



Minutes of the 213th meeting of the Ethics Committee held on Friday, 18 December 2009 at 10:30 a.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. Eric Fok
Ms. Piera Ho
Mr. Raymond Kong
Mr. Alex Lai
Mr. Kenny Tam
Mr. Wong Shing Hei
Ms. Virginia You
Ms. Monica Yu (represented by Ms. Lily Chung)
Mr. Chris Joy, Executive Director
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. Wilson Chan, Mr. Stephen Chan and Mr. Charles Grieve.

Council
Action

1487. Minutes of the 212th Meeting

The Chairman signed the Minutes of the 212th Meeting after their approval by the Committee.

1488. Revised HKICPA Code of Ethics for Professional Accountants

The Committee considered the proposed draft of the revised HKICPA Code of Ethics for Professional Accountants (HKICPA Code) that had been converged with the revised IFAC Code of Ethics for Professional Accountants (IFAC Code), incorporating local guidance. The Committee had the following comments on the proposed draft:

- (a) Paragraph 240.7A – a footnote should be inserted to refer to the relevant ICAC's publications given the additional guidance on the Prevention of Bribery Ordinance.
- (b) Paragraphs 250.1A to 1C and 250.2A to 2D – the additional local guidance on Practice Promotion should be deleted from this part and such guidance should be re-stated in the locally developed Section 450 as reflected in the extant HKICPA Code;
- (c) Paragraph 290.25 – to provide additional guidance on the definition of

"public interest entity" as applied to circumstances in Hong Kong;

- (d) Paragraph 290.154 and 290.155 – to re-state IFAC Code requirements on partner rotation in the proposed revised HKICPA Code as it was considered not necessary to make the HKICPA Code more stringent than the IFAC Code;
- (e) Section 432 *Integrity, Objectivity and Independence in Insolvency* – to add a footnote to refer to the latest work of the Restructuring and Insolvency Faculty Executive Committee in this regard;
- (f) Appendix 3 on the comparison between the IFAC Code and the HKICPA Code – further clarification should be added on the convergence of the HKICPA Code with the IFAC Code; and
- (g) Other comments – editorial amendments on the copyright page and paragraphs 240.7A, 290.170 and 291.159.

The SSD was requested to consider the above comments and amend the proposed HKICPA Code.

1489. Adoption of the Code of Ethics for Reporting Accountants (the UK Code)

At the last meeting, the Committee considered the proposal of the HKICPA Reporting Accountants' project team (the project team) to adopt the UK Code. The Committee requested the project team to consider adding an appendix to the HKICPA Code (based on the IFAC Code) to address the specific requirements for reporting accountants rather than issuing a separate HKICPA Code of Ethics for Reporting Accountants as in the UK Code. In this regard, it was reported that upon further consideration, the project team is of the view that without a separate HKICPA Code of Ethics for Reporting Accountants, the concerns of the SFC to provide additional guidance for reporting accountants may not be adequately addressed given that UK also adopts the IFAC Code and yet it adopts the UK Code. The project team therefore requested the Committee to reconsider their proposed approach.

The Committee deliberated on the matter and agreed to put on hold the adoption of the UK Code and to consider the matter again when there is further progress on the HKSIR project. The Committee requested the SSD to update the Committee at its next meeting on the progress of the HKSIR project given meetings are being arranged over the next few months.

1490. Discussion on s18A of the Professional Accountants Ordinance (the PAO)

The Committee considered the comments from the HKICPA General Counsel regarding the issuance of standards by Council under s18A of the PAO. The Committee did not have any specific comments other than that it was of the view that it is clear from the current wordings of s18A that the Code is promulgated under the PAO and that any proposed additional ethical standards to be issued, should be consistent with other standards

issued by Council.

1491. Vote of thanks

The Chairman gave a vote of thanks to all members of the Committee for their contributions and participation during 2009.

There being no further business, the meeting closed at 11:25 a.m.

PHILIP TSAI
CHAIRMAN

21 December 2009