



Sent through electronic mail

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Directorate-General for Financial Stability
Financial Services and Capital Markets Union
European Commission
1049 Bruxelles/Brussel
Belgium

Fitness Check on EU Framework for Public Reporting by Companies The IAS Regulation and the IFRS

HKICPA is the accounting standard-setter for Hong Kong, a member of the Asian-Oceanian Standard-Setters Group and an active participant of the IASB's standard-setting activities. By Hong Kong law, HKICPA is responsible for developing Hong Kong Financial Reporting Standards.

IFRS issued by the IASB was adopted in Hong Kong because HKICPA and its stakeholders believe in the aim of having a transparent, consistent and comparable set of reporting standards across the globe. We believe that is also why the EU and other major capital markets adopted IFRS as issued by the IASB. 13 years on, Hong Kong stakeholders inform us they continue to believe in this principle aim and that reporting under a common reporting language has benefited them. This feedback seems consistent with that of the EU as stated in your consultation document. In particular, feedback from our investor community indicates that investors generally value companies that report under IFRS as issued by the IASB, and are skeptical of companies that report under a modified-IFRS Framework.

Based on the above feedback it is not apparent what has changed to compel the Commission to propose adding carve-in powers.

Jurisdictions that adopted IFRS signed up to shaping standards suitable to be applied not just for their respective jurisdictions, but also the rest of the world. Committing to one set of IFRS is therefore likely to periodically conflict with local views. However, given the broader objective of having one common accounting language remains relevant, and given the spirit in which jurisdictions have come together, we may need to accept IFRS Standards as they are and periodically de-prioritise local concerns or views.

HKICPA has not felt the need to divert from IFRS even though it could do so in very rare circumstances. From our experience, actively participating in the IASB's standard-setting process has been key to ensuring HKICPA's voice is heard and considered in the development of an IFRS Standard. HKICPA accepts that a standard may not be and does not need to be perfect from the outset as long as on balance the standard provides benefits that outweigh costs—continuously working with the IASB and other standard-setters to ensure improvements are made to IFRS standards are as important if not more important.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

HKICPA therefore encourages the EU, as a key member region in shaping IFRS today, to maintain its leadership by reconsidering the need to add carve-in powers and fully committing to maintain one set of IFRS Standards.

Should you have any questions don't hesitate to contact me or Christina Ng, Director of Standard Setting (christinang@hkicpa.org.hk).

Sincerely,

Chris Joy
Executive Director, Standards and Regulation