



Minutes of the 252nd meeting of the Ethics Committee held on Thursday, 15 September 2022 at 12:30p.m. via video conference

Present: Ms. Helen Tang (Chair)
Ms. Mary Xuereb (Deputy Chair)
Mr. Paul Chan
Mr. Stephen Chan
Mr. Eric Hung
Ms. Elaine Kwong
Mr. Dacky Leung
Ms. Annie Li
Mr. Horace Ma
Ms. Shelley So
Mr. Alec Tong
Ms. Careen Wong

In attendance: Ms. Cecilia Kwei, Director, Standard Setting
Mr. Peter Tisman, Director, Advocacy & Practice Development
Ms. Selene Ho, Deputy Director, Standard Setting
Ms. Grace Lau, Associate Director, Standard Setting
Ms. Cherry Yau, Senior Manager, Standard Setting
Ms. Phoebe To, Manager, Standard Setting

Observer: Mr. Ambrose Wong, Financial Reporting Council

Action

1753. Proposed revisions of the Institute’s Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Professional Accountants (“AML Guidelines”)

Director of Advocacy & Practice Development (“APD”) provided the Committee with the background of the AML Guidelines (i.e. Chapter F of the Institute’s *Code of Ethics for Professional Accountants* (the “Code”)) and the proposal to update the AML Guidelines as a result of the Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022 introduced by the HKSAR Government in July (the “Proposal”). Director of APD also highlighted the key changes to the AML Guidelines and informed the Committee that the proposed changes would become effective on 1 January 2023.

The Committee noted the Proposal and no comments were raised at the meeting. The Committee was requested to consider and approve the proposed changes to the AML Guidelines and endorsement for one-month consultation by 23 September.

[Post meeting note: The proposed changes to the AML Guidelines were endorsed by the Committee via email on 23 September 2022.]

(Mr. Peter Tisman left the meeting at this juncture.)

1754. Minutes of the 251st meeting

The Committee approved the minutes of the 251st meeting.

1755. Work Plan Status Report

The Committee considered the report and noted the progress of various projects.

1756. Update on the committee composition

SSD updated the Committee for Ms. Anna Lam's resignation from the Ethics Committee. Nomination of a new member had been submitted to the Council for approval at its September meeting. SSD further thanked Ms. Lam for her contributions to the Committee during her term of service.

1757. Update from the Ethics Educational Materials Advisory Panel and the proposed educational material on NOCLAR

As one of the follow up actions on the findings of the Ethics Survey 2021 as tasked by the Committee, the Advisory Panel had drafted a NOCLAR article featuring the responsibilities of and providing practical guidance to professional accountants in business ("PAIBs"). The Committee considered the article was appropriate in terms of the content and suitability to PAIBs and provided the following comments:

- To include the author and a disclaimer statement in the article.
- To consider any revision to the article for areas in relation to professional accountants in public practice ("PAPPs"), given that the objective of the article was set for PAIBs.

SSD would revise the article and circulate it for the Committee's final review in due course.

SSD

The Committee also noted the Advisory Panel's work plan status and agreed that the new initiative to set up the "Members-Help-Members" services for PAIBs in a similar manner by the Small and Medium Practices Committee would enhance the Institute's support to members of PAIBs and PAPPs on ethics-related matters.

[Post meeting notes:

1. *The revised article was circulated to the Committee for final approval on 29 September 2022 and was published on the Institute's website on 19 October 2022. The article is available at https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/06_New-and-major-stds/COE-centre/noclarar.pdf.*
2. *SSD had communicated the new initiative to Member Engagement Department after the meeting.]*

1758. Proposed Changes to the Ethics Circular 1

SSD reported to the Committee that the Ethics Circular 1 "Guidance for Small and Medium Practitioners on the Code of Ethics for Professional Accountants" had been updated to incorporate the revisions to the non-assurance services provisions of the Code. The Committee considered the draft and provided the following comments:

- To consider any necessary revision to the safeguard application for the questions relating to the provision of tax return preparation services and internal audit services to audit clients.

- Editorial changes

SSD would revise the draft Ethics Circular 1 and circulate it for the Committee's final review in due course.

SSD

[Post meeting note: The revised Ethics Circular 1 was circulated to the Committee for final approval on 29 September 2022 and was published on the Institute's website on 21 October 2022. The Ethics Circular is available at https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/06_New-and-major-stds/COE-centre/1022ec1.pdf.]

1759. Local approach to refine the definitions of listed entity and public interest entity for adoption in the Code

The Committee noted the feedback on the feasibility of refinement provided by the respective regulators at the SSD's outreach activities since the last meeting and the update from the regulatory advisory panels. SSD also highlighted to the Committee that:

- IFAC and IESBA would roll out international activities in September and October aiming to promote the adoption and implementation of the PIE revisions in the IESBA Code.
- SSD would participate in the global panel discussions in October to gain insights from the panelists' experiences and challenges in adopting and implementing the expanded PIE definition in their local jurisdictions.
- SSD would conduct further meetings with regulators and the regulatory advisory panels in October and November.

SSD proposed and the Committee agreed to hold a meeting in November to understand the feasibilities for refinement from the aforementioned activities and further discuss the local approach. SSD encouraged the Committee members to take part in the upcoming discussions with the regulators and regulatory advisory panels, and invitations would be sent to the Committee members after the meeting.

[Post meeting note: Another Committee meeting has been arranged on 8 November as well as meetings with respective regulators and regulatory advisory panels in October and November.]

1759. Any other business

The Committee did not have any local implementation issues on ethical requirements to discuss.

The Committee was informed that another meeting would be arranged in November in addition to the scheduled meeting on 12 December.

There being no further business, the meeting closed at 2:35 p.m.

HELEN TANG
CHAIR

24 October 2022