



Ethics Committee
Meeting Summary – March 2006

The Ethics Committee (Committee) met on 9 March 2006.

Members of the Committee present were: Mark Fong (Chairman), Doug Oxley (Deputy Chairman), Albert Au, Barbara Chan, Wilson Chan, Paul Cheng, Chew Fook Aun, Eric Fok, Kenneth Lam, Quinn Law, Lucia Li, and Shelia Pattle.

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

The Committee discussed the following items:

1. Proposed Revised Terms of Reference
2. Proposed Work Plan for 2006
3. International Ethics Standards Board for Accountants Meeting – 20-22 February 2006

1. Proposed Revised Terms of Reference

The Committee agreed on a number of amendments to the Terms of Reference to reflect the Committee's role after attaining international convergence and to align with the terms of reference of the other two standard-setting committees.

2. Proposed Work Plan for 2006

The Committee approved the proposed Work Plan for 2006.

The Committee had brief discussions on the latest position in respect of the updating of the following sections:

- Section 432 "Integrity, Objectivity and Independence in Insolvency"
- Section 410 "Unlawful Acts or Defaults by Clients of Members"
- Section 431 "Corporate Finance Advice"
- Section 430 "Ethics in Tax Practice"

The Committee agreed to give a higher priority to the updating of Section 470 "Financial and Accounting Responsibilities of Directors".

The Committee generally considered that Section 420 "Use of Designations and Institute's Logo" is not an ethics standard and therefore the Committee should consider whether it should form part of the Code of Ethics.

3. International Ethics Standards Board for Accountants (IESBA) Meeting – 20-22 February 2006

The Chairman reported on the IESBA meeting as follows:

- a. The IESBA decided that the definition of network firm should be aligned with the EU 8th Directive wording.

- b. The IESBA re-affirmed its earlier decision that the Code of Ethics should be amended to address threats to independence created by taxation services.
- c. The Planning Committee considered that the implications of the IAASB Clarity Project of the International Auditing and Assurance Standards Board to the Code of Ethics should be considered.

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