



ASHK Member Information Session

ASHK Council,
Professional Matters Committee and
Strategy & Statutory Path Committee

16 October 2018



The Actuarial Society of Hong Kong



Background and Rationale

Simon Lam
ASHK President



Background

1) Support Statutory Body Project and Better Governance

As part of the ASHK's initiative to gain statutory recognition and for the sake of better governance, the Council has appointed the Strategy & Statutory Path Committee ("SSPC") and Professional Matters Committee ("PMC") to review and modernise the following:

- i) Articles of Association;
- ii) Disciplinary Procedures; and
- iii) By-Law on Due Process.

2) Purposes of this Member Information Session

- To keep ASHK members informed of the proposed changes and rationale relating to the above 3 ASHK's rules and regulations
- To collect comments, finalise the amendments and arrange for an Extraordinary General Meeting on 12 December 2018



Rationale for Changes to ASHK's Articles of Association, Disciplinary Procedures and By-Law on Due Process

- 1) The ASHK is currently a company limited by guarantee. Its current Articles of Association ("Articles") were adopted on 9 December 2004 when the old Companies Ordinance (Cap. 32) ("old CO") was in force.**
- 2) The new Companies Ordinance (Cap. 622) ("new CO") has come into effect since March 2014. The ASHK's Articles are revised in order to be in line with the requirements of these model articles.**
- 3) Bring Governance to the standard of best practice exhibited by other Statutory Bodies in Hong Kong**
- 4) Professional Standards & Disciplinary processes are our primary self-governance tools and by being vigilant we avoid heavy handed regulatory interference**
- 5) Continue to evolve and develop as a professional body to ensure the profession remains highly regarded**



Amendments to Articles of Association

Dicky Lam
ASHK Strategy & Statutory Path
Committee Co-Chairperson



Articles of Association – Key Changes

Key Points	Current Provisions	Proposed Changes
Abolition of Memorandum of Association	Under the old CO, there are separate constitutional documents - Memorandum and Articles of Association.	<ul style="list-style-type: none">Under the new CO, the concept of Memorandum of Association is abolished.All provisions are now included in the Articles of Association.
Registered Name	No reference made to the ASHK's Chinese Name.	Part A - Article I: <ul style="list-style-type: none">Chinese characters “香港精算學會” is included as the Chinese name of the ASHK.
By-Laws	Article 2 – The Council may make, enforce, set aside or vary the By-Laws by a majority of not less than three quarters of Voting Members in General Meeting.	Part B - Article 61: <ul style="list-style-type: none">The Council may propose By-laws by way of a <u>three-fourths supermajority vote of the total number of Council members</u>; andVoting Members would be entitled to object to those proposals <u>within 14 days</u> from the date of circulation by submitting a petition endorsed <u>by not less of 10% of the total voting rights of the Voting Members</u>.If such a petition is received, such changes shall only be <u>approved by a majority of Voting Members present or by proxy in General Meeting</u>.



Articles of Association – Key Changes (Cont'd)

Key Points	Current Provisions	Proposed Amendments
Subscriptions	Article 7 – The Council may fix and vary subscriptions by ordinary resolution in General Meeting.	Part B - Articles 6 and 17(a)(i): <ul style="list-style-type: none">▪ The Council may determine, review and amend on subscription and related matters from time to time to enhance the flexibility in the Society's operations.
Classes of Membership	Article 8 – Four classes: Fellow, Associate, Student and Honourary Members.	Part B – Article 8: <ul style="list-style-type: none">▪ Two sub-classes of Student Members – Ordinary Student Members and University Student Members are introduced for the ASHK's membership growth and sustainable development in the long run.
Admission Requirements for Membership	Article 9 – Appropriate professional actuarial qualifications, academic and other admission requirements are stated for each class of membership.	Part B – Articles 9 and 10: <ul style="list-style-type: none">▪ The "Fit and Proper" criteria is included as a general requirement for all applicants.▪ To allow ASHK with the flexibility in updating the appropriate admission requirements, the Council may change the admission requirements (including examination requirements) as appropriate by way of a <u>three-fourths supermajority vote of the total number of Council members</u>; and▪ Voting Members would be entitled to object to those proposals <u>within 14 days</u> from the date of circulation by submitting a petition endorsed <u>by not less of 10% of the total voting rights of the Voting Members</u>.▪ If such a petition is received, such changes shall only be <u>approved by a majority of Voting Members present or by proxy in General Meeting.</u>



Articles of Association – Key Changes (Cont'd)

Key Points	Current Provisions	Proposed Amendments
Council's Composition	<p>Article 13(a) – The Council shall consist of not less than 7 or more than 13 Fellow Members. There shall be one President and 2 Vice-Presidents. The Immediate past President shall automatically be one of the Vice-Presidents. The other Vice-President who shall be the President Elect shall be appointed from the existing members of the Council. However, it does not preclude any Fellow member from seeking nomination to the post of President in accordance with Article 13 (d) (i).</p>	<p>Part B – Article 16:</p> <ul style="list-style-type: none">• The passing of ordinary resolutions of Voting Members in General Meeting are clearly specified with respect to the number of Council Members, the number of vacancies to be elected [Article 16(c)(ii)], appointment of Council members [Articles 16(a) and (b)] and removal of Council members [Article 16(g)].• To ensure continuity in the ASHK's strategic planning, the sentence "However, it does not preclude any Fellow Member from seeking nomination to the post of President in accordance with Article 13(d)(i)." is removed. <p>To strike a balance between Council's power and Members' right, any Fellow Member who collects at least 10% of the total Voting Members' endorsement may stand for election to the post of President, otherwise the Vice President will automatically become the President [Article 16(f)].</p>



Articles of Association – Key Changes (Cont'd)

Key Points	Current Provisions	Proposed Amendments
Council's Election Process	Article 13 (a) – (d)	Part B – Articles 16A – 16C: <ul style="list-style-type: none">▪ To handle the growing number of Voting Members, the mechanisms of the Councils election process include current election process (that is, voting at the AGM) and two new methods (postal and electronic voting).
Council's Powers and Duties	Article 14 (a) – The management of the Society and the administration of its assets shall be vested in the Council.	Part B – Article 17: <ul style="list-style-type: none">▪ The Council's powers are specified in detail, including, but not limited to:<ul style="list-style-type: none">- to set, review and amend the qualification standards (including to set, review and amending regulations, exemptions and disciplines relating to the examinations) for admittance to all Classes of membership, various fees, waiver and related membership application matters;- to examine and verify the qualifications of those persons who apply for membership;- to receive, examine, accept or reject applications for admission and renewal of membership of all Classes;- to deal with Disciplinary Procedures as described in Article 66;- to keep proper record of proceedings;- to regulate continuing professional development training; and- to carry out such other function as these Articles may prescribe.



Articles of Association – Key Changes (Cont'd)

Key Points	Current Provisions	Proposed Amendments
Council's Conflict of Interests	Not available	Part B – Article 27: <ul style="list-style-type: none">▪ To deal with any potential conflict of interest faced by Council members, a provision is added requiring Council members to make the declaration in accordance with Section 536 of the new CO.
Members' Power to Request Council to Call for General Meeting	Article 27(c) - “upon requisition made in writing and signed by not less than ten Voting Members of the Society”	Part B – Article 31(c): <ul style="list-style-type: none">▪ To align with Section 566(2) of the new CO, “not less than ten Voting Members” is replaced with “at least 5% of the voting rights of the Voting Members”.
Notice of General Meeting and Methods of Transmission	Article 29 - All General Meetings shall be called by at least 21 days notice in writing. Articles 50 and 51 – “either personally or by sending it through the post in a prepaid letter or by fax addressed to such Member at his registered address”	Part B – Article 33(b): <ul style="list-style-type: none">▪ To align with the new CO, the notice period for convening an EGM is shortened from 21 to 14 days. Part B – Article 74: <ul style="list-style-type: none">▪ Electronic circulation and website posting of meeting notice are added as transmission methods.



Articles of Association – Key Changes (Cont'd)

Key Points	Current Provisions	Proposed Amendments
Professional Standards, Guidance Notes and Disciplinary Procedure	Articles 16 and 17	Part B – Articles 61 - 67: <ul style="list-style-type: none">• The status of By-Laws, Disciplinary Procedures, Professional Standards, Professional Conduct Codes, Actuarial Guidance Notes and Circular Notices and the mechanism to issue and amend them are formalised.• Details to be elaborated in the 2nd part of this information session.



Amendments to Disciplinary Procedures and By-Law on Due Process

Peter Duran
ASHK Professional Matters
Committee Chairperson



Disciplinary Process – *Current State*

- **If a complaint is received the Council can set up a Disciplinary Committee to make an investigation.**
- **The Disciplinary Committee has power to require explanation/information that it thinks appropriate.**
- **The Council shall decide after receiving a recommendation from the Disciplinary Committee to warn, admonish, reprimand, suspend or expel the Member in question.**
- **The Member in question may appeal any sanction to a Special meeting of the Council Members.**





Disciplinary Process – *Revisions*

The process is now far more detailed and comprehensive including:

- Council appointment of an **Investigating Officer & Presenting Officer**.
- Council appointment of the **Disciplinary Panel & Disciplinary Committee**.
- Guidelines for the procedure to follow at Hearings and Appeals covering:
 - Legal representation
 - Order of submissions from different parties
 - Examples of some potential disciplinary actions that may be ordered by the Committee
- All Members have a duty to co-operate fully with the investigation.
- Strict Rules of Evidence do not apply – anything can be considered relevant & the committee can attach weight to information presented as it sees appropriate.
- Procedural Timetable of Disciplinary Committee Proceedings (this can be modified if required at the behest of the Disciplinary Committee).



Due Process – *Current State*

Due Process applies to development of Professional Standards and Guidance notes. Due Process follows the stages outlined below:

- **Identification Stage** – The need for amendments is identified by the Council and they establish the Standing Committee.
- **1st Exposure Stage** – The Standing Committee prepares a first draft, circulates it for comments and submits it to the Professional Matters Committee who determine if it should go to the 2nd Exposure Stage or the Decision Stage.
- **2nd Exposure Stage** – The Standing Committee prepares another draft, circulates it for comments and if no major changes are required the process can move to the Decision Stage. If major changes are still required, this stage should be repeated.
- **Decision Stage** – The Standing Committee submits a recommendation to the Council Committee who decide to accept or to reject it back to the Professional Matters Committee for further valuation.
- **Sunset Provision** – A 12 month sunset provision applies in the case of an expedited process.



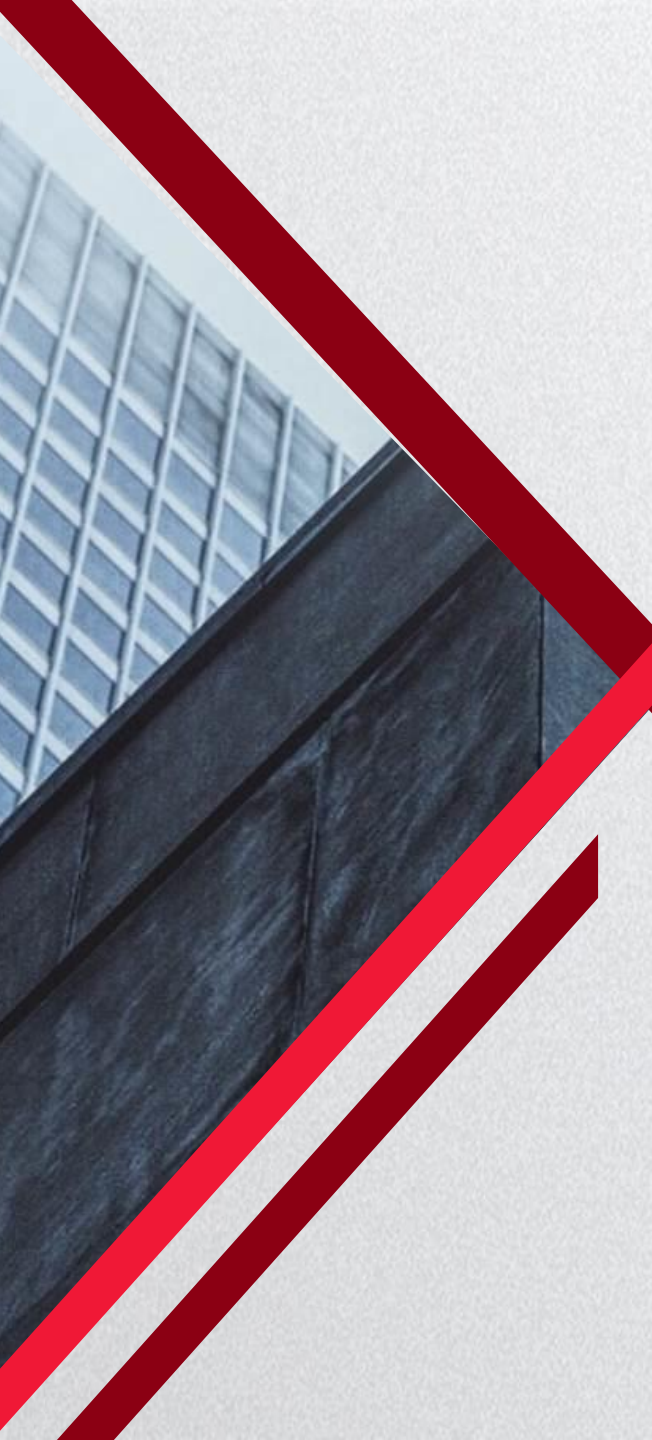
Due Process – *Revisions (Scope)*

- **Under the revised articles By-laws can be made or amended subject to a supermajority vote of the Council – these are not subject to Due Process.**
- **Scope has changed – What can be decided by the Council vs What requires a meeting of the members:**
 - **Due Process now applies to both issuing and amendment of Procedures & Standards.**
 - **Scope has expanded to also cover Disciplinary Procedures & Professional Conduct Codes.**



Due Process – *Revisions (Procedure)*

- Introduces the **Sponsor** – who drives the initial Identification Stage & Decision Stage
- The Decision stage has been split into two parts:
 - The Decision Stage -> After approval from the Professional Matters Committee, the Standing Committee will submit a recommendation to the Sponsor.
 - The Approval Stage -> This is the stage where the Sponsor submits the final draft to the Council, upon which the Council will vote on its approval.
- The Sponsor and Professional Matters Committee will have control over when the Final Draft is submitted to the Council for them to vote – thereby preventing indefinite repetition of the Second Exposure Stage.



Questions





**THANK
YOU**

and

**Look forward to
Your Support**