

INFORMATION NOTE

Registration Requirements for Remunerated Directorships in Selected Legislatures

1. Background

1.1 The Committee on Members' Interests, at its meeting on 19 April 2005, requested the Research and Library Services Division to provide information on the registration requirements for Members' remunerated directorships in overseas legislatures. Such information falls within the scope of the registration of interests, which was touched upon in the information note entitled "Comparison between the Advisory Guidelines on Matters of Ethics in relation to the Conduct of Members adopted by the Legislative Council of the Hong Kong Special Administrative Region and Codes of Conduct adopted by Selected Overseas Legislatures". The relevant information of the note and the findings of this study are presented in **Appendix I** for Members' reference.

2. House of Commons in the United Kingdom

2.1 In the House of Commons of the United Kingdom Parliament, under the Guide to the Rules relating to the Conduct of Members, Members are only required to register the name of any public or private company in which they hold a remunerated directorship and the nature of the company's business when that is not self-evident from the company's name. Such information is made available for public inspection.

2.2 In general, Members are not required to register the amount of remuneration¹ of directorships (including non-executive directorships) they hold in any company. The only situation requiring registration of the amount of remuneration is when a Member has an existing agreement or proposes to enter into a new agreement involving the provision of services in his or her capacity as a Member of Parliament, and the remuneration to be received exceeds one per cent of a Member's annual parliamentary salary, the Member must deposit the agreement, which includes the amount of remuneration, with the Parliamentary Commissioner for Standards. The agreement concerned is made available for public inspection.

¹ Under the Guide to the Rules relating to the Conduct of Members, "remuneration" includes not only salaries, fees, allowances and receipt of any taxable expenses but also benefits in kind, such as the provision of a company car.

2.3 In addition, Members do not need to register directorships in companies which have not begun to trade or are dormant. Nor do Members need to register unremunerated directorships, such as directorships of charitable trusts, professional bodies, learned societies or sporting or artistic organizations, unless such organizations are associated with or subsidiary to a company in which they hold a remunerated directorship. Nevertheless, when a Member considers that an unremunerated directorship he or she holds may be regarded by others as influencing his or her actions in a similar manner as a remunerated directorship, the Member is advised to register such an interest.²

3. House of Representatives in the United States

3.1 In the House of Representatives of the United States Congress, the House Rules do not allow Members to serve as a paid board member of any organization, including a non-profit organization.³ In addition, Members need to file with the House's Committee on Standards of Official Conduct a financial disclosure report containing not only the source and type but also the amount of "*outside earned income*", when the income totals US\$200 (HK\$1,560) or more from any one source. "Income" means "*all income from whatever source derived*", including payment for services (e.g. fees and commissions) and gross income derived from business.⁴ The financial disclosure report is made available for public inspection.

3.2 The earned income restrictions on Members have been prompted by certain considerations, including:⁵

- (a) substantial payments to a Member for providing services to outside organizations may create potential conflicts of interest, such as the appearance that an individual is using the influence of a position in Congress for personal gain; and
- (b) substantial earnings from outside activities is inconsistent with the full-time job nature of being a Member.

² Guide to the Rules relating to the Conduct of Members issued by the House of Commons of the United Kingdom Parliament.

³ Rule XXV, Rules of the 109th Congress, and Committee on Standards of Official Conduct (2005).

⁴ Committee on Standards of Official Conduct (2003). The House Rules also limit the amount of a Member's outside earned income to 15% of a Member's annual parliamentary salary. In 2005, the limit is US\$ 24,315 (HK\$189,600).

⁵ Ethics Manual issued by the Committee on Standards of Official Conduct.

4. House of Commons in Canada

4.1 In Canada, under the Conflict of Interest Code for Members of the House of Commons of the Parliament, each Member is required to file with the Ethics Commissioner a disclosure statement indicating not only the source and nature but also the value of income or benefits "*arising from a business or profession*" he or she received during the preceding 12 months and is entitled to receive during the next 12 months.⁶ The disclosure statement issued by the Office of the Ethics Commissioner specifies that the registrable items of income or benefits arising from a business or profession include the amount of remuneration from directorships.⁷ Despite the registration requirement, only the source and nature, but not the amount, of such income or benefits which total more than CAN\$10,000 (HK\$64,000) from all sources during the 12 months before the specified filing date are required to be made available for public inspection.⁸

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21 June 2005
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⁶ Sections 20 (1) and 21 (1) (b), 21 (1) (d) and (2), Conflict of Interest Code for Members of the House of Commons. If the disclosure statement mentions a private corporation, it must include (a) information about the corporation's activities and the Member's relevant sources of income; (b) the name of any other corporations with which that corporation is affiliated; and (c) the names and addresses of all persons who "*have an interest*" in the corporation.

⁷ Office of the Ethics Commissioner (2004), p. 13.

⁸ Section 24 (1) and (3) (b), Conflict of Interest Code for Members of the House of Commons. The Ethics Commissioner is required to keep Members' disclosure statements confidential and prepare a disclosure summary based on each Member's statement for public inspection. The summary is only required to disclose certain information, including the source and nature, instead of the amount, of Members' income or benefits arising from a business or profession.

Appendix I

Comparison between the Advisory Guidelines on Matters of Ethics in relation to the Conduct of Members adopted by the Legislative Council of the Hong Kong Special Administrative Region and Codes of Conduct adopted by Selected Overseas Legislatures

Table 1 – Purpose, scope and effect

Codes/Guidelines	Purpose	Scope	Effect
Advisory Guidelines – Hong Kong	The Guidelines do not have a provision on this subject.	The Guidelines apply to matters of ethics in relation to the conduct of Members in their capacity as such.	The Guidelines are advisory in nature, but their provisions on ways to handle pecuniary interest in parliamentary proceedings and registration of interests, including registration requirements for remunerated directorships, are adopted from the Rules of Procedure and thus are binding on Members.
Code of Conduct – the United Kingdom	The Code aims to assist Members in discharging their obligations to the House, their constituents and the public at large.	The Code applies to Members in all aspects of their public life, but does not seek to regulate what Members do in their purely private and personal lives.	The Code is binding on Members.
Code of Official Conduct – the United States	The Code does not have a provision on this subject.	The Code applies not only to Members but also to Delegate, Resident Commissioners, officers and employees of the House.	The Code is binding on Members, Delegates, Resident Commissioners, officers and employees of the House.
Conflict of Interest Code – Canada	The Code aims to: (a) maintain and enhance public confidence and trust in the integrity of Members; (b) demonstrate to the public that Members are held to standards that place public interest ahead of their private interests; (c) provide for greater certainty and guidance for Members on how to reconcile their private interests with their public duties and functions; and (d) foster consensus among Members by establishing common standards and providing the means by which questions relating to proper conduct may be answered by an independent, non-partisan adviser.	The Code only applies to conflicts of interests of Members when carrying out the duties and functions of their office as Members, including Members who are ministers or parliamentary secretaries (appointed by the Prime Minister to assist cabinet ministers in handling parliamentary affairs).	The Code is binding on Members.

Appendix I (cont'd)

Table 2 – Guiding principles/General standards

Codes/Guidelines	Guiding principles/General standards
Advisory Guidelines – Hong Kong	<p>A Member should:</p> <ul style="list-style-type: none"> (a) ensure that his conduct must not be such as to bring discredit upon the Legislative Council (LegCo); (b) conduct himself in such a way as not to place himself in a position which may be contrary to the generally assumed standard of conduct expected of a Member; and (c) adhere to the spirit and letter of any rule or regulation made by LegCo, its committees or subcommittees, or the President for the regulation of the practice and procedure of LegCo, its committees and subcommittees, or Members' behaviour in their conduct of the business of LegCo.
Code of Conduct – the United Kingdom	<p>A Member:</p> <ul style="list-style-type: none"> (a) has a duty to be faithful and bear true allegiance to the Queen, her heirs and successors; (b) has a duty to uphold the law and to act on all occasions in accordance with the public trust placed in him; (c) has a general duty to act in the interests of the nation as a whole; and a special duty to his constituents; and (d) observe the general principles of conduct, namely integrity, objectivity, accountability, openness, honesty and leadership.
Code of Official Conduct – the United States	<p>A Member, Delegate, Resident Commissioner, officer or employee of the House shall:</p> <ul style="list-style-type: none"> (a) conduct himself at all times in a manner that reflects creditably on the House; and (b) adhere to the spirit and letter of House Rules and to the rules of committees of the House.
Conflict of Interest Code – Canada	<p>Members are expected to:</p> <ul style="list-style-type: none"> (a) serve public interest and represent constituents to the best of their abilities; (b) fulfil their public duties with honesty and uphold the highest standards so as to avoid real or apparent conflicts of interest; (c) perform their official duties and functions, and arrange their private affairs in a manner that bears the closest public scrutiny; (d) arrange their private affairs so that foreseeable real or apparent conflicts of interest may be prevented from arising; and (e) refuse to accept any gift or benefit connected with their position that might reasonably be seen to compromise their personal judgement or integrity.

Appendix I (cont'd)

Table 3 – Registration of interests/registration requirements for remunerated directorships and acceptance of bribes, gifts or other benefits

Codes/Guidelines	Registration of interests/registration requirements for remunerated directorships	Acceptance of bribes, gifts or other benefits
Advisory Guidelines – Hong Kong	The Guidelines require Members to register particulars of registrable interests, including remunerated directorships of any company. Members normally need not register the amount of remuneration they receive from such directorships.	A Member shall register any payment or any material benefit or advantage received by the Member or his spouse arising out of his membership of LegCo from or on behalf of any government or organization of a place outside Hong Kong; or any person who is not a Hong Kong permanent resident.
Code of Conduct – the United Kingdom	The Code requires Members to fulfil conscientiously the requirements of the House in respect of the registration of interests in the Register of Members' Interests. In most cases, Members are only required to register the name and nature of business of any company in which they hold a remunerated directorship, and disclose such information to the public.	The acceptance by a Member of a bribe to influence his conduct as a Member, including any fee, compensation or reward in connection with the promotion of, or opposition to, any Bill, Motion, or other matter submitted, or intended to be submitted to the House or to any Committee of the House, is contrary to the law of Parliament.
Code of Official of Conduct – the United States	This subject is covered by the House Rules, not the Code. The House Rules do not allow Members to serve as a paid board member of any organization. Members need to disclose to the public the amount of outside earned income, when the income totals US\$200 (HK\$1,560) or more from any one source.	A Member, Delegate, Resident Commissioner, officer or employee of the House should not accept gifts or an honorarium for a speech, a writing for publication or other similar activity, unless he fulfils some requirements.
Conflict of Interest Code – Canada	The Code does not set up a Register of Members' Interests, but requires Members to file disclosure statements with the Ethics Commissioner. Members must register the source, nature and value of income/benefits arising from a business or profession they receive, but the amount of such income/benefits is not disclosed to the public.	Neither a Member nor any member of his family should accept, directly or indirectly, any gift or other benefit, except compensation authorized by law, that is related to the Member's position. However, a Member or a member of his family may accept gifts or other benefits received as a normal expression of courtesy or protocol, or within the customary standards of hospitality that normally accompany the Member's position.

Appendix I (cont'd)

Table 4 – Ways to handle pecuniary interest in parliamentary proceedings and use of information relating to parliamentary duties

Codes/Guidelines	Ways to handle pecuniary interest in parliamentary proceedings	Use of information relating to parliamentary duties
Advisory Guidelines – Hong Kong	<p>(a) A Member shall not move any motion or amendment relating to a matter in which he has a pecuniary interest or speak on any such matter, except where he discloses the nature of that interest; and</p> <p>(b) A Member shall not vote upon any question, or shall withdraw when a vote is taken on a question, in which he has a direct pecuniary interest, unless his interest is in common with the rest of the population of Hong Kong or its sector, or his vote is given on a matter of government policy.</p>	<p>(a) A Member should not take advantage of, or benefit from, information that is obtained in his capacity as a Member and which is not generally available to the public; and</p> <p>(b) A Member should ask for information only about matters of public interest, and should not seek information for private or personal interest.</p>
Code of Conduct – the United Kingdom	Members should always draw attention to any relevant interest in any proceeding of the House or its committees; and no Member should act as a paid advocate in any proceeding of the House.	Information which Members receive in confidence in the course of their parliamentary duties should be used only in connection with those duties; and such information must never be used for the purpose of financial gain.
Code of Official Conduct – the United States	A Member, Delegate, Resident Commissioner, officer or employee of the House who has been convicted by a court of record for the commission of a crime for which a sentence of two or more years' imprisonment may be imposed should refrain from participation in the business of each committee of which he is a member.	A Member, Delegate, Resident Commissioner, officer or employee of the House should not disclose any classified information received in the course of his service with the House, except as authorized by the House or in accordance with its Rules.
Conflict of Interest Code – Canada	<p>(a) A Member, who has reasonable grounds to believe that he or his family member has a private interest that might be affected by a matter that is before the House or a committee of which the Member is a member, should disclose the general nature of the private interest at the first opportunity; and</p> <p>(b) A Member should not participate in debate on or vote on a question in which he has a private interest.</p>	<p>(a) A Member should not use information obtained in his position as a Member that is not generally available to the public to further his private interest or to improperly further another person's private interest; and</p> <p>(b) A Member should not communicate such information to another person if he knows that such information may be used to further his private interest or to improperly further another person's private interest.</p>

Appendix I (cont'd)

Table 5 – Use of the status of a Member, use of stationery relating to legislature, and use of allowances

Codes/Guidelines	Use of the status of a Member	Use of stationery relating to legislature	Use of allowances
Advisory Guidelines – Hong Kong	A Member should not, in his capacity as such, seek to influence another person to further the Member's private interest.	The Guidelines do not cover this subject.	A Member should not use any part of his Operating Expenses Reimbursement or District Office Allowance for purposes other than those in connection with the business of LegCo.
Code of Conduct – the United Kingdom	The Code does not cover this subject.	The Code does not cover this subject.	No improper use shall be made of any payment or allowance made to Members for public purposes, and the administrative rules which apply to such payments and allowances must be strictly observed.
Code of Official Conduct – the United States	A Member, Delegate, Resident Commissioner, officer or employee of the House should not receive compensation or permit compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in Congress.	A Member, Delegate or Resident Commissioner should not allow an individual, group or organization not under the direction and control of the House to use the words "Congress of the United States", "House of Representatives" or "Official Business", or any combination of such words, on any letterhead or envelope.	A Member, Delegate, Resident Commissioner, officer of the House should not retain an employee who does not perform duties commensurate with the compensation the employee receives.
Conflict of Interest Code – Canada	A Member should not use his position as a Member to influence a decision of another person so as to further the Member's private interests or to improperly further another person's private interests.	The Code does not cover this subject.	The Code does not cover this subject.

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