

# LexisNexis Hong Kong In-House Counsel Market Insights

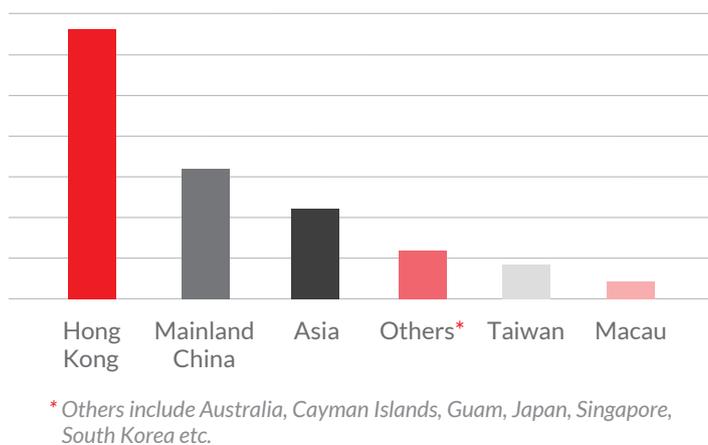


# Summary of 2021 Survey of Hong Kong In-house Counsel in the New Normal

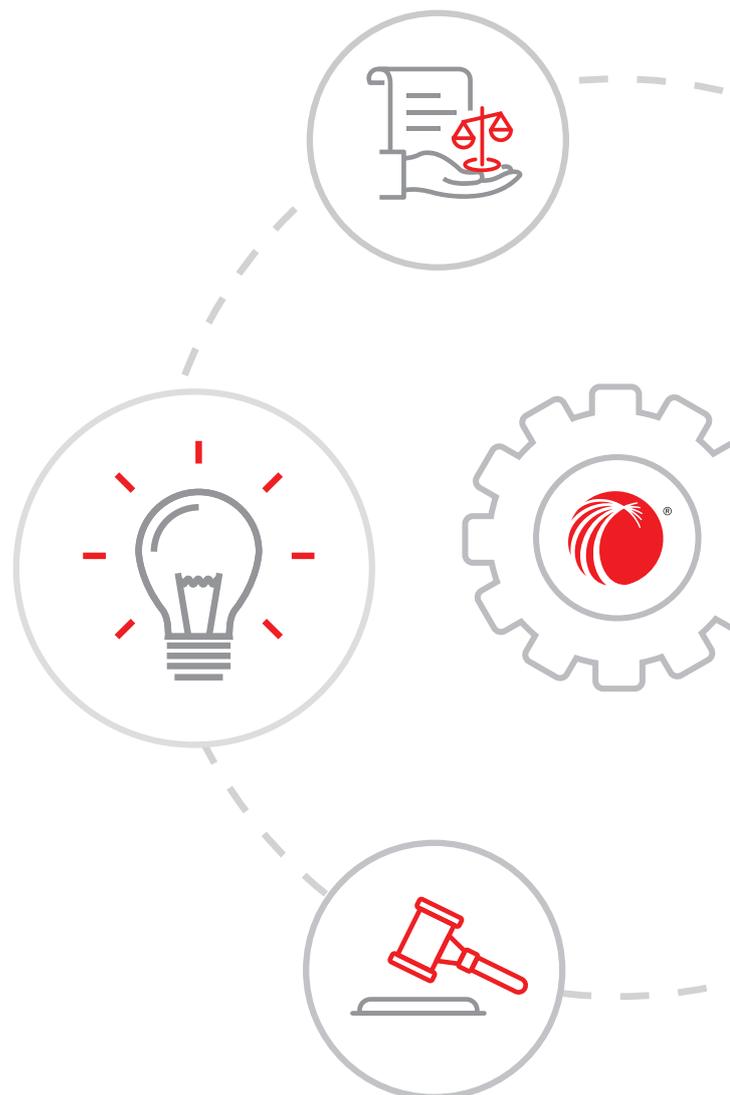
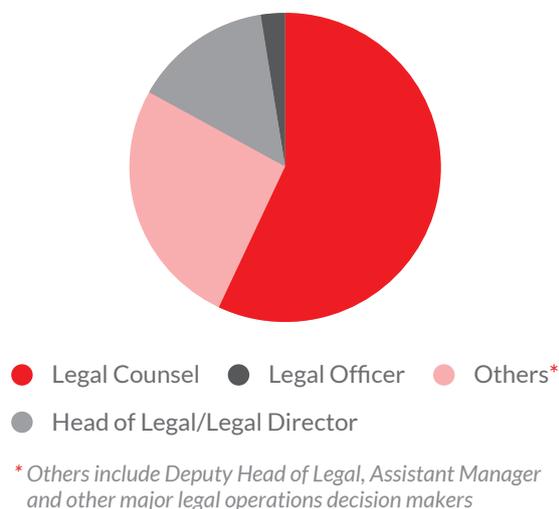
Over one year into the pandemic, the unpredictable new normal is gradually taking shape. As new business challenges emerge, the legal industry is also adopting digital innovations to overcome these challenges and thrive in the new normal.

The 2021 Survey of Hong Kong In-House Counsel in the New Normal provides the latest market insights and challenges that in-house counsel in Hong Kong encounter. Between December 2020 and February 2021, LexisNexis received responses from 30 companies and firms across various industries. Our respondents are heads of the legal department or legal counsel to multinational corporations and conglomerates on banking, capital markets, financial services, insurance, private equity, technology, professional services, and other areas. They also manage legal matters in Greater China as well as other Asian countries, including Japan, South Korea and Singapore.

**Figure 1/ Jurisdictions**



**Figure 2/ Job Titles**

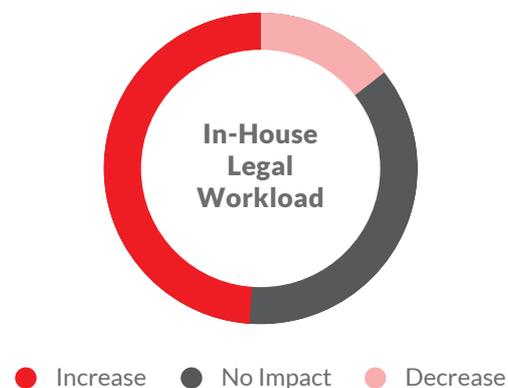


# The Impact of COVID-19 on Legal Workload

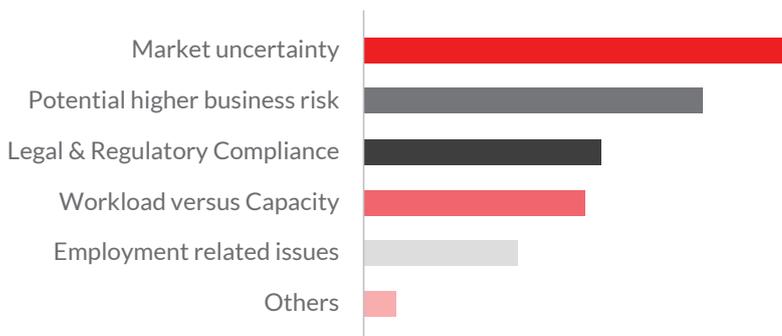
In 2021, market uncertainty and decelerated global economic activities continue to threaten businesses. While one-third of our respondents claimed their workload stayed the same, 50% have observed a significant increase.

COVID-19 has also altered market dynamics where business risks and regulatory compliance concerns continue to grow for many companies. Some respondents also identified other challenges, including sanctions risk, tightened merger control and global foreign direct investment regulations.

**Figure 3/** The Impact of COVID-19 on Legal Workload



**Figure 4/** Biggest Business Challenges



## Legal Budget & Emerging Legal Issues



**Contractual Disputes**  
*related to the pandemic*



**Corporate Governance**  
*in e-commerce and digital economy*



**Financial Regulations**  
*in APAC Region*



**Corporate Insolvency & Restructuring**

As the economy declines, companies must work with a reduced budget for legal spending in 2021. Nearly 50% of the respondents reported no impact in instructing external legal counsel. Despite the growing burden on corporate counsel, one-third stopped or will scale down the amount of legal work with external counsel in 2021. Companies are becoming cost-conscious and prefer to rely on in-house legal support. Some respondents will also follow a more cautious approach to manage cost pressures and a volatile market situation.

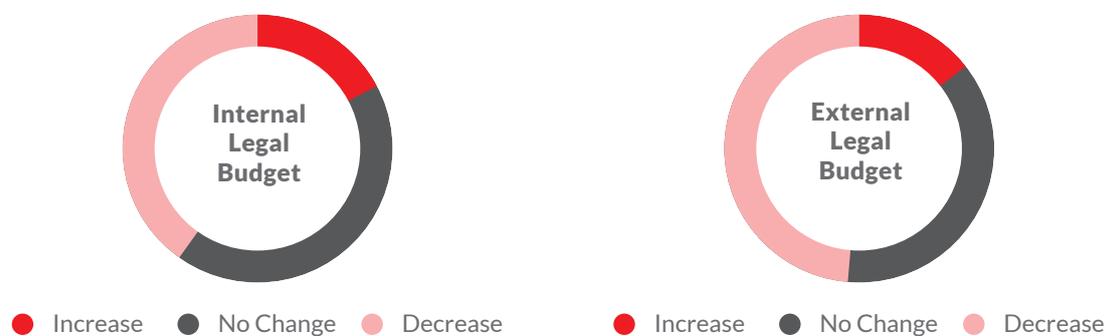
In special circumstances, corporate counsel could also instruct law firms on the practice areas of litigation, merger and acquisition and private equity, commercial disputes, employment and intellectual property. Other practice areas also include capital markets, regulatory advice, tax and data privacy.

Additionally, the ongoing US-China relations have added pressure on economic sanctions in recent years. In-house counsel have had to increase their awareness on the risks and guide the company towards the right direction. This is particularly true when dealing with individuals who are on or can potentially be included in the SDN list.

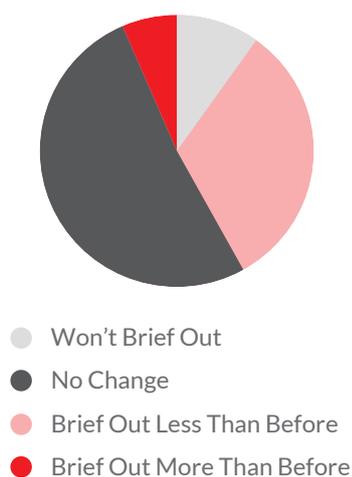
In the new normal, an emerging set of legal issues, including corporate insolvency and restructuring, is also rising:

- Contractual disputes relating to or arising out of the pandemic: Legal implications on employment law and force majeure clauses can result in a potential contractual breach and early termination because of business risks and reduced revenue.
- Corporate governance issues on e-commerce and the digital economy: Corporate counsel should focus on data privacy and technological issues to ensure relevant laws and GDPR are complied with. This includes signing contracts using e-signatures and how customers' personal and health data are managed.
- Changes in financial regulations in the APAC region: As LIBOR cessation issues and the popularity of fintech and cryptocurrency increase, banking lawyers must gain relevant banking and securities legal information to better advise business operations in bank

**Figure 5/ Corporate Legal Budget**



**Figure 6/ Impact on Instructing External Legal Counsel**



**Figure 7/ Work Type For Briefing Out External Counsel**



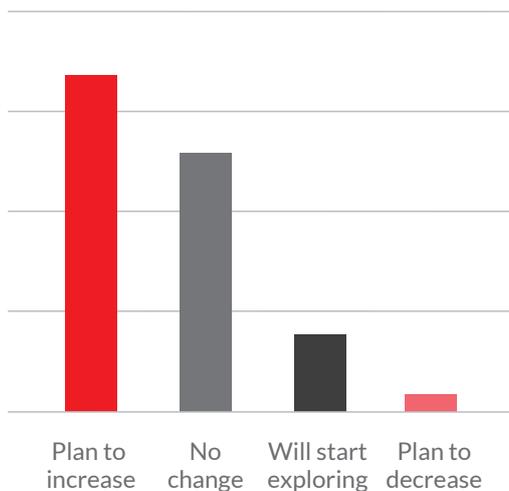
# Legal Technology Resources

Technology is transforming the way we work, making remote activities and other flexible work arrangements more efficient. In-house counsel are also implementing legal technology to enhance productivity.

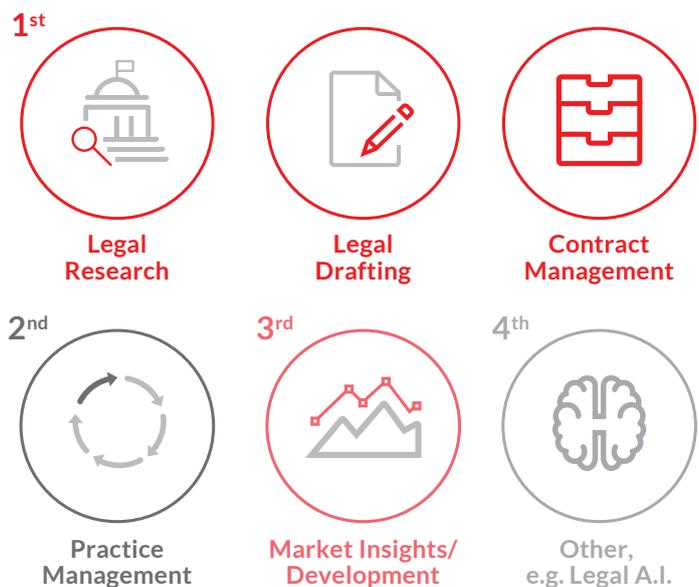
Half of the respondents are looking at increasing their usage of legal technology products. Some are also planning to adopt relevant technologies for their businesses. Additionally, over 50% are considering legal research, legal drafting and contract management products. They identified legal research and document precedents as essential tools, especially for contract drafting.

Consistent market insight updates are equally vital for counsel to stay ahead of the latest legal and regulatory developments in Greater China and Asia. This includes major legislation changes, listing rules, case updates, regulatory amendments and industry trends.

**Figure 8/ Plan on the use of technology to drive efficiency**



**Figure 9/ Preferred Legal Technology Products**



# LexisNexis 2020 Legal Trends

**“Force majeure”**

“Unjust enrichment”

“Power of attorney”

“Power of attorney”

**“Companies Ordinance”**

“Statutory demand”

“Statutory demand”

**“Unjust enrichment”**

“Force majeure”

The results of this survey also match our research in users’ search behaviors and most searched keywords.

## Force Majeure and Unjust Enrichment

Whether COVID-19 is considered a natural disaster within a force majeure or unjust enrichment clause has become a controversial topic among companies and the legal profession. Social distancing, travel restrictions and other health and safety measures continue dominating our lives in the new normal. The volatility of COVID-19 and various urgent governmental responses has also severely affected the economy globally. This can lead to contract disputes, including commercial leases, employment contracts, loan agreements and insurance claims.

## Companies Ordinance and Power of Attorney

Travel restrictions, remote working arrangements and virtual hearings in court and arbitrations have vastly impacted the legal industry. In the new normal, many companies are addressing new and emerging issues in the way they run their businesses. These include passing board resolutions, voting in meetings, signing e-documents and more. While there is no turning back to the old normal, legal counsel can consider advising clients to explore the principle of the power of attorney and the Companies Ordinance for more practical legal advice.

## Statutory Demand

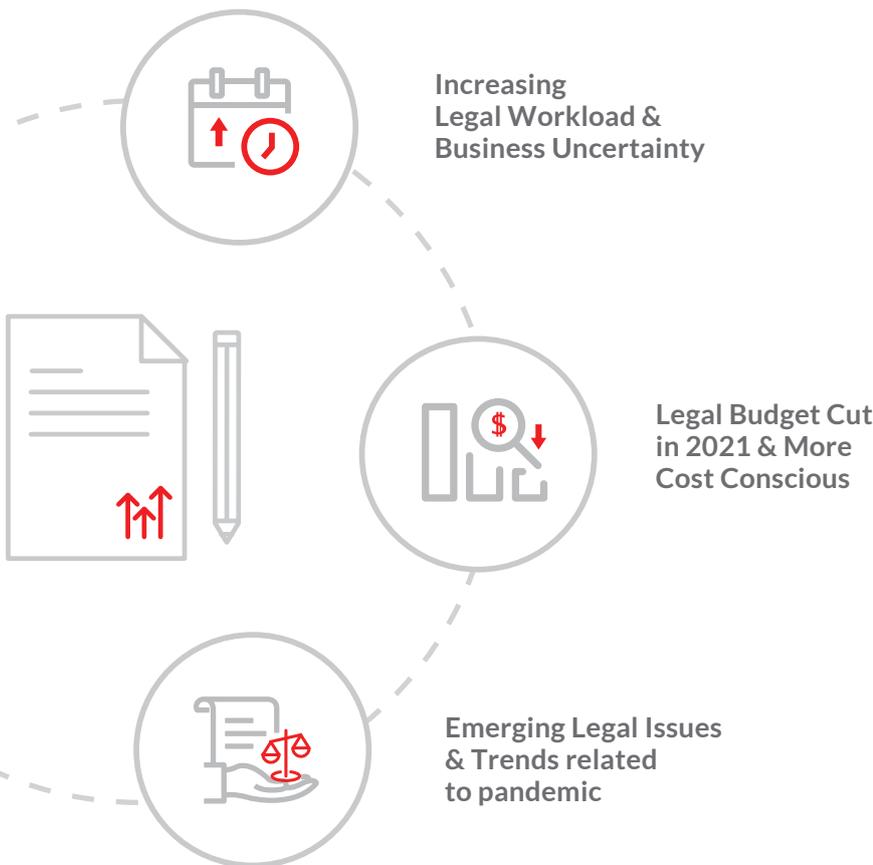
The unemployment rate and company wind-ups are on the rise because of a slowed economy. Bad debt management has also become a common but important theme for creditors. Issues can include issuing statutory demand to debtors and other relevant legal procedures related to risk management. However, the relaxation of unprecedented monetary policy has also created new business opportunities for legal professionals in SPACs.

# Executive Summary

COVID-19 has rapidly transformed the way we live and conduct business. Key challenges and opportunities that in-house counsel face includes increasing legal workload and business uncertainty, rising cost pressure for legal teams, and emerging legal issues and trends related to the pandemic. To thrive in the new normal, in-house counsel require better legal technology to support flexible work arrangements and gain access to the latest legal content relevant legal resources.

At LexisNexis, we are here to help you “focus on what matters”. 2021 is a year of hope and recovery. Our solutions can help future-proof the legal sector through digital transformation and innovation by staying connected with the latest trends and information.

## Challenges of Corporations



## Suggestions



**Improve Cost Efficiency**



**Address Emerging Legal Issues**

# This is What's Happening in the Market.

## What Matters to You the Most in the New Normal?



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