

# SFST welcomes annual report of Process Review Panel for Financial Reporting Council

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, today (April 24) welcomed the publication of the 11th annual report of the Process Review Panel (PRP) for the Financial Reporting Council (FRC).

Mr Hui said, "Process review is an important institutional function designed to help enhance the transparency and accountability of the FRC in performing its statutory functions under the Financial Reporting Council Ordinance. In 2019, the PRP conducted a comprehensive review on selected cases handled by the FRC in the preceding year and considered that the actions taken by the FRC were consistent with its internal procedures and guidelines. In the annual report, the PRP has made useful observations and suggestions which are conducive to the further improvement of the work of the FRC.

"I would like to express my gratitude to the PRP Chairman, Dr Anthony Chow, and the members for their dedication in working with the FRC to enhance our financial reporting and corporate governance regime. I also look forward to the review and advice by the PRP in relation to the FRC's expanded functions under the new auditor regulatory regime."

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## Process Review Panel for Financial Reporting Council publishes 2019 report

The following is issued on behalf of the Process Review Panel for the Financial Reporting Council:

The Process Review Panel (PRP) for the Financial Reporting Council (FRC) published its 11th annual report today (April 24), covering the work of the PRP in 2019.

The Chairman of the PRP, Dr Anthony Chow, said, "In the 11th review cycle, the PRP reviewed six out of the 137 cases handled by the FRC in 2018. These cases are related to possible auditing and reporting irregularities and possible non-compliance with accounting requirements in relation to listed entities in Hong Kong."

Dr Chow added, "After reviewing these cases and considering the reports by the FRC executives, the PRP concluded that the FRC had handled the cases in accordance with its internal procedures. We are grateful for the co-operation and full support rendered by the FRC in facilitating the work of the Panel and following up on our suggestions. In view of the commencement of the new auditor regulatory regime, we also look forward to the review of cases handled by the FRC with its expanded functions."

The PRP is an independent panel established on November 1, 2008, to review cases handled by the FRC and consider whether the actions taken by the FRC are consistent with its internal procedures and guidelines. It comprises five members appointed by the Financial Secretary under authority delegated by the Chief Executive, with the FRC Chairman as an ex-officio member. With the commencement of the Financial Reporting Council (Amendment) Ordinance 2019 on October 1, 2019, the terms of reference of the PRP have been expanded to review cases handled by the FRC in the areas of inspection, investigation, discipline, oversight and recognition under the new regulatory regime.

The full text of the annual report can be downloaded from the website of the Financial Services and the Treasury Bureau at [www.fstb.gov.hk/fsb/topical/doc/frc\\_prp\\_report19\\_e.pdf](http://www.fstb.gov.hk/fsb/topical/doc/frc_prp_report19_e.pdf).

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## Gazettal of revised capital rules under Banking Ordinance

The Banking (Capital) (Amendment) Rules 2020 (BCAR 2020) were gazetted today (April 24) to implement the latest international standards on banking regulation promulgated by the Basel Committee on Banking Supervision.

The BCAR 2020 seek mainly to implement two sets of capital standards for the treatment of banks' counterparty credit risk exposures to derivatives trades, as set out in the two documents entitled "The standardised approach for measuring counterparty credit risk exposures" and "Capital requirements for bank exposures to central counterparties" published by the Basel Committee. They form part of the Basel III reform package introduced in the aftermath of the global financial crisis to enhance the resilience of banks against future shocks.

A government spokesman said, "The continued implementation of Basel III standards underlines our commitment to bring our regulatory regime up to date in line with the latest international standards. The legislative amendments will further enhance the resilience of banks and contribute to the overall stability of the banking system in Hong Kong. This is important for Hong Kong

as an international financial centre."

A Hong Kong Monetary Authority spokesman said, "Complementing the global over-the-counter derivatives market reforms to promote central clearing of derivatives trades, the Basel Committee's revised capital standards for counterparty credit risk exposures are designed to better address the relevant risks observed in stress periods and reflect the risk management practices of banks. We have consulted the banking industry in the course of formulating the rules to ensure that they befit the local circumstances and are appropriate for implementation in Hong Kong."

The BCAR 2020 will be tabled before the Legislative Council at its sitting on April 29 for negative vetting, and will come into operation on June 30, 2021.

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## May 31 deadline for proposals to alter rateable values

The Rating and Valuation Department (RVD) today (April 24) reminded that the public may search for rateable values on the Valuation List and the Government Rent Roll effective from April 1 this year on the department's website ([www.rvd.gov.hk](http://www.rvd.gov.hk)) or its Property Information Online (PIO) website ([www.rvdpi.gov.hk](http://www.rvdpi.gov.hk)) by May 31.

Proposals to alter the new rateable value of properties must be served to the Commissioner of Rating and Valuation by May 31 and should be made on the specified form (R20A) and be delivered by post or in person. Copies of the form can be obtained from the department at Cheung Sha Wan Government Offices, 15th floor, 303 Cheung Sha Wan Road, Kowloon, and the Home Affairs Enquiry Centres of the Home Affairs Department. The form can also be downloaded from the RVD's website ([www.rvd.gov.hk](http://www.rvd.gov.hk)).

The public can also lodge proposals on an electronic form (e-R20A) using the Electronic Submission of Forms service provided on the department's website. Proposals sent by fax are not acceptable.

An RVD spokesman emphasised that under the Rating Ordinance and the Government Rent (Assessment and Collection) Ordinance, proposals served after May 31 would not be accepted.

"Notwithstanding the lodging of a proposal, rates and rent payers must pay rates and government rent by the last day for payment shown on the demand notes. We will carefully consider all proposals and inform the proposers of our decisions before December 1. Any changes in rates and government rent payable resulting from such decisions will date back to April 1 this year and

any overpayment will be adjusted in subsequent demands," he said.

For enquiries, please call 2152 0111.

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## **Progress of Retail Sector Subsidy Scheme and Subsidy Scheme for Beauty Parlours, Massage Establishments and Party Rooms**

A Government spokesman said today (April 24) that over \$1.5 billion in subsidies have been approved so far for eligible retailers under the Retail Sector Subsidy Scheme (the RSSS) of the first round of the Anti-epidemic Fund, involving more than 19 000 applications. Meanwhile, the Subsidy Scheme for Beauty Parlours, Massage Establishments and Party Rooms (the BMP Scheme) of the second round of the Fund is expected to be open for application early next month.

About 93 000 applications were received within the three-week application period of the RSSS, and disbursement of subsidies to approved applicants has already commenced since April 9.

The BMP Scheme will largely adopt the arrangement of the RSSS, under which collection and vetting of applications will primarily be conducted through an online platform. Beneficiaries of the BMP Scheme are beauty parlours, massage establishments and party rooms (BMPs), which have been ordered to close pursuant to the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap. 599F).

Under the BMP Scheme, a one-off tiered subsidy will be paid to each eligible beauty parlour or massage establishment depending on its scale of operation (at \$30,000, \$60,000 and \$100,000 respectively), and a one-off subsidy of \$40,000 will be paid to each eligible party room. The BMP Scheme, expected to benefit about 8 400 beauty parlours and massage establishments as well as about 500 party rooms, is expected to be open for application in early May.

The Chief Secretary for Administration and Chairman of the Anti-epidemic Fund Steering Committee, Mr Matthew Cheung Kin-chung, said, "The Government has been striving to speed up the implementation of the measures under the Fund. We were able to launch the RSSS within one month after the Legislative Council approved the setting up of the Fund, providing timely relief to retailers hit by the epidemic. The Government will apply the experience gained during the implementation of the RSSS in ensuring the early launch of

the BMP Scheme, with a view to helping tide BMPs over during this challenging period."