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May 2021

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The journal of The Hong Kong Institute of Chartered Secretaries
香港特許秘書公會會刊

Governance gatekeepers

Independent directors and the company secretary

Climate reporting
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Good governance comes with membership

About The Hong Kong Institute of Chartered Secretaries

The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies, as well as the development of the profession of Chartered Secretary and Chartered Governance Professional in Hong Kong and throughout the mainland of China (the Mainland). HKICS was first established in 1949 as an association of Hong Kong members of The Chartered Governance Institute (CGI) – formerly known as The Institute of Chartered Secretaries and Administrators (ICSA) of London. It was a branch of CGI in 1990 before gaining local status in 1994 and has also been The Chartered Governance Institute's China Division since 2005. HKICS is a founder member of Corporate Secretaries International Association Limited (CSIA), which was established in March 2010 in Geneva, Switzerland. In 2017, CSIA was relocated to Hong Kong where it operates as a company limited by guarantee. CSIA aims to give a global voice to corporate secretaries and governance professionals. HKICS has over 6,000 members and 3,200 students.

Membership and studentship statistics update

As of 31 March 2021, the statistics were as follows:

Students: 3,138 **Associates**: 5,907
Graduates: 408 **Fellows**: 751

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May 2021

CSj, the journal of The Hong Kong Institute of Chartered Secretaries, is published 12 times a year by Ninehills Media and is sent to members and students of The Hong Kong Institute of Chartered Secretaries and to certain senior executives in the public and private sectors.

Circulation: 8,200
Annual subscription: HK$2,600 (US$340)
To subscribe call: (852) 3796 3060 or
email: enquiries@ninehillsmedia.com

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ISSN 1023-4128

ninehills media

Contents

Cover Stories

INEDs and the company secretary 06

Sharan Gill, writer, lawyer and *CSj* contributor, looks at the unique relationship between independent non-executive directors (INEDs) and company secretaries in their key roles as governance gatekeepers.

Board independence 12

A new consultation paper issued in April 2021 by Hong Kong Exchanges and Clearing Ltd (HKEX) makes a number of proposals to enhance board independence, promote board refreshment and succession planning, and strengthen the role of the nomination committee.

In Focus

Climate-related disclosure 16

The saying goes that 'all roads lead to Rome'. Fiona Donnelly, Director, Red Links, argues that the same sentiment could apply to the climate-related disclosure recommendations of the Task Force on Climate-related Financial Disclosures.

ESG and cross-functional teams 20

Laks Meyyappan, Chief Executive Officer for Australasia, and Savoy Lee, Director and Head of Corporate Advisory for Asia, Georgeson, offer insights into how to get the most out of cross-functional teams dedicated to environmental, social and governance (ESG) reporting.

Technical Update

LIBOR transition – Hong Kong and the Mainland 24

Richard Mazzochi and David Lam, King & Wood Mallesons, summarise the key points that are most regularly considered in Hong Kong and the Mainland regarding the transition from LIBOR to risk-free rates (RFR).

Careers in Governance

Mike Chan and Mung-Lam Suen 30

Our final Careers in Governance column offers personal and professional profiles of Mike Chan FCG FCS and Mung-Lam Suen FCG FCS.

HKICS News

President's Message 04

Institute News 34

Student News 46

A special relationship

This month's first cover story looks at the special relationship that has evolved between independent non-executive directors (INEDs) and the company secretary. All directors – executive, non-executive and independent – have the same duties and responsibilities in law. Moreover, they have collective responsibility for supervising management, directing the company and ensuring good governance. Nevertheless, INEDs play a key role in ensuring independent oversight, as well as constructive challenge to management and executive directors.

Given the concentrated shareholding structure prevalent in Hong Kong, the role of INEDs is all the more crucial and regulators in Hong Kong have adopted a number of measures designed to boost their effectiveness on Hong Kong boards. This principally requires that they are genuinely independent from the company's executives and controlling shareholders, that they have enough time to devote to the company's affairs, and that they have access to timely and reliable information.

This is of course where company secretaries come in. The role of the company secretary as confidant and adviser to INEDs is hardwired into the Listing Rules. Section F.1.4 of the Corporate Governance Code (Appendix 14 of the Listing Rules) states that all directors should have access to the advice and services of the company secretary to ensure that board procedures and all applicable laws, rules and regulations are followed. While this goes for all directors, it is particularly critical for INEDs because they will not be as close to the company's business as their executive colleagues. They are therefore more dependent on the company secretary for the information and insights they need to make informed decisions.

This month's first cover story focuses on practical advice on how the relationship between INEDs and company secretaries can work best. Building trust and a good working relationship with INEDs takes time but it begins on day one with the INED's initial induction to the board. This induction ideally will not be limited to basic information relating to their responsibilities as a director, corporate operations and performance. Just as important will be information relating to the broader context in which the organisation operates – including relevant industry-specific developments, changes in the political landscape and broader changes in society such as changing stakeholder expectations. Moreover, to function as a board member, newly appointed INEDs will want to have an introduction to the personalities, the culture and the dynamics of the board, as well as the system of controls in place for risk management.

The relationship between INEDs and the company secretary is, however, only one of the many alliances members of our profession need to forge in the course of our work. Building teams to address complex issues with lawyers, accountants and directors, as well as with human resources, risk management and investor relations staff, is a key part of the value we bring to the organisations we work for.

One of this month's In Focus articles – 'ESG and cross-functional teams' – provides an interesting perspective on the dynamics involved in building such cross-functional teams. Environmental, social and governance (ESG) reporting and shareholder engagement are complex issues and are best addressed by teams able to bring diverse subject-matter expertise and insights to the issues at hand. The article provides useful advice on the key factors required for making a success of this type of team building.

Before I go, I would like to add that the articles discussed above are further evidence of a broadening perception of who is responsible for good governance. While this journal, understandably, tends to focus on the role of directors and governance professionals, governance is, and has always been, a collective effort. I look forward to seeing more such articles giving us the perspective of the many other players involved in the governance endeavour and giving advice on how collective efforts can be best coordinated. This, along with the broadening of the traditional membership base of our profession, is a very positive trend for the future.

Gill Meller.

Gillian Meller FCG FCS

特殊关系

本期首个封面故事着眼于独立非执行董事与公司秘书之间的特殊关系。所有董事，包括执行董事、非执行董事和独立非执行董事，都有着相同的法律义务和责任。此外，上述专业人士在监督管理层、引领公司发展和确保良好公司治理等方面负有集体责任。不过，独立非执行董事在某些领域亦发挥着关键作用，例如，确保独立地监督以及向管理层和执行董事提出建设性质询。

鉴于香港普遍存在高度集中的股权结构，独立非执行董事的角色显得尤为重要。香港监管机构已采取一系列措施来提高独立非执行董事在公司董事会的效力，这些措施主要目的是使董事真正地独立于公司的高管和控股股东，有足够的时间和精力投身公司事务，并且能够及时获取可靠的信息。

相关措施的实施当然需要公司秘书的参与。事实上，公司秘书应充当独立非执行董事可信赖的伙伴与顾问，这一点已明确写入《香港联合交易所主板上市规则》。《企业管治守则》（《香港联合交易所主板上市规则》附录 14）第 F.1.4 节规定，所有董事均应获得公司秘书的意见和服务，以确保董事会程序及所有适用法律、规则及规例均获得遵守。虽然该规定适用于所有董事，但对独立非执行董事尤为重要，主要是因为其不像其他高管那样密切接触公司业务。因此，独立非执行董事更依赖公司秘书提供的信息和意见，以便做出明智的决策。

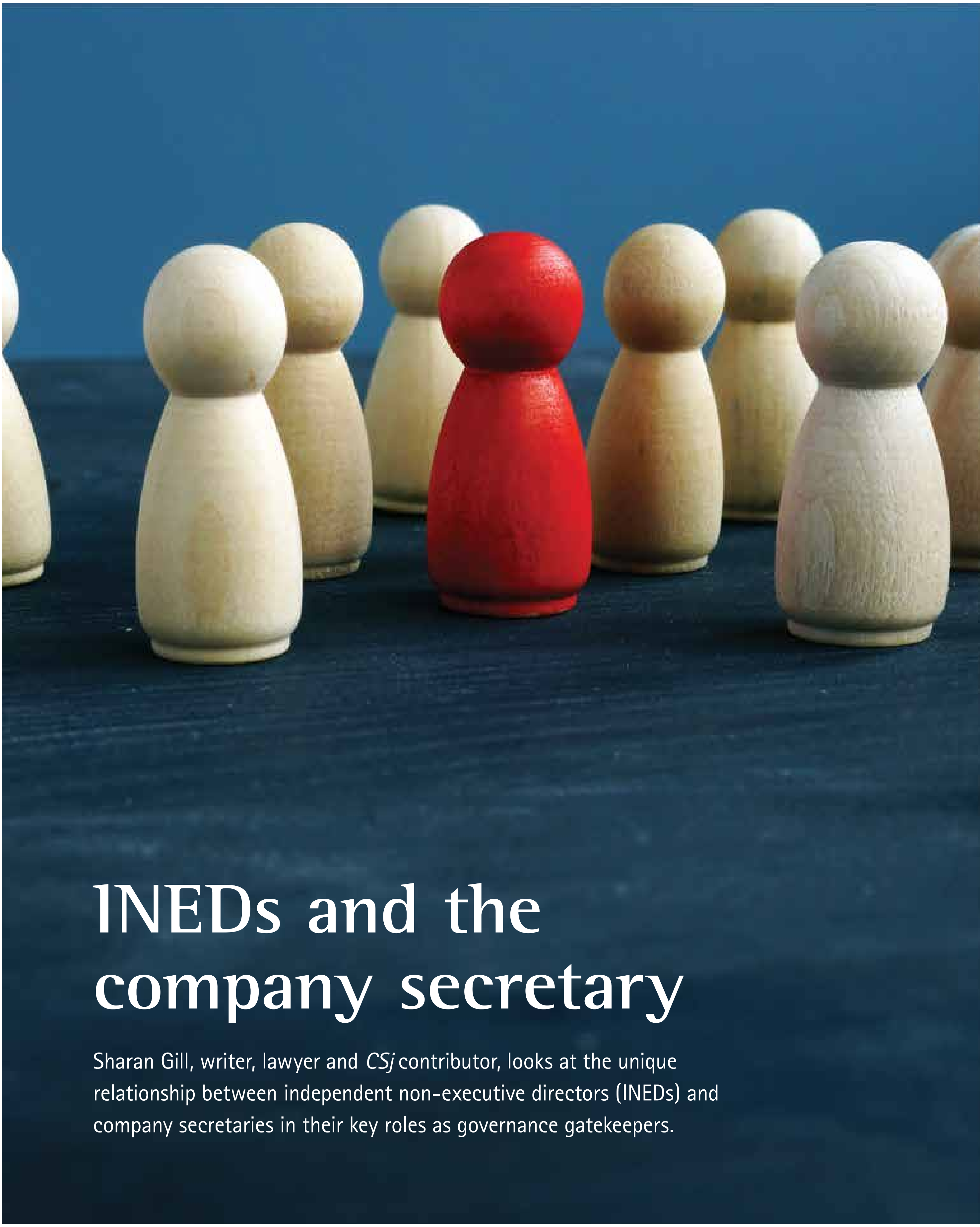
本期首个封面故事将提供关于独立非执行董事和公司秘书之间最佳工作关系的实用性建议。与独立非执行董事建立信任和良好的工作关系需要时间，而这种关系的建立应起始于独立非执行董事进入董事会的第一天。理想情况下，在独立非执行董事入职之初就应告知（但不限于）其作为董事的职责、公司运营和业绩等相关的基本信息。除此之外，还应汇报与公司运营相关的广泛背景信息，包括相关特定行业的发展、政治局势以及社会环境等的广泛变化（例如利益相关者预期的变化）。此外，为发挥董事会成员的作用，新任命的独立非执行董事有必要了解董事会的风格、文化和动态及其已有的风险管控体系。

然而，独立非执行董事和公司秘书之间的关系只是我们这个专业的从业者在工作过程中需要建立的众多同盟关系之一。建立团队，并通过团队与律师、会计师、董事以及人力资源、风险管理和投资者关系等部门的员工协作解决复杂问题，是我们为所服务的组织带来的关键价值之一。

“ESG 和跨职能团队”作为本期“观点聚焦”栏目的文章之一，提供了一个有趣的视角来关注构建这种跨职能团队所涉及的动态因素。环境、社会和管治 (ESG) 报告与股东参与是比较复杂的议题，最好交由具有多种相关专长与见解的团队来处理。本文就成功建立这类团队所需的关键因素提供了实用的建议。

最后，我想补充一点，以上讨论的文章进一步证明了我们对谁对“良好治理”负责有了更广泛的认识。虽然本刊倾向于关注董事和公司治理专业人士的角色，但治理是而且始终是集体努力的结果。我期待看到更多这样的文章，让我们得以感受众多其他治理工作参与者的视角，并就如何更好地协调发挥集体作用提供意见和建议。随着我们传统会员基数的扩大，这将是我们未来的积极发展趋势。

马琳 FCG FCS



INEDs and the company secretary

Sharan Gill, writer, lawyer and *CSj* contributor, looks at the unique relationship between independent non-executive directors (INEDs) and company secretaries in their key roles as governance gatekeepers.

One wonders whether the three INEDs on the board of Mayer Holdings Ltd realised what was in store for them when they took up their positions. In 2017, the Market Misconduct Tribunal (MMT) ordered a 12-month disqualification of all three INEDs, along with a number of the company's executive directors, for not taking measures to ensure that proper safeguards existed to prevent a breach of Hong Kong's disclosure requirements.

The directors, including the three INEDs, were fined HK$900,000 and were ordered to pay the substantial costs and expenses incurred by the government and the Securities and Futures Commission (SFC). That they may not have been as culpable as other involved parties was rejected as a consideration in apportioning costs.

The Mayer case is not an isolated one. With prosecutions by the SFC and civil actions mounting, it is clear that independent directors are facing increased legal liabilities. Institute Chief Executive Ellie Pang points out that the Enforcement Bulletin – published by the Listing Enforcement Department of Hong Kong Exchanges and Clearing Ltd (HKEX) – provides ample proof of this trend. She recommends the Bulletin to both INEDs and governance professionals as a way to stay up to date with the lessons to be learned from HKEX regulatory enforcement cases (see 'Recommended reading').

The question arises whether breaches similar to those in the Mayer case could be averted by implementing processes to better advise INEDs on their duties and potential liabilities. This article explores the views of leading governance and stewardship professionals on this question, and looks at how company secretaries can help to enhance the effectiveness of INEDs as governance gatekeepers.

Regulatory expectations

In January this year, the Institute published its Guidance Note Relating to Independent Non-Executive Directors: Selective Roles, Responsibilities and Liabilities (Guidance Note) – looking at these issues from the perspectives of both INEDs and company secretaries (see 'Recommended reading'). 'The guidance is wide in its coverage and its war stories clearly demonstrate where companies can go horribly wrong,' says Mohan Datwani FCG(CS, CGP) FCS(CS, CGP)(PE), Institute Deputy Chief Executive.

While INEDs have the same responsibility in law as other directors, their role effectively imposes rather different

Highlights

- with prosecutions by the Securities and Futures Commission and civil actions mounting, it is clear that independent directors are facing increased legal liabilities
- the composition of the nomination committee is a key factor in the process to generate genuinely independent directors
- it helps to have fixed director terms – not only for board refreshment but also to make the nominations process more predictable

> often when individuals are asked whether they would take on the role of an INED, the issue of personal liability rarely crosses their minds

expectations on them. To protect their independence, the Guidance Note points out that INEDs should not:

- place unquestioning reliance on others in the exercise of their duties
- completely abrogate their responsibilities, or
- permit one individual to dominate and control them.

Regulatory enforcement actions in Hong Kong have emphasised the importance of getting this right, as the INEDs in Long Success International (Holdings) Ltd (Long Success) found to their detriment. In proceedings brought under Section 214 of the Securities and Futures Ordinance (SFO), they were disqualified for varying periods of up to 30 months for, among other things, 'not putting into place an effective system of controls, thus allowing the chairman to exercise his domination and control the board'.

To fulfill their regulatory duties and responsibilities, INEDs should be able to exercise independent judgement freely and fearlessly without the threat of repercussions. That is the theory, but in practice there can be many obstacles to genuine independence of thought among INEDs. In particular, there may be questions as to how genuinely independent INEDs are from controlling shareholders. Nicholas Allen, Chairman of Link Asset Management Ltd, makes a distinction between a major shareholder that actually controls the board and one that is able to, but does not.

Ms Flora Wang, Director of Sustainable Investing for Fidelity International, echoes this point. 'Ultimately INEDs are just one component of the board and we wouldn't necessarily judge INEDs as not independent just because there is a controlling shareholder. We really evaluate the board's effectiveness and evaluate the INEDs' trustworthiness by looking at the company's track record and how the board performs as a whole,' she says.

Mr Allen adds that periodic board reviews can also help by bringing in a third-party perspective on board effectiveness. 'The periodic board effectiveness review is a really good start as it creates opportunities not only for discussion of board effectiveness, but also acts as a platform for INEDs to speak out. The controlling shareholders' influence could still be felt, but the fact that you have a process where a third party comes in and asks for directors' views is a healthy achievement and this is getting some traction,' he says.

The nominations process

Boosting the effectiveness of INEDs will usually start with the nominations process. The Guidance Note emphasises that the majority of the nomination committee's members should be INEDs to ensure strong independent representation.

Mr Allen, who is also an INED on the board of CLP Holdings Ltd, emphasises that as a 'barometer of independence' the make-up of the nomination committee is an important factor. The nomination committee has the capacity to shape the diversity and effectiveness of the board, and the composition of the nomination committee is a key factor in the process to generate genuinely independent directors.

Ms Wang makes the point that, in family owned companies, controlling shareholders may play a role in the nominations process – for example vetting INED candidates. She emphasises, however, that some of the best run companies are family owned and ultimately the track record of a company speaks for itself, family owned or not. Mr Datwani also points out that the environment companies work in has changed significantly in recent years and it would be difficult for family run companies to bulldoze appointments under the increasing scrutiny of their large institutional investors.

Is enough use being made of independent search firms?

Another recommendation for governance professionals is to promote the use of independent consulting search firms to find suitable INED candidates. Mr Allen points out that it often takes at least six months to find a director who is a really good fit for a board. 'Directors are often busy and may not be available at the point in time that you need them. Search firms are very good at having a longer view and add a different dimension to the search,' he says.

A reluctance to use search firms may not only affect the quality of INED candidates, it can also hinder the process of putting together a diverse board. Ms Pang, in a former role with HKEX, drafted the first HKEX consultation paper on gender diversity. She points out that HKEX has been promoting board diversity since 2012 and, in 2019, it upgraded the requirement for listed companies in Hong Kong to have a diversity policy, including relating to gender diversity, to the status of a Listing Rule.

Unfortunately, these efforts have not moved the dial very much in Hong Kong on board diversity, but the Institute is hoping to build momentum around its recent proposal to impose a 30% target for women on boards in Hong Kong to be implemented over a six-year period. The target would be subject to a 'comply or explain' regime. This proposal is set out in the Institute's Missing Opportunities? A Review of Gender Diversity on Hong Kong Boards (see 'Recommended reading').

The question of tenure

If it is difficult to get genuinely independent directors onto boards, it is equally difficult to get directors who are no longer independent off them. Code Provision A.4.3 of Hong Kong's Corporate Governance Code provides that if an INED has served for more than nine years, his or her further appointment should be subject to a separate resolution to be approved by shareholders. The board should explain to shareholders why it believes the particular INED is still independent and why he or she should be re-elected.

Mr Allen points out that it helps to have fixed director terms – not only for board refreshment but also to make the nominations process more predictable. He adds that directors have a dual role, they are expected to be both challenging and supportive of management. It takes a while for INEDs to get to understand the business sufficiently to have a point of view and they do not suddenly lose their independence, but there is likely to be an imperceptible shift from taking a more challenging stance to slipping into a more supportive role. Nine years would be a critical point at which it would be necessary to reassess whether the board has become too comfortable a network where everyone gets on with each other a little too well, he suggests.

Director induction and board support

Probably the best-known area where company secretaries contribute to the effectiveness of the independent component of the board is in their director induction and board support roles. 'Company secretaries are the interface between the company and the INEDs,' says Mr Datwani. Since INEDs are not involved in the day-to-day business of running the company, the company secretary has a crucial role in ensuring that INEDs have the information they need to be effective in their oversight of company transactions and strategy.

'The INEDs' first port of call should be the company secretary. Directors themselves should take the initiative to approach the company secretary whenever they need to,' Ms Pang says. She recommends directors and governance professionals read HKEX's Guidance for Boards and Directors for a useful summary of the governance roles of both INEDs and company secretaries (see 'Recommended reading').

She adds that the company secretary should be ready, in some circumstances, to arrange for legal or other expert advice for the board. Nevertheless, the burden in the Listing Rules is very much on the directors themselves, she points out, so once company secretaries have discharged their obligations, it is up to the directors themselves to fulfill their fiduciary duties.

Advising INEDs on the full extent of their personal liability

Professor CK Low FCG FCS, Institute Council member, Assessment Advisory Panel Vice-Chairman, Education Committee member, Technical Consultation Panel (TCP) member, Academic Advisory Panel member, TCP-Securities Law and Regulation Interest Group member, and Associate Professor in Corporate Law at The Chinese University of Hong Kong Business School, emphasises that too often when individuals are asked whether they would take on the role of an INED, the issue of personal liability rarely crosses their minds. While in the not-too-recent past INEDs were rarely subject to prosecution, the litigious landscape in Hong Kong is fast changing. Recent SFC enforcement cases have seen the long arm of the law reach INEDs even after they have left their board positions.

INEDs can therefore no longer be complacent about the extent of their exposure. They need to be advised of the spectrum of penalties that could be laid at their door, not least of which is significant financial retribution. Thus, in the ongoing case of Perfect Optronics Ltd, the INEDs involved are now facing an action for a compensation order under Section 214 of the SFO for breach of their fiduciary duty. If convicted, they could

> recent SFC enforcement cases have seen the long arm of the law reach INEDs even after they have left their board positions

be compelled to personally compensate the company for losses caused by their misconduct.

Mr Datwani points out that when he talks, in general, to aspiring INEDs, he finds that many of them simply say that they do not mind being an INED of any company as long as they are not exposed to liabilities. That, however, seems to defeat the purpose. Prospective INEDs should possess certain skill sets and want to be an INED to contribute these to the company. Also, their best protection against liabilities is their understanding of their roles and responsibilities and how to discharge them.

Majority independent boards

There are compromises for controlling shareholders in having genuinely independent views on the board, but this is the essence of having real checks and balances on the exercise of executive power. This article has reviewed some best practice ideas – such as tightening the rules around the nominations process and setting limits on director tenure – to boost the effectiveness of INEDs, but is it time to consider moving to majority independent boards?

The Listing Rules (Rules 3.10 and 3.10A) require that every listed company's board must include at least three INEDs, and the INEDs appointed must represent at least one-third of the board. Ms Wang points out that it has been close to 10 years since these requirements were implemented and in the meantime the market has changed. Perceptions of the board as an old boy's network are increasingly seen as archaic and any notion that a board appointment is a comfortable retirement position has been dispelled by the more rigorous regulatory scrutiny.

'It is about time companies in Hong Kong had majority independent boards,' says Ms Wang. 'Having a majority of independent directors would certainly change how some of the key decisions are made at the board level – I believe the market is ready for this,' she says.

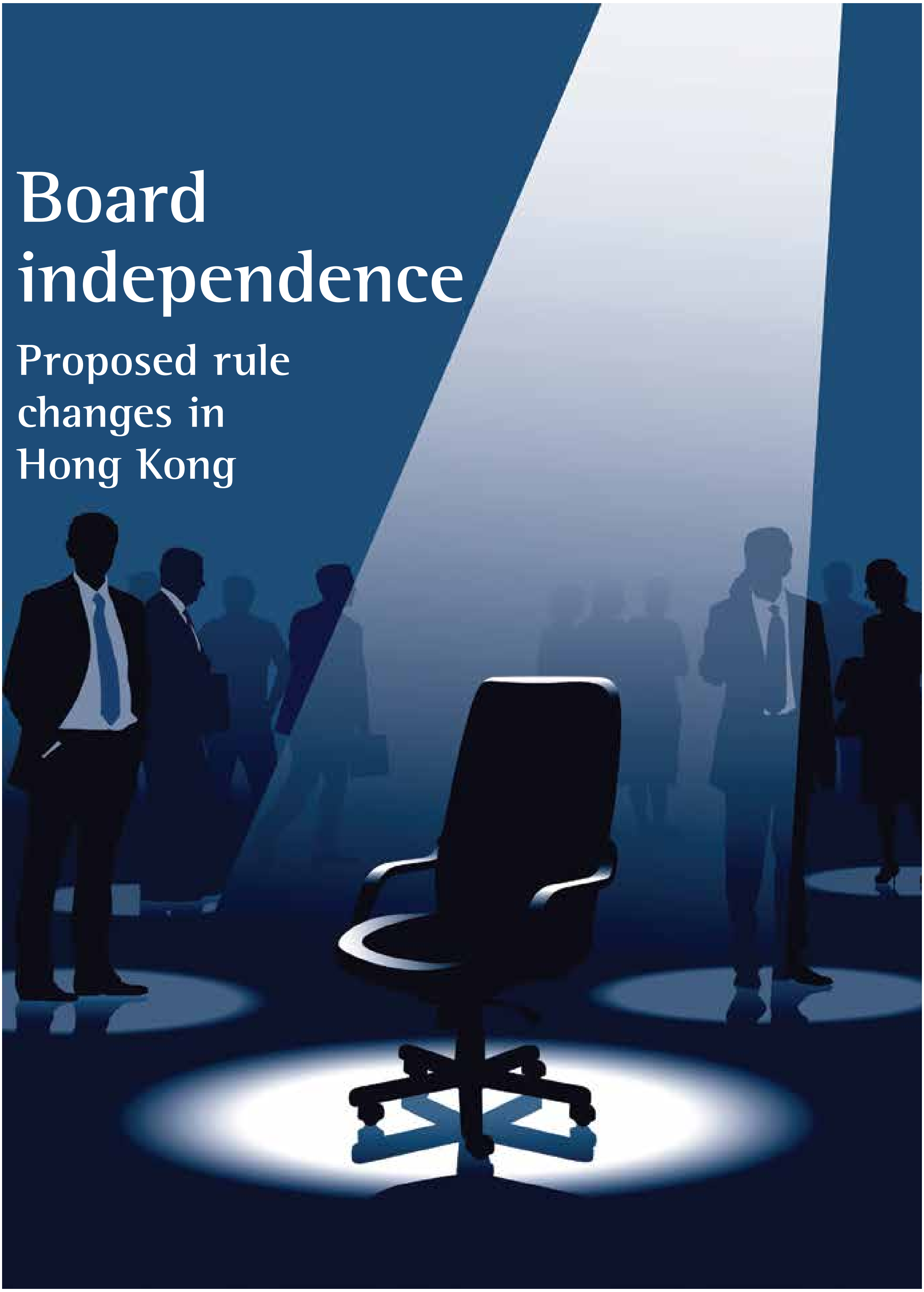
Sharan Gill

Sharan Gill is a lawyer and writer based in Hong Kong.

Recommended reading

- Guidance Note Relating to Independent Non-Executive Directors: Selective Roles, Responsibilities and Liabilities – published January 2021 by The Hong Kong Institute of Chartered Secretaries (the Institute).
- Missing Opportunities? A Review of Gender Diversity on Hong Kong Boards – published 9 February 2021 by the Institute.
- Guidance for Boards and Directors – published in July 2018 by Hong Kong Exchanges and Clearing Ltd (HKEX).
- Enforcement Bulletin – first published November 2020 by HKEX (the Enforcement Bulletin replaces the previous Enforcement Newsletter).

The above publications are available from the relevant websites (www.hkics.org.hk and www.hkex.com.hk).



Board independence

Proposed rule changes in Hong Kong

A new consultation paper issued in April 2021 by Hong Kong Exchanges and Clearing Ltd (HKEX) makes a number of proposals to enhance board independence, promote board refreshment and succession planning, and strengthen the role of the nomination committee.

Ensuring board independence is a key aim of listing regimes around the world and Hong Kong is no exception. The Listing Rules in Hong Kong seek to ensure that independent views and input are available to boards. To this end, the listing requirements currently focus on ensuring that independent non-executive directors (INEDs) are genuinely independent, and that there is a balanced composition of executive and non-executive directors, including INEDs, on the board.

These requirements are under constant review. The criteria that The Stock Exchange of Hong Kong Ltd (the Exchange) takes into account when assessing the independence of INEDs, for example, were revised in 2019. A raft of consultation proposals were implemented in January that year extending cooling-off periods for issuers' former professional advisers or interested parties before they can become independent directors, including immediate family members in the independence assessment, and requiring disclosure of an INED's cross-directorships or significant links with other directors in issuers' corporate governance reports.

In April this year, HKEX issued a new consultation paper proposing, among other things, further revisions to Hong Kong's listing regime relevant to board independence.

Key proposals

The latest HKEX consultation – Review of Corporate Governance Code and Related Listing Rules – proposes a number of significant changes to enhance the effectiveness of the Corporate Governance Code (the Code) and the Listing Rules (see 'Other consultation proposals').

A key focus of the consultation, however, is to improve board independence. The consultation points out that INEDs play an important role in corporate governance – assisting with the management of conflicts of interest, the oversight of internal controls and risk management, and providing an independent perspective in the board's decision-making.

In this respect, the consultation proposes to:

- create a new Code Provision (CP) to require issuers to have a policy to ensure that independent views are available to the board and to review the policy's effectiveness annually
- revise an existing CP to require independent shareholders' approval for the re-election of an INED who has served more than nine years (Long-Serving INED), and to require additional disclosures of the factors considered in recommending the INED for re-election
- create a new CP requiring appointment of a new INED at the next annual general meeting (AGM), if all INEDs on the board are Long-Serving INEDs, and to disclose the length of tenure of the Long-Serving INEDs on a named basis, and
- upgrade an existing CP to a Listing Rule requiring issuers to have a nomination committee chaired by an INED and comprising a majority of INEDs.

The question of tenure

The most practical impact of the above proposals will likely be felt in the area of board refreshment. Currently, under the Code, issuers are required on a comply-or-explain basis to make a separate

Highlights

The consultation proposes to require:

- independent shareholders' approval for the re-election of an INED who has served more than nine years (subject to comply-or-explain)
- appointment of a new INED at the next annual general meeting, if all INEDs on the board have served more than nine years (subject to comply-or-explain), and
- a nomination committee chaired by an INED and comprising a majority of INEDs (mandatory).

> periodic board refreshment can foster the sharing of diverse perspectives in the boardroom, as well as the generation of new ideas and business strategies

shareholders' resolution for the further appointment of a Long-Serving INED, and papers to shareholders accompanying that resolution should include reasons why the board believes the Long-Serving INED is still independent and should be re-elected.

The consultation points out that, as of December 2020, 1,513 INED directorships (17.8%) were held by Long-Serving INEDs. Around one-third (30.6%) of issuers listed on the Exchange have Long-Serving INEDs. Furthermore, there were 153 issuers (6.0%) without any INEDs who had served less than nine years.

The consultation acknowledges that Long-Serving INEDs' knowledge of, and familiarity with, issuers' affairs may have benefits for companies, but it questions whether they can remain capable of bringing fresh perspectives and independent judgement to boards where they have served for more than nine years. 'Where an INED serves on a board for a prolonged period, this will increase the risk of becoming too reliant on one individual and their complacencies given their familiarity with management,' the consultation states.

The consultation also points out that the guidance on INEDs issued by the Hong Kong Monetary Authority questions the independence of an INED who has served on a board for nine years. The HKSAR Government also has a guideline for not appointing non-official members serving more than six years in the same capacity with the same body to ensure a healthy turnover of members of advisory and statutory bodies.

'Periodic board refreshment can foster the sharing of diverse perspectives in the boardroom, as well as the generation of new ideas and business strategies. Accountability can be enhanced by frequent review and refreshment of membership of the board,' the consultation states.

To promote board refreshment and succession planning, the consultation proposes to revise the existing CP A.4.3 (New CP B.2.3.) to require the re-election of a Long-Serving INED to be subject to independent shareholders' approval. Furthermore, additional disclosure is required regarding the factors considered, the process, and the board or nomination committee's discussions of why a Long-Serving INED is still independent and should be re-elected.

In circumstances where all the INEDs on the board are Long-Serving INEDs, the consultation proposes to introduce a new CP (CP B.2.4.) requiring issuers to appoint a new INED at the next AGM, and to disclose the length of the tenure of the Long-Serving INEDs on the board on a named basis in the shareholders' circular.

Other requirements and recommendations

To emphasise the importance of the oversight of board refreshment and succession planning provided by the board's nomination committee, the consultation also proposes to upgrade the existing CP A.5.1. to a Listing Rule (MB Rule 3.27A /GEM Rule 5.36A) requiring issuers to establish a nomination committee chaired by an INED and comprising a majority of INEDs. HKEX will provide further guidance on this.

The consultation also addresses the issue of whether providing INEDs with equity-based remuneration will compromise their objectivity. It points out that the UK and Australia have recommendations (or comply-or-explain restrictions) regarding providing INEDs with equity-based remuneration such as share options or grants. To ensure INEDs in Hong Kong maintain their objectivity and independence, the consultation proposes to introduce a new Recommended Best Practice (RBP E.1.9.) that an issuer generally should not grant equity-based remuneration share options or grants with performance-related elements to INEDs as this may lead to bias in their decision-making and compromise their objectivity and independence.

The consultation also encourages issuers to consider appointing a lead or senior INED. It acknowledges that there are views on both sides of this debate. The possible benefits of appointing a lead or senior INED include facilitating communication between the issuer and its investors, and enhancing INEDs' accountability. On the other hand, there are also concerns about the creation of a hierarchy amongst INEDs and the possible difficulties issuers might have in finding candidates willing to take up such a position. HKEX will give further guidance on this issue.

The Consultation Paper – Review of Corporate Governance Code and Related Listing Rules – is available on the HKEX website: www.hkex.com.hk. The Consultation ends 18 June 2021.

The Guidance Note Relating to Independent Non-Executive Directors: Selective Roles, Responsibilities and Liabilities, published in January 2021 by The Hong Kong Institute of Chartered Secretaries (the Institute), is available on the Institute's website: www.hkics.org.hk.

Other consultation proposals

In addition to the proposals relating to board independence reviewed in this article, the latest HKEX consultation makes a broad range of proposals designed to enhance the Corporate Governance Code (the Code) and Listing Rules. These include proposals to:

Corporate culture

- create new Code Provisions (CPs) – subject to comply-or-explain – to require issuers to align the company's culture with its purpose, values and strategy, and
- require issuers to have anti-corruption and whistleblowing policies

Diversity

- create new Mandatory Disclosure Requirements (MDRs) to make it clear that a single gender board is not considered a diverse board (see 'Note' below)
- introduce mandatory numerical targets and timelines for achieving gender diversity at both board level and across the workforce, and
- create a new CP requiring boards to review the progress of their diversity policies annually

Communication with shareholders

- make mandatory the disclosure of issuers' shareholder communication policies and to review their effectiveness annually

ESG

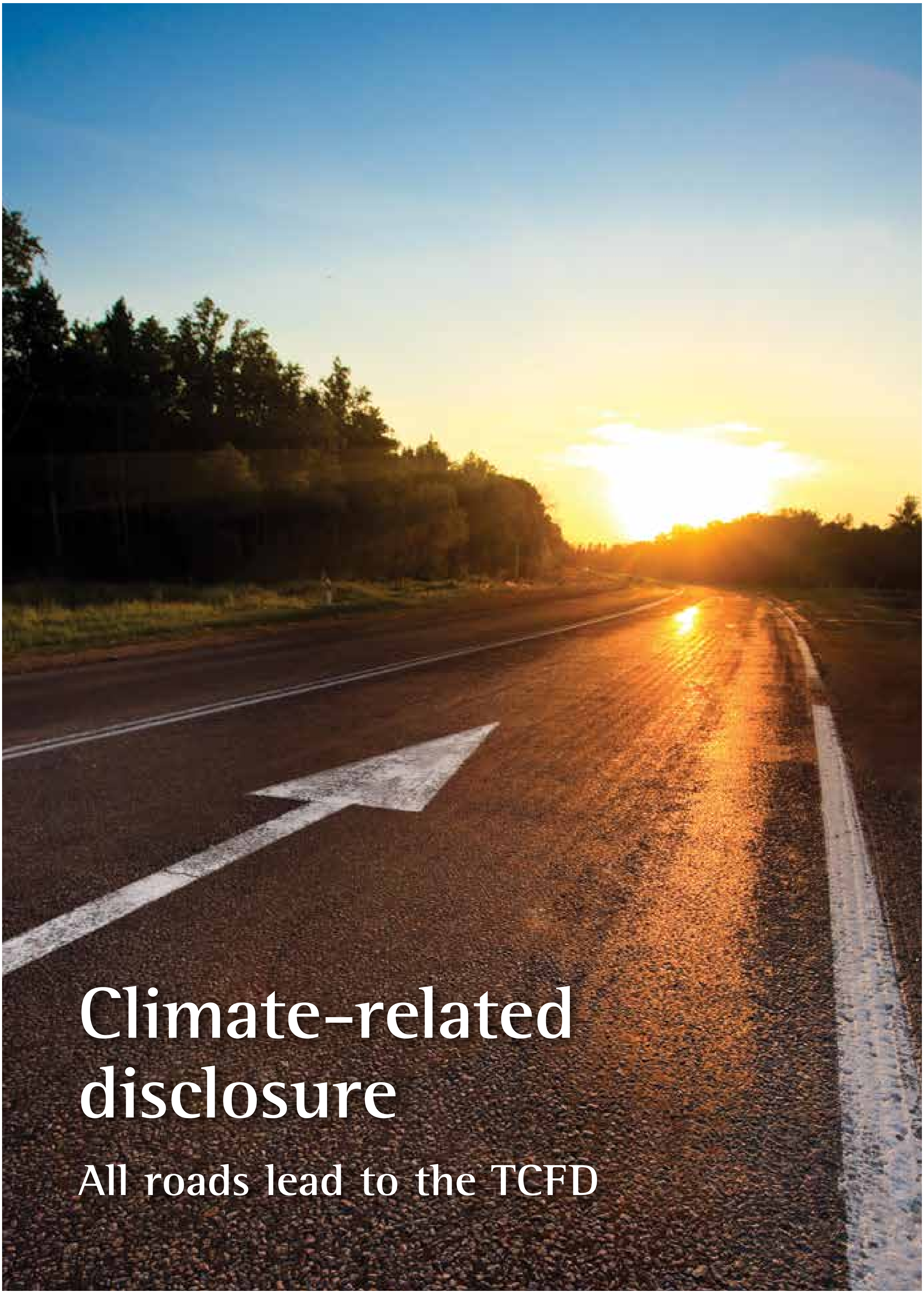
- set out the relationship between corporate governance and environmental, social and governance (ESG) in the introductory section of the Code
- include ESG risks in the context of risk management under the Code (New Principle D.2, CP D.2.2 and CP D.2.3), and
- align publication timeframe of ESG reports with that of annual reports

Code structure

- rename the Code as the Corporate Governance Code (currently its official name is Corporate Governance Code and Corporate Governance Report), and
- rearrange its structure to enhance its flow and readability, for example moving the MDRs previously set out in the Corporate Governance Report section upfront (see 'Note' below).

Note: Appendix 14 of the Listing Rules, currently has two parts:

1. *the Corporate Governance Code, comprising 16 Principles, 78 Code Provisions and 10 Recommended Best Practices, and*
2. *the Corporate Governance Report, comprising 32 Mandatory Disclosure Requirements (MDRs) and six Recommended Disclosures (RDs) to be made in issuers' corporate governance reports.*



Climate-related disclosure

All roads lead to the TCFD

The saying goes that 'all roads lead to Rome'. Fiona Donnelly, Director, Red Links, argues that the same sentiment could apply to the climate-related disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Six years ago, the then governor of the Bank of England, Mark Carney, gave his landmark Breaking the Tragedy of the Horizon speech (see 'Online links' for this and other online resources referenced in this article). Carney's 'tragedy of the horizon' is an adaptation of the more familiar 'tragedy of the commons' – where the short-term personal gain of individual actors leads to the destruction of shared environmental resources. In the 'tragedy of the horizon' scenario, the actors who are best placed to do something about the catastrophic impacts of climate change are, at best, being slow to take the necessary action because the predicted catastrophe lies beyond their traditional horizons – whether they be risk, business, timeframe or political cycle horizons.

Mark Carney urged the financial sector globally to address the current and prospective financial stability risks from climate change, principally by ensuring consistent, comparable, reliable and clear disclosures about the climate-related risks and opportunities of organisations. 'With better information as a foundation, we can build a virtuous circle of better understanding of tomorrow's risks, better pricing for investors, better decisions by policymakers and a smoother transition to a lower-carbon economy. By managing what gets measured, we can break the "tragedy of the horizon"', he said.

Shortly after this speech, the Financial Stability Board, chaired by Mark Carney, launched the TCFD. The TCFD was created to develop consistent climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders. Two years later, in 2017, the recommendations of the TCFD were released. These recommendations present an approach and recommended disclosures around systematically considering climate-related risks and opportunities in forward-looking business scenario planning. They are designed to help bring clarity, comparability and measurability to climate issues by showing a way to consider and present decision-useful, forward-looking information about the material financial impacts of climate risks and opportunities. They have spread across the world and are now gaining traction, not only by direct adoption, but also through their indirect influence on and integration with other codes and frameworks.

TCFD means different things to different organisations and sectors depending on their vulnerability to the impacts of climate change. Climate change also has more profound importance in different parts of the world. For example, those countries with low lying land masses are most at risk from rising sea levels. Even more will be impacted by the so-called transition risks – the wide-sweeping changes that will occur to aspects like legal policies and technological developments which will be required to support goals such as making the EU carbon-neutral by 2050. So while these specific factors will contribute to the uptake of TCFD, what seems to be universal is the broader, more deliberate and strategic consideration of climate change.

TCFD uptake in Hong Kong

While there are over 2,000 signatories of TCFD worldwide, as at March 2021, only 19 organisations in Hong Kong had officially registered as a Supporter. These comprise: six professional services firms, three asset managers, two utilities, two real estate businesses, and the remainder being financial services. It is interesting to note that not all Supporters are sharing

Highlights

- the Task Force on Climate-related Financial Disclosures (TCFD) approach to climate-related disclosure will result in a profound change and new ways of thinking for many organisations
- higher stakeholder expectations based on developments overseas will raise the bar for organisations in Hong Kong – compliance with local requirements may not be enough in the years ahead
- the TCFD recommendations are designed to help bring clarity, comparability and measurability to climate issues

> **"what seems to be universal is the broader, more deliberate and strategic consideration of climate change"**

any disclosures publicly, so what is not known is the extent to which they may be applying rigorous climate analyses in enterprise risk management and other business decisions. Conversations on such issues could be – and hopefully are – commanding more time with their respective boards.

Other organisations, including issuers, are disclosing TCFD-inspired information despite not having signed up as an official TCFD Supporter, so TCFD adoption is more widespread than the registered number of Supporters would indicate. Suffice it to say, TCFD is less than four years' old and will result in a profound change and new ways of thinking for many organisations. Many suggest it could take upwards of five years to properly grasp the application in the spirit of the recommendations, so at present it is very much a case of many organisations getting up to speed.

Other roads leading to TCFD

In Hong Kong, in addition to the broad encouragement to become an official Supporter, other bodies are also dovetailing their developments towards the TCFD too. Three initiatives are highlighted below.

1. The Stock Exchange of Hong Kong is steering its issuers towards TCFD in its new Environment, Social and Governance (ESG) Reporting Guide, which sets out mandatory 'comply or explain' disclosures.

2. The Green and Sustainable Finance Cross-Agency Steering Group, comprising key regulators of Hong Kong's financial sector, was set up in May 2020 to coordinate these issues while supporting international initiatives and alignment. Its first strategic priority is to strengthen the management of climate-related financial risks in order to consolidate Hong Kong's position as a global risk management centre.

3. The Securities and Futures Commission's proposed new Fund Manager Code of Conduct is likely to align with TCFD.

Who knows what further developments will transpire. Hong Kong may even follow Canada's initiative to incentivise a more sustainable future and link finance to support the recovery from Covid to climate commitments and disclosures. It may take inspiration from Singapore – in December 2020, the Monetary Authority of Singapore issued Guidelines on Environmental Risk Management tailored to financial institutions that are generally aligned with TCFD.

In terms of other jurisdictions of note, two stand out:

1. New Zealand was the first country in the world to make TCFD reporting mandatory. The new reporting requirements are likely to become effective in 2023.

2. The UK is aiming for mandatory TCFD-aligned disclosures across non-financial and financial sectors of the UK economy by 2025. In addition, disclosures such as those recommended by the TCFD are already being driven through other channels like the non-statutory guidance for the trustees of occupational pension schemes.

These and other offshore changes could impact Hong Kong, depending on the territory's relationship with and accountability to asset owners and investors, among others, in these and other climate-sensitised locations. The upshot is that compliance by Hong Kong organisations with local requirements and norms may not be adequate for all the stakeholders that matter.

Moreover, other optional disclosure approaches and tools that have global application, and there are many, have been modified to include specific TCFD alignment in their frameworks – these include those of the CDP, Principles for Responsible Investment, Climate Action 100+, GRESB and the ESG disclosure requirements of stock exchanges around the world.

There have also been a number of initiatives to promote greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements. Two of note are:

1. the Better Alignment Project of the Corporate Reporting Dialogue – a platform created by the International Integrated Reporting Council focusing on the alignment of global frameworks and standards, and

2. the proposed new global sustainability reporting standard-setting board to be established alongside the existing International Accounting Standards Board of the International Financial Reporting Standards Foundation.

These initiatives propose to use the TCFD recommendations and other existing standards to create a comprehensive and harmonised reporting framework.

The road ahead

It is very clear, then, that climate thinking and analyses are here to stay in terms of enterprise risk management, and at least for now, the TCFD approach provides a widely accepted and growing approach to driving that change. The adoption of TCFD-aligned climate disclosures is expected to grow exponentially, not only in Hong Kong but worldwide.

Fiona Donnelly, Director
Red Links

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Online links

www.bankofengland.co.uk
Breaking the Tragedy of the Horizon – Climate Change and Financial Stability – speech by Mark Carney, Governor of the Bank of England and Chairman of the Financial Stability Board on 29 September 2015.

www.tcfdhub.org
The Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

www.hkex.com.hk
The Environmental, Social and Governance (ESG) Reporting Guide, The Stock Exchange of Hong Kong.

www.hkma.gov.hk
The Green and Sustainable Finance Cross-Agency Steering Group was set up in May 2020 and is cochaired by the Hong Kong Monetary Authority and the Securities and Futures Commission, with members comprising the Environment Bureau, the Financial Services and the Treasury Bureau, Hong Kong Exchanges and Clearing Ltd, the Insurance Authority and the Mandatory Provident Fund Schemes Authority.

www.sfc.hk
Fund Manager Code of Conduct issued by Hong Kong's Securities and Futures Commission.

www.cdp.net
CDP is a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

www.unpri.org
The Principles for Responsible Investment (PRI) is an investor-led initiative providing a voluntary and aspirational set of six investment principles about incorporating ESG issues into investment practice.

www.climateaction100.org
Climate Action 100+ is another investor-led initiative to encourage the world's largest corporate greenhouse gas emitters take necessary action on climate change.

https://gresb.com
GRESB is a membership organisation concerning sustainable real estate. Its Resilience Module, which is intended to address the information needs of investors, is aligned to TCFD.

ESG and cross-functional teams

Laks Meyyappan, Chief Executive Officer for Australasia, and Savoy Lee, Director and Head of Corporate Advisory for Asia, Georgeson, offer insights into how to get the most out of cross-functional teams dedicated to environmental, social and governance (ESG) reporting.

During each proxy season, investor relations (IR) and governance teams develop an annual report and prepare for their annual general meeting (AGM). These tasks involve a range of both long-standing and newer challenges as investor expectations change and the regulatory landscape evolves.

Many companies increasingly see the value in having their governance, legal and company secretary teams working closely with their colleagues in IR. These groups collaborate to share expertise and different perspectives, and they can help develop and implement a more coherent and compelling narrative for the company. Communication is a crucial foundation to success.

Two sides to an annual report

Traditionally seen as a regulatory filing, the company secretary or general counsel usually takes the lead on crafting the annual report. However, given the report's public position, it can also be an important marketing and communications tool.

The corporate IR team usually pays particular attention to the annual report as a shareholder engagement tool and collaborates with the company secretary and general counsel. Working together can become even more critical in complex situations such as acquisitions (whether friendly or hostile), Schemes of Arrangement, proxy fights and takeover defences.

Demand for ESG reporting and disclosures

One of the toughest emerging challenges faced by governance and IR teams can be deciding how to meet the growing demand for ESG reporting and disclosures. In Hong Kong, many listed companies already produce a separate, annual ESG report, but more specific regulations have been proposed for adoption in the near future.

Climate change is not a new issue to investors, but many around the world have declared it a key priority for 2021, including activists, institutional asset managers and pension funds. Their sense of urgency seems motivated by an increased conviction that climate change will have a tangible, systemic impact on both the environment and global financial markets.

Domestic regulation has helped drive momentum for corporate ESG reporting, especially on climate change and related areas. Since 1 July 2020, The Hong Kong Stock Exchange (the Exchange) has required companies to disclose how climate change is affecting their business and has held directors responsible for the outcome of their company's sustainability efforts as part of the new ESG rules.

The Shanghai Stock Exchange followed suit as part of the Mainland's ambition

Highlights

- changing ESG reporting regulations and the necessity for shareholder engagement has led to organisations giving a greater emphasis to building carefully coordinated, cross-functional teams
- ESG working groups may comprise individuals from the company secretarial, legal, human resources, risk management, investor relations, finance, corporate communications and sustainability functions
- governance teams are increasingly part of shareholder engagement programmes that have in the past been part of the IR team's duties

> many companies face varied, complex issues that require diverse subject-matter expertise and insights to communicate a coherent and consistent narrative to shareholders and other stakeholders

to achieve carbon neutrality by 2060, an aim shared with many other countries. The China Securities Regulatory Commission also proposed a revision to investor relations guidelines, adding ESG information to a list of issues on which listed companies should update shareholders.

Late in 2020, Hong Kong's regulators set new climate disclosure rules, calling for financial institutions and listed companies on the Exchange to align with the ESG recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by 2025. For some business sectors, disclosure may have an earlier mandatory date. As a result, companies must determine what information to report and how they should present it.

TCFD also has an established framework for board evaluation of the risks and opportunities posed by climate change. Within the TCFD framework, disclosure on how the board relates to climate-related issues includes the:

- process and frequency of news or updates about climate-related issues
- incorporation or consideration or climate-related issues when reviewing and setting corporate policy and strategy, and
- method of monitoring and managing progress against climate-related goals and targets.

Separate from TCFD alignment and reporting, Hong Kong regulators announced that they also support the sustainability standards by the accounting standards organisation, the International Financial Reporting Standards (IFRS).

Building cross-functional teams

The changing regulation relevant to ESG reporting and the necessity for shareholder engagement has led to a greater emphasis on building carefully coordinated, cross-functional teams. Businesses should give careful thought to finding the right way to get the most out of this collaboration. ESG is a multifaceted topic, tackled within the annual report and at the AGM through shareholder proposals. Similarly, each ESG activity may involve multiple issues, and each one may have a different project lead depending on the company and issue. Some potential scenarios are highlighted below.

- While legal may take the lead on developing the proxy statement, the sustainability team may take responsibility for ESG disclosures not included in the proxy statement. As a result, collaboration with other business areas, such as the enterprise risk management team, will likely be required.
- ESG reporting has traditionally been the domain of the general counsel. However, the report results are of particular interest to investors and, therefore, of interest to the IR team and increasingly to the company secretary and directors.
- The company secretary or general counsel may be the most suitable person to meet with stewardship teams, but the IR team's involvement will likely be helpful. A company's stewardship and its ESG alignment with a significant investor's stewardship statement can impact shareholder engagement and communication.

Today, many companies face varied, complex issues that require diverse subject-matter expertise and insights to communicate a coherent and consistent narrative to shareholders and other stakeholders.

ESG working groups

Last year, the Exchange produced a step-by-step guide: How to Prepare an ESG Report. One of the first items was establishing an ESG working group by the issuer within the company. The working group reports directly to the board and should include 'senior management and staff who have sufficient knowledge of current and emerging ESG matters, as well as the issuer's operations,' the guide states.

Oversight structures and disclosure are often best developed when companies allow all relevant subject

> combining the ESG working group's diverse expertise can counter potential internal knowledge gaps

matter experts across the organisation to be involved. While this may vary by company, participants typically include individuals from the company secretarial, legal, human resources, risk management, investor relations, finance, corporate communications and sustainability functions.

The Exchange's guide sets out the key factors required for successful cross-functional ESG working groups, including having:

- support by the board
- the authority to carry out their tasks to meet their objective(s)
- a defined scope of work, such as conducting an ESG audit or preparing a TCFD-compliant report, and
- committed resources, including financial.

Once the ESG working group is in position, companies may want to invest time to understand their shareholders' ESG investment requirements. The working group can develop investor-focused disclosure and appropriately embed oversight of ESG matters within the board and committee agendas.

Combining the ESG working group's diverse expertise can counter potential internal knowledge gaps, especially in light of the Exchange's new ESG disclosure obligations.

ESG after the AGM

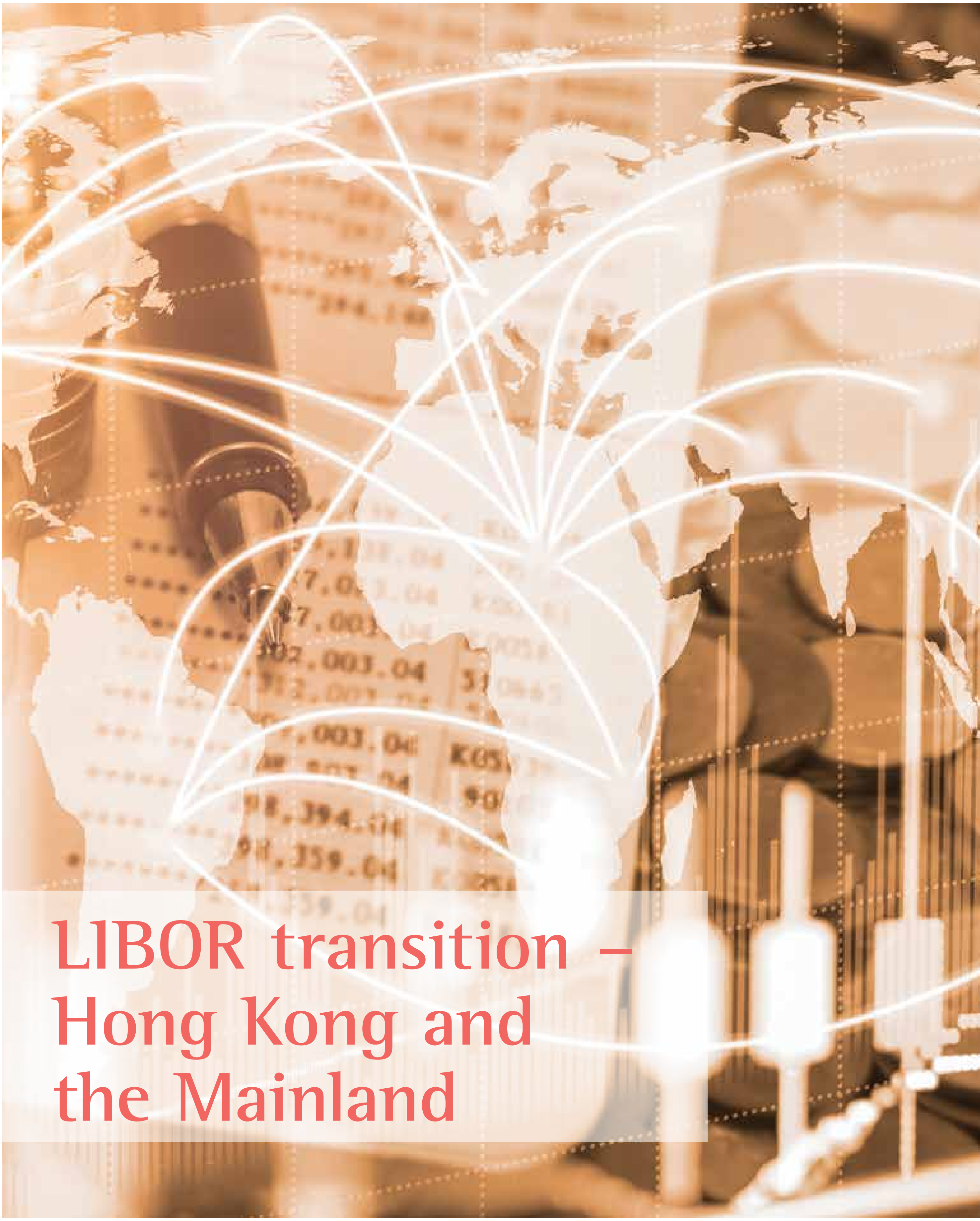
Many investors have already come to expect far greater engagement with companies than has traditionally been the case. The pandemic has dramatically affected how AGMs have been held in Hong Kong and worldwide. As a result, engagement outside the regular AGM season, especially around ESG issues, is required, and some shareholders have begun to expect engagement to take place all year round.

Engagements involving ESG issues may include directors. Consequently, governance teams are increasingly part of engagement programmes that have in the past been part of the IR team's duties. ESG is an evolving area and companies need different levels of resources. One such resource may be an external shareholder engagement and corporate governance advisory consultant. The ideal timing to bring on board this external counsel depends on the objective, but generally speaking, it is best to begin as soon as the objective is set.

As a result of the Exchange's amendments to the Listing Rules, ESG will likely become a more routine board issue by emphasising the board's role in ESG governance. As part of good corporate practices, the integration of ESG principles and frameworks is usually most effective when supported by senior management. Some companies take an ad hoc approach, while others adopt a more structured plan with assigned roles. Ultimately, IR and governance teams will usually benefit from keeping an open mind.

Laks Meyyappan, Chief Executive Officer for Australasia and Savoy Lee, Director and Head of Corporate Advisory for Asia

Georgeson



LIBOR transition – Hong Kong and the Mainland

Richard Mazzochi and David Lam, King & Wood Mallesons, summarise the key points that are most regularly considered in Hong Kong and the Mainland regarding the transition from LIBOR to risk-free rates (RFRs).

The London Interbank Offered Rate (LIBOR) is a benchmark interest rate at which major global banks lend to one another. The LIBOR manipulation cases post the global financial crisis in 2008, however, exposed the LIBOR benchmark rate weaknesses.

In 2017 Andrew Bailey, the then Chief Executive of the UK's Financial Conduct Authority (FCA), announced plans for the FCA not to exercise its power to compel panel banks' submission to determine LIBOR. Almost five years later, the FCA announced on 5 March 2021 that all LIBOR settings will either cease to be published or will no longer be representative at specified future dates (see 'LIBOR transition timeline').

The FCA announcement is another important global milestone in the LIBOR transition. It is clear that transition is charging ahead at full speed and there is no time to waste.

Hong Kong and the Mainland

As an international open economy and the world's third largest US dollar forex trading centre, most debts and bank exposures in Hong Kong are denominated in foreign currencies (in particular US dollars) and are largely LIBOR-based. As of September 2020, the Hong Kong Monetary Authority (HKMA) estimated that there were HK$4.8 trillion of assets and HK$1.4 trillion of liabilities in the Hong Kong banking system referencing LIBOR, representing about 30% and 10%, respectively, of the banking system's total assets and total liabilities denominated in foreign currencies.

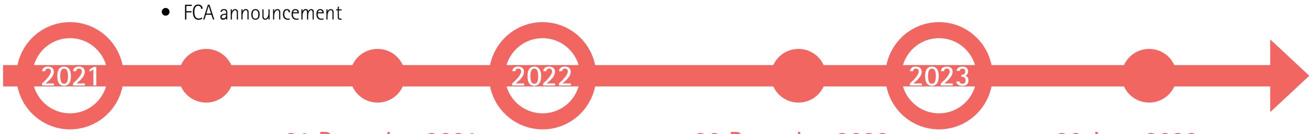
The notional value of derivative contracts referencing LIBOR aggregates to HK$31.6 trillion. More than 40% of these LIBOR-linked assets and liabilities and about 60% of these derivatives contracts mature after 2021 and do not have adequate fallback provisions to cater for a LIBOR discontinuation scenario. The international progress and discussion of

Highlights

- most debts and bank exposures in Hong Kong are denominated in foreign currencies (in particular US dollars) and are largely LIBOR-based
- about 60% of Hong Kong's derivatives contracts mature after 2021 and do not have adequate fallback provisions to cater for a LIBOR discontinuation scenario
- the Hong Kong Monetary Authority wants authorised institutions in Hong Kong to cease issuance of LIBOR-linked products by the end of 2021

LIBOR transition timeline

5 Mar 2021
- FCA announcement



31 December 2021
- The following LIBOR settings will permanently cease to be published after 31 December 2021:
  - All 7 euro LIBOR settings
  - All 7 Swiss franc LIBOR settings
  - Sterling LIBOR settings: overnight, 1wk, 2m, 12m
  - Japanese yen LIBOR settings: Spot-next, 1wk, 2m, 12m
  - USD LIBOR settings: 1wk, 2m
- The following LIBOR settings will permanently cease to be published after 31 December 2021, but subject to consultation (by FCA) be provided post-31 Dec 2021 on a 'synthetic' basis:
  - Japanese yen LIBOR settings: 1m, 3m, 6m
  - Sterling LIBOR settings: 1m, 3m, 6m

30 December 2022
- Japanese yen LIBOR settings of 1m, 3m, 6m (subject to FCA consultation on post-31 Dec 2021 publication on a 'synthetic' basis) will permanently cease to be published

Where any LIBOR setting is published on a 'synthetic' basis:
- they will no longer be representative of the underlying market and economic reality that such setting is intended to measure, and that representativeness will not be restored by the FCA, and
- the FCA's proposed methodology to compute a LIBOR setting synthetically uses a forward-looking term rate version of the relevant RFR plus a fixed spread adjustment (calculated over the same period and in the same way as the spread adjustment implemented in the Interbank Offered Rate (IBOR) Fallbacks Supplement and the 2020 IBOR Fallbacks Protocol published by International Swaps and Derivatives Association (ISDA).

30 June 2023
- The following LIBOR settings will permanently cease to be published after 30 June 2023:
  - USD LIBOR settings: overnight, 12m
- The following LIBOR settings will permanently cease to be published after 30 June 2023, but subject to consultation (by FCA) be provided post-30 June 2023 on a 'synthetic' basis:
  - USD LIBOR settings: 1m, 3m, 6m

Source: King & Wood Mallesons 2021

the LIBOR transition is therefore extremely important and relevant for Hong Kong.

Domestic banks in the Mainland also carry out foreign currency business based on LIBOR and therefore need to undergo LIBOR transition. The issue is on a relatively smaller scale compared to Hong Kong, with LIBOR exposures maturing after 2021 for 15 major domestic banks amounting to around US$900 billion as of Q2 in 2020.

In this article, we provide an update on the progress of the transition relevant to Hong Kong and the Mainland.

Hong Kong

HIBOR and HONIA's coexistence

HIBOR (The Hong Kong Interbank Offered Rate) is a set of reference rates owned by the Hong Kong Association of Banks and has been used as the primary local benchmark in Hong Kong. HONIA (the Hong Kong dollar Overnight Index Average) is an overnight interbank funding rate based solely on transaction data. As a member of the Financial Stability Board (FSB), the working group on Alternative Reference Rates under the Treasury Market Association of Hong Kong followed FSB's recommendation to identify HONIA as the alternative reference rate to HIBOR.

The HKMA has indicated that there is no plan to discontinue HIBOR. Market participants therefore expect HIBOR to coexist with HONIA in the near future. This comes as good news for most Hong Kong market participants as it eases the pressure to develop and transition HIBOR products whilst focusing on transitioning from LIBOR-based contracts.

Hong Kong milestones

In July 2020, the HKMA mandated three milestones to encourage firms to transition away from LIBOR. By 1 January 2021, the HKMA recommended that authorised institutions (AIs) should be in a position to offer products referencing alternate reference rates to LIBOR. AIs should also by 1 January 2021 ensure adequate fallback provisions are included in all newly issued LIBOR-linked contracts maturing after end-2021. AIs are to cease to issue new LIBOR-linked products that will mature after 2021 by end-2021.

Insufficient liquidity in RFR-based products coupled with the lack of forward-looking term RFRs created concerns amongst market participants in transitioning by the original HKMA milestone of mid-2021, a timing earlier than similar milestones in other jurisdictions. For instance, the ICE Benchmark Administration indicated earlier that certain LIBOR tenors will continue to be published until 30 June 2023, whilst the original HKMA milestone to cease issuance of LIBOR-linked products has been set to be two years prior to this date.

For AIs, which should by now be familiar with LIBOR transition, the vast amount of internal coordination amongst different departments and systems, including information technology and systems, the lack of client education and awareness and complex documentation prove early adherence to the milestones to be difficult. Transition is also made more difficult when corporates struggle to understand the potential impact on profits and losses brought about by hedging mismatches and potential value transfer issues.

On 25 March 2021, the HKMA issued an additional circular to indicate that it is no longer appropriate to stick to the earlier timeline to cease new LIBOR-linked products by the end-June 2021, but AIs should continue to press ahead with the LIBOR transition and not issue new LIBOR-linked contracts by the end of 2021.

> “financial institutions in Hong Kong have developed robust plans for LIBOR transition, which incorporate risk quantification and evaluation, systems enhancements and communication plans with their clients”

The impact on derivatives

Most AIs in Hong Kong are global financial institutions which adhere to the ISDA 2020 IBOR Fallbacks Protocol (or with most trades referencing the 2006 ISDA Definitions as supplemented by the IBOR Fallbacks Supplement). All new derivatives entered into on or after 25 January 2021, which reference ISDA's standard definitions (as supplemented by the IBOR Fallbacks Supplement), include the robust fallbacks for interest rate derivatives linked to major IBORs. Adherence to the ISDA 2020 IBOR Fallbacks Protocol means that legacy non-cleared derivatives referencing LIBOR (where both parties have adhered) have been amended to incorporate similar robust fallbacks. ISDA also published various templates for parties that wish to amend their derivatives contracts bilaterally.

The impact on loans

With the HKMA setting its Hong Kong milestones in July 2020, financial institutions in Hong Kong have developed robust plans for LIBOR transition, which incorporate risk quantification and evaluation, systems enhancements and communication plans with their clients. Most clients appear to be aware of the LIBOR transition issue, but there is relatively little interest in lending or borrowing based on RFRs.

In terms of documentation, most clients previously chose to include the Asia Pacific Loan Market Association (APLMA) form of Replacement of Screen Rate language, which simply provides for a lower consent threshold to agree a replacement benchmark rate (than would otherwise apply), but not final details or methodologies for calculating a benchmark rate upon LIBOR cessation. As a result of the FCA announcement, clients are now considering amendments to their transaction documents.

The FCA announcement on 5 March 2021 constitutes a Screen Rate Replacement Event under the Replacement of Screen Rate language and provides for definite cessation dates for certain LIBORs. We therefore expect corporate borrowers to now actively engage with their lenders on LIBOR transition (including adapting a rate switch approach in documentation (meaning the facility is LIBOR-based at the start and will switch to an RFR-based rate upon a trigger event). APLMA has published exposure drafts which we see lenders and borrowers beginning to adopt.

> major banks in the Mainland have comprehensively assessed the impact of LIBOR cessation, and coordinated with their foreign branches to formulate internal LIBOR transition guidelines and plans

The impact on notes/bonds

LIBOR transition remains largely irrelevant as most notes issued in Asia are fixed-rate notes. For floating-rate notes, we have seen a number of approaches, ranging from the Alternative Reference Rates Committee of the United States of America (ARRC) language for new issuances of LIBOR floating-rate notes, to the parties agreeing to appoint a third-party to decide on the relevant replacement RFR. Issuances of RFR notes remain scarce in Hong Kong.

The Mainland

The Working Group

The International benchmark interest rate reform working group (Working Group) was formed under the People's Bank of China's (PBOC) guidance in September 2019. The Working Group is looking at the transition of various LIBOR-referencing products, including bonds, derivatives, deposits and loan products, tracking the latest updates on international benchmark interest rate reform and monitoring domestic LIBOR exposures closely.

The Working Group includes 15 major national banks, including the Bank of China (BOC), Industrial and Commercial Bank of China, Export-Import Bank of China and China Development Bank. As of August 2020, it had held five meetings to discuss the latest updates on LIBOR transition that impact the Chinese domestic market and each member's internal progress on LIBOR transition.

Progress on LIBOR transition

Major banks in the Mainland have comprehensively assessed the impact of LIBOR cessation, and coordinated with their foreign branches to formulate internal LIBOR transition guidelines and plans. PBOC has not set any milestones for domestic banks to ensure cessation of LIBOR-based financial products, but PBOC indicated it will do so according to the benchmark interest rate transition progress domestically.

Examples of developing RFR-based products include BOC's investment in RFR-based bonds and notes, and secured overnight financing rate-based (SOFR-based) debt instruments issuance in the US onshore market since 2019. In early 2020, the China Foreign Exchange Trade System launched new derivative products referencing new RFRs where domestic banks had participated in cross-currency swaps and interest rate swap transactions referencing SOFR and other RFRs.

PBOC had also requested the National Association of Financial Market Institutional Investors to revise derivatives agreements and definitions as soon as possible taking into account LIBOR transition, particularly as the National Association of Financial Market Institutional Investors (NAFMII) agreements have not been included as in-scope documents under the ISDA 2020 IBOR Fallbacks Protocol.

Future developments

The White Paper Participating in International Benchmark Interest Rate Reform and Improving China's Benchmark Interest Rate System provides an overview of existing interest rates in the Mainland repo and interbank market, including Depository-Institutions Repo Rate (DR), which is the expected RFR to be developed and adopted in the future, given that this rate best reflects the level of liquidity and funding rates in the banking sector, its relatively high market recognition and its close resemblance to an RFR.

The next priority in the development of the Mainland's benchmark interest rate system is to promote the wider use of DR in derivatives transactions and interbank businesses (especially in certificate of deposit issues, interbank lending and deposits). PBOC also indicated that it will look to construct term rates based on the short-term DR.

Richard Mazzochi and David Lam
King & Wood Mallesons

Enforcement Series – Practical Review of Major Enforcement Regimes and Themes (Six Online Webinars)

An important regulatory tool for regulators is enforcement. It educates the marketplace that regulators not only have the powers, but more importantly, will exercise them. The governance professional most certainly will not want their organisations, nor people associated with them, to be at the receiving end of enforcement. This is because being investigated is costly and stressful, and being found in breach carries pecuniary, reputational and/or personal repercussions. HKICS is accordingly delighted to package and run a series of enforcement sessions from June to September 2021, with participation by regulators and seasoned professionals, to provide a review of major enforcement regimes and themes. Interested parties are invited to join any or all of the following six sessions:

DATE	TIME	TOPIC	SPEAKER(S)
30 June 2021	4.00pm–5.30pm	Competition Law Enforcement	Mr Steven Parker, Executive Director (Legal Services), Competition Commission Mr Stephen Ryan, Head (Legal Advisory), Competition Commission
14 July 2021	4.00pm–5.30pm	SFC Enforcement	Mr Alan Linning, Partner, Mayer Brown
3 August 2021	4.00pm–5.30pm	FRC Enforcement	Mr Marek Grabowski, Chief Executive Officer and Executive Director, Financial Reporting Council
18 August 2021	4.00pm–5.30pm	HKEX Enforcement (Part 1)	Ms Ellie Pang, Chief Executive, HKICS
7 September 2021	4.00pm–5.30pm	HKMA Enforcement: Update	Ms Jill Wong, Partner, Howse Williams
28 September 2021	4.00pm–5.30pm	HKEX Enforcement (Part 2)	Ms Donna Wacker, Partner, Clifford Chance Mr Michael Wang, Consultant, Clifford Chance

Language:	English
Venue:	This is via online webinar mode. No physical attendance is required.
HKICS Accreditations:	1.5 ECPD points per session
Fee:	HK$320 per session per HKICS member HK$230 per session per HKICS student HK$420 per session per non-member

Register Now!

For enquiries, please contact the Institute's Professional Development Section: 2881 6177, or email: cpd@hkics.org.hk.

For details, please visit the CPD section of the Institute's website: www.hkics.org.hk.

The Hong Kong Institute of Chartered Secretaries 香港特許秘書公會
(Incorporated in Hong Kong with limited liability by guarantee)
3/F, Hong Kong Diamond Exchange Building, 8 Duddell Street, Central, Hong Kong
Tel: (852) 2881 6177 Fax: (852) 2881 5050 Email: cpd@hkics.org.hk Website: www.hkics.org.hk

"studying for the Institute's qualification broadened my insights into corporate governance, which is key to every aspect of business"

Mike Chan FCG FCS, Institute Professional Development Committee member, and Fraud Control Officer and Head of Operational Risk Management, CMB Wing Lung Bank Ltd

Photographer: Michael Kistler

Mike Chan FCG FCS

What is your role as a governance professional?
'I have been working in a licensed bank in Hong Kong as Fraud Control Officer and Head of Operational Risk Management for 10 years. My team and I represent the first and second lines of defense for risk management at the bank, a subsidiary of a top-tier Mainland banking group. My primary responsibility is to identify, monitor and report operational risk exposures relating to people, processes, systems and external sources.'

What was your career path to your current role?
'After graduating in business and economics, I started my career in financial auditing and pursued my postgraduate degree and professional designation in accounting at the same time. Working in a professional services firm, I got valuable career experience in many areas of governance. I then moved to banking. I took the qualification exams of The Hong Kong Institute of Chartered Secretaries (the Institute), advanced my knowledge in areas including compliance, law and company secretaryship. Most importantly, studying for the Institute's qualification broadened my insights into corporate governance, which is key to every aspect of business. Some people have deliberate, well-planned career paths, while others take it one job at a time. Either approach, or a combination of the two, can be successful, but my advice would be to be flexible and to be open to making lateral moves while keeping your ultimate goals in mind.'

What value does governance bring to organisations and to wider society?
'Strong and effective corporate governance cultivate a company culture of integrity, leading to positive performance and an overall sustainable business. Essentially, it exists to increase the accountability of all individuals and teams within the company, working to avoid mistakes before they occur. When a company has solid corporate governance, it signals to the market that the organisation is well managed and that the interests of management are aligned with external stakeholders. The better the governance, the more attractive the organisation is to investors especially in an open economy like Hong Kong.'

What qualities do you think are needed to be a successful governance professional?
'In addition to the traditional skills, I think interconnected thinking and being open minded are important traits. Having interconnected thinking demonstrates an ability to view business issues from multiple perspectives and to combine different types of information into a single, unified big picture or holistic view. Being open-minded helps governance professionals to serve the common good through shared values. It harnesses the practical wisdom of others through collaborative problem-solving. We also need to keep pace with the broader changes affecting our organisations. The Covid pandemic and geopolitical tensions around the world, for example, along with a more complex regulatory environment, technological disruption and increased stakeholder demands for disclosure, have made the business environment a lot more complex. In this context, we need to continually maintain and improve our knowledge base and skill sets through a combination of work experience and ongoing education.'

How do you think governance will evolve in the future?
'I think governance will focus more on areas such as crisis and risk management, and there will be more focus on the role of governance professionals in assisting the board and management in this regard. There will also be more emphasis on the need to build organisations' resilience.'

What inspires you in your life and work?
'My life and work can be viewed as following the traditional project management system of: plan, do, check and act.'

How do you fill your time outside work?
'Family time is a must no matter how busy you are and staying healthy is a responsibility to yourself and your family. I like connecting with nature, as well as hiking and jogging with my family. I also treasure my volunteering work for professional bodies. The opportunity to share insights with people from different professional backgrounds and expertise certainly helps develop interconnected thinking.' CSj

Photographer: Michael Kistler

Mung-Lam Suen FCG FCS

What is your role as a governance professional?
'I am currently a director of the GoGlobal Group, which is a global employment outsourcing company supporting clients to employ cross-border talent in an effective and compliant manner. My main role is to develop the company's human resources (HR) strategy, policies and practices globally. I also provide HR governance insights country-by-country internally, as well as to clients in order to help them navigate their employment compliance obligations.'

What was your career path to your current role?
'I started my career in Japan in an international business process outsourcing company that serves multinational companies in Japan. After some years, I relocated back to Hong Kong to assist the company set up its first overseas branch. Then I decided to join GoGlobal, which was a new start-up when I joined in 2018, to pursue my interest in working in HR governance and compliance.'

What value does governance bring to organisations and to wider society?
'Governance helps to ensure that strategic decisions made at all levels in organisations are effective and able to contribute to the business in a positive way. It also helps to mitigate risk and protect the best interests of stakeholders. Countries with good governance systems are better able to increase trust and build up a good reputation, which helps to attract more foreign investment and boost the economy.'

> "we need to have the courage to challenge decisions we don't agree with, to highlight any compliance risks and to ensure that the organisation's core values are not overridden in the pursuit of profit"

Mung-Lam Suen FCG FCS, Director, GoGlobal Group

What qualities do you think are needed to be a successful governance professional?
'The ultimate goal is to use our knowledge and experience to support and strengthen the board's decision-making process. We need to have the courage to challenge decisions we don't agree with, to highlight any compliance risks and to ensure that the organisation's core values are not overridden in the pursuit of profit. Last but not least, we need to be prepared for crises.'

How do you think governance will evolve in the future?
'With the advances of technology and environmental changes, particularly after the Covid pandemic, we are moving to a higher-risk environment compared with a few years ago. This does not mean that we should try to achieve zero risk – an organisation taking too little risk is in danger since risk is an inevitable part of innovation and pursuing new opportunities. Finding the right balance, with a proper contingency plan, is the challenge and it is impossible to achieve this perfectly.'

What inspires you in your life and work?
'My inspiration comes from the people I work with. I like working towards a common goal, channeling the ideas and creativities of team members to achieve something that might have looked impossible. On the other hand, inspiration also comes from those giving me a hard time. I do not see this as a negative thing – criticism shows me the way to self-improvement.'

How do you fill your time outside work?
'As a mother of two little boys, I don't have a lot of "me" time. Fortunately, GoGlobal offers flexible working arrangements to employees – "work anywhere, anytime" is our culture. This gives me flexibility to arrange my schedule as an employee of GoGlobal, a mum of my kids, a wife of my husband and a daughter of my parents. I enjoy spending time with my family and the thing I miss most from our pre-pandemic lives is the ability to go on family trips.'

Professional Development

Seminars: March 2021

4 March

Company secretarial practical training series: how to run an effective annual general meeting (AGM) during Covid-19

Chair: *Desmond Lau ACG ACS, Institute Professional Development Director*

Speakers: *Terry Ip FCG FCS, Director of Share Registry and Issuer Services, and Carmen So FCG FCS(PE), Director of Corporate Services; Tricor Services Ltd*

8 March

Missing opportunities? A review of gender diversity on Hong Kong boards

Chair: *Gillian Meller FCG FCS, Institute President, and Legal and Governance Director of MTR Corporation Ltd*

Speakers: *Teresa Ko BBS JP, Former Chairman, Listing Committee of the Hong Kong Stock Exchange, and Partner and China Chairman, Freshfields Bruckhaus Deringer; Nicholas Allen, Chairman & Independent Non-Executive Director, Link Asset Management Ltd; Jenny Chiu, Executive Director/Senior Director – Human Resources, New World Development Company Ltd; Amar Gill, Managing Director and Head of Investment Stewardship, APAC, BlackRock; Edith Shih FCG(CS, CGP) FCS(CS, CGP)(PE), CGI Immediate Past International President, Institute Past President, and Executive Director and Company Secretary, CK Hutchison Holdings Ltd; Fiona Nott, Chief Executive Officer, The Women's Foundation; Janet Ledger, Chief Operating Officer, Community Business; Lau Ka Shi BBS FCG FCS, Institute Technical Consultation Panel – Public Governance Interest Group member, and Managing Director & CEO, BCT Group (BCT Financial Ltd & Bank Consortium Trust Co Ltd); Neil Waters, Consultant, Egon Zehnder; Pru Bennett, Partner, Brunswick Group; and Tim Payne, Senior Partner, Brunswick Group, and Chair, Steering Committee, 30% Club Hong Kong*

11 March

Debunking the cloud transformation mystery: case studies to enhance cybersecurity, data confidentiality and compliance when working away from the office

Chair: *Elaine Chong FCG FCS, Institute Professional Development Committee member, and General Counsel-Hong Kong, CLP Power Hong Kong Ltd*

Speaker: *Daryl Li, Senior Manager, Cybersecurity, PwC*

17 March

Privatisation via a scheme of arrangement: overview and case studies

Speakers: *Richard Leung JP, FCG FCS, Institute Past President, and Barrister-at-law, Des Voeux Chambers; and Ronald Pang, Barrister-at-law, Gary Soo's Chambers*

18 March

Navigating the next chapter in U.S.–China trade

Chair: *Bill Wang FCG FCS, Institute Council member, Professional Development Committee member, Technical Consultation Panel (TCP) member, TCP – Securities Law and Regulation Interest Group member and Mainland China Focus Group member, and Executive Vice President and Senior Legal Expert, Industrial and Commercial Bank of China (Asia) Ltd*

Speaker: *Tatman R Savio, Partner, Akin Gump Strauss Hauer & Feld LLP*

22 March
Security token offering: overview and case sharing

Chair: *Mohan Datwani FCG(CS, CGP) FCS(CS, CGP)(PE), Institute Deputy Chief Executive*

Speaker: *Henry Yu, Founding Partner, L & Y Law Office In Association with Henry Yu & Associates*

24 March
Family offices as part of wealth management planning

Chair: *Daniel Chow FCG FCS(PE), Institute Treasurer, Council member, Education Committee member, Assessment Review Panel member, Professional Development Committee member and Investment Strategy Task Force member, and Senior Managing Director, Corporate Finance & Restructuring, FTI Consulting*

Speakers: *Chee Weng Lee, Global Head of Tax, and Michael Shue, Managing Director – Trust Services; Tricor Services Ltd*

25 March
Update on economic substance regimes in the Cayman Islands and British Virgin Islands

Chair: *Kitty Liu FCG FCS, Company Secretarial Consultant, Law Department of the Hong Kong office, AIA International Ltd*

Speakers: *Alexander Doyle, Associate, Yvonne Lee, Legal Manager, and Miranda Ho ACG ACS(PE), Chartered Secretary and Supervisor of Client Corporate Service; Conyers Dill & Pearman*

29 March
Practical ways to resolve tax disputes – strategies and tactics

Chair: *Susan Lo FCG FCS*

Speakers: *Philip Hung, Director, Tax Controversy Services, and Felix Tsang, Senior Manager, Tax Controversy Services; PwC*

30 March
Anti-money laundering/ counter financing of terrorism (AML/CFT) measures – an update with discussion on control measures

Chair: *Edmond Chiu FCG FCS(PE), Institute Council member, Membership Committee Vice-Chairman, Professional Services Panel Chairman and AML/CFT Work Group member, and Executive Director, Corporate Services, Vistra Corporate Services (HK) Ltd*

Speakers: *Gloria So, CPA (HK), CIA, CISA, MSc, Partner, and Joyce Wong, CPA (Australia), CIA, Assistant Manager; ShineWing Hong Kong*

Video-recorded CPD seminars

Some of the Institute's previous ECPD seminars/webinars can now be viewed on The Open University of Hong Kong's online e-CPD seminars platform.

For details of the Institute's video-recorded CPD seminars, please visit the CPD section of the Institute's website: www.hkics.org.hk. For enquiries, please contact the Institute's Professional Development Section: 2830 6011, or email: cpd@hkics.org.hk.

Professional Development (continued)

ECPD forthcoming webinars

Date	Time	Topic	ECPD points
21 May 2021	2.30pm–4pm	Limited partnership funds & tax concessions for carried interest – latest updates	1.5
24 May 2021	6.45pm–8.15pm	E-proxy – practical governance issues	1.5
25 May 2021	4.00pm–5.30pm	Mediation techniques to resolve disputes – with practical case illustrations	1.5
17 June 2021	4.00pm–5.30pm	Creating long-term value through a robust whistleblower framework	1.5

For details of forthcoming seminars/webinars, please visit the CPD section of the Institute's website: www.hkics.org.hk.

Membership

Institute fee structure 2021/2022

The Council, having taken into consideration the current financial resources of the Institute, has resolved to maintain the annual subscription fee and all other fees for members, graduates, students and Affiliated Persons for the year 2021/2022 at the same level as for 2019/2020.

Subscription and related fees for members, graduates, students and Affiliated Persons for the year 2021/2022, which will apply from 1 July 2021 to 30 June 2022, are set out below.

Members and graduates

Items	Amount (HK$)
Annual subscription	
Fellows	2,620
Associates	2,240
Graduates (holding the status for less than 10 years, ie on or after 1 August 2011)	1,930
Graduates (holding the status for more than 10 years, ie before 1 August 2011)	2,620
Concessionary subscription	
Retired rate (note 1)	500
Reduced rate (note 1)	500
Hardship rate (note 1)	1
Senior rate (note 2)	100
Election fees	
Fellows (note 3)	1,000
Associates	2,000
Graduate advancement fee	1,930
Re-election fees	
Fellows	3,300
Associates	3,000
Graduates	2,500
Other fees	
Membership or graduate card replacement	200
Certificate replacement (member/graduate/Affiliated Person)	200
Membership or graduateship confirmation	250
Transcript application	200 per copy
Replacement for pin (member/graduate/Affiliated Person)	100

Affiliated Persons Programme in the Mainland

Items	Amount (HK$)
Annual subscription	2,290
Registration fee (for new Affiliated Person who registered between 1 July and 31 December)	2,290
Registration fee (for new Affiliated Person who registered between 1 January and 30 June)	1,145

Membership (continued)

Students

Items	Amount (HK$)
Registration fee	1,280
Re-registration fee	1,500
Renewal fee (note 4)	800
Late studentship registration administration charge (note 5)	650
Examination fee	1,100 per module
Examination postponement fee	850 per module
Examination appeal fee	2,200 per module
Exemption fee	1,100 per module
Exemption reapplication administration charge (note 6)	700 per module
Transcript application	200 per copy
Examination technique workshop	500 per workshop
CCA late registration charge	450 per month
Studentship card replacement	200
Replacement for pin (student)	100

Notes:

1. Members and graduates are eligible to apply for the retired, reduced or hardship rate if they have fulfilled the respective requirements, subject to the Membership Committee's approval. Members and graduates can submit their application forms online via their user account. Application forms can be downloaded from the Membership section of the Institute's website: www.hkics.org.hk. The application deadline for any concessionary subscription for the year 2021/2022 is **Monday 31 May 2021**.

2. The senior rate is automatically granted to eligible members by the Institute. No application is required.

3. The special rate for the Fellows election fee at HK$1,000 will continue to be applicable during the year 2021/2022.

4. The new policy on studentship renewal and registration will take effect from 1 July 2021. Please refer to page 47 for details.

5. An administration charge will be applied to late studentship registrations submitted within the following specified periods for taking the corresponding examinations in November and June.

Late studentship registration period	Examination diet
1–15 August 2021	November 2021
1–15 February 2022	June 2022

6. An additional administration charge for each exemption reapplication will be applied to students who do not settle their exemption fees within the designated period of time following the approved exemption.

The membership/graduateship renewal notice, together with the debit note for the year 2021/2022, will be sent to all members and graduates by email to their designated email addresses in July 2021. Members and graduates should settle their payment as soon as possible, but no later than Thursday 30 September 2021. Failure to pay by the deadline will constitute grounds for membership or graduateship removal.

For enquiries, please contact the Institute's Secretariat: 2881 6177, or email as appropriate: member@hkics.org.hk, or student@hkics.org.hk.

New Fellows

The Institute would like to congratulate the following Fellows elected in March 2021.

Fung Wai Hang FCG FCS

Mr Fung is an Executive Director and Company Secretary at Anchorstone Holdings Ltd (Stock Code: 1592). He oversees the finance, accounting, administration and compliance functions of the group. Mr Fung obtained a bachelor's degree in business administration from The Chinese University of Hong Kong and a master's degree in business administration from Fudan University. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and a Chartered Global Management Accountant of Chartered Institute of Management Accountants.

Gu Yuanping FCG FCS

Mr Gu is the Legal Director at Hong Kong Huafa Investment Holdings Ltd, a subsidiary of Zhuhai Huafa Group. He also oversees the Huafa Property Services Group Company Ltd (Stock Code: 982). Mr Gu holds a bachelor's degree in law from Sun Yat-Sen University, a master's degree in laws from The Chinese University of Hong Kong, and a Master of Science in Corporate Governance and Compliance from Hong Kong Baptist University.

Ko Chi Ho FCG FCS

Mr Ko is a director of principal subsidiaries at Beijing Gas Blue Sky Holdings Ltd (Stock Code: 6828). He also serves as a director at Falcon Management Consultancy Ltd. Prior to his current employment, Mr Ko worked as Director of Greater China and Hong Kong at Labuan IBFC of the Malaysian Government. Mr Ko graduated from Warwick Business School and is a registered Certified Public Accountant in United Kingdom and Hong Kong.

Lam Lai Kuen, Katrina FCG FCS

Ms Lam serves as the Joint Company Secretary at China Shandong Hi-Speed Financial Group Ltd (Stock Code: 412). She holds a bachelor's degree in art from The Chinese University of Hong Kong and a bachelor's degree in law from Manchester Metropolitan University, United Kingdom.

Li Siu Ping, Jasmine FCG FCS(PE)

Ms Li holds senior company secretarial positions at different listed companies. She graduated from Ottawa University with a bachelor's degree in business administration and holds a master's degree in corporate governance from The Open University of Hong Kong.

Ng Cheuk Him, Charles FCG FCS

Mr Ng is the Head of Company Secretarial Department of Profit Accounting. He is primarily responsible for company secretarial, corporate governance, risk management and regulatory compliance matters. Mr Ng holds a bachelor's degree in accounting from the Krannert School of Management, Purdue University and a master's degree in corporate governance from The Hong Kong Polytechnic University.

Wan Tin Yau, Alvin FCG FCS

Mr Wan is currently the Managing Director at Moores Rowland (HK) CPA Ltd and a part-time lecturer for various professional examinations. He is a frequent speaker for CPD programmes for practising accountants. After obtaining his first degree in accountancy from City University of Hong Kong, he pursued six master's degrees in professional accounting, corporate finance, information systems, Chinese business laws, business administration and corporate governance.

Chan Chun Mang, Truman FCG FCS

Senior Manager, Tricor Services Ltd

Cheng Ching Fu FCG FCS

Executive Director, Chief Financial Officer and Company Secretary, Beijing Properties Holdings Ltd (Stock Code: 925)

Chung Oi Yin, Irene FCG FCS

Senior Manager, Company Secretarial Department, Hensen Business Services Ltd

Luo Nan FCG FCS

Board Secretary, Company Secretary, General Manager of Board Secretariat, Bank of China (Hong Kong) Ltd (Stock Code: 2388)

Yeung Tsz Kit, Alban FCG FCS

Chief Financial Officer and Company Secretary, Yik Wo International Holdings Ltd (Stock Code: 8659)

Membership (continued)

New graduates

The Institute would like to congratulate our new graduates listed below.

Chu Kwok Ching	Liu Fuk Ming	Qi Weiwei
Leung Wan Kiu	Luk Cheuk Ying	Wan Kwok Po

Membership activities: April 2021

10 April

Mentorship Programme Mentors' Training – communicating across the generational divide

21 April

Employment opportunities for governance professionals in Hong Kong and the Greater Bay Area

Forthcoming membership activities

Date	Time	Event
26 May 2021	1.00pm–2.00pm	Run better: correct running posture and techniques (free webinar)
12 June 2021	9.45am–12.00pm	Fun & Interest Group – candle-making workshop (morning session)
12 June 2021	1.45pm–4.00pm	Fun & Interest Group – candle-making workshop (afternoon session)
17 June 2021	1.00pm–2.00pm	Email scams, phone frauds & fund recovery actions (free webinar)

For details of forthcoming membership activities, please visit the Events section of the Institute's website: www.hkics.org.hk.

Advocacy

The 22nd Annual Corporate and Regulatory Update (online conference) – register now!

The Institute's 22nd Annual Corporate and Regulatory Update (ACRU 2021) will be held on 11 June 2021. It is our privilege to have The Honourable Christopher Hui Ching-yu JP, Secretary for Financial Services and the Treasury (FSTB), The HKSAR Government, as our Guest of Honour.

ACRU 2021 will feature a sharing by the government of some of their important initiatives for the promotion of Hong Kong as an international financial centre, and will provide an update of significant emerging regulatory developments, concerns and enforcement trends. FSTB and the Privacy Commissioner for Personal Data will be joining the Companies Registry, Hong Kong Exchanges and Clearing Ltd and the Securities and Futures Commission this year.

For details and registration, please visit the ACRU 2021 website: www.acru.hkics.org.hk

Enforcement series – practical review of major enforcement regimes and themes (online conference)

An important regulatory tool for regulators is enforcement. This lets the market-place know that regulators not only have the powers but, more importantly, will exercise them. Governance professionals most certainly will not want their organisations, nor the people associated with them, to be at the receiving end of an enforcement action – being investigated is costly and stressful, and being found in breach carries pecuniary, reputational and/or personal repercussions. The Institute is accordingly delighted to package and run a series of enforcement seminars, with participation by regulators and seasoned professionals, to provide a review of the major enforcement regimes and themes.

Advocacy (continued)

Name change initiative – FAQs

On 3 May 2021, the Institute published a set of frequently asked questions (FAQs) that addresses a number of pertinent issues relating to the Institute's name change initiative. This follows on from two focus group meetings, as well as four Members' and Students' Forums, titled, 'Building our new identity – invitation to Members' and Students' Forums on the Institute's name change initiative', held in Putonghua, English and Cantonese.

For details, please visit the News section of the Institute's website: www.hkics.org.hk.

If you have any comments or questions concerning the name change, please send them by email to: member@hkics.org.hk on or before Thursday 3 June 2021.

Institute review report – Missing Opportunities? A Review of Gender Diversity on Hong Kong Boards

The Chinese version of the Institute's latest review report titled, Missing Opportunities? A Review of Gender Diversity on Hong Kong Boards, is now available on the Institute website. The review report shows the inadequate representation of women on the boards of Hong Kong listed companies. While Hong Kong is at the top of the global league in terms of IPO fund raising, its position in relation to gender diversity is dismal. Hong Kong ranks 23rd in the average percentage of women on boards by reference to 26 market indices in a 2019 survey, where only one in seven directors (or around 14%) of Hong Kong's listed company directors are women.

In order to address the issue, the Institute has called for the regulatory imposition of a 30% target for women on boards over a six-year period under a 'comply or explain' regime. This represents an attempt to rectify the under-representation of women on the boards of listed entities in Hong Kong.

To view the review report, please visit the Publications section of the Institute's website: www.hkics.org.hk.

CSj goes green

As part of its commitment to preserving the environment, the Institute's Council offers Institute members, graduates and students the option of receiving an electronic version of CSj. The monthly journal was made available on the Institute's website from August 2015 onwards. The Institute is pleased to report that 4,705 members, graduates and students have opted for the electronic version (eCSj) as of 30 June 2020.

Members and graduates may change their means of receiving CSj once a year, anytime between 1 May and 31 May, opting for either a physical copy or the electronic version. If any member or graduate would like to do so for the financial year starting from 1 July 2021, you can update your preference online under the Profile section of your Institute user account on or before Monday 31 May 2021. Otherwise, your option from the previous year will continue to apply in the year 2021/2022.

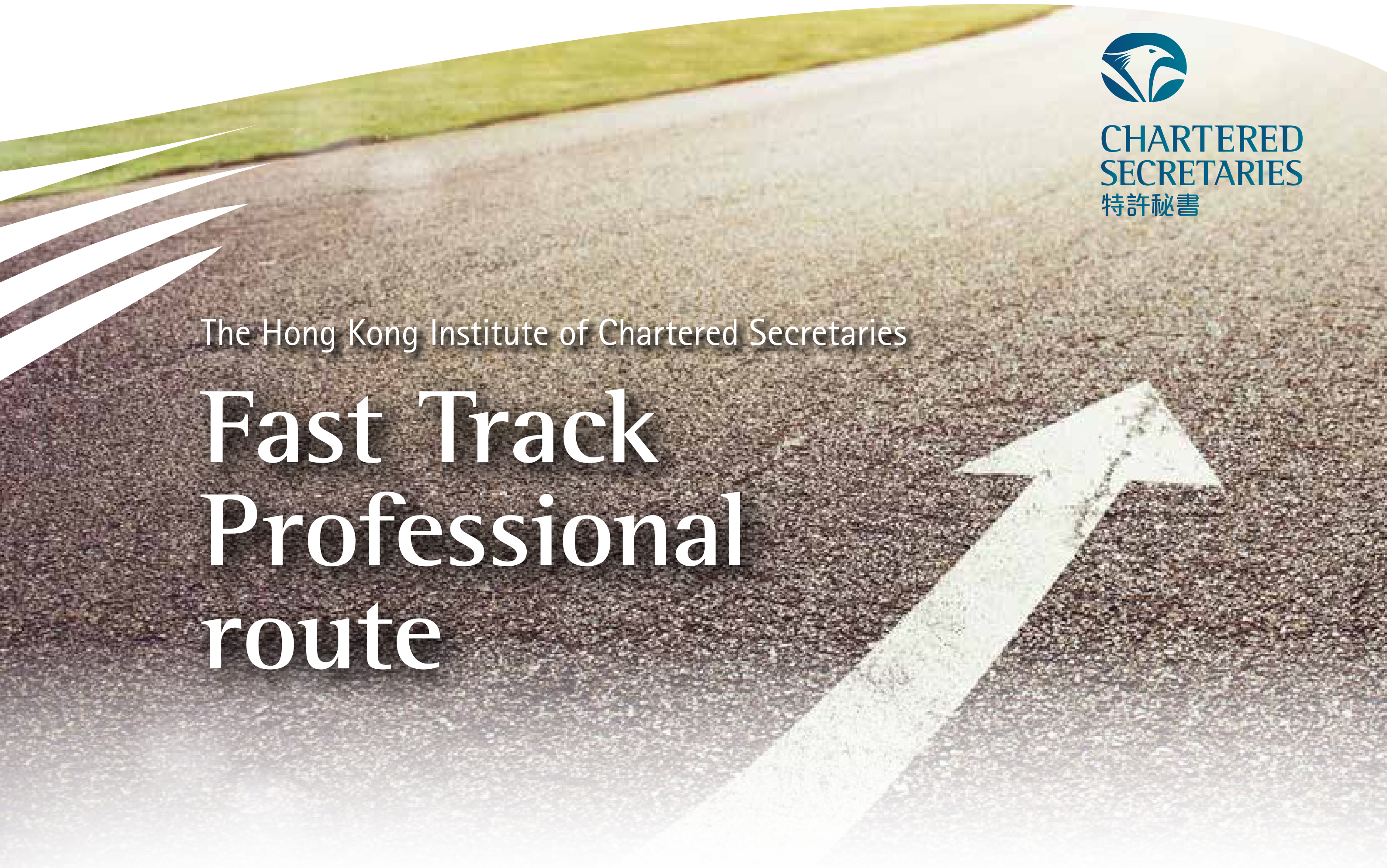
For enquiries, please contact Rose Yeung of the Membership Section at 2830 6051, or email: member@hkics.org.hk.

Advocacy (continued)

2021 Regional Board Secretary Panel meetings

The Institute organised four Regional Board Secretary Panel (RBSP) meetings, titled 'Update on the regulatory revision of the Hong Kong Stock Exchange's enhanced disciplinary and practical issues', in Chengdu, Shenzhen, Beijing and Shanghai on 1, 2, 8 and 9 April 2021, respectively. A total of 103 local board secretaries, directors and governance-related senior executives from companies listed in Hong Kong participated and shared their views on the topic. Each meeting was followed by a dinner engagement, providing an opportunity for participants to further exchange knowledge and experiences.

The Institute would like to express our gratitude to DLA Piper UK LLP for sponsoring the Beijing RBSP meeting, and to AviChina Industry & Technology Company Ltd, Everbright Securities Co, Ltd, Ping An Insurance (Group) Company of China, Ltd, and Xinhua Winshare Publishing and Media Co, Ltd for their support in hosting each of the RBSP meetings.



CHARTERED SECRETARIES 特許秘書

The Hong Kong Institute of Chartered Secretaries

Fast Track Professional route

An accelerated route to become a Chartered Secretary and Chartered Governance Professional

Qualified lawyers or accountants with 5+ years of relevant post-qualifying experience → **Completion of two CGQP modules: Corporate Governance and Risk Management** → **Become a CGI & HKICS member**

Qualified lawyers or accountants with more than five years of relevant post-qualifying experience may now be eligible for membership of CGI and HKICS by completing only two of the seven modules, namely Corporate Governance and Risk Management, of the qualifying programme (CGQP) of CGI and HKICS. Please visit the Institute's website for more information on the Fast Track Professional route!

All applications are subject to the final decision of the Institute. For details, please visit the Fast Track Professional page under the Studentship section of the Institute's website: www.hkics.org.hk.

For enquiries, please contact Leaf Tai: 2830 6010 or Lily Or: 2830 6039, or email: student@hkics.org.hk.

Chartered Governance Qualifying Programme (CGQP)

June 2021 examinations

Admission slips, together with the information packs, including 'Precautionary measures at examination centres' and 'Instructions to candidates', will be released on 18 May 2021. All candidates are reminded to follow the instructions and precautionary measures before entering the examination centres.

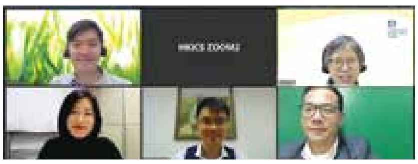
For details, please visit the Examinations page under the Studentship section of the Institute's website: www.hkics.org.hk.

For enquiries, please contact Leaf Tai: 2830 6010, or email: exam@hkics.org.hk.

Studentship activities: April 2021

19 April

Student Gathering (4): experience sharing on preparation of CGQP examinations



20 April

Students' Forum on the Institute's name change initiative

22 April

香港特许秘书公会专业资格快速获取途径(Fast Track Professional route)说明会

Forthcoming studentship activities

Date	Time	Event
27 May 2021	6.30pm–7.30pm	Governance Professionals Information Session (English session)

Career talks and fairs at local universities/institutions

The Institute continues to liaise closely with local universities/institutions to promote the dual qualification of Chartered Secretary and Chartered Governance Professional, as well as related career opportunities, to undergraduates. The Institute arranged with local universities/institutions to hold the following career talks for their respective students in April and May 2021.

Date	Universities/Institutions
14 April 2021	Hong Kong Shue Yan University
26 April 2021	Caritas Institute of Higher Education
4 May 2021	The Education University of Hong Kong

All undergraduates found these career talks and fairs very useful.

Notice

New policy on studentship renewal and registration (effective from 1 July 2021)

The following policies on studentship renewal and registration were approved by the Council with the aim of streamlining the process of studentship renewal and registration. These policies will take effect from 2021/2022 onwards (that is, from 1 July 2021):

Studentship renewal:
The studentship expiry date for all students will be unified and will now fall on the last day of the Institute's financial year (that is, on 30 June) each year. During the transition period in year 2021/2022, all students will be given a three-month period to settle their renewal fee on a pro rata basis, subject to their current studentship expiry month.

Payment of student renewal fee for new graduates:
Before admission to graduateship of the Institute, all students must renew their studentship by settling the student renewal fee for the following year.

Studentship expiry date for new student registration/re-registration:
Studentship for those who register/re-register from year 2021/2022 onwards will expire on 30 June of the following year, irrespective of the confirmation date of their studentship during the year. Applicants are required to pay the studentship registration/re-registration fee upon application.

For details, please visit the News section of the Institute's website: www.hkics.org.hk.

New policy on exemption application (effective from 1 July 2021)

The revised Chartered Governance Qualifying Programme exemption policy will take effect from 1 July 2021 onwards.

For details, please visit the Studentship section of the Institute's website: www.hkics.org.hk.

Policy – payment reminder

Studentship renewal
Students whose studentship expired in March 2021 are reminded to settle the renewal payment by Sunday 23 May 2021. Failure to settle the renewal payment by the deadline will result in removal of studentship.

Reminder – new Fast Track Professional route

With effect from 1 January 2021, a new Fast Track Professional route is available for qualified lawyers or accountants who wish to become a Chartered Secretary and Chartered Governance Professional.

For details, please visit the Fast Track Professional page under the Studentship section of the Institute's website: www.hkics.org.hk.

Reminder – updated CGQP syllabus and recommended study materials

The updated syllabus and recommended study materials are now available online.

For details, please visit the Syllabus page under the Studentship section of the Institute's website: www.hkics.org.hk.

Learning support for CGQP examination preparations

Videos of the following student gatherings are available on the Institute's website under the Studentship section:

Student Gathering (1): update on the CGQP and how to use the PrimeLaw online platform
Student Gathering (2): how to study for the CGQP modules – session one (Law, Governance and Compliance modules)
Student Gathering (3): how to study for the CGQP modules – session two (Accounting and Management modules)
Student Gathering (4): experience sharing on preparation of CGQP examinations

For details, please visit the Student Gatherings page under the Studentship section of the Institute's website: www.hkics.org.hk.

Featured Job Openings

Company name	Position
Governance Recruitment International	Director (or Manager), Governance
Progress Holdings Ltd	Company Secretarial Assistant/Officer
Sterling Private Management Ltd	Company Secretarial Officer /Trust Administrator
Shenzhen International Holdings Ltd	Company Secretarial Officer
Hongkong Land Group Ltd	Assistant Company Secretarial Manager
The Hong Kong Institute of Chartered Secretaries	Company Secretarial Assistant (Ref: CSA2021-05)
Conyers Dill & Pearman	Corporate Administrator

For details of job openings, please visit the Job Openings section of the Institute's website: www.hkics.org.hk