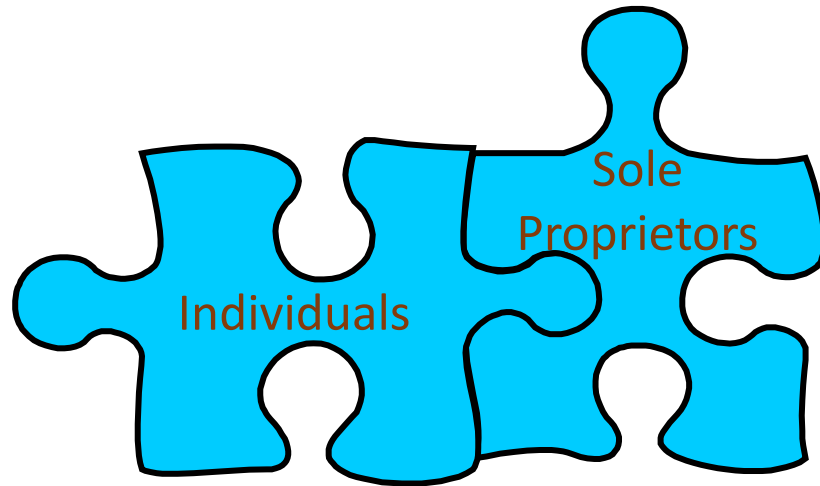


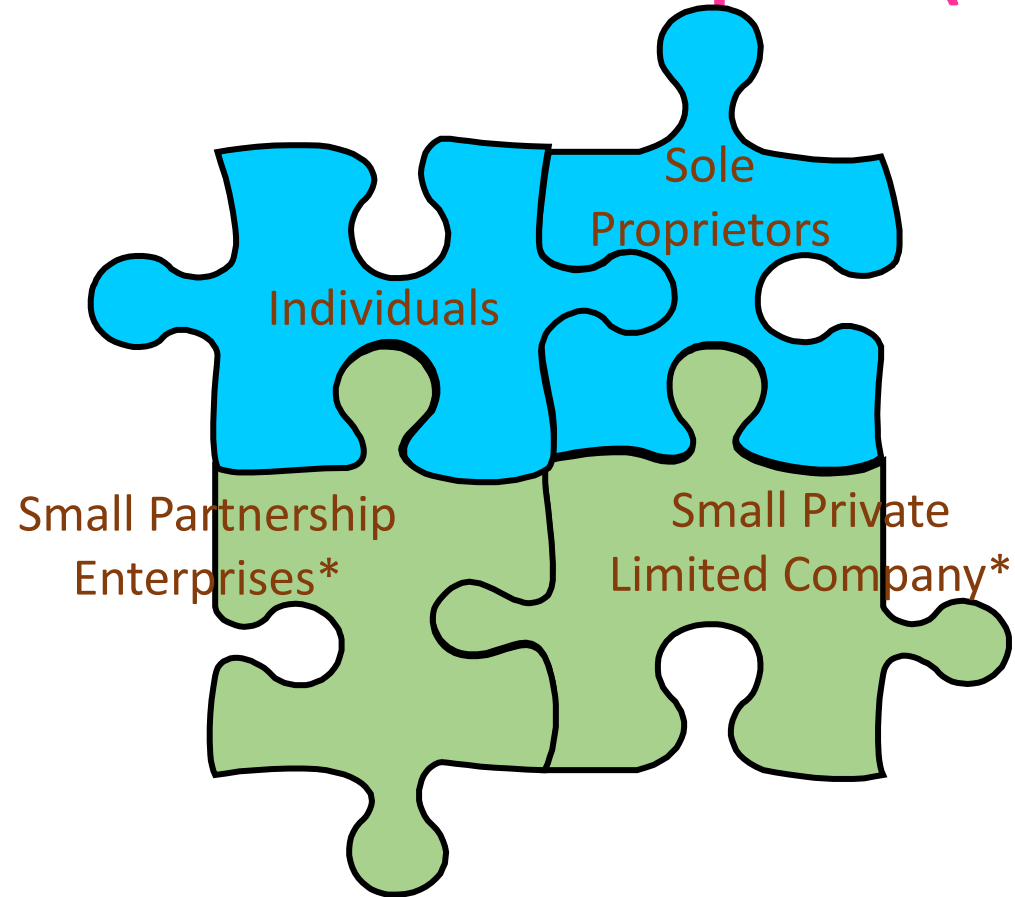
Proposals to Enhance the Financial Dispute Resolution Scheme



Refine Eligible Claimants to Include Small Enterprises (“SE”)



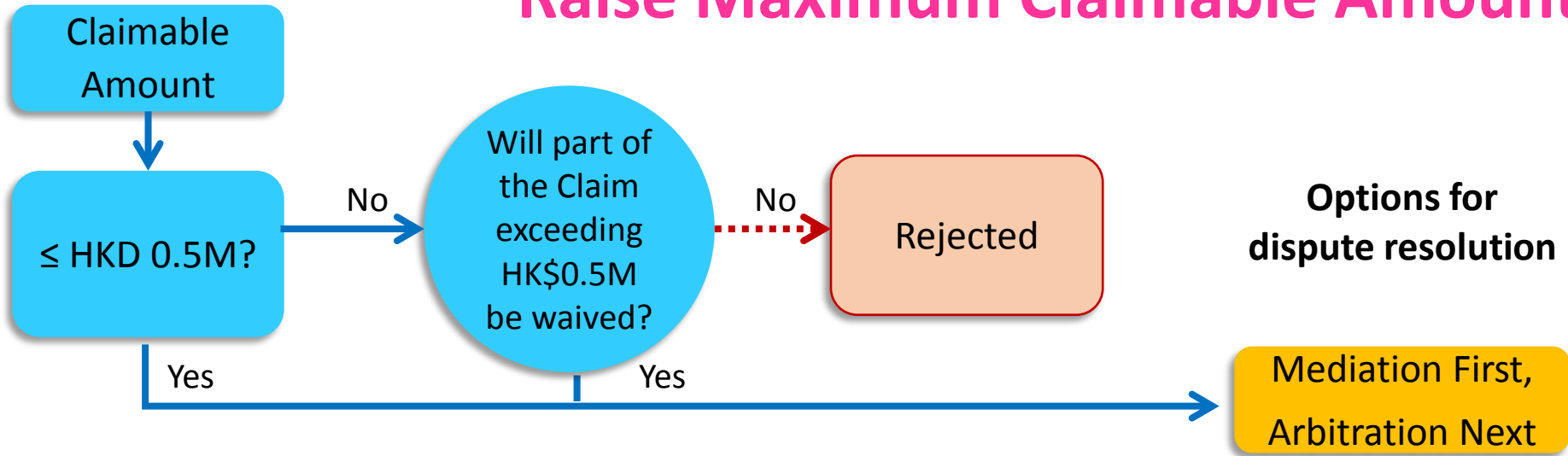
Current practice



Practice after the amendment of Terms of Reference (ToR)

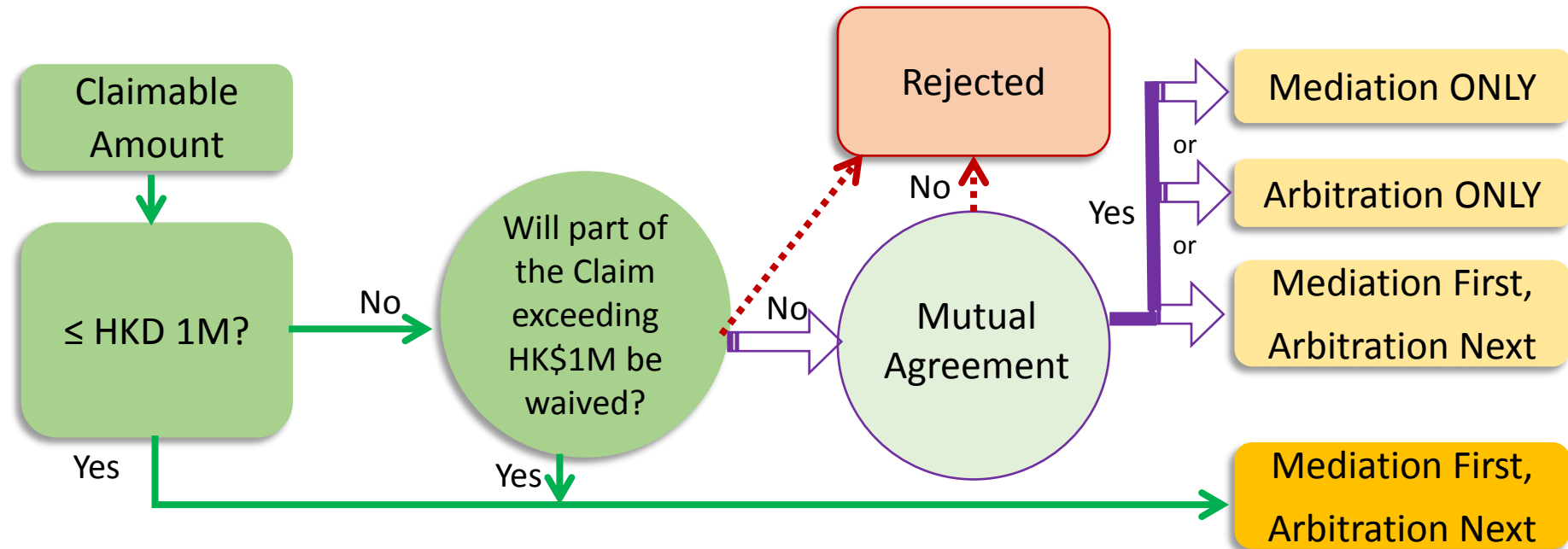
* An SE is defined as: SE's or its group's annual turnover \leq HK\$50M; SE's or its group's gross asset \leq HK\$50M; and SE's or its group's employee number in HK \leq 50.

Raise Maximum Claimable Amount



Current practice

Date of first knowledge of loss by the EC falling on or before 31 Dec 2017 AND fulfill other requirements of Intake Criteria

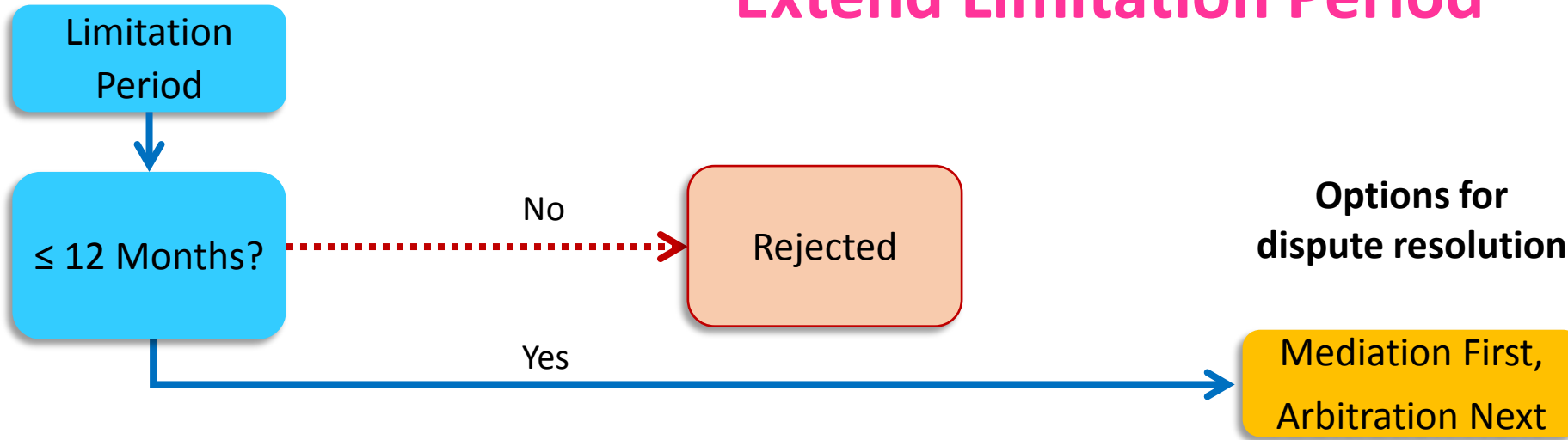


Practice after the amendment of ToR

Date of first knowledge of loss by the EC falling on or after 1 Jan 2018 (on or after 1 Jul 2018 for SE)

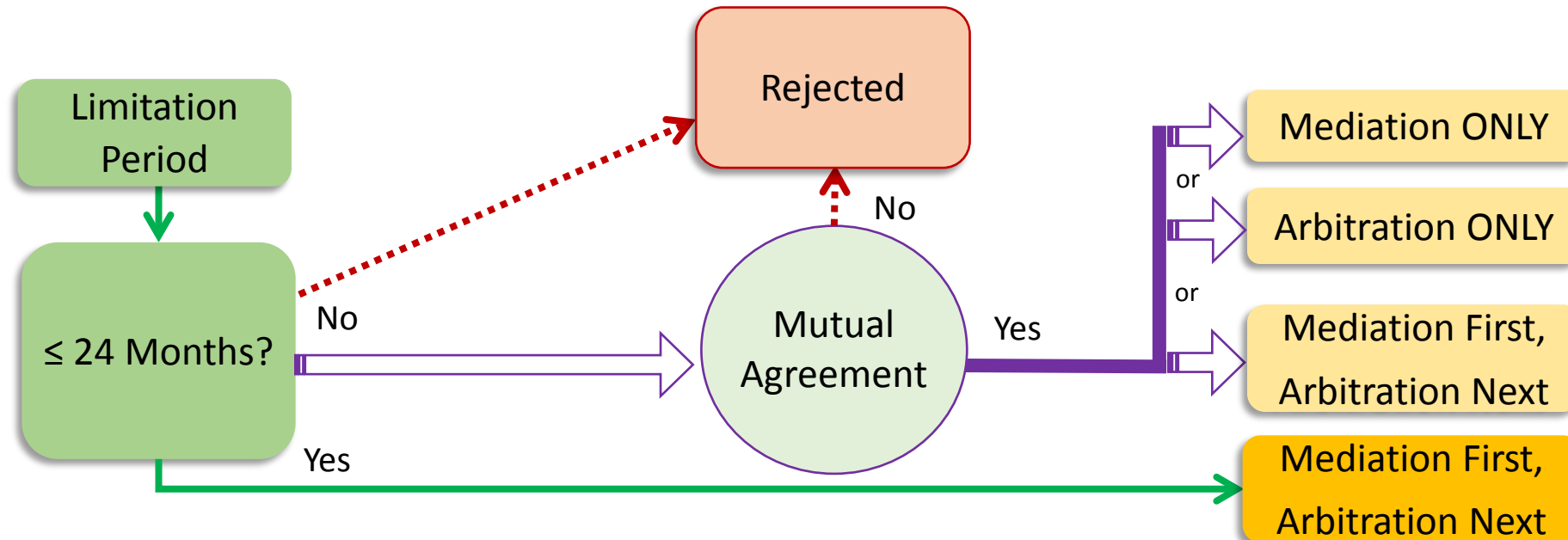
AND fulfill other requirements of Amended Intake Criteria (except the Maximum Claimable Amount and the Limitation Period)

Extend Limitation Period



Current practice

Date of first knowledge of loss by the EC falling on or before 31 Dec 2017 AND fulfill other requirements of Intake Criteria



Practice after the amendment of ToR

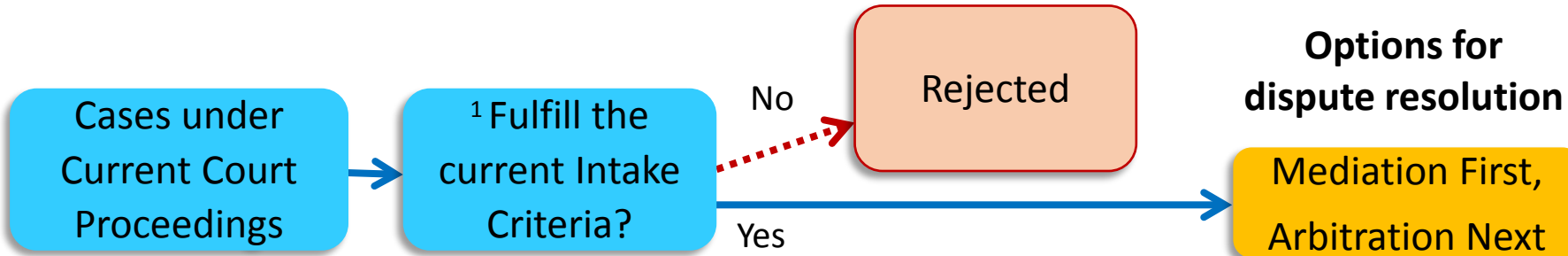
Date of first knowledge of loss by the EC falling on or after 1 Jan 2018 (on or after 1 Jul 2018 for SE)

AND fulfill other requirements of Amended Intake Criteria (except the Maximum Claimable Amount and the Limitation Period)

Examples of the timeline for Filing an Application Form (The “usual” cases)

	Current practice	Practice after the amendment of ToR (exclude SE)	Practice after the amendment of ToR (include SE)
Date of first knowledge of loss by the EC	31/12/2017	01/01/2018	01/07/2018
Date of lodging a written complaint with the FI	01/03/2018	01/03/2018	01/08/2018
Date of Final Written Reply response from FI (if applicable)	29/04/2018	29/04/2018	29/09/2018
Deadline of filing a FDRS Application Form	30/12/2018	31/12/2019	30/06/2020

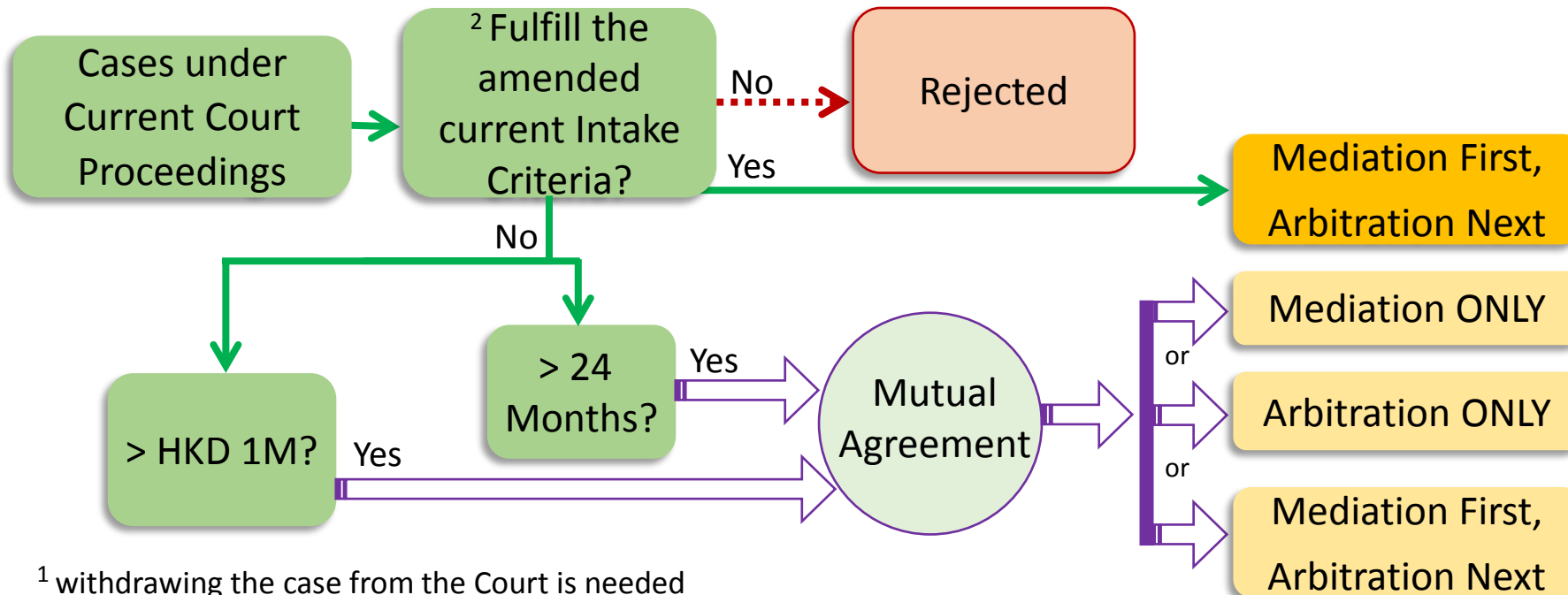
Accept cases under Current Court Proceedings



Current practice

Date of first knowledge of loss by the EC falling on or before 31 Dec 2017 AND fulfill other requirements of Intake Criteria

Legal representatives are **NOT** allowed



Practice after the amendment of ToR

Date of first knowledge of loss by the EC falling on or after 1 Jan 2018 (on or after 1 Jul 2018 for SE)

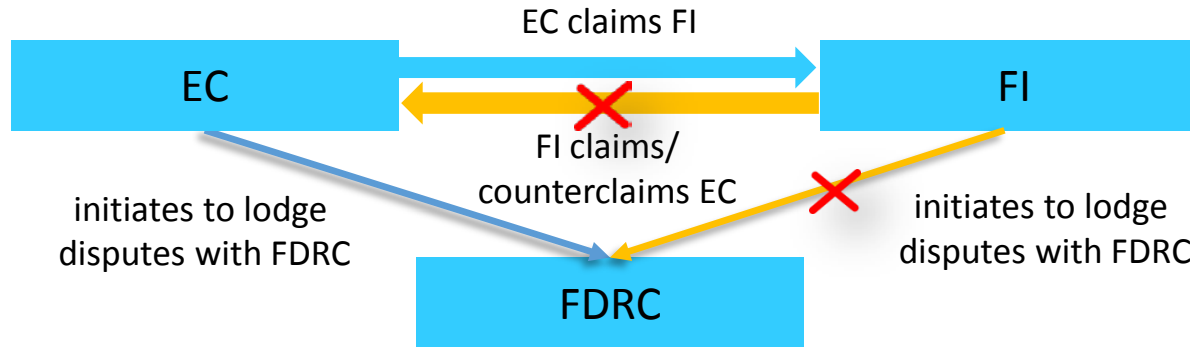
AND fulfill other requirements of Amended Intake Criteria (except the Maximum Claimable Amount and the Limitation Period)

Legal representatives are **allowed**

¹ withdrawing the case from the Court is needed

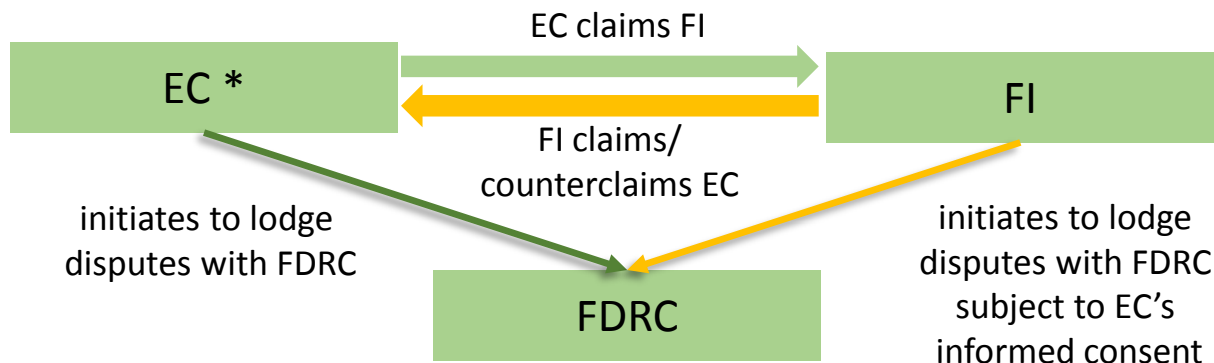
² subject to stay of court proceedings; OR a proper notification to the Court

FI initiates claims/counterclaims subject to EC's informed consent



Current practice

EC initiates to lodge disputes with FDRC



Practice after the amendment of ToR

- subject to EC's informed consent
- FI initiates to lodge disputes to resolve the EC's claims and/or to FI's claims and/or counterclaims
 - The claims and counterclaims are handled aggregately

* A financial institution qualified as a SE would be allowed to apply the FDRS as an EC

Examples of the claim and counterclaim are handled aggregately (HKD)

to 1,000,000

1	Total Amount of claim and counterclaim		Mediation			Arbitration (documents-only)			Arbitration (in-person hearings)		
			EC	FI	TOTAL	EC	FI	TOTAL	EC	FI	TOTAL
	Claim (Fulfill the amended Intake Criteria)	10,000	1,000	5,000	6,000	5,000	20,000	25,000	12,500	12,500	25,000
	Counterclaim (Mutual Agreement)	100,000	-	-	-	-	-	-	-	-	-
	Total Amount of claim and counterclaim	110,000	2,000	10,000	12,000	5,000	20,000	25,000	12,500	12,500	25,000
	Difference		1,000	5,000	6,000	-	-	-	-	-	-
	Extended Mediation Time		1,500	1,500	3,000	N/A	N/A	N/A	N/A	N/A	N/A
	*Upper limit of the Mediation Fee				20,000	N/A	N/A	N/A	N/A	N/A	N/A
	Administrative Fee		-			-					

* Total mediation costs (including extended mediation time costs to be shared equally by EC and FI) are capped at \$20,000 for cases up to \$3,000,000

Examples of the claim and counterclaim are handled aggregately (HKD)

from 1,000,001 to 3,000,000											
2	Total Amount of claim and counterclaim		Mediation			Arbitration (documents-only)			Arbitration (in-person hearings)		
			EC	FI	TOTAL	EC	FI	TOTAL	EC	FI	TOTAL
	Claim (Fulfill the amended Intake Criteria)	990,000	2,000	10,000	12,000	5,000	20,000	25,000	12,500	12,500	25,000
	Counterclaim (Mutual Agreement)	1,100,000	-	-	-	-	-	-	-	-	-
	Total Amount of claim and counterclaim	2,090,000	3,000	15,000	18,000	9,000	36,000	45,000	17,500	17,500	35,000
	Difference		1,000	5,000	6,000	4,000	16,000	20,000	5,000	5,000	10,000
	Extended Mediation Time		1,500	1,500	3,000	N/A	N/A	N/A	N/A	N/A	N/A
	*Upper limit of the Mediation Fee				20,000	N/A	N/A	N/A	N/A	N/A	N/A
	Administrative Fee		1,500			4,000					

* Total mediation costs (including extended mediation time costs to be shared equally by EC and FI) are capped at \$20,000 for cases up to \$3,000,000

Examples of the claim and counterclaim are handled aggregately (HKD)

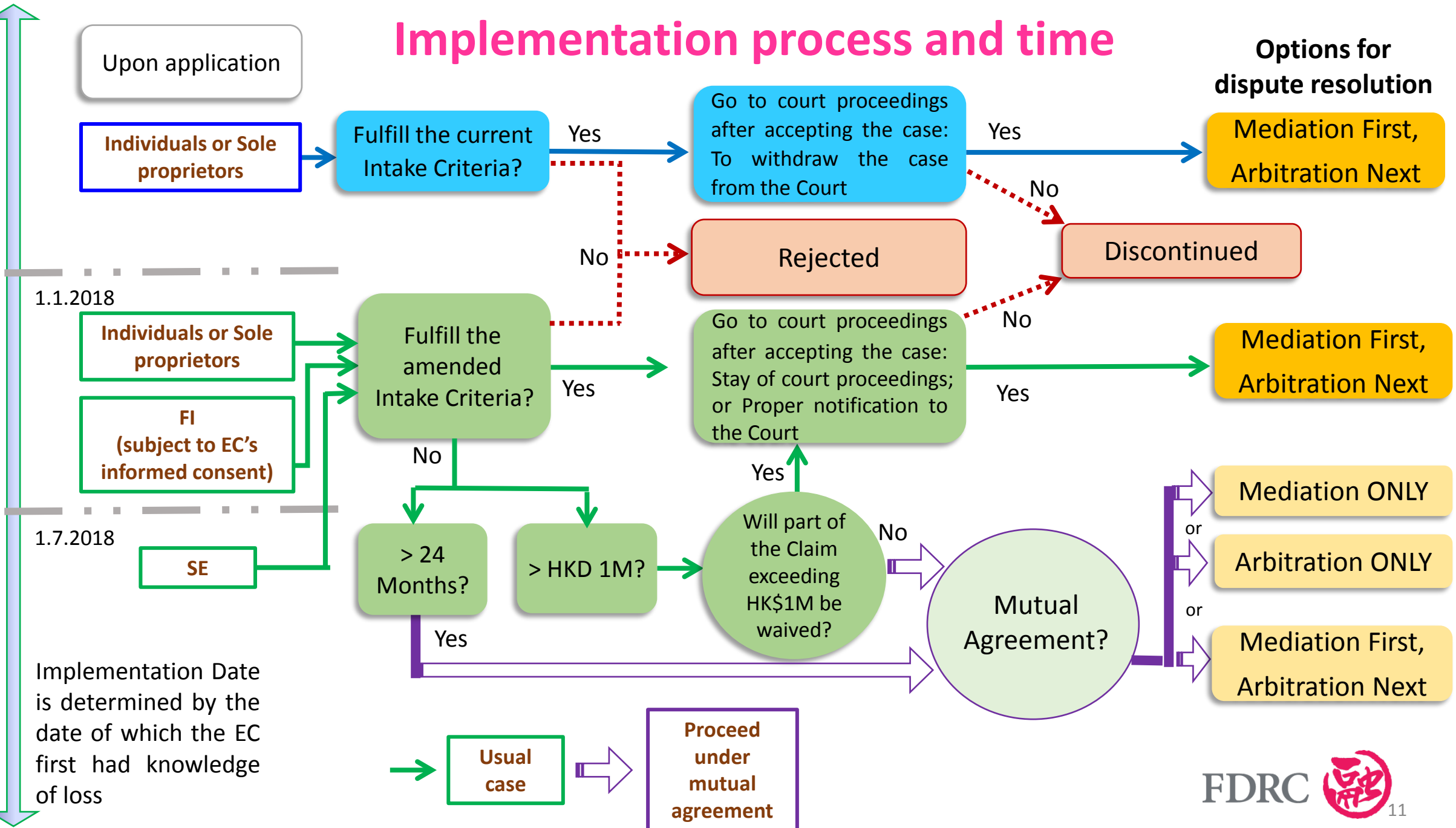
from 3,000,001 to 10,000,000

3	Total Amount of claim and counterclaim		Mediation			Arbitration (documents-only)			Arbitration (in-person hearings)		
			EC	FI	TOTAL	EC	FI	TOTAL	EC	FI	TOTAL
	Claim (Beyond the Amended Intake Criteria, under mutual agreement)	4,000,000	3,500	17,500	21,000	10,000	40,000	50,000	22,500	22,500	45,000
	Counterclaim (Mutual agreement)	6,000,000	-	-	-	-	-	-	-	-	-
	Total Amount of claim and counterclaim	10,000,000	4,000	20,000	24,000	16,000	64,000	80,000	52,500	52,500	105,000
	Difference		500	2,500	3,000	6,000	24,000	30,000	30,000	30,000	60,000
	Extended Mediation Time		1,500	1,500	3,000	N/A	N/A	N/A	N/A	N/A	N/A
	*Upper limit of the Mediation Fee				30,000	N/A	N/A	N/A	N/A	N/A	N/A
	Administrative Fee		2,500			5,000					

* Total mediation costs (including extended mediation time costs to be shared equally by EC and FI) are capped at \$30,000 for cases up to \$10,000,000

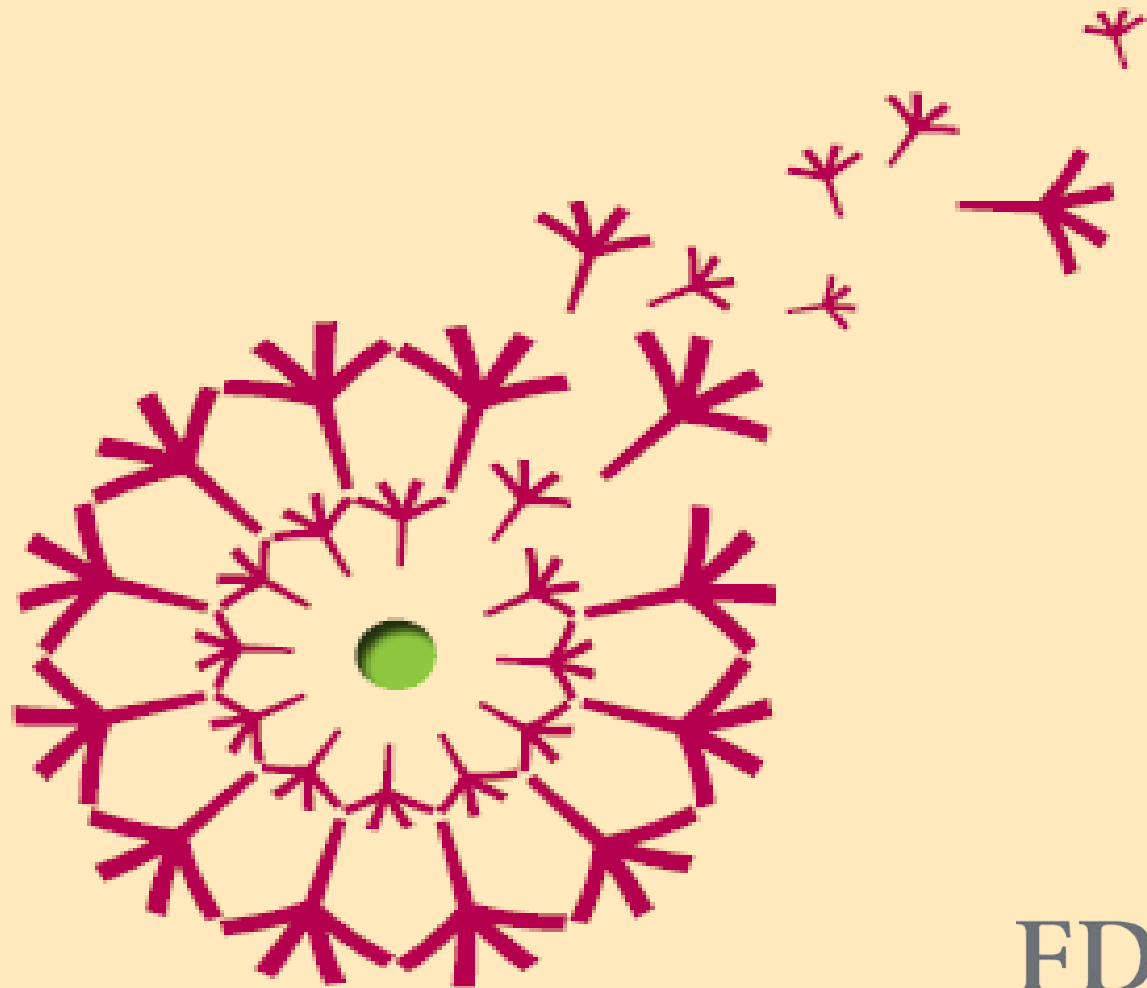
** Fees for cases above \$10,000,000 to be agreed amongst the parties, the mediator and/or Arbitrator and the FDRC

Implementation process and time



Proposals to Enhance the Financial Dispute Resolution Scheme

Q&A



FDRC



金融糾紛調解中心
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Fax : 2565 8662

Email : fdrc@fdrc.org.hk

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