

Press release

Consultation conclusions on improving regulatory regime for listed entity auditors released

Friday, June 26, 2015

The Government today (June 26) released the conclusions of the public consultation on proposals to improve the regulatory regime for listed entity auditors.

The Secretary for Financial Services and the Treasury, Professor K C Chan, said, "We are pleased to note that an overwhelming majority of respondents are supportive of the proposed reform to have the oversight of the regulation of listed entity auditors independent of the audit profession. The initiative will bring Hong Kong's regime in line with international standards, offering benefits to the audit profession and the investing public as well as reinforcing Hong Kong's status as an international financial centre and capital market."

Professor Chan added, "Having regard to the useful comments received during the consultation period, we have refined the relevant proposals, including facilitating registration by eligible auditors, providing a clearer definition of responsible persons of listed entity auditors to be registered under the new regime and their statutory duties, and enhancing the checks and balances against the exercise of new regulatory powers by the Financial Reporting Council (FRC) under the new regime."

He said, "We will initiate a legislative exercise to implement the reform and will engage relevant stakeholders, including the FRC and the Hong Kong Institute of Certified Public Accountants (HKICPA), on relevant details of the new regime as we prepare the amendment bill."

Under the reform proposals, the FRC will become the independent auditor oversight body vested with direct inspection, investigation and disciplinary powers with regard to listed entity auditors, whilst the HKICPA will perform the statutory functions of registration, setting continuing professional development requirements and standards on professional ethics, auditing and assurance with respect to listed entity auditors under the new regime, subject to oversight by the FRC.

The Government conducted a three-month public consultation last year to solicit views on proposals to introduce an independent oversight regime for the regulation of listed entity auditors. The respondents' views on the proposals, the specific issues raised and the Government's responses are summarised in the consultation conclusions, which also set out in detail the major refinements and elaborations of the relevant proposals in light of the respondents' comments.

The consultation conclusions have been uploaded to the website of the Financial Services Branch of the Financial Services and the Treasury Bureau (www.fstb.gov.hk/fsb). Taking into account the time required to work out the full details of the new regime and to prepare the amendment bill, the Government's target is to introduce the amendment bill into the Legislative Council in the 2016-17 legislative session. The Financial Services and the Treasury Bureau will brief the Panel on Financial Affairs of the Legislative Council on the outcome of the public consultation and the way forward on July 6.