

Press Release

27 February 2019

FRC Welcomes Government’s Announcement of Injection of Seed Capital of HK\$ 400 Million for the FRC in the 2019-2020 Budget

(27 February 2019, Hong Kong) The Financial Reporting Council (**the FRC**) welcomes the Government’s announcement in the 2019-2020 Budget today that the seed capital for the FRC will be increased from HK\$300 million as initially proposed in the Chief Executive’s 2018 Policy Address to HK\$400 million to facilitate the smooth migration from the existing auditor regulatory regime to the new regime. The Government also announced the exemption of levies under the new regime for the first two years.

With the enactment of the Financial Reporting Council (Amendment) Ordinance 2019 (the Ordinance) on 30th January this year, the FRC will become Hong Kong’s fully fledged independent auditor regulator, vested with direct powers of inspection, investigation, as well as discipline concerning auditors of listed entities. The FRC will also be overseeing the performance of the Hong Kong Institute of Certified Public Accountants of their functions in relation to auditors of listed entities including registration; standards in professional ethics, auditing and assurance; and continuing professional development requirements.

Dr Kelvin Wong, Chairman of the FRC, remarked, “It is very encouraging to learn that our mission as Hong Kong’s independent auditor regulator is duly recognised by the Government. The seed capital provides the FRC with valuable resources in our preparations for the new regime which include, among others, recruitment of high calibre and competent professional staff with the required experience and expertise to perform our expanded roles. It will also facilitate the commencement of the Ordinance as soon as possible which, in the long run, will enhance the quality of corporate reporting and strengthen investor protection in Hong Kong.”

When the Ordinance takes effect, it will enable Hong Kong to meet the membership requirements of the International Forum of Independent Audit Regulators (IFIAR) whereby members from around the world share their regulatory experience and inspection findings with an aim of enhancing audit quality globally. This will further strengthen Hong Kong’s competitiveness as a leading international financial centre.

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Note to editors

About the FRC

The FRC is a statutory body established in December 2006 under the Financial Reporting Council Ordinance. The FRC is entrusted with the statutory responsibilities to conduct independent investigations into possible auditing or reporting irregularities by auditors of listed entities and to enquire into possible non-compliance with accounting requirements by listed entities. The FRC has 11 members with a variety of professional backgrounds the majority of whom, including the Chairman, are lay persons. For more information, please visit www.frc.org.hk.

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