

HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

PRACTISING CERTIFICATE (“PC”) EXAMINATIONS Syllabus for the Paper PC-Law (From June 2017 session onwards)

- | 1. | The Hong Kong legal system | Competency
level |
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| | <p>This section provides an introduction to some key features of the Hong Kong legal system and will facilitate understanding of the sources of law, how law is administered and how legal rules emerge in the legal system.</p> | |
| | a. The system of courts and the administration of justice | 2 |
| | b. Case law, legislation and the Basic Law | 2 |
| | c. Doctrine of precedent | 2 |
| | d. Rules of statutory interpretation | 2 |
| | e. The work of solicitors and barristers | 2 |
| | f. Laws against corruption | 2 |
| | g. Anti-Money Laundering and Counter-Terrorist Financing | 2 |
| 2. | Corporate personality and the nature of the limited liability company | |
| | <p>This section deals with the nature of the limited liability company and the concept of corporate personality and their significance in the business environment.</p> | |
| | a. The limited liability company - distinguished from other types of business organisations | 2 |
| | b. The doctrine of corporate personality and its implications | 3 |
| | c. Common law and statutory exceptions to the doctrine of corporate personality | 3 |
| | d. The relationship of corporate personality to limited liability | 3 |
| | e. Application of the Transfer of Business (Protection of Creditors) Ordinance | 2 |
| 3. | Constitution of a company | |
| | <p>The purpose of this section is to explore the documents that lay down the features of a company and its internal procedures</p> | |
| | a. Formation of a company and the role of the Registrar of Companies | 2 |
| | b. Legal effect of articles | 3 |
| | c. Alteration of articles | 3 |
| | d. Object clauses and the contractual capacity of a company | 3 |
| | e. Abolition of the doctrine of ultra vires and its legacy | 2 |
| | f. Registration of shares, charges, directors and directors' shareholdings | 2 |
| | g. Statutory books, records and returns | 2 |
| | h. Registration of non-Hong Kong companies | 2 |

4. Capital and finance of companies

This section deals with the capital and financing of companies, and will enable an accountant to understand the legal considerations in raising share or loan capital.

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| (1) Share capital | |
| a. Issue of shares with or without prospectus | 2 |
| b. The principle of maintenance of capital | 3 |
| c. Buy-back and redemption of shares, and the application of the Code on Share Buy-backs | 3 |
| d. Dividends including scrip dividend | 2 |
| e. Changes to capital | 2 |
| (2) Loan capital | |
| a. Borrowing powers | 2 |
| b. Types of debenture and their creation | 2 |
| c. Company charges | 3 |
| d. Registration of charges | 2 |
| e. Remedies of secured creditors and unsecured creditors | 2 |

5. Management and administration of a company

This section takes an overview of the legal obligations of the management in relation to the administration of the company. The role of key personnel is identified and the rights and obligations they have are explored. The role and significance of the company meeting in the management of a company are also examined.

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| (1) Directors | |
| a. Appointment and removal | 3 |
| b. Duties and powers, and authority to act for the company | 3 |
| c. Insider dealing | 3 |
| d. Disqualification order | 2 |
| e. Division of power between the board and general meeting | 3 |
| f. Code on Corporate Governance Practices in the Listing Rules | 3 |
| (2) Company Secretary | |
| a. Appointment | 2 |
| b. Role | 2 |
| c. Duties | 2 |
| (3) Shareholders' rights and remedies | |
| a. Derivative action and the unfair prejudice remedy | 2 |
| b. Just and equitable winding up | 2 |
| (4) Auditors | |
| a. Appointment and duties | 3 |
| b. Removal, resignation and replacement | 3 |

(5)	Company meetings	
	a. The procedure for convening general meetings	3
	b. Members' resolution	3
	c. Quorum, proxy and voting	3
	d. Passing members' resolution without meeting	2
	e. Corporate Governance Report as required by the Listing Rules *	2
(6)	Requirements of the content and format of the company's financial statements	
	a. Statutory requirements on the contents of a company's financial statements	2
	b. Accounting related provisions of the Listing Rules *	2
6.	Professional negligence and the accountant	
	The purpose of this section is to enable accountants to understand what their potential liabilities are, and the standard of care which they are required to reach when performing their duties.	
	a. The duty of care	3
	b. Standard of care	3
	c. Breach of duty of care, and damage	3
	d. Causation	3
	e. Remoteness of damage	2
	f. Defences	2
7.	Takeovers	
	The purpose of this section is to enable an accountant to understand the schemes of arrangement, reconstruction, and the takeover provisions of the Companies Ordinance.	
	a. Application of the Codes on Takeovers and Mergers and Share Buy-backs	3
	b. Takeover by way of a scheme of arrangement or general offer	2
	c. Provisions on compulsory acquisition in the Companies Ordinance	2
	d. Role of directors and accountants in a takeover	2
8.	Company liquidation	
	This section deals with the commencement, conduct and consequences of winding up.	
	a. Compulsory winding up and voluntary winding up	2
	b. Appointment and removal of liquidators	2
	c. Powers and duties of the liquidator	2
	d. Avoidance powers, e.g., unfair preference, extortionate transactions, fraudulent trading, etc.	2
	e. Actions against delinquent officers	2
	f. Proof of debt and priority	2
	g. Appointment, powers, rights and duties of receivers	2

9. External regulatory bodies

This section identifies in outline some important external regulatory bodies and their role, structure, duties, powers and procedures, in relation to the work of an accountant. An accountant needs to have a broad general knowledge of the statutory and non-statutory regulations administered by regulatory bodies such as:

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| a. | The Hong Kong Monetary Authority | 2 |
| b. | The Securities and Futures Commission | 2 |
| c. | The Stock Exchange | 2 |
| d. | The Financial Reporting Council | 2 |
| e. | The Insurance Authority | 2 |

* "Listing rules" refers to the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited".

Fields of competency

The items listed are shown with an indicator of the minimum acceptable level of competency, based on a three-point scale as follows:

1. Awareness
To have a general professional awareness of the field with a basic understanding of relevant knowledge and related concepts.
2. Knowledge
The ability to use knowledge to perform professional tasks competently without assistance in straightforward situations or applications.
3. Application
The ability to apply comprehensive knowledge and a broad range of professional skills in a practical setting to solve most problems generally encountered in practice.

Reference List

Primary References

Law of Companies in Hong Kong; Stefan HC Lo and Charles Z Qu (Sweet and Maxwell)

Hong Kong Company Law; V. Stott (Pearson)

Business law in Hong Kong; K. Arjunan and A. Majid (LexisNexis Butterworths)

Supplementary References

Sihombing's Hong Kong Company Law: Commentary on Cap. 622 & 32 (Wolters Kluwer)

Business Law in Hong Kong; D. K. Srivastava (Ed) (Sweet and Maxwell)

Law and Justice in Hong Kong; Eric C Ip (Sweet and Maxwell)

Hong Kong Business Law; Anne Carver (Longman)

The Hong Kong Legal System; Stefan HC Lo and Wing Hong Chui (McGraw Hill)

Financial Markets in Hong Kong: Law and Practice; B Hsu (Oxford University Press)

Corporate Governance and Compliance in Hong Kong; G Jones (LexisNexis)

Company Law and Shareholders' rights in Hong Kong; R Cheung (LexisNexis)

Hong Kong Company Law Handbook; E. Tyler, Stefan HC Lo (LexisNexis)

Company Law: Powers and Accountability; S. C. Loh, W. Wong (LexisNexis Butterworths)

Hong Kong Corporate Insolvency Manual; C. Booth and S. Briscoe (Hong Kong Institute of Certified Public Accountants)

Hong Kong Corporate Law; P. Kwan (LexisNexis)

Statutes and Regulations

Banking Ordinance (Cap.155)

Companies Ordinance (Cap.622)

Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32)

Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Rules Governing the Listing of Securities on the Growth Enterprise Market of
The Stock Exchange of Hong Kong Limited

Securities and Futures Ordinance (Cap.571)

The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of
China

The Codes on Takeovers and Mergers and Share Buy-backs

Transfer of Businesses (Protection of Creditors) Ordinance (Cap.49)

Note: The above publications are subject to editorial amendments.