



The Hong Kong Institute of Chartered Secretaries

Submission:

Financial Reporting Council (Amendment) Bill 2018

26 February 2018

By Email Only: bc_04_17@legco.gov.hk

Bills Committee

The Legislative Council

Tamar

Hong Kong

Attn: Mr Hugo Chiu

Dear Sirs

Re: Bills Committee on Financial Reporting Council (Amendment) Bill 2018

About HKICS

The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional institute representing Chartered Secretaries as governance professionals in Hong Kong and Mainland China with over 5,800 members and 3,200 students. HKICS originates from The Institute of Chartered Secretaries and Administrators (ICSA) in the United Kingdom with 9 divisions and over 30,000 members and 10,000 students internationally. HKICS is also a Founder Member of Corporate Secretaries International Association Limited (CSIA), an international organisation comprising 15 national member organisations to promote good governance globally.

On 13 September 2014, HKICS had submitted on the Financial Services and Treasury Bureau of the Government of Hong Kong Special Administrative Region 'Consultation Paper on Proposals to Improve the Regulatory Regime for Listed Entity Auditors'. The concern raised therein was on the funding mechanism for the proposals. Our Members' views are that any direct levy on listed issuers is inappropriate. That is, listed entities should not be required directly or indirectly to bear any new levies as set forth therein.

We have reviewed the funding mechanism as set forth under the Legislative Council Brief to the Bill, to be specified under Schedule 7 of the Bill, and have no further issue with the proposed arrangements of:

- (a) levy on securities transactions: 0.00015% of the consideration for a securities transaction, payable by each of the seller and purchaser in the transaction;
- (b) subject to market consensus, levy on PIEs: 4.2% of the annual listing fee paid by a public interest entity (PIE) to the HKEX for a calendar year pursuant to the Listing Rules; and
- (c) levy on PIE auditors: \$12,310 for a calendar year in respect of every PIE client, and a standard levy of \$2,000 for a calendar year on a PIE auditor with no PIE client.

Should you have any questions, please feel free to contact Samantha Suen FCIS FCS(PE), Chief Executive, HKICS or Mohan Datwani FCIS FCS(PE), Senior Director, and Head of Technical and Research, HKICS at 2881 6177 or research@hkics.org.hk.

Yours faithfully,

David Fu FCIS FCS(PE)

President

The Hong Kong Institute of Chartered Secretaries