

List of Questions for Consultation on Financial Dispute Resolution Centre

Question 1

Do you agree that we should strengthen the current channels for financial services providers and their consumers and investors to resolve monetary disputes relating to the provision of financial services?

We agree there should be clearer mechanisms for resolving such disputes in Hong Kong. The Lehman minibond problems highlighted the need for a dispute resolution process here.

Question 2

Do you support the idea of putting in place a dispute resolution scheme for financial services by way of mediation and arbitration?

We agree with this as long as the resolutions achieved are within Hong Kong laws. Arbitration and mediation processes are not always cheaper than going to Court.

Question 3

Do you have any views on the scope of the financial dispute resolution scheme to be operated by the FDRC?

There should be a wide scope. Disputes with banks, on ordinary banking matters, should be within the process, in our view.

Question 4

Do you have any views on the proposed process of the FDRC?

The process should be reviewed after two years, by means of an independent review, and with a view to implementing improvements to the procedures. Thereafter there should be a regular independent review. Complaints in Hong Kong will likely not be like complaints in other countries where similar Financial Dispute Resolution Centres have been set up.

Question 5

Do you agree that to start with, financial services providers

regulated by SFC and HKMA should be obligated to be members of the scheme to be operated by the FDRC? If not, please give reasons.

Yes it should apply to all such members .

Question 6

Do you agree that a cap on the maximum claimable amount be imposed? If so, do you agree with the suggested level of HK\$500,000?

This claim level should be increased to HK\$2.5m.

Question 7

Do you agree that an administrative fee of HK\$100 be charged to consumers when they file a claim form?

We agree a charge should be levied to stop spurious claims. The above initial fee level may be increased later when actual costs can be taken into account in setting the initial and follow up fee levels.

Question 8

Do you agree to the proposed fee schedule in paragraph 3.24? Please give your views.

Our response is as for question 7 above.

Question 9

Do you agree that the FDRC should regularly disclose summary data in relation to the cases it has handled without naming the relevant parties?

We agree.

Question 10

Do you consider that the proposed roles of the FDRC and regulators are clearly delineated?

If there is confusion on roles in practice, these can be fine-tuned , as part of the independent review process. The key is to have experienced and qualified personnel handling these issues.

Question 11

Do you agree that the FDRC should refer suspected systemic cases to the regulators and refrain from handling such cases upon referral?

Yes agreed

Question 12

Do you have any views on the legal form of the FDRC?

The proposed legal form should work.

Question 13

Do you agree that the funding responsibility of the FDRC should be ultimately taken up by the financial industry?

Yes; this should become self funding, in a short period of time, say 3 -5 years.

Question 14

Do you agree to the proposed funding strategy for the financial industry in the long run?

Yes. But again the regular independent review can comment on funding mechanisms in the light of experience.

Question 15

Do you consider it justified for the Government, SFC and HKMA to take up the set-up costs and the operational costs of the FDRC in the first three years?

Yes this is acceptable, initially.

Question 16

Do you have any views on the governance of the FDRC?

Non executive directors (11) need to be drawn from a wide spectrum of related practice areas including lawyers and accountants, actuaries , and also be from a cross section of the financial services sector industry.