

EY's appeal over audit working papers discontinued

23 Jul 2015

EY has discontinued its appeal against court orders compelling production to the Securities and Futures Commission (SFC) of specified accounting records in its possession (Notes 1 & 2).

Since the decision of the Court of First Instance was handed down, the specified accounting records have been produced by EY to the SFC. The SFC is satisfied that all requested records have been produced and EY has complied with the court orders and agrees that the appeal is now academic.

The appeal by EY related to orders made by the Court of First Instance in 2014 stemming from work carried out by EY in relation to the proposed listing of Standard Water Limited on the Stock Exchange of Hong Kong.

The SFC wishes to take this opportunity to remind Hong Kong audit firms that accounting or audit working papers relating to work carried on by Hong Kong accounting firms should be produced to the SFC in response to requests made under the Securities and Futures Ordinance. This will be the case even if the requested documents/records are held on behalf of Hong Kong auditors by their Mainland affiliates or agents, subject to clearance by the Mainland authorities. As well, the obligation to identify records held in the Mainland and to seek their clearance lies with the auditor.

Mr Mark Steward, the SFC's Executive Director of Enforcement said, "Hong Kong auditors should cooperate fully with the SFC in the investigation of suspected corporate wrongdoing. In this case EY could have avoided litigation by conducting proper searches of its own offices here in Hong Kong and, where necessary, cooperating with the Mainland authorities to seek clearance of records created by its affiliate firms on the Mainland."

"The SFC expects Hong Kong audit firms to cooperate fully with both the SFC and the China Securities Regulatory Commission," Mr Steward added.

The SFC acknowledges and thanks the China Securities Regulatory Commission for its invaluable assistance in this matter.

End

Notes:

1. Please see the judgement (HCMP 1818/2012) which is available on the Judiciary's website (www.judiciary.gov.hk).
2. Please see the SFC's press release dated [23 May 2014](#).