

## Timeline of auditor regulation development in Hong Kong

Year / Date	Event
2003	<p>HKICPA introduced the idea of setting up the Financial Reporting Council (FRC) to take responsibility for investigations into suspected irregularities in listed company audits.</p> <p><i>Around this time PCAOB and Sarbanes Oxley happened in the USA and in the UK responsibility for regulation of PIE auditors was vested in the FRC. These developments were the direct consequence of the Enron scandal and collapse of Andersen. The principle of independent regulation of PIE auditors was clearly established.</i></p>
2004	<p>PAO amendments to introduce (i) four government appointed lay members of HKICPA Council; (ii) lay Chair and lay majority investigation committees; and (iii) lay Chair and lay majority disciplinary committees. All PAO amendments are preceded by member consultation.</p>
2005 (June)	<p>FRC Bill introduced to LegCo.</p>
2006	<p>FRCO was enacted in July and became effective on 1 December 2006 establishing the FRC as an investigation body for suspected irregularities in listed company audits and to make enquiries into possible non-compliance with accounting requirements by listed entities.</p>
2007 (16 July)	<p>FRC commenced operations.</p>
2012	<p>Work started on consideration and development of further reform to increase independence in regulation of listed company auditors. (At this stage FSTB, HKICPA and FRC worked together.)</p> <p><i>At the time there was considerable debate in Europe and elsewhere about further enhancing regulation of PIE auditors. The European Commission also warned that it may no longer recognize Hong Kong's regulatory regime as "equivalent" under European law. An International Monetary Fund assessment on the overall financial regulatory system of Hong Kong had also expressed concern about the lack of independence of the regulatory system for listed entity auditors.</i></p>
2013 (8 October)	<p>HKICPA consulted with members on proposals to strengthen regulation of listed company auditors based on a framework jointly developed by FSTB, HKICPA and FRC. Consultation was open until 10 January 2014.</p>
2014 (June)	<p>FSTB launched a public consultation "Proposals to Improve the Regulatory Regime for Listed Entity Auditors".</p>
2015 (June)	<p>Publication of conclusions on public consultation. (Subsequently FSTB sought active participation of HKICPA in development of draft legislation.)</p>

24 January 2018	Introduction of the FRC (Amendment) Bill 2018 at the Legislative Council.
30 January 2019	FRC Amendment Bill 2019 passed by the Legislative Council. (Subsequently FSTB Chaired a steering group of all three parties to oversee preparation for and implementation of the new regime.)
1 October 2019	Commencement date of the Financial Reporting Council (Amendment) Ordinance 2019.
8 June 2021	FSTB announces proposals for the next stage of regulatory reform.
5 July 2021	FSTB briefed the Legislative Council Panel for Financial Affairs on the legislative proposals.
16 July 2021	The Financial Reporting Council (Amendment) Bill 2021 was gazetted on 16 July 2021 with first reading at the Legislative Council meeting on 21 July 2021.