

Speech by SJ at webinar on “Private Wealth Management in Hong Kong – the Best Option” (English only) (with photos)

Following is the speech by the Secretary for Justice, Ms Teresa Cheng, SC, at the webinar on "Private Wealth Management in Hong Kong – the Best Option" today (October 18):

Distinguished guests, ladies and gentlemen,

Thank you for joining this webinar organised by the Financial Services and the Treasury Bureau, Invest Hong Kong (InvestHK) and the Department of Justice.

Dispute Resolution for Family and Private Wealth Disputes

With Hong Kong's close connectivity with Mainland China and the world, our sound and mature legal system and a sophisticated and experienced financial industry, the family office business has flourished in recent years. To further enhance Hong Kong's attractiveness to family offices, InvestHK has created a dedicated unit to help family offices to settle in Hong Kong.

The topic of resolution of disputes in private wealth management was explored in a panel discussion in the "Mediate First" Pledge Event organised by our department in May this year. There was discussion about family constitution, which is akin to a commercial contract, for governing the relationship of family members, deciding how family businesses are to operate as well as distributing family wealth so as to ensure family culture and spirit are passed down to the next generations. Some family constitutions provide a dispute resolution mechanism. To this end, one of the speakers recommended that a mediate first clause be included in family constitutions.

Mediation is ideal for resolving family disputes for two major reasons. First, mediation is confidential. Ultra-high-net-worth families would likely prefer to have their disputes settle privately and confidentially so as to avoid any unnecessary public and media attention. Another aspect is that mediation allows the parties to identify and focus on the common goal and to derive creative solutions to resolve their own unique sets of problems. Ms Sherlyn Chan, who will also be speaking to you later in this webinar, shared a very successful and touching story of using mediation to resolve family disputes involving the financial arrangement of a mentally incapacitated mother. We learnt from the story that after mediation, the parties were able to focus on the common goal, which was to look after the best interests of the mother, and they generated creative options to settle the claims which involved drafting up a family constitution to define the ownership of the

assets and the management responsibilities of the family businesses. A win-win situation has been achieved through mediation which allows parties to preserve relationships and continue to work together after the resolution of the disputes.

Arbitration is another viable option for parties involved in private wealth management disputes. In particular, disputes related to investment and financial products arising in the context of private wealth planning may be resolved by arbitration in a timely and confidential manner and resulting in a final and binding resolution of the dispute.

Electronic mediation and arbitration have been developing quickly in recent years, in particular during the COVID-19 pandemic. Talking about this, one cannot miss mentioning the eBRAM International Online Dispute Resolution Centre (eBRAM) of Hong Kong. eBRAM provides an efficient, cost-effective and secure platform for online dealmaking and resolving disputes among parties in any part of the world. Parties in wealth-related disputes may be located in different geographic areas and in view of the travel restrictions imposed by different countries now, the online dispute resolution services offered by eBRAM in Hong Kong will be the ideal platform to resolve private wealth disputes. A mechanism comprising "mediate first, arbitrate next" can be easily and best administered by a "one-stop shop" platform providing ease and confidence to the parties.

The panel discussion on private wealth in our "Mediate First" Pledge Event I mentioned earlier was a great success. This gets me to think how we can further enhance Hong Kong's position as the international legal and financial hub by taking on the opportunities that can be offered by the Greater Bay Area (GBA). It is worthy to note that the GBA contributes to the strong wealth growth momentum in China with more than 84,000 ultra-high-net-worth families in China, representing an increase by around 20 per cent over the past three years. More than 19,300 of these families are in the GBA, which is around 20 per cent of the total in the whole of China. With the Cross-boundary Wealth Management Connect Scheme in the GBA just launched in September 2021, which allows eligible Mainland, Hong Kong and Macao residents in the GBA to invest in wealth management products distributed by banks in each other's market through a closed-loop funds flow channel established between their respective banking systems, the connection between Hong Kong and elsewhere in the GBA will further strengthen the demand for cross-boundary wealth management and investment services from GBA residents will increase.

Against these backgrounds, InvestHK, the Financial Services and the Treasury Bureau and the Department of Justice, decided to team up to organise a webinar to give an audience from around the world a comprehensive discussion of why Hong Kong is the best option to manage private wealth.

Today's Programme

Today's webinar is entitled "Private Wealth Management in Hong Kong – the Best Option". Hong Kong is no doubt reinforcing its strength to attract private wealth from around the globe. Hong Kong's assets under management

reached HK\$34.9 trillion in 2020, 64 per cent of which came from non-Hong Kong investors. This is unequivocal evidence showing Hong Kong's status as a leading global financial centre. Hong Kong's success relies heavily on our unique "one country, two systems", our stable and secured financial market and our sound and robust legal system. All these factors make Hong Kong the best option for managing private wealth.

In today's webinar, you will hear the latest policy initiatives by the Hong Kong Government relating to private wealth. In this regard, I trust that the Under Secretary for Financial Services and the Treasury, who will also be giving the opening remarks together with the key industry players in this field, will provide you with some very useful and practical insights.

The second part of the webinar will showcase the full spectrum of legal and dispute resolution services Hong Kong has to offer to support private wealth management. The legal and dispute resolution sector in Hong Kong provides high-quality services to facilitate dealmaking and resolving disputes, as well as in taking care of the regulatory and legal compliance side for private wealth management related matters. The speakers are all experienced and respectable leaders in Hong Kong's legal and dispute resolution sector, who will share with you their first-hand experience on why Hong Kong is the best option to manage private wealth.

Conclusion

Managing private wealth in Hong Kong is definitely the best option. We have the sound legal and financial infrastructure. In addition, we have been given various unparalleled opportunities under the "one country, two systems" such as the Closer Economic Partnership Arrangement (CEPA), the National 14th Five-Year Plan, the GBA Outline Development Plan and the Qianhai Plan. But above all, we have an immense wealth of talent from around the world, all converging in Hong Kong. Against this background, I am sure Hong Kong's private wealth management and legal sector will continue to thrive.

On this note, I wish this webinar a great success. Thank you very much.

