



Minutes of the 230th meeting of the Ethics Committee held on Friday, 5 December 2014 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. Edmand Cheung
Ms. Piera Ho
Ms. Alfred Lum
Mr. Simon Riley
Dr. Wong Ka Lok
Ms. Virginia You
Ms. Monica Yu

In attendance: Mr. Chris Joy, Executive Director
Mr. Ambrose Wong, Associate Director, Standard Setting

Apologies for absence were received from Mr. Philip Fung, Ms. Grace Ma and Mr. Amirali Nasir.

Action

1584. Minutes of the 229th Meeting

The Committee approved and the Chairman signed the minutes of the 229th meeting.

1585. Status Report on Ethics Committee Work Plan

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

The Committee noted that the Standard Setting Department has released the invitations to comment on the IESBA Consultation Paper on Improving the Structure of the Code of Ethics for Professional Accountants and the IESBA Exposure Draft on Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles.

1586. Observations of the Committee Deputy Chairman on his attendance at the November 2014 Meeting of the IFAC SMP Committee's Ethics Task Force

The Committee received a report from Mr. Raymond Cheng, Deputy Chairman of the Committee, on his participation at the November 2014 meeting of the IFAC SMP Committee's Ethics Task Force. The major items discussed at the meeting included:

- Structure of the Code;
- Responding to non-compliance with laws and regulations;
- Non-assurance services; and
- New work stream on safeguard on providing non-assurance services to audit clients.

1587. **IESBA Exposure Draft on Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles**

The Committee noted the release of the IESBA Exposure Draft on *Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles*. IESBA has requested comments to be received by 15 April 2015.

The Committee noted that the Standard Setting Department released the local invitation to comment on 3 December 2014, requesting comments to be received by 6 March 2015. The Standard Setting Department will also request comments from stakeholders and interested parties including regulators, chambers of commerce, the Hong Kong Institute of Directors and the HKICPA PAIB Leadership Panel.

SSD

The Committee will deliberate on the consultation questions at the next meeting.

1588. **IESBA Consultation Paper on Improving the Structure of the Code of Ethics for Professional Accountants**

The Committee deliberated on the consultation questions in the Consultation Paper.

The Committee noted that the Standard Setting Department will request comments from regulators, tertiary institutions, the HKICPA SMP Leadership Panel and PAIB Leadership Panel. The Standard Setting Department will also arrange meetings with the Financial Reporting Council and the Securities and Futures Commission to seek their views on the project.

SSD

The Standard Setting Department will develop a draft comment letter for the Committee's consideration, together with any comment letter received from local stakeholders, in early 2015.

SSD

The Committee noted that the IESBA plans to expose a fully restructured Code after its meeting in October 2015. The new restructured Code might be finalized in early 2017, which could become effective, at the earliest, one year later. The Committee may re-consider the drafting convention of Part D of the Code when the IESBA's approach to restructuring the Code is nearer to finalization.

1589. Proposed Revision of Part D of the Code in response to the new Companies Ordinance

The Committee agreed with the proposed revisions to Part D of the Code in response to the new Companies Ordinance, subject to the following issues:

- The Committee considered that section 414 of the new Companies Ordinance facilitates the communication between incoming and outgoing auditors, but the section does not impose additional requirements on the parties. The Committee agreed to insert a footnote to the Code to remind accountants on section 414 of the Ordinance;
- The Standard Setting Department will seek comments from in-house legal counsel on the proposed amendment of paragraph 440.27 of the Code in relation to the potential consequence in legal respect on the exchange of information between incoming and outgoing auditors.

SSD

1590. Vote of thanks

The Chairman gave a vote of thanks to all members of the Committee for their contributions and participation during 2014.

There being no further business, the meeting closed at 10:50 a.m.

ALDEN LEUNG
CHAIRMAN

12 December 2014