



Hong Kong General Chamber of Commerce
香港總商會 1861

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Dear Mr Ng

Proposals to enhance the Financial Dispute Resolution Scheme

The Hong Kong General Chamber of Commerce ("HKGCC") welcomes the opportunity of commenting on the proposals in the consultation paper ("CP") issued by the Financial Dispute Resolution Centre ("FDRC") on augmenting the service features of the Financial Dispute Resolution Scheme ("FDRS") in a number of areas as set out in the CP.

Specifically, we agree with the proposals to

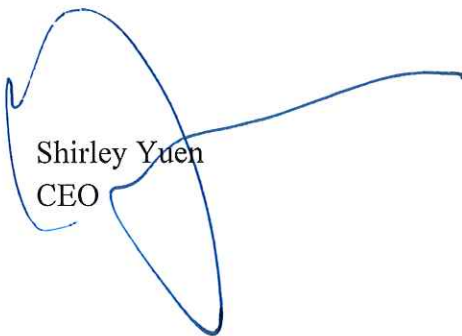
- raise the upper claimable limit to HK\$3,000,000;
- extend the limitation period for lodging Claims to 36 months;
- extend the service scope to cover Claims from Small Enterprise ("SEs") as defined in paragraph 2.33 of the CP; and
- allow the FDRC to deal with cases under current court proceedings without the claimant withdrawing their case from the Court.

We believe that the proposed enhancements would have the positive effect of improving accessibility for addressing complaints that would not otherwise be resolved through the courts due to such considerations as cost and time. Increased accessibility to FDRS, which is an effective recourse for addressing consumer/investor/SE complaints, would also benefit society as a whole by providing relief to the overburdened court system.

For example, the proposal to accept certain cases under FDRS, subject to mutual agreement by the parties concerned, where the amount claimed is greater than the amended maximum claimable amount, would allow more cases to be diverted from the courts. Furthermore, the proposal to provide parties with the option of selecting “mediation only” or “arbitration only”, on a mutual agreement basis, introduces the element of flexibility and is consistent with the current court practice of encouraging parties to seek mediation first (as stipulated under Practice Direction 31).

In sum, HKGCC is generally supportive of the proposals put forward in the CP and as posed by the questions therein including instances where cases fall outside the FDRS’ proposed amended remit but can nevertheless be pursued under the enhanced FDRS subject to prior mutual agreement. We would however urge FDRC to ensure that it has sufficient resources, including a pool of suitably qualified mediators and arbitrators to draw from, to cope with the prospects of an appreciable increase in cases as a result of implementing the proposals. Notably, the proposals put forward in the CP include retroactivity, which would allow all previous complaints to be re-lodged if these fall within the amended Intake Criteria. This could give rise to a deluge of cases, which could in turn tax the capabilities of FDRC. There should be also proper vetting of complaints to minimize vexatious and frivolous cases that could otherwise impose unnecessary demands on FDRC and FIs.

Yours sincerely



Shirley Yuen
CEO