ICGN
International Corporate Governance Network

Mr. Richard Moriarty
CEO
Financial Reporting Council (FRC)
1 Harbour Exchange Square
London, E14 9GE

19 March 2026

Dear Mr. Moriarty,

Subject: Third Country Auditor Registration Consultation on proposed amendments to the FRC's policy

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the Financial Reporting Council's (FRC) proposed temporary amendment to its Third Country Auditor (TCA) registration policy.[1]

Led by investors responsible for assets under management of >US$90 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries.

ICGN is supportive of the broader objective of boosting UK economic growth and strengthening the global competitiveness of the London Stock Exchange. We note that the FRC, with the proposed temporary amendment to its TCA policy, is trying to address a perceived barrier discouraging some Chinese-registered issuers from choosing the UK as listing venue. The proposed change would temporarily permit auditors of Chinese-registered entities listing Global Depositary Receipts in London to use Chinese Standards on Auditing (CSAs) for UK listing purposes.

We support the FRC's direction of travel to facilitate London's competitiveness, provided this is achieved in a way that preserves investor confidence in the reliability and comparability of audited financial statements. In that regard, we welcome several design features of the proposal, including its narrow scope (limited to China-registered issuers listed via the Shanghai/Shenzhen Stock Connect segment), the fact it is framed as temporary, and the continuation of FRC registration and supervision of relevant TCAs.

We support the proposed transparency safeguard: a clear public disclosure that the audit has been conducted under Chinese Standards on Auditing (CSAs) and that CSAs have not been determined equivalent to ISAs in the UK. To maximise usefulness to investors, we encourage the FRC to clarify that this disclosure should be easy to locate for investors (e.g., in the auditor's report and/or a clearly signposted section of the annual report and admission documentation).

Regarding the consultation questions:

- We agree Stock Connect listings are sufficiently distinct to justify a tailored approach, but investors should be able to identify such listings quickly and unambiguously through clear market labelling and consistent issuer disclosures.

[1] FRC, Third Country Auditor Registration Consultation on proposed amendments to the FRC's policy, 2026

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- We consider that investors can assess the related risks if disclosures are prominent, standardised and accompanied by clear explanations of what the CSA/ISA difference means in practice.

We welcome the proposed review point and sunset mechanism of two years, as well as the factors the FRC has identified for assessing whether the temporary arrangement should continue.

Thank you again for the opportunity to share our perspective. If you would like to follow up with questions or comments, please contact our Senior Policy Executive, Ayan Tewari (policy@icgn.org).

Yours faithfully,

Jen Sisson

Chief Executive Officer, ICGN