

Hong Kong Trustees' Association
Chairman's Report at the 2018 AGM
11 December 2018

2018 has been a very busy year for the Hong Kong Trustees' Association. I am very pleased and deeply grateful to the 13 person Executive Committee for all that we have achieved.

It is not an overstatement to say that the HKTA has contributed to the development of the trust industry from the most junior member entering the profession to the most influential international bodies shaping the rules and regulations affecting trustees globally.

This year saw the launch of the HKTA Certified Trust Practitioner Program. With the hard work led by the Accreditation Sub-Committee, we launched Hong Kong's first dedicated Trust Training Course in August. The course is aimed at new entrants to the trust industry. To date, 361 students have gone through one or more units of the course, with 39 students having completed the whole of the Part A course.

The second arm of the HKTA Certified Trust Practitioner Program is the roll out of the Certified Trust Practitioner ("CTP") designation which was also launched this year. Through the Experienced Practitioner Exemption route, the first wave of 16 CTPs have already been approved by the HKTA.

Financially, the CTP Program in 2018 generated \$466,000 income against expenses of \$460,000, after taking into account the contribution from HKSI. We have done well in making a very modest profit in the first year. I am extremely grateful to Carolyn Butler, Rebecca Chow and the whole Accreditation Sub-Committee for making this CTP Program a reality, and we must all encourage our members to continue to be engaged with the Program to make it a viable long term success.

Individual membership of HKTA is a requirement for the CTP designation. Starting in 2019, the Association will have an office and a staff to spearhead the formation of the HKTA secretariat so that we can properly service the increasing number of individual members.

On membership, the HKTA welcomed 10 new members this year, with 5 new corporates and 5 individual members were added to our membership.

To keep our members abreast of industry developments, 6 seminars were arranged in the year with the total of 525 attendees enrolled and HK\$136,000 generated. The 7th event for the year is scheduled for later this week.

I thank Fanny Wong and the Membership Education and Training Sub-Committee for the smooth running of our membership approvals and events this year.

As a voluntary professional Association, we continue to develop and review best practices for our industry. In August 2018, the Best Practices Subcommittee led by Fan Choi formulated the Best Practice Guidelines for Client Due Diligence Procedures for Trustees of Charitable Trusts.

The Subcommittee has also updated the comparative survey on trustee regulation which was last done in 2011. This gives us the tool to focus attention to improve Hong Kong's reputation and competitiveness as an international financial centre.

On industry developments, our whole Exco, and in particular the Legislative & Regulatory Subcommittee and the Pensions and Funds Subcommittee have had an extraordinarily busy year with almost non-stop engagements and dialogue with the Government, FSTB, MPFA, the Companies Registrar and the Inland Revenue Department.

1 March 2018 saw the introduction of 3 fundamental changes to the trust industry in Hong Kong: (a) the new licensing regime for Trust and Corporate Services Providers ("TCSP"), (b) introduction of statutory CDD/ KYC requirements for TCSPs, and (c) the new requirement of keeping of register of significant controllers for companies under the Companies Ordinance. In the lead up to the new legislative changes and subsequently in the implementation, the Association was closely involved and exchanged views/comments with the FSTB and the Companies Registry on various matters. The HKTA has also been a bridge to help the trust industry to prepare and comply with the requirements to become licensed and to implement the new requirement.

In 2018, OECD Global Forum conducted a peer review of the effectiveness of Hong Kong's Exchange of Tax Information on request framework. In June, Loretta Ma, Michael Shue and I, on behalf of HKTA, represented the Hong Kong trust industry to meet with the OECD Assessment team.

Also within this year, Financial Action Task Force has been conducting a Mutual Evaluation of HK, to assess HK's level of implementation of the FATF Recommendations. In October, Lau Ka Shi and I, on behalf of the HKTA, represented the Hong Kong trust industry to meet with the FATF evaluation team.

From domestic to global, big picture to specific regulatory changes, we continued to work throughout 2018 to seek and present the views of the industry to the government and the regulators in HK. The Association made submissions to promote and enhance the trust industry for the Hong Kong Chief Executive's Policy Address and to the Hong Kong Financial Secretary's Financial Budget.

In the Pensions and funds space, the Pensions and Funds Subcommittee worked with the MPFA and SFC on important issues including

- The Introduction of Tax Deductible Voluntary Contributions ("TVC")
- Proposed changes to ORSOs,
- SFC consultation of UT Code Review and modifications to Appendix G

- And, In light of the increasing concern about cyber security, HKTA consolidated efforts of all MPF scheme trustees to launch a Cybersecurity Intelligence Sharing Platform in July 2018.

Aside from regulators and law makers, HKTA, through the personal efforts of our Executive Committee members, also continued to engage in dialogue with our partners, supporting organizations and various stakeholders in 2018 including the Hong Kong Securities and Investment Institute (who has been assisting us with our Trust Training certificate Program), industry bodies such as Hong Kong Institute of Chartered Secretaries, the Hong Kong Law Society, STEP and Private Wealth Management Association, the FSDC and more recently, the China Trustee Association, all these to ensure that our Association stays relevant to the development of the financial services sector in Hong Kong.

I speak generally of all that the “Association” has done in 2018, but I must thank personally the people who make this Association function at such a professional level. To conclude my Chairman’s report, I would once again thank each of the very dedicated and hardworking members of our 2018 Executive Committee.

Jacqueline Shek

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