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財經事務及庫務局
財經事務科
香港金鐘道六十六號
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FINANCIAL SERVICES BRANCH
FINANCIAL SERVICES AND
THE TREASURY BUREAU
GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

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來函檔號 YOUR REF.:

LC Paper No. CB(2)1510/18-19(01)

14 May 2019

By Fax
(2509 0775)

Miss Flora TAI
Clerk to House Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Miss Tai,

Financial Reporting Council (Amendment) Ordinance 2019 (Commencement) Notice

I write to inform the House Committee that the Financial Reporting Council (Amendment) Ordinance 2019 (Commencement) Notice (“the Commencement Notice”), a copy of which is at Annex, will be published in the Gazette on 17 May 2019.

Background

The Financial Reporting Council (Amendment) Ordinance 2019 (“the Amendment Ordinance”) was enacted by the Legislative Council (“LegCo”) on 30 January 2019. The Amendment Ordinance enables the Financial Reporting Council (“FRC”) to become a full-fledged and independent oversight body regulating auditors of listed entities, and be responsible for the inspection, investigation and disciplinary functions with regard to these auditors.

Section 1(2) of the Amendment Ordinance provides that the Amendment Ordinance is to come into operation on a day to be appointed by the Secretary for Financial Services and the Treasury (“SFST”) by a notice published in the Gazette.

In addition, the Financial Secretary announced in the 2019-20 Budget that he had decided to increase the amount of seed capital for the FRC to \$400 million to help it migrate to the new regime, and exempt the levies¹ for the first two years upon the implementation of the new regime.

The Commencement Notice

Pursuant to section 1(2) of the Amendment Ordinance, SFST has made the Commencement Notice at **Annex** to appoint 1 October 2019 as the commencement date for the Amendment Ordinance, except for sections 62 and 85² concerning payment of levies to the FRC under the new regime. The two sections will be separately commenced on 1 January 2022.

Legislative Timetable

After the Commencement Notice is published in the Gazette on 17 May 2019, it will be tabled at LegCo at its sitting of 22 May 2019 for negative vetting. Subject to negative vetting, the Amendment Ordinance (except for sections 62 and 85) will come into operation on 1 October 2019.

¹ The FRC under the new regime will be funded by introducing three new levies on securities transactions, public interest entities (“PIEs”) and PIE auditors respectively.

² Section 62 covers Part 4A of the amended Financial Reporting Council Ordinance (“Cap. 588) (“amended Ordinance”) which provides for the payment of levies and related issues under the new regime. Section 85 covers Schedule 7 to the amended Ordinance which sets out the calculation methods of the levies under the new regime.

We should be grateful for your assistance in disseminating the information to Members of the House Committee.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Billy AU', with a stylized flourish at the end.

(Billy AU)

for Secretary for Financial Services and the Treasury


Financial Reporting Council (Amendment) Ordinance 2019 (Commencement)
Notice

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**Financial Reporting Council (Amendment) Ordinance
2019 (Commencement) Notice**

Under section 1(2) of the Financial Reporting Council (Amendment) Ordinance 2019 (3 of 2019), I appoint—

- (a) 1 October 2019 as the day on which the Ordinance (except sections 62 and 85) comes into operation; and
- (b) 1 January 2022 as the day on which sections 62 and 85 of the Ordinance come into operation.


Secretary for Financial Services and
the Treasury

6 May 2019