

2. (untitled)

1. From which perspective are you providing this feedback? [* Required where indicated]

Standard setter

Please provide the following contact information:

First Name

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Job Title/Role

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Organization Name (if applicable)

Hong Kong Institute of Certified Public Accountants

2. In which country or jurisdiction do you or your organization work or serve? (If international, please indicate so; if a region of the world, please indicate which region)

If country, please select country?

Hong Kong

OR if a region of the world, please indicate which region:

OR if international, please indicate by ticking the box:

3. (untitled)

B.1 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

There is a global trend of using new technology and innovation in the accounting functions and in providing professional services. This impacts how professional accountants carry out their work or deliver their professional services. We agree that there could be ethical implications arising from the increasing use of new technology and innovation as stated above.

In addition, we consider that this topic is closely linked to the topic on new models of service delivery (B.2) as new technology may change the way professional accountants work and bring in new ways of service delivery. Therefore, these two topics should be considered together.

Given that the Code currently does not address these two topics, we consider that they are important and urgent, and therefore should be prioritised.

B.2 Do you have any specific comments on this topic and, in particular, why

this topic should or should not be prioritized?

We are aware that firms are outsourcing parts of their auditing or accounting functions to third party service providers and new technology changes the way professional accountants work. There could be ethical implications arising from this emerging trend. As stated above, we consider that this topic is closely linked with the topic on technology and innovation (B.1) and should be considered together. Given that the Code currently does not address these two topics, we consider that they are important and urgent, and therefore should be prioritised.

B.3 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We are aware that there have been discussions among accountants and regulators about the definitions of PIE and listed entity but it has not been a significant issue, i.e. any queries/concern have been resolved after clarifying the understanding of these terms. We consider that this topic is not as important nor urgent as the other topics and therefore, is not a priority.

B.4 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We are not aware of any significant issues with collective investment vehicles in the context of Code of Ethics. We consider that this topic is not as important nor urgent as the other topics and therefore, is not a priority.

B.5 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

There have always been ethical issues with aggressive tax planning/avoidance by large companies and the provision of related professional services. However, there are no requirements nor guidance in the existing Code on tax planning. We think that this is not only an issue in Hong Kong but also a global issue. Given that there has been much public attention on tax planning, we consider that this topic is of high importance and urgency and therefore, should be prioritised.

B.6 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

There is not much guidance around the application of materiality in the context of ethics in the existing Code. In addition, there have always been questions as to whether the concept of materiality in the Code, and its application is different or the same as the accounting standards and the auditing standards. In view of the importance of the concept of materiality to professional accountants in various aspects, we consider that this topic is of high importance and urgency and therefore, should be prioritised.

B.7 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We agree that the provisions in relation to communication with those charged with governance (TCWG) could be strengthened in order to increase the transparency of the application of fundamental principles and possibly increase the role of TCWG in the context of approving the provision of non-assurance services to audit clients. However, we think that the existing requirements in relation to TCWG are still largely operational, and therefore, this topic is not as urgent as the other topics that we classify as high priority.

B.8 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We agree that the documentation requirements and related application materials in the Code could be revisited especially in the context of the suggestions raised above. Despite this, we are not aware of any

significant issues around the documentation requirements in our jurisdiction. In light of this and the relative importance and urgency of other topics, we consider that this topic is not a high priority.

B.9 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We are not aware of any significant issues around familiarity threat in relation to extant Part C in our jurisdiction. We consider that this topic is not as important nor urgent as the other topics and therefore, is not a priority.

4. (untitled)

B.10 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We are not aware of any significant issues in relation to this topic in our jurisdiction. We consider that this topic is not as important nor urgent as the other topics and therefore, is not a priority.

B.11 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We agree with the observations that there are certain differences between the definition of some terms in the Code and in the IAASB's standards. There may be a need to reconsider the definitions of certain terms in the Code. However, we are not aware of any significant issues arising from the current definitions at the moment. Therefore, we consider that this topic is important but not as urgent as other higher priority topics.

B.12 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We consider that it is important that IESBA conducts a post-implementation review to assess whether the restructured Code meets the objective of the project but this should be done between two and five years of application so that users of the Code are more familiar with the structure. Therefore, we consider that this topic is important but not urgent, and should be prioritised for a later date.

B.13 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

'Public interest' is an important concept in the context of the Code. It underpins the fundamental principles and the requirements in the Code, e.g. the NOCLAR provisions. However, there are not much guidance in the Code about public interest and how it applies to different categories of professional accountants when they carry out their roles and duties. Given the significance of the concept in the Code, we consider that it is important and urgent to provide sufficient guidance on this topic. Therefore, this topic is of high priority.

Are there any trends, developments or issues not otherwise covered in this section that you would rank in your top six priorities? If so, please explain why.

No

Please rank your top six priorities among items B.1 to B.13 above (1 being highest and 6 being lowest).

1. B.1 Trends and developments in technology and innovation
2. B.2 Emerging or newer models of service delivery
3. B.13 Meaning of public interest in the global context
4. B.5 Tax planning and related services
5. B.6 Materiality
6. B.11 Definitions and descriptions of terms

5. (untitled)

C.1 Do you have any comments on any of the above activities or initiatives? In particular, do you believe any of them should not be a strategic priority for the IESBA and, if so, why? Please be as specific as possible.

We agree that the above activities or initiatives should be the strategic priorities for the IESBA in terms of promoting the adoption and implementation of the Code. In particular, the last three bullet points are most important.

C.2 Are there any specific activities or initiatives you believe the IESBA should undertake to promote further adoption and more effective implementation of the Code? If so, please explain why.

IESBA held several roundtables during the consultation of the NOCLAR provisions. We found this useful and effective for stakeholders to understand proposals better, which, in turn, could promote the adoption and implementation of new standards. Therefore, we recommend the IESBA to consider organising occasional roundtables to outreach to constituents on topics which are expected to be controversial (e.g. public interest and aggressive tax planning).

6. (untitled)

D.1 Are there any particular matters you believe the IESBA should consider in relation to any one of these pre-existing commitments? Please be as specific as possible and explain your reasoning.

These pre-existing commitments continue to be important and should remain as strategic priorities for the IESBA.

In particular, HKICPA foresees that enquiries or requests for more guidance on the application of the NOCLAR and Long Association of Personnel standards would proliferate when the standards become effective. While HKICPA and other national standard-setters are capable of addressing on-the-ground concerns or questions, the IESBA should consider whether it would have sufficient resources to support its stakeholders in the implementation and application of the new and more controversial standards.

7. (untitled)

Section E: Any Other Strategic Matters

E.1 Are there any other matters of strategic importance not covered elsewhere in this survey or your earlier responses that you believe the IESBA should consider as it positions the Code for 2025? Please be as specific as possible.

No.

8. (untitled)

3. Please confirm that you have completed all your responses?

Yes