MEMORANDUM OF UNDERSTANDING

BETWEEN

SECURITIES AND FUTURES COMMISSION

AND

ACCOUNTING AND FINANCIAL REPORTING COUNCIL

28 September 2026

I PURPOSES

1. This Memorandum of Understanding ("**MoU**") aims to:

   (a) replace and supersede the previous MoU, signed on 24 February 2021, between the Securities and Futures Commission ("**SFC**") and the Accounting and Financial Reporting Council (formerly known as the Financial Reporting Council) ("**AFRC**") (each referred to as a "**Party**", together as "**Parties**");

   (b) establish arrangements between the Parties for the exchange of information, referral and notification of relevant matters; and

   (c) strengthen cooperation between the Parties.

II DEFINITION OF TERMS

2. In this MoU,

   2.1 **AFRCO** means the Accounting and Financial Reporting Council Ordinance (Cap. 588);

   2.2 **AFRC Regulatee** means any professional person as defined in section 2 of the AFRCO or any PIE auditor or non-PIE auditor as defined in section 3A of the AFRCO;

   2.3 **AMLO** means the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

   2.4 **Authorized CIS** means a collective investment scheme which is authorized under section 104 of the SFO;

   2.5 **Licensed Firm** means a licensed corporation as defined in section 1 of Part 1 of Schedule 1 to the SFO or a licensed VAS provider as defined in section 1 of Part 2 of Schedule 1 to the AMLO;

   2.6 **Licensed Person** means a licensed corporation or a licensed representative, each as defined in section 1 of Part 1 of Schedule 1 to the SFO;

   2.7 **Listed Entity** means a listed corporation or a listed collective investment scheme as defined in section 3 of the AFRCO;

   2.8 **Listed Overseas CIS** means a collective investment scheme which is (a) constituted under the laws of any place outside Hong Kong; and (b) listed or seeking to be listed in Hong Kong;

2.9 **Registered OFC** means an open-ended fund company which is a collective investment scheme registered under section 112D of the SFO;

2.10 **SFC Product Codes** mean the codes published by the SFC pursuant to sections 399 or 112ZR of the SFO in respect of any matter relating to Authorized CISs or Registered OFCs; and

2.11 **SFO** means the Securities and Futures Ordinance (Cap. 571).

3. Unless otherwise specified in this MoU, terms used in this MoU bear the same meaning as defined in the SFO, AMLO and AFRCO.

III PRINCIPLES

4. The Parties will use their best endeavours to meet the terms of this MoU. To the extent permitted by applicable laws, each Party will make reasonable efforts to ensure that the other Party is provided with all relevant information so that the Parties may effectively perform their respective statutory functions.

5. In addition, the Parties recognize the following overriding principles:

(a) this MoU operates subject to applicable laws and regulations and does not modify or supersede any law or regulation;

(b) this MoU does not detract from the respective statutory functions of the Parties or fetter the discretion of the Parties in any way in the discharge of their functions;

(c) this MoU does not amount to a delegation of any of the powers, duties and obligations of the Parties;

(d) this MoU is a statement of intent of the Parties and does not create, directly or indirectly, any rights, obligations or liabilities, enforceable by the Parties or by any third party, and is not legally binding; and

(e) this MoU does not affect any arrangements under any other memorandum of understanding that either Party has entered into or may enter into with any other party,

and this MoU shall be construed accordingly.

IV RESPONSIBILITIES AND SCOPE

SFC

6. The SFC is an independent statutory body established under the repealed Securities and Futures Commission Ordinance (Cap. 24) and continued in existence under the SFO to regulate Hong Kong's securities and futures markets. The SFC's statutory regulatory objectives are set out in section 4 of the SFO and those which are relevant to this MoU are to:

   (a) maintain and promote the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry;

   (b) provide protection for members of the public investing in or holding financial products; and

   (c) minimize crime and misconduct in the securities and futures industry.

7. The SFC carries out enforcement actions in relation to listed corporations (as defined in the SFO), such as investigating their suspected fraudulent, prejudicial or unlawful transactions, misconduct, oppression of their members or failure to disclose all information their members might reasonably expect, provision of false or misleading information, etc. It also investigates suspected crimes or misconduct in the securities and futures industry and those investigations may involve listed corporations, their auditors or reporting accountants.

8. Together with The Stock Exchange of Hong Kong Limited, the SFC reviews listing applications and disclosure materials by listing applicants or listed corporations under the "dual filing" system. The SFC also monitors corporate disclosures of listed corporations and investigates suspected misconduct and late or non-disclosure of inside information under Part XIVA of the SFO. These materials may include information disclosed under relevant financial reporting obligations applicable to listing applicants or listed corporations.

9. The SFC has responsibilities under the SFO to set standards for the authorisation of collective investment schemes that are offered to the public and for the registration of open-ended fund companies.

10. The SFC is responsible under the SFO for the licensing and supervision of persons who are engaged in a regulated activity as defined under the SFO, and under the AMLO for the licensing and supervision of persons who are engaged in the provision of a VA service as defined under the AMLO. It monitors the financial soundness of Licensed Firms and their compliance with relevant laws

and regulatory standards. It also investigates relevant breaches by Licensed Firms, and takes disciplinary actions against them where appropriate.

Roles of auditors in the supervisory process of the SFC

11. Auditors play a key role in the supervisory process of the SFC. Their roles under the SFO and AMLO include, *inter alia*:

(a) Under sections 153 and 156 of the SFO and sections 53ZS and 53ZSC of the AMLO, a Licensed Firm and its associated entity (except for an associated entity of a licensed corporation that is an authorized financial institution) shall each appoint an auditor to perform the functions required of an auditor under or pursuant to the relevant laws, and shall each prepare and submit to the SFC financial statements and other documents, together with an auditor's report, as prescribed under the Securities and Futures (Accounts and Audit) Rules (Cap. 571P) or Schedule 3F to the AMLO.

(b) Section 157 of the SFO and section 53ZSD of the AMLO further provide that a person in the course of performing his functions as an auditor appointed under section 153 or section 53ZS by a Licensed Firm or its associated entity shall lodge reports with the SFC on:

(i) any qualification or adverse statement proposed to be included in any reports prepared by him on the financial statements or other documents of the Licensed Firm or associated entity required to be submitted to the SFC under section 156 of the SFO or section 53ZSC of the AMLO; and

(ii) a matter that, in his opinion, adversely affects to a material extent the financial position of the Licensed Firm or any of its associated entities, or constitutes a failure to comply with the specified regulatory requirements.

(c) Pursuant to sections 159 and 160 of the SFO and section 53ZSH of the AMLO, the SFC may appoint an auditor to examine and audit the accounts and records of a Licensed Firm and any of its associated entities, and to report to the SFC on such matters as the SFC may direct.

(d) Pursuant to the SFC Product Codes and section 112ZB of the SFO, an auditor must be appointed to audit the financial statements of an Authorized CIS or a Registered OFC, which are to be included in the relevant annual report to be filed with the SFC.

AFRC

12. The AFRC is the independent regulator of the accounting profession in Hong Kong. The statutory functions of the AFRC under the AFRCO relevant to this MoU include:

    (a) issuing practising certificates to certified public accountants and registration of practice units;

    (b) registration or recognition of PIE auditors;

    (c) carrying out inspections of PIE auditors and practice units;

    (d) carrying out investigations of PIE auditors, non-PIE auditors and professional persons;

    (e) taking disciplinary actions against PIE auditors, non-PIE auditors, registered responsible persons of registered PIE auditors and professional persons;

    (f) carrying out enquiries into non-compliance with regulatory requirements for financial reports in relation to Listed Entities; and

    (g) acting as a regulatory body in respect of accounting professionals under the AMLO.

13. Both Parties recognize the importance of ensuring the observance of proper standards by AFRC Regulatees in their professional work and by Listed Entities, Licensed Firms, Authorized CISs and Registered OFCs in their financial and, where applicable, compliance reporting, including assurance or compliance reports prepared by AFRC Regulatees under applicable laws and regulatory requirements, in order to maintain investors' confidence in Hong Kong as an international financial centre.

14. This MoU sets out the working arrangements between the Parties in order to ensure efficient and effective cooperation and coordination of the Parties' respective functions.

V COLLABORATIVE ARRANGEMENTS

Referral

Referral to the AFRC

15. In the performance of its functions under the SFO and the AMLO, if the SFC becomes aware of any matter which may fall within the regulatory remit of the

AFRC, such as the observance of proper standards by AFRC Regulatees, the SFC will refer the matter to the AFRC for consideration of follow-up actions. In making such referral, the SFC will, subject to applicable laws, use its best endeavours to provide the AFRC with all relevant information in its possession and the rationale for the referral.

Referral to the SFC

16. If it comes to the notice of the AFRC, during the performance of its duties, that there is any matter which may fall within the regulatory remit of the SFC, such as the observance of relevant regulatory requirements by Listed Entities, Licensed Firms, Authorized CISs and Registered OFCs, the AFRC will refer the matter to the SFC for consideration of follow-up actions. In making such referral, the AFRC will, subject to applicable laws, use its best endeavours to provide the SFC with all relevant information in its possession and the rationale for the referral.

Follow-up on referral

17. Either Party who has received a referral under paragraph 15 or 16 above will, subject to applicable laws, inform the other Party of its decision on the referral and the reasons therefor.

Cases of overlapping authority and matters of mutual interest

18. The Parties recognize that there are areas in relation to the observance of proper standards by AFRC Regulatees and the observance of relevant regulatory requirements by Listed Entities in which the Parties have overlapping remits in terms of their functions and powers or in which they have a mutual interest. The Parties will therefore endeavour to ensure that the Party with the more appropriate functions and powers will take enforcement action in such cases.

19. Cases of mutual interest will be reviewed by the Parties regularly to determine which Party should have the lead responsibility for taking any necessary enforcement action.

20. In cases of overlapping remit, the Parties will have regard to the principle that an AFRC Regulatee or a Listed Entity should not be unnecessarily subject to concurrent enforcement actions from two authorities for the same issue, unless it is appropriate in the circumstances.

21. If one Party is considering taking enforcement action when it is aware of the fact that the other Party has already commenced an enforcement action in relation to the same issue, the Parties will, subject to applicable laws, liaise and discuss how best to proceed with their respective enforcement actions.

Enforcement actions in relation to Listed Entities

22. If the AFRC finds, following any enquiry initiated under section 40 of the AFRCO, that there is a relevant non-compliance in relation to a Listed Entity as defined in section 5 of the AFRCO, the AFRC may consider exercising its powers under section 49 or section 50 of the AFRCO to secure the removal of the relevant non-compliance. Subject to applicable laws, the AFRC agrees to inform the SFC that the exercise of such powers is under consideration and of the result of such consideration if the relevant non-compliance may also be a matter of interest or concern to the SFC.

23. Whenever the SFC is to pursue any enforcement action against any Listed Entity for any matter that reveals a possible relevant non-compliance as referred to in paragraph 22 above, and subject to applicable laws, it agrees to inform the AFRC of such action if the SFC considers that the matter may be of interest or concern to the AFRC.

Conduct of concurrent enforcement actions

24. The Parties recognize that when both Parties undertake concurrent enforcement actions in relation to the same issue, steps undertaken by one Party may have an impact on the action of the other. Consequently, the Parties will, in such cases and subject to applicable laws, notify each other of significant developments in their respective enforcement actions and of any significant steps they propose to take, such as:

    (a) interviewing a key witness;

    (b) requiring the provision of significant volumes of documents;

    (c) executing a search warrant; or

    (d) instituting proceedings or otherwise disposing of the matter.

25. If the Parties identify that a particular step being considered by one Party may prejudice the other Party's enforcement action, the Parties will, subject to applicable laws, discuss the matter and decide what action should be taken and by whom. In reaching these decisions, the Parties will bear in mind how their overall objectives are best served.

Coordinated investigations or inspections

26. In respect of significant and urgent cases which fall within the functions of both Parties, the Parties may agree to commence coordinated investigations or inspections in order to minimize the duplication of effort, and enhance the

efficient use of their respective resources as well as the effectiveness of the investigations or inspections.

27. Once the Parties have commenced a coordinated investigation or inspection, they will set up a task force and decide on its membership to ensure efficient and timely exchange of information and coordination. The task force will convene an initial coordination meeting as soon as practicable to formulate investigation or inspection plans, determine responsibilities and coordinate the collection of evidence. The task force will also convene meetings at agreed regular intervals to review the progress of the coordinated investigation or inspection and discuss the action to be taken during or at the conclusion of the coordinated investigation or inspection.

28. Prior to the publication of any information concerning coordinated investigations or inspections, such as press releases, the Parties will consult each other to ensure that the timing and content of the releases are coordinated.

Sharing of information

29. To the extent permitted by applicable laws (including the applicable provisions under section 378 of the SFO, section 76D of the AMLO and section 51 of the AFRCO), the Parties will exchange information which is conducive to the purposes of this MoU and which may enable or assist the other Party to discharge or perform its functions.

30. Each Party, as and when it considers appropriate and subject to applicable laws, will, to the extent practicable, notify the other Party of any issue that the notifying Party believes may have a significant implication for the other Party. This may include the development and publication of policies and guidelines, for example:

    (a) where any of the SFC's proposed policies or guidelines are likely to have significant impact on the AFRC's regulatory functions; and

    (b) where any of the AFRC's proposed policies or guidance are likely to have significant impact on the SFC's regulatory functions.

Other assistance

31. Each Party will, in good faith and to the extent permitted by applicable laws, consider rendering technical and other assistance to the other Party upon request, including providing advice or the expertise of a market expert, an industry expert or an accounting expert, on a case-by-case basis, and assisting with industry training initiatives.

Capacity building

32. The Parties intend to coordinate their training initiatives and organize joint training opportunities to improve the capacity and effectiveness of their staff in performing their respective functions.

Liaison between the Parties

33. Information exchange between the Parties will be made between the designated principal contacts of the Parties as and when necessary or appropriate. The Parties will exchange a list of the designated principal contacts to coordinate communication between the Parties under this MoU. Either Party may change its designated principal contacts by giving written notice to the other Party.

34. The Parties will conduct meetings to discuss matters of mutual interest relating to the performance of their regulatory and supervisory functions on an on-going basis. *Ad hoc* meetings to deal with specific enforcement or supervisory concerns may be called by either Party, to which the other Party should respond within a reasonable timeframe.

VI SITUATIONS WHERE AFRC WILL GIVE WRITTEN NOTICE TO OR CONSULT THE SFC

Initiating an investigation in relation to professional persons under the AFRCO

35.1 Pursuant to section 20ZZK of the AFRCO, if the AFRC initiates an investigation in relation to a professional person's provision of services to a person which is a Licensed Person or an Authorized CIS, the AFRC will inform the SFC by written notice that an investigation is to be carried out.

35.2 Pursuant to section 20ZZL of the AFRCO, a CPA investigator will not impose a requirement on a person to produce any document (as defined in the AFRCO), give any explanation or further particulars in respect of a required document (as defined in the AFRCO), or give the CPA investigator all other assistance in connection with the investigation if the person is a Licensed Person or a responsible person (as defined in the AFRCO) of an Authorized CIS, without first consulting the SFC.

Initiating an investigation in relation to PIE auditors and non-PIE auditors under the AFRCO

36.1 Pursuant to section 24 of the AFRCO, if the AFRC initiates an investigation in relation to a PIE engagement or non-PIE engagement and the Listed Entity in question is a Licensed Person or an Authorized CIS, the AFRC will inform the SFC by written notice that an investigation is to be carried out.

36.2 Pursuant to section 29 of the AFRCO, an FR investigator will not impose a requirement on a person to produce records (as defined in the AFRCO) or documents (as defined in the AFRCO), give an explanation or further particulars in relation to a record or document produced, attend before the FR investigator and to answer any question relating to any matter under investigation, answer any question relating to any matter under investigation in writing and give the FR investigator all other assistance in connection with the investigation if the person is a Licensed Person or a responsible person (as defined in the AFRCO) of an Authorized CIS, without first consulting the SFC.

Initiating an enquiry concerning non-compliance of a Listed Entity under the AFRCO

37.1 Pursuant to section 42 of the AFRCO, if the AFRC initiates an enquiry concerning a potential relevant non-compliance in relation to a Listed Entity (as defined in section 5 of the AFRCO) and the Listed Entity is a Licensed Person or an Authorized CIS, the AFRC will give a written notice to the SFC.

37.2 Pursuant to section 43 of the AFRCO, an enquirer will not impose a requirement on a person to produce or give any record (as defined in the AFRCO) or document (as defined in the AFRCO), or any information or explanation if the person is a Licensed Person or a responsible person (as defined in the AFRCO) of an Authorized CIS, without first consulting the SFC.

Notification and consultation

38. In addition to the situations where the AFRC is required to give written notice to or consult the SFC under the AFRCO, AFRC will:

(a) give written notice to the SFC under the same situations as described in paragraph 35.1, 36.1 and 37.1 above where the person or Listed Entity concerned is a licensed VAS provider or a Registered OFC; and

(b) consult the SFC under the same situations as described in paragraph 35.2, 36.2 and 37.2 above where the person concerned is a licensed VAS provider, a licensed representative (as defined in the AMLO) of a licensed VAS provider, or a responsible person (as defined in the AFRCO) of a Registered OFC.

39. When the AFRC initiates an investigation or enquiry as mentioned in paragraphs 35.1, 36.1, 37.1 and 38(a) above, it will give written notice to the designated principal contacts of the SFC as soon as practicable. The written notice will identify the Licensed Person, licensed VAS provider, Authorized CIS or Registered OFC concerned, provide a brief narrative of the circumstances supporting the initiation of the investigation or enquiry (as the case may be),

and specify the powers that are exercisable by the investigator or enquirer (as the case may be).

40. When the AFRC intends to impose a sanction on, or take an action in relation to a person under section 37CA or 37I(1A) of the AFRCO, or a PIE auditor, registered PIE auditor or registered responsible person of a registered PIE auditor under section 37D, 37E, 37F or 37I(1) of the AFRCO, in relation to an investigation which is required to be notified to the SFC under paragraphs 35.1, 36.1 and 38(a) above, it will give written notice to the designated principal contacts of the SFC as soon as practicable. The written notice will identify the Licensed Person, licensed VAS provider, Authorized CIS or Registered OFC concerned, provide a brief narrative of the sanction to be imposed or action to be taken and the circumstances supporting the sanction or action, and specify the relevant powers that are exercisable by the AFRC.

41. If a CPA investigator, FR investigator or enquirer intends to exercise the relevant powers under paragraphs 35.2, 36.2, 37.2 and 38(b) above, prior consultation with the SFC will be conducted as soon as practicable. The need for consultation will first be conveyed to the designated principal contacts of the SFC. It is advisable to have prior informal consultation between the Parties. Formal consultation may be conducted by way of a meeting or through correspondence or both. The salient points discussed and any matters agreed will be documented.

VII NOTIFICATION IN RELATION TO RECOGNITION OF PIE AUDITORS

42. Where, in respect of an application for the recognition of an overseas auditor as a PIE auditor, the SFC (a) issues a statement of no objection under section 20ZF(2)(a) of the AFRCO to a Listed Overseas CIS for appointing an overseas auditor to carry out a PIE engagement for such Listed Overseas CIS or (b) withdraws such a statement of no objection referred to in section 20ZF(2)(a) of the AFRCO under section 20ZS(2)(c) of the AFRCO, the SFC will notify the AFRC of such issuance or withdrawal.

43. Where the AFRC makes a decision to (a) grant or refuse an application by a Listed Overseas CIS for the recognition of an overseas auditor as a PIE auditor of such Listed Overseas CIS under section 20ZF of the AFRCO or (b) revoke or suspend under section 20ZS of the AFRCO the recognition of an overseas auditor as a PIE auditor of a Listed Overseas CIS, the AFRC will notify the SFC of the decision.

44. Either Party intending to publish any public document in relation to the recognition of overseas auditors of a Listed Overseas CIS will, to the extent practicable and where considered appropriate, inform the other Party and circulate the draft document to the other Party for comment before publication.

45. This MoU is framed by and operates under applicable laws and regulations in force at the relevant times. For the avoidance of doubt, any investigation, enquiry, recognition or related action commenced under provisions previously in force (including the Financial Reporting Council Ordinance (Cap. 588) as in force immediately before 1 October 2019) will continue to be coordinated between the Parties under this MoU, including in respect of any enforcement steps already taken. Information obtained under the pre-amended regime remains subject to statutory secrecy and confidentiality obligations (including section 378 of the SFO and section 51 of the AFRCO). Notifications and consultations under this MoU apply irrespective of the initiation date of the underlying matter.

VIII CONFIDENTIALITY OF INFORMATION

46. Any information shared by the Parties under this MoU shall only be used for the purpose of performing their statutory functions and shall be subject to obligations of professional secrecy, such statutory duties of confidentiality as may apply thereto and the applicable laws.

47. Each Party will only disclose to a third party confidential information obtained from the other Party subject to the provisions of this paragraph. The receiving Party:

    (a) will not, except as otherwise required or permitted by applicable laws, make any disclosure of information received under this MoU to a third party without the prior written consent of the Party providing the information;

    (b) will notify the Party providing the information as soon as reasonably practicable in the event that the receiving Party must disclose information received under this MoU pursuant to a legal requirement under applicable laws; and

    (c) will comply with any restrictions or conditions on the use of information that are imposed by the other Party at the time when the information is provided.

48. Each Party will establish and maintain such safeguards as are necessary and appropriate to protect the confidentiality of information exchanged pursuant to applicable laws and under this MoU.

IX EFFECTIVE DATE AND AMENDMENTS

49. This MoU will take effect on the date by which it has been signed by both Parties.

50. The Parties have agreed to keep this MoU under review and will consult each other when necessary with a view to improving the Parties' operations, collaboration and cooperation, resolving any matters arising from this MoU and making any necessary amendments.

51. Either Party may at any time request the other Party to agree to amend, whether by supplement or otherwise, this MoU, or may consult the other Party regarding the need for any amendment or supplement to this MoU.

52. An amendment or supplement to this MoU takes effect only by written agreement of the Parties.

Dated: 28 September 2026

Signed for and on behalf of the Securities and Futures Commission	Signed for and on behalf of the Accounting and Financial Reporting Council
__________________________	__________________________
Ms Julia Leung Chief Executive Officer	Ms Janey Lai Chief Executive Officer