

Arbitration and Outcome Related Fee Structures

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Hong Kong is one of the world's leading international finance and business centres and is well known for its reputation as a major arbitral hub, especially in Asia.

Recently, Hong Kong has amended its laws to allow for the use of outcome related fee structures in arbitration proceedings.

The new regime could be a game changer for international dispute resolution in Hong Kong. It has two main components: the first is a "success fee", which is payable to the lawyers if their client's case succeeds; and the second is a "discount fee", which is payable to the lawyers if their client's case is unsuccessful. Both fees are subject to the approval of the arbitral tribunal.

This development is expected to bring many advantages to Hong Kong's international arbitration scene. The success fee could incentivise lawyers to work harder and more efficiently on their cases. It could also encourage parties to select particular lawyers who will have more of an interest in the success of their client's case.

The outcome related fee structure could also reduce the cost of arbitrations, as parties will no longer have to pay the lawyers regardless of the outcome. Furthermore, it could allow parties to access legal counsel they would otherwise not be able to afford.



The new fee regime could also give arbitral tribunals greater control over the proceedings. The tribunal can decide whether the success fee or discount fee is appropriate for the case. This could lead to faster and more efficient resolution of disputes.

The new regime is a welcome addition to Hong Kong's international arbitration scene and offers many advantages to the process. It could lead to faster and more cost-effective resolution of disputes, as well as allow parties to access legal counsel they would not otherwise be able to afford.

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