



Ethics Committee
Meeting Summary – November 2005

The Ethics Committee (Committee) met on 8 November 2005.

Members of the Committee present were: Mark Fong (Chairman), Chew Fook Aun (Deputy Chairman), Doug Oxley (Deputy Chairman), Barbara Chan, Eric Fok, Charles Grieve, Alex Lai, Kenneth Lam, Lucia Li, Sheila Pattle, Keith Pogson and Christopher To.

Secretariat staff present were: Patricia McBride (Director, Standard Setting) and Elaine Chan (Assistant Director, Standard Setting).

The Committee discussed the following items:

1. Proposed Code of Ethics for Professional Accountants

The Committee went through the proposed Code of Ethics for Professional Accountants that was drafted based on the IFAC Code of Ethics for Professional Accountants issued in June 2005 and agreed matters as follows:

a. Structure of the Code of Ethics

A new Part D should be added to Parts A to C of the IFAC Code of Ethics which will comprise existing Professional Ethics Statements that are retained because they contain additional ethical requirements.

The Committee discussed and agreed on the Professional Ethics Statements that are to be included in Part D.

The Committee agreed to add references to the new Part D in Section 100.

b. Preface

It was agreed that the Code of Ethics should be applicable to the Institute's members regardless of their place of business.

c. Section 290 "Independence – Assurance Engagements"

It was agreed that all the modifications to the independence requirements in the earlier version of the IFAC Code of Ethics that are included in Professional Ethics Statement 1.203A and Professional Ethics Guidance 1.308 *Independence for Assurance Engagements* should be exported to Section 290.

d. Section 290 Interpretations

It was agreed that Interpretation 2003-01 which deals with transitional arrangements for the provision of non-assurance services to assurance clients and Interpretation 2003-02 which deals with transitional arrangements for engagement partner rotation for listed audit clients should be deleted as the transitional periods have already expired.

e. Section 400 “Introduction” to Additional Ethics Requirements

It was agreed that the section should be expanded to state that:

- i. the sections in Part D originate from the existing Professional Ethics Statements; and
- ii. the sections in Part D have not yet been conformed to all the requirements under Parts A, B and C and they will be reviewed and updated where necessary in due course. In case there are conflicts between a section in Part D and other Parts of the Code of Ethics, the more stringent requirement should prevail.

f. Appendix - Comparison with the IFAC Code of Ethics for Professional Accountants

The Committee considered the proposed comparison and agreed that the comparison should contain all major textual differences.

Subject to the above changes, the Committee approved to submit the proposed Code of Ethics for Professional Accountants to Council for approval for issue as a final Code which will be effective on 30 June 2006 and applicable to assurance engagements when the assurance report is dated on or after 30 June 2006 for Section 290, with early application encouraged.

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