

## Press Release

9 March 2022

### **FRC launches Engagement and Consultation Paper on further reform of the accounting profession**

The Financial Reporting Council (FRC) today launches its [Engagement and Consultation Paper](#) on further reform of the accounting profession (“the Paper”). While the Paper provides explanation of our regulatory principles and proposals, we invite interested parties and the public to share their views with us so that we may take into consideration the interest of key stakeholders. Please send your comments on the consultation documents on or before 4 May 2022, by email to: [consultation@frc.org.hk](mailto:consultation@frc.org.hk).

The new regime is expected to commence in the 4th quarter of this year. Upon commencement, the FRC will become the independent regulator for the accounting profession in Hong Kong and its name will change to Accounting and Financial Reporting Council (AFRC). The AFRC will be vested with the following regulatory powers:

- registration of practice units and public interest entity (“PIE”) auditors;
- issuance of practising certificates to certified public accountants (“CPAs”);
- inspection of practice units;
- investigation of professional persons (i.e. CPAs and practice units); and
- discipline of professional persons.

Mr Marek Grabowski, CEO of the FRC said, “To ensure an effective discharge of the above functions, we have devoted ourselves to the development of policies and procedures for our new functions.”

The Consultation Paper includes five consultation documents relating to the disciplinary process and sanctions approach:

- A. Outline of the AFRC’s Disciplinary Process;
- B. Guidelines for Exercising the Power to Impose a Pecuniary Penalty for PIE Auditors and Registered Responsible Persons;
- C. Guidelines for Exercising the Power to Impose a Pecuniary Penalty for Professional Persons;
- D. Sanctions Policy for PIE Auditors and Registered Responsible Persons; and
- E. Sanctions Policy for Professional Persons.

In conjunction with the five consultation documents, we also include in the Consultation Paper the following three engagement documents to provide the public more background about our disciplinary powers and approach to cooperation:

- F. Discipline Policy Statement for PIE Auditors and Registered Responsible Persons;
- G. Discipline Policy Statement for Professional Persons; and
- H. Guidance Note on Cooperation with the AFRC.

The consultation aims to facilitate stakeholders to understand our rationale and solicit their views on how to ensure our proposed policies meet the expectations of the public through an effective disciplinary regime.

Introducing the Consultation Paper, Ms Hester Leung, Head of Discipline for the FRC remarked, “When developing these proposed policies and processes, we aimed to strike an appropriate balance between fairness, impartiality and transparency on the one hand, and the need to ensure the efficient and effective resolution of disciplinary cases on the other hand.”

Dr Kelvin Wong, Chairman of the FRC concluded, “The further reform aligns the Hong Kong regulatory regime for the accounting profession with the international practice. It not only enhances regulatory efficiency and ensures consistency but also promotes sustainable development of the accountancy profession. These are all key elements that contribute to strengthening Hong Kong’s position as a competitive international financial centre.”

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## **About the Financial Reporting Council**

The FRC is the independent listed entity auditor regulator for Hong Kong. We are committed to upholding the quality of financial reporting of listed entities of Hong Kong so as to enhance investor protection and strengthen investor confidence in corporate reporting.

For more information about the statutory functions of the FRC, please visit [www.frc.org.hk](http://www.frc.org.hk).

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