

香港特別行政區政府  
財經事務及庫務局  
財經事務科

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金鐘道政府合署十五樓



LC Paper No. CB(1)1062/17-18(01)

FINANCIAL SERVICES BRANCH  
FINANCIAL SERVICES AND  
THE TREASURY BUREAU  
GOVERNMENT OF THE HONG KONG  
SPECIAL ADMINISTRATIVE REGION

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本函檔號 OUR REF.: ACCT/2/1/2C (2018)  
來函檔號 YOUR REF.: CB1/BC/4/17

By email ([hytchiu@legco.gov.hk](mailto:hytchiu@legco.gov.hk))

1 June 2018

Clerk to Bills Committee  
(Attn.: Mr Hugo Chiu)  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Mr Chiu,

**Bills Committee on Financial Reporting Council (Amendment) Bill 2018**

**Follow-up to meeting on 20 March 2018**

I refer to your email dated 21 March 2018. Further to the Administration's reply on 6 April 2018, the Financial Reporting Council's response to the remaining Item 5 of the list of follow-up actions is set out in Annex.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Billy AU', written over a circular stamp.

(Billy AU)

for Secretary for Financial Services and the Treasury

c.c.  
Financial Reporting Council  
Department of Justice

(Attn: Ms Florence WONG)  
(Attn: Ms Mabel CHEUNG)  
Ms Carmen CHAN)

**Annex**

**Major Member Jurisdictions of the International Forum of Independent Audit Regulators**

	<b>United States</b>	<b>United Kingdom</b>	<b>Singapore</b>	<b>Canada</b>	<b>Australia</b>
<b>Auditor regulator</b>	Public Company Accounting Oversight Board (“PCAOB”)	Financial Reporting Council (“UK FRC”)	Accounting and Corporate Regulatory Authority (“ACRA”)	Canadian Public Accountability Board (“CPAB”)	Australian Securities and Investments Commission (“ASIC”)
<b>Maximum Limit of Pecuniary Penalty</b>	<ul style="list-style-type: none"> <li>- For general violation: USD136,052 for a natural person; or USD2,721,050 for an audit firm.</li> <li>- For serious violation: USD1,020,394 for a natural person; or USD20,407,871 for an audit firm.</li> <li>- Five out of 137 disciplinary orders against auditors issued by the PCAOB between 2011 and 2017 where the pecuniary penalties imposed were in excess of the equivalent of HK\$10 million.</li> </ul>	<ul style="list-style-type: none"> <li>- No limit on pecuniary penalty imposed.</li> <li>- Six out of 13 disciplinary orders against auditors issued by the UK FRC between 2011 and 2017 where the pecuniary penalties imposed were in excess of the equivalent of HK\$10 million.</li> </ul>	<ul style="list-style-type: none"> <li>- An auditor: SGD10,000.</li> <li>- An audit firm: SGD100,000.</li> </ul>	<ul style="list-style-type: none"> <li>- CPAB does not issue fines but exercises disciplinary functions at three levels: Requirements, Restrictions and Sanctions. These may include public censure; termination of audit engagements of a firm; prohibition of acceptance of new audit clients or assignment of designated professionals to audit engagements; and termination of a firm’s qualification for auditing listed issuers.</li> </ul>	<ul style="list-style-type: none"> <li>- ASIC does not issue fines but exercises disciplinary functions by initiating the following: cancel or suspend an audit firm’s registration; admonish or reprimand the firm; and/or require the firm to give an undertaking.</li> </ul>