



1 March 2021

Dear Member,

**Consultation Paper on Proposed Framework
for the One Member One Vote Election of the President and Vice-Presidents**

Background

At an Extraordinary General Meeting (“EGM”) held on 2 March 2018, a resolution was passed requiring the Council:

“To consider and take all necessary actions to elect President and Vice-Presidents of the HKICPA pursuant to Section 4 of Cap. 50 Professional Accountants Ordinance whereby council members shall conduct a “one member one vote” poll from general membership of all HKICPA members before the Annual General Meeting of the HKICPA each year and council members shall cast their votes in accordance with the result of the poll to elect the President and Vice-Presidents of the HKICPA.” (2018 EGM Resolution #2)

Whilst the resolution was, under the current legal framework, not binding on the Council, the Council noted the sentiments reflected and recognised the call for one member one vote to elect the President and Vice-Presidents of the Institute. As such, a Council’s Task Force was formed which reviewed the matter and sought the advice from the Institute’s Governance Committee.

The Task Force concluded that it would not be practicable to implement a one member one vote poll from the general membership for the election of President and Vice-Presidents as envisaged by Resolution #2 due to a lack of legal basis; and that the only way forward was to amend the Professional Accountants Ordinance. To change the election of President and Vice-Presidents would require comprehensive legislative amendments which would require full consultation of all stakeholders and endorsement of the Government.

Invitation to comment on the Consultation Paper

In this connection, the Council established an Independent Working Group which was tasked with the responsibility of reviewing the current election model and developing a possible framework to implement the election of President and Vice-Presidents by all members of the Institute. The attached *Consultation Paper* was developed, after due consideration of the complex issues involved, with proposals for possible changes to



various parts of the election model that would enable the one member one vote election of President and Vice-Presidents. Members may refer to the **Appendix** to the *Consultation Paper* which sets out the comparison between the current requirements and the proposals.

It is recognised that the proposed election framework is not the only solution and there will always be different views. However, the proposals are intended to be a starting point and a catalyst for the necessary discussions that members are strongly urged to participate in, given the importance of the matter. The proposals are not cast in stone and the Council fully anticipates that members may come to a different view, after reading the *Consultation Paper*. In this regard, members might wish to take note that there could be varying perspectives around the options mentioned in the *Consultation Paper*.

On the one hand, there are views that:

- 1) The Council comprising a majority of elected members assumes the ultimate responsibility to manage and conduct the Institute's business. The President and Vice-Presidents have limited powers and therefore the one member one vote election of President and Vice-Presidents should have no effect on the Institute in performing its regulatory role.
- 2) The eligibility requirements on clean criminal and disciplinary records are complex and those relating to "automatic disqualification" may be regarded as discriminatory against those who have served their sentence. There is no need to set any eligibility requirements as members are professional, logical and competent to vote for their leaders of the profession.
- 3) The nomination requirement under Option A, i.e. obtaining 2-2-2 endorsement from the 3 categories of Council members, is too complicated. It is felt that the interests of each category might not be aligned, which could result in a deadlock. The proposal may also have the effect of restricting the number of potential candidates who have already fulfilled the eligibility criteria, thereby reducing the choice of our members in selecting the President and Vice-Presidents.
- 4) The current nomination model of President and Vice-Presidents is limited to Council members only. This has worked well over the past years and there is no need to put additional nomination requirement to the current model.
- 5) The membership requirement of at least 4 years for a candidate to stand for the Council election would disadvantage those newly joined members who wished to run in the Council election.



- 6) The 2018 EGM Resolution #2 only called for one member one vote of the President and Vice-Presidents election. It did not ask for any changes to the current model of Council election. The proposed changes would complicate the process and distract the Institute from amending the Professional Accountants Ordinance for implementation of the election of President and Vice-Presidents by all members.
- 7) There is no need to impose any limit on the term of office if a candidate can still gather sufficient support to be re-elected to the Council.
- 8) The proposed election framework has too many requirements which could be perceived as pre-election hurdles. This is against the spirit of democracy underpinning the one member one vote election as expressed in Resolution #2. In addition, the proposed requirements are too complex to follow in practice.

On the other hand, there are other views that:

- 1) It is important that the Institute should maintain its regulatory role in serving the public interest as enshrined in the Professional Accountants Ordinance. Any proposed changes to the election framework should not diminish or impair the Institute's regulatory role to serve the public interest. The proposed election framework has put in place the necessary checks and balances to demonstrate the commitment of the Institute to continue to remain a regulator serving the public interest.
- 2) The President and Vice-Presidents as the public face of the profession should be well respected within the professional community and beyond reproach. Similar to other professional bodies, it is desirable to codify the basic qualities that are expected of them into three minimum eligibility criteria, namely "no criminal convictions", "no disciplinary sanctions", and "no financial irregularities". The Institute should uphold the reputation of the profession through these quality requirements of our leaders.
- 3) Any elected President and Vice-Presidents should be able to work with the Council and therefore a proposed cross-sectorial endorsement is important. In addition, the proposed nomination requirement would maintain an important independent oversight element by continuing with the current statutory arrangement that enables the lay/ government-appointed Council members the ability to participate in the selection of President and Vice-Presidents. Nevertheless, additional options of different nomination models are also provided in the *Consultation Paper* to seek members' comments.



- 4) For candidates to stand for the Council election, it is a public expectation that the candidates should have adequate familiarity and knowledge that he or she could bring to the role as a Council member. The proposed length of at least 4 years is not unduly long given the past Council members had an average of 15.2 years of membership before they were first elected to Council.
- 5) In line with the practice of similar professional bodies, it would be desirable to set a maximum term of office for Council members for good corporate governance, whether the office is by election or by appointment. This would ensure that the Council would have a rejuvenating process for new blood to provide fresh perspectives and succession planning. The proposed maximum term of 12 years should be sufficient for aspiring Council members to reach for higher offices whilst ensuring good corporate governance.

In conclusion, the proposed one member one vote election is a significant change to the current modus operandi of electing the President and Vice-Presidents of the Institute. It is imperative that the Institute could demonstrate that it has the backing of a significant number of members on the proposed change in order to convince the Government to sponsor the required legislative amendments.

The Council wants to hear your views and the views of all relevant stakeholders. You are encouraged to provide your comments, suggestions or even alternative proposals. These will all be gratefully received and will be duly considered. We look forward to engaging with our members around this topic.

Yours sincerely,
Council of the Hong Kong Institute of CPAs