



Minutes of the 258th meeting of the Ethics Committee held on Friday, 8 September 2023 at 12:30p.m. via video conference

- Present: Ms. Mary Xuereb (Chair)(Dial-in)
Mr. Horace Ma (Deputy Chair)(Dial-in)
Mr. Paul Chan (Dial-in)
Ms. Elly Chui (Dial-in)
Mr. Eric Hung (Dial-in)
Mr. Dacky Leung (Dial-in)
Ms. Careen Wong (Dial-in)
- In attendance: Ms. Cecilia Kwei, Director of Standard Setting
Ms. Selene Ho, Deputy Director of Standard Setting
Ms. Grace Lau, Associate Director of Standard Setting
- Apologies: Mr. Stephen Chan
Ms. Elaine Kwong
Ms. Mary Lau
Ms. Rudolf Leung
- Observer: Ms. Tracy Chan, Accounting and Financial Reporting Council (“AFRC”) (Dial-in)
Ms. Kristin Ko, AFRC (Dial-in)

1907. Minutes of the 257th meeting

The Committee welcomed Ms. Elly Chui as a new member of the Committee.

The Committee approved the minutes of the 257th meeting.

1908. Work Plan Status Report

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

1909. Consider AFRC’s comments to the Institute’s proposed refinement to the definition of public interest entity in the Code

In June, the Committee approved the submission of the proposed local refinement to the definition of public interest entity (“Proposed PIE ED”) in Chapter A of the Institute’s *Code of Ethics for Professional Accountants* (“Code”) to the AFRC for their comments.

The Committee noted comments from the AFRC and resolved to address their comments in two phases:

- Phase 1 would focus on the AFRC’s comments to the proposals in the Proposed PIE ED.
- Phase 2 would involve an expanded research scope on entities beyond those covered in the Proposed PIE ED in Phase 1. This might result in the inclusion of additional categories of PIE within Chapter A of the Code.

Action

In response to the AFRC comments on the Proposed PIE ED, the Committee noted that additional research and analyses were carried out by the Standard Setting Department (“SSD”). After deliberation on the findings, the Committee proceeded to vote on the following resolutions by poll with the following results:

- *Resolution 1:* Occupational retirement schemes with assets over HK\$100 million should be classified as PIEs in the Proposed PIE ED in Phase 1.

For the Resolution: 6 (85%)

- *Resolution 2:* Deferring the determination of whether funds authorized by the Securities and Futures Commission should be classified as PIEs to Phase 2.

For the Resolution: 6 (85%)

The Chair read out the voting results and declared that both resolutions were passed by a majority of members at the meeting.

[Post meeting note: The Proposed PIE ED was revised to incorporate the above resolutions. The revised ED was approved by the Committee on 15 September by circulation. It would be submitted to Council and the AFRC for consideration in due course.]

1910. Consider the approach for Phase 2 of the PIE definition refinement in the Code

The Committee noted the proposed approach and timetable for Phase 2 of the PIE definition refinement within Chapter A of the Code.

Phase 2 would involve researching additional entities proposed by the AFRC not considered in the Proposed PIE ED in Phase 1. The Committee would evaluate the findings and determine whether additional entities would be classified as PIEs in Chapter A of the Code.

The Committee was requested to provide comments on the types of entities that would be included in SSD’s research in Phase 2. The finalized scope of entities would be submitted to the AFRC for their consideration.

SSD was requested to carry out preliminary research on what organizations might be categorized as public utilities and government business enterprises.

The Committee would further consider and deliberate at the next meeting.

1911. Any other business

The Committee did not have any local implementation issues on ethical requirements for discussion.

The Committee noted that the next meeting would be held on 20 September and was requested to suggest agenda items as soon as possible.

There being no further business, the meeting closed at 2:10 p.m.

MARY XUEREB
CHAIR

12 September 2023