

(Released by CICPA on August 8, 2013)

As one of the major professional service sectors, the accountancy profession plays an important role in the health and development of the Chinese accountancy profession, in relation to its strategy of promoting more competitive and bigger accounting firms, is to accelerate its abilities of serving the development of the financial industry. The following opinions have been formulated in the effort to implement the instructions of President Xi Jinping and in accordance with the Opinions on Accelerating the Development of the Chinese Accountancy Profession (General Office of the State Council No. 56, 2009), Working Plan for the Development of the Accountancy Profession (2015-2020) and Opinions on Promoting More competitive and bigger Accounting Firms (the Chinese Institute of Certified Public Accountants (hereinafter referred to as CICPA)).

The financial industry is the development of the financial industry, industrial restructuring and transformation. Serving the financial industry is a high-level task for the CPAs. Effectively increasing the accountancy profession's capabilities of serving financial industry will help to improve the quality of financial information. The task will have a bearing on the risk management of the financial industry and investor protection. It will reinforce the internationalization strategy of large financial institutions, raise the competitiveness of the Chinese accountancy profession as a strong player in the global accountancy profession.

To provide the necessary support to the financial industry, the Chinese accountancy profession should closely follow the direction and guidance, analyze the multi-layered, high-standards requirement and uncover gaps between CPA capabilities and financial industry's demand. The accountancy profession should respond to findings with timely and effective measures, which will boost the quality and skills of both industries. By upgrading its core competencies and expanding skills to support the financial industry, the Chinese accountancy profession creates a breakthrough in the pursuit of promoting more competitive and bigger accounting firms. By adding specialized services such as financial auditing and financial industry consulting to its offerings, the Chinese accountancy profession creates a breakthrough with high-end service and specialized expertise. By meeting the needs of the financial industry in their internationalization plans, the Chinese accountancy profession creates a breakthrough in its own internationalization objectives. By diligently building highly skilled teams to support top levels of the financial industry, the Chinese accountancy profession creates a breakthrough in talent development.

Within 3 years, accounting firms will have the capabilities to meet the

full range of service requirements of small and medium-sized financial institutions. Within 5 years, the accountancy profession will have the capabilities to serve the state-owned, share-holding commercial banks, policy banks, insurance groups and public companies, and other large-scale financial institutions. Within 10 years, the accountancy profession will have the resources and capabilities to fully meet the range of service requirements of large and global financial institutions, state-owned and state-controlled commercial banks, policy banks, and national insurance companies and provide services that meet global demands and standards. Achieving these milestones will enable accounting firms to foster the formation of highly skilled teams as they assist the ambitious growth of the financial industry in China.

CICPA will implement medium and long-term training and closely follow up with the leading talents of financial services. CICPA will comprehensively organize and coordinate the training and human resources of local institutes of CPAs, the National Accounting Institutes, and related accounting firms, and actively promote the building of specialized teams for the financial industry. In 10 years, these teams will comprise of over 10,000 specialized talents.

Financial talents need to be high-caliber and knowledgeable of precise industry requirements. Training such talents requires a multi-tiered training system. Such talents include financial service partners, risk and assurance professionals, project managers, and general auditors. The CICPA will focus on the formation of specialized financial audit teams by selecting and training leading talents of the financial services and at the same time, training young and promising future professional talents. The CICPA will design training to increase financial knowledge and incorporate financial literacy and practice into continuing professional education curriculum. CICPA will strengthen research and training on financial topics, stressing the characteristics of financial services. CICPA will work with financial institutions and related entities to organize internships and work opportunities to provide practical training and exposure to large financial institutions or overseas branches of these organizations. CICPA will encourage large accounting firms to introduce on-going training which specifically focuses on supporting the financial industry. By doing so, these large accounting firms will have its own specialized teams to serve the financial industry. Accounting firms would be wise to actively engage leading financial professionals as trainers to leading financial auditors and to mentor the young, promising financial auditors. The focus and efforts of cross-industry training will accelerate the formation of specialized financial talents, nurture a culture of continuous learning of the financial industry and gradually build up leaders for the industry within the accounting firms.

Qualified accounting firms should aim at setting up practical and operational teams of specialized financial talents. This requires the integration of specialized financial industry resources to introduce the training and topics of information system auditing, risk management and internal control, new capital agreements, funds trading, asset evaluations, asset management, insurance and actuarial science.

The CICPA and local institutes of CPAs should maintain regular communication with accounting firms, colleges and universities of finance and economics, including those offering the CPA major. By coordinating and promoting collaborations, the organizations will train and reserve the next generation of financial industry talents by means of targeted training, contractual training, track training, joint training and internships.

Accounting firms should focus on achieving integrated management of personnel, finance, businesses, technical standards, and information at headquarters and branches. They should fully ~~develop and deploy~~ ~~international~~ ~~branches~~ ~~in~~ ~~targeted~~ ~~key~~ ~~regions~~ ~~referring~~ ~~to~~ ~~these~~ ~~regions~~ ~~and~~ ~~regions~~ ~~as~~ ~~well~~ ~~as~~ ~~increasing~~ ~~the~~ ~~coverage~~ ~~of~~ ~~service~~ ~~networks~~ ~~of~~ ~~global~~ ~~financial~~ ~~institutions~~ ~~and~~ ~~undertake~~ ~~financial~~ ~~service~~ ~~projects~~ ~~in~~ ~~the~~ ~~domestic~~ ~~market~~. lized teams of talents, and technological platforms, improve their capabilities of financial resource integration and undertake financial service projects in the domestic market.

Qualified accounting firms should pay attention to financial customers with international operations by developing and deploying overseas branches in targeted, key regions. Referring to ~~these~~ ~~regions~~ ~~and~~ ~~regions~~ ~~as~~ ~~well~~ ~~as~~ ~~increasing~~ ~~the~~ ~~coverage~~ ~~of~~ ~~service~~ ~~networks~~ ~~of~~ ~~global~~ ~~financial~~ ~~institutions~~ ~~and~~ ~~undertake~~ ~~financial~~ ~~service~~ ~~projects~~ ~~in~~ ~~the~~ ~~domestic~~ ~~market~~, accounting firms can focus on developing international branches capable of undertaking and promoting financial services in major countries and regions as well as increasing the coverage of service networks of global financial institutions.

Accounting firms should pay close attention to assessing the capabilities and qualifications of international branches in serving local financial institutions. To meet the requirements of the branches of large financial institutions for financial auditing, regulatory auditing consulting services, accounting firms should develop, nurture, and prepare their own local and international

branches with the capabilities of undertaking overseas financial services.

Accounting firms should actively promote the construction of their own international networks, focus on and coordinate key financial services, and integrate financial service personnel and business, technical support platforms, and other related resources within the international networks. Accounting firms must form a consistent practice of sharing their global vision, expertise, professional capacities, and practical experience for expanding financial services undertakings as well as improving their capabilities of offering cross-border financial services.

Accounting firms should earnestly study the models of cooperation in cross-border financial services, conduct exchange training and internship programs with members of international networks and engage in cooperation with them, and promote mutual recognition of concepts and convergence of standards. In particular, they should actively promote synergic operations in general international business and strengthen coordination and seamless integration of cross-border services experience.

The CICPA should closely communicate and cooperate with the professional accounting ~~organizations~~ are located. The CICPA should also communicate and cooperate with the economic and ~~organizations~~ in those countries to build good relationships and seek supportive services, such as information, consulting, market research, and introduction to local accounting firms, which will provide Chinese accounting firms additional support as they develop their international branches. The CICPA should establish mechanisms of communication with Chinese financial institutions with overseas operations to introduce and recommend themselves to these institutions.

The CICPA should organize the formulation of technical guidelines for financial auditing in accordance with the professional and technical characteristics of subjects, the key areas targeted by financial supervisory or regulatory departments, and main financial services accounting firms intend to undertake. By drawing on relevant technical standards and regulations of financially

developed countries, the CICPA can engage financial experts in drafting the technical guidelines.

The CICPA should set up a supportive team of experts from the financial industry to provide technical guidance and consulting services to accounting firms as they undertake financial services and when they conduct research on professional and technical standards in the high-end financial areas of risk management and internal control, new capital agreements, asset assessments, and funds trading.

Accounting firms should strengthen professional capabilities of providing assurance services to financial institutions, including financial report and internal control auditing, multi-point listing auditing and group auditing, mid-term financial report review and information system auditing, and assurance of corporate social responsibility reports.

Accounting firms should also strengthen their capabilities of providing consulting services to the financial industry. In the key areas of focus of large global financial institutions, accounting firms should continuously improve their capabilities of providing services in the following financial areas: risk management, new capital agreements, asset evaluations, innovation of financial products and services, funds trading, proposal for internal control improvement, technical support for computing capital sufficiency ratios of new capital agreements, information and experience support in compiling the corporate social responsibility reports, investor relations management, and implementation of agreed-upon procedures. Accounting firms should maintain their professional competence and service capabilities.

Accounting firms should maintain an excellent professional reputation, credibility, quality control, and a sound internal control system. They should also ~~provide~~ commercial and specialized information and safeguard state financial information security. They also need to prevent conflicts of interests with competitors and establish and refine the internal quality control mechanisms and the firewall protection mechanisms for risk management.

Accounting firms should pay great attention to branding by formulating and implementing branding strategies and participating in rankings by prestigious international rating agencies. This is a way for ~~CPAs to be visible~~ major economic entities and capital markets.

Accounting firms should offer input in preparing and distributing financial research reports on popular and focal issues of the financial industry. Becoming a public voice and thought leadership can highlight their specialties and enhance their financial service reputation and influence among financial institutions.

To successfully win a bid for business, accounting firms need to pay attention to their image and

financial industry concepts, service product innovation and brand recognition.

The CICPA should, through acquisition and procurement, establish and update the economic database and law database related to the financial industry in order to provide specialized information services to accounting firms undertaking financial operations.

The CICPA should establish communication mechanisms with financial supervisory and regulatory departments, periodically publish information and references, such as financial industry rankings, domestic and international networks of accounting firms, and globalization of the financial industry. The CICPA should organize financial forums, seminars, lectures, and research on specialized topics and facilitate exchanges and sharing in research results and service experiences.

Accounting firms should increase investment in information system and audit software for financial institutions, informatize the financial services and its management methods, strengthen the information infrastructure and improve the functions of application software for financial services.

The related accounting firms should establish their research centers and technical support centers for financial industry, and input more resources, funds, and technologies into the research activities, providing strong back-office support when undertaking financial operations.

To achieve the goal of developing a number of large accounting firms with distinct advantages, the CICPA shall focus on solidifying and expanding the service for small and medium-sized banks,

city and rural commercial banks, credit cooperatives, and small and medium-sized non-financial institutions, and support and guide small and medium-sized financial institutions to increase the consolidation of their markets.

The CICPA should keep expanding financial service offerings, accumulating human resources and practical experiences and establishing a number of large accounting firms with distinct advantages to serve the financial industry. The CICPA should expand consulting services, including strategic planning on financial development and financial system reform at major national financial centers or zones, regional financial reform, financial service and product innovation, and innovation of financial development models. The CICPA should expand consulting services for privately owned financial institutions, including facilitating their development and expansion, service and product innovation, security of the financial chain, and credit risk control. The CICPA should expand their business to include services for non-banking financial institutions, including those for securities, futures, funds, bonds, investments, trust, guaranty, leasing, bill, wealth management, pawning, auctions, private placement, property rights trading, carbon emissions trading, and financial intermediary services. In addition, it should be involved in international financial operations.

The CICPA should help develop a group of six to eight leading accounting firms capable of undertaking consulting and annual report auditing services for large financial institutions, including state-owned and state-controlled commercial banks, policy banks, and national insurance companies. By doing so, it will visibly improve the capabilities of the accountancy profession in supporting the financial industry and providing the financial industry a range of competent choices to meet their needs.

The CICPA should explore the possibility of establishing a financial services development fund dedicated to the purpose of improving the capabilities of the accountancy profession for supporting the financial industry. The fund should be specially used for training specialized financial talents and related initiatives.

The CICPA should proactively improve its own capabilities related to the financial industry. By providing continuous industry news and deepening research,



