

Outline of the AFRC's Process for the Registration of PIE Auditors

Introduction

1. The Accounting and Financial Reporting Council (“**AFRC**”) is empowered to register practice units as registered public interest entity (“**PIE**”) auditors under Division 2 of Part 3 of the Accounting and Financial Reporting Council Ordinance (Cap. 588) (“**AFRCO**”) (“**registered PIE auditors**”).
2. This document is intended to provide a brief outline of:
 - (a) the application process in respect of:
 - (i) an application for registration as a registered PIE auditor;
 - (ii) an application for renewal of registration as a registered PIE auditor; and
 - (iii) an application for addition of registered responsible persons; and
 - (b) the notification process in respect of a change in particulars of a registered PIE auditor.
3. For more information concerning the legal regime for the registration of PIE auditors (including eligibility requirements), please refer to the [“Policy Statement for the Registration of PIE Auditors”](#) available on the AFRC’s website.

Definitions

4. In this document, the following terms have the meanings defined in the AFRCO as set out below (the definitions in the AFRCO shall prevail in case of any inconsistency):

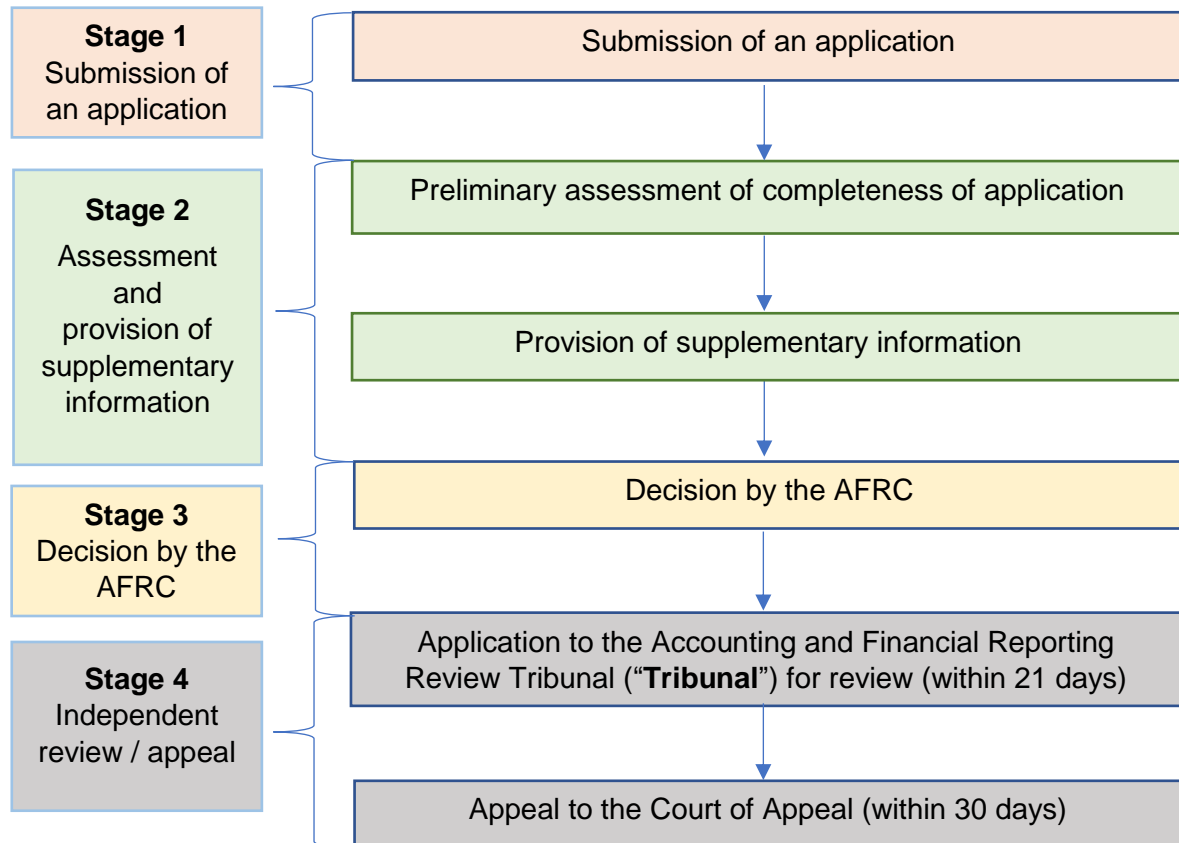
Terms	Meanings defined in the AFRCO	Section under the AFRCO
certified public accountant (“ CPA ”)	A CPA means a person registered as a certified public accountant by virtue of section 22 of the Professional Accountants Ordinance (Cap. 50).	2(1)
certified public accountant (practising) (“ CPA (practising) ”)	A CPA (practising) means a CPA holding a practising certificate.	2(1)
corporate practice	A corporate practice means a company registered as a corporate practice under Division 3 of Part 2A of the AFRCO.	2(1)
CPA firm	A CPA firm means: <ul style="list-style-type: none">• a CPA (practising) who practises accountancy on the accountant's own account under a firm name	2(1)

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	<p>registered under Division 2 of Part 2A of the AFRCO; or</p> <ul style="list-style-type: none"> • a firm of CPAs (practising) that practises accountancy in partnership and is registered under Division 2 of Part 2A of the AFRCO. 	
engagement partner	An engagement partner means a partner or other person authorised by a practice unit or registered PIE auditor to be responsible for the PIE engagements carried out by the unit or auditor.	2(1)
engagement quality control reviewer	An engagement quality control reviewer means a person authorised by a practice unit or registered PIE auditor to oversee the engagement quality control reviews carried out in relation to the PIE engagements carried out by the unit or auditor.	2(1)
Listing Rules	<p>Listing Rules mean:</p> <ul style="list-style-type: none"> • the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; or • the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, <p>approved by the Securities and Futures Commission under section 24 of the Securities and Futures Ordinance (Cap. 571), and as in force at the material time</p>	2(1)
PIE	A PIE means a listed corporation the listed securities of which comprise at least shares or stocks, or a listed collective investment scheme.	3(1)
PIE auditor	A PIE auditor means a registered or recognized PIE auditor.	3A(1)
PIE engagement	<p>A PIE engagement means any of the following types of engagements for the preparation of:</p> <ul style="list-style-type: none"> • an auditor’s report on a PIE’s financial statements / annual accounts required by section 379 of the Companies Ordinance (Cap. 622), the Listing Rules or any relevant code; • a specified report required to be included in a listing document for the listing of a corporation’s 	3A(1); Part 1 of Schedule 1A

Terms	Meanings defined in the AFRCO	Section under the AFRCO
	<p>shares or stocks or for the listing of a collective investment scheme; or</p> <ul style="list-style-type: none"> • an accountant's report required under the Listing Rules to be included in a circular issued by a PIE for a reverse takeover or a very substantial acquisition. 	
practice unit	<p>A practice unit means:</p> <ul style="list-style-type: none"> • a CPA (practising) who practises accountancy on the accountant's own account under the accountant's own name as registered under section 22(2) of the Professional Accountants Ordinance (Cap. 50); • a CPA firm; or • a corporate practice. 	2(1)
practising certificate	<p>A practising certificate means a practising certificate issued under section 20AAD or 20AAI of the AFRCO.</p>	2(1)
quality control system responsible person	<p>A quality control system responsible person means a person authorised by a practice unit or a registered PIE auditor to be responsible for the quality control system of the unit or auditor.</p>	2(1)
registered responsible person	<p>A registered responsible person means an individual whose name is recorded in the PIE auditors register as a responsible person of the registered PIE auditor.</p>	2(1)
relevant code	<p>A relevant code means:</p> <ul style="list-style-type: none"> • a code or guideline published under section 112ZR of the Securities and Futures Ordinance (Cap. 571), as in force at the material time; or • a code or guideline published under section 399 of that Ordinance for providing guidance in relation to the operation of section 104 of that Ordinance, as in force at the material time. 	2(1)
responsible person	<p>A responsible person in relation to a practice unit or a registered PIE auditor means:</p> <ul style="list-style-type: none"> • an engagement partner; • an engagement quality control reviewer; or • a quality control system responsible person. 	2(1)

Application process

5. The application process is the same for all three types of applications set out in paragraph 2(a) above and can be summarized as follows:



Application for registration as a registered PIE auditor

Stage 1

Submission of an application

6. A practice unit applying to be registered as a registered PIE auditor is required to submit an application to the AFRC. In order to complete the application, the applicant will have to:
- complete the online application form "[Application as a Registered PIE Auditor](#)" (Form PIE-1);
 - provide a list of all the applicant's nominated responsible persons;
 - if the applicant is a firm of CPAs (practising), provide a list of all its partners;
 - if the applicant is a corporate practice, provide a list of all its directors;

- (e) provide "[Fit and Proper Declaration Form](#)" (Form F&P) signed by each of the partners / directors of the applicant and any other persons being nominated as a responsible person;
 - (f) provide "[Personal Details Form for a Non-CPA \(Practising\) Applying for Registration as an Engagement Quality Control Reviewer \("EQCR"\)](#)" (Form PIE-EQCR) signed by each of the persons being nominated as an engagement quality control reviewer if the person is not a CPA (practising);
 - (g) provide all necessary supporting documents; and
 - (h) pay the application fee of HK\$250.
7. An applicant is required to provide the AFRC with all information that the AFRC reasonably requires to consider the application. Accordingly, before submitting the application the applicant should check that:
- (a) all required fields in the applicable forms have been completed;
 - (b) all necessary supporting documents have been provided; and
 - (c) if the answer to any of the questions set out in the "[Fit and Proper Declaration Form](#)" (Form F&P) is "yes", an explanation has been provided to explain why the declarant is a fit and proper person to be a CPA.

Stage 2

- (i) *Preliminary assessment of completeness of application and provision of supplementary information*
8. The AFRC will first conduct a preliminary assessment on the application to check whether the information received is complete and the application fee is paid.
9. The AFRC may, where appropriate, require the applicant to provide supplementary information which the AFRC considers relevant to the application. Unless otherwise specified, the applicant is required to respond in writing within 10 business days of the date of the requirement.
10. If the applicant does not provide the required information to the AFRC within the stipulated deadline, the AFRC may proceed to make a decision on the application based on the evidence before it, and will likely refuse the application on the basis that there is insufficient information available for the AFRC to satisfy itself that the relevant requirements under the AFRCO have been met.
11. For the avoidance of doubt, in an appropriate case the AFRC may reject an application directly without requiring supplementary information from the applicant. The AFRC may do so where, for example, it is clear on the face of the application that the applicant does not meet the relevant requirements under the AFRCO.

(ii) Processing time

12. The AFRC will outline in its website the submission deadlines for which applications will be processed by a given point of time. Results will usually be available 10 weeks after the submission deadline, if the AFRC is satisfied that no supplementary information is required for the application.
13. Although the AFRC will strive to adhere to this timetable, the time it takes to process an application may vary depending on a number of factors such as:
 - (a) the quality and completeness of the application;
 - (b) the quality of the supporting documents;
 - (c) the complexity of the application;
 - (d) subsequent changes made to the application;
 - (e) the time taken for other regulatory bodies to respond to vetting requests, where applicable; and
 - (f) the number of applications the AFRC is processing at any particular time.

Stage 3

Decision by the AFRC

14. The AFRC will consider all available information in its possession (whether or not provided by the applicant) and then make a decision on the application.
15. The AFRC will inform the applicant of its decision by written notice and issue a copy of the notice to each responsible person of the applicant listed in the application. The written notice will include a statement of reasons where:
 - (a) the application is refused by the AFRC; or
 - (b) the application is granted by the AFRC subject to conditions.

Stage 4

(i) Application to the Tribunal for review

16. An applicant who is aggrieved by a decision of the AFRC to refuse the application or impose a condition in relation to the registration may apply to the Tribunal for a review of that decision.
17. The application for review must be made to the Tribunal in writing within 21 days after the AFRC issued the written notice to the applicant. This period may be extended by applying to the Tribunal and demonstrating a good cause.
18. The application for review must state the grounds for the application.

(ii) Appeal to the Court of Appeal

19. If a party to a review is dissatisfied with a determination of the Tribunal, an appeal can be made to the Court of Appeal on a question of law and/or fact. The party concerned must first apply to the Court of Appeal for leave to appeal within 30 days after the Tribunal issued the determination to the party.
20. Leave to appeal may only be granted if the Court of Appeal is satisfied that the appeal has a reasonable prospect of success or there are some other reasons in the interests of justice that the appeal should be heard.

Application for renewal of registration as a registered PIE auditor

Stage 1

Submission of an application

21. A registered PIE auditor intending to renew its registration as a registered PIE auditor is required to submit a renewal application to the AFRC. In order to complete the application, the applicant will have to:
 - (a) complete the online application form "[Renewal Application for a Registered PIE Auditor](#)" (Form PIE-2);
 - (b) provide all necessary supporting documents; and
 - (c) pay the application fee of HK\$200.
22. An applicant is required to provide the AFRC with all information that the AFRC reasonably requires to consider the application. Accordingly, before submitting the application the applicant should check that:
 - (a) all required fields in the applicable forms have been completed;
 - (b) all necessary supporting documents have been provided; and
 - (c) if there have been any changes to the fit and proper declarations previously submitted, an explanation has been provided to explain why the declarant is a fit and proper person to be a CPA.
23. The application must be made between 1 October and 16 November of the year in which the current registration expires.

Stage 2

- (i) Preliminary assessment of completeness of application and provision of supplementary information*
24. The AFRC will first conduct a preliminary assessment on the application and may require the provision of supplementary information in the manner described in paragraphs 8-11 above.

(ii) Processing time

25. Results will usually be available within 30 business days of the date of application, if the AFRC is satisfied that no supplementary information is required for the application. Although the AFRC will strive to adhere to this timetable, the time it takes to process an application may vary depending on a number of factors, including those set out in paragraph 13 above.

Stage 3

Decision by the AFRC

26. The AFRC will consider all available information in its possession (whether or not provided by the applicant) and then make a decision on the application.
27. The AFRC will inform the applicant of its decision by written notice and issue a copy of the notice to each registered responsible person of the applicant. The written notice will include a statement of reasons where:
- (a) the application is refused by the AFRC; or
 - (b) the application is granted by the AFRC subject to conditions.

Stage 4

(i) Application to the Tribunal for review

28. An applicant who is aggrieved by a decision of the AFRC to refuse the application or impose a condition in relation to the registration may apply to the Tribunal for a review of that decision. The relevant procedures are set out in paragraphs 17-18 above.

(ii) Appeal to the Court of Appeal

29. If a party to a review is dissatisfied with a determination of the Tribunal, an appeal can be made to the Court of Appeal on a question of law and/or fact. The relevant procedures are set out in paragraphs 19-20 above.

Application for addition of registered responsible persons

Stage 1

Submission of an application

30. A registered PIE auditor proposing to add the name of a person to the list of registered responsible persons of the auditor is required to submit an application to the AFRC. In order to complete the application, the applicant will have to:

- (a) complete the application form "[Application for Registration of Additional Responsible Person of a Registered Public Interest Entity \("PIE"\) Auditor](#)" (Form PIE-3);
 - (b) provide "[Fit and Proper Declaration Form](#)" (Form F&P) signed by each of the persons being nominated as a registered responsible person;
 - (c) provide "[Personal Details Form for a Non-CPA \(Practising\) Applying for Registration as an Engagement Quality Control Reviewer \("EQCR"\)](#)" (Form PIE-EQCR) signed by each of the persons being nominated as a registered responsible person if the person is not a CPA (practising); and
 - (d) provide all necessary supporting documents.
31. An applicant is required to provide the AFRC with all information that the AFRC reasonably requires to consider the application. Accordingly, before submitting the application the applicant should check that:
- (a) all required fields in the applicable forms have been completed;
 - (b) all necessary supporting documents have been provided; and
 - (c) if the answer to any of the questions set out in the "[Fit and Proper Declaration Form](#)" (Form F&P) is "yes", an explanation has been provided to explain why the declarant is a fit and proper person to be a CPA.

Stage 2

- (i) *Preliminary assessment of completeness of application and provision of supplementary information*
32. The AFRC will first conduct a preliminary assessment on the application and may require the provision of supplementary information in the manner described in paragraphs 8-11 above.
- (ii) *Processing time*
33. The AFRC will outline in its website the submission deadlines for which applications will be processed by a given point of time. Results will usually be available 10 weeks after the submission deadline, if the AFRC is satisfied that no supplementary information is required for the application. Although the AFRC will strive to adhere to this timetable, the time it takes to process an application may vary depending on a number of factors, including those set out in paragraph 13 above.

Stage 3

Decision by the AFRC

34. The AFRC will consider all available information in its possession (whether or not provided by the applicant) and then make a decision on the application.

35. The AFRC will inform the applicant of its decision by written notice and issue a copy of the notice to the nominated person. The written notice will include a statement of reasons where the application is refused by the AFRC.

Stage 4

(i) Application to the Tribunal for review

36. An applicant who is aggrieved by a decision of the AFRC to refuse the application may apply to the Tribunal for a review of that decision. The relevant procedures are set out in paragraphs 17-18 above.

(ii) Appeal to the Court of Appeal

37. If a party to a review is dissatisfied with a determination of the Tribunal, an appeal can be made to the Court of Appeal on a question of law and/or fact. The relevant procedures are set out in paragraphs 19-20 above.

Offences to provide false or misleading information

38. Under section 20R of the AFRCO, a person commits an offence and is liable on conviction to a fine of HK\$50,000 and to imprisonment for 6 months if the person, in connection with an application for registration as a registered PIE auditor or a renewal application:
- (a) makes a statement that is false or misleading in a material particular and knows that, or is reckless as to whether or not, the statement is false or misleading in a material particular; or
 - (b) omits a material particular from a statement with the result that the statement is rendered false or misleading and knows that, or is reckless as to whether or not, the material particular is omitted from the statement.

Notification of changes in particulars

39. A registered PIE auditor must, within 14 days after the day on which any of the following changes takes place, inform the AFRC of the change by submitting a relevant notification form to the AFRC:
- (a) a registered responsible person ceases to be a responsible person of the registered PIE auditor;
 - (b) a person becomes or ceases to be a partner or director of the registered PIE auditor; or
 - (c) a change in the full name, business address, telephone number and/or electronic mail address of the registered PIE auditor or any of its registered responsible persons.

40. Before submitting the relevant notification form, the registered PIE auditor should check that:
 - (a) all required fields in the applicable forms have been completed; and
 - (b) all necessary supporting documents have been provided.

41. Under sections 20Z and 20ZA of the AFRCO, a person commits an offence and is liable on conviction to a fine of HK\$50,000 if the person, without reasonable excuse, fails to notify the AFRC as required.

Disclaimer

42. This document provides a summary of the AFRC's process for reference only. It is not legal advice. Applicants should seek their own legal advice. In the event of any inconsistency between this document and the AFRCO, the AFRCO shall prevail.