



Minutes of the 264<sup>th</sup> meeting of the Ethics Committee held on Tuesday, 9 July 2024 at 12:30p.m. in Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong (and via video conference)

Present: Ms. Mary Xuereb (Chair)  
Mr. Horace Ma (Deputy Chair) (Dial-in)  
Mr. Paul Chan (Dial-in)  
Mr. Dennis Chan  
Ms. Elly Chui  
Mr. Eric Hung  
Ms. Elaine Kwong (Dial-in)  
Mr. Charbon Lo (Dial-in)  
Ms. Mary Lau (Dial-in)  
Mr. Dacky Leung (Dial-in)  
Mr. Rudolf Leung (Dial-in)  
Mr. Ricky Wong (Dial-in)

In attendance: Mr. Chris Joy, Director  
Ms. Cecilia Kwei, Director, Standard Setting  
Ms. Selene Ho, Deputy Director, Standard Setting  
Ms. Grace Lau, Associate Director, Standard Setting  
Ms. Cherry Yau, Associate Director, Standard Setting

Observer: Mr. Jason Bradley, Accounting and Financial Reporting Council (Dial-in)

Apologies: Ms. Cecilia Yam

Action

**1956. Minutes of the 263<sup>rd</sup> meeting**

The Committee approved the minutes of the 263<sup>rd</sup> meeting.

**1957. Work Plan Status Report**

The Committee considered the report and noted the progress of various projects. It was expected that the final pronouncement and basis for conclusions for Phase 1 of the local refinements to the definitions of listed entity and public interest entity ("PIE") in the *Code of Ethics for Professional Accountants* would be released by end of July, subject to the clearance from the Accounting and Financial Reporting Council and the International Federation of Accountants.

**1958. FAQ for Phase 1 the local refinements to the definitions of listed entity and public interest entity ("PIE") in the Code**

The Committee considered the FAQ developed for Phase 1 and provided the following comments:

- Consider including additional examples of publicly traded entities that are relevant in Hong Kong context.
- Include definition of terms used in the FAQ to ensure consistent application of the relevant provisions in the Code among accounting firms in Hong Kong.

- Include reference to the *IESBA Staff Q&A: Revised Non-Assurance Services Provisions of the Code* which provides guidance on transitional arrangement for a client transitioning from a non-PIE to a PIE.
- Editorial changes.

The Committee also endorsed to record a webinar in Cantonese to explain the Final Pronouncement Phase 1. The Committee expressed gratitude to the Deputy Chair for volunteering to be the presenter.

*[Post meeting notes:*

- (i) *The final pronouncement was issued on 15 July in Members' Handbook Update No. 313 and is available at: <https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/updates/update313.pdf>.*
- (ii) *The basis for conclusions was issued on 15 July and is available at: <https://www.hkicpa.org.hk/-/media/Document/SSD/handbookupdate/bc313pie.pdf>.*

#### **1959. Phase 2 Proposed local refinements to the definitions of listed entity and public interest entity in the Code**

The meeting resolved that Hong Kong Interbank Clearing Limited fulfilled the criteria for being classified as a PIE in Phase 2.

The meeting also discussed the need to involve relevant advisory panels of the Institute to deliberate the possible classification of funds authorized by the Securities and Futures Commission and securities intermediaries as PIEs, and examine the PIE definition locally defined in other jurisdictions. This is in addition to reviewing the outcome of the IESBA work on financial services intermediaries and the independence implications.

Regarding the PIE classification of charitable organizations and entities receiving government subventions, the Committee took note of the HKICPA Council's comments which recommended more research in this area. Therefore, the Committee suggested SSD study and compare practices adopted in other jurisdictions.

#### **1960. Ethics Survey Results 2024**

The Committee considered the survey results and implications. Whilst some members expressed concern on the low response of the survey and the mix of respondents, the Committee suggested SSD to explore ways to enhance the response rate such as promoting the survey to younger members and streamlining the survey to reduce the response time.

The Committee approved to issue the publication of the abridged survey results and endorsed the educational initiatives. Members were encouraged to provide nominations for speakers to conduct the webinars.

*[Post meeting note: The ethics survey report was published on 19 July and is available at [https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/06\\_New-and-major-stds/COE-centre/ESR2024pdf.pdf](https://www.hkicpa.org.hk/-/media/HKICPA-Website/New-HKICPA/Standards-and-regulation/SSD/06_New-and-major-stds/COE-centre/ESR2024pdf.pdf).]*

**1961. Revisions to the Code Addressing Tax Planning and Related Services**

SSD reported that most of the Institute's comments provided on the exposure draft had been addressed or explained in the IESBA's final pronouncement and/or basis for conclusions. The Committee considered and approved to issue the converged pronouncement for local adoption (i.e. Chapter A of the Code).

The Committee also approved the proposed roll out activities aiming to support the local implementation of the converged pronouncement. The Committee acknowledged the request to nominate suitable speakers to deliver the proposed professional training at the Annual Auditing Update Conference and the webinar covering the key changes and implications in tax practice.

The Committee further considered the conforming changes to Chapter C "Ethics in Tax Practice" of the Code as a result of the tax planning revisions, and commented that additional references to section 380 in Chapter C were necessary to emphasize that a professional accountant is required to comply with that section when it comes to tax planning services. SSD is requested to share the Committee's comments with the Institute's Taxation Faculty Executive Committee ("TFEC") and Advocacy Professional Department ("APD"), and would circulate the revised conforming changes to Chapter C to the Committee for approval in due course.

*[Post meeting note: The converged Revisions to the Code Addressing Tax Planning and Related Services (i.e. Chapter A of the Code) was issued on 10 July in Members' Handbook Update No. 312 and is available at: <https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/updates/update312.pdf>.]*

**1962. 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 2 September and was requested to suggest agenda items by 12 August, and also share with the Committee for any implementation concerns on the Code at the next meeting.

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

MARY XUEREB  
CHAIR

26 August 2024