



LEGAL MARKET  
**SALARY  
SURVEY  
& GUIDE  
2013**  
HONG KONG

# INTRODUCTION

GRMSearch is pleased to present its annual market review and salary survey for the financial year in Hong Kong.

We aim to provide our clients and candidates, through the use of this in depth market review and salary survey, the necessary guidance and advice regarding compensation levels for both private practice and in-house, based on the trends we have seen in Hong Kong's legal recruitment market.

We will take you through the two sides of the picture, in-house and private practice, comparing the current situation with what we saw last year, and finish with our predictions for the coming year.

All information included in this survey has been fully researched, through the help of our clients and candidates, and of course using our knowledge and understanding of the legal market in Hong Kong.

Please bear in mind that, as with all surveys, the results are based on averages and may therefore differ in individual situations.

This survey is to be used as a guide only; please do not hesitate to contact us regarding individual cases.

# THE VIEW FROM PRIVATE PRACTICE

by Rob Green, CEO, GRMSearch

## **What was 2012 like for jobs in the legal market in Hong Kong?**

Steady, but with little growth in the market. We saw a small upturn in the number of mandates received in Q3/4 of 2011 (around 6%), but, like for like, was down about 30% year on year. This is mainly due to the huge number of mandates there were in early 2011 due to a booming IPO market.

## **Looking at the number of hires over 2012, what does this say about the legal job market in Hong Kong?**

That it was a difficult year for a number of firms. Firms added very low numbers of professionals in areas where they had steady work flow; some only replaced those who left for pastures new. Some firms didn't replace staff that left, taking the chance to slow expenditure.

There were less and less firms (year on year) looking to branch out into new practice areas.

There was a drop in the number of IPO instructions, meaning that the big players in that area picked up most of the work, leaving the rest to fight it out for what was left. As IPO work has traditionally been the engine for hiring within law firms, hiring took a hit.

Lawyers we speak to say they were working twice as hard to produce the same results.

## **What happened to private practice salaries in Hong Kong in 2012?**

Most firms' salary increments met inflation at best. Unless lawyers were at firms where they were viciously underpaid, there were very few moves being made because of a big uplift in salaries.

## **What were the bonuses like?**

Average; not all have been paid out yet, but the general market sentiment is that people are disappointed. However, they are sensible enough and talk to peers enough to know that most firms are exactly the same.

Despite strong individual performances, bonuses are, in the main, still tied to the company's overall performance.

We have therefore seen a number of people outperform their colleagues, but they may not have received the bonus they may have been expecting.

## **What have been the most active practice areas on the private practice side in the last year, in regards to hiring?**

Litigation, M&A, PE, project finance, oil & gas, IP, and even asset finance saw a little rise.

Specialist areas such as funds, insolvency and employment also showed small growth.

**What advice would you give someone in-house looking to get back into private practice?**

Nowadays, you are expected to be more than just a technically brilliant lawyer. Of course your technical skills and drafting ability are very important, but you will need to be an all-rounder, a leader and a business development expert able to engage clients and work colleagues at all levels. Someone who can spot an opportunity, entertain and win the new client, then get back to the office and get those billable hours up.

It is hard, but it is also rewarding. You'll become a lot more commercial and as much of a businessman/woman as a lawyer.

**What is the draw for new international law firms moving into Hong Kong?**

The talent pool in the City is stronger than a lot of other Asian cities. The obvious is the proximity to China and SE Asia, but the ease of doing business in HK, and its strong and rigid yet international regulatory frameworks, are very appealing.

**Is this a recent attraction or has Hong Kong always appealed?**

This is what has made HK a leading choice for firms setting up over many years. The more firms that enter the market with strong business plans, the more choice lawyers will have to find a home to build their careers in, which is great for any HK-based lawyer.

**What are the predictions for 2013 for the private practice job market?**

Better growth than 2012 but still not a bumper year. There will be an increase in IPOs before the new regulatory reforms kick in October and we are seeing some IPOs divert from Shanghai to HK as the backlog of IPO listings waiting for the Shanghai market continues to grow. There is more confidence in the market, which is always the biggest reason for growth. Therefore hopefully this year will show steady growth in the job numbers, which will carry on into 2014.

**What will be the specific grow areas?**

We have already seen a spike in the number of IP/trademark roles in HK as well as in the mainland. IPOs, as mentioned, as well as general corporate finance positions and commercial litigation, will also see a rise (according to the partners we speak to). Energy and project finance continues to be a hot area.

**Which jurisdictions are seeing a lot of growth?**

China, Australia and Hong Kong.

**Will salaries rise?**

My thoughts are that they will rise more than last year, but not by much. Unless the person (usually a partner) is a superstar that the firm just cannot lose, we will not see 30-40% hikes; more like 5-10%

### **What will bonuses look like?**

Bonuses are still very much dependent on overall firm performance, but if that is good I am told we will see the firms having a lot more flexibility to reward their best performers.

If your firm is not doing so well, perhaps it might be time to move on?

### **Where should an ambitious lawyer be looking for the best chance to get promoted?**

Our suggestion is small to mid-sized offices, i.e. a good firm that is still quite small in size in Hong Kong. Here you will have more autonomy to shine, you'll still have top class work and be working for a brand name, but there will be more space for you to really prove yourself.

### **What are firms looking for in their lawyers?**

Technical brilliance and the business development skills of a salesman.

### **Is 2013 a good time to move jobs in private practice?**

Yes; but of course I would say that! I think we will see more confidence come back into the market leading to more hiring, thus leading to better packages.



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# THE VIEW FROM IN-HOUSE

by Ben Cooper, Executive Director, GRMSearch

## **What was 2012 like for jobs in the in-house legal market in Hong Kong?**

The in-house legal teams of the international investment banks were not in growth mode in 2012, with many staying flat, or not replacing lawyers who left. There have also been a small number of strategic cuts from these teams in the past year.

## **Are there any areas that have been active over the past year?**

We have seen some growth in the legal teams in Chinese banks and less issues in winning replacement headcount. This is partly due to their ambitious growth plans in the international market and a number of the roles we have filled have been key, senior hires.

Another area of growth has been within some alternative asset management firms, many making their first legal & compliance hire. There is a mix of Chinese and internationally headquartered funds making these kinds of hires and many are due to the ever-increasing amount of regulation affecting this traditionally unregulated area.

The insurance industry has seen some steady growth in the size of legal and compliance teams and replacement headcount is common.

Outside of the financial services industry, we have seen some growth in mid-senior roles across Asia within MNCs, especially US-owned entities. Many of these have been the first senior hires in the region and have proved attractive to candidates.

## **What were bonuses like in the in-house market in 2012?**

Bonuses this year in the banks have ranged from zero to around 50% of base salary, depending on performance.

We have seen huge disparity within the legal teams, with lawyers sitting next to one another receiving very differing overall packages. This is also true for pay increases, though on the whole these have been minimal, or non-existent.

Bonuses within traditional asset managers have been around three to five months' salary at the mid-level, with some more senior lawyers making above this. Alternative asset managers have paid between 40-100% for mid-senior lawyers and there have been a few sole counsels in rapidly-growing funds making multiples of their base salaries, although base salary tends to be lower.

## **Why do people tend to move in-house?**

When moving in-house, traditionally candidates have taken a pay cut on their base salaries in recompense for the better lifestyle. The overall package, including bonus, at the banks was at least the same and often considerably more.

However, now that bonuses are much lower and sometimes non-existent, few candidates are willing to take the risk of a cut in base salary to make the move.

### **What can people expect in terms of salary when moving in-house?**

Outside of the financial sector, a cut of around 10-20% can be common when moving in-house, as the roles tend to offer a very good lifestyle.

### **What advice would you give someone in private practice looking to move in-house?**

For those lawyers looking to make the move in-house from private practice, the advice in this market is to consider each opportunity on its merits as there are still not a huge variety of opportunities available. Even if a role is not ideal, it can act as a good stepping stone to the next in-house role.

When negotiating salary, although it is a good idea to ensure as best package as possible, bear in mind that there is a great deal of competition for each role from equally well-qualified candidates.

### **What are the predictions for 2013?**

As mentioned, salary increases and bonuses in 2013 have not been a great deal more than 2012. There does, however, seem to be a cautious optimism in the air and we have been instructed on a much higher number of search mandates at this stage in 2013 than we were at this stage in 2012.

Should this continue we would hope to see an increase in salaries and bonuses in early 2014, following a busier year and with more competition for roles.



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# SALARY TABLES

## PRIVATE PRACTICE

<b>Basic salary per year in HKD</b>	<b>NQ-2 PQE</b>	<b>3-5 PQE</b>	<b>6-8 PQE</b>	<b>9 PQE+</b>
Domestic*	600-780k	756-984k	960k-1.1m	1.1m+
Offshore^	744-936k	984k-1.3m	1.3-1.4m	1.5m+
Other UK/ International	780-960k	996k-1.3m	1.3-1.5m	1.5m+
Magic/ Silver Circle	900k-1.1m	1.1-1.4m	1.4-1.7m	1.8m+
<b>Basic salary per year in USD</b>				
US (Top Tier)	145-170k	185-230k	250-270k	270k+

\* Domestic includes Hong Kong and Chinese firms

^ Offshore figures start from 1 - 2 PQE

## IN-HOUSE

<b>Basic salary per year in HKD</b>	<b>AVP</b>	<b>VP</b>	<b>Director</b>	
Investment Banking	1.1-1.4m	1.3-1.8m	1.6-2.5m	
<b>Basic salary per year in HKD</b>	<b>2-4 PQE</b>	<b>5-7 PQE</b>	<b>8 PQE+</b>	<b>10 PQE+</b>
Manufacturing	500-700k	700-850k	850k-1.1m	1.1-1.4m+
Hospitality	850k-1.1m	1.2-1.4m	1.4-1.5m	1.6m+
Property	840-960k	960k-1.1m	1.1-1.4m	1.4m+
Insurance	840-1.1m	1.1-1.4m	1.4-1.6m	1.7m+
FMCG/ Retail	660-840k	840k-1m	1-1.2m	1.4m+