

Cross-Border Audit Regulatory Issues Between US and China

by
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and
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Raymund is PwC's Assurance Leader in Hong Kong/China as well as the Asia Pacific. He graduated in Toronto Canada with honours and began his professional career there before moving back to Hong Kong. Raymund then relocated to Beijing during 2003 and became the firm's China Assurance Leader in 2005. From 2011, he also became PwC's Assurance Leader for Asia Pacific and is one of the five core members of the PwC's Global Assurance Executive Team.



During his professional career, Raymund has provided audit and business advisory services to both state-owned and private enterprises in China and Hong Kong. He has a wealth of experience in China, playing an instrumental role in some of the onshore and offshore initial public offerings (IPO), debt financing, corporate restructuring, and mergers and acquisition transactions. Raymund stays connected with the relevant regulatory bodies to contribute to the thinking and development of the accounting profession in China. He is an advocate of both corporate governance and the importance of internal controls with both regulatory bodies as well as clients.

Raymund is a Chartered Accountant in Canada and a Certified Public Accountant (practising) in Hong Kong.

Chris Harford is the General Counsel of PwC China/Hong Kong. He was in private practice in Australia prior to joining Price Waterhouse (later PwC) in Sydney in 1997. In 2003, he took up the role of General Counsel in PwC China/Hong Kong. At that time Chris was the only in-house lawyer PwC had present in any Asian territory, and since then has built the legal function across China and Hong Kong, and has been involved in developing PwC's legal function across all territories in Asia. While originally a litigator, in his 16 years with PwC, Chris' responsibilities have broadened to cover many areas of legal practice and firm governance.



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Over the past few years, US Securities and Exchange Commission (SEC) investigations have included some in relation to certain US listed companies owned and operated in China.

As a normal part of such investigations, the SEC sought information and documents from the China based audit firms engaged by these companies. China laws, and directives from China regulators, restrict or prohibit the direct production of Chinese company information by auditors to foreign regulators conducting investigations or inspections.

However, the SEC does not accept that these legal impediments release by the China audit firms of their US legal and regulatory obligations to directly produce the information and documents requested. Accordingly, the firms found themselves stuck in the middle of a conflict of laws and regulatory expectations. Ultimately, the SEC issued administrative proceedings in the US against the relevant China audit firms and a trial was held in July 2013. PwC is one of the firms involved in the proceeding, and will provide an overview of the legal issues, as well as the business and regulatory relationship issues being encountered.

Chris Harford, General Counsel for PwC China/Hong Kong, will describe the history of dealings with the SEC and the legal issues at play in the US administrative proceeding.

Raymund Chao, Assurance Leader for PwC China/Hong Kong and Asia Pacific, will talk about the practical and commercial challenges of having to deal with conflicting laws and differing views of regulators in a world where the amount of cross-border activity is ever increasing.

Cross-Border Legal Issues

- Chinese Secrecy Laws
- US Securities Laws

Practical Implementation

- Oversight of Cross-Border Audit and Assurance Activities
- Practical and Commercial Challenges

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