

## Press Release

### **FRC Welcomes Financial Reporting Council (Amendment) Bill 2018**

(19 January 2018, Hong Kong) The Financial Reporting Council (**the FRC**) welcomes the Government's introduction of an amendment bill in relation to the auditor regulatory reform into the Legislative Council.

Under the proposed amendments, the FRC will become Hong Kong's 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 John Poon, Chairman of the FRC, said, "The introduction of this legislation is in the best interest of the investing public. This much awaited reform for auditors of publicly listed entities, i.e. from self-regulation to independent oversight, will bring Hong Kong's auditor regulatory regime in line with other major capital markets worldwide, such as New York and London. It will further entrench Hong Kong's status and reputation as a robust international financial centre."

Over the years, the FRC has put tremendous effort in advocating for a fundamental reform that would enable Hong Kong to meet the membership requirements of the International Forum of Independent Audit Regulators (IFIAR) and to achieve regulatory equivalence with the European Commission (EC). The benefits of obtaining IFIAR membership and achieving EC equivalence include enhancing international investor confidence in the Hong Kong market, fostering growth by facilitating cross-border investments and strengthening enforcement and cooperation among a global network of independent auditor regulators.

Paul F. Winkelmann, CEO of the FRC, stated, "The introduction of independent auditor regulators internationally has raised audit quality, thereby enhancing the integrity of financial reporting. Hong Kong will soon become a part of that process."

The FRC will suitably modify its operational structure for the expanded responsibilities, including promulgating new policies and guidelines which will be benchmarked against international best practice and appropriate in the local context.

Dr Poon concluded, “We look forward to the passage of the Amendment Bill. The FRC has been in operation for over a decade and is ready to tackle, with adequate resources, any additional challenges that may arise in the new era of being the independent fully fledged auditor regulator for Hong Kong.”

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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](http://www.frc.org.hk).

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