

The Hong Kong Chartered Governance Institute

Guideline on Fit and Proper Criteria for Admission to Membership

Foreword

The Hong Kong Chartered Governance Institute (the Institute) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good corporate governance policies, as well as the advancement of the profession of the Chartered Secretary and Chartered Governance Professional in Hong Kong and the mainland of China.

The Institute requires its members to observe the highest standards of professional conduct and ethical behaviour in all their work and activities to uphold the objectives of the global body, The Chartered Governance Institute (CGI) and the Institute.

Any individual who wishes to be admitted as a member of CGI and the Institute must be a 'fit and proper' person, as well as fulfil the requirements of relevant working experiences and the Institute's qualifying scheme, set out in the Charter and Byelaws of CGI and the Articles of Association of the Institute.

This guideline aims to provide certain guidance on how the Institute considers an applicant as a 'fit and proper' person.

Fit and Proper Criteria

'Fit and proper' directly relate to the character and standing of an applicant. Nevertheless, the Institute would not link the term 'fit and proper' to a subjective view. The overriding requirement is that an applicant must prove to the satisfaction of the Institute that he/she is of good character and is a fit and proper person to be admitted as a member of the Institute.

Fitness

This relates to the competence and capacity of the applicant when discharging his/her duties as a Chartered Secretary and a Chartered Governance Professional. Factors to be considered include but not limited to:

- Education or other qualifications
- Knowledge and skills
- Experiences
- Reliability

Propriety

This relates to the applicant's appropriateness and character for admission to membership. In this regard, the Institute will consider whether the applicant meets the standards set out in the Institute's Code of Professional Ethics and Conduct.

1. *Integrity*

Integrity is the quality of being honest and having strong moral principles. The term has been described judicially as connoting "moral soundness, rectitude, and steady adherence to an ethical code". It requires that members are impartial, independent and informed. Displaying integrity includes:

- acting professionally in their business dealings;
- displaying a proper understanding and appreciation of their role and responsibilities;
- being respectful of others at all times;
- not accepting or offering improper gifts, hospitality or other inducements;
- avoiding conflicts of interest, or, where a conflict arises, making sure that everyone involved is aware of the interest;
- recognising and considering the ethical issues arising from, and the interests of the groups or stakeholders who may be affected by, their choices, decisions and actions;
- avoiding involvement in any unethical, misleading, illegal or covert behaviour;
- not knowingly ignoring, or turning a blind eye to unethical, misleading, illegal or obscure behaviour;
- avoiding bringing the profession into disrepute.

2. *High Standard of service/professional competence*

A high standard of service or professional competence should be delivered throughout members' working life. This involves an understanding of relevant technical, professional and business developments. Professional competence also takes account of the wider implications and expectations of our members. This includes:

- maintaining professional knowledge and skills which are required to perform the role which members are employed to carry out;
- completing continuing professional development (CPD) as required by the Council, and this does not apply to registered students;

- communicating effectively and promptly with their employers, clients, colleagues and stakeholders to ensure that the said parties are able to make informed decisions;
- acting within their level of competence; if this requires an admission to his/her employer and/or client that he/she is unable to perform a task then this should be communicated effectively;
- upholding the requirements of the CGI's Charter and Byelaws and the Institute's Articles of Association made under it; and
- respecting the confidentiality of information acquired through professional relationships save where there is a legal or regulatory requirement to disclose or report that information.

3. *Transparency*

Transparency requires that members are clear and open in their business and professional conduct. This includes:

- being open and frank in any business dealings;
- not being underhand in any business transaction; and
- treating all work as if it was reported in the public domain.

4. *Professional behaviour*

Professional behaviour requires that members act in a way which conforms to the relevant laws of the jurisdiction in which they are residing and/or undertaking business transactions. It requires them also to pay regard to all regulations which may have a bearing on their actions and to adhere to the CGI's Charter and Byelaws and the Institute's Articles of Association, and the failing of such may result in disciplinary proceedings.