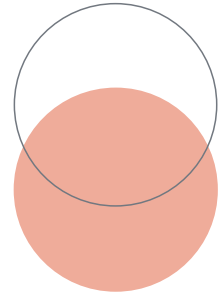


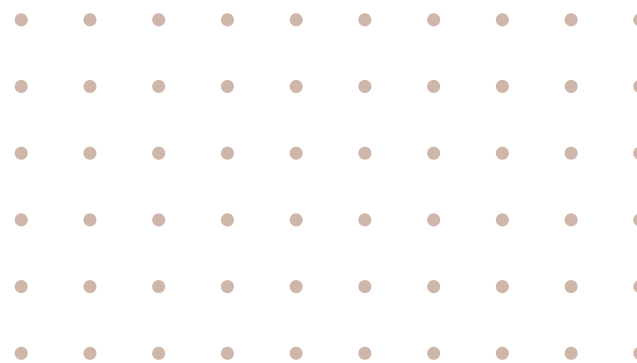


THE
LAW SOCIETY
OF HONG KONG
香港律師會



2023

Committees
and Working
Parties
Reporting
Directly to
the Council



HONOURS COMMITTEE

The Committee met on one occasion in 2023. In accordance with the Nomination Guidelines, the Committee considered candidates for admission to The Law Society’s Roll of Honour and for admission as Honorary Members of The Law Society and made recommendations to the Council.

Upon recommendation of the Honours Committee, the Council admitted The Honourable Mr Justice Bruno Chan, Mr Roland Chow Kun Chee and Mr Woo Po Shing to the Roll of Honour at the Annual General Meeting on 18 May 2023.

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* (Cap.159M) (“*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 seven Board meetings during the year and an Annual General Meeting.

The HKSIFL considered a number of matters including:

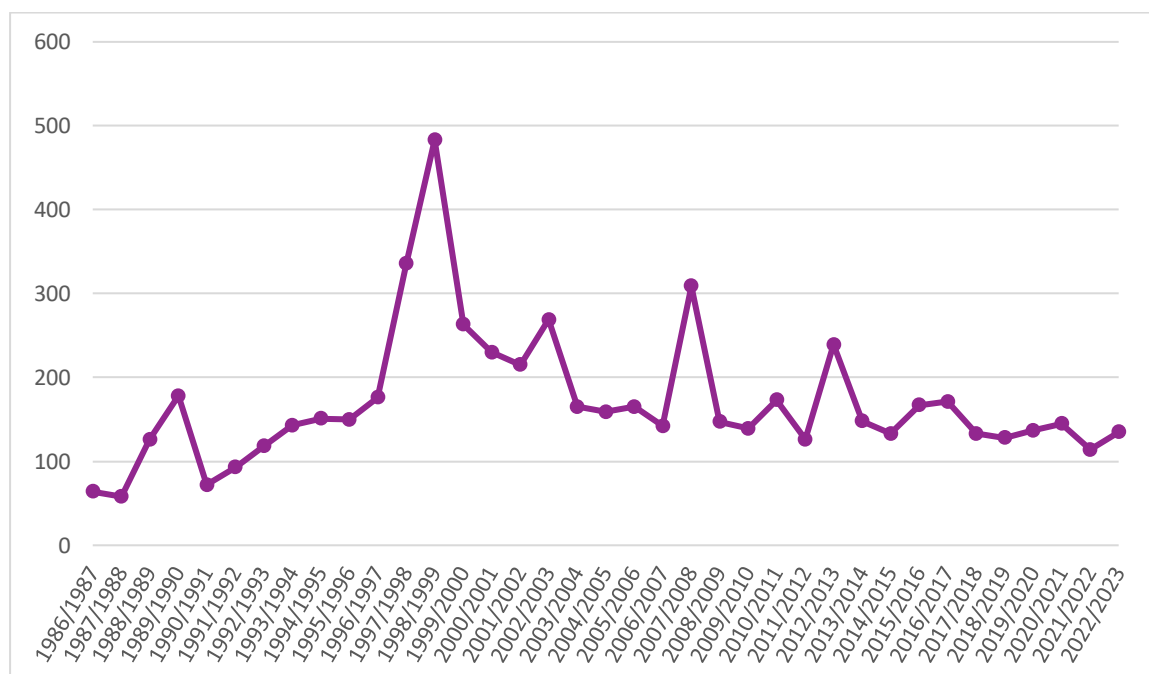
- PIS claims and related matters
- PIS seminars and quarterly bulletins
- Contribution reduction
- The performance of the PIS Broker, Manager and panel solicitors
- Appointment of Broker and Manager of the PIS
- Investments of the HKSIF
- Amendments to the *SPI Rules*
- Outstanding PIS documents and contributions from ceased firms
- The monthly management accounts and the audited accounts of the HKSIF and HKSIFL
- Firms which failed to file the renewal documents by the statutory deadline of 15 August 2023
- Renewal of Directors’ and Officers’ liability and Professional Indemnity insurance for the 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
- Review of the Memorandum and Articles of Association of HKSIFL
- E-Platform for the PIS
- Review of implications (if any) of the *Land Titles Ordinance* (Cap.585) to the PIS
- Appointment of auditor and actuary
- Resources and management issues

- Appointment of new Panel Solicitors to the PIS
- Renewal of Reinsurance Programme

A total of 135 notifications of claims were received by the Manager of the PIS, ESSAR Insurance Services Ltd. (“ESSAR”) during the 2022/2023 indemnity year, i.e. from 1 October 2022 to 30 September 2023 and the grace period from 1 October 2023 to 29 November 2023. As at 30 September 2023, 12 of the notifications resulted in proceedings, one was settled with payment, one was closed without payment and 122 (including one claim closed without payment) remained as notifications.

The number of claims for the last 37 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 – 2022/2023)



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

Indemnity Year	Number of Claims	Percentage Increase/Decrease from previous year	No. of members with Practising Certificates (as of 31 December)
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
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	128	-4%	10,344
2019/2020	137	7%	10,790
2020/2021	145	6%	11,235
2021/2022	114	-21%	11,457
2022/2023	135	18%	11,589

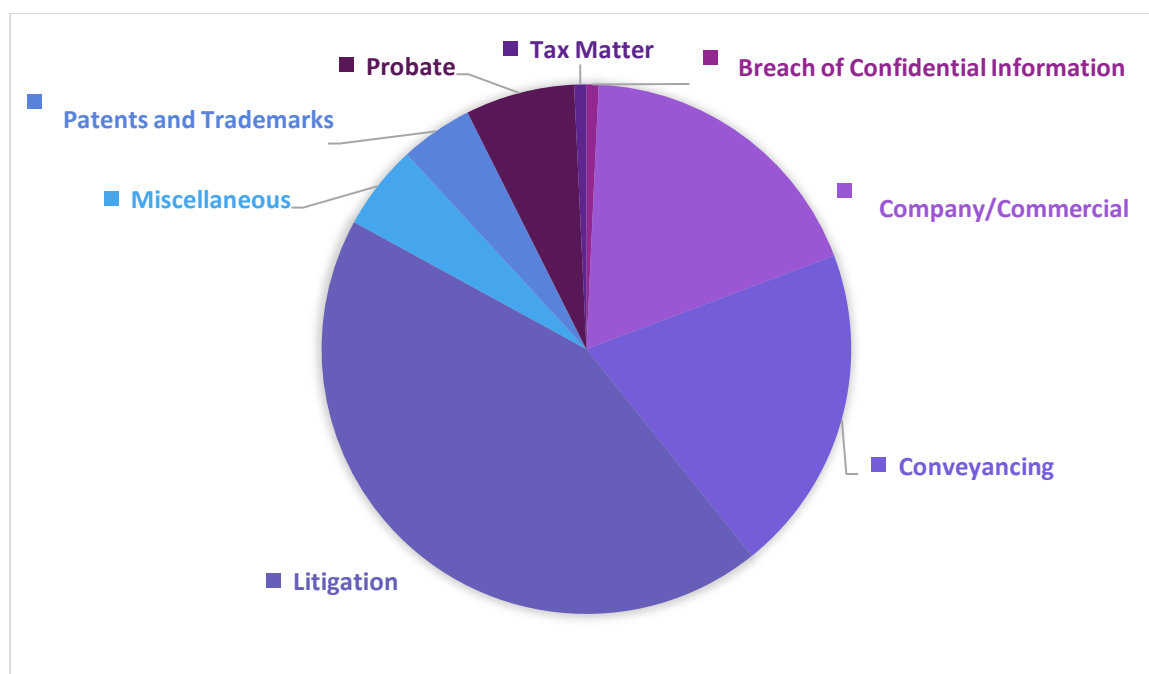
* Number of Claims includes claims notified within the grace period.

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

Claims notified in the 2022/2023 indemnity year, categorised by area of practice:

Breach of Confidential Information	1
Company/Commercial	25
Conveyancing	27
Litigation	59
Miscellaneous	7
Patents and Trademarks	6
Probate	9
Tax Matter	1
	135

Figure 2: Types of Claims notified in 2022/2023



Seven fraud claims were notified to the PIS in the 2022/2023 indemnity year.

As at 30 September 2023, the total liability of the PIS for the 2022/2023 indemnity year, calculated on the basis of claims paid and claims reserved, was HK\$6,271,404, of which HK\$3,596,507 consisted of claims paid (including costs) and HK\$2,674,897 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\$2,373,645,609 and the amount reserved is HK\$166,571,081. The total claims paid and reserved is HK\$2,540,216,690.

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 2023 will be published in the PIS Annual Report for the 2022/2023 indemnity year.

PIS CLAIMS COMMITTEE

Claims made under the *SPI Rules* are handled by the Claims Committee with the assistance of ESSAR. During the year, the Claims Committee held five meetings to consider and discuss ongoing claims. It also considered a number of urgent claims-related matters by email circulation.

PIS INVESTMENT SUB-COMMITTEE

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

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

As of 31 December 2023, 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")

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

- to preserve capital and to maximise the 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 2022 and 2023 were as follows:

Investment Manager	Type of portfolio	Net Return		Portfolio Size (In USD)	
		2022	2023	As of 31 Dec 2022	As of 31 Dec 2023
AllianceBernstein	Bonds	-12.7%	6.9%	85,854,097	92,287,995
MFS	Equities	-17.7%	13.1%	99,019,048	111,997,464
GMO	Equities	-18.0%	20.3%	64,276,816	77,296,295

Investment Manager	Type of portfolio	Net Return		Portfolio Size (In USD)	
		2022	2023	As of 31 Dec 2022	As of 31 Dec 2023
Ruffer	Multi-Asset (mainly equities and bonds)	6.8%	-5.8%	105,804,052	99,652,649
PIMCO	Bonds	-11.4%	8.1%	86,220,826	93,163,141
MGIE	Bonds	-4.7%	6.4%	119,195,269	126,631,151
Overall portfolio return		-9.1%	7.4%	560,370,108	601,028,695

* New fund was put in bank deposit during the year.

PROFESSIONAL INDEMNITY ADVISORY COMMITTEE

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

The Committee received inquiries from Land Registry on implications (if any) of the *Land Titles Ordinance* to the PIS portfolio and assisted the Board in considering the matter.

The Committee received inquiries from the Judiciary about the proposed amendments to be made to the *SPI Rules* regarding exclusions of PIS coverage from the *SPI Rules* and the proposed amendments consequential to the introduction of the *Solicitors Corporation Rules*, and assisted the Board in considering the matter.

A Working Party of this Committee considered the bilingual amendments to the *SPI Rules* consequential to the introduction of the *Solicitors Corporation Rules* during the year.

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 2023 to 31 March 2028.

The firms which served as Panel Solicitors prior to 1 April 2023 were:

- Deacons
- Dentons Hong Kong LLP
- Fred Kan & Co.

- Howse Williams
- Mayer Brown
- Norton Rose Fulbright
- P.C. Woo & Co.
- Reynolds Porter Chamberlain

The firms which have served as Panel Solicitors since 1 April 2023 are:

- Clyde & Co.
- Deacons
- Dentons Hong Kong LLP
- Fred Kan & Co.
- Howse Williams
- Mayer Brown
- MinterEllison LLP
- 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 applications for extension of time to submit applications for indemnity and/or gross fee income reports.

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

BELT AND ROAD COMMITTEE (“BRC”)

The Belt and Road Initiative (“the Initiative”) was launched by the PRC Government in 2013. It aims to promote economic cooperation among more than 65 countries and regions along the Belt and Road routes. Now the Initiative embraces all countries in the world 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 various areas of its work, namely: (1) to update the BRC 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.

International Summit 2023 in celebration of the 10th Anniversary of the Belt and Road Initiative

Building on the success of the Belt and Road Conferences held since 2017, The Law Society's International Summit 2023 in celebration of the 10th Anniversary of the Initiative was successfully held on 11 October at the Hong Kong Ocean Park Marriott Hotel in a hybrid format. The event attracted registration by over 800 participants from various sectors from 49 jurisdictions, including around 30 representatives of the Consulates-General, Honorary Consulates and Officially Recognised Bodies.

Themed “Peace and Prosperity on the Belt and Road”, the Summit provided a platform for government leaders, experts and scholars from the legal sector, as well as business leaders from across the world to explore the vast opportunities along the Belt and Road, to examine how mediation can resolve commercial and sovereign disputes, and to share practical skills and knowledge on mediation, negotiation and deal-making.

The Law Society is deeply grateful to the distinguished guests of honour for their gracious presence, including The Hon John Lee, The Chief Executive of the Hong Kong Special Administrative Region (“HKSAR”) of the People’s Republic of China (“PRC”); Mr. Liu Guangyuan, Deputy Director of Liaison Office of the Central People’s Government in the HKSAR; Mr. Fang Jianming, Deputy Commissioner of the Office of the Commissioner of the Ministry of Foreign Affairs of the PRC in the HKSAR; The Hon Paul Lam, SC, Secretary for Justice of The Government of the HKSAR of the PRC; The Hon Horace KK Cheung, Deputy Secretary for Justice of The Government of the HKSAR of the PRC; and The Hon Bernard Chan, Chairman of M Plus Museum Limited.

The Law Society would also like to express heartfelt thanks to the HKSAR Government’s Professional Services Advancement Support Scheme, the four social event sponsors and the 34 supporting organisations for their unwavering support to our shared vision; the eminent speakers and moderators for their valuable sharing; and the distinguished guests and participants from across the world, particularly those having travelled long distances to grace the event.

The Third Belt and Road Forum for International Cooperation in Beijing

In celebration of the 10th Anniversary of the Initiative, President of The Law Society Mr. C. M. Chan joined the high-level HKSAR delegation led by The Chief Executive The Hon John Lee to attend The Third Belt and Road Forum for International Cooperation in Beijing from 17 to 18 October.

Themed “High-quality Belt and Road Cooperation: Together for Common Development and Prosperity”, the Forum saw a wide representation of about 130 jurisdictions, with the attendance of world leaders, officials and other key figures from countries and regions along the Belt and Road. Taking this opportunity, the President attended media interviews to promote Hong Kong’s high-quality international legal services.

Participation in Belt and Road activities

As soon as the world resumed its order after the pandemic, The Law Society grasped the golden opportunities in reaching out and promoting the sophisticated Hong Kong legal system and legal profession to other legal professional bodies in jurisdictions within the Initiative through participating in the Initiative-related events:

Date	Event Name	Location
13 – 14 September	8 th Belt and Road Summit co-organised by the HKSAR Government and Hong Kong Trade Development Council (“HKTDC”)	Hong Kong
15 September	HKTDC Belt and Road Global Forum Annual Roundtable	Hong Kong
11 October	The Law Society’s International Summit 2023 in celebration of the 10 th Anniversary of the Initiative	Hong Kong
17 – 18 October	The Third Belt and Road Forum for International Cooperation	Beijing

The Law Society will continue to explore ways to foster collaboration for its members, with lawyers’ associations across the globe to capture the opportunities brought by the Initiative.

GREATER CHINA LEGAL AFFAIRS COMMITTEE

[Greater China Legal Affairs Committee to be updated]

COMMITTEE ON REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (“RCEP”) AGREEMENT

The Regional Comprehensive Economic Partnership (“RCEP”) Agreement is the world’s largest free trade agreement which entered into force on 1 January 2022. Although Hong Kong is yet to enter RCEP, it is poised to be in the first batch of states or customs territories to accede.

In light of the importance of RCEP to Hong Kong and to better prepare members of the legal profession for it, The Law Society Council on 19 January 2021 resolved to form a Committee on RCEP to study the initiative and monitor its latest development. Six Working Parties have also been formed to study and report on the more salient parts of the Agreement. They are the Working Party on Trade in Goods and Rules of Origin, the Working Party on Professional Services, the Working Party on Investment, the Working Party on Electronic Commerce, the Working Party on Small and Medium Enterprises, and the Working Party on Dispute Settlement.

In 2023, the Committee on RCEP joined hands with the HKTDC to roll out a series of webinars relating to RCEP, which aimed to highlight the relevant opportunities and challenges brought about by RCEP for different sectors of the Hong Kong community, and how the legal profession can help identify and address the practical issues potentially encountered by local enterprises in their daily operation when the RCEP is applicable to Hong Kong in the future.

Three webinars were held during the year:

Date	Event Name
14 March	RCEP Webinar on Trade in Goods and Rules of Origin
13 June	RCEP Webinar on Electronic Commerce
25 September	RCEP Webinar on Dispute Settlement

The Committee will continue its cooperation with the HKTDC to roll out more webinars. The Committee will work towards preparing the profession for the eventuality of Hong Kong acceding to the RCEP Agreement and to meet the challenges RCEP currently poses as all involved in trade in the Mainland have already been adjusting to and benefitting from RCEP.

WORKING PARTY ON CHINESE TRANSLATION OF “BARRISTER” AND “SOLICITOR”

The Council established the Working Party to recommend suitable Chinese terms for “barrister” or “solicitor” or both to correct the misunderstanding arising from the current translation of “barrister” in the *Legal Practitioners Ordinance* (Cap.159) (“LPO”).

The Working Party held four meetings on 30 May 2022, 29 July 2022, 25 August 2022 and 19 December 2023. The Working Party had conducted substantive research on the historical discussions on the Chinese translations of “solicitor” and “barrister”, reasons in support of change, and the hurdles to overcome in changing the statutory terms associated with “solicitor” and “barrister”.

The Working Party had concluded its work and will submit its recommendations to the Council for consideration.

WORKING PARTY ON COMPLIANCE RELATED LEGISLATIVE AMENDMENTS

The Working Party was set up by the Council in August 2022.

The main terms of reference of the Working Party are:

- (a) to review the outstanding proposed legislative amendments relevant to compliance work which have been approved by the Council in principle and/or raised consequentially to the comments from the Judiciary/Department of Justice;
- (b) to consolidate those outstanding proposed legislative amendments into a single submission (“Submission”) with a view to presenting a holistic and coherent reform proposal to the Department of Justice and, when necessary, the Judiciary;

- (c) to formulate the Submission for approval by the Council;
- (d) to consolidate any other outstanding proposed legislative amendments relevant to compliance work in batches on a continuing basis and to take all necessary actions to expedite the progress including meetings with the Department of Justice and, when necessary, the Judiciary;
- (e) to monitor and report to the Council the progress of the legislative amendments contained in the submissions.

The Working Party conducted its business by way of meetings and by paper circulation. The Working Party convened one meeting in 2023. Matters considered and dealt with by the Working Party in meeting and by paper circulation included:

- (a) Amendments to the terms of reference of the Working Party;
- (b) Relevant Standing Committees' responses solicited by the Working Party on whether there were any proposed amendments to the *LPO* and its subsidiary legislation that the Standing Committees wanted to be included in the first batch of Submission to the Department of Justice;
- (c) Formulation of the first batch of Submission for approval by the Council;
- (d) Comments provided by the Council on the first batch of Submission initially recommended by the Working Party.

A letter was issued by the Chair of the Working Party to the Secretary for Justice in November, putting forward the first batch of Submission approved by the Council. A reply letter from the Solicitor General was received in December, proposing the way forward.

WORKING PARTY ON IMPACT OF AI ON THE LEGAL PROFESSION

The Council established the Working Party in November to prepare a position paper on the impact of artificial intelligence (“AI”) on the legal profession, aiming to contribute to a comprehensive understanding of the impact of AI on the legal profession, provide stakeholders with a holistic overview of the opportunities and challenges associated with AI implementation in legal practice, and to facilitate coordinated discussions of stakeholders on proactive actions and reforms considering the interconnections among various facets of the legal industry and the need for all stakeholders to move forward together.

The Working Party held one meeting in 2023. It reviewed the draft scope of the position paper on the impact of AI and submitted the revised scope for consideration by the Council in December. It will continue to work on the preparation of the position paper.

WORKING PARTY ON THE LAW SOCIETY EXAMINATION (“LSE”) AND RELATED TOPICS

The main terms of reference of the Working Party are: (a) to formulate proposals on the examination required, set or approved, including but not limited to the *Common Entrance Examination* and the *LSE* under rule 7(a) of the *Trainee Solicitors Rules* (Cap.159J) to qualify for admission as a Hong Kong solicitor; (b) to formulate proposals on all matters relating to such examinations, such as the examination standards, the syllabus and the vocational training programme leading to the examinations; (c) to oversee and supervise the implementation of the *Protocol on the role of External Examiners, External Course Assessors and External Academic Advisors (together “External Examiners”)* and other aspects of the *Postgraduate Certificate in Laws Programmes (“Protocol”)*; and (d) to report and make recommendations to the Council.

The Working Party convened one meeting in 2023. Matters considered by the Working Party in meeting and by paper circulation included:

- (a) Monitoring of the implementation of the *Protocol* by:
 - (i) Appointment of *PCLL* External Examiners and their alternates to all existing and newly proposed courses, and appointment of representatives of The Law Society to the governing bodies of the City University of Hong Kong, the Chinese University of Hong Kong and the University of Hong Kong;
 - (ii) Nomination of representatives to attend the *PCLL* admissions panel;
- (b) Consideration of the proposed amendments to clarify and adjust the *PCLL* admission requirements for the *PCLL* Benchmarks;
- (c) Nomination of The Law Society’s representatives in the Standing Committee on Legal Education and Training (“SCLET”);
- (d) The 2022 Annual Report of the SCLET;
- (e) Proposal on the accreditation arrangement for the providers of the vocational training course leading to the *LSE*;
- (f) Consideration of the requirements on retaking the *LSE* if a candidate failed.

Past President Mr. Dieter Yih and Mr. Brian Gilchrist served as representatives of The Law Society on the SCLET, the statutory body established by the HKSAR Government to oversee legal education in Hong Kong under section 74A of the *LPO*. SCLET held three meetings during the year.