



Minutes of the 219th meeting of the Ethics Committee held on Wednesday, 30 March 2011 at 9:00 a.m. in the Conference 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. Raphael Ding (Chairman)
Mr. Raymond Kong (Deputy Chairman)
Mr. Raymond Cheng
Mr. Ringo Chiu
Mr. Alden Leung
Ms. Grace Ma
Mr. Kenny Tam
Ms. Jacqueline Wong (Dial-in)
Ms. Virginia You
Ms. Monica Yu

In attendance: Mr. Steve Ong, Director, Standard Setting
Ms. Selene Ho, Associate Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting

Apologies for absence were received from Ms. Susanna Cheung, Mr. Eric Fok and Mr. Amirali Nasir.

1514. Welcome to new members and Committee composition for 2011

The Chairman welcomed Mr. Raymond Cheng, Ms. Susanna Cheung, Mr. Ringo Chiu and Ms. Jacqueline Wong as new members to the Committee and recorded a vote of thanks to past members, Mr. Wilson Chan, Mr. Stephen Chan, Ms. Piera Ho and Mr. Frankie Lam for their contributions.

1515. Guidance note on general confidentiality rules

The Chairman drew members' attention to the guidance note on the general confidentiality rules in relation to minutes and agenda papers of the Council and Committees appointed by the Council.

1516. Minutes of the 218th Meeting

The minutes of the 218th meeting were approved by the Committee and signed by the Chairman.

1517. Proposed meeting schedule for 2011

The Committee agreed that meetings would be arranged as and when required in line with the work plan.

Action

1518. Terms of Reference and Proposed Work Plan for 2011

The Committee considered and endorsed the Terms of Reference and Work Plan for 2011.

The key projects under the Work Plan were:

- (i) To maintain a concurrent agenda with that of IESBA
 - To monitor the key projects of IESBA as stated in its work plan for 2011-2012.
- (ii) To consider local guidance
 - To keep track of other countries' development on the adoption of the latest IFAC Code of Ethics for Professional Accountants (IFAC Code) in relation to the identification of Entities of Significant Public Interest; and to consider updating the revised HKICPA Code, if necessary.
 - To finalize the proposed new Section 500 *Professional Ethics in Liquidation and Insolvency* of the HKICPA Code (which will replace the existing section 432 *Integrity, Objectivity and Independence in Insolvency*). The exposure draft was issued on 21 March 2011 and the comment period will end on 31 May 2011. The new section is expected to be issued in final this year.
 - To monitor the progress on the HKSIR project and to consider the adoption of the UK Code of Ethics for Reporting Accountants in Hong Kong.

In relation to one of the key projects of IESBA in 2011-2012, "Responding to Fraud or Illegal Acts", the Committee suggested the SSD to set aside some resources in the Work Plan to re-visit the local guidance in this particular area.

For the HKICPA Code, the Committee agreed to set up a joint taskforce with SMP Leadership Panel to assist in the implementation by the SMPs. Three committee members were invited to join this taskforce. The SSD was requested to keep a record of potential FAQ on the implementation of the HKICPA Code.

1519. Practical details for the implementation of the HKICPA Code for pre-IPO applicants

The Committee deliberated on the issue and concluded that when a company has made a decision to go public, the firm that will act as its reporting accountants should take immediate steps to identify those interests and relationships that would need to be terminated or modified, to ensure that it will be compliant with the Code provisions at the time of listing. The Committee is also of the view that the existing code of practice is adequate in dealing with a private company that intends to list.

The SSD was requested to revise the draft memo to the AASC on the above for the Committee's approval by circulation.

Action

[Post meeting note: The memo was approved by circulation on 11 April 2011].

There being no further business, the meeting closed at 10: 22 a.m.

RAPHAEL DING
CHAIRMAN

11 April 2011



Hong Kong Institute of
Certified Public Accountants
香港會計師公會