



Minutes of the 231st meeting of the Ethics Committee held on Wednesday, 18 March 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. Alfred Lum (Dial-in)
Mr. Amirali Nasir
Mr. Keith Ng
Dr. Wong Ka Lok

In attendance: Mr. Chris Joy, Executive Director
Ms. Christina Ng, Head of Financial Reporting
Ms. Eky Liu, Associate Director, Standard Setting

Apologies for absence were received from Mr. Guy Look and Ms. Monica Yu.

Action

1591. Welcome to new members and Committee composition for 2015

The Chairman welcomed Ms. Sylvia Cheng, Mr. Johnson Kong, Ms. Lai Wai Shan, Mr. Guy Look and Mr. Keith Ng as new members of the Committee. The Committee recorded a vote of thanks to the retiring members, Mr. Edmand Cheung, Ms. Grace Ma and Mr. Simon Riley for their contributions to the Committee.

1592. Guidance note on the general confidentiality rules

The Chairman drew member's attention to the guidance note on the general confidentiality rules in relation to minutes and agenda papers of the Council and Committees appointed by the Council.

1593. Committee's Terms of Reference

The Committee considered and agreed that the existing terms of reference are appropriate.

1594. Meeting Schedule for 2015

The Committee noted the proposed meeting dates for 2015.

1595. Minutes of the 230th meeting

The Committee approved and the Chairman signed the minutes of the 230th meeting.

1596. Verbal report / update on international meetings

- (a) The Committee received a verbal report from Mr. Alden Leung, Chairman of the Committee, of his participation at the IESBA Board meeting held from 12 to 14 January 2015 in London. The major items discussed at the meeting included:
- Structure of the Code
 - Responding to non-compliance with laws and regulations
 - Review of Part C of the Code
 - Review of safeguards in the Code
 - Long association of personnel with an audit or assurance client

The Committee noted that the Chairman would not offer himself for re-appointment as technical advisor to the IESBA Board member from China upon the change of the China representative in the Board. Hence, the January IESBA meeting would be his last meeting attending as technical advisor. The Committee expressed a vote of thanks to Mr. Alden Leung for his liaison with the IESBA Board as technical advisor in the past year.

- (b) The Committee received a verbal report from Mr. Raymond Cheng, Deputy Chairman of the Committee, of his participation at the IFAC SMP Committee Ethics Task Force meeting held from 16 to 17 February 2015 in Brussels. The major discussion item was the procedures and duration of handling the submissions from the IFAC SMP Committee and other institutes by the IESBA Board.

The Committee also noted that there were subsequent teleconference calls among Mr. Raymond Cheng, Mr. Brian Caswell (IESBA Board member) and Mr. Christopher Arnold (IFAC Technical Manager, SME & SMP Affairs) discussing about IESBA projects, work plan and the composition of the task force members in the future projects.

- (c) The Committee noted that the new IESBA Chairman, the Vice-Chairman and the Technical Director visited Hong Kong in February 2015 and had a meeting with the HKICPA management discussing on the IESBA active projects and work plan.
- (d) The Committee noted that Mr. Chris Joy, Executive Director of HKICPA, will attend the IESBA National Standard Setters Meeting this year and that the HKICPA has nominated candidate (as HKICPA representative) for a seat on IESBA for 2016. The result will be announced in September this year.

1597. Proposed work plan for 2015

The Committee considered the work plan and agreed that the plan is appropriate. In particular, the Committee agreed to draw the attention of the PAIBs to the Code of Ethics and its development by providing webcasts and e-learning in addition to routine face-to-face seminars.

1598. IESBA Exposure Draft on Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles

The Committee deliberated on the consultation questions in the explanatory memorandum of the Exposure Draft. The Committee also considered the written comments received from the local stakeholders.

The Standard Setting Department will develop a draft comment letter for the Committee's consideration based on the comments received.

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1599. Revision of Part D of the Code and Statement 1.303 in response to the new Companies Ordinance

The Committee agreed the proposed changes to Part D of the Code and Statement 1.303 in response to the new Companies Ordinance. The Committee noted that the proposed changes are mainly quoting or referring the relevant sections of the new Companies Ordinance and that the Companies Registry had reviewed the changes. The Committee agreed that there is no need to issue an exposure draft in relation to this update and directly approved the proposed amendments.

1600. Revision to Ethics Circular 1

The Committee approved the proposed house-keeping changes to Ethics Circular 1 in response to the updates of the paragraphs in the Code. The Committee agreed to circulate the proposed changes to the Small and Medium Practitioners Committee (SMP Committee) for its information before releasing the revised Circular.

The Standard Setting Department will pass the proposed amendments to the Member Support Department for circulation to the SMP Committee.

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There being no further business, the meeting closed at 10:20 a.m.

ALDEN LEUNG
CHAIRMAN

24 March 2015