



CHARTERED
SECRETARIES
特許秘書

The Hong Kong Chartered Governance Institute

Online Submission:

The Legislative Council of the
Hong Kong Special Administrative Region
Bills Committee on Financial Reporting Council
(Amendment) Bill 2021

The Hong Kong Chartered Governance Institute 香港公司治理公會

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Clerk to Bills Committee on Financial Reporting Council (Amendment) Bill 2021

Legislative Council Secretariat

Legislative Council Complex

1 Legislative Council Road, Central

Hong Kong

Dear Sirs

Bills Committee on Financial Reporting Council (Amendment) Bill 2021 (the Bill)

Terms and expressions used in this letter shall have the meanings set out under the Bill unless the context requires otherwise.

About HKCGI

The Hong Kong Chartered Governance Institute (the Institute) is an independent professional institute representing Chartered Secretaries and Chartered Governance Professionals as governance professionals in Hong Kong and the mainland of China (the Mainland) with over 6,600 members, 300 graduates and 3,000 students. The Institute originates from The Chartered Governance Institute in the United Kingdom with nine (9) divisions and over 30,000 members and 10,000 students internationally. The Institute is also a Founder Member of Corporate Secretaries International Association Limited (CSIA), an international organisation comprising fourteen (14) national member organisations to promote good governance globally.

General support for the Bill

Independent regulatory oversight of the accounting profession is a global governance concern. Accordingly, we express our general support for the Bill, which seeks to achieve independent regulatory oversight of Hong Kong's accounting profession, which is important for maintaining the status of Hong Kong as an international financial centre. In this regard, we have, in general, no issue with this being done through the expansion of the Financial Reporting Council (FRC)'s regulatory scope.

From the governance perspective, we support the requirement that FRC members must be non-practitioners, along with one third of them having knowledge and experience in PIE engagements, and others appointed because of their knowledge in accounting, finance, banking, law, administration or management, or their professional or occupational experience. This approach adds to the impartiality and diversity of perspectives available to the FRC.

However, in relation to specific matters as to the relationships with the HKICPA, including as to registration, inspection, investigation and discipline, oversight, review and appeal mechanisms of audit professionals, these are best left to the comments of the accounting profession.


Summary

We agree that Hong Kong, as an international financial centre, should align with international developments regarding independent regulatory oversight of the accounting profession. The matters being proposed under the Bill will, in general, promote good governance. As we have not yet approached our general membership base for comments on specific issues, we will expect the Government and relevant regulators to work closely with the industry to iron out detailed implementation issues, including the related subsidiary legislation, in relation to which we may have further comments in due course.

Should you have any questions, please feel free to contact Ellie Pang, Chief Executive, HKCGI or Mohan Datwani FCG FCS(PE), Deputy Chief Executive, HKCGI at 2881 6177 or research@hkcg.org.hk.

Yours sincerely

For and on behalf of
The Hong Kong Chartered Governance Institute



Gillian Meller FCG FCS(PE)
President