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The Hong Kong Institute of Directors (HKIoD) issued the following statement concerning new arrangements for public inspection of the Companies Register.

HKIoD Recommends a Director Identification Number System

The Government has plans to introduce subsidiary legislation to implement provisions under the Companies Ordinance relating to legitimate and necessary access to personal information contained in the Companies Register. The Hong Kong Institute of Directors supports the new arrangement.

Under the new arrangement, public inspection of the Companies Register will not be precluded. The Companies Ordinance does enable public inspection of data in the Companies Register, but the inspection must comport with the law. The Companies Ordinance as passed into law contains provisions specifying that public inspection of the Companies Register should only be for the purposes set out in section 45(1).

A main purpose of public inspection of the Companies Register is to ascertain the identity of a director of a certain company.

Under the new arrangement, a director may provide a correspondence address to be displayed in the Companies Register, and only a part of the identification numbers will be on display. The data so displayed should in most ordinary circumstances enable the person seeking information to ascertain the identity of a director. For service of documents and legal proceedings, the company's registered address or another service address that the director provides is sufficient.

Under the new arrangement, there will also be a mechanism to enable Specified Persons (e.g., minority shareholders, financial institutions, certain professional bodies, employees who are owed back wages, etc.) to seek court approval to obtain a director's usual residential address and identification number in full. A court may grant such access if deemed appropriate. The Companies Registry may also disclose a director's usual residential address if the CR cannot establish contact with the director using the correspondence address provided. Government departments and law enforcement agencies may also obtain full personal details of a director through the CR for law enforcement.

HKIoD is all for accountability of company directors, but the accountability need not come from open access to a director's residential address or to the director's personal identification number in full. The key is to have ways to ascertain the identity of a director. Under the new arrangement, the public will have adequate channels to obtain information to prevent directors from being held accountable or getting away with wrongdoings.

We may still borrow from other jurisdictions to make it more convenient to ascertain a director's identity without attracting abuse of personal information. We can look to Australia, and consider introducing official, unique Director Identification Numbers to be used by the same director across different entities for the duration of the director's life. Such DIN will improve traceability of a director's involvement across different entities at different times. Such

traceability would especially help tackle phoenix activities, making it harder for culpable directors to hide.

But for the upstanding director, a DIN will not be a burden and can indeed signify one's credibility.

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About The Hong Kong Institute of Directors

The Hong Kong Institute of Directors (“HKIoD”) is Hong Kong’s premier body representing directors to foster the long-term success of companies through advocacy and standards-setting in corporate governance and professional development for directors. A non-profit-distributing organisation with membership consisting of directors from listed and non-listed companies, HKIoD is committed to providing directors with educational programmes and information service and establishing an influential voice in representing directors. With international perspectives and a multi-cultural environment, HKIoD conducts business in biliteracy and trilingualism. HKIoD is a member institute of the Global Network of Director Institutes, a worldwide alliance of leading director institutes.

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