

# **Guide for the Registration of Corporate Practices**

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## Chapter 1 Definitions

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### 1.1 Definitions

1.1.1 Unless the context otherwise requires, the following terms shall have the meanings set out below.

<b>Terms</b>	<b>Meanings</b>
AFRCO	AFRCO means the Accounting and Financial Reporting Council Ordinance (Cap. 588).
approved insurer	An approved insurer means an insurer who is approved by the Council of the HKICPA to provide professional indemnity insurance to a corporate practice.
certified public accountant (“CPA”)	A CPA means a person registered as a certified public accountant by virtue of section 22 of the Professional Accountants Ordinance (Cap. 50).
CPA (practising)	A CPA (practising) means a CPA holding a practising certificate issued under section 20AAD or 20AAI of the AFRCO.
company	A company means a company within the meaning of section 2(1) of the Companies Ordinance (Cap. 622).
corporate practice	A corporate practice means a company registered as a corporate practice under Division 3 of Part 2A of the AFRCO.
HKICPA	HKICPA means the Hong Kong Institute of Certified Public Accountants incorporated by section 3 of the Professional Accountants Ordinance (Cap. 50).
HKICPA PII Master Policy	HKICPA PII Master Policy means the Professional Indemnity Insurance Master Policy of the HKICPA.
Model Articles	Model Articles mean the Corporate Practices (Model Articles of Association) issued by the HKICPA.
Online Application System	Online Application System means the registration system maintained by the Accounting and Financial Reporting Council.

### 2.1 Introduction

2.1.1 The Accounting and Financial Reporting Council (“**AFRC**”) is empowered to register companies as corporate practices under Division 3 of Part 2A of the AFRCO. It is an offence for a person that is not a corporate practice to hold any appointment or render any services, whether paid or unpaid, as:

- (a) an auditor of a company; or
- (b) unless otherwise exempted by the AFRC, an auditor of accounts for the purposes of any other Ordinance.

2.1.2 This Guide provides practical guidance on the criteria and procedures for registration and renewal applications for corporate practices; and procedures for complying with notification requirements.

2.1.3 Unless otherwise specified in this Guide, all documents in relation to the applications to be submitted to the AFRC shall be:

- (a) sent by post to the following address:
  - Policy, Registration and Oversight Department
  - Accounting and Financial Reporting Council
  - 10/F, Two Taikoo Place
  - 979 King's Road, Quarry Bay
  - Hong Kong
- (b) originals or certified true copies of the originals certified by any of the following persons (self-certification will not be accepted):
  - (i) a CPA (full name with HKICPA membership number and contact details should be provided);
  - (ii) a legal practitioner (full name with contact details should be provided); and
  - (iii) a Government District Officer (through statutory declaration).

2.1.4 Apart from submission of documents under paragraph 2.1.3 above, communications with the AFRC in relation to the applications could be sent by email to [registration@afrc.org.hk](mailto:registration@afrc.org.hk), by post to the address specified in paragraph 2.1.3(a) above or any other ways specified by the AFRC.

2.1.5 This Guide is not intended to deal with all situations and, subject to compliance with the AFRCO, the AFRC may depart from this Guide where the circumstances of the case so require. Enquiries on registration related matters can also be made to the AFRC via e-mail to [registration@afrc.org.hk](mailto:registration@afrc.org.hk) or hotline at +852 3586 7800.

### 2.2 Disclaimer

2.2.1 This Guide is for guidance, and does not constitute legal advice. You should seek your own legal advice where necessary. In the event of any inconsistency between this Guide and the AFRCO, the AFRCO shall prevail.

## Chapter 3 Registration application

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### 3.1 Introduction

3.1.1 A company may apply to the AFRC to be registered as a corporate practice.

### 3.2 Registration criteria

3.2.1 The AFRC will not grant a registration application unless the following registration criteria are met.

Registration criteria	
<i>Status of the applicant</i>	
(a)	The applicant is a company limited by shares.
<i>Members and directors</i>	
(b)	Every member and every director of the applicant is a natural person.
(c)	Where the applicant has only one member: <ul style="list-style-type: none"><li>(i) the member is a CPA (practising);</li><li>(ii) the member is the only director of the applicant; and</li><li>(iii) the member is the ultimate beneficial owner of all the shares that he or she holds in the applicant.</li></ul> See also paragraph 3.2.5 below.
(d)	Where the applicant has two or more members: <ul style="list-style-type: none"><li>(i) each member is a CPA;</li><li>(ii) each member is a director of the applicant;</li><li>(iii) at least two-thirds of the members are CPAs (practising) (i.e. practising member directors);</li><li>(iv) each member is the ultimate beneficial owner of all the shares that he or she holds in the applicant;</li><li>(v) at least two-thirds of the voting shares are beneficially owned by the practising member directors; and</li><li>(vi) no person other than a member of the applicant is a director of the applicant.</li></ul> See also paragraph 3.2.5 below.
(e)	None of the directors of the applicant are bankrupt or has entered into a voluntary arrangement (as defined by section 2 of the Bankruptcy Ordinance (Cap. 6)) with his or her creditors, except with the leave granted by the court which is applicable to the non-practising member director(s) only.

<b>Registration criteria</b>	
(f)	At least one practising member director practises in the name of the corporate practice on a full-time basis, i.e. not engaged in other full-time employment.
<i>Professional indemnity</i>	
(g)	The applicant meets the following professional indemnity requirements: <ul style="list-style-type: none"> <li>(i) the applicant is to be or is covered by the professional indemnity insurance (“PII”) provided by an approved insurer;</li> <li>(ii) the PII is provided: <ul style="list-style-type: none"> <li>(A) on terms specified in the “<i>Corporate Practices (Professional Indemnity) Rules</i>” issued by the HKICPA; or</li> <li>(B) if the terms are not so specified, on terms that have been approved by the Council of the HKICPA; and</li> </ul> </li> <li>(iii) the applicant is covered by the PII at least to the extent required by the “<i>Corporate Practices (Professional Indemnity) Rules</i>” issued by the HKICPA.</li> </ul>
<i>Articles of association</i>	
(h)	The articles of association of the applicant: <ul style="list-style-type: none"> <li>(i) follow substantially and do not contradict or operate inconsistently with the applicable provisions of the Model Articles; and</li> <li>(ii) include articles that are appropriate to the applicant having regard to the requirements specified in paragraphs 3.2.1(c) and (d) above.</li> </ul>
<i>Company name</i>	
(i)	The company name under which the applicant intends to practise: <ul style="list-style-type: none"> <li>(i) is not the same as a company name of a corporate practice already registered under the AFRCO;</li> <li>(ii) does not, in the opinion of the AFRC, so nearly resemble a company name of a corporate practice already registered under the AFRCO as to be likely to cause confusion; and</li> <li>(iii) is not, in the opinion of the AFRC, misleading, offensive or otherwise contrary to the public interest.</li> </ul> <p style="text-align: center;">See also paragraphs 3.2.2 to 3.2.4 below.</p>
<i>Registered office</i>	
(j)	The applicant has a registered office (within the meaning of the Companies Ordinance (Cap. 622)) in Hong Kong to which all communications and notices may be addressed.

3.2.2 A corporate practice should register its name in English as well as in Chinese, if it has or in fact uses both English and Chinese names.

3.2.3 A company name can broadly be divided into three categories:

- (a) personalized name;
- (b) the name of an overseas / international accountancy practice registered outside Hong Kong; or
- (c) other non-personalized (trading) name.

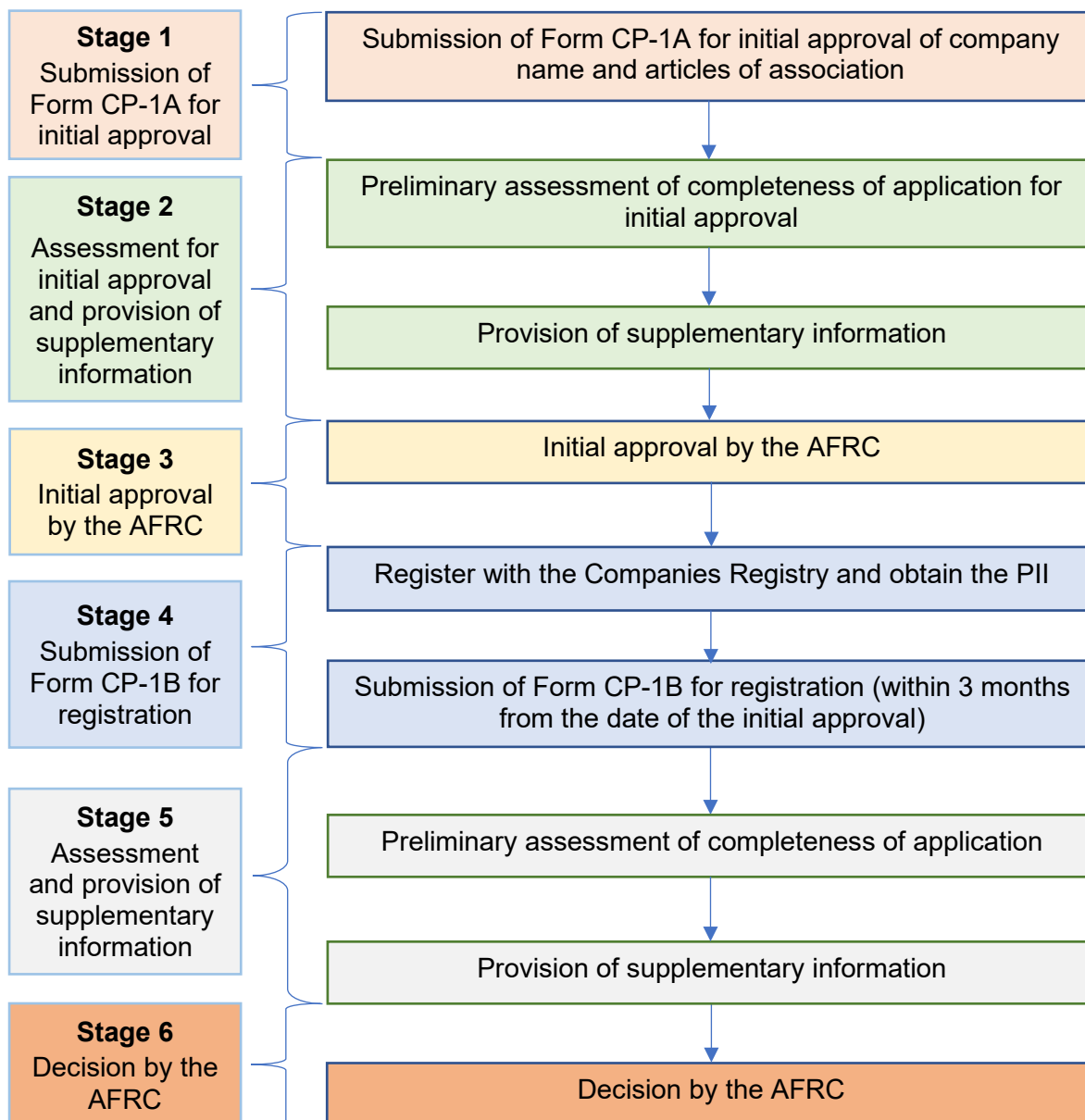
3.2.4 In the case of categories referred to in paragraphs 3.2.3(a) and (b) above, the AFRC will normally expect that the company name satisfies the following additional criteria:

- (a) where the company name is a personalized name:
  - (i) the name is sufficiently indicative of the names of the full-time practising member directors, but not any other persons; and
  - (ii) where the applicant has only one member, the name should include the initials or other names of the member in addition to his or her surname (e.g. "A.B. Chan Certified Public Accountants (Practising) Co. Ltd." instead of "Chan Certified Public Accountants (Practising) Co. Ltd."); and
- (b) where the company name is the name of an overseas / international accountancy practice registered outside Hong Kong:
  - (i) the applicant should be properly authorized by the overseas / international accountancy practice concerned to use the name; and
  - (ii) the overseas / international accountancy practice concerned should be duly registered under the jurisdiction of an accountancy body accepted by the AFRC (i.e. an International Federation of Accountants ("IFAC") member).

3.2.5 Where a practising member director of the proposed corporate practice has more than one mode of practice, the number of CPA firm / corporate practice names under which the practising member director is registered as a sole practitioner, a partner, a director or an authorized signatory of a CPA firm should in no case exceed three.

### 3.3 Application process

3.3.1 The application process can be summarized as follows:



3.3.2 The onus is on the applicant to satisfy the AFRC that the registration application should be granted.

#### Stage 1 – Submission of Form CP-1A for initial approval

3.3.3 A company applying to be registered as a corporate practice is required to complete and submit the application form “[Application for Registration of a Corporate Practice \(For Initial Approval of the Name of the Proposed Corporate Practice and Articles of Association\)](#)” (Form CP-1A) for initial approval of the proposed company name and articles of association to the AFRC, together with all necessary supporting documents.



### *Supporting documents*

3.3.4 The applicant has to provide the following supporting documents:

- (a) the draft articles of association of the applicant (with all modifications to the Model Articles clearly marked in red);
- (b) where the proposed name is:
  - (i) the name of an overseas / international accountancy practice registered outside Hong Kong:
    - (A) an official letter of consent from the overseas / international accountancy practice concerned giving its authorization for the applicant to register the name with the AFRC;
    - (B) documentary proof, e.g. practising certificate or license, that the overseas / international accountancy practice concerned is a registered practice under the jurisdiction of an accountancy body accepted by the AFRC (i.e. an IFAC member);
    - (C) background information of the overseas / international accountancy practice concerned, including the location of its head office, contact details and details regarding the structure and composition of the practice; and
    - (D) arrangements, if any, between the overseas / international accountancy practice concerned and the applicant for the latter to act as their representative in Hong Kong; or
  - (ii) a non-personalized (trading) name, a letter from the proposed managing director of the applicant providing the reasons for adopting such words or characters and/or the meaning of the words or characters to be used in the proposed English and/or Chinese name(s);
- (c) where any of the proposed practising member director is currently practising on a part-time basis or will resign / has resigned from the present / last employment and intends to practise on a full-time basis in the name of the applicant, documentary evidence to prove the resignation of the proposed practising member director from the present or last employment and that he or she will not engage in other full-time employment upon the registration of the corporate practice; and
- (d) where the applicant has a proposed non-practising member director, copies of the proposed non-practising member director's identity document (for example, Hong Kong identity card or passport) and certificate of registration as a CPA issued by the HKICPA.

### *Application fee*

3.3.5 The applicant has to pay an application fee in the amount and way specified in the fee schedule published on the AFRC website. The application fee is non-refundable.

## Stage 2 – Assessment for initial approval and provision of supplementary information

### *Preliminary assessment of completeness of the application for initial approval*

- 3.3.6 The AFRC will first conduct a preliminary assessment on the application for initial approval to check whether the information received is complete and the application fee is paid.
- 3.3.7 The AFRC will ordinarily provide an acknowledgement of receipt to the applicant within 10 business days upon being satisfied with the results of the preliminary assessment.

### *Provision of supplementary information*

- 3.3.8 The AFRC will conduct an assessment on the application for initial approval and may, where appropriate, require the applicant to provide supplementary information which the AFRC considers relevant to the application. Unless otherwise specified, the applicant is required to respond in writing by ways specified in paragraph 2.1.4 above within 10 business days of the date of the request.
- 3.3.9 If the applicant does not provide the required information to the AFRC within the stipulated deadline (i.e. 6 months after the receipt of the application), the AFRC may proceed to make a decision on the application for initial approval based on the evidence before it, and will likely refuse the application on the basis that there is insufficient information available for the AFRC to satisfy itself that the registration criteria have been met.

### *Processing time*

- 3.3.10 The AFRC will outline in its website the submission deadlines for which applications for initial approval will be processed by a given point of time. Results will usually be available 10 weeks after the submission deadline, if the AFRC is satisfied that no supplementary information is required for the application.
- 3.3.11 Although the AFRC will strive to adhere to this timetable, the time it takes to process an application for initial approval may vary depending on a number of factors such as:
- (a) the quality and completeness of the application;
  - (b) the quality of the supporting documents;
  - (c) the complexity of the application;
  - (d) subsequent changes made to the application;
  - (e) the time taken for other regulatory bodies to respond to vetting requests, where applicable; and
  - (f) the number of applications the AFRC is processing at any particular time.

### Stage 3 – Initial approval by the AFRC

- 3.3.12 The AFRC will consider all available information in its possession (whether or not provided by the applicant) and then make a decision on the application for initial approval.
- 3.3.13 The AFRC will inform the applicant of its decision by written notice. In this respect:
- (a) if the initial approval is granted – the applicant can proceed to the next stage of the application process; or
  - (b) if the initial approval is refused – the AFRC will provide a statement of reasons for the decision in the written notice.

### Stage 4 – Submission of Form CP-1B for registration

- 3.3.14 A company is required to complete and submit the application form “[Application for Registration of a Corporate Practice](#)” (Form CP-1B) to the AFRC, together with all necessary supporting documents, within three months from the date of the initial approval, and after:
- (a) the applicant is registered with the Companies Registry<sup>1</sup>; and
  - (b) the applicant has obtained the necessary PII<sup>2</sup>.
- 3.3.15 The company name (both in English and Chinese, if applicable) must be the same as that approved in the initial approval.
- 3.3.16 The members / directors of the applicant must be the same as the proposed members / directors set out in the application for initial approval.

### *Supporting documents*

- 3.3.17 The applicant has to provide the following supporting documents:
- (a) the articles of association of the applicant (it should be identical to the one submitted for the initial approval);
  - (b) a copy of the Certificate of Incorporation of the applicant;
  - (c) a certification issued by the insurance broker of the HKICPA PII Master Policy together with the PII cover note of the applicant in a form satisfactory to the AFRC;
  - (d) where the applicant is the landlord of the registered office, documentary evidence to prove the ownership of the property such as land search results;
  - (e) where the applicant is not the landlord of the registered office, a letter of consent from the landlord or leaseholder authorizing the use of his or her or

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<sup>1</sup> The applicant is required to produce a copy of the written notice of the initial approval issued by the AFRC when applying to the Companies Registry for registration of the company.

<sup>2</sup> The applicant is advised to take steps to secure insurance terms and coverage applicable to the corporate practice at an early stage when registration is contemplated.

- its premises as the applicant's registered office and the erection of a signboard at the entrance to the office;
- (f) a copy of each of the following forms and documents submitted to the Companies Registry:
    - (i) Form NNC1 – Incorporation Form (Company Limited by Shares); and
    - (ii) Form NSC1 – Return of Allotments, where applicable; and
  - (g) where the applicant has only one member and has appointed a reserve director, a copy of Form ND5 – Notice of Change of Reserve Director (Nomination / Cessation) submitted to the Companies Registry.

#### Stage 5 – Assessment and provision of supplementary information

3.3.18 The AFRC will first conduct a preliminary assessment on the application and may require the provision of supplementary information in the manner described in paragraphs 3.3.6 to 3.3.9 above.

#### *Processing time*

3.3.19 Results will usually be available within 30 business days of the date of application (if the AFRC is satisfied that no supplementary information is required for the application) or 3 business days after the effective date of the PII, whichever is later. Although the AFRC will strive to adhere to this timetable, the time it takes to process an application may vary depending on a number of factors, including those set out in paragraph 3.3.11 above.

#### Stage 6 – Decision by the AFRC

3.3.20 The AFRC will consider all available information in its possession (whether or not provided by the applicant) and then make a decision on the registration application.

3.3.21 The AFRC will inform the applicant of its decision by written notice. In this respect:

- (a) if the registration application is granted – the AFRC will issue an electronic certificate of registration and provide a login of a user account of the Online Application System to the applicant; or
- (b) if the registration application is refused – the AFRC will provide a statement of reasons for the decision in the written notice.

3.3.22 The registration of a corporate practice will take effect on the day specified by the AFRC in the written notice and expire on 31 December of the year in which the registration takes effect.

3.3.23 An applicant who is aggrieved by a decision of the AFRC to refuse the registration application may apply to the Accounting and Financial Reporting Review Tribunal for a review of that decision. The relevant procedures are set out in paragraphs 24 to 25 of the AFRC's ["Outline of the AFRC's Process for the Registration of Corporate Practices"](#).

### **3.4 Post-registration filing requirements**

3.4.1 The applicant, upon being registered as a corporate practice, is required to provide the AFRC:

*Within three months from the effective date of the registration*

- (a) a signed "[Confirmation of Erection of a Signboard](#)" (Form CP-SB) confirming the erection of a signboard at the entrance to the registered office;
- (b) a specimen letterhead bearing the name and registered office of the applicant; and

*Within six months from the effective date of the registration*

- (c) a copy of the Business Registration Certificate of the applicant.

### **3.5 Ongoing practice requirements upon registration**

3.5.1 The corporate practice is required to observe the following requirements in respect of its audit reports and audit engagement letters upon being registered as a corporate practice:

- (a) an audit report issued by the corporate practice shall be signed by a practising member director of the corporate practice;
- (b) the audit report shall state the name of the corporate practice and be signed in the name of the corporate practice. The report shall identify the practising member director responsible for the performance of the audit engagement contemplated by such report and state his or her full name and practising certificate number; and
- (c) the audit engagement letter shall identify the practising member director appointed by the corporate practice to be responsible for the performance of the audit engagement contemplated by the audit report.

3.5.2 Each of the members / directors of the corporate practice shall be responsible for and accountable to the AFRC for the conduct of the corporate practice, and that they shall be severally liable to disciplinary action for any failure by the corporate practice to comply with professional standards and other rules and any of them as may be amended from time to time which apply to all CPAs.

## Chapter 4 Renewal application

### 4.1 Introduction

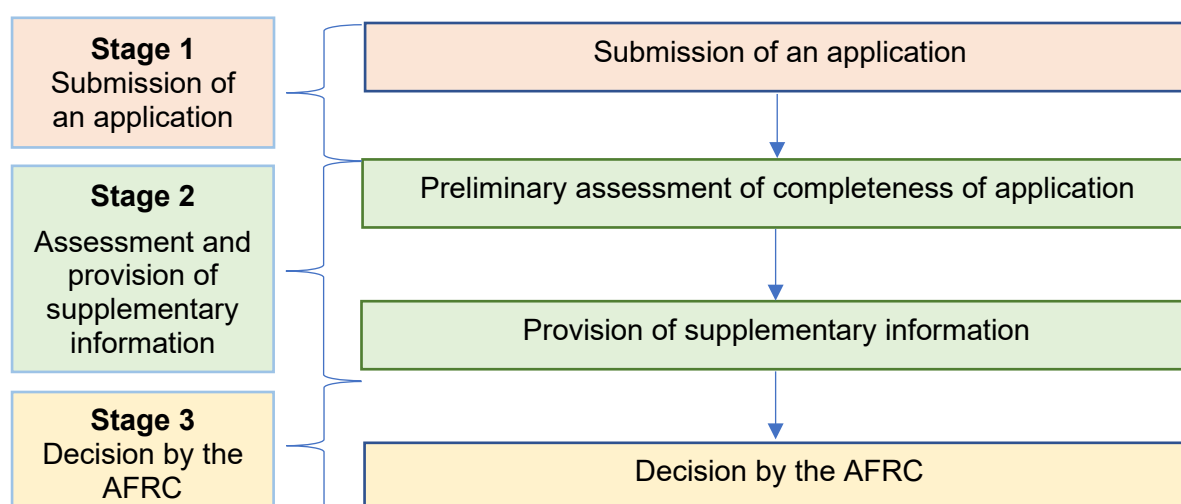
4.1.1 A corporate practice may apply to the AFRC for renewal of its registration no later than 15 December of the year in which the current registration expires, unless the AFRC approves a later day. The AFRC will generally accept renewal applications from 1 November of each year.

### 4.2 Renewal criteria

4.2.1 The AFRC will not grant a renewal application unless the criteria and requirements set out in paragraph 3.2.1 above are met.

### 4.3 Application process

4.3.1 The application process can be summarized as follows.



4.3.2 The onus is on the applicant to satisfy the AFRC that the renewal application should be granted.

#### Stage 1 – Submission of an application

4.3.3 A corporate practice applying to renew its registration as a corporate practice is required to complete and submit the online application form "[Renewal Application for a Corporate Practice](#)" (Form CP-2) through the AFRC's Online Application System.

4.3.4 Any matter which needs to be notified to the AFRC under Chapter 5 below should be made to the AFRC before the submission of the renewal application.

### *Application fee*

- 4.3.5 The applicant has to pay a renewal application fee in the amount and way specified in the fee schedule published on the AFRC website. The renewal application fee is non-refundable.

### Stage 2 – Assessment and provision of supplementary information

- 4.3.6 The AFRC will first conduct a preliminary assessment on the renewal application and may require the provision of supplementary information in the manner described in paragraphs 3.3.6 to 3.3.8 above.
- 4.3.7 If the applicant does not provide the required information to the AFRC within the stipulated deadline (i.e. 30 business days from the date of the information request), the AFRC may proceed to make a decision on the renewal application based on the evidence before it, and will likely refuse the renewal application on the basis that there is insufficient information available for the AFRC to satisfy itself that the registration criteria have been met.

### *Processing time*

- 4.3.8 Results will usually be available within 30 business days of the date of renewal application, if the AFRC is satisfied that no supplementary information is required for the renewal application. Although the AFRC will strive to adhere to this timetable, the time it takes to process a renewal application may vary depending on a number of factors, including those set out in paragraph 3.3.11 above.
- 4.3.9 The current registration of a corporate practice will be extended if the corporate practice 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 renewal application is granted – the day on which the renewal takes effect; or
  - (b) if the renewal application is refused – the day on which the refusal takes effect.

### Stage 3 – Decision by the AFRC

- 4.3.10 The AFRC will consider all available information in its possession (whether or not provided by the applicant) and then make a decision on the renewal application.
- 4.3.11 The AFRC will inform the applicant of its decision by written notice. In this respect:
- (a) if the renewal application is granted – the AFRC will issue a renewed electronic certificate of registration to the applicant; or
  - (b) if the renewal application is refused – the AFRC will provide a statement of reasons for the decision in the written notice.

- 4.3.12 The renewal of registration of a corporate practice will take effect on the day specified by the AFRC in the written notice and expire on 31 December of the year in which the renewal takes effect.
- 4.3.13 An applicant who is aggrieved by a decision of the AFRC to refuse the renewal application may apply to the Accounting and Financial Reporting Review Tribunal for a review of that decision. The relevant procedures are set out in paragraphs 24 to 25 of the AFRC's "[Outline of the AFRC's Process for the Registration of Corporate Practices](#)".



### 5.1 Introduction

5.1.1 A corporate practice is required to observe the following ongoing notification requirements.

### 5.2 Change in particulars of a corporate practice

#### *Change in name*

5.2.1 A corporate practice intending to change its name has to obtain the AFRC's approval on the proposed name before making the change.

5.2.2 The corporate practice has to complete and submit the notification form "[Notification for Change in Particulars of a Corporate Practice](#)" (Form CP-3) to the AFRC, together with the supporting documents specified in paragraph 3.3.4(b) above where applicable.

5.2.3 The AFRC will consider all available information in its possession (whether or not provided by the corporate practice) and inform the corporate practice of its decision by written notice.

5.2.4 If the AFRC approves the proposed name, the corporate practice may proceed to change its name. The corporate practice is required to notify the AFRC in writing by ways specified in paragraph 2.1.4 above within 14 days of the change, which should be accompanied by:

- (a) a copy of the special resolution sanctioning the change of name at a general meeting;
- (b) copies of notices or returns required by the Companies Ordinance (Cap. 622);
- (c) a copy of the Certificate of Incorporation bearing the new name of the corporate practice;
- (d) a copy of the Business Registration Certificate bearing the new name of the corporate practice;
- (e) specimen signatures of the new name of the corporate practice signed by all members / directors on a separate sheet;
- (f) a specimen letterhead bearing the new name of the corporate practice; and
- (g) a certification issued by the insurance broker of the HKICPA PII Master Policy that the name insured in the PII policy has been amended.

5.2.5 A person who fails to notify the AFRC as required in paragraph 5.2.4 above without reasonable excuse commits an offence.

### *Change in address of registered office, telephone number or electronic mail address*

- 5.2.6 A corporate practice must notify the AFRC of any change in its address of registered office, telephone number or electronic mail address within 14 days of the change. The notification should be made by completing and submitting the notification form "[Notification for Change in Particulars of a Corporate Practice](#)" (Form CP-3) to the AFRC. A person who fails to notify the AFRC as required without reasonable excuse commits an offence.
- 5.2.7 Where a corporate practice changes its address of registered office, the notification form should be accompanied by:
- (a) documentary evidence to prove the ownership of the property such as land search results, if the corporate practice is the landlord of the registered office;
  - (b) a letter of consent from the landlord or leaseholder authorizing the use of his or her or its premises as the corporate practice's registered office and the erection of a signboard at the entrance to the office, if the corporate practice is not the landlord of the registered office;
  - (c) a copy of the board resolution of the corporate practice sanctioning the change of registered office;
  - (d) a copy of Form NR1 – Notice of Change of Address of Registered Office as submitted to the Companies Registry; and
  - (e) a copy of the Business Registration Certificate bearing the new address of registered office.

### **5.3 Change in composition of a corporate practice**

- 5.3.1 A corporate practice is required to notify the AFRC of any change in its members / directors composition within 14 days of the change. The notification should be made by completing and submitting the notification form "[Notification for Change in Particulars of a Corporate Practice](#)" (Form CP-3) to the AFRC.
- 5.3.2 The corporate practice is required to provide the following supporting documents regarding the notification:
- (a) a copy of the stamped "Bought and Sold Note" and "Instrument of Transfer" concerning any share transfer (as may be applicable);
  - (b) a copy of the following forms submitted to the Companies Registry (as may be applicable):
    - (i) Form ND2A – Notice of Change of Company Secretary and Director (Appointment / Cessation);
    - (ii) Form ND4 – Notice of Resignation of Company Secretary and Director; and
    - (iii) Form NSC1 – Return of Allotments;
  - (c) where the change is related to an appointment of a practising member director:

- (i) a certification letter from the insurance broker of the HKICPA PII Master Policy confirming that after the change in composition, the corporate practice still satisfies the “*Corporate Practices (Professional Indemnity) Rules*” issued by the HKICPA; and
  - (ii) documentary evidence to prove the resignation from the present / last employment of the practising member director and that he or she will not engage in other full-time employment, if the practising member director is currently practising on a part-time basis or will resign / has resigned from the present / last employment and intends to practise on a full-time basis in the name of the corporate practice; and
- (d) where the change is related to an appointment of a non-practising member director:
- (i) a copy of his or her identity document (for example, Hong Kong identity card or passport);
  - (ii) a copy of his or her certificate of registration as a CPA issued by the HKICPA; and
  - (iii) a certificate letter from the insurance broker of the HKICPA PII Master Policy confirming that after the change in composition, the corporate practice still satisfies the “*Corporate Practices (Professional Indemnity) Rules*” issued by the HKICPA.
- (e) where the change is related to the death of a member / director, a copy of the death certificate of the member / director.

5.3.3 The corporate practice should ensure that its members / directors composition complies with the requirements set out in paragraphs 3.2.1(b) to (f) above.

5.3.4 The corporate practice is also required to check whether a change of the articles of association is necessary. Please refer to paragraphs 5.8.1 to 5.8.7 below for the relevant procedures.

#### **5.4 Change in particulars of any non-practising member director**

5.4.1 A corporate practice is required to notify the AFRC of any changes in the full name, business address, telephone number or electronic mail address of its non-practising member directors within 14 days of the change. The notification should be made by completing and submitting the notification form “[Notification for Change in Particulars of a Corporate Practice](#)” (Form CP-3) to the AFRC, together with the following supporting documents:

- (a) a copy of Form ND2B – Notice of Change in Particulars of Company Secretary and Director submitted to the Companies Registry; and
- (b) where the non-practising member director changes his or her name, copies of his or her new identity document and the certificate of registration as a CPA issued by the HKICPA bearing the new name of the non-practising member director.

## **5.5 Incapacity, disqualification or involuntary absence of any member / director**

5.5.1 A corporate practice is required to notify the AFRC, in writing by ways specified in paragraph 2.1.4 above, of the incapacity, disqualification or involuntary absence of any member / director within 14 days of its occurrence.

## **5.6 Change in reserve director of the sole member corporate practice**

5.6.1 A sole member corporate practice is required to notify the AFRC of the appointment and/or cessation of the reserve director within 14 days of its occurrence. The notification should be made by completing and submitting the notification form "[Notification for Change in Particulars of a Corporate Practice](#)" (Form CP-3) to the AFRC, together with a copy of Form ND5 – Notice of Change of Reserve Director (Nomination / Cessation) submitted to the Companies Registry.

## **5.7 Insolvency events and devolution of shares**

5.7.1 A corporate practice is required to notify the AFRC, in writing by ways specified in paragraph 2.1.4 above, of the occurrence of any of the following events within 14 days of its occurrence:

- (a) the appointment of a receiver;
- (b) the passing of a special resolution for a voluntary winding-up of the corporate practice;
- (c) the corporate practice is notified of the presentation of a petition for a compulsory winding-up of the corporate practice;
- (d) the making of a statutory declaration by the directors for a creditors' voluntary winding-up under section 228A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); and
- (e) where the corporate practice has only one member, the devolution of any share held in the corporate practice.

## **5.8 Amendment to the articles of association**

5.8.1 A corporate practice intending to change its articles of association should first obtain the AFRC's approval on the proposed amendment ("**proposal**") before making the change. The relevant criteria are set out in paragraph 3.2.1(h) above.

5.8.2 The corporate practice has to complete and submit the notification form "[Notification for Change in Particulars of a Corporate Practice](#)" (Form CP-3) to the AFRC, with a copy of the proposed articles of association (with all proposed amendments clearly marked in red). The deadline for notifying the AFRC is the day on which notice of the members' meeting for the proposal is given to the members of the corporate practice. However, corporate practices are advised to obtain the AFRC's approval on the proposal first before taking steps to convene a meeting.

5.8.3 The AFRC will consider all available information in its possession (whether or not provided by the corporate practice) and inform the corporate practice of its decision by written notice.

- 5.8.4 If the AFRC approves the proposal, the corporate practice may proceed to change the articles of association.
- 5.8.5 If the proposal is approved by passing a special resolution at the members' meeting, the corporate practice must, within 21 days beginning on the date on which the special resolution is passed, notify the AFRC of the approval in writing by ways specified in paragraph 2.1.4 above. The notification should be accompanied by the copies of the following:
- (a) the special resolution of the corporate practice sanctioning the proposed change of the articles of association;
  - (b) Form NAA1 – Notice of Alteration of Company's Articles as submitted to the Companies Registry; and
  - (c) the printed articles of association as amended.
- 5.8.6 If the corporate practice fails to notify the AFRC of the proposal as required (whether in respect of the proposal or the passing of the special resolution), the AFRC may:
- (a) revoke the registration of the practice; or
  - (b) suspend the registration of the corporate practice for a period of time, or until the occurrence of an event, that the AFRC considers appropriate.
- 5.8.7 The procedures set out in paragraphs 6.1.2 to 6.1.3 below will be followed if the AFRC decides to revoke or suspend the registration of the corporate practice.

## **5.9 Cessation of compliance with registration requirements**

- 5.9.1 A corporate practice must notify the AFRC in writing by ways specified in paragraph 2.1.4 above within 14 days if it ceases to comply with any of the registration requirements set out in paragraphs 3.2.1(a), (b), (c)(i), (c)(ii), (d)(i), (d)(ii), (d)(iii), (d)(vi), (g) and (h) above.
- 5.9.2 On receipt of the notice, the AFRC may impose any condition in relation to the registration of the corporate practice for the purpose of requiring the practice to comply with the requirement concerned.
- 5.9.3 The corporate practice commits an offence if it fails to comply with the condition imposed by the AFRC within the period specified by the AFRC without reasonable excuse.

## **5.10 Offence of fraudulent procurement of registration of corporate practice**

- 5.10.1 According to section 20AAZZA of the AFRCO, a person commits an offence and is liable on conviction to a fine of HK\$25,000 and to imprisonment for 12 months if the person fraudulently procures the registration of the person or any other person as a corporate practice by means of any misleading, false or fraudulent representation or statement, whether made orally or in writing.

5.10.2 The AFRC may verify or audit any of the information provided in the application form, whether before or after a decision on the application is made.

## **Chapter 6    Revocation or suspension of registration on non-disciplinary grounds**

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### **6.1    Mandatory revocation**

- 6.1.1 The AFRC must revoke the registration of a corporate practice if the practice has commenced to be wound up.
- 6.1.2 If the AFRC decides to revoke the registration of the corporate practice, the AFRC will inform the practice of its decision by written notice. The written notice will include a statement of reasons for the decision.
- 6.1.3 The certificate of registration issued to the corporate practice is cancelled with effect from the date on which the revocation takes effect.

### **6.2    Discretionary revocation or suspension**

- 6.2.1 The AFRC may revoke or suspend the registration of a corporate practice if:
- (a) the corporate practice ceases to be a company limited by shares of which every member and every director is a natural person;
  - (b) the AFRC is satisfied that the corporate practice has been registered by mistake, or in consequence of any misleading, false or fraudulent statement, declaration or representation, whether made orally or in writing; or
  - (c) the corporate practice requests the AFRC to do so.
- 6.2.2 Where the corporate practice intends to cease to practise, the corporate practice has to complete and submit the application form "[Application for De-registration of a Corporate Practice](#)" (Form CP-4) to the AFRC, together with:
- (a) a copy of the special resolution of the corporate practice in respect of the application; and
  - (b) a certification issued by the insurance broker of the HKICPA PII Master Policy certifying that a run-off cover for the corporate practice has been obtained in accordance with the "*Corporate Practices (Professional Indemnity) Rules*" issued by the HKICPA.
- 6.2.3 If the AFRC decides to revoke or suspend the registration of the corporate practice, the procedures set out in paragraphs 6.1.2 to 6.1.3 above apply.
- 6.2.4 The corporate practice is required to provide the following documents to the AFRC within 3 months of the revocation notice:
- (a) if the company will be de-registered – copies of the documents filed with the Companies Registry for the de-registration; or
  - (b) if the company will not be de-registered – documentary proof showing that:
    - (i) the company name has removed any reference to "Certified Public Accountants" or "Certified Public Accountants (Practising)"; and
    - (ii) the object clause of the articles of association has excluded the carrying on of a business and the performance of the functions of a CPA (practising).

### 7.1 Introduction

7.1.1 The AFRC must establish and maintain the register of corporate practices (“**Register**”) which contains, in relation to each corporate practice:

- (a) the full name of the practice;
- (b) the address of the registered office of the practice; and
- (c) any other particulars that the AFRC considers appropriate.

### 7.2 Inspection of the Register

7.2.1 A person may inspect free of charge:

- (a) the documentary form of the Register at the AFRC office at office hours; and
- (b) the Register made available on the AFRC website.