

2. SECTION I: ABOUT THE RESPONDENT

1. From which perspective are you providing this feedback?

The view of an organization

Please complete:

Your name:

Your organization (if applicable):

E-mail address:

Please complete:

Organization:

Hong Kong Institute of Certified Public Accountants

Name(s) of contact(s) for this submission:

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E-mail address(es) of contact(s):

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2. Please select from the following options to which stakeholder group you or your organization belongs:

IFAC Member Body or Other Professional Accountancy or Professional Organization

Please specify the type of accounting firm:

Please specify:

IFAC Member Body or Affiliate

Please specify:

Please specify:

Please specify:

3. Please select from the following options the geographical region that best matches you or your organization:

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Asia Pacific

4. SECTION III: SSBs' STRATEGIC POSITIONING FOR 2028–2031

4. As the SSBs look toward the 2028–2031 period, they are reflecting on how to position their strategies and work plans to best serve the public interest within a rapidly changing global environment. This involves careful consideration of how the SSBs remain relevant, responsive, and impactful in their standard-setting and other related work. In that context, what do you believe the SSBs should aspire to achieve during their next strategy period, 2028–2031?

Your answer may touch on different dimensions, for example:

The relevance, responsiveness and impact of the SSBs' standard-setting and related activities.

Broader adoption and effective implementation of the SSBs' standards.

The SSBs' interaction and engagement with key stakeholder groups.

The SSBs' ability to serve the public interest.

The examples above are for illustrative purposes only and should not limit, direct, or otherwise influence your response.

Your answer should address the IAASB and IESBA collectively; however, you may wish to also highlight matters specifically for the IAASB or IESBA (if applicable, you could use separate headings to address such matters).

To remain relevant, responsive, and impactful, the SSBs should continue to advance high-quality standard-setting, promote adoption, strengthen stakeholder engagement, and deliver public interest outcomes. Beyond these, we encourage the SSBs to prioritise capacity building—particularly in emerging markets—by supporting education and upskilling in ethics, sustainability, and digital competencies. In addition, the SSBs should explore how technology can be leveraged to enhance implementation, such as through AI-powered tools, interactive guidance, and digital learning platforms.

At the same time, standards should continue to be principles based and outcome focused. Where new risks arise from technological developments, a guidance-first approach should be considered to clarify the application of existing principles before embarking on new standard-setting projects. Strong coordination between the IAASB and IESBA, including aligned strategies, project timelines and effective dates, remains critical to providing stakeholders with a coherent and integrated view of requirements.

To support broad and effective adoption, the SSBs should also provide more practical implementation support (e.g. guidance, Q&As and illustrative examples), particularly to assist SMEs, SMPs and sole practitioners that may have more limited technical resources than larger firms. These efforts will enhance consistency and accessibility, and empower practitioners globally to apply standards effectively in an increasingly complex and technology-driven environment.

6. SECTION IV: KEY TRENDS IMPACTING THE SSBs

A.1 Digital Transformation – Increasing Use of Emerging Technologies

6 – Strongly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Hong Kong is rapidly embracing AI-driven tools and other emerging technologies across finance and other industries. Auditors, in particular the Small and Medium Practitioners, in Hong Kong face new opportunities and risks from these developments. There is a growing need for guidance on using AI/automation in audits and on auditing technology-intensive environments to support consistent and responsible use of such technologies, particularly in reinforcing professional judgment, professional skepticism and accountability.

The IAASB should continue to modernise standards such as ISAE 3402 to reflect AI's impact on systems and controls and, in the near term, prioritise timely non-authoritative guidance—supported by practical non-authoritative materials such as Q&As, guidance and real-life examples—to clarify how existing, principles-based requirements apply in AI-enabled audits, thereby supporting consistent implementation and helping to mitigate expectation and performance gaps. Stakeholders in Hong Kong would welcome practical guidance on the use of AI tools in audits and assurance engagements, including how such tools interact with existing requirements on audit evidence, risk assessment, and quality management.

Emerging technologies also raise ethics and independence considerations. Accountants remain responsible for professional judgement when using AI and should not over-rely on outputs they cannot reasonably explain. They should remain alert to automation bias and maintain an inquiring mind and professional skepticism when evaluating technology-generated information. These considerations are particularly important where tools rely on opaque models that limit users' ability to understand or challenge the outputs, or are developed or provided by parties with commercial interests—such as technology vendors, strategic partners, or the accounting firm itself—giving rise to potential self-interest or self-review threats where the firm has a financial or business interest in the tool. The IESBA should continue to reinforce accountable use of technology, address confidentiality risks associated with third party AI tools, and consider whether targeted, non-authoritative materials could assist practitioners and professional accountants in business in addressing emerging ethical risks without unduly constraining innovation. Clear global guidance would help maintain public trust and support consistent regulatory approaches across jurisdictions.

A.2 Digital Transformation – Digital Assets and Institutionalization of Digital Assets

6 – Strongly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Hong Kong has positioned itself as a leading hub for digital assets. A comprehensive regulatory regime is taking shape—the city introduced a licensing framework for virtual asset trading platforms in June 2023, and in late 2025 proposed establishing licensing regimes for virtual asset dealing and custodian service providers. The government has enacted a new Stablecoins Ordinance effective August 2025 to regulate stablecoin issuers. Recently, the HKICPA issued an exposure draft of Proposed Practice Note 831, Reporting on Reserve Assets of Licensed Stablecoin Issuers under the Stablecoins Ordinance, for public comment, which ended in early April 2026. The practice note will be finalised in due course, subject to feedback analysis and

completion of due process.

The IAASB should monitor these developments and consider whether targeted, non-authoritative guidance—supported by illustrative examples—would help clarify auditors' responsibilities and support consistent risk assessment and audit evidence gathering in different circumstances, drawing on existing standards where possible, particularly where digital assets are held or transacted through complex platforms or service providers. From a practical implementation angle, regulators and standard setters could monitor recurring challenges in audits of digital assets and other assurance engagement relating to digital assets and provide timely support (e.g. Q&As, webinars and illustrative examples), particularly for non-Big4 firms serving SMEs and mid-market entities.

From an ethics and independence perspective, the IESBA should assess whether existing Code provisions adequately address emerging issues associated with digital assets, including financial interests in new asset classes, potential conflicts arising from advisory or technology-related services, and heightened risks of fraud or money laundering. Any response should, where feasible, leverage the current principles-based framework, supplemented by implementation support where gaps are identified, rather than introducing technology-specific requirements.

A.3 Digital Transformation – Financial Crimes Enabled by Technology

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Hong Kong has seen a sharp rise in tech-enabled financial crimes – from sophisticated cyberattacks on banks to AI-driven fraud schemes. In 2025 alone, the HK Police handled ~19,000 cybercrime cases in the first 7 months (with losses over HK\$3.6 billion, up 18% YoY) and reported criminals using deepfakes and AI chatbots to perpetrate ransomware and scams. These developments reinforce the importance of understanding clients' IT environments and related controls when assessing audit risks and designing audit responses.

For the IAASB, existing standards already address fraud risk identification and understanding of IT environments. The focus for the next strategy period should therefore be on supporting consistent application of these standards, for example through non-authoritative guidance or practical materials that help auditors understand how technology can both enable financial misconduct and affect risk assessment under standards such as ISA 250 (Revised) and ISA 315 (Revised 2019). More frequent and agile updates or implementation support may be needed in this area (e.g. practice alerts, Q&As or targeted enhancements), including continued attention to fraud-related requirements (e.g. ISA 240), given the pace of change in digital threats.

For the IESBA, technology-enabled financial crimes raise questions about ongoing professional competence, due care and the handling of non-compliance with laws and regulations. The IESBA may wish to consider whether targeted implementation support is needed to help professional accountants stay alert to emerging forms of misconduct (e.g. deepfakes or AI-assisted scams), while reaffirming that the existing NOCLAR framework and ethical principles remain central and applicable in digital contexts.

7. SECTION IV: KEY TRENDS IMPACTING THE SSBs

B.1 Changes in the Geopolitical and Regulatory Landscape – Regulatory Changes

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Ongoing regulatory developments continue to reshape the financial and sustainability reporting landscape, creating implementation challenges for preparers and practitioners across jurisdictions. These changes affect audit, assurance, and ethical considerations, particularly as new sustainability reporting and assurance regimes, regulatory expectations, and supervisory approaches are introduced.

The SSBs should remain responsive to regulatory developments to ensure that international standards remain relevant, scalable, and capable of consistent application. Given the pace and diversity of regulatory change across jurisdictions, practical implementation support—such as mapping materials, illustrative examples, or non-authoritative guidance—may be particularly helpful in assisting practitioners to understand how IAASB and IESBA requirements are applied alongside evolving local regulatory regimes, without undermining global consistency.

At the same time, continued emphasis on high-quality, principles-based standards and robust due process remains essential to support adoption and confidence across jurisdictions. The relative importance of this trend is expected to remain high during the next strategy period.

B.2 Changes in the Geopolitical and Regulatory Landscape – Risk of Fragmentation

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

The risk of fragmentation remains an important challenge where jurisdictions or markets adopt different regulatory frameworks, reporting requirements or interpretations, potentially increasing complexity and compliance costs for preparers and practitioners and reducing the comparability of information.

The SSBs play a critical role in mitigating fragmentation by developing globally relevant, principles-based standards supported by credible governance, inclusive due process and strong stakeholder engagement. Early dialogue with jurisdictional standard setters and regulators can help identify emerging divergence risks and support timely responses that reinforce international alignment where possible.

In addition, practical tools such as common terminology, baseline expectations and illustrative application guidance may assist in promoting consistent understanding and application across jurisdictions, while preserving flexibility for local legal or regulatory requirements. Ongoing coordination between the IAASB and IESBA remains important in addressing fragmentation risks holistically across audit, assurance and ethical standards.

B.3 Changes in the Geopolitical and Regulatory Landscape – Call for Greater Agility in Standard Setting

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Stakeholders increasingly expect timely and practical responses to emerging issues. Consistent with the need highlighted across several trends, the SSBs should continue to explore agile approaches—such as narrow-scope projects and non-authoritative guidance—to address urgent implementation challenges without compromising due process.

This could include structured rapid-response mechanisms for emerging risks, annual or periodic improvements programmes for minor updates, and enhanced transparency around decisions to initiate new projects. High-quality non-authoritative guidance can play an important role in clarifying the application of principles-based standards to new or evolving circumstances, particularly where practice issues are developing faster than formal standard setting cycles.

B.4 Changes in the Geopolitical and Regulatory Landscape – Greater Diversity of Voices Sought

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Inclusion of diverse stakeholder perspectives, particularly from emerging economies and smaller markets, remains important to the global relevance, operability and adoption of international standards. Over recent strategy periods, the SSBs have significantly expanded their regional outreach and engagement activities, which has strengthened the quality of input informing standard-setting decisions.

Looking ahead, the relative importance of this trend is expected to remain broadly stable rather than sharply increasing. Continued effort is nevertheless needed to ensure that voices from different jurisdictions, market sizes and stakeholder groups—including investors, preparers, SMEs, SMPs and sole practitioners—are meaningfully reflected in both standard setting and implementation discussions.

Practical steps such as targeted outreach, region-specific engagement channels and the use of illustrative examples or implementation materials reflecting different contexts may further support effective participation and adoption, without fundamentally changing the SSBs' existing engagement model. Maintaining this balanced approach will help ensure standards remain globally credible while being capable of consistent and proportionate application.

8. SECTION IV: KEY TRENDS IMPACTING THE SSBs

C.1 Evolving Expectations Concerning Sustainability Information – Continuing Demand for Sustainability Reporting and Assurance

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

The importance of sustainability reporting and assurance remains high. While foundational standards have been issued, the focus for the next strategy period is likely to shift toward monitoring adoption, evaluating implementation experiences, and ensuring consistent application across jurisdictions, particularly as many jurisdictions enter early phases of mandatory adoption. For the IAASB, continued monitoring of the evolving sustainability reporting ecosystem, including developments toward

integrated reporting, may indicate areas where additional clarification or non-authoritative guidance is helpful, especially around the interface between financial audits and sustainability assurance.

For the IESBA, as jurisdictions adopt IESSA, practical implementation challenges are expected to emerge. The IESBA should be ready to provide timely and proportionate implementation support (e.g. Q&As or targeted guidance) to support consistent, high-quality application of ethics and independence requirements in sustainability assurance engagements.

C.2 Evolving Expectations Concerning Sustainability Information – Regulatory and Geopolitical Changes

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

The recent standards have addressed key ethical and audit risks in sustainability reporting and assurance. However, regulatory and geopolitical developments affecting sustainability reporting and sustainability assurance continue to evolve across jurisdictions, requiring continued attention to implementation, adoption and global consistency.

Differences in regulatory timing, scope and ambition may create interoperability and comparability challenges, reinforcing the importance of monitoring adoption experiences and providing targeted implementation support rather than initiating new standard setting.

9. SECTION IV: KEY TRENDS IMPACTING THE SSBs

D.1 Evolving Structure and Business Models of Accounting Firms – Alternative Ownership Structures

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Alternative ownership models, such as private equity investment in accounting firms, raise ongoing considerations around independence, ethical culture, governance and quality management. Although uptake varies across jurisdictions, these models have seen increasing use in some markets, particularly in the United States and Europe. Against this backdrop, the SSBs should continue to monitor developments and assess whether existing standards and recent initiatives adequately address associated risks.

While recent and ongoing IESBA work is expected to address many key issues in this area, continued monitoring therefore remains appropriate to identify whether new ownership models or market practices emerge that could warrant further guidance or action during the next strategy period.

D.2 Evolving Structure and Business Models of Accounting Firms – Increased Involvement of Non-Professional Accountants in the Accounting and Auditing

Profession

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Multidisciplinary teams and the involvement of non-accountant specialists are now common in audit and assurance engagements. IAASB and IESBA standards provide a robust framework covering competence, supervision, review, objectivity and ethics for all engagement team members.

At the same time, as firms increasingly rely on complex specialists (e.g. technology, data, sustainability), the SSBs may wish to remain alert to emerging implementation challenges. Targeted, non-authoritative guidance or illustrative examples—if needed—could support consistent application of requirements without creating additional standards.

D.3 Evolving Structure and Business Models of Accounting Firms – Challenges to Attracting and Retaining Talent

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

The accounting and auditing profession continues to face challenges in attracting and retaining talent, particularly in specialist areas such as technology, data and sustainability. While responsibility for talent development largely sits with firms, professional bodies and education providers, ongoing resourcing pressures and shifts in team composition may have implications for the consistent application of standards, professional judgement and professional skepticism.

The IAASB should therefore remain alert to whether persistent skill gaps could create audit quality risks within the quality management framework (e.g. ISQM 1).

From an ethics perspective, resource constraints and staff turnover may heighten risks to professional competence and due care, warranting continued monitoring and, where appropriate, targeted non-authoritative support rather than additional requirements.

In parallel, collaboration with universities and professional bodies to embed data, technology and assurance content earlier in education and training pathways could support longer-term capability building.

D.4 Evolving Structure and Business Models of Accounting Firms – Non-Assurance Service Line

1 – Strongly decreasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts,

or any additional impacts, for the IAASB or IESBA or both the SSBs?

The growth of non-assurance services and related independence considerations have been the subject of substantial recent standard setting activity, including revisions to the IESBA Code and planned post-implementation reviews. Given this work, we do not expect this trend to increase in relative importance during the 2028–2031 strategy period. The priority should be on monitoring how existing requirements operate in practice and considering the outcomes of forthcoming post implementation reviews before determining whether any further action is necessary.

In the interim, targeted implementation support or illustrative examples—where specific application challenges are observed, including in smaller or less mature markets—may help reinforce consistent understanding of existing safeguards and boundary conditions, while maintaining confidence in the principles based framework of the Code.

10. SECTION IV: KEY TRENDS IMPACTING THE SSBs - OTHER TRENDS AND RANKING

6. Are there trends or related areas or matters that you believe the SSBs should consider that are not covered? If so, please provide details.

No

Additional trends

Please number your additional trend (O.1, O.2, O.3, ...)

Please describe the additional trend

On a scale of 1 to 6, indicate the extent to which you believe this trend will increase or decrease in importance for the SSBs for their next strategy period starting in 2028.

Do you wish to explain your rating or highlight any matters relating to this trend for the IAASB, IESBA, or both the SSBs?

7. Based on your evaluation of the identified trends, please rank what you believe are the TOP FIVE most important trends for the SSBs to consider for their next strategy period starting in 2028.

Rank 1 : A.1
Rank 2 : A.2
Rank 3 : A.3
Rank 4 : D.3
Rank 5 : B.3

11. SECTION V: AREAS FOR JOINT ACTIONS IN SSBs' WORK PLANS

8. Please share your views about areas of common interest and possible joint or parallel work plan topics (e.g., standard-setting or non-authoritative materials), or other initiatives or activities.

Joint enhancements to agile due process: Any rapid-response mechanisms or annual improvements programmes should be developed and applied consistently by both SSBs.

Joint post-implementation reviews of ISSA 5000 and IESSA: Given their close interrelationship, coordinated reviews would provide more holistic insights into implementation experiences and lessons learned.

Joint review of using the work of experts and specialists: Given the interaction between IAASB requirements and the IESBA Code, a joint review could assess how ethical provisions operate in practice and their impact on auditors' and practitioners' use of specialists.

Joint SME-focused implementation support package: Non-authoritative SME materials (such as methodology frameworks, common risks areas, illustrative reports, case studies and short training modules) to support proportionate application of technology, sustainability and ethics requirements.