



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Consultation Paper on

Proposed Framework for the One Member One Vote Election of the President and Vice-Presidents

March 2021



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Foreword

The Hong Kong Institute of Certified Public Accountants (the “Institute” or “HKICPA”) is issuing this consultation paper to set out the proposed changes to various parts of the election model and the necessary amendments to the Professional Accountants Ordinance to implement one of the Resolutions passed at the Extraordinary General Meeting in March 2018 in respect of the election of President and Vice-Presidents of the Institute by all members of the HKICPA.

The Institute invites members, stakeholders and interested parties to submit written comments on the proposed eligibility criteria, possible nomination and election models of President and Vice-Presidents and other matters relating to the composition of the HKICPA Council and the election of Council members which are explained in the relevant sections of this consultation paper.

The purpose of the consultation process is to elicit responses from all stakeholders and provide a platform for expression of views on the proposed changes before the final election framework is adopted. Thereafter, the Institute would need to secure the approval of the Government as the amendments to the Professional Accountants Ordinance may have implications on the role and duties of the lay members on the HKICPA Council. The same approach of securing Government’s support was adopted in 2004 when amendments were made to add four lay members to the HKICPA Council.

The closing date for comments on this consultation paper is **31 May 2021**. Please send your comments in writing by post to the following address or by email:

The Chief Executive and Registrar
Hong Kong Institute of Certified Public Accountants
37/F, Wu Chung House
213 Queen’s Road East
Wanchai, Hong Kong

Email: consultation_PandVPelection@hki CPA.org.hk

You can also complete an online questionnaire available at the consultation dedicated webpage www.hki CPA.org.hk/consultation_PandVPelection

Hong Kong Institute of Certified Public Accountants

March 2021

Executive Summary

The Hong Kong Institute of Certified Public Accountants recognises the call for one member one vote poll to elect the President and Vice-Presidents of the Institute under Resolution #2 which was passed at the Extraordinary General Meeting in March 2018.

Members who voted for Resolution #2 advocated that the President and Vice-Presidents as the leaders of the Institute should be accountable to members and should obtain their mandate from members rather than from the Council in discharging their duties and responsibilities. It was opined that direct election of the President and Vice-Presidents by all members would be more democratic and representative than the current model of election by all Council members. In addition, it was opined that such arrangement would provide better checks and balances on the powers, both perceived and real, of the President and Vice-Presidents.

To implement Resolution #2, the Institute conducted a comprehensive review of the current Council composition and election framework and proposed changes to various parts of the election model that would enable the election of President and Vice-Presidents by all members of the HKICPA.

Taking on board the sentiments of the key stakeholders representing the cross-sectors of the accountancy profession, the HKICPA Council maintains that any changes to the election model must have regard to ensuring that the Institute's regulatory role remains intact. In addition, the Government continues to place high importance on the Institute's regulatory role over the accountancy profession as enshrined in the Professional Accountants Ordinance. As such, any proposed amendments to the Professional Accountants Ordinance should be in line with the policy intent of the Ordinance, i.e. the HKICPA is apolitical and remains a self-regulatory body with independent oversight and entrusted with the statutory duty to confer qualifications, set professional standards and regulate the practice of professional accountants in Hong Kong.

It is imperative for the HKICPA to demonstrate that the Institute will continue to remain first and foremost a regulator serving the public interest and is not just a membership body focusing on furthering members' interest. Any impression that the HKICPA is evolving into a membership body only should be avoided.

This consultation paper considers two issues:

- (a) The first issue deals with possible changes to the election framework of President and Vice-Presidents.
- (b) The second issue arises from the recognition that there are public expectations over the accountability of those who lead the accountancy profession and that the President and Vice-Presidents must be elected Council members pursuant to Section 4 of the Professional Accountants Ordinance, which is implicit in the call for Resolution #2. This consultation paper takes the opportunity to seek views on possible changes to the election framework of Council members.

Election of President and Vice-Presidents

Proposed election model

Currently, the Professional Accountants Ordinance provides that the HKICPA Council in its entirety elects the President and Vice-Presidents from amongst the elected Council members. An important feature of the current election model is its reliance on the fact that Council members will have the insights to assess the candidates' character and ability to lead the HKICPA Council and the profession, when a decision to elect is being made.

Apart from the requirements that candidates must be proposed and seconded by two other Council members of the Institute (By-Law 12 of the Professional Accountants By-Laws) and must have been a Council member for at least two years, of which one year must have been served in the two years preceding the stand for election (*Council Guidelines for Election of the President and Vice-Presidents*), there are no other qualifications required of the President and Vice-Presidents.

To deliver 2018 EGM Resolution #2, the HKICPA Council recognises that the proper approach should be to amend the Professional Accountants Ordinance to enable all members of the Institute to directly vote on the nominated candidates for the posts of President and Vice-Presidents. Since it is envisaged that in future, election of the President and Vice-Presidents would involve all members of the Institute, the HKICPA Council sees the benefit of adopting a more structured and transparent approach by codifying and strengthening the existing arrangement, including setting out in the legislation a set of basic eligibility criteria and a nomination model for those candidates who wish to stand for the election of President and Vice-Presidents.

Proposed eligibility criteria

With the election of President and Vice-Presidents of the Institute by one member one vote, the HKICPA Council considers it desirable to codify the basic qualities that are expected of them. The proposed eligibility criteria will be no less than present, namely that a candidate must be a Certified Public Accountant ("CPA") and an elected experienced Council member.

In particular, the President and Vice-Presidents as the public face of the profession should be well respected within the professional community and beyond reproach. After reviewing the practice of the Institute and similar professional bodies and taking into account public expectations, the HKICPA Council recommended the following *additional* eligibility criteria for the candidates standing for the election of President and Vice-Presidents:

- (a) The candidates must have clean criminal and disciplinary records.
- (b) The candidates must not be a bankrupt or a discharged bankrupt or have entered into any arrangements with creditors in the five-year period prior to the date of nomination.
- (c) The candidates must be a senior member of the profession, i.e. at least seven (7) years of membership with the Institute.
- (d) The candidates must have a proven service record on the HKICPA Council, i.e. at least three (3) years of service on the Council to stand for the election of Vice-President whereas at least four (4) years of service to stand for the election of President, some of which the service on the Council must be within the past two (2) years.

Proposed nomination model

Currently, eligible candidates standing for the election of President and Vice-Presidents need to be proposed by a Council member and seconded by another Council member of the Institute. Thereafter, the entire HKICPA Council votes upon which candidates are suitable to lead the profession as the President and Vice-Presidents and with whom the majority believe they can work with. The HKICPA Council has considered a number of nomination models that would enable the election of President and Vice-Presidents by all CPAs and narrowed these down to three possible options:

- (a) The candidates must have the cross-sectorial support of the HKICPA Council, i.e. the written support from a total of at least six (6) Council members with at least two (2) Council members from each of the three (3) categories of practising, non-practising, and lay/ government-appointed members (**Option A**).
- (b) The candidates must have the support from a sufficient number of CPAs, i.e. the written support of at least 100 CPAs (**Option B**).
- (c) The candidates must have the support from both Council members and CPAs, i.e. the written support from at least four (4) Council members of which at least two (2) Council members are the lay/ government-appointed members as well as the written support of at least 100 CPAs (**Option C**).

In addition, the HKICPA Council appreciates that the importance of and wishes of stakeholders to maintain the current independent oversight element must be addressed and therefore the proposed nomination process should enable the lay/ government-appointed Council members to continue to exercise their oversight function by providing them with a role in the process of selecting the President and Vice-Presidents. This arrangement would ensure that there is no erosion to the function of the lay members and dispel any false impression that the Institute is a members' association rather than a self-regulatory body with independent oversight.

It is desirable to have a balanced representation of both practising and non-practising sectors in the Institute's Leadership Team which comprises the elected President and Vice-Presidents. As such, the HKICPA Council recommended that the two Vice-Presidents should preferably be from each of the practising sector and the non-practising sector. In a situation where there is no candidate from the requisite practising or non-practising sector, a candidate from the other sector could step in to fill the vacancy.

Under the proposed direct election model, each voter is entitled to cast up to three (3) votes, i.e. one vote on each of the three posts being contested namely, the President, Vice-President (practising sector), and Vice-President (non-practising sector). A candidate would be entitled to stand for the posts of both President and Vice-President at the same time, so that good candidates who may not succeed in the President election can have a fallback position. If there is only one candidate standing in that category, he/ she would be automatically elected.

Currently, the term of office for President and Vice-Presidents is, by convention, one year. As regards the maximum term of office for President and Vice-Presidents, the status quo will be maintained that two (2) consecutive terms be set for President and four (4) consecutive terms be set for Vice-President respectively.

Election of Council Members

Currently, elected Council members need only be ordinarily resident in Hong Kong. The eligible candidates for the Council election are also required to be nominated by two (2) CPAs. To be in line with the public expectations over the accountability of those who lead the Institute as Council members, the HKICPA Council considered the benchmarking results of the practice of similar professional bodies with regard to the election in their governing body. Mirroring their requirements, the HKICPA Council recommended the following *additional* eligibility criteria for the candidate standing for the Council election:

- (a) The candidates must have clean criminal and disciplinary records.
- (b) The candidates must not be a bankrupt or a discharged bankrupt or have entered into any arrangements with creditors in the five-year period prior to the date of nomination.
- (c) The candidates must have been a member of the Institute for at least four (4) years.

For good corporate governance, the HKICPA Council recommended that a maximum term of office of twelve (12) years with no cooling off period should be set for elected Council members.

Comparison of the current requirements and the proposals is set out in the **Appendix**.

1 Introduction

(A) The Institute's Regulatory Role

- 1.1 The Hong Kong Institute of Certified Public Accountants is the statutory licensing body of accountants in Hong Kong responsible for the professional training, development and regulation of the accountancy profession. Incorporated by the Professional Accountants Ordinance in 1973, the Institute has a long and distinguished heritage of serving the public interest, working with the Government and business community, and becoming a recognised leader of the accountancy profession around the world.
- 1.2 Whilst there have been numerous changes to the Professional Accountants Ordinance over the years, the Institute's independent regulatory role remains largely intact. As the regulator for the accountancy profession, the HKICPA is responsible for:
- (a) The registration of certified public accountants and licensing of practice units (i.e. certified public accountants (practising), firms and corporate practices);
 - (b) The regulation of the accountancy profession including the review of the quality of practice units and the disciplining of any certified public accountant or practice unit that have failed to meet the professional and ethical standards expected of them;
 - (c) The setting of codes of ethics and professional standards of accounting and auditing in accordance with international benchmarks;
 - (d) The regulation of the quality of entry of future certified public accountants to the accountancy profession through the qualification programme; and
 - (e) The offering of continuing professional development and other services to certified public accountants and practice units.
- 1.3 The HKICPA Council recognises the significance of the Institute's regulatory role under the Professional Accountants Ordinance to provide education and training, to maintain professional standards, and to ensure the delivery of technical excellence to the public. As the regulator of the accountancy profession, the Institute makes a direct contribution to the development and maintenance of Hong Kong as an international financial centre.
- 1.4 The importance of public interest in the regulation of the accountancy profession can be seen in the amendments made to the Professional Accountants Ordinance in 2004, following the Enron saga, which saw the enhancement of greater transparency and independent oversight by adding four government-appointed lay members (i.e. non-CPAs) onto the HKICPA Council, in addition to the existing two ex-officio members of the Government.
- 1.5 The continuing significance of the Institute's regulatory role is also apparent when, following calls for a more independent regulator, the responsibility for the regulation (inspection, investigation and disciplinary functions) of Public Interest Entity audits (as defined in the Financial Reporting Council ("FRC") Ordinance) was transferred to the FRC while a certified public accountant or practice unit registered under the FRC regime must still be registered with and responsible to the HKICPA.

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- 1.6 As a statutory body, the Institute sees its responsibility and the need to continue the role as the regulator of the accountancy profession in all other aspects except for the Public Interest Entity audits. In this connection, the HKICPA Council is mindful that any proposed changes to the election framework put forward should not diminish or impair the Institute's regulatory role.
- 1.7 According to the current legislative framework, any amendments to the Professional Accountants Ordinance will require the approval of the Government and the Legislative Council. As such, it is imperative for the HKICPA to demonstrate that the Institute will continue to remain first and foremost a regulator serving the public interest and is not just a membership body focusing on furthering members' interest. Any impression that the HKICPA is evolving into a membership body only should be avoided.

(B) The Call for One Member One Vote

- 1.8 At an Extraordinary General Meeting ("EGM") held on 2 March 2018, a motion was passed requesting 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)

Note: 5,889 (15%) out of 40,462 members voted on Resolution #2 and 3,688 (63%) voted for Resolution #2.

- 1.9 Members who voted for Resolution #2 at the EGM advocated that the President and Vice-Presidents as the leaders of the Institute should be accountable to members and should obtain their mandate from members rather than from the Council in discharging their duties and responsibilities. It was opined that direct election of the President and Vice-Presidents by all members would be more democratic and representative than the current model of election by all Council members. In addition, it was opined that this would provide better checks and balances on the powers, both perceived and real, of the President and Vice-Presidents.
- 1.10 Notwithstanding that a significant majority of registered CPAs chose not to vote at the 2018 EGM, the HKICPA Council respected the view of members expressed in the voting of Resolution #2 and, since March 2018, actively investigated how this resolution of one member one vote might be implemented.
- 1.11 Initially, a Task Force comprising a vast majority of Council members was established and 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.

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- 1.12 Subsequently, an Independent Working Group was set up by the HKICPA Council in March 2020 with members who were not current elected Council members and collectively possessed an in-depth knowledge of the accountancy profession and regulatory environment as well as the expertise in corporate governance.
- 1.13 The Independent Working Group conducted a comprehensive study of the current election model and considered the complex issues involved, with the following terms of reference, to:
- (a) Examine and recommend the necessary changes to the election model that would enable the election of President and Vice-Presidents by all members;
 - (b) Review the Council composition and election model under the Professional Accountants Ordinance;
 - (c) Propose a framework setting out the necessary changes to the Professional Accountants Ordinance to implement Resolution #2; and
 - (d) Consult all CPAs on the necessary changes to the Professional Accountants Ordinance.
- 1.14 This consultation paper has been prepared by the Independent Working Group and endorsed by the HKICPA Council to elicit comments on the proposed framework that would facilitate an election of the President and Vice-Presidents by all members of the HKICPA, with sufficient checks and balances in place to assure the Government and other interested stakeholders that the public interest will be upheld.

2 Election Models

(A) Current Model:

Election by all Council members

- 2.1 Under the current election model, an elected Council member¹ of the Institute, who meets the eligibility criteria set out in the *Council Guidelines for Election of President and Vice-Presidents*², is required to obtain the support of two fellow Council members before he/ she may stand for the office of the President or the Vice-President.
- 2.2 In a situation where more than one candidate standing for the office of President or more than two candidates standing for the office of Vice-Presidents, the election will be determined by a ballot of all members of the HKICPA Council³. Successful candidates will be elected on a simple majority basis, i.e. 50% or more of the votes cast. This election model has an important feature in that Council members have the insights into and are well placed to assess the candidates' character and ability to lead the HKICPA Council and the profession. It also ensures the incoming President and Vice-Presidents have the support of at least a majority of the Council.

(B) 2018 EGM Resolution #2:

Election by all Council members with reference to One Member One Vote Poll

- 2.3 Resolution #2 passed at the 2018 EGM seeks to transfer the responsibility of voting on candidates standing for election of President and Vice-Presidents from the HKICPA Council to all CPAs but keeps the other aspects of the current election model intact. In other words, a candidate must still be an elected Council member who meets all of the relevant criteria and who has been nominated by two fellow Council members. This election model requires Council members to vote according to the poll results from all members of the Institute.
- 2.4 Whilst those members who requisitioned Resolution #2 had hoped to implement the change without an amendment to the Professional Accountants Ordinance, this is not feasible. The proposal to hold a poll cannot, under the current legal framework, bind the Council members of the Institute. A Council member should be free from impediments when exercising his/ her election rights. If a "non-binding" poll were taken, the Council members might face challenges whether or not it followed the poll results. Such challenges could manifest themselves into legal proceedings which would distract and potentially undermine the HKICPA Council as it carries out the business of the Institute.

¹ The term "elected Council member" refers to those Council members elected under Section 10(2)(c) of the Professional Accountants Ordinance and are incumbent Council members at the scheduled commencement of the Council meeting at which the President and Vice-Presidents are to be elected.

² An elected Council member who has already served a minimum of two years on Council, either as an elected, appointed or a co-opted member, is eligible to be nominated for election as the President provided that he/ she has been a Council member for a period during the preceding two years.

³ By-Law 12(4) of the Professional Accountants By-Laws.

(C) Proposal Model:

Direct election by all members of the Institute

- 2.5 To deliver the 2018 EGM Resolution #2, the HKICPA Council considers that the proper approach should be to amend the Professional Accountants Ordinance to enable all members of the Institute to directly vote on the nominated candidates for the posts of President and Vice-Presidents, notwithstanding that amendments to the Professional Accountants Ordinance will take time to complete and requires Government's approval.
- 2.6 Under the direct election model, each voter is entitled to cast up to three votes, i.e. one vote on each of the three posts being contested namely, the President, Vice-President (practising sector) and Vice-President (non-practising sector). For the status of the two Vice-Presidents, please see paragraph 4.16 for explanation. If a post is uncontested, there will be no vote for that post.
- 2.7 As with the current mechanism, a candidate may stand for both the posts of President and Vice-President in the election, so that good candidates who may not succeed in the President election can have a fallback position. In that scenario, if elected as the President, that candidate would be formally elected and the Vice-President post will be contested by the remaining candidates. If not elected as the President, the candidate will contest the Vice-President post.

Consultation Question 1:

Do you agree with the proposed election model that the Professional Accountants Ordinance be amended to allow all CPAs to determine the election of President and Vice-Presidents of the Institute? Please explain.

3 Eligibility Criteria

(A) Presidential Qualities

- 3.1 The President is expected to lead and promote the accountancy profession. He/ she has a duty to act as the public face of the Institute during his/ her tenure of office and serve as the Chair of the HKICPA Council and as the Institute's spokesperson both locally and abroad. In fulfilling that role, the President should be well respected in the industry, beyond reproach, and in possession of strong leadership qualities.
- 3.2 The Vice-Presidents are equally expected to have similar qualities if they are to support the President, to step in for the President when required, and eventually/ potentially be the next President. Together with the President, collectively they are the Institute's Leadership Team to lead the accountancy profession.
- 3.3 Candidates standing for the election of President and Vice-Presidents of the Institute should be prepared to commit sufficient time to carry out the role and responsibilities incumbent with the office of President and Vice-Presidents respectively.

(B) Current Eligibility Criteria

- 3.4 The current eligibility criteria for the candidates who wish to stand for the office of President or Vice-President are:
- (a) Ordinarily resident in Hong Kong⁴;
 - (b) A certified public accountant; and
 - (c) An elected Council member of the Institute⁵.

The HKICPA Council does not consider that any changes to these eligibility criteria are necessary.

Consultation Question 2:

Do you agree that these current eligibility criteria should be retained? Please explain.

- 3.5 In addition, the candidates must have served at least two years on the HKICPA Council (adequacy of experience), of which one year must have been served in the two years immediately preceding the stand for election (recency of experience)⁶.

⁴ Section 10(2)(c) of the Professional Accountants Ordinance.

⁵ Section 4(1) of the Professional Accountants Ordinance.

⁶ *Council Guidelines for Election of the President and Vice-Presidents* (Revised November 2012).

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- 3.6 The HKICPA Council believes that any person who seeks to lead an organisation must be in a position to demonstrate both an adequate and recent knowledge of how that organisation is managed.

Consultation Question 3:

Do you have any views on the minimum required service of two years on the HKICPA Council within the past two years before being eligible to stand as a candidate for the office of President and/ or Vice-President? Please state your views.

(C) Proposed Eligibility Criteria

- 3.7 With the election of President and Vice-Presidents by one member one vote, the HKICPA Council considers it desirable to codify and publicise the qualities expected of President and Vice-Presidents. Such qualities are encapsulated in four categories of status, quality, standing, and experience as the minimum eligibility criteria for standing as candidates for the office of President and Vice-Presidents.

(I) STATUS:

Candidates must be an elected Council member

- 3.8 This is an existing eligibility criteria for the candidates who wish to stand for the office of President or Vice-President under Section 4(1) of the Professional Accountants Ordinance (see paragraph 3.4). This criteria ensures that an elected Council member who has been chosen by his/ her fellow CPAs can represent their interests on the HKICPA Council. As such, the status quo should be maintained.

(II) QUALITY:

Candidates must be fit and proper to be President or Vice-President

- 3.9 The HKICPA Council noted that similar professional bodies require their candidates to demonstrate clean criminal and disciplinary records and that they are of good financial standing⁷ to be eligible for the election of President and Vice-Presidents.
- 3.10 The HKICPA Council considers that such quality requirements are sensible given that the President and Vice-Presidents are the public faces of the accountancy profession. A tarnished reputation would impair how the Institute might be perceived locally or abroad.

⁷ Section 15(1)(c) of the Professional Accountants Ordinance stipulates that Council member is required to vacate his/ her office should he/ she become bankrupt or make an arrangement or composition with his/ her creditors.

Clean criminal record

- 3.11 A person's criminal record is always an important indicator of his/ her suitability to be registered as a CPA. When applying to be registered as a CPA, the applicant is obliged to disclose his/ her criminal record (other than a minor traffic or littering offence which does not lead to imprisonment) for the purpose of determining if he/ she fulfils the "fit and proper" requirement.
- 3.12 As a CPA, disciplinary charges may be laid if he/ she is convicted of a criminal offence and it would be reasonably regarded as bringing or likely to bring discredit upon the CPA, the Institute or the accountancy profession as stipulated by Section 34(1)(a)(x) of the Professional Accountants Ordinance.
- 3.13 Disciplinary charges will also be laid if a CPA has been convicted of:
- (a) Any offence under Part V (Perjury) of the Crimes Ordinance, Cap 200 (Section 34(1)(a)(i) of the Professional Accountants Ordinance);
 - (b) Convicted of any offence under section 21F or 31 of the FRC Ordinance, Cap 588 (Section 34(1)(a)(ia) of the Professional Accountants Ordinance); or
 - (c) Convicted in Hong Kong or elsewhere of any offence involving dishonesty (Section 34(1)(a)(ii) of the Professional Accountants Ordinance).

Note: These criminal convictions all involve a breach of integrity.

- 3.14 As integrity is a fundamental cornerstone of the accountancy profession, the HKICPA Council considers that it would be appropriate to preclude a CPA with any criminal conviction involving a breach of integrity from standing for the office of President or Vice-President.
- 3.15 The HKICPA Council further considers that it would equally not be desirable to allow a candidate to stand for the office of President or Vice-President, if he/ she had been convicted of a very serious criminal offences, i.e. conviction of an indictable offence that was tried in the District Court or the High Court. Having such a criminal record would be incompatible with being the face of the profession.
- 3.16 Accordingly, a clean criminal record would mean no criminal offences involving a breach of integrity as stipulated in Section 34(1)(a) of the Professional Accountants Ordinance and no conviction of any indictable offence that was tried in the District Court or the High Court.

Consultation Question 4:

Do you agree that a CPA with a criminal record should not be allowed to stand as a candidate for the office of President and/ or Vice-President? Please explain.

Consultation Question 5:

Do you have any views on a CPA who has been convicted of an offence involving a breach of integrity or an indictable offence that was tried in the District Court or the High Court not being allowed to stand as a candidate for the office of President and/ or Vice-President? Please state your views.

Clean disciplinary record

- 3.17 Those candidates who wish take up the mantle to lead the Institute must expect to face scrutiny from the members and the general public. A successful candidate's blemished record could reflect negatively on the Institute that he/ she wishes to serve. The HKICPA Council is conscious of the detrimental impact this could bring on the public image of the Institute and the accountancy profession at large.
- 3.18 Whilst not all disciplinary offences should be a barrier to standing for the office of President or Vice-President, there would be some offences that are so serious, that it would never be appropriate to allow the candidate to stand. These are offences that are serious enough that they warrant removal from the HKICPA Members Register.
- 3.19 In all other cases of less serious disciplinary offences, the candidates should be expected to undergo a "cooling off" period before they are allowed to stand for the office of President or Vice-President. The HKICPA Council considers that a "cooling off" period of five years would be minimal.
- 3.20 Accordingly, a clean disciplinary record would mean no disciplinary order (other than the issue of a disapproval letter) has been issued against the person in the five years prior to the date of application to stand as a candidate in the election of President and Vice-Presidents, and no disciplinary order for the removal of membership (for whatever period) has been made against that person, regardless of when such an order has been made. Clean disciplinary record includes not only the disciplinary orders of the Institute but also similar orders issued by other professional bodies or regulators of which the CPA is a member or the accused.

Consultation Question 6:

Do you have any views on a CPA who has previously been removed from the Register not being allowed to stand as a candidate for the office of President and/ or Vice-President? Please state your views.

Consultation Question 7:

Do you have any views on the "cooling off" period of five years before a CPA with a disciplinary record be allowed to stand as a candidate for the office of President and/ or Vice-President? Please state your views.

Consultation Question 8:

Do you have any views on a CPA who has been issued a disapproval letter be allowed to stand as a candidate for the office of President and/ or Vice-President? Please state your views.

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- 3.21 To be consistent with the above rule on clean criminal and disciplinary records, there should be a corresponding rule to the effect that, if a disciplinary order (other than the issue of a disapproval letter) or a conviction of a specified offence has been made against an incumbent President or Vice-President, then that office bearer shall vacate the office immediately.

Good financial standing

- 3.22 The HKICPA Council noted that a Council member who is bankrupt or makes an arrangement or composition with his/ her creditors is required to vacate office under Section 15(1)(c) of the Professional Accountants Ordinance and therefore would not be eligible to stand as a candidate for the office of President or Vice-President.
- 3.23 There is a public expectation that financial solvency is an essential requirement for leaders of the accountancy profession. As such, the HKICPA Council considers that it would be appropriate to restrict a candidate from standing for the office of President or Vice-President if within the previous 5 years, he/ she has either obtained a discharge in bankruptcy or has entered into a composition or arrangement with his/ her creditors, in either case without paying his/ her creditors in full.

Consultation Question 9:

Do you agree that a CPA who has been bankrupt or has made an arrangement or composition with his/ her creditors within five years should not be allowed to stand as a candidate for the office of President and/ or Vice-President? Please explain.

Consultation Question 10:

Do you have any views on the “cooling off” period of five years before a CPA who has obtained a discharge in bankruptcy or has entered into a composition or arrangement with his/ her creditors, in either case without paying his/ her creditors in full, be allowed to stand as a candidate for the office of President and/ or Vice-President? Please state your views.

(III) STANDING:

Candidates must be a senior member of the profession

- 3.24 Currently, any CPA may stand for the office of President or Vice-President save for the requirement to have served on the HKICPA Council for a minimum of two years. However, the candidates should have adequate experience and standing in the accountancy profession and an in-depth and proficient understanding of the organisation that they would hope to lead. Most professional bodies expect their potential leaders to have been a member of that organisation for a significant period of time, before they would be considered.
- 3.25 The HKICPA Council considers that it would be appropriate to require a minimum number of years of membership before a candidate should be eligible to stand for the office of President or Vice-President. In this regard, a minimum period of seven years (the same criteria for advancement to fellowship) would allow an interested candidate to become sufficiently experienced as a member of the Institute and the profession.

Consultation Question 11:

Do you have any views on the minimum required membership of seven years with the Institute before being eligible to stand as a candidate for the office of President and/ or Vice-President? Please state your views.

(IV) EXPERIENCE:

Candidates must have a proven service record on the HKICPA Council

- 3.26 It is a common understanding that candidates seeking to be elected as President should have a greater level of experience and knowledge than that of candidates standing for the office of Vice-President or the office of Council member. Although it is not mandatory, having served at least one term as Vice-President should be beneficial for a candidate standing for the office of President. In the entire history of the Institute, all Past Presidents had served as the Vice-President prior to being elected as President.
- 3.27 The HKICPA Council considers that it would be appropriate to require a minimum of two terms (i.e. 4 years) of service on the Council before a candidate could be eligible to stand for the office of President as this would ensure that the candidate will have adequate and relevant experience in the issues that are faced by the Institute. As well as participating at an executive level on the Council, a candidate will also have had an opportunity to serve and contribute on important committees, as a Council member. The minimum years of service on the Council would be three years for a candidate to be eligible to stand for the office of Vice-President.

Consultation Question 12:

Do you have any views on the minimum required service of three years on the HKICPA Council before being eligible to stand as a candidate for the office of Vice-President? Please state your views.

Consultation Question 13:

Do you have any views on the minimum required service of four years on the HKICPA Council before being eligible to stand as a candidate for the office of President? Please state your views.

4 Nomination Models

(A) Current Model

- 4.1 Under the current nomination model, the eligible candidates seeking to stand for the election of President or Vice-President must be proposed by a Council member and seconded by another Council member of the Institute⁸.
- 4.2 The eventual choice of the President and the Vice-Presidents relies on the collective judgment of all Council members of the Institute comprising fourteen elected Council members from both practising and non-practising sectors, four government-appointed lay members, two ex-officio government members and the Immediate Past President, who will have had the opportunity to work directly with each of the candidates and possess the insights to assess their performance and suitability to lead the HKICPA Council and the accountancy profession.

(B) Proposed Options

- 4.3 The 2018 EGM Resolution #2 is a significant departure from the current model that has been in existence since the establishment of the Institute. The HKICPA Council has considered a number of nomination models that would enable the election of President and Vice-Presidents by all CPAs and narrowed these down to three possible options.

(I) OPTION A:

Nominated by a specified minimum number of cross-sectorial Council members

- 4.4 This option builds upon the current nomination requirement that the eligible candidates must be nominated by any two Council members of the Institute.
- 4.5 Option A requires the candidates who are eligible Council members to have the cross-sectorial support of the HKICPA Council before he/ she may stand in the election of President and Vice-Presidents, i.e. the written support from at least six Council members with at least two Council members from each of the three categories of practising, non-practising and lay/ government-appointed members⁹.

⁸ By-Law 12 of the Professional Accountants By-Laws.

⁹ There will be no restrictions on the number of eligible candidates that any Council member may wish to support.

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- 4.6 The HKICPA Council considers that CPAs voting on the election of President and Vice-Presidents should have an assurance that the eligible candidates before them can work with and command the support from Council members during their term of office. As the President and Vice-Presidents should represent the interests of all sectors (practising CPAs in public accounting or non-practising CPAs in business and public sector), such support should not be restricted to one sector. The proposal under Option A which requires candidates to obtain cross-sectorial support would help to incentivise Council members, especially those aspiring to be the President or the Vice-President, to work effectively with these Council members.
- 4.7 The HKICPA Council is mindful of the importance of the independent oversight element (the four lay members) instituted by the Institute in 2004 and wishes to maintain such element. Hence, the nomination arrangement should enable the lay appointed Council members and ex-officio Government officials (collectively, the “Lay Council Members”) to exercise their oversight function. Under the one member one vote election model, these Lay Council Members would have an important right to participate in the selection of the President and Vice-Presidents being taken away from them. Option A therefore has the merit that it can provide some assurance to the Government and members of the public at large that there is no erosion to the oversight duties nor deprivation of rights of the Lay Council Members, thereby ensuring the public interest is maintained. This would also help dispel any false impression that the Institute is a member’s association rather than a self-regulatory body with independent oversight.
- 4.8 Option A may be criticised for being undemocratic as it may restrict the choices of candidates that CPAs may vote upon. However, this option does have the advantage that voters will have some assurance that when deciding whether or not to support the eligible candidates, Council members are expressing their informed view as to who they feel is best able to lead the HKICPA Council. Voters should be able to draw comfort from the fact that two-thirds of the required nomination support will be from those Council members who have been elected by all CPAs to represent their interests.

Consultation Question 14:

Do you have any views on the nomination requirement of a candidate standing for the election of President and/ or Vice-Presidents under Option A, i.e. written support from at least six Council members with at least two Council members from each of the three categories of practising, non-practising and lay/ government-appointed members? Please state your views.

(II) OPTION B:

Nominated by a specified minimum number of CPAs

- 4.9 This option is the closest to the model envisaged under the 2018 EGM Resolution #2. The option places the selection, nomination and ultimate election of candidates in the hands of all CPAs, i.e. members of the Institute.

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- 4.10 Option B requires the candidates who are eligible Council members to have the support from a sufficient number of CPAs before he/ she may stand in the election of President and Vice-Presidents. Given that the current number of registered CPAs exceeds 46,000, the HKICPA Council considers that the written support of at least 100 CPAs is essential to demonstrate that the candidate has a viable prospect to be elected to the office of President or Vice-President. In specifying the minimum number of members as the nomination requirement, By-Law 13(2) of the Professional Accountants By-Laws in relation to holding of general meetings has been taken as reference¹⁰.
- 4.11 However, Option B discards an important feature of the current model of selecting and electing the President and Vice-Presidents, namely the insights that Council members can bring to assess the candidates' ability to lead the HKICPA Council and the profession. This could be of particular concern to the public and the Government as under this option an important check and balance provided by the independent lay Council members who represent the public interest would be eliminated.
- 4.12 There is also a risk that some good eligible candidates will be at a disadvantage if they lack the popularity and support network to obtain the written support from at least 100 CPAs as required by Option B. More time would likely be needed to secure all the signatures. This would especially be the case if a candidate has to run for re-election to the HKICPA Council. Such candidate may need more time to mobilize the aforesaid written support for his/ her President or Vice-President candidacy, after his/ her successful re-election to the HKICPA Council.

Consultation Question 15:

Do you have any views on the nomination requirement of a candidate standing for the election of President and/ or Vice-Presidents under Option B, i.e. written support from at least 100 CPAs? Please state your views.

(III) OPTION C:

Nominated by both Council members and CPAs

- 4.13 This option is a hybrid version of Option A and Option B.
- 4.14 Option C requires the candidates who are eligible Council members to have the support from at least four Council members of which at least two Council members are the lay/ government-appointed members as well as the support from at least 100 CPAs, before he/ she may stand in the election of President and Vice-Presidents.

¹⁰ By-Law 13(2) of the Professional Accountants By-Laws stipulates that written support is required from "not less than whichever is the lower of 100 certified public accountants and 0.5% of the total number of certified public accountants" for holding of general meetings of the Institute.

Consultation Question 16:

Do you have any views on the nomination requirement of a candidate standing for the election of President and/ or Vice-Presidents under Option C, i.e. written support from at least four Council members of which at least two Council members from the lay/ government-appointed members as well as at least 100 CPAs? Please state your views.

Consultation Question 17:

Please indicate which nomination model (Option A, B or C) you would prefer, and why?

(C) Disclosure Requirements

4.15 To ensure that voters can make an informed decision on the nomination of the eligible candidates standing for the election of President and Vice-Presidents,

(a) The candidates should give a declaration that there is no ongoing criminal investigation or outstanding disciplinary case against him/ her, which means any disciplinary case of the Institute or other regulators which has entered the disciplinary process (viz. it has gone beyond the investigation stage).

(b) The candidates should make a disclosure on any conflict of interests.

(D) Status of the two Vice-Presidents

4.16 The HKICPA Council considers that the Institute's Leadership Team comprising the President and Vice-Presidents could benefit from a more balanced representation of both the practising and the non-practising sectors. As such, it would be desirable, as far as possible, to have one Vice-President from the practising members and the other Vice-President from the non-practising members. If there is no eligible Council member from a particular sector in a given year, then that Vice-President post can be filled by a candidate who is an eligible Council member of the other sector. A review of the past decade shows that only two Presidents are from the non-practising sector and the Leadership Team has not had a non-practising member since 2015.

Consultation Question 18:

Do you have any views on the proposed arrangement that one Vice-President from the practising sector and another Vice-President from the non-practising sector? Please state your views.

5 Other Matters

(A) Composition of the Council

- 5.1 Currently, the HKICPA Council is composed of fourteen *elected* Council members who are CPAs, four *lay* members (i.e. non-CPA appointed by the Government), two *ex-officio* members namely the Financial Secretary or his representative and the Director of Accounting Services or his representative, and the Immediate Past President. In addition, the HKICPA Council may *co-opt* up to two CPAs as members of the Council.
- 5.2 Out of the fourteen elected Council members, the current proportion between practising and non-practising sectors ranges from six to eight. In other words, elected Council members comprise a minimum of six practising CPAs and six non-practising CPAs, who are elected for a term of two years. Co-opted members serve for a term of one year, or until the start of the next Annual General Meeting, whichever is shorter.
- 5.3 The HKICPA Council recognises that the current proportion of elected seats on the Council is not a proportionate representation of respective number of practising and non-practising members in the general membership. However, it should be noted that the Institute's regulatory role relies on contribution of expertise of practising members and their contribution in the Institute's committees and the training of future accountants is significantly higher than that of the non-practising members.
- 5.4 The HKICPA Council believes that the current election framework of Council members from both practising and non-practising sectors ensures its composition is well represented by members with various backgrounds and expertise; and there is also a mechanism in place in balancing the Council composition through co-option of suitably-qualified members. As such, the status quo should be maintained.

Consultation Question 19:

Do you agree that the current composition of the Council and the current proportion of elected seats between the practising and non-practising sectors should be retained? Please explain.

(B) Election of Council Members

- 5.5 Currently, a candidate contesting a vacancy in either practising or non-practising seat on the HKICPA Council must be ordinarily resident in Hong Kong¹¹ and this is the only eligibility criteria to stand for the Council election. The eligible candidates would then require nomination by two CPAs¹² before he/ she can stand for the election of Council members.

¹¹ Section 10(2)(c) of the Professional Accountants Ordinance.

¹² By-Law 2(1) of the Professional Accountants By-Laws.

5.6 Other professional bodies have established a set of minimum eligibility requirements for their prospective Council members that go beyond being a member of that organisation. Amongst the eligibility criteria, these professional bodies typically require a candidate to demonstrate a minimum number of years of membership, a clean criminal record, a clean disciplinary record, and to be of good financial standing.

(C) Proposed Eligibility Criteria

5.7 In view that the incumbent elected Council members will potentially be a future President and Vice-President, the HKICPA Council considers that requiring the prospective Council members to meet the basic eligibility criteria denoted in paragraph 5.6 is not onerous but will provide a necessary quantifiable measure of comfort to members who are being asked to vote for the candidates whom they may not know. It would be neither helpful nor desirable to leave the voters guessing whether a candidate should or should not be elected to the HKICPA Council.

(I) STATUS:

Candidates must be ordinarily resident in Hong Kong

5.8 This is an existing eligibility criteria for the candidates who wish to stand for the election of Council members under Section 10(2)(c) of the Professional Accountants Ordinance.

(II) QUALITY:

Candidates must be fit and proper to be Council members

5.9 The HKICPA Council sees no reason why incumbent and prospective Council members should not be subject to the same requirements of “clean criminal and disciplinary records” and of “good financial standing” as proposed for the candidates standing for the election of President and Vice-Presidents (see paragraphs 3.11 to 3.23).

5.10 The HKICPA Council considers that incumbent Council member should also be required to vacate his/ her term of office immediately if he/ she becomes convicted of a specified criminal offence or is disciplined (other than the issue of a disapproval letter). This is similar to the current provision in the Section 15(1)(c) of the Professional Accountants Ordinance that a Council member must vacate his/ her office if he/ she becomes bankrupt or makes an arrangement or composition with his/ her creditors.

Consultation Question 20:

Do you agree that a candidate standing in the Council election should be subject to the same criminal, disciplinary and financial standing requirements as proposed for the candidates standing for the office of President or Vice-President? Please explain.

Consultation Question 21:

Do you agree that provisions should be made to the Professional Accountants Ordinance to require a Council member to vacate his/ her office if he/ she breaches the criminal conviction and disciplinary order requirements imposed on the candidates standing for the Council election? Please explain.

(III) STANDING:

Candidates must have a minimum number of years of membership

- 5.11 The HKICPA Council considers that the candidates should have been registered with the Institute for a minimum period of time as it is a common understanding and public expectation that aspiring Council members with a more seasoned understanding and experience of the Institute and its activities would be better placed to serve on the Council. Being registered with the Institute for at least four years is a basic requirement that would meet this requirement, without being onerous and too restrictive. A review of the past decade shows that the elected Council members have an average of fifteen years of membership with the Institute.

Consultation Question 22:

Do you have any views on the minimum membership requirement with the Institute of at least four years for a candidate standing in the Council election? Please state your views.

(IV) EXPERIENCE:

- 5.12 The HKICPA Council maintained the status quo that no prior experience in the Institute's committees is required before a candidate can stand for the Council election.

(D) Disclosure Requirements

- 5.13 To ensure that voters can make an informed decision on the nomination of the eligible candidates standing for the election of Council members,
- (a) The candidates should give a declaration that there is no ongoing criminal investigation or outstanding disciplinary case against him/ her, which means any disciplinary case of the Institute or other regulators which has entered the disciplinary process (viz. it has gone beyond the investigation stage).
 - (b) The candidates should make a disclosure on any conflict of interests.

(E) Term of Office of Council Members

- 5.14 Currently, there is no maximum term of office imposed on elected Council members. The terms of office for the four lay members appointed by the Government are subject to a customary maximum term of six years. The government representatives have no maximum term of office as they serve on the Council on an ex-officio basis.

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- 5.15 There is no reason why Council members should expect to serve indefinitely and the HKICPA Council should not be regarded or perceived as a closed club. There seems no reason why any Council member should seek to remain on the Council indefinitely to the disadvantage of new members who would be deprived of the opportunity to serve the Institute. The HKICPA Council is not convinced that having a permanent fixture on the Council is conducive to the future development of strategies for the Institute.
- 5.16 In line with the practice of similar organisations, a maximum term of office would be desirable for good corporate governance and for encouraging new blood to provide fresh perspectives and better succession planning. Drawing from the current limit imposed on those appointed members on the Institute committees, the HKICPA Council considers that a maximum term of office of twelve years with no cooling off period is an appropriate limit. It would enable aspiring Council members to reach for higher offices, whilst ensuring good corporate governance.

Consultation Question 23:

Do you agree that the term of office for elected Council members should not be indefinite? If you do not agree, do you have any views on the maximum term of office of twelve years with no cooling off period for elected Council members? Please state your views.

(F) Term of Office of President and Vice-Presidents

- 5.17 Currently, the term of office for President and Vice-Presidents is one year and they shall hold office from the date of their election or until conclusion of the next Annual General Meeting¹³ whichever is shorter. According to the *Council Guidelines for Election of the President and Vice-Presidents*, the President can serve a maximum of two consecutive terms and the Vice-President can serve a maximum of four consecutive terms.
- 5.18 A President that serves for two terms can lead and guide the HKICPA Council better for plans laid down at the beginning of his/ her term. However, if the term of office for President and Vice-Presidents is lengthened from one year to two years, there is a concern that the time commitment may be too long for two years particularly for non-practising members and this could discourage high-calibre candidates. As such, the HKICPA Council prefers to maintain the status quo of one-year term of office and the *Council Guidelines* on the maximum term of office for President and Vice-Presidents.

Consultation Question 24:

With the current one-year term of office for President and Vice-Presidents, do you have any views on the maximum term of office that two consecutive terms be set for President and four consecutive terms be set for Vice-President? Please state your views.

¹³ Section 4(2) of the Professional Accountants Ordinance.

6 Consultation Process

- 6.1 The HKICPA Council is keen to hear your views on the proposed framework for the one member one vote election of the President and Vice-Presidents of the Institute outlined in this consultation paper. While the proposals represent the considered view of the Independent Working Group, endorsed by the HKICPA Council, they are presented to elicit comments from members, stakeholders and interested parties. The proposals set out in this consultation paper will be subject to a three-month public consultation.
- 6.2 The closing date for comments on this consultation paper is **31 May 2021**. Please send your comments in writing by post to the following address or by email:

The Chief Executive and Registrar
Hong Kong Institute of Certified Public Accountants
37/F, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Email: consultation_PandVPelection@hkiipa.org.hk

You can also complete an online questionnaire available at the consultation dedicated webpage www.hkiipa.org.hk/consultation_PandVPelection

Acknowledgement

The Hong Kong Institute of Certified Public Accountants gratefully acknowledges the contribution of these members and executives in this consultation paper's creation.

Independent Working Group for President and Vice-Presidents Election

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	Ms. Ho Shuk Yee, Susie	
	Dr. Kam Pok Man	
	Mr. Leung Kai Cheong, Kenneth	
	Ms. Edith Shih	
	Ms. Tse Sau Ling, Nancy	
	Mr. Wu Yung Wei, Patrick	
Executives:	Ms. Margaret Chan	(Chief Executive and Registrar)
	Mr. Jonathan Ng	(Executive Director)
	Mr. Donald Leo	(General Counsel)

Appendix:

Comparision of the Current Requirements and the Proposals

Election of President and Vice-Presidents	
Current Requirements	Proposals
[STATUS]	
Elected Council member - s4(1) of Professional Accountants Ordinance (“PAO”)	No change.
[QUALITY]	
	Clean criminal and disciplinary records <u>Clean criminal record</u> means no criminal offences involving a breach of integrity as stipulated in s34(1)(a) of PAO and no conviction of any indictable offence that was tried in the District Court or the High Court. <u>Clean disciplinary record</u> means no disciplinary order from any regulator (other than the issue of a disapproval letter) in the 5-year period prior to the date of nomination, and no disciplinary order for removal of membership (for whatever period) has ever been made, regardless of when such an order has been made. Good financial standing Not a bankrupt or a discharged bankrupt or have entered into any arrangements with creditors in the 5-year period prior to the date of nomination.
[STANDING]	
	Senior member of the profession At least seven (7) years of membership with the Institute.
[EXPERIENCE]	
Recency of experience Council Guidelines require having served on the Council within the past two (2) years. Adequacy of experience Council Guidelines require having served on the Council for a minimum of two (2) years.	No change. President: Must have served on the Council for a minimum of four (4) years. Vice-President: Must have served on the Council for a minimum of three (3) years.

Election of President and Vice-Presidents	
<i>Current Requirements</i>	<i>Proposals</i>
[NOMINATION]	
<p>Nomination of candidates</p> <p>By-Law 12 requires a Council member to propose and another Council member to second the nomination.</p>	<p>Option A – Support from at least six (6) Council members with at least two (2) from each of the three (3) categories of practising, non-practising, and lay/ government-appointed members.</p> <p>Option B – Support from at least 100 CPAs.</p> <p>Option C – Support from at least four (4) Council members (at least two (2) being lay/ government-appointed members) and support from at least 100 CPAs.</p>
[STATUS OF VICE-PRESIDENTS]	
<p>Status of Vice-Presidents</p> <p>No restriction on the practising status of the Vice-President – both Vice-Presidents can come from the same sector.</p>	<p>One Vice-President to come from practising sector and another Vice-President from non-practising sector, subject to the proviso that if there is no eligible candidate from one sector, then that Vice-President post can be filled by a candidate from the other sector.</p>
[VOTING PROCESS]	
<p>Voting of President and Vice-Presidents</p> <p>Council members cast votes in two rounds of election, i.e. the President election followed by the Vice-Presidents election.</p>	<p>CPAs cast up to three (3) votes, one vote on each of the three (3) posts being contested in the direct election, i.e. President, Vice-President (practising sector), and Vice-President (non-practising sector).</p>
[TERM OF OFFICE]	
<p>Maximum term of office</p> <p>Term of office is one year.</p> <p>Council Guidelines set a maximum of two (2) consecutive terms for President.</p> <p>Council Guidelines set a maximum of four (4) consecutive terms for Vice-President.</p>	<p>No change.</p>

Election of Council Members	
<i>Current Requirements</i>	<i>Proposals</i>
[STATUS]	
Ordinarily resident in Hong Kong - s10(2)(c) of PAO	No change.
[QUALITY]	
	<p>Clean criminal and disciplinary records</p> <p><u>Clean criminal record</u> means no criminal offences involving a breach of integrity as stipulated in s34(1)(a) of PAO and no conviction of any indictable offence that was tried in the District Court or the High Court.</p> <p><u>Clean disciplinary record</u> means no disciplinary order from any regulator (other than the issue of a disapproval letter) in the 5-year period prior to the date of nomination, and no disciplinary order for removal of membership (for whatever period) has ever been made, regardless of when such an order has been made.</p> <p>Good financial standing</p> <p>Not a bankrupt or a discharged bankrupt or have entered into any arrangements with creditors in the 5-year period prior to the date of nomination.</p>
[STANDING]	
	<p>Minimum years of membership</p> <p>At least four (4) years of membership with the Institute.</p>
[NOMINATION]	
Nomination of candidates - By-Law 2(1) requires nomination by two (2) CPAs.	No change.
[TERM OF OFFICE]	
	<p>Maximum term of office</p> <p>A maximum term of office of twelve (12) years with no cooling off period.</p>



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