

Press Release

FRC welcomes the Government’s public consultation on proposals to improve the regulatory regime for listed entity auditors

(20 June 2014, Hong Kong) The Financial Reporting Council (**FRC**) welcomes the Government’s public consultation on proposals to improve the regulatory regime for listed entity auditors (**Consultation**).

The objective of the Consultation is to gather public opinion on how to bring Hong Kong’s auditor regulatory regime in line with international standards, including regulatory equivalence requirements of the European Commission and membership requirements of the International Forum of Independent Audit Regulators. The Consultation covers all six key functions of an independent auditor oversight system, namely registration, inspection, investigation, enforcement/discipline, standard setting and continuing professional education, as well as the appropriate checks and balances to ensure the integrity of the new regulatory regime. The consultation also includes proposals on the funding mechanism and governance of the independent oversight body under the new regulatory regime.

Dr John Poon, Chairman of the FRC, said, “The Consultation highlights the need for a reform that will provide Hong Kong with an enhanced regulatory system, emphasizing independence, transparency and robustness. We believe that the future auditor regulatory regime should offer better protection to the investing public, bring our auditor oversight system in line with other comparable jurisdictions, and further entrench Hong Kong’s status and reputation as a major international financial centre. We will continue to actively support the process

leading to the successful completion and implementation of the reform of auditor regulatory system in Hong Kong.”

The FRC commissioned an international comparative study by Deloitte LLP (UK) on the topic of independent auditor oversight, which was published in October 2013. The report provides interested parties with valuable information to assist them in considering the issues involved in the Consultation. The report is available on our website (www.frc.org.hk).

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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 in relation to listed entities and to enquire into possible non-compliance with accounting requirements on the part of listed entities. The FRC has 11 members with a variety of professional backgrounds and the majority of whom, including the Chairman, are lay persons. For more information, please visit www.frc.org.hk.