



Minutes of the 225th meeting of the Ethics Committee held on Thursday, 11 July 2013 at 9:00 a.m. in the Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Present: Mr. Alden Leung (Chairman)
Mr. Raymond Cheng (Deputy Chairman)
Mr. Philip Fung
Mr. Jonathan Russell Leong
Ms. Grace Ma
Mr. Amirali Nasir
Dr. Wong Ka Lok
Ms. Jacqueline Wong
Ms. Virginia You
Ms. Monica Yu

In attendance: Mr. Raphael Ding, Chief Executive and Registrar
Mr. Simon Riley, Director, Standard Setting
Mr. Ambrose Wong, Associate Director, Standard Setting

Apologies for absence were received from Mr. Edmand Cheung and Mr. Raymond Kong.

Action

1547. Minutes of the 224th Meeting

The minutes of the 224th meeting were approved by the Committee and signed by the Chairman.

1548. Resignation of Dr. Artie Ng as member of the Committee

The Committee noted the resignation of Dr. Artie Ng as member of the Committee on 19 June 2013 due to work commitments.

A vote of thanks to Dr. Artie Ng was recorded for his contribution to the Committee.

1549. Ethics Committee work plan 2013

The Committee considered the status of its work plan and noted the progress made on the various projects.

1550. Verbal report / update on international activities

(a) The Committee noted that HKICPA Executive Director, Chris Joy, and Committee Chairman, Alden Leung, attended the IESBA National Standard Setters Meeting held in New York on 29 May 2013.

The Chairman provided a verbal report on the issues discussed at the meeting, including:

- Structure of the Code
- Status of the project on suspected illegal act reporting
- IESBA strategy and work plan

Action

The Chairman commented that the HKICPA's participation at the meeting facilitated an exchange of views with IESBA and standard-setter counterparts elsewhere in the world.

- (b) The Committee noted that Albert Au, Hong Kong representative to the IFAC SMP Committee, will make a presentation on practical implementation issues of the IESBA Code in Mainland China and Hong Kong at the IESBA September 2013 meeting. In addition to input provided by the Committee, the Standard Setting Department will seek input from regulators and the HKICPA Small and Medium Practitioners Leadership Panel and Professional Accountants in Business Leadership Panel for the presentation. SSD

1551. Identification of public interest entity

The Institute's Chief Executive and Registrar and former Chairman of the Committee, Raphael Ding, provided background information on the choice of wording on identification of public interest entity (PIE) in paragraphs 290.25-26 of HKICPA Code extant.

The Committee considered the background information from the technical director of IESBA on the IESBA's choice of wording in relation to identification of PIE and revisited the wording of equivalent paragraphs in the HKICPA Code. The Committee was of a view that the determination of an entity being a PIE is a public policy matter and that firms should not be saddled with the requirement to make such a determination over and above that required in the international code.

The Committee agreed to revise the wording by restoring the "encouraged to determine" wording, as in the IESBA Code, in paragraph 290.26 of the HKICPA Code and inform Council accordingly. The Committee considered no re-exposure on such a change is necessary as the proposed amendment should not affect current practice within firms. Convergence with the IESBA Code is maintained.

1552. Revisions to the Code resulting from the IESBA's recently-issued pronouncements

The Committee provided comments on the proposed amendments to the HKICPA Code resulting from the IESBA's recently-issued pronouncements on "Changes to the Code of Ethics for Professional Accountants Addressing Conflicts of Interest" and "Changes to the Code of Ethics for Professional Accountants related to Provisions Addressing a Breach of a Requirement of the Code". The Committee agreed to reconsider the amended version of revisions when available.

There being no further business, the meeting closed at 10:40 a.m.

ALDEN LEUNG
CHAIRMAN

12 July 2013