

香港聯合交易所有限公司  
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: HOL20190906-026

6 September 2019

To: Main Board Listed Issuers (Attn: Authorised Representatives)  
GEM Listed Issuers (Attn: Authorised Representatives)  
Market Practitioners

Dear Sirs

## Publication of FAQs on recognition of overseas audit firms in relation to the amendments to the Financial Reporting Council Ordinance – Effective on 1 October 2019

We have today published new frequently asked questions (FAQs) on recognition of overseas audit firms in relation to the amendments to the Financial Reporting Council Ordinance (“**FRCO**”).

In summary, as from 1 October 2019, the amendments to the FRCO take effect and the Financial Reporting Council (“**FRC**”) becomes Hong Kong’s independent regulator of listed entity auditors:

- All audit firms intending to carry out a PIE<sup>1</sup> Engagement<sup>2</sup> are subject to a system of registration (for Hong Kong audit firms) and recognition (for non-Hong Kong audit firms) as PIE Auditors.
- Any non-Hong Kong audit firm (overseas audit firm) is required to be recognized by the FRC before the audit firm can (i) “undertake” (i.e. accept an appointment to carry out) any PIE Engagement; and (ii) carry out any PIE Engagement for an overseas entity. Under the FRCO, the Exchange needs to issue a Statement of No Objection (“**SNO**”) before the FRC considers the application to recognize an overseas audit firm.

Further details of the recognition of overseas audit firms are available on the FRC website at: <https://www.frc.org.hk/en-us/recognition-and-oversight>, including the transitional arrangement and filing deadlines which are applicable to an overseas auditor who has accepted an appointment to carry out a PIE Engagement for an overseas entity but not yet completed such PIE Engagement before 1 October 2019.

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<sup>1</sup> A public interest entity (PIE) is either (a) a listed corporation whose listed securities comprise at least shares or stocks; or (b) a listed collective investment scheme. Therefore, an entity with only listed debts without listed shares or stocks is not a PIE.

<sup>2</sup> The PIE Engagements are the preparation of: (a) auditors’ report on the annual financial statements; (b) accountants’ report included in a listing document; or (c) accountants’ report included in a circular in connection with very substantial acquisition and reverse takeover.

Against this background, we also publish the new FAQs to assist listed issuers and listing applicants when they intend to appoint overseas audit firms to carry out PIE Engagements and how to seek a SNO from the Exchange. The FAQs (No. 059-2019 to 067-2019) are available on the HKEX website at:

[https://en-rules.hkex.com.hk/sites/default/files/net\\_file\\_store/new\\_rulebooks/f/a/FAQ\\_059-067-2019.pdf](https://en-rules.hkex.com.hk/sites/default/files/net_file_store/new_rulebooks/f/a/FAQ_059-067-2019.pdf).

If you have any questions on the above, please contact our case officers.

Yours faithfully  
For and on behalf of  
The Stock Exchange of Hong Kong Limited

*[Signed]*

David Graham  
Head of Listing