

# “Accountant INED program”- By Man See Yee, Florence

## Objective

**Provide CPAs an alternative income stream**

**Assist listed companies to find capable INED talents**

Recommend the implementation of “Accountants INED Program” to the Institute; Provide training and certification for independent non-executive directors (INED); Establish an “Accountants INED Platform” to link trained accountants with listed companies seeking INED talents

## “Accountant INED program” details

**(The following is a preliminary proposal of the project. Detailed terms and conditions are subject to consultation and in depth study with all stakeholders. Recommendations for improvements are welcomed.)**

1. The Institute will take the lead in providing INED trainings.
2. Eligible CPAs for the INED trainings is currently set at CPAs with 5-year experience (This definition requires further consultation)
3. The training can refer to the format of the training currently providing by HKICPA and The Hong Kong Institute of Directors (HKIoD), the “HKICPA/ HKIoD joint workshop: Executive Programme for Accountants Independent Non-Executive Directors Practices for Accountants”, but the format, training content, etc., can be adjusted accordingly.
4. All members who have completed the relevant training will be awarded the "Qualified INED certificate" issued by the HKICPA.
5. The HKICPA will establish an “Accountants INED Platform” to for all CPAs who have completed the INED trainings and obtained the "Qualified INED certificate”.
6. The “Accountants INED Platform” is a multi-functional platform. It is not only a channel for listed company to look for talented accountants to become an INED, but is also a platform for current accountant INEDs and the accounts who want to be INEDs who obtained the "Qualified INED certificate” to exchange ideas and view.
7. The HKICPA may also consider co-operating with the Hong Kong Independent Non-executive Directors Association (HKiNEDA) and let accounts who obtained the "Qualified INED certificate” to become affiliate members of HKiNEDA and list them in the “Talent Pool” of HKiNEDA.

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## **Market demand for INEDs**

According to the HKEX statistics, from 2010 to 2015, except for 2012 with only 64 new listed companies, there are over 100 companies listed on the Main Board and the GEM, the new listed companies were up to 138 in 2015 (including 104 Main Board new listed companies and 34 GEM new listed companies). Up to the date of this proposal as at 10 November, 2016, there were 1,947 listed companies in Hong Kong (1,698 on Main Board and 249 on GEM).

Under Rule 3.10 of the Main Board Listing Rules / Rule 5.05 of the GEM Listing Rules, a listed issuer's board of directors must include at least three independent non-executive directors, of which at least one independent non-executive director must have the appropriate professional Qualifications (generally referred to as professional accounting qualifications), or have appropriate accounting or related financial management expertise.

That is, there are at least 1,947 independent non-executive directors with accounting or related financial management expertise in Hong Kong. The actual figure may be much greater than that, and this number will have over 100 increment annually.

## **Advantages of “Accountant INED program”:**

1. This program provides training and accreditation to accountants who wish to become of listed companies INEDs, making them more competitive than other accountants, lawyers and people from other sectors to be appointed as INEDs.
2. There are a lot of talented Professional Accountants in Business (PAIB) who have their own career. This program can provide them with an alternative income stream; improve their social status without requiring them to give up their current job or affecting their current income.
3. This program provides a platform to Assist listed companies to find capable INED talents, effectively support listed companies and help Hong Kong to consolidate its position as a world financial center.