



13 June 2012

Panel on Financial Affairs,
Legislative Council Complex,
1 Legislative Council Road,
Central, Hong Kong.

(Attn: Ms. Anita Sit)

Dear Sirs,

**Subcommittee Meeting on Professional Accountants (Amendment) Bylaw
2011 held on 14 June 2011**

--- I refer to my attached letter dated 17 June 2011 in which we undertook to provide our responses within one year to the Panel on Financial Affairs on various suggestions made by the LegCo Subcommittee members at the captioned meeting.

The Council of the Institute has reviewed its practice in the relevant areas and I am asked to provide our response as follows in the order of the suggestions:-

(a) On the election of the Institute's President and Vice-Presidents

(i) Allow candidates to raise questions with each other at the election forum

The Institute has adopted this suggestion at the December 2011 President and Vice-Presidents election. At the forum organized for candidates to present their platform, each candidate was given 5 minutes to present his / her platform, followed by 10-minute Q&A, when candidates can raise questions to one another.

(ii) Disclosure of number of votes received

The Institute has also adopted this suggestion in the December 2011 President and Vice-Presidents election when the votes obtained by each candidate were disclosed to Council members who casted the votes.

(b) Enhanced transparency

(i) Disclosure of Council meeting minutes

The Council does not consider it necessary or appropriate to open up the meeting or minutes of the Institute's Council to the public. Council deliberations are private matters and in the areas of standard-setting, which is considered by the Institute as a public interest activity, meeting summaries of the Financial Reporting Standards Committee, Auditing and Assurance Standards Committee and Ethics Committee are already published on the Institute's website which is open for access by the public.



As regards Council's decisions that are of interest to members of the Institute, these decisions have already been communicated to the membership at large through a number of channels including the President's message in the Institute's monthly journal "APlus", the Institute's weekly e-circulars and the Chief Executive's regular updates.

Council concluded that there is already sufficient transparency in place and there is no need to open up Council meeting or minutes to the public.

- (ii) Review the current process whereby a request for (i) recording each member's voting preference by name or (ii) voting by ballot at Council meetings require majority vote of the Council

Under current practice of the Institute, when a matter is put to a vote at Council meetings, only the number of votes casted for and against and the number of abstentions would be recorded, and that there is no record of who voted for, against or abstained unless a Council member expressly requested to have his/her dissenting views recorded in the minutes of the meeting. It was considered that naming who voted for what was unnecessary.

Professional Accountants By-law 8(4) specifically provides that voting on any question at meetings of Council is by a show of hands, unless a ballot is demanded by a majority votes of members present and voting. The By-law also provides that any demand for voting on a matter to be conducted in secret ballot would only be entertained by majority decision of Council.

Council concluded that the existing voting mechanism at Council meetings is sufficiently clear and reasonable and that there is no need for any change.

- (c) Limit on number of Council members who may participate and vote in remote locations via electronic means

Council considers that no distinction or difference should be drawn between a Council member attending and voting physically and another Council member participating and voting via electronic means, when both are legally recognized as "present" under the By-law.

According to the statistics of Council members' attendance record, there was only a very small number (one to three) of Council members who had chosen to attend Council meetings electronically after the introduction of the "tele-conferencing" system many years ago.

Accordingly, Council is of the view that it is neither necessary nor appropriate for the Institute to set a limit on the number of Council members who may participate and vote via electronic means.



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

If you have any questions, please feel free to contact the undersigned at 2287 7037 / winnie@hki CPA.org.hk, or Patrick Tam, Director of Member & Corporate Services at 2287 7035 / pattam@hki CPA.org.hk.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Winnie C.W. Cheung'. The signature is fluid and cursive, with a long horizontal stroke at the beginning and a large, sweeping flourish at the end.

Winnie C.W. Cheung
Chief Executive & Registrar

WCC/PT/zt
Encl.