

Relevant provisions of Third Party Funding of Arbitration come into operation

A spokesman for the Department of Justice (DoJ) has announced that the relevant provisions of Section 3 of the Arbitration and Mediation Legislation (Third Party Funding) (Amendment) Ordinance 2017 (Amendment Ordinance) on third party funding of arbitration came into operation today (February 1).

There is now greater certainty that third party funding of arbitration in Hong Kong is not prohibited by the common law doctrines of maintenance and champerty. This can add to the attractiveness of Hong Kong as an international arbitration centre.

A Code of Practice for Third Party Funding of Arbitration was issued on December 7 last year setting out the practices and standards with which third party funders are ordinarily expected to comply in carrying on activities in connection with third party funding of arbitration. The Code serves a useful role in setting minimum standards of good practice by third party funders of arbitration and laying down safeguards for funded parties.

The Amendment Ordinance was passed by the Legislative Council to implement the recommendations made in the Report on Third Party Funding for Arbitration published by the Law Reform Commission of Hong Kong and the views of the Steering Committee on Mediation.

Ends/Friday, February 1, 2019