

# Alert

Updates on financial reporting, auditing and ethics



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Dear members and member practices

## **New inspection regime for the Companies Register**

On 18 June, the Government gazetted updates to the Companies Ordinance introducing the new inspection regime for the Companies Register. The subsidiary legislation was tabled at the Legislative Council (LegCo) today, 23 June 2021.

The subsidiary legislation makes effective provisions within the Companies Ordinance stipulating that the Companies Register is to make available for public inspection correspondence addresses of directors in place of their usual residential addresses (URAs), and partial identification numbers (IDNs) of directors, company secretaries and other relevant persons in place of full IDNs. URAs and full IDNs of directors will only be made available to “specified persons” as prescribed in the legislation.

When it was first announced that these provisions were to be made effective concerns were expressed that professional accountants were not included in the list of “specified persons” and would therefore no longer be able to access URAs and full IDNs of directors. Many of our members explained that they routinely accessed this information through searches of the Companies Register in the course of their professional business and to lose this facility would adversely affect their ability to effectively carry out their work. In many cases this loss could not be compensated for by alternative procedures or processes.

The updates to the Companies Ordinance gazetted on 18 June show that the concerns expressed by the profession have been heard. The [LegCo Brief](#) and the [FSTB press release](#) show that the list of “specified persons” allowed to access information on company director URAs and full IDNs will be extended to include:

1. a certified public accountant (practising) under the Professional Accountants Ordinance (Cap. 50); and
2. a financial institution (e.g. a securities company, an insurance company, a money service operator, a Stored Value Facility Licensee, etc.) and designated non-financial businesses and professions (**including accounting and legal professionals** [see below for definition], estate agents, and Trust or Company Service Provider Licensees) regulated under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) (Cap. 615).

Note that financial institutions and designated non-financial businesses and professions under the AMLO need to confirm that the protected information would only be used for the functions conferred or imposed on them under the AMLO.

The AMLO defines “accounting professional” as:

- (a) a certified public accountant or a certified public accountant (practising), as defined by section 2(1) of the Professional Accountants Ordinance (Cap. 50) (PAO);
- (b) a corporate practice as defined by section 2(1) of the PAO; or
- (c) a firm of certified public accountants (practising) registered under Part IV of the PAO.

We believe that this extension of the list of “specified persons” is a positive development and will go some way to addressing the concerns of our members.

Members should take note that the “specified persons” should use the personal information of directors obtained strictly in the performance of their professional duties. A person who misuses such personal information commits an offence and is subject to disciplinary proceedings and punishment by the professional body they belong to or the relevant regulatory authority.

The new provisions will be implemented in three phases:

1. Phase 1 – from 23 August 2021, companies may replace the URAs of directors with their correspondence addresses, and replace full IDNs of directors and company secretaries with their partial IDNs for public inspection on their own registers.
2. Phase 2 – from 24 October 2022, protected information on the Directors Index on the Companies Register will be replaced with correspondence addresses and partial IDNs for public inspection. Protected information contained in documents filed for registration after commencement of this phase will not be provided for public inspection. “Specified persons” can apply to the Companies Registry for access to protected information of directors and other persons.
3. Phase 3 – from 27 December 2023, data subjects can apply to the Companies Registry for protecting from public inspection their protected information contained in documents already registered before commencement of Phase 2, and replace such information with their correspondence addresses and partial IDNs. “Specified persons” can apply for access.

Members should take advantage of the implementation period to consider and update as necessary their and their firms’ procedures for carrying out Companies Register searches. We will continue to monitor implementation and provide further advice when it is clearer how the access of “specified persons” and the declarations that will have to be made will operate and be controlled.

Sincere regards,

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