



## Hong Kong Investment Funds Association

(company incorporated with limited liability 有限責任公司)

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March 13, 2018

Clerk to Bills Committee on Financial Reporting Council (Amendment) Bill 2018  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Sir,

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

On behalf of the Hong Kong Investment Funds Association (Appendix 1 for the backgrounder), I would like to express our full support to the captioned Bill. By enhancing the independence of the regulatory regime for auditors of listed entities, the Bill greatly bolsters investor protection. Also, the proposed approach is in line with international best practices; and can further strengthen Hong Kong's status as an international financial center.

However, with respect to the contribution levies, we believe that ideally, the levies should be borne by the "public interested entities ("PIEs") and the auditors of the PIEs. The addition of the levies would only add to the costs of trading which are already on the high side.

However, as it seems that the policy intent is to have all parties, including the investors to share out the costs, we believe that a more equitable approach would be to have the levies shared out equally between the three parties – thus, instead of having the split as 50 (sellers and purchasers in securities transactions): 25 (Public interested entities [PIEs]): 25 (PIE auditors), it should be one third for each.

Should you have any questions, please do not hesitate to contact me on 2537-9912.

Yours faithfully,

Sally Wong  
Chief Executive Officer

# Hong Kong Investment Funds Association

## **Appendix 1**

### **Hong Kong Investment Funds Association - Introduction**

The Hong Kong Investment Funds Association ("HKIFA") is an industry body that represents the fund management industry in Hong Kong. It was incorporated in 1986 as a company limited by guarantee.

The HKIFA has two major roles, namely consultation and education. On consultation, it acts as the representative and consulting body for its members and the fund management industry generally in all dealings concerning the regulation of unit trusts, mutual funds, retirement funds and other funds of a similar nature. Towards this end, it reviews, promotes, supports or opposes legislative and other measures affecting the fund management industry in Hong Kong. Another very important task is to educate the public about the role of investment funds in retirement planning and other aspects of personal financial planning.

The HKIFA has four categories of members, namely full member, overseas member, affiliate member and associate member. A fund company can qualify as a full member or an overseas member if it is either the manager or the investment adviser of at least one Investment Fund.

An "Investment Fund" means

- an authorized unit trust/mutual fund; or
- a pooled retirement fund authorized under the Code on Investment-Linked Assurance Schemes or the Code on Pooled Retirement Funds; or
- a retirement scheme registered under the Occupational Retirement Schemes Ordinance; or
- a provident fund scheme registered under the Mandatory Provident Fund Schemes Ordinance; or
- a closed-end investment company listed on a recognized exchange.

A full member must be a company incorporated in Hong Kong or if it is incorporated outside Hong Kong, has established a place of business in Hong Kong whereas an overseas member must be a company incorporated outside Hong Kong.

An affiliate member is a company that has obtained a licence from the Hong Kong Securities and Futures Commission for type 9 regulated activities or it is a fund company incorporated in the People's Republic of China; and its primary business is fund management including the management of discretionary accounts, segregated portfolios or providing investment management services for non-collective investment schemes or the manager or investment adviser of any fund investment company or arrangement not included as an Investment Fund.

An associate member is a company conducting or providing any service of accounting, legal, trustee, custodian, administration, banking, distribution, and technological support to the fund management industry or any related professional services.

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