



Minutes of the 216th meeting of the Ethics Committee held on Wednesday, 26 May 2010 at 12:30 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. Raphael Ding (Chairman)
Mr. Raymond Kong
Mr. Wilson Chan
Mr. Eric Fok
Mr. Frankie Lam
Mr. Alden Leung
Mr. Joseph Li
Ms. Grace Ma
Mr. Kenny Tam
Ms. Virginia You
Mr. Chris Joy, Executive Director
Mr. Steve Ong, Director, Standard Setting
Ms. Alison Wilde, Director, Professional Development
Ms. Selene Ho, Assistant Director, Standard Setting
Ms. Phoebe To, Manager, Standard Setting

Apologies for absence were received from Mr. Stephen Chan, Ms. Piera Ho and Ms. Monica Yu.

Council
Action

1504. Minutes of the 215th Meeting

The Standard Setting Department was requested to amend the minutes as suggested by the Committee. The revised minutes would be resubmitted to the Committee for approval at its next meeting.

1505. The proposed revised HKICPA Code of Ethics for Professional Accountants (Revised HKICPA Code)

The Committee noted that the rationale for the changes of the HKICPA Code from the IESBA Code in the previous version. The Committee considered all the changes and comments and concluded that:

- Paragraph 290.107 in relation to the holding of a firm's retirement benefit plan of a direct or material indirect financial interest in an audit client – to keep the local variation as this had not caused particular difficulties in the past and is more relevant to the situation in Hong Kong;
- Paragraph 290. 148 in relation to acting as Company Secretary for an audit client– to keep the local variation as it is better worded and reflects the situation in Hong Kong;
- Paragraph 290.159 in relation to the provision of certain non-assurance services to an audit client – to adopt the IESBA wordings in full as this would provide practical guidance to members; and

- Paragraph 290. 161 in relation to the provision of non-assurance services to an audit client who becomes a public interest entity – to adopt the IESBA wordings in full as this would provide practical guidance to members.

The SSD was requested to amend the revised HKICPA Code and submit it to the Council for note further to Council's comments at its meeting in April 2010.

[Post meeting note: Council members at its meeting on 22 June 2010 noted the above amendments. The revised HKICPA Code was issued on 30 June 2010 under Members' Handbook Update 88 and can be accessed at: <http://app1.hkicpa.org.hk/ebook/index.php>.]

1506. Revised Statement 1.500 Continuing Professional Development (Statement 1.500)

The Statement 1.500 was amended for the Committee's recommendations suggested at the last meeting. The Committee further deliberated on the proposed changes.

The Committee agreed to grant CPD temporary waiver to a member who suffers from serious illness if he or she refrains from acting as a director of a listed company and performing activities of a practising certificate holder.

The Committee considered exemption granted to member who is taking a career break. The Committee agreed that consistent treatment should be applied to a member who suffers from serious illness and a member who is taking a career break. The Committee also suggested applying a time limit for member who then resumes the role as a CPA after recovering from serious illness or the career break. The Institute should also be given discretion to request CPD catch-up when necessary.

Subject to changing "Personal investment" to "Investment advice", the Committee agreed the list of accounting or accountancy related duties.

The Director of Professional Development proposed that she would re-draft Statement 1.500 and related guidance taking into consideration the Committee's comments.

There being no further business, the meeting closed at 2:20 p.m.

RAPHAEL DING
CHAIRMAN

30 June 2010