



Minutes of the 251st meeting of the Ethics Committee held on Wednesday, 15 June 2022 at 12:30p.m. in Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong (and via video conference)

- Present: Ms. Helen Tang (Chair) (Dial-in)
Ms. Mary Xuereb (Deputy Chair) (Dial-in)
Mr. Paul Chan (Dial-in)
Mr. Eric Hung (Dial-in)
Ms. Elaine Kwong (Dial-in)
Mr. Dacky Leung (Dial-in)
Ms. Annie Li (Dial-in)
Mr. Horace Ma (Dial-in)
Ms. Shelley So (Dial-in)
Mr. Alec Tong (Dial-in)
Ms. Careen Wong (Dial-in)
- In attendance: Ms. Cecilia Kwei, Director, Standard Setting
Ms. Selene Ho, Deputy Director, Standard Setting
Mr. Norman Chan, Associate Director, Standard Setting
Ms. Grace Lau, Associate Director, Standard Setting
Ms. Cherry Yau, Senior Manager, Standard Setting
Ms. Phoebe To, Manager, Standard Setting
- Apologies: Mr. Stephen Chan
Ms. Anna Lam
- Observer: Mr. Ambrose Wong, Financial Reporting Council (Dial-in)

Action

1743. Minutes of the 250th meeting

The Committee approved the minutes of the 250th meeting.

1744. Proposed changes to terms of reference and standard operating procedures for auditing and ethics standard setting

SSD reported to the Committee that the Financial Reporting Council requested the Institute to prescribe the specific Continuing Professional Development ("CPD") requirements for registered public interest entity auditors. In that connection, the management recommended and the Council agreed the Registration and Practising Committee ("R&PC") with members of relevant experience and expertise, be the designated committee, to assume the responsibilities of setting the CPD requirements and making corresponding changes to Statement 1.500, *Continuing Professional Development*. As a result, the terms of reference ("TOR") of Ethics Committee had been revised to remove the responsibilities for standards and guidelines including Statement 1.500 on CPD requirements.

The Committee considered the proposed changes to the TOR and agreed that the revised TOR was appropriate.

The Committee also noted that SSD's standard operating procedures for auditing and ethics standard setting had been updated as a result of the changes.

1745. Work Plan Status Report

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

SSD thanked the Committee for providing valuable comments on the IESBA's Exposure Draft *Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits*. The approved comment letter had been submitted to the IESBA on 31 May 2022.

1746. Educational material for on NOCLAR

As one of the follow up actions on the findings of the Ethics Survey 2021 as tasked by the Committee, SSD developed and the Ethics Educational Materials Advisory Panel reviewed the proposed video clip on NOCLAR aiming to arouse members' awareness of the framework and key principles. The Committee watched the video clip at the meeting and suggested including links to the relevant websites in addition to the QR codes on the last slide of the video clip. The Committee considered that the video clip was appropriate in terms of the content and duration, and approved to publish it to members.

SSD

The Committee also noted the Advisory Panel's work plan status and agreed the Advisory Panel's suggestion to develop follow-up educational materials on NOCLAR featuring the responsibilities of and providing practical guidance to professional accountants in business. The Committee also suggested the Advisory Panel/ SSD to consider developing such materials in form of frequently asked questions.

(Ms. Careen Wong left the meeting at this juncture.)

[Post meeting note: The video clip was published on the Institute's website on 20 June 2022 and is available at https://www.youtube.com/watch?v=X4aAdn2_UBY]

1747. Update on IESBA's National Standard Setters Meeting

On 10 May, the Chair of the Committee and staff of SSD attended the National Standard Setters virtual meeting held by the International Ethics Standards Board for Accountants ("IESBA"). The Committee noted that the IESBA would work closely with the International Auditing and Assurance Standards Board on sustainability reporting project. SSD further informed the Committee that the Institute would submit a comment letter on the two exposure drafts issued by the International Sustainability Standards Board in relation to sustainability reporting. SSD would keep the Committee posted on the IESBA's development in the area of sustainability reporting and other key projects.

1748. IESBA's Exposure Draft *Proposed Technology-Related Revisions to the Code*

On 1 June, SSD circulated the draft comment letter for the Committee's review and received some editorial comments which had been addressed in the revised draft tabled at the meeting. The Committee considered the revised draft comment letter and approved it for submission to the IESBA.

[Post meeting note: SSD submitted the comment letter to the IESBA on 20 June 2022 and is available at https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/03_Our-views/PCD/2022/cl_t/sub_iesbat.pdf]

1749. IESBA's Survey Consultation The IESBA Strategy Survey 2022

The Committee noted the objectives and the potential projects as indicated in the survey. The Committee considered and approved the proposed responses prepared by SSD.

[Post meeting note: SSD submitted the survey response on 4 July 2022 and is available at https://www.ifac.org/system/files/publications/exposure-drafts/comments/HKICPA_9.pdf]

1750. Quality Management-related Conforming Amendments to the Code

The Committee considered the quality management-related conforming amendments to the Code and endorsed for issuance in final.

[Post meeting note: The revised Code incorporating the quality management-related conforming amendments was issued on 28 July 2022 in Members' Handbook Update No. 276 and is available at <https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/updates/Update-276.pdf>]

1751. Refine the definitions of listed entity and public interest entity for local adoption in the Code

The Committee considered the outreach result carried out by SSD to regulators and regulatory advisory panels on the appropriate inclusion of entities as public interest entities ("PIEs") under the Code for local context. The Committee suggested SSD to further outreach with the respective regulators to understand their views and discuss whether refinement would be feasible for deposit-taking institutions (e.g. overseas branches of authorized institutions), insurance companies (e.g. captive insurers and pure reinsurers) and collective investment vehicles (e.g. any differentiation in regulator's monitoring of respective types of investors including retail, professional or institutional investors). SSD encouraged the Committee members to take part in the upcoming discussions with regulators and regulatory advisory panels.

The Committee also considered and approved the deferment of the issuance date of the converged HKICPA pronouncement.

(Mr. Dacky Leung, Ms. Maria Xuereb and Ms. Annie Li left the meeting at this juncture.)

1752. Any other business

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

The Committee was informed that:

- The Institute received an invitation from the ICAC to join its Open Day visit in July. Committee members should notify SSD if he/she would be interested in joining the ICAC's Open Day.

[Post meeting note: SSD sent the ICAC's invitation email to the Committee subsequent to the meeting on 16 June 2022.]

SSD

- The next meeting would be held on 15 September. The Committee was requested to suggest agenda items by 24 August, and also share with the Committee for any implementation concerns on the Code at the next meeting.

There being no further business, the meeting closed at 2:26 p.m.

HELEN TANG
CHAIR

7 September 2022