

AFRC Regional Regulatory Forum 2024

Transforming **REGULATION, GOVERNANCE, and DEVELOPMENT**
for a Resilient and Sustainable Future

The inaugural Regional Regulatory Forum (RRF) for the accounting and audit profession took place successfully at the Grand Hyatt in Hong Kong on December 2, 2024. This one-and-a-half-day event featured a main forum, an appreciation dinner, and a half-day closed-door regulatory roundtable session attended by representatives from eight jurisdictions, including the two Chairs of the International Forum of Independent Audit Regulators, and Committee of European Auditing Oversight Bodies.

The opening ceremony was presided by Dr. Kelvin Wong, Chairman of the AFRC, who provided the opening remarks, Mr. Paul Chan, Financial Secretary of the Hong Kong SAR Government, Ms. Guo Tingting, Vice Minister of Ministry of Finance of the People's Republic of China, Ms Salina Yan, Permanent Secretary for Financial Services and the Treasury (Financial Services) and Ms Janey Lai, CEO of the AFRC.

Sir David Tweedie, renowned for his contributions for significantly advancing the global convergence of accounting standards, delivered the keynote address during lunch. The Guest of Honour for the Forum dinner was Mr Christopher Hui, Secretary for Financial Services and the Treasury.

The RRF attracted over 360 participants, including international, Mainland, and local stakeholders such as accounting and financial regulators, law enforcement agencies, global chairs of international network firms, professional bodies, practitioners, investors, and senior business leaders.

Highlights of the five panel discussions:

Panel 1 From Tangle to Tango: Fostering a Resilient Financial Ecosystem

Speakers:

Dr Kelvin Wong SBS, JP, Chairman, AFRC; Mr Mohamed Kande, Global Chairman, PricewaterhouseCoopers; Ms Julia Leung SBS, JP, CEO, Securities and Futures Commission; Mr Ian Charles Stone, Independent Non-Executive Director, Tencent



The first panel highlighted the critical role of trust and collaboration among financial sector stakeholders. Mr Mohamed Kande emphasised that financial stability depended on balanced participation, with regulators being crucial for restoring confidence in traditional institutions.

Panelists acknowledged the challenges faced by stakeholders and discussed the need for transformation. Ms Julia Leung pointed out a growing trend of corporate misconduct, calling for stronger enforcement and the necessity for investors to access accurate and timely financial information. Mr Ian Stone advocated for ethical management and due diligence, stressing that audit committees should prioritise auditor quality over audit fees.

Panel Chair Dr Kelvin Wong underscored the importance of auditors in maintaining the quality and integrity of financial reporting, concluding that quality audit practices and transparency are essential for a well-regulated market. Overall, cooperation among regulators, auditors, companies, and investors is vital for developing a sustainable and resilient financial ecosystem.

Panel 2 Exploring the Evolution of Corporate Reporting: From Past Experience to Future Innovations

Speakers:

Ms Janey Lai, CEO, AFRC; Prof Zabihollah Rezaee, Professor of Accountancy, University of Memphis; Mr Bill Thomas, Global Chairman and CEO, KPMG; Mr Takashi Nagaoka, Chair, International Forum of Independent Audit Regulators; Mr Alan Vallance, Chief Executive, Institute of Chartered Accountants in England and Wales

The panel on corporate reporting highlighted a significant shift from the shareholder to stakeholder primacy model, as noted by Professor Zabihollah Rezaee. Mr Bill Thomas emphasised the transformative potential of AI in creating faster and more insightful corporate reports. Collaboration among stakeholders is deemed essential during this critical transition.

Key characteristics of effective corporate reporting were discussed, with Mr Takashi Nagaoka advocating for balanced information presentation that links financial and non-financial data. Mr Alan Vallance pointed out the need for companies to have the time and space to learn and adapt their reporting practices.

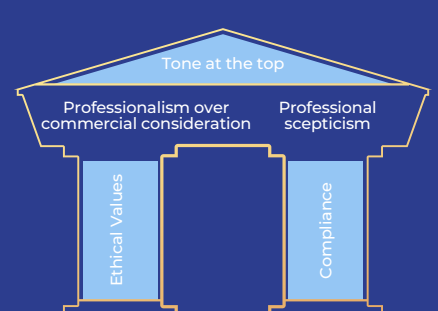
This journey towards enhanced quality of corporate reporting is driven by evolving stakeholder expectations and integration of innovative technologies, ultimately aiming for more transparent, accurate, understandable corporate communication, as evident from the polling conducted by Ms Janey Lai. The discussion underscored the importance of continuous agility in adapting to modern reporting demands.



Panel 3 Strengthening Trust: Accounting, Accountability and Governance

Speakers:

Mr Peter Greenwood, MA FCG HKFCC, Fellow of the Hong Kong Chartered Governance Institute; Mr Panos Prodromides, Chair, Committee of European Auditing Oversight Bodies; Mr Amar Gill, Secretary General, Asian Corporate Governance Association; Mr Edward Lavish, Managing Director, Portfolio Risk and Transactions, EQT Private Capital Asia; Mr Shawn Maher, Global Vice Chair – Public Policy, EY



The panel highlighted the critical role accounting, accountability, and governance play in the financial reporting and auditing ecosystem. Mr Peter Greenwood likened governance without culture to riding a bicycle without a saddle, while Mr Panos Prodromides presented strategies to build and maintain a culture of trust and reporting excellence.

Panelists shared the importance of setting the right "tone at the top", asserting that while mistakes are inevitable, acknowledging and learning from them is essential. Mr Shawn Maher identified strong and capable leadership as an essential element for addressing deficiencies in financial reporting and auditing.

The panel also emphasised the value of genuine independence and accountability with Mr Edward Lavish highlighting the positive relationship between good governance and investor confidence, and Mr Amar Gill pointing out that for Hong Kong to maintain its status as a leading market, governance and accountability standards need to be world-class.

Panel 4 Navigating the New Frontier: The Role of Accountants in Shaping a Sustainable Future

Speakers:

Ms Teresa Ko, Vice-Chair, IFRS Foundation Trustees; Dr Christine Chow Chair, International Corporate Governance Network; Mr Mike Canning, Vice Chair, Global Strategy and Policy & Global Chief Strategy Officer, Deloitte; Mrs Chia-Tern Huey Min Chief Executive, Accounting and Corporate Regulatory Authority, Singapore

The panel on sustainability, titled "Navigating the New Frontier: The Role of Accountants in Shaping a Sustainable Future," explored diverse perspectives on sustainability reporting, assurance, and the transformative potential of AI. Dr Christine Chow set the stage by highlighting the importance of reliable and comparable sustainability information for capital allocation, cautioning that "data-rich can still be insight-poor."

The panel stressed the necessity for clear and decision-useful information for investors. Ms. Teresa Ko advocated for ISSB standards to guide preparers in focusing on material information. Mrs. Chia-Tern Huey Min emphasised that companies should prioritise "progress" over "perfection" in sustainability reports. Mr. Mike Canning urged companies to integrate sustainability into their business models. Overall, the discussion underscored the need for accountants to evolve their skill sets to seize new opportunities in the sustainability frontier.



Panel 5 The Next Era in Talent Management

Speakers:

Dr Rob Johnson, President of Institute for New Economic Thinking; Mr Andrew Tsui, Chairman, Hong Kong & Southern China, Korn Ferry; Mr Chris Freeland, CEO, CPA Australia; Ms Janey Lai, CEO, AFRC; Mr Roy Leung, Immediate Past President, Hong Kong Institute of Certified Public Accountants



The panel discussed strategies for attracting and retaining talent in accounting and auditing. Dr. Rob Johnson emphasised the importance of global cooperation to tackle challenges like technology and climate change, advocating for collaboration within the financial ecosystem to inspire future accountants. Panelists noted that the perception of accounting as a dull profession deters new talent, prompting Mr Chris Freeland to suggest that branding campaigns, specifically via social media, could be a way to highlight the diverse career opportunities. Mr Andrew Tsui highlighted accountants' roles as strategic business advisors, particularly in sustainability and ethical practices, which enhance the profession's relevance.

The discussion also stressed the importance of collaboration among audit firms, regulators, and professional bodies to develop talent initiatives. A mindset shift towards investing in human capital and technology was deemed essential, with both Ms Janey Lai and Mr Roy Leung noting that while technology can enhance the profession, it cannot replace the crucial role of accountants.