

# **Policy Statement for the Registration of Firm Names and Firms**

## Introduction

1. The Accounting and Financial Reporting Council (“**AFRC**”) is an independent body established under the Accounting and Financial Reporting Council Ordinance (Cap. 588) (“**AFRCO**”).
2. The AFRC is empowered to register firm names and firms under Division 2 of Part 2A of the AFRCO.

## Definitions

3. In this Policy Statement, the following terms have the meanings defined in the AFRCO as set out below (the definitions in the AFRCO shall prevail in case of any inconsistency):

<b>Terms</b>	<b>Meanings defined in the AFRCO</b>	<b>Section under the AFRCO</b>
certified public accountant (“ <b>CPA</b> ”)	A CPA means a person registered as a certified public accountant by virtue of section 22 of the Professional Accountants Ordinance (Cap. 50).	2(1)
certified public accountant (practising) (“ <b>CPA (practising)</b> ”)	A CPA (practising) means a CPA holding a practising certificate.	2(1)
corporate practice	A corporate practice means a company registered as a corporate practice under Division 3 of Part 2A of the AFRCO.	2(1)
CPA firm	A CPA firm means: <ul style="list-style-type: none"><li>• a CPA (practising) who practises accountancy on the accountant's own account under a firm name registered under Division 2 of Part 2A of the AFRCO; or</li><li>• a firm of CPAs (practising) that practises accountancy in partnership and is registered under Division 2 of Part 2A of the AFRCO.</li></ul>	2(1)
firm name	A firm name means: <ul style="list-style-type: none"><li>• in relation to a CPA (practising) who practises accountancy on the accountant's own account, the name or style under which the accountant practises if the name or style is otherwise than the</li></ul>	2(1)

Terms	Meanings defined in the AFRCO	Section under the AFRCO
	accountant's own name as registered under section 22(2) of the Professional Accountants Ordinance (Cap. 50); or <ul style="list-style-type: none"> <li>• in relation to a firm of CPAs (practising) that practises accountancy in partnership, the name or style under which the firm practises.</li> </ul>	
practising certificate	A practising certificate means a practising certificate issued under section 20AAD or 20AAI of the AFRCO.	2(1)

### Purpose of this document

4. The purpose of this Policy Statement is to provide an overview of the legal regime for the registration of firm names and firms.
5. For an outline of the application and notification process, please refer to the [“Outline of the AFRC’s Process for the Registration of Firm Names and Firms”](#) available on the AFRC’s website.

### Objectives for registration of firm names and firms

6. The AFRC is entrusted with the statutory duty to regulate the accountancy profession. An effective regulatory regime of the accountancy profession is crucial for the business community and is essential for maintaining Hong Kong’s status as an international financial centre.
7. Through the system of registration, the AFRC can ensure that firms which practise as an auditor comply with the registration requirements set out in the AFRCO, which is important for promoting public confidence in the accountancy profession in Hong Kong.

### Appointment or rendering service as an auditor

8. Only a CPA (practising), a CPA firm and a corporate practice may hold an appointment or render services, whether paid or unpaid, as:
  - (a) an auditor of a company within the meaning of the Companies Ordinance (Cap. 622); or
  - (b) unless otherwise exempted by the AFRC, an auditor of accounts for the purposes of any other Ordinance.
9. A CPA (practising) who intends to practise accountancy on the accountant’s own account under a firm name must apply to the AFRC for registration of the firm name.

Section 20AAZZR of the AFRCO

Section 20AAS of the AFRCO

10. A firm of CPAs (practising) that intends to practise accountancy in partnership must apply to the AFRC for registration of the firm (including the firm name). [Section 20AAS of the AFRCO](#)
11. The applications under paragraphs 9 and 10 above must be made in the form and way specified by the AFRC and by accompanied by the fee specified in Schedule 3B (if any). [Section 20AAS of the AFRCO](#)

### Eligibility for registration of a firm name or firm

12. An application for registration of a firm name or firm will not be granted unless the AFRC is satisfied that: [Sections 20AAT, 20AAZD and 20AAZE of the AFRCO](#)
- (a) the firm name under which the applicant intends to practise:
    - (i) is not the same as a firm name already registered under the AFRCO;
    - (ii) does not, in the opinion of the AFRC, so nearly resemble a firm name already registered under the AFRCO as to be likely to cause confusion; and
    - (iii) is not, in the opinion of the AFRC, misleading, offensive or otherwise contrary to the public interest; and
  - (b) if the applicant is a firm of CPAs (practising) that intends to practise accountancy in partnership:
    - (i) all the partners are CPAs; and
    - (ii) at least a proportion of the partners, as specified by the AFRC, is/are CPA (practising).
13. A person commits an offence if the person fraudulently procures the registration of a firm name or firm by means of any misleading, false or fraudulent representation or statement, whether made orally or in writing. [Section 20AAZG of the AFRCO](#)

### Decision on the application

14. The AFRC will consider the information submitted by the applicant as well as any other available information in its possession and then make a decision on the application. The AFRC may: [Sections 20AAT and 20AAZF of the AFRCO](#)
- (a) grant the application; or
  - (b) refuse the application.
15. The AFRC will inform the applicant of its decision by written notice. The written notice will include a statement of reasons where the application is refused by the AFRC. An applicant who is aggrieved by a decision of the AFRC to refuse the application may apply to the Accounting and Financial Reporting Review Tribunal (“**Tribunal**”) for a review of the decision (see paragraph 32 below). [Sections 20AAU and 37Q of the AFRCO](#)

## Validity of registration

16. If the AFRC approves the application, the AFRC will issue a certificate of registration to the applicant. [Section 20AAV of the AFRCO](#)
17. The registration of the firm name or firm takes effect on the day specified by the AFRC in the written notice and expires on 31 December of the year in which the registration takes effect. [Section 20AAW of the AFRCO](#)

## Renewal

18. The registration is subject to annual renewal. A renewal application must be made by the CPA firm no later than 15 December of the year in which the current registration expires, unless the AFRC approves a later day. [Sections 20AAW and 20AAX of the AFRCO](#)
19. The AFRC will only grant a renewal application if it is satisfied that the CPA firm continues to meet all the requirements set out in paragraph 12 above. [Section 20AAZ of the AFRCO](#)
20. The AFRC will consider the information submitted by the applicant as well as any other available information in its possession and then make a decision on the application. The AFRC may:
- (a) grant the application; or
  - (b) refuse the application.
21. The AFRC will inform the applicant of its decision by written notice. The written notice will include a statement of reasons where the application is refused by the AFRC. An applicant who is aggrieved by a decision of the AFRC to refuse the application may apply to the Tribunal for a review of the decision (see paragraph 32 below). [Sections 20AAZ and 37Q of the AFRCO](#)
22. If the AFRC approves the renewal application, the AFRC will issue a renewed certificate of registration to the applicant. The renewal will take effect on the day specified by the AFRC in the written notice and expires on 31 December of the year in which the renewal takes effect. [Sections 20AAZA and 20AAZC of the AFRCO](#)
23. Please note that the validity period of a current registration will be extended if the CPA firm has made a renewal application but the application is not finally determined before the expiry of the current registration. The current registration will remain in force until:
- (a) if the registration is renewed – the day on which the renewal takes effect; or
  - (b) if the renewal application is refused – the day on which the refusal takes effect.

## Obligations of a CPA firm

### Registered office

24. A CPA firm must have a registered office in Hong Kong to which all communications and notices may be addressed. [Section 20AAZK of the AFRCO](#)

25. A person who contravenes the above requirement without reasonable excuse commits an offence. Section 20AAZK of the AFRCO

### Notification of changes in particulars

26. If there is a change in the full name, address of registered office, telephone number and/or electronic mail address of a CPA firm, the CPA firm must, within 14 days after the day on which the change takes place, inform the AFRC of the change by submitting a completed notification form "[Notification for Change in Particulars of a CPA Firm](#)" (Form FIRM-3) to the AFRC. Section 20AAZL of the AFRCO
27. A person who contravenes the above requirement without reasonable excuse commits an offence. Section 20AAZL of the AFRCO

### **Revocation or suspension of registration on non-disciplinary grounds**

28. The AFRC must revoke the registration of the firm name under which a CPA (practising) practises accountancy on the accountant's own account if: Section 20AAZH of the AFRCO
- (a) the accountant dies; or
  - (b) the accountant ceases to be a CPA (practising).
29. The AFRC must revoke the registration of a firm of CPAs (practising) that practises accountancy in partnership, and of the firm name under which the firm practises, if: Section 20AAZH of the AFRCO
- (a) the firm ceases to operate and the partnership is dissolved; or
  - (b) the firm ceases to be a firm of CPAs (practising).
30. The AFRC may also revoke or suspend the registration of a firm name or firm if: Section 20AAZH of the AFRCO
- (a) the CPA firm requests the AFRC to do so; or
  - (b) the AFRC is satisfied that the CPA firm has been registered:
    - (i) by mistake; or
    - (ii) in consequence of any misleading, false or fraudulent statement, declaration or representation, whether made orally or in writing.
31. The CPA firm will be informed of any such revocation or suspension by written notice with a statement of reasons for the decision. The certificate of registration issued to the CPA firm is cancelled with effect from the date on which the revocation takes effect, or is suspended during the period in which the suspension of registration is in effect. A CPA firm who is aggrieved by a decision of the AFRC to revoke or suspend the registration may apply to the Tribunal for a review of the decision (see paragraph 32 below). Sections 20AAZI, 20AAZJ and 37Q of the AFRCO

## Review of the AFRC's decision

32. Any person who is aggrieved by a decision of the AFRC made in relation to the person to:
- (a) refuse a registration or renewal application; or
  - (b) revoke or suspend the registration of a firm name or firm on non-disciplinary grounds,
- may, within 21 days beginning on the day after a notice of the decision is issued by the AFRC, apply to the Tribunal for a review of that decision.
33. The Tribunal is independent of the AFRC. The Tribunal consists of a chairperson and two other ordinary members from the Tribunal panel, all of whom must not be public officers. The chairperson and members of the Tribunal panel must be appointed by the Chief Executive of the HKSAR.
34. The Tribunal may determine a review in relation to the decision by:
- (a) confirming, varying or setting aside the decision; or
  - (b) remitting the matter in question to the AFRC with any direction it considers appropriate.
35. If the decision is set aside, the Tribunal may make another decision it considers appropriate in substitution.

## Appeal

36. If the AFRC or a party to a review is dissatisfied with the determination of the review made by the Tribunal, the person may, within 30 days after the day on which the determination is issued to the AFRC or the party, apply to the Court of Appeal for leave to appeal against that determination on a question of law and/or fact.
37. Leave to appeal may only be granted if the Court of Appeal is satisfied that the appeal has a reasonable prospect of success or there are some other reasons in the interests of justice that the appeal should be heard.
38. On an appeal against a determination of the Tribunal, the Court of Appeal may:
- (a) allow the appeal;
  - (b) dismiss the appeal;
  - (c) vary or set aside the determination; or
  - (d) remit the matter in question to the Tribunal or the AFRC with any direction it considers appropriate.
39. If a determination of the Tribunal is set aside, the Court of Appeal may make another determination it considers appropriate in substitution.

## **Disclaimer**

40. This document provides a summary for reference only. It is not legal advice. Applicants should seek their own legal advice. In the event of any inconsistency between this document and the AFRCO, the AFRCO shall prevail.