



Minutes of the 212th meeting of the Ethics Committee held on Monday, 14 September 2009 at 2:30 p.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. Philip Tsai (Chairman)
Mr. Keith Pogson (Deputy Chairman)
Mr. Stephen Chan
Mr. Wilson Chan
Mr. Eric Fok
Ms. Piera Ho
Mr. Raymond Kong
Mr. Kenny Tam
Ms. Virginia You
Ms. Monica Yu
Mr. Steve Ong, Director, Standard Setting
Ms. Selene Ho, Assistant Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting

Apologies for absence were received from Mr. Charles Grieve, Mr. Alex Lai and Mr. Wong Shing Hei.

Council
Action

1482. Welcome to new member

The Chairman welcomed Ms. Monica Yu as new member to the Committee.

1483. Minutes of the 211th Meeting

The Chairman signed the Minutes of the 211th Meeting after their approval by the Committee. The Committee noted that with effect from May 2009, both the Financial Reporting Standards Committee (FRSC) and Auditing and Assurance Standards Committee (AASC) had agreed to publish the minutes of each meeting and meeting summaries are no longer prepared. The Committee agreed to adopt the same approach as FRSC and AASC. Accordingly, going forward, all minutes will be published on the website. There shall be no meeting summaries.

1484. Adoption of the Revised IFAC Code of Ethics for Professional Accountants

The Committee noted that the IESBA had issued a revised Code of Ethics for Professional Accountants (IFAC Code). The revised IFAC Code is effective from 1 January 2011.

It was reported that some of the comments made by the Institute's submissions to the IESBA on the exposure draft of the IFAC Code were

addressed in the revised IFAC Code. For those comments which were not addressed, they were considered as not significant. Accordingly, the Committee endorsed the adoption of the revised IFAC Code. However, the following additions are required due to local regulations and clarifications:

- (a) Paragraph 240.7 on examples of safeguards which may eliminate or reduce the self-interest threat of a professional accountant's objectivity and competence on receiving/paying referral fee or commission – this paragraph should be updated and aligned with the Prevention of Bribery Ordinance which is more stringent for members' guidance.
- (b) Paragraphs 290.25 and 290.26 on the definition of public interest entities – legal advice is to be sought in relation to the interpretation of paragraph 290.25(b)(a) on entity defined by regulation or legislation as a public interest entity in Hong Kong.

1485. Revision to Part D of the HKICPA Code of Ethics

The Committee agreed to keep the existing Part D of the HKICPA Code of Ethics (HKICPA Code) as it would provide additional local guidance. The content of Part D should be reviewed and updated regularly to ensure there is no conflict with the IFAC Code.

The Committee noted that the Restructuring and Insolvency Faculty Executive Committee (RIFEC) is in the process of amending section 432 *Integrity, Objectivity and Independence in Insolvency* of Part D to be in line with the recently issued UK Code of Ethics for Insolvency Practitioners.

The Committee agreed that the revised section 432 will be issued separately with a reference in the contents page of the HKICPA Code. The Committee also suggested that it should be clarified that the guidance in the revised section 432 is in addition to the fundamental principles in the HKICPA Code and that it should be exposed for consultation before finalization.

1486. Adoption of the Code of Ethics for Reporting Accountants

The Committee noted that the progress in the HKICPA Reporting Accountants' project to develop new standards and guidance in connection with investment circulars. In relation to this, the project team has proposed to adopt the UK Code of Ethics for Reporting Accountants (UK Code) in Hong Kong.

The Committee considered the UK Code and certain members of the Committee were of the view that the UK Code is similar to the IFAC Code and hence it is not necessary to have a separate Code for reporting accountants. The Committee requested the HKICPA Reporting Accountants' project team to consider adding an appendix to the HKICPA Code (based on the IFAC Code) to address the specific requirements for reporting accountants.

There being no further business, the meeting closed at 3:15 p.m.

PHILIP TSAI
CHAIRMAN

16 September 2009