

Meeting: IESBA

Meeting Location: Toronto, Canada

Meeting Date: April 7-9, 2014

Agenda Item

4

Structure of the Code

Objective of Agenda Item

1. To:
 - (a) Receive the Structure of the Code Working Group's final report and recommendations;
 - (b) Consider and comment on proposed drafting conventions to be used as a set of guidelines for restructuring the Code; and
 - (c) Consider and approve a project proposal on restructuring the Code.

Working Group

2. Members:
 - Don Thomson, Chair, IESBA Member
 - Tony Bromell, IESBA Technical Advisor
 - Brian Caswell, IESBA Member
 - Peter Hughes, IESBA Member
 - Stefano Marchese, IESBA Member
 - Wen Zhang, IESBA Member

Activities since Last IESBA Discussion

3. The Working Group met in person in December 2013 and February 2014 and via teleconference in February 2014 to consider the restructuring of Parts A and B of the Code and to develop a project proposal, taking into account input received from the Board, the Consultative Advisory Group (CAG) and the International Organization of Securities Commissions (IOSCO).
4. At its meeting in March 2014, the CAG considered the Working Group's preliminary report and recommendations, the report on the research undertaken by the Working Group, a possible approach to restructure subsections of Section 290,¹ and the project proposal. The CAG representatives were supportive of the Working Group's recommendations.

¹ Section 290, *Independence – Audit and Review Engagements*

5. Material Presented

Agenda Item 4-A	Structure of the Code – Final Report and Recommendations
Agenda Item 4-B	Project Proposal
Agenda Item 4-C	A Possible Approach to Restructuring Sections from Parts A and Part B (Clean)
Agenda Item 4-D	Proposed Structure and Drafting Conventions
Agenda Item 4-E	Towards an Electronic Code
Agenda Item 4-F	Project Proposal Appendix 1 (IFAC Technical Managers' Comments)

Notes on Nature of Agenda Material Presented

6. The Working Group presents its final report and recommendations as Agenda Item 4-A.
7. The Project Proposal based on the final report and recommendations is presented as Agenda Item 4-B.
8. Agenda Item 4-C illustrates how Part A and Part B (Sections 200-280) may be restructured. These illustrative examples are not proposals. At this early stage of the process, these examples have been developed to explore the practical challenges of redrafting the Code. The examples have not yet been subject to clarification of language or other restructuring.

Forward Timeline

9. If the Board supports the Working Group's final recommendations, including the proposed approach to the restructuring, the Working Group recommends that the Board initiate a formal restructuring project through approval of the project proposal. The Board should also establish a task force to undertake the restructuring work (other than with respect to the development of complementary materials).
10. The Working Group notes that the Public Interest Oversight Board (PIOB) has expressed concerns about the restructuring project potentially taking until the end of 2017 (i.e., a further three and a half years or so) to complete. In this regard, the PIOB has encouraged the Board to consider ways to accelerate the project as a matter of the public interest.
11. The Working Group recommends that the Board consider the matter of alignment of the timing of issuance of the Structure Exposure Draft in relation to the timing of other projects currently in progress.
12. The Working Group has set a target of October 2015 for the issuance of an Exposure Draft of a proposed restructured Code to meet stakeholder expectations. The Working Group anticipates that this would be preceded by Board approval of a Consultation Paper in October 2014, which would explain the approach to the restructuring and provide illustrative examples of restructured extracts from Part A, Part B and Section 290. The Working Group anticipates further that the Exposure Draft would include all of the Code except Part C, which may be exposed separately as part of the Part C project. These dates are tentative, subject to feedback on the proposals and the continued availability of sufficient resources.

13. The Working Group recognizes the encouragement of some stakeholders to progress this initiative as quickly as possible. The Working Group has already prepared initial stages of restructuring of Parts A and B, excluding Section 291, to allow it to progress as quickly as possible after feedback on the Consultation Paper is received.

Indicative Timing	Milestone
May 2014	IESBA-NSS Meeting <ul style="list-style-type: none"> Consult with national standard setters
July 2014	IESBA Meeting <ul style="list-style-type: none"> Draft Consultation Paper with examples of restructured extracts from the Code to obtain feedback on the proposed approach to the restructuring and support for restructuring of the complete Code
September 2014	CAG Meeting <ul style="list-style-type: none"> Consideration of the draft Consultation Paper
October 2014	IESBA Meeting <ul style="list-style-type: none"> Approve Consultation Paper
January 2015	IESBA Meeting <ul style="list-style-type: none"> Further work on portions of the Code
March 2015	CAG Meeting <ul style="list-style-type: none"> Discussion of Consultation Paper responses
April 2015	IESBA Meeting <ul style="list-style-type: none"> Discussion of Consultation Paper responses and consideration of final approach to restructuring Further work on portions of the Code
May 2015	IESBA-NSS meeting <ul style="list-style-type: none"> Discussion of Consultation Paper responses and consideration of final approach to restructuring
July 2015	IESBA Meeting <ul style="list-style-type: none"> Consideration of draft Exposure Draft
September 2015	CAG Meeting <ul style="list-style-type: none"> Consideration of draft Exposure Draft

Indicative Timing	Milestone
October 2015	IESBA Meeting <ul style="list-style-type: none">• Approve Exposure Draft
2016	Finalize and issue a restructured Code, possibly effective January 1, 2018 (seven years after the effective date of the last major revision)

Action Requested

14. IESBA members are asked for:

- (a) Views on the Working Group's final report and recommendations presented in Agenda Item 4-A;
- (b) Approve the project proposal presented in Agenda Item 4-B;
- (c) Views on the forward timeline;
- (d) Views on the proposed structure and drafting conventions (presented in Agenda Item 4-D) to be used as guidelines in drafting the Code; and
- (e) Views on the electronic features being considered for the extant Code as presented in Agenda Item 4-E.