

## Policy for Section 8 Queries

1. In the event of the receipt by IFAC or the Ethics Committee of any queries relating to, or arising from, the implementation of Section 8 of the Code of Ethics for Professional Accountants, such queries should be passed to the Section B sub committee which will perform the initial consideration of the query.
2. The Section B sub committee will only consider queries from IFAC member bodies, the Forum of Firms and other IFAC committees. Where a query is made by an individual, that individual will be referred in the first instance to the relevant IFAC member body. If the member body decides, as a result of receiving the query, that it is unable to respond then it may request an interpretation from the Ethics Committee, this request will then be passed back to the Section B sub committee.
3. There are two potential areas which may be addressed by queries:
  - (a) implementation guidance
  - (b) requests for new applications of the Code

An individual query may contain elements relating to both areas.

When reviewing a query, the sub committee considers whether it is a request for implementation guidance or whether a new application of the Code is required.

4. Where the sub committee determines that the query may require a new application of the Code, the matter is referred to the full Committee, as part of the agenda for the next meeting. The Committee determines whether a new application is required.

If the Committee determines that a new application of the Code is not required then the member institute which placed the query is informed of this decision and the reasoning behind it.

If the Committee determines that a new application of the Code is required, then it will:

- (a) charge the sub committee to prepare such an application
- (b) inform the member body of the action taken

Once the Committee is satisfied with the draft application, it is subject to the following due process. An exposure draft is placed on the IFAC web site and is widely distributed for comment by member bodies of IFAC, organizations that have an interest in ethics and the general public. Adequate time is allowed for each exposure draft to be considered by the persons and organizations to whom it is sent for comment and the exposure period will ordinarily be no shorter than 90

days. The comments and suggestions received as a result of this exposure are considered and the exposure draft is revised as appropriate. When the revised draft is approved, it is issued as a definitive application of Section 8 of the Code. It is posted on the IFAC website and is included in future reprints of the Code.

5. Where the sub committee determines that the query requires implementation guidance only, the sub committee considers the issue and formulates a response. This response is circulated to the full Committee for approval before it is issued. Approval may be obtained via electronic or telephonic means. Once the agreement of the full Committee has been obtained, the response is issued addressed to the member body. It is based on the pro forma set out below. The action is reported to the full Committee at the next meeting and the Committee determines whether the substance of the response should be posted on the IFAC website as a Bulletin (this course of action will not always be appropriate).

**Pro Forma Response**

PERSONAL AND CONFIDENTIAL

[Addressee]

Dear [Name] :

**Re: [Nature of query]**

I am responding to a query raised on [date] (attached) in which the Independence Sub Committee of IFAC was asked to provide assistance in determining whether any independence issues exist with regard to .....

Based on the specific facts described in the query, I offer the following comments.

[Insert specific comments].....

The above response is directed towards the application of the IFAC *Code of Ethics for Professional Accountants* to the topic of your inquiry. If your members are subject to the regulations of other authoritative bodies, such as the US Securities and Exchange Commission, you may wish to consult with them for their positions on this matter.

The positions expressed above represent the opinion of the IFAC Ethics Independence Sub Committee as to the application of the *Code of Ethics for Professional Accountants* to the facts presented in your query. Should the IFAC Ethics Committee wish to comment further, I will advise you promptly. The opinions reflected in this letter do not reflect an official position of the IFAC Ethics Committee.

Yours Sincerely,

[Name]

Chair, Ethics Committee

*Enclosure*