

SFST speaks on reform of Financial Reporting Council

Following is the transcript of remarks by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, during a media session at the Legislative Council Complex this morning (June 9):

Reporter: Will the Government's Council weaken the power of HKICPA (Hong Kong Institute of Certified Public Accountants)? And the second question is why the announcement was made yesterday when there seemed to be insufficient consultation. How likely will it affect our economic freedom when the authority's monitoring power has decreased? Thank you.

Secretary for Financial Services and the Treasury: I think, in terms of consultation, and I will answer the second part of your question first, in fact the consultation has already started and we have engaged a few of the key accounting organisations here in Hong Kong to gauge their views on our proposals. So on that front, basically it is a continuous process. The next stage for us is really to present our proposals to LegCo panel, and also to have the primary legislation scrutinised by LegCo and potentially the subsidiary legislation to be scrutinised by LegCo next year. It's not really a matter of a few months, but a matter of this year and next year. This is number one. Number two, I think it is totally irrelevant to economic freedom as you highlighted. Because after all, as I set out at the outset, it is an international global trend in terms of having an independent regulation of the accounting profession, which is not really attached to the profession itself. It is an international trend which is well recognised. At the same time, it is not something that came out of the blue. If you look at the time when we introduced changes to the current regime of FRC (Financial Reporting Council) back in 2018 and 2019, we already set out clearly that it would be a gradual step-by-step process to reform the regulation. Right now, what we are doing is not a change in nature, but a change in the scope in terms of how this regulatory function is being performed.

Reporter: Sorry, Secretary, you have missed my first question. Will the Government's Council weaken the power of the HKICPA?

Secretary for Financial Services and the Treasury: It is not really a matter of weakening the power, but I would say that it allows the HKICPA to focus on the long-term development of the profession. On that, if you look at what the HKICPA has done for the profession over the past years, many of the achievements are well noted and it is also something that we well recognised. But if you put that against the backdrop of the global international trend of having an independent regulation of the accounting profession, that's why we come up with these new proposals. And as I said, it is not something totally new because back in two years ago, we already set out that a phase-by-phase approach would be adopted.

(Please also refer to the Chinese portion of the transcript.)