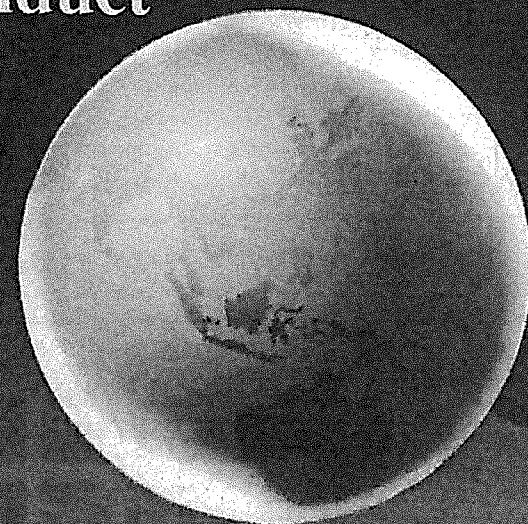


# Membership Regulations And Code of Conduct

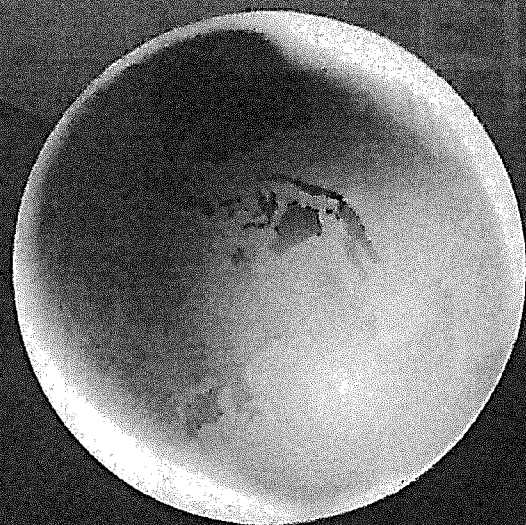


香港保險顧問聯會  
THE HONG KONG CONFEDERATION  
OF INSURANCE BROKERS

會員規則

及

專業守則



CIB  
香港保險顧問聯會  
THE HONG KONG CONFEDERATION  
OF INSURANCE BROKERS

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**The Hong Kong Confederation of Insurance Brokers**

Room 3407, AIA Tower,  
183 Electric Road,  
Fortress Hill, Hong Kong  
Tel.: (852) 2882 9943  
Fax: (852) 2890 2137  
Email: info@hkcib.org

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## MEMBERSHIP REGULATIONS

### 1. Introduction

- 1.1 These Regulations are made pursuant to Article 5A of the Articles of Association of the Hong Kong Confederation of Insurance Brokers.
- 1.2 These Regulations were first made on 11 February 1993 and were subsequently amended on 14 December 1993, 26 October 1995, 10 December 1996, 10 October 2006 and 10 August 2010 respectively. \*
- 1.3 The General Committee is authorized to review and amend these Regulations from time to time. (previously as Regulation 15.1) \*\*

### 2. Definitions and Interpretation

- 2.1 In these Regulations, the following expressions shall have the following meanings:

"Articles"	means the Articles of Association of the Confederation.
"Acceptable Insurance Qualification"	means any one of the qualifications listed in Annex A.
"Chief Executive"	means an individual who complies at least with the requirements laid down in these Regulations and who is registered as a Chief Executive in the sub-register of Chief Executives and Technical Representatives.
"Client Account"	means a current or deposit account maintained with a financial institution duly authorized under the Banking Ordinance (Chapter 155, Laws of Hong Kong) in the name of the insurance broker and in the title of which the word "client" appears.
"Compliance Report"	means a compliance report issued by a Member's auditor as provided for in Regulation 13.1.2.
"Confederation"	means the company registered as The Hong Kong Confederation of Insurance Brokers (香港保險顧問聯會)

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

"Controller"	means in relation to a Member (a) a managing director of a Member or of a body corporate of which the Member is a Subsidiary; or (b) a chief executive of a Member or of a body corporate of which the Member is a Subsidiary; and (c) a person (i) in accordance with whose directions or instructions the directors of a Member or a body corporate of which the Member is a Subsidiary are accustomed to act; (ii) who, alone or with any associate or through a nominee, is entitled to exercise, or control the exercise of, 15% or more of the voting power at any general meeting of a Member or of a body corporate of which the Member is a Subsidiary.
"Code of Conduct"	means the Code of Conduct of the Confederation as adopted by resolution of the General Committee.
"CPD Programme"	means the Continuing Professional Development Programme under the Insurance Intermediaries Quality Assurance Scheme promulgated by the Insurance Authority.
"Customer Protection Declaration"	means the Customer Protection Declaration referred to in the Code of Practice for Life Insurance Replacement issued by The Hong Kong Federation of Insurers.
"Complaint"***	means any matter referred to in Article 28 of the Articles of Association of the Confederation. *
"Director"	means any person appointed to the board of directors of a Member company or prospective Member company. *
"Employee"	means any person employed by a Member.
"Fit and Proper Person"	means a person who fulfils the criteria set out in Section 4.
"General Committee"	means the general committee for the time being of the Confederation appointed or elected pursuant to the Articles.
"Group of Companies"***	has the meaning given that term in Section 2(1) of the Companies Ordinance (Chapter 32, Laws of Hong Kong). **
"Insurance Authority"	means the Insurance Authority appointed under Section 4 of the Insurance Companies Ordinance.

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

"Insurance Brokerage Income"	means brokerage or fee income derived from advising on or arranging any contract which contains an element of insurance, irrespective of the extent of such insurance element.
"Insurance Companies Ordinance"	means the Insurance Companies Ordinance (Chapter 41, Laws of Hong Kong).
Line of Business	means either one of the following insurance classes (as such terms are defined in the Insurance Companies Ordinance):  (a) General;  (b) Long Term (excluding Linked Long Term);  (c) Long Term (including Linked Long Term).
"Member"	means a member of the Confederation.
"Qualifying Examination"	means the examinations introduced by the Insurance Authority under the Insurance Intermediaries Quality Assurance Scheme.
"Register of Members"	means the register of Members maintained by the Confederation.
"Registration Number"	means the unique number assigned by the Confederation to each Chief Executive or Technical Representative.
"Regulations"	means these Membership Regulations.
"Sub-register of Chief Executives and Technical Representatives"***	means the register kept by the Confederation of persons who are Chief Executives or Technical Representatives. **
"Subsidiary"	has the meaning given that term in Section 2(4) of the Companies Ordinance (Chapter 32, Laws of Hong Kong).
"Technical Representative"	means an individual who complies at least with the requirements laid down in these Regulations and is an individual who provides advice to a policy holder or potential policy holder on insurance matters for a Member, or negotiates or arranges contracts of insurance in or from Hong Kong on behalf of a Member for a policy holder or potential policy holder and who is registered as a Technical Representative in the sub-register of Chief Executives and Technical Representatives.

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010



2.2 In these Regulations:

- 2.2.1 words importing one gender only shall include the other gender;
- 2.2.2 words stated in the singular may apply in the plural or vice versa;
- 2.2.3 a reference to an Article, a Regulation or an Annex is a reference to an article of the Confederation's Articles, or a regulation of or an annex to these Regulations;
- 2.2.4 any terms not defined shall have the meaning(s) (if any) set out in the Articles; and
- 2.2.5 Any Articles, Regulations, Ordinance or Annex or any definitions shall apply in such terms as amended from time to time.

2.3 Subject to the Articles, the interpretation of these Regulations shall be determined by the General Committee whose decision shall be final.

**3. Application and Effect of Breach**

- 3.1 Members shall at all times act in accordance with and comply with these Regulations and the Code of Conduct. The Members shall also satisfy the General Committee of compliance with the Regulations and the Code of Conduct when requested to do so.
- 3.2 Members shall at all times allocate adequate resources and shall set up appropriate procedures to ensure compliance with these Regulations and the Code of Conduct.
- 3.3 These Regulations and the Code of Conduct are applicable to all Members and their Directors, Chief Executives, Technical Representatives and all other Employees of such Members. Members shall take all reasonable steps to ensure that all such persons are aware of these Regulations and the Code of Conduct.
- 3.4 The General Committee may at its sole discretion grant exemptions from the application of these Regulations if it is satisfied that such an exemption will in no way be injurious to the character and interests or prejudicial to the objects of the Confederation.
- 3.5 The General Committee may issue guidelines or guidance notes from time to time as to how it intends to exercise its powers and fulfil its responsibilities under these Regulations. Such guidelines or guidance notes will not form part of these Regulations but Members shall be expected to provide reasonable explanation for any departures from such guidelines and guidance notes when called upon to do so by the Confederation.

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

3.6 A Member and its Directors, Chief Executive, Technical Representatives and Employees shall co-operate with the Confederation and provide such information as the Confederation may require from time to time for the performance of its duties as a body of insurance brokers approved under Section 70 of the Insurance Companies Ordinance.

3.7 Notwithstanding any other provision of these Regulations, a Member shall, and shall procure that its Directors, Chief Executive, Technical Representatives and Employees shall comply with all laws and regulations in Hong Kong and the Minimum Requirements specified by the Insurance Authority under section 69(2) and 70(2) of the Insurance Companies Ordinance.

3.8 Breach of any of these Regulations or the Code of Conduct may constitute a violation of Article 23 of the Articles by the Member concerned. The breach may also reflect adversely on the fitness and propriety of the Directors and Chief Executive of the Member concerned, or that of the Technical Representative involved. Any alleged breach or violation of the Regulations or the Code of Conduct shall be dealt with in accordance with the Articles.

3.9 A Member and its Directors, Chief Executive, Technical Representatives and Employees shall subject themselves to the jurisdiction of the Disciplinary Committee and that of the Disciplinary Appeals Committee of the Confederation and shall supply such information and attend upon such hearing of the Disciplinary Committee or its Investigation Board as may be directed by the Disciplinary Committee in accordance with the Articles.\*

**4. Fit and Proper Criteria**

4.1 In considering whether a person is fit and proper, the Confederation shall take into account all relevant factors, which include, in relation to such person:

- 4.1.1 his character and reputation;
- 4.1.2 his integrity and reliability;
- 4.1.3 his financial status; and
- 4.1.4 his capabilities to perform functions and to comply with laws and regulations.

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

4.2 Without limiting the criteria set out in Regulations 4.1.1 to 4.1.4, the following events and matters would likely give rise to a concern in respect of the fitness and propriety of a person:

- 4.2.1 such person has been convicted of a criminal offence by any court (including a military tribunal) in Hong Kong or elsewhere;\*
- 4.2.2 such person has been adjudged to be civilly liable for fraud, dishonesty or misfeasance by a court in Hong Kong or elsewhere;
- 4.2.3 such person has been adjudicated bankrupt by a court in Hong Kong or elsewhere;
- 4.2.4 such person was a director or involved in the management of a corporation in Hong Kong or elsewhere which has been wound up other than by a members' voluntary winding up or equivalent in any other jurisdiction;
- 4.2.5 such person has any unsatisfied judgement or court order requiring the payment of damages or other sums of money in relation to any trade or business carried on by him or in which he has been concerned;
- 4.2.6 such person has been censured, disciplined, disqualified or criticised by any regulatory body or self-regulatory organization or professional body in Hong Kong or elsewhere.

4.3 Notwithstanding the foregoing, the assessment as to whether any person is to be considered fit and proper shall be at the discretion of the General Committee, or at the discretion of the Disciplinary Committee or the Disciplinary Appeals Committee in their deliberation of Complaints.\*

## 5. Minimum Requirements for a Member

### 5.1 Capital and Net Assets

- 5.1.1 A Member shall maintain a minimum net assets value and a minimum paid up share capital of HK\$100,000 at all times.
- 5.1.2 The minimum net assets value is to be determined by excluding all intangible assets and in accordance with accounting principles generally accepted in Hong Kong.

### 5.2 Professional Indemnity Insurance

- 5.2.1 A Member shall maintain a professional indemnity insurance policy with a minimum limit of indemnity for any one claim and in any one insurance period of 12 months in an amount described in Regulation 5.2.2.

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

5.2.2 The minimum limit of indemnity referred to in Regulation 5.2.1 shall be:

(a) a sum equal to:

- (i) two times the aggregate insurance brokerage income relating to the 12 months immediately preceding the date of commencement of the professional indemnity insurance cover (applicable to a Member who has been in business for more than one year); or
- (ii) two times the projected insurance brokerage income for the first 12 months of the period of the professional indemnity insurance cover (applicable to a Member who has been in business for less than one year),

(as the case may be); or

(b) a sum of HK\$3,000,000,

whichever sum shall be greater, up to a maximum requirement of HK\$75,000,000. Cover in excess of this prescribed amount may, at the Member's discretion, be arranged to meet the requirements of the individual Member.

5.2.3 If, as a result of any claim or claims, the indemnity available shall fall below the amount determined in Regulation 5.2.2(a) above, the Member shall effect a reinstatement of cover up to not less than such minimum determined amount. Where the limit of indemnity has been determined in accordance with Regulation 5.2.2(b) above, the policy shall provide for one automatic reinstatement to a limit of indemnity of not less than HK\$3,000,000.

### 5.3 Keeping of Separate Client Accounts

5.3.1 A Member shall keep client monies in a Client Account separate from its own monies.

5.3.2 A Member shall keep at least one Client Account and may keep as many such Client Accounts as it thinks fit.

5.3.3 A Member shall keep written evidence in a form prescribed by the General Committee in accordance with Regulation 3.5 to show that it has notified all financial institutions with which a Client Account is maintained of the provisions set out in section 71 of the Insurance Companies Ordinance namely:

- (a) a Member is required to keep client monies in a bank account separate from his own monies;

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

- (b) a Member is not allowed to use client monies for any purposes other than for the purposes of the client;
- (c) a Member is entitled to retain the interest that is earned on client monies that he holds unless the Member and the client agree otherwise;
- (d) a lien or claim on client monies made by or through the Member is void unless the monies in a Client Account are for fees then due and owing to the Member; and
- (e) a charge or mortgage on client monies made by the Member is void,

and to show that such financial institutions have acknowledged such notification by the Member.

- 5.3.4 A Member shall not use client monies for any purposes other than for the purposes of the client and shall use the monies to make payments to the party to whom such monies are due.
- 5.3.5 A Member who receives or holds monies on behalf of its client in relation to insurance broking business shall, without delay, deposit such monies into a Client Account.
- 5.3.6 A Member will be responsible for any bank charges that may be payable on any Client Account, and not less than quarterly, shall transfer from the Member's own funds, sufficient money to reimburse such charges incurred on a Client Account.
- 5.3.7 Interest receivable on Client Account shall accrue to the Member, and may only be withdrawn from the Client Account once interest receivable has been credited to that Client Account by the bank.
- 5.3.8 Without limiting the generality of the above requirements, Annex B provides a brief guidance on the circumstances under which monies shall be deposited into or withdrawn from a Client Account.

#### 5.4 Keeping Proper Books and Accounts

- 5.4.1 A Member shall keep and maintain (or cause to be kept and maintained) such accounting and other records as will:
  - (a) sufficiently explain its business;
  - (b) reflect its financial position;
  - (c) enable convenient and proper audit; and
  - (d) enable the preparation of financial statements from time to time which give a true and fair view of its financial position and its results.

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

#### 5.4.2 The records referred to in Regulation 5.4.1 above shall be kept:

- (a) in writing or in such a manner as to enable them to be readily accessible and readily converted into written form; and
- (b) in sufficient detail to show separately particulars of:
  - (i) all transactions by the Member with, or for the account of:
    - insurance and reinsurance companies;
    - clients of the Member; and
    - the Member itself;
  - (ii) all income received from brokerage, commissions, interest and other sources, and all expenses, commissions and interest paid by the Member; and
  - (iii) all the assets and liabilities (including contingent liabilities) of the Member.

5.4.3 A Member shall keep and maintain adequate records of its insurance broking transactions with clients and insurers.

5.4.4 A Member shall retain for a period of not less than seven years the records referred to in Regulation 5.4.1.

### 6. Application for Membership

- 6.1 Application for membership of the Confederation shall be made in a form prescribed by the General Committee stating the Lines of Business for which the Member is to be registered and shall be furnished with supporting documents and/or information that the General Committee may specify from time to time.
- 6.2 The applicant shall be a body corporate.
- 6.3 All applications for membership shall be considered by the General Committee which shall at its absolute discretion decide upon the admission or rejection of the applicant.
- 6.4 Upon acceptance by the General Committee and payment of the prescribed entrance fee and annual subscription the applicant shall become a Member and its name shall be entered on the Register of Members accordingly.
- 6.5 A certificate of membership shall be issued to each Member on registration.

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

## 7. Management of a Member

- 7.1 A Member shall not be dependent on any particular insurance company in transacting normal insurance business and shall not act in any capacity as an agent of an insurer.
- 7.2 A Member shall ensure that its Chief Executive, Technical Representatives, Directors and Controllers are Fit and Proper Persons.
- 7.3 A Member shall inform the Confederation in writing of the appointment and resignation of any Director within 14 days of such appointment or resignation.
- 7.4 A Member shall not adopt a company name that, in the opinion of the General Committee, is likely to deceive, mislead or confuse and in particular shall not import the name of an insurance company or of an insurance organization.
- 7.5 A Member shall nominate a person to be registered with the Confederation as its Chief Executive and in the event of the resignation, death, retirement or removal of its Chief Executive, a Member shall nominate a replacement who complies with the minimum requirements for Chief Executive as specified in Regulation 9 within 30 days, except in the case where the relevant Member has already submitted notice to resign its membership of the Confederation in accordance with Article 38 of the Articles of Association that the General Committee may at its own discretion decide otherwise.\*
- 7.6 A Member shall ensure that any person who provides advice to a policy holder or potential policy holder on insurance matters for the Member, or negotiates or arranges contracts of insurance in or from Hong Kong on behalf of the Member for a policy holder or potential policy holder shall be registered with the Confederation as its Chief Executive or its Technical Representatives.
- 7.7 A Member shall obtain the confirmation of the Confederation that the Chief Executive or Technical Representative have been registered and his name has been entered on the Sub-register of Chief Executives and Technical Representatives before confirming the appointment of any person as its Chief Executive or Technical Representative. A Member shall notify the Confederation within seven days when a person has ceased to be its Chief Executive or its Technical Representative.\*
- 7.8 A Member shall take all reasonable steps to ensure that its Chief Executive and Technical Representatives are competent and are fit and proper to act in such capacities, that it shall cease to appoint a person as its Chief Executive or Technical Representative when that person is assessed to be not fit or proper in accordance with Regulation 4.3.\*
- 7.9 A Member shall pay to the Confederation such annual subscriptions, administrative charges, fines and penalties as may be levied upon it by the Confederation.

7.10 All payments due to the Confederation shall be made by such due date as may be specified by the Confederation.

7.11 A Member shall apply to renew annually registration of its Chief Executive and/or Technical Representatives. The application shall be in the form and by the date prescribed by the General Committee. When a Member does not apply to renew registration of a person in the form and by the date as prescribed, the Member shall cease to appoint that person as its Chief Executive or Technical Representative, and the name of that person shall be de-registered from the Sub-register of Chief Executives and Technical Representatives as on the date prescribed without prior or further notice. \*\*

7.12 A Member shall notify the Confederation in writing of: (previously as Regulation 14.4)\*\*

7.12.1 any change in the Member's address at least seven days prior to such change of address;\*\*

7.12.2 any proposed change in the Member's name, or a proposed change of either the English or Chinese names if the Member has both, not less than twenty-one days before the proposed date of change to enable approval by the Confederation in accordance with Regulation 7.4;\*\*

7.12.3 any event or circumstance which results in a breach by the Member of any of these Regulations not later than fourteen days following discovery of such event or circumstance.\*\*

7.13 A Member and/or its Directors, Chief Executive, Technical Representatives and/or Employees shall not offer and/or give any gift when promoting a specific insurance product to clients, however this shall not restrict a Member and/or its Directors, Chief Executive, Technical Representatives and/or Employees when acting on behalf of the member from:-\*\*

7.13.1 offering any discount on fees or charges or rebating brokerage or commission; and/or\*\*

7.13.2 offering a gift for brand promotion, relationship building or other purposes not related to promotion of a specific insurance product.\*\*

## 8. Resignation of a Member

8.1 A Member may at any time give a twelve months' prior notice, or at the discretion of the General Committee a shorter period of notice if the General Committee is satisfied that the giving of a shorter period of notice will not be injurious to the interests of clients of the resigning Member and the interests of the Confederation, in a form prescribed by the General Committee to resign its membership of the Confederation.\*

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010



8.2 (repealed).\*\*\*

8.3 The resignation shall take effect on the expiration of the notice given and the due performance of its obligations under Article 38A.\*

8.4 A Member and its Directors, Chief Executive, Technical Representatives and Employees shall remain subject to the jurisdiction of the Disciplinary Committee of the Confederation in accordance with the Articles and Regulation 3.9 until the membership resignation takes effect in accordance with Regulation 8.3.

8.5 Any amount of monies outstanding to the Confederation at time of the resignation of a Member shall become a debt due recoverable by the Confederation.

8.6 The certificate of membership issued to a Member shall be surrendered to the Confederation at least seven days prior to the cessation of membership or any shorter period of time that the General Committee may stipulate.\*

## 9. Minimum Requirements for a Chief Executive

9.1 A Member shall satisfy the General Committee that the person it has nominated as its Chief Executive complies with all of the following minimum requirements before such person may be registered as the Chief Executive of a Member:

9.1.1 he is at least twenty-one years of age;

9.1.2 he is a Hong Kong Permanent Resident or Hong Kong Resident but is permitted to work in Hong Kong and whose employment visa conditions, if any, do not restrict him from being engaged in insurance broking business and he resides in Hong Kong;

9.1.3 he has attained an education standard of Form 5 (or equivalent) or higher;

9.1.4 he is a Fit and Proper Person;

9.1.5 he is a full-time Employee or full-time Director of the Member and is responsible for the conduct of the whole of the insurance broking business of the Member in Hong Kong, and under whom the direction and overall day to day supervision and control of the business of the company in Hong Kong is conducted, and to avoid any doubt, "full-time" in this context means that he shall not be registered as either Chief Executive or Technical Representative of another insurance broker in Hong Kong unless that insurance broker is of the same group of companies of the Member concerned or that Insurance broker and the Member are the two parties to an instrument which has created a power of attorney, or equivalent, between themselves;\*

9.1.6 he is registered for specific Lines of Business by the Confederation;

9.1.7 he possesses a minimum of two years' experience in the insurance industry occupying a management position;

9.1.8 he:

(a) possesses an Acceptable Insurance Qualification and, where he intends to be engaged in the linked long term insurance broking business, has passed the relevant paper of the Qualifying Examination unless exempted; or

(b) where he does not have an Acceptable Insurance Qualification has a minimum of five years' experience in the insurance industry and has passed the relevant papers of the Qualifying Examinations unless exempted; and

9.1.9 he is in compliance with the CPD Programme.

9.2 A Chief Executive shall comply with the requirements in Regulations 9.1.1 to 9.1.9 for as long as he remains registered with the Confederation as the Chief Executive of a Member.

9.3 A Chief Executive shall notify the Confederation in writing of any event or circumstance which results in a breach by himself of any of these Regulations applicable to him not later than fourteen days following discovery of such event or circumstance.\*\*

## 10. Minimum Requirements for a Technical Representative

10.1 A person nominated as a Technical Representative of a Member shall satisfy the Confederation that he complies with all the following requirements before he may be registered as the Technical Representative of a Member:

10.1.1 he is at least eighteen years of age;

10.1.2 he is:

(a) a Hong Kong Permanent Resident or a Hong Kong Resident but is permitted to work in Hong Kong and whose employment visa conditions, if any, do not restrict him from being engaged in insurance broking business and he is resident in Hong Kong, or

(b) a person who is permitted to work in Hong Kong and whose employment visa conditions, if any, do not restrict him from being engaged in insurance broking business;

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

10.1.3 he has attained an education standard of Form 5 (or equivalent) or higher, unless he was engaged in the insurance intermediary business in Hong Kong immediately before 1 January 2000 and has not since ceased to be engaged in insurance-related work in the insurance industry in Hong Kong for two consecutive years;

10.1.4 he is registered for specific Lines of Business by the Confederation;

10.1.5 he is a Fit and Proper Person;

10.1.6 he has passed the relevant papers of the Qualifying Examinations unless exempted; and

10.1.7 he is in compliance with the CPD Programme.

10.2 A Technical Representative shall comply with the requirements in Regulations 10.1.1 to 10.1.7 for as long as he remains registered with the Confederation as a Technical Representative of a Member.

10.3 A Technical Representative shall notify the Confederation in writing of any event or circumstance which results in a breach by himself of any of these Regulations applicable to him not later than fourteen days following discovery of such event or circumstance.\*\*

## 11. Lines of Business Permitted

11.1 A Member shall be allowed to carry on only such particular Lines of Business for which its Chief Executive is registered.

11.2 A Technical Representative shall not engage in any Line of Business other than such Lines of Business that the Member for whom he represents is registered.

11.3 A Chief Executive or a Technical Representative shall not engage in any Line of Business other than that for which he and the Member who he presents is registered.

## 12. Appointment of Auditor

12.1 A Member shall appoint as its auditor a person who is qualified and lawfully practises as an auditor in the place of its incorporation and who holds a qualification that the Confederation accepts as being of a standard comparable to that of a person qualified under the Professional Accountants Ordinance (Chapter 50, Laws of Hong Kong).

12.2 A Member who is not incorporated in Hong Kong shall also appoint an auditor in Hong Kong qualified under the Professional Accountants Ordinance (Chapter 50, Laws of Hong Kong) for the purpose of conducting a Compliance Report under Regulation 13.1.2 of these Regulations.

12.3 A Member shall inform the Confederation in writing of the appointment of its auditor and shall provide the name and qualifications of such auditor appointed.

12.4 A Member shall notify the Confederation, within fourteen days, in writing of any changes in respect of any auditor appointed.

## 13. Submission of Audited Financial Statement & Auditor's Report

13.1 Within six months after the end of each of its financial year, the Member shall deliver to the Registrar a financial audit and a compliance audit as follows:

13.1.1 an audited financial statement which shows a true and fair view of the financial position of the Member as at the end of the financial year and its profit or loss for the period then ended;

13.1.2 an auditor's Compliance Report expressing whether, in his opinion, the Member satisfies the requirements relating to minimum capital and net asset, professional indemnity insurance, the keeping of separate Client Accounts and the keeping of proper books and accounts as at the end of the financial year and two such other days in the financial year as the auditor may elect provided that the intervening period between those two dates shall not be less than three months provided that:

(a) the report referred to in Regulation 13.1.2 shall take the form laid down in guidelines issued by the Hong Kong Institute of Certified Public Accountants and approved by Insurance Authority and the Confederation; and

(b) for the purpose of reporting on the two such other days as referred to in Regulation 13.1.2, it is sufficient for the auditors to perform such procedures as laid down in the guidelines issued by the Hong Kong Institute of Certified Public Accountants in consultation with the Insurance Authority.

Such compliance audit shall be provided by an auditor appointed in Hong Kong.

13.2 Where requested by the General Committee, a Member shall provide to the Confederation:

13.2.1 a certificate, in such form as the General Committee may prescribe, signed by or on behalf of the Member together with such supporting documents as the General Committee may prescribe; or

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

13.2.2 such other evidence that such Member is in compliance with these Regulations; or

13.2.3 at any time and any place in Hong Kong such other information as the Confederation or the Insurance Authority may require in pursuance of compliance with these Regulations or the Code of Conduct or other regulations, guidelines or guidance notes laid down by the Confederation or the Insurance Authority.\*

13.3 (repealed)\*\*\*

#### 14. Disclosure of Information

14.1 A Member shall signify its membership of the Confederation by including the phrase "Member of the Hong Kong Confederation of Insurance Brokers" together with the registered emblem of the Confederation on its stationery (which includes letter-headed paper, facsimile paper, memorandum paper, "With Compliments" slips and business cards). The emblem of the Confederation may be omitted on business cards with insufficient space. The above phrase shall be printed in the same language as the language used in respect of a Member's name in any printed stationery.

14.2 A Member shall display the membership certificate issued by the Confederation in a prominent place in its office and ensure that the Code of Conduct is available for inspection upon request.

14.3 A Chief Executive or Technical Representative shall disclose his Registration Number if so requested by a policy holder or a potential policy holder and shall include such Registration Number on his business cards (if any).

14.4 (repealed; re-numbered as Regulation 7.12 and moved there under)\*\*\*.

14.5 Where a Member, at the request of its client or as a result of the absence of suitable products available in Hong Kong, has referred or arranged an insurance contract with an insurer which is not authorized in Hong Kong, it shall advise the clients of the unauthorized status in Hong Kong of such insurer as per the format prescribed in Annex C.\*

14.6 Members shall not disclose any information acquired from his client except:

14.6.1 in the normal course of negotiating, maintaining or renewing a contract of insurance for that client to the extent that the information disclosed is required for such purposes;

14.6.2 to other professional or commercial organizations in connection with the contract of insurance (including handling insurance claims) for that client including but not limited to loss adjusters and surveyors, security consultants and installation companies, property and engineering surveyors consultants and vendors, consulting engineers and architects;

14.6.3 with the written consent of that client; or

14.6.4 under a court order or to comply with obligations imposed upon it by law.

14.7 In negotiating or arranging contracts of long term insurance business, Members and their Chief Executive and Technical Representatives shall:

14.7.1 take all reasonable steps to establish the true and full identity of their clients;

14.7.2 use a suitable confidential questionnaire to conduct a "needs analysis" for prospective policyholders in the selling process;

14.7.3 in respect of any advice given on any insurance policy and where an illustration document is used, refer to such illustration document in its original format and shall not add to such illustration document or use or refer to parts only of such illustration document;

14.7.4 bring to the attention of its clients the long term nature of the insurance policy and analyse the consequences and implications of its early discontinuance, surrender or replacement with another long term insurance policy;

14.7.5 explain the difference between guaranteed and projected benefits, the assumptions behind any projected benefits illustrated, and explain that the projections are not guaranteed (e.g. where the relevant policy offers participation in profits or is linked to other investments);

14.7.6 explain that in the case of a participating (or a "with profits") policy, any bonuses or dividends declared in the future may be lower or higher than those currently quoted and that past performance may not be a guide to future performance, or in the case of a linked long term policy, the value of the policyholder's benefits may fluctuate;

14.7.7 complete a Customer Protection Declaration in accordance with the explanatory notes to such Customer Protection Declaration before its client agrees or makes a decision in relation to the purchase of a new long term insurance policy; and

14.7.8 deliver any new long term insurance policy together with a copy of the Customer Protection Declaration (if applicable) issued by the insurer through him to his client without delay.

#### 15. (repealed)\*\*\*

15.1 (repealed; re-numbered as 1.3 and moved there under)\*\*\*

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

## ANNEX A:- Acceptable Insurance Qualification

Acceptable Insurance Qualification	Abbreviations
(1) Associate or Fellow of the Chartered Insurance Institute	ACII / FCII
(2) Senior Associate or Fellow of the Australian and New Zealand Institute of Insurance and Finance	ANZIIF(Snr Assoc) / ANZIIF(Fellow)
(3) Fellow of the Life Management Institute	FLMI
(4) Chartered Life Underwriter	CLU
(5) Chartered Property Casualty Underwriter	CPCU
(6) Hong Kong Diploma in Insurance Studies of the Insurance Institute of Hong Kong	IHK Diploma in Insurance Studies
(7) Fellow of the Institute of Actuaries of England	FIA
(8) Fellow of the Faculty of Actuaries in Scotland	FFA
(9) Fellow of Institute of Actuaries of Australia	FIAA
(10) Fellow of the Society of Actuaries of the United States of America	FSA
(11) Other qualifications considered acceptable to the Insurance Authority	

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

## ANNEX B:- Deposits and Withdrawals from Client Accounts

### (1) Deposits into a Client Account

Monies received by a Member shall be paid into a Client Account where:

- such monies are received from a client for the purpose of purchasing a contract of insurance;
- such monies are received on behalf of a client from an insurer, a reinsurer, or an insurance intermediary or any other third party in relation to the settlement of an insurance claim;
- such monies are received for the purposes of the client which are incidental\* to the ordinary transactions of insurance broking business; or
- such monies are required in connection with the settlement of bank charges incurred on a Client Account.

### (2) Withdrawals from a Client Account

Withdrawals from a Client Account may only be made in relation to:

- premium monies required to be paid on behalf of a client to an insurer, a reinsurer or other insurance intermediary in connection with a contract of insurance;
- claim monies received on behalf of a client and required to be paid to the claimant or the person entitled to receive such claim monies;
- payments made on behalf of a client which are incidental\* to the ordinary transactions of insurance broking business;
- monies withdrawn with the written authority of a client;
- where a Member is entitled to any interest earned on monies held in a Client Account, interest earned on such Client Account; or
- monies debited by the bank to the Client Account for the settlement of bank charge incurred on such Client Account.
- monies which have been deposited into such Client Account by mistake or by accident.

\* For the avoidance of doubt, monies deemed to be "incidental to ordinary insurance broking business" are as follows:

- premiums, renewal premiums, additional premiums and return premiums of all kinds;
- claims and other monies due under contracts of insurance;
- refunds to clients;
- policy loans and associated interests;
- fees, charges, levies relating to contracts of insurance; and
- discounts, commissions and brokerage.

\*AS AMENDED ON 10 AUGUST 2010; \*\*AS ADDED ON 10 AUGUST 2010; \*\*\*AS REPEALED ON 10 AUGUST 2010

## ANNEX C:- Advice to Clients of the Unauthorized Status of an Insurer in Hong Kong\*\*

### (1) Client being an individual (Serving Notice and Obtaining Acknowledgement)

#### Specimen Notice to client :

Your insurance contract \*may be/\*has been arranged or effected wholly or partly with an insurer authorized in other jurisdiction but not authorized by the Insurance Authority to conduct insurance business in Hong Kong ("insurer not authorized in Hong Kong"). Such insurers are not subject to the provisions of the Insurance Companies Ordinance (Cap. 41), which establishes a system of prudential supervision of authorized insurers in Hong Kong.

It is a matter for your consideration whether you should obtain further information from the insurance broker involved on matters such as:-

- (a) name and address of the insurer not authorized in Hong Kong;
- (b) country of incorporation of the insurer not authorized in Hong Kong and whether that country has a compatible system for supervision of insurers;
- (c) financial standing of the insurer not authorized in Hong Kong;
- (d) which country's law will determine disputes under the contract.

(\*Delete if not applicable)

#### Specimen Acknowledgement from client :

I \_\_\_\_\_ (full name of client) of \_\_\_\_\_ (address of client) have read the above notice and I acknowledge that the insurance contract \*may be/\*has been/arranged or effected wholly or partly with an insurer authorized in other jurisdiction but not authorized under the Insurance Companies Ordinance (Cap. 41) to conduct insurance business in or from Hong Kong.

Dated \_\_\_\_\_

\_\_\_\_\_  
(Signature of client)

(\*Delete if not applicable)

### (2) Client being a corporate entity (Serving Notice only)

#### Specimen Notice to client :

The underwriting security of this insurance includes participation by an insurer authorized in other jurisdiction but not authorized by the Insurance Authority to conduct insurance business in Hong Kong ("insurer not authorized in Hong Kong"). You are reminded that such insurers are not subject to the provisions of the Insurance Companies Ordinance (Cap. 41), which establishes a system of prudential supervision of authorized insurers in Hong Kong.

It is a matter for your consideration whether you should obtain additional information from the insurance brokers on matters such as:-

- (a) name and address of the insurer not authorized in Hong Kong;
- (b) country of incorporation of the insurer not authorized in Hong Kong;
- (c) financial standing of the insurer not authorized in Hong Kong;
- (d) which country's laws will determine disputes under the contract.



## CODE OF CONDUCT

This Code of Conduct shall serve as a guide to members and the objective of the Code is to assist and establish a recognized standard of professional conduct.

The principles are as follows:

- a. Members shall at all times conduct their business with utmost good faith and integrity.
- b. Members shall do everything possible to satisfy the insurance requirements of their clients and shall place the interests of those clients before all other considerations. Subject to these requirements and interests, members shall have proper regard for others.
- c. Statements made by or on behalf of members when advertising shall not be misleading or extravagant.

The specific examples are that the company shall:

1. provide advice objectively, independently and impartially.
2. ensure that all employees are made aware of the Code of Conduct.
3. on request explain to a client the differences in the principal types of insurance and explain the terms and exclusions therein.
4. use sufficient number of insurers to satisfy clients requirements without unduly limiting the client's choice.
5. use its skill objectively in the choice of an insurer or insurers in the best interests of a client and shall not be unreasonably dependent on any particular insurer in transacting broking business.
6. if required, inform a client of all insurers with whom a contract of insurance is placed and disclose any special association he may have with any insurer whom he is recommending.
7. have proper regard of the wishes of a client who seeks to terminate business.
8. ensure that any information received from clients shall not be used or disclosed except that relating to normal negotiation for insurance or if the information is required by a court of law.
9. in the completion of the proposal form, claim form, or any other material document, insurance brokers shall make it clear that all the answers or statements are the client's own responsibility and explain the principle of utmost good faith. The client shall always be asked to check the details and told that the inclusion of incorrect information may result in a claim being repudiated.
10. ensure that advertisements distinguish between contractual and non-contractual benefits.
11. ensure that advertisements are not restricted to the policies of one insurer except where reasons are given and the insurer is named.
12. ensure that advertisements shall disclose the company's identity, occupation and purpose.
13. advise clients that the Code of Conduct is available and display a notice to this effect in a prominent position in its office/offices.
14. ensure that any director or employee who may act for more than one broking firm shall identify to his client which broking firm he is representing in relation to each particular insurance transaction.

## IIQAS Continuing Professional Development Programme Administrative Framework

### Preamble

This Administrative Framework is to supersede all previous Circulars of The Hong Kong Confederation of Insurance Brokers ("CIB") in relation to the administrative process and procedures that CIB has adopted in relation to monitoring the CPD compliance by persons registered with CIB. This should be read in conjunction with the CPD Information Sheet published by the Insurance Authority ("IA"). Members are encouraged to circulate this and the IA'S CPD Information Sheet to their registered persons for their reference.

### 1. The CPD Programme

- 1.1 The Insurance Authority has promulgated the CPD Programme with the latest version of the CPD Information Sheet published in April 2006. It is available for download at the following link: <http://www.oci.gov.hk/download/cpdis.pdf>
- 1.2 Paragraphs 4 and 21 of the CPD Information Sheet are irrelevant to insurance brokers.

### 2. The Rules for Determining the Requisite CPD Hours

- 2.1 Required CPD Hours  
10 CPD Hours per calendar year (1 January to 31 December).
- 2.2 Registration History  
Registration periods as insurance intermediaries in Hong Kong with the following bodies shall be taken into account as if being registered with CIB:-
  - (1) The Professional Insurance Brokers Association ("PIBA");
  - (2) The Insurance Agents Registration Board ("IARB"); and
  - (3) Insurance Authority ("IA")
- 2.3 Deduction for part-year registration  
1 CPD Hour is deducted for each 5-week (i.e. 35 days) period of continual non-registration during the calendar year.
- 2.4 Concession for persons with long term/prolonged illness  
1 CPD Hour is deducted for each 5-week (i.e. 35 days) period of continual absence from work during the calendar year due to long term/prolonged illness confirmed with medical certificate.
- 2.5 Option for persons having passed the CPD assessment of the IARB as at 31 July  
6 CPD Hours is deemed to have earned for the year and the remaining 4 CPD Hours to be earned during the period from 1 August to 31 December of that year.

### 3. Permitted Ways to Earn CPD Hours

- 3.1 Studying to attain specified qualifications or relevant university/postgraduate degrees  
10 CPD Hours per year, up to 6 years at most for each qualification or degree programme.

#### List of Specified Qualifications

- (1) Associate or Fellow of the Chartered Insurance Institute (ACII/FCII)
- (2) Senior Associate or Fellow of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF (Snr Assoc)/ANZIIF (Fellow))
- (3) Certified Financial Planner (CFP)
- (4) Chartered Financial Consultant (ChFC)
- (5) Chartered Life Underwriter (CLU)
- (6) Chartered Property Casualty Underwriter (CPCU)
- (7) Fellow, Chartered Financial Practitioner of the Life Underwriters Association of Hong Kong (FChFP)
- (8) Fellow of the Faculty of Actuaries in Scotland (FFA)
- (9) Fellow of the Institute of Actuaries of England (FIA)
- (10) Fellow of the Institute of Actuaries of Australia (FIAA)
- (11) Fellow of the Life Management Institute (FLMI)
- (12) Fellow of the Society of Actuaries of the United States of America (FSA)
- (13) Hong Kong Diploma in Insurance Studies of the Insurance Institute of Hong Kong
- (14) Hong Kong Insurance Professional Qualification Examination of the Hong Kong Society of Certified Insurance Practitioners (HKIPQE)
- (15) Fellow of the Life Underwriter Training Council (LUTCF)
- (16) Professional Diploma in Insurance Programme of the Vocational Training Council (PDI)

#### Relevant Degrees

Disciplines relating to the following scope of qualified CPD activities -

- (1) Local insurance (or related) legislation
- (2) Regulatory aspects of insurance practice in Hong Kong
- (3) Insurance
- (4) Actuarial science
- (5) Risk management
- (6) Financial planning
- (7) Other disciplines which are directly related to the work of insurance intermediaries, such as investment, law and legal knowledge, finance, business, commerce, management, engineering or communication skills

- 3.2 Accomplishing the CPD programme (if any) of the above-mentioned specified qualifications held  
10 CPD Hours per year.

- 3.3 Participating in or speaking at accredited CPD activities including:

- (1) Activities accredited by the Hong Kong Council for Academic Accreditation ("HKCAA") with accreditation code.
- (2) CPD activities organized by CIB, PIBA, IARB or IA.
- (3) CPD courses organized or formally accredited by specified professional bodies which are within the scope of qualified CPD activities mentioned in 3.1.

#### List of specified professional bodies

Specified professional bodies mean those established under an Ordinance or those required to perform statutory duties under an Ordinance of Hong Kong. To the best of CIB's knowledge, they include:

- (1) Hong Kong Institute of Architects
- (2) Hong Kong Institute of Certified Public Accountants
- (3) Hong Kong Institute of Housing
- (4) Hong Kong Institute of Landscape Architects
- (5) Hong Kong Institute of Planners
- (6) Hong Kong Institute of Surveyors
- (7) Hong Kong Institution of Engineers
- (8) The Law Society of Hong Kong

- Participants in accredited CPD activities will earn 1 CPD Hour for each hour of attendance.
- Speakers of accredited CPD activities will earn 3 CPD Hours for each hour of addressing in the activities.

### 4. Documentary Proofs

- 4.1 Types of Documentary Proofs

- Documentary evidence of passing during the relevant year examination of at least one subject for the qualification being studied.
- Documentary evidence of examination results, coursework assessment or attendance during the relevant year for study of the degrees.
- Documentary evidence of holding the qualification and of accomplishment with its CPD programme.
- Certificate of attendance of an accredited CPD activity.
- Claim of having earned CPD Hours without documentary proofs shall not be accepted.

#### 4.2 Individuals are responsible to:

- Furnish proof to claim any deduction/concession under Items 2.3 - 2.5, i.e.
  - (1) For part-year registration - records of registration issued by either IARB, PIBA or IA;
  - (2) For prolonged illness - medical certificate issued by registered medical practitioners who are by statute authorized to issue medical certificate for sick leaves;
  - (3) For passing IARB's assessment - certification issued by either IARB or the then appointing insurer(s) of the person concerned.
- Retain all original documentary proofs for their CPD compliance of the immediate past 3 calendar years.

#### 4.3 Members are responsible to:

Obtain from the registered persons and to furnish with CIB the originals and/or copies of such proofs when so required.

#### 4.4 CIB is responsible to:

- Inspect but shall return to relevant party any original proofs.
- Review photocopy of the proofs filed with CIB for the purpose of compliance audit but shall not be responsible to return the photocopy nor to retain any such copy in files.

### 5. Assessment

#### 5.1 Responsibility of Members

Prior to a person applying for registration or for registration renewal, the relevant Members are responsible for assessing his/her CPD compliance and shall declare so in the prescribed application forms.

#### 5.2 Failing in Discharging the Duty of Assessment

If a Member is found to be failing repeatedly in discharging this duty of assessment, the matter will be referred to the Disciplinary Committee for investigation.

### 6. Consequence of Failure to Comply

#### 6.1 If the applicants have failed to or are yet to comply with the CPD requirements:

- CIB will not process their applications for registration or for renewal.
- CIB will process their applications for registration anew when CIB is satisfied that they are capable to comply with the CPD requirements by making up any deficiency for the year being assessed.

6.2 If the applicants have ceased to be registered as insurance intermediaries in Hong Kong for more than a year  
Subject to Section 6.3, CIB will process their applications anew.

6.3 If registration of a person having been revoked or suspended by either CIB or IARB or PIBA or IA due to CPD non-compliance  
No matter how long he/she has ceased to be an insurance intermediary in Hong Kong, CIB has to be satisfied that he/she is capable to comply with the CPD requirements by making up any deficiency leading to the revocation or suspension.

#### 6.4 CPD Hours earned during a period of Non-registration

To facilitate the making up of deficiency, CPD hours earned during a non-registration period will count. (This is not applicable to fresh applicants, i.e. the hours of study prior to their first registration as insurance intermediaries in Hong Kong will not be counted as CPD Hours.)

### 7. Compliance Audit after Registration Renewal

#### 7.1 Timing

Conducted immediately after the registration renewal (1 January each year). Relevant Members will be asked to furnish with CIB documentary proofs within a month's time.

#### 7.2 Targets of audit

- (1) Random Audit: At least 10% of registered persons randomly drawn;
- (2) Compulsory Audit: Those who have been found CPD non-compliant in the previous audit.

#### 7.3 Documents to be submitted

- Only copy of documentary proofs for fulfilling CPD requirement of the immediate preceding calendar year shall be submitted.
- The first 10% among those being randomly drawn will be required to send their original documentary proofs for inspection.

#### 7.4 Identified cases of non-compliance

Any cases of non-compliance will be referred to the Disciplinary Committee for investigation

### 8. Compliance Audit at Application for Registration

#### 8.1 Timing

CPD Compliance Audit will form part of the vetting process for each application for registration.

## 8.2 Targets of audit

All applicants for registration as either Chief Executives or Technical Representatives.

## 8.3 Documents to be submitted

### (1) Copy of documentary proofs of their CPD Compliance;

Applicants shall furnish the above documents when submitting the application, unless:

- (a) They have ceased to be registered as insurance intermediaries in Hong Kong for more than a year; AND
- (b) Have never been revoked or suspended due to CPD non-compliance.
  - Only copy of documentary proofs for fulfilling CPD requirement of the immediate preceding calendar year shall be furnished with the application.
  - If the applicants have previously been revoked or suspended due to CPD non-compliance, the proofs shall be for the relevant period of registration.

### (2) Documentary Records of Registration

- The records of registration shall be issued by either IARB or PIBA or IA.
- The records may be in the form of a letter issued by these institutions or a print-out from online enquiry (e.g. the Registration History enquiry facility provided by IARB at [http://www.hkfi.org.hk/en\\_insurance015.asp](http://www.hkfi.org.hk/en_insurance015.asp))
- The records shall include both the commencement and end dates of each registration in the current and the immediate preceding calendar years.
- No record need to be filed for previous registration with CIB.

## 8.4 Identified cases of non-compliance

Applications with CPD non-compliance for the previous calendar year will be rejected.

## 8.5 Identified cases of concealment of records of registration

- (1) CIB will conduct reference check on record of registration furnished with the application.
- (2) Identified cases of concealment of records of registration will be referred to the Disciplinary Committee for investigation.

## 9. Enquiries

9.1 A list of Frequently Asked Questions is prepared and placed at the CIB website for reference.

9.2 Any other enquiries may be sent to the CIB Secretariat for attention.