

Bills Committee on Financial Reporting Council (Amendment) Bill 2021

**List of follow-up actions arising from the discussion
at the meeting on 12 August 2021**

Funding mechanism of the post-reform Financial Reporting Council

1. The Administration is requested to provide information on its preliminary thinking on the funding mechanism of the post-reform Financial Reporting Council ("FRC"), including the proposed funding model and the considerations, and how to address the accounting profession's concern about a possible surge in the fees to be charged by FRC on the registration functions in relation to audit practitioners and practices and the securities investors' concern about FRC using the securities levy to subsidize FRC's expanded functions in regulating auditors of non-public interest entities ("non-PIE auditors").

Application of accounting and auditing standards by the post-reform Financial Reporting Council

2. The Administration is requested to respond to a member's suggestion of providing FRC with flexibility in the application of accounting and auditing standards not specified in the Professional Accountants Ordinance (Cap. 50) in regulating non-PIE auditors under the reformed new regime.

Development of the accounting profession

3. The Administration is requested to provide the following information regarding the development of the accounting profession under the reformed new regime:

- (a) measures to prohibit the use of descriptions by individuals, firms or companies which attempt to mislead the public into believing that they are certified public accountants ("CPAs") or practice units registered with the Hong Kong Institute of Certified Public Accountants or FRC;
- (b) measures to improve the working environment of CPAs/auditors (e.g. excessive working hours and increased workload arising from the incessant promulgation of new international accounting and auditing requirements); and

- (c) measures to enhance the competitiveness of small and medium sized accounting firm, and to help the local accounting profession to access the Mainland and overseas markets.

Council Business Division 1
Legislative Council Secretariat
27 August 2021