

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

**List of follow-up actions arising from the discussion  
at the meeting on 3 July 2018**

Recognition of public interest entities auditors

1. The Administration is requested to provide, for the past five years, the respective numbers of overseas auditors approved by the Hong Kong Exchanges and Clearing Limited or the Securities and Futures Commission ("SFC") to undertake engagements for public interest entities ("PIEs").

Offence provisions in the Bill

2. The Administration is requested to provide a summary of provisions in the Bill the contravention of which are subject to criminal sanctions.

Registration and renewal of public interest entities auditors

3. Under the proposed section 20P of the Financial Reporting Council Ordinance (Cap. 588) ("FRCO"), in considering an application for registration as a registered PIE auditor or renewal of the registration, the Hong Kong Institute of Certified Public Accountants ("HKICPA") may have regard to any information in its possession (whether or not provided by the applicant). But the provision does not provide the applicant concerned with an opportunity of being heard if HKICPA refuses the application. As explained by the Administration, the provision is drafted having regard to the existing arrangements adopted by HKICPA. The Administration is requested to provide information on HKICPA's relevant arrangements.

Notification on the investigation of public interest entities auditors

4. The amended section 24 of FRCO provided that the Financial Reporting Council ("FRC") must inform specified enforcement agencies (including the Hong Kong Monetary Authority ("HKMA"), SFC, the Insurance Authority ("IA") and the Mandatory Provident Fund Schemes Authority ("MPFA")) as appropriate of its investigations in respect of PIE auditors. The Administration is requested to explain:

- (a) why only HKMA, SFC, IA and MPFA are specified as enforcement agencies in the provision;

- (b) FRC's current arrangements regarding notification to enforcement agencies when it conducts investigation on auditors (e.g. by issuing standardized written notice), and whether such arrangements will be changed after passage of the Bill; and
- (c) the respective legislation governing the operation of HKMA, SFC, IA and MPFA which: (i) enables them to receive FRC's information on investigation of PIE auditors, (ii) restricts their use of the information received, and (iii) their liabilities for misusing the information.

Council Business Division 1  
Legislative Council Secretariat  
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