

Legal Services – 2007 Liberalization Measures

1. What are the new liberalization measures introduced under the Supplements and Amendments IV to CEPA?

Under the Supplements and Amendments Document IV on commitments regarding liberalization of trade in services under the Third Supplementary Agreement to CEPA promulgated on [29 June 2007], it is provided that a Hong Kong law firm that has set up a representative office in the Mainland is allowed to operate in association with one Mainland law firm and there is no restriction on the locality of the Mainland law firm in the association. The new measure will take effect on [1 January 2008].

According to the revised liberalization measures under CEPA III which took effect on 1 January 2006, a Hong Kong law firm with a representative office in the Mainland may form association with one Mainland law firm situated in the Province, Autonomous Region or Municipality directly under the Central Government where its representative office is located.

2. What benefits will be brought to the Hong Kong legal practitioners by this liberalisation measure?

Pursuant to this further revised new measure, Hong Kong law firms will enjoy much greater flexibility in choosing their Mainland partners when forming an association. They will no longer be confined to Mainland law firms situated in the same Province, Autonomous Region or Municipality directly under the Central Government where their representative offices are located. Hong Kong law firms could pick a partner from any part of the Mainland which can best suit their business purposes.

They could therefore team up with Mainland law firms to form strategic partnership thus allowing better deployment of their resources and utilization of the business connections of Mainland law firms in the association, to promote their service network and further develop their legal services market in the Mainland.

3. How would the legal profession of Hong Kong respond to the proposed new measure?

It is believed that Hong Kong law firms will welcome greater flexibility in choosing Mainland law firms in forming association

and thereby expanding their practice in areas in the Mainland other than the locality where their representative offices are situated. The new measure will give Hong Kong law firms an even greater competitive advantage given that they could explore the markets in areas other than the province or municipality where their representative offices are situated through operating in association with a local Mainland law firm in such area.

The Department of Justice will continue to seek the views of the legal profession on the liberalization measures relating to association and other aspects and relate their proposals to the Mainland authorities with a view to widening the scope of the legal services market in the Mainland.