



Minutes of the 232nd meeting of the Ethics Committee held on Wednesday, 26 June 2015 at 9:00 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. Alden Leung (Chairman)
Mr. Raymond Cheng (Deputy Chairman)
Ms. Virginia You (Deputy Chairman)
Ms. Sylvia Cheng
Mr. Philip Fung
Ms. Piera Ho
Mr. Johnson Kong
Ms. Lai Wai Shan
Mr. Amirali Nasir
Mr. Keith Ng
Dr. Wong Ka Lok
Ms. Monica Yu (represented by Mr. Lawrence Chung)

In attendance: Mr. Chris Joy, Executive Director
Ms. Eky Liu, Associate Director, Standard Setting

Apologies for absence were received from Mr. Guy Look and Mr. Alfred Lum.

Action

1601. Minutes of the 231st Meeting

The Committee approved and the Chairman signed the minutes of the 231st meeting.

1602. Status Report of the Ethics Committee Work Plan

The Committee considered the status of its work plan and noted the progress made on the various projects.

1603. Report on IESBA National Standard Setters Meeting held on 6 May 2015

The Committee received a report from Mr. Chris Joy, HKICPA Executive Director of Standards and Regulation, on his participation at the IESBA National Standard Setters Meeting held on 6 May 2015 in New York. The major items discussed at the meeting included:

- Jurisdictional developments in ethics standard setting
- Non-compliance with Laws and Regulations
- Structure of the Code
- Review of Safeguards
- Review of Part C of the Code
- Long Association of Senior Personnel with an Audit Client

1604. Observations of the Committee Deputy Chairman on his attendance at the June 2015 Meeting of the IFAC SMP Committee

The Committee received a verbal report from Mr. Raymond Cheng, Deputy Chairman of the Committee, of his participation at the IFAC SMP Committee meeting held from 8 – 9 June in New York and the subsequent meeting with Brian Caswell, IESBA Board Member. During the meeting, the IFAC SMP Committee Ethics Task Force expressed their views on the following projects:

- Exposure Draft on Responding to Non-Compliance with Laws and Regulations
- Review of Safeguards
- Long Association of Senior Personnel with an Audit Client

The Committee noted that the IFAC SMP Committee Task Force prepared a submission to the IESBA Board to express their concern about the proposed extension of the cooling-off period for the engagement quality control reviewer to five years. The submission would be sent to the IESBA for their consideration in the July IESBA meeting.

1605. IESBA Exposure Draft on Responding to Non-Compliance with Laws and Regulations

The Committee noted the release of the IESBA Exposure Draft on *Non-Compliance with Laws and Regulations* with comment period ending on 4 September 2015.

The Committee noted that the Standard Setting Department released the local invitation to comment with comment period ends on 14 August 2015. The Standard Setting Department has also requested comments from local stakeholders and interested parties, including regulators, constituents of Hang Seng Index, the HKICPA SMP Committee and the HKICPA PAIB Leadership Panel.

The Committee deliberated on the consultation questions in the Exposure Draft. The Standard Setting Department will prepare a draft submission, based on the comments received at the meeting and from local stakeholders, for the Committee's consideration in early August. The Committee agreed to arrange a meeting in mid August to further discuss on the submission if there are significant written comments from the local stakeholders.

SSD

[Post meeting note: The submission was circulated to Committee members for comments on 20 August and was approved by the Council on 16 September.]

1606. **The revision to the Code in relation to the IESBA pronouncement on Changes to the Code Addressing Certain Non-Assurance Services Provisions for Audit and Assurance Clients**

The Committee considered and approved the proposed amendments to the HKICPA Code in relation to the IESBA pronouncement on *Changes to the Code Addressing Certain Non-Assurance Services Provisions for Audit and Assurance Clients*.

SSD

The Committee also noted the Standard Setting Department's proposal to update the Ethics Circular 1 based on the new pronouncement.

There being no further business, the meeting closed at 10:35 a.m.

ALDEN LEUNG
CHAIRMAN

10 July 2015