

Press release

Financial Dispute Resolution Centre opens today

Tuesday, June 19, 2012

The Secretary for Financial Services and the Treasury, Professor K C Chan, said that the inauguration of the Financial Dispute Resolution Centre Limited (FDRC) today (June 19) represents a big step forward in enhancing the financial dispute resolution framework and investor protection.

Speaking at the opening ceremony of the FDRC, Professor Chan said that the Hong Kong Government has always attached importance to investor protection. In the wake of the global financial crisis, the Government considered it necessary to establish a financial dispute resolution mechanism to further enhance investor protection.

"Mediation as a dispute resolution method has taken root in Hong Kong through the concerted efforts by the Department of Justice and stakeholders. Last Friday, the Legislative Council passed the Mediation Bill. The Bill provides a legal framework for mediation, which will form the basis for conducting mediation on the premise of not compromising the flexibility of resolution procedures.

"Overseas and local experiences show that financial institutions and their clients will be able to achieve a win-win situation if they can have an upfront meeting at the beginning of a dispute and tackle the problem together.

"In view of this, the Government announced in December 2010 its decision to set up an FDRC upon the completion of a public consultation. The objective is to assist financial institutions and their individual clients in resolving monetary disputes through a financial dispute resolution mechanism that features independence, impartiality, accessibility, efficiency and transparency.

"Later this year, the Securities and Futures Commission will establish a cross-sectoral investor education centre to conduct investor education holistically so as to empower the public in making informed financial decisions," he added.

Also addressing the opening ceremony, the Chairman of the FDRC, Ms Teresa Cheng, said that the FDRC has been set up in response to the need for a quick, simple, cheap and user-friendly dispute resolution scheme in the financial sector.

"Not only do we enhance consumer protection by providing the public with an affordable dispute resolution channel, but we also assist the financial sector to settle disputes with their clients more effectively," Ms Cheng said.

The FDRC is incorporated as a limited company by guarantee with the aim of assisting financial institutions and their individual clients to resolve monetary disputes through "mediation first, arbitration next". The maximum claimable amount is \$500,000.

The FDRC is governed by a Board of Directors to oversee its operation and formulate its overall policy and strategy. Financial institutions regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission will be obligated to become members of the financial dispute resolution mechanism.

Also attending today's ceremony were the Chief Executive Officer of the Securities and Futures Commission, Mr Ashley Alder; Deputy Chief Executive of the Hong Kong Monetary Authority, Mr Arthur Yuen; Under Secretary for Financial Services and the Treasury, Ms Julia Leung, and representatives from the banking and securities industries, professional bodies of the financial sector and the mediation and arbitration sector.

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