

# A BILL

## To

Amend the Professional Accountants Ordinance to enable a sole certified public accountant (practising) to be registered as a corporate practice; to prohibit a body corporate, not being a corporate practice, to use particular descriptions in its name; and to provide for related matters.

Enacted by the Legislative Council.

### **Part 1**

#### **Preliminary**

**1. Short title and commencement**

- (1) This Ordinance may be cited as the Professional Accountants (Amendment) Ordinance 2013.
  - (2) This Ordinance comes into operation on a day to be appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette.
-

## Part 2

### Amendments to Professional Accountants Ordinance

#### 2. Professional Accountants Ordinance amended

The Professional Accountants Ordinance (Cap. 50) is amended as set out in sections 3 and 4.

#### 3. Section 28D amended (qualification for registration of company as corporate practice)

(1) Section 28D(2)(b)—

**Repeal**

“3”

**Substitute**

“2”.

(2) Section 28D(2)(b)(i), (ii), (iii) and (iv), English text—

**Repeal**

“shall” (wherever appearing)

**Substitute**

“must”.

(3) Section 28D(2)(c)—

**Repeal**

“2 members”

**Substitute**

“1 member”.

(4) Section 28D(2)(c)—

**Repeal subparagraph (i)**

**Substitute**

“(i) the member must be a certified public accountant (practising); and”.

- (5) Section 28D(2)(c)(ii)—

**Repeal**

“shall comply at all times with both the requirements of subparagraph (i) as regards members”

**Substitute**

“must comply at all times with both the requirement of subparagraph (i) as regards the member”.

- (6) Section 28D(3), English text—

**Repeal**

“shall”

**Substitute**

“is to”.

- (7) Section 28D(4), English text—

**Repeal**

“shall” (wherever appearing)

**Substitute**

“must”.

- (8) Section 28D—

**Repeal subsection (5).**

- (9) Section 28D(6)—

**Repeal paragraph (a)**

**Substitute**

“(a) If a corporate practice at any time ceases to comply with any of the requirements described in subsection (2) applying to it, it must, within 14 days beginning on the day of the cessation, notify the Council in writing of the cessation.”.

- 
- (10) Section 28D(6)—  
**Repeal paragraph (b).**
- (11) Section 28D(6)(c)—  
**Repeal**  
“cesser described in paragraph (a)(ii)”  
**Substitute**  
“cessation described in paragraph (a)”.
- (12) Section 28D(7), English text—  
**Repeal**  
“shall” (wherever appearing)  
**Substitute**  
“must”.
- (13) Section 28D(8)(b), after the semicolon—  
**Add**  
“or”.
- (14) Section 28D(8)(c)—  
**Repeal**  
“; or”  
**Substitute a comma.**
- (15) Section 28D(8)—  
**Repeal paragraph (d).**
- (16) Section 28D(9)(a)—  
**Repeal**  
“shall, as shall be thereby specified”  
**Substitute**  
“must, as specified in the direction”.

(17) Section 28D(9)(b), (c)(i) and (ii) and (d)(i), English text—

**Repeal**

“shall” (wherever appearing)

**Substitute**

“must”.

(18) Section 28D(10)(a) and (b), English text—

**Repeal**

“shall”

**Substitute**

“must”.

(19) Section 28D(11)(a), English text—

**Repeal**

“shall”

**Substitute**

“is to”.

(20) Section 28D(11)(b)(iii), English text—

**Repeal**

“shall not be”

**Substitute**

“is not”.

**4. Section 42 amended (offences and penalties)**

(1) Section 42(1)(ha)—

**Repeal**

“company”

**Substitute**

“body corporate”.

- (2) Section 42(1)(ha)(i)—

**Repeal**

“person who is a certified public accountant (practising)”

**Substitute**

“practice unit”.

- (3) Section 42(1)(ha)(ii)—

**Repeal**

“certified public accountant (practising)”

**Substitute**

“practice unit”.

- (4) Section 42(1)(ha)(iii), English text, after ““public accountant”” —

**Add a comma.**

- (5) Section 42(1)(ha)(iii), after the semicolon—

**Add**

“or”.

- (6) After section 42(1)(ha)(iii)—

**Add**

“(iv) includes in, or uses in conjunction with, its name the description “certified public accountant”, the initials “CPA” or the characters “會計師” (in each case other than as part of the description, initials or characters referred to in subparagraph (iii)) with the intention of causing, or in a way which may reasonably cause, a person to believe that it is a practice unit;”.

- (7) Section 42—

**Repeal subsection (5).**

---

---

## Part 3

### Amendment to Professional Accountants By-laws

**5. Professional Accountants By-laws amended**

The Professional Accountants By-laws (Cap. 50 sub. leg. A) are amended as set out in section 6.

**6. By-law 29 amended (restrictions on name in which practice may be carried on)**

By-law 29(e)—

**Repeal**

“provided that such a name or any part thereof shall not contain or include any reference to the name of any member of such corporate practice who is not a certified public accountant,”.

---

## Part 4

### Transitional Provision

#### 7. Transitional provision

- (1) Despite the commencement of this Ordinance, sections 28D and 42(5) of the Professional Accountants Ordinance (Cap. 50) (*principal Ordinance*) and by-law 29(e) of the Professional Accountants By-laws (Cap. 50 sub. leg. A), as in force immediately before the commencement date, continue to have effect for a period of 1 year from the commencement date as regards a corporate practice in respect of which a permission has been granted by the Council before the commencement date under section 28D(5) of the principal Ordinance for the purposes of section 28D(2)(c)(i)(B) of the principal Ordinance and to a person to whom such a permission is granted.
- (2) Subsection (1) does not—
  - (a) preclude the Council from withdrawing a permission already granted under section 28D(5) of the principal Ordinance pursuant to section 28D(5)(b) of the principal Ordinance; or
  - (b) permit the Council to grant a new permission under section 28D(5) of the principal Ordinance, on or after the commencement date.
- (3) In this section—

*commencement date* (生效日期) means the date on which this Ordinance comes into operation;

*Council* (理事會) means the Council of the Hong Kong Institute of Certified Public Accountants.

---



## Explanatory Memorandum

The purposes of this Bill are—

- (a) to permit a sole certified public accountant (practising) to incorporate a company with only 1 shareholder and to register the company as a corporate practice following the amendment of the Companies Ordinance (Cap. 32) in 2003 abolishing the requirement that a company must have at least 2 shareholders; and
  - (b) to prohibit a body corporate, not being a corporate practice registered under the Professional Accountants Ordinance (Cap. 50) (*principal Ordinance*), to use the description “certified public accountant”, the initials “CPA” or the characters “會計師” in its name with the intention of causing, or in a way which may reasonably cause, a person to believe that it is a practice unit registered under the principal Ordinance.
2. Clause 3 amends section 28D of the principal Ordinance so as—
- (a) to remove the requirement that where a qualified company has only 2 members, the other member who is not a certified public accountant (practising) must be a person to whom permission for this purpose is granted by the Council of the Hong Kong Institute of Certified Public Accountants (*Council*) and, instead, require that both members must be certified public accountants and at least such proportion as the Council may from time to time prescribe of its members must be a certified public accountant (practising) or certified public accountants (practising); and

- (b) to permit the registration of a qualified company as a corporate practice with only 1 member and impose the requirement that the member must be a certified public accountant (practising).
3. Clause 4 amends section 42(1)(ha) of the principal Ordinance by adding a subparagraph prohibiting a body corporate which is not a corporate practice from using the description “certified public accountant”, the initials “CPA” or the characters “會計師” in its name with the intention of causing, or in a way which may reasonably cause, a person to believe that it is a practice unit registered under the principal Ordinance.
  4. Clause 4(7) repeals section 42(5) of the principal Ordinance as a consequential amendment.
  5. Clause 6 amends by-law 29(e) of the Professional Accountants By-laws (Cap. 50 sub. leg. A) as a consequential amendment.
  6.
    - (a) Clause 7 introduces a transitional arrangement providing for a one-year period for those corporate practices in respect of which permissions have been granted by the Council before the commencement date of the Bill under section 28D(5) of the principal Ordinance for the purposes of section 28D(2)(c)(i)(B) for them to comply with the new requirements under the amended section 28D, in particular the amended section 28D(2)(b) and (c).
    - (b) Clause 7(2) provides that the Council has the power to withdraw a permission granted before the commencement date under section 28D(5) of the principal Ordinance, but that no new permission may be granted by the Council on or after the commencement date.