

Supplement B to Agenda Item 2

Structure of the Code—Compilation of Responses to Consultation Paper Questions

Note: This supplement has been prepared for information only. A comprehensive summary of the significant comments received on the November 2014 Consultation Paper (CP), [Improving the Structure of the Code of Ethics for Professional Accountants](#), and the Task Force's related analysis of significant issues was presented at the April 2015 IESBA meeting. All comment letters on the ED can be accessed [here](#).

Please consider the environment before printing this supplement.

Question 1

Do you believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples, would be likely to achieve IESBA's objective of making the Code more understandable? If not, why not and what other approaches might be taken?

#	Source	Comment
1.	AAT ¹	<p>Based on feedback received from a diverse range of stakeholders, including tutors, students, members, and regulatory committees, AAT sees the key challenges with regards to usability of the Code presently amongst members as:</p> <p>The conflict between the principles based approach of the conceptual framework, in comparison to the specific guidance given in the examples. There is a risk that accountants to narrow their focus to the specific examples, and draw the conclusion that if an ethical dilemma is not similar to the example given, then their interpretation of the principle may be wrong, or worse, that the principle is not relevant to their circumstances .</p> <p>The language used which can present a barrier to their understanding of the Code, and has resulted in a negative perception of ethics as being difficult and inaccessible, whereas, in reality, the conceptual framework model is facilitative and can be applied by the diverse range of members of the accountancy profession, from bookkeepers through to auditors, recognizing that safeguards will exist at all levels.</p> <p>The sheer length of the Code, which has had a deterrent effect to engaging individuals.</p> <p>On this basis, AAT considers that raising the visibility of the requirements of the Code, clarifying responsibility for compliance, and revising the language of the Code will all support the IESBA in achieving its objective of making the Code more understandable.</p>

¹ For a list of abbreviations, see Appendix 1 to the April 2015 Structure of the Code [Issues Paper](#)

#	Source	Comment
2.	ACCA	<p>We agree that the broad approach, including the elements set out in sections III to VI should considerably help to achieve this objective. Our comments concerning the development of an electronic version of the Code are expanded upon under question 8 below. However, we should like to highlight here that the paper/pdf version should be the focus of this project initially. While it is important to think ahead in order to ease the process of creating an electronic version, the specific requirements of an electronic version must not dictate how the Code itself is structured.</p> <p>ACCA hopes that this project will continue, and that the IESBA will expose proposed changes to the Code following due consideration of the responses to the current consultation. We urge that, throughout this process, opportunities to reduce the length of the Code should be taken, including appropriate cross-referencing to the underlying conceptual framework. These measures will help to highlight the importance of the conceptual framework, and encourage users of the Code to carefully consider the framework and the ethical principles within it (which have always been described as ‘fundamental’). The Code essentially comprises the fundamental principles and the conceptual framework. Most other sections of the Code serve to provide application guidance, explaining how to observe or protect the fundamental principles.</p> <p>Distinguishing requirements from guidance</p> <p>We particularly support the clear statement made in paragraph 12 of the consultation paper – upholding the significance of the conceptual framework approach, and how it serves to protect fundamental ethical principles, rather than requiring compliance with rules imposed upon the professional accountant. We can see advantages in adopting a structure that is similar to existing International Standards on Auditing. However, this should not be to the extent that the Code is perceived as moving towards a more prescriptive approach. There are, in fact, few absolute requirements within the Code beyond the requirement to observe and protect the fundamental principles.</p> <p>We support the proposal that use of the present tense should usually be avoided, in order to minimize ambiguity. We also believe that avoiding the use of the word ‘shall’ within the application and other explanatory material will enhance clarity. It will also encourage the reader to consider more carefully the requirements, to which they will be referred where necessary.</p> <p>In responding to this consultation, we have found the illustrative examples provided in appendix 1 very useful, as the explanation in section III of the paper was perceived to be unclear. It appears that the proposal is to separate the three components – Purpose, Requirements, and Application and other explanatory material – within each section, starting with the general application of the Code. We would support this proposal, although the illustrative examples would suggest that some sections could appear somewhat imbalanced (or even contrived) due to the manner in which the paragraphs have been allocated between the three components. Our review of the illustrative examples gives rise to the following observations:</p>

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		<ul style="list-style-type: none"> • Every section illustrated includes a heading 'Terms Used in this Section', which includes a statement that references to a 'professional accountant in public practice' include his or her firm. This creates a great deal of repetition, increases the length of the Code, and is also incorrect in some cases. We suggest that paragraph 100.002 (or its equivalent) states that the meaning includes a practicing firm where it is appropriate according to the context. It should also be unnecessary to state (in every section) whether 'professional accountant' means one in business, in practice, or both. This is clear from the Part of the Code in which the section is placed. • We support the proposal to underline defined terms the first time they appear in each paragraph. However, we would suggest deleting the words 'colored blue and' in paragraph 000.000, as this might create a problem for member bodies reproducing the Code. • A brief review of the table of concordance would suggest that a drafting of a restructured Code might include all existing paragraphs within the current Code, plus many more. It is difficult to determine the source of paragraphs 000.000 to 000.002. However, they appear rather repetitious. Any unnecessary increase in the length of the Code would be detrimental to its clarity. • Section 100: Having reduced the amount of repetition in the preface to the Code, opportunities should then be sought to avoid unnecessary paragraphs in section 100. The other illustrative examples carry some paragraphs headed 'Purpose of this Section'. But section 100 includes the heading 'Purpose of the Code and this Section'. The purpose of the Code should be contained within the preface, leaving the vast majority of section 100 to be clear requirements. • We understand that the illustrative examples have been provided with the objective of retaining all the current content of the Code, and are not final proposals for the wording of a restructured Code. However, it will not be possible to issue a future exposure draft along these same lines, as decisions will have to be taken soon with a view to reducing repetition within the Code and improving the flow of the Code's requirements. Therefore, it is worth commenting now that some of the paragraphs within the application material are superfluous. We also believe that the requirement to identify threats (100.007 (a)) should appear earlier in section 100. • Section 120: It appears that the intention is to include paragraph 120.002 in each section. Given that it simply cross-refers to a fundamental requirement, which must already be understood by the professional accountant, this paragraph serves no purpose. We believe that the illustrative examples demonstrate that, in fact, it is unnecessary to include the heading of 'Purpose of this Section' in each section. In most (if not all) cases, a single introductory paragraph would be clearer, or else each section should start with 'Requirements'. • Section 300: This section contains no paragraphs headed 'Requirements'. This is quite appropriate, and it demonstrates that, in some sections, only the heading of 'Application and Other Explanatory Material' is necessary.

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		<ul style="list-style-type: none"> Section 310: Paragraph 310.004 restates a fundamental requirement. Although this may be considered necessary in this section, generally the use of appropriate cross-referencing may reduce the length of the Code. Moreover, cross-referencing serves to reinforce the fundamental requirements of earlier sections of the Code. Sections 400 and 420: It appears that the heading 'Terms Used in this Section' could be 'Terms Used in this Part IV', and appear in section 400 only, in order to avoid unnecessary repetition. We also believe that there is an opportunity to address, in section 400, the relationship between independence and objectivity. <p>Reorganization of the Code</p> <p>We agree with the relevant factors enumerated in paragraph 19 of the consultation paper, although we believe that it is more important that the numbering system facilitates clear understanding of the structure of the Code and effective cross-referencing, rather than being unduly driven by the ease with which new paragraphs may be inserted. We comment further on this under question 3 below. We recognize also the importance of clear linkage to the conceptual framework, but would encourage greater use of cross-referencing in order to encourage the reader to revisit section 100 whenever necessary.</p> <p>We agree with the proposal to move the current Part C of the Code forward, so that all the provisions relating to professional accountants in practice would be together. However, given the objective of grouping Parts of the Code in this way, we would question whether the final sentence in the suggested paragraph 000.008 remains appropriate.</p> <p>Use of language</p> <p>We generally support the proposed measures to enhance clarity, as set out within paragraph 23 of the consultation paper. The main issues to resolve are set out in paragraphs 24 and 25. We would not support a separate section of the Code in respect of review engagements – both because of the excessive length of the Code that would result, and because of the unnecessary complication that would arise when updating the Code. We suggest that Part IV would be more easily understood if the words 'audit' and 'review' were used only where necessary for reasons of accuracy. Therefore, instead of defining the terms 'audit team', 'audit engagement', 'audit client' and 'audit report', the defined terms would be 'team', 'engagement', 'client' and 'report'.</p> <p>With regard to the understanding of 'professional accountant', we believe that the language is only sufficiently clear if there is explicit reference to the professional accountant's firm wherever appropriate. We do not believe that this will necessarily be cumbersome.</p> <p>Other aspects of the approach</p> <p>We comment specifically on the identification of responsible individuals under question 7 below, and on the numbering of paragraphs under question 3. We have concerns we wish to highlight in both areas.</p>

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3.	AIC	In our opinion, we believe that with the described examples is achieved the objectives of the IESBA, to make the Code more understandable to the accounting professional community.
4.	AICPA	<p>No, we do not believe that the approach outlined in this Consultation Paper would make the Code more understandable. While some stakeholders have expressed concerns regarding the usability and enforceability of the Code, the AICPA which uses the IESBA Code extensively, has not experienced any significant issues in this regard. In fact, we have converged with many of the IESBA standards in the extant IESBA Code and believe for the most part, the guidance is clear and enforceable as written.</p> <p>We have significant concerns regarding the proposed restructuring of the Code into various sections identified as: Purpose; Requirements; and Application and Other Explanatory Material. Specifically, we believe by separating the “requirements” from the “guidance” (i.e., the application and other explanatory material), the risk exists that users of the Code will only refer to the requirements rather than read the supplemental material which may lead to misapplication of the Code. In reviewing the illustrative examples, we noted that in some cases, this separation results in disjointed information which could pose confusion, making the Code more difficult to read and understand. In addition, as discussed above in our General Comments, based on our own experience with the revised AICPA Code it is highly likely that the restructuring and redrafting will lead to unintended substantive changes to the IESBA Code. Accordingly, ensuring that substantive changes to the Code do not result will entail a very time-consuming and onerous task by the Board (as well as for member bodies and other stakeholders who are asked to comment on the proposed draft).</p> <p>We are aware that the IESBA has issued various stand-alone resources to assist stakeholders with identifying and understanding the specific requirements and prohibitions within the Code such as, the “High Level Summary of Prohibitions Applicable to Audits of Public Interest Entities” which we believe serves as a valuable tool and resource. We recommend that the IESBA consider issuing similar types of tools and resources to address any concerns raised by stakeholders on specific issues where they believe it is difficult to identify requirements within the guidance. We believe this is a more efficient way to address the concerns raised by certain stakeholders regarding the clarity and visibility of the requirements rather than the extensive work that would be involved in a full scale effort to restructure and redraft the IESBA Code.</p>
5.	APESB	<p>APESB supports IESBA’s efforts to make the Code user-friendly in order to facilitate stakeholders’ understanding of the Code’s conceptual framework and the interconnections between the different sections of the Code by:</p> <ul style="list-style-type: none"> • developing a new <i>Preface</i> Section to provide guidance on the terms used in the Code and how to use the Code; • adding a table setting out the structure of the different sections of the Code; • developing an introductory <i>Purpose</i> paragraph to provide the context of a specific section; and

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		<ul style="list-style-type: none"> clearly separating the mandatory paragraphs (i.e. <i>Requirements</i>) from the guidance paragraphs (i.e. <i>Application and Other Explanatory Material</i>). <p>APESB strongly supports IESBA's view in the Consultation Paper that the best approach is to state mandatory professional and ethical obligations (i.e. <i>Requirements</i>) first which is immediately followed by the related guidance (i.e. <i>Application and Other Explanatory Material</i>).</p>
6.	Auditor-General, NZ	<p>Our comments are confined to the independence aspects of the Code.</p> <p>As noted in our covering letter we have significant concerns with the standard of independence required by the Code. We also consider the Code is too complicated. As a consequence there is a greater chance for the Code to be misapplied by professional accountants. Complexity is introduced through the identification of various situations (and accompanying guidance to assist in responding to those situations) that may lead to the dissipation of the fundamental principle, when the fundamental principle applies equally to every situation. Specifically, complexity is introduced by having separate independence requirements for:</p> <ul style="list-style-type: none"> Audits and reviews of financial statements (section 290) and other assurance engagements (section 291); Assurance that is being provided to a specific party, and that party effectively waives the professional accountant's obligation to comply with the independence requirements of the Code; and Public interest entities and other entities. <p>Our preference would be to simplify the Code by removing the separate independence requirements and thereby reduce the complexity and the opportunity for misapplication.</p>
7.	BDO	<p>We agree that the proposed changes to the Code, if implemented effectively and without any unintended changes to the underlying meaning, will improve its structure to enable better navigation and easier comprehension. In particular, distinguishing between 'purpose', 'requirements' and 'application' within each section should facilitate a clearer understanding of the applicable rule.</p>
8.	CIMA	<p>Examples and explanations should aid understanding and enhance the principles, but it should remain clear that an individual's decision on action should be based on the principles. One of the benefits of the Code in its current structure is its holistic approach to addressing ethical issues, which allows a professional accountant to draw on all elements relevant to the dilemma in question; a concern would be that under the proposed approach, this may not be possible to the same degree.</p>

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9.	CNCC	<p>In principle, a better identification of the requirements may improve the readability of the Code; nevertheless we are strongly opposed to the creation of new requirements.</p> <p>Even if some of the proposed modifications may be of interest, we do not believe that the modification of the structure will meet the objective of making the Code more understandable.</p> <p>We strongly believe that the redrafting of Part 1 should remain essentially principles based. The fact that the "principles and framework" is not the title of Part 1 will give a "rule based" connotation to the Code and the impression of reinforcing the requirements while we prefer a conceptual approach as it is in the current Code.</p> <p>We would like to highlight that a majority of the members of the EU' countries already have ethical standards or rules. Maintaining a principle based approach in the IESBA Code makes it easier for them to comply with the IESBA' Code and with their legislation, as a principle based Code better accommodate different local legislation, while a rule based Code provides less flexibility. We believe that the more the Code turns toward a rule based approach, the less convergence will be easy to achieve.</p>
10.	CPA Au	<p>CPA Australia is of the opinion that the Code should contain the principles and ethical decision making framework for the profession. As such, we are not convinced that it ought to follow the approach adopted in other standards and regulations. We are also not certain of the specific purpose of this project. Usability, understandability and enforceability are used interchangeably at times in the CP and we are not certain they are. Clarity around the perceived limitations of the current Code will assist in the identification of appropriate targeted solutions.</p>
11.	CPA Canada	<p>The approach outlined in the Consultation Paper clarifies the responsibilities of professional accountants in relation to professional ethics, creating a more understandable Code that is easier to read. As a result, it is likely to be easier to comply with and more enforceable. We strongly support the separation of the "requirements" from the "application and explanatory material".</p>
12.	Denise Juvenal	<p>Yes, I believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples, the IESBA's objective of making the Code is more understandable. Although, I suggest for the Board's if agrees that observe more specifically about Corporate Governance, I know that the IFAC has own project, so I consider that needs to be clear in the point 310.008 independent for customer or organization, public or private sectors, for the IFAC does not have problem with questions.</p>

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13.	Crowe Horwath	The illustrative examples are clear and easy to follow. The approach appears to be well structured and properly cross-referenced to the glossary and other paragraphs in the Code. We would agree that the approach taken helps to make the Code more understandable.
14.	DTTL	<p>We are supportive of starting each section with an explanation of its purpose so the reader can understand the context of that section. We are also supportive of distinguishing the requirements from the guidance. However, separating the “Requirements” from the “Application and Other Explanatory Material” in the way that is suggested in the Illustrative Examples makes the standard disjointed and difficult to consider in totality. For example, in the Illustrative Example provided for business relationships (proposed Section 420), there is a requirement to consider the threats and application of safeguards with respect to the purchase of goods and services from an audit client. There is additional guidance much later in the “Application and Other Explanatory Material” section that describes the safeguards that can be applied. It would be more useful to a reader to present this material together in one section, particularly as there are several different and distinct business relationship topics included in the same section.</p> <p>It is also unclear what is intended by the distinction under “Requirements” between the sub-titles “Business Relationships Specifically Identified as Threats” and “Business Relationships Specifically Not Permitted”. This does not enhance understandability; in fact the first title suggests that the professional accountant is only required to consider threats created by relationships that are specifically mentioned in the Code. It would also seem that the prohibitions should be set out first.</p> <p>We do recognize that it is important to clearly distinguish the requirements from guidance. However we do not consider that the separation of requirements and guidance as set out in the Illustrative Examples achieves the objective of making the Code more understandable. In fact, the section on business relationships in the Illustrative Examples has doubled the length of the same provisions in the extant Code.</p> <p>We suggest that a more useful approach could be to include the requirements in bolded text with the relevant guidance following the requirement in unfolded text to clearly delineate the difference (see an example in the appendix to this letter). Another approach could be to have the guidance appear in a box right after the requirement is presented. In that way the reader will be able to see all of the considerations presented together, with a clear indication of what is required and what is guidance. It would also be helpful to include each Basis for Conclusion in an appendix to aid the reader with interpretation of the Code.</p> <p>We also agree that in many places, the wording and drafting could be simplified to make the provisions more understandable. However a lot more work needs to be done by IESBA to achieve this. There are too many examples in the Illustrative Examples of paragraphs that no longer make sense given the proposed restructure and addition of sub-</p>

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		titles; for example, proposed paragraph 420.004 (b) appears to be a standalone paragraph under its own sub-title but does not make sense unless read as part of paragraph 420.004.
15.	EAIG	<p>We believe that the project to improve the structure of the Code is likely to be an opportunity to enhance its value and usability, insofar as it allows for an increase in the clarity of provisions. We support the prioritization of this topic.²</p> <p>Nevertheless, while we welcome enhancements to the structure of the Code, we do not believe that changes to the structure alone will lead to a sufficient improvement in the enforceability of the Code. We encourage the Board to pursue a holistic approach to align the timing of its review of the "safeguards" used in the Code with the revision of the Code's structure.³ In particular, we believe that the review should include a focus on limiting exemptions to the general provisions set by the Code.⁴</p>
16.	EFEI	<p>The approach outlined in this Consultation Paper in section III page 5-6 and reflected in the Illustrative Examples would partially achieve IESBA's objective of making the Code more understandable.</p> <p>We agree on the points outlined in paragraph 8 suggesting the separation of requirements from guidance by restructuring the Code so that for each section or subsection there would be three separate components (Purpose, Requirements and Application and other explanatory material). This separation would allow readers to distinguish requirements (what needs to be applied) from the requirement purpose (reasons behind the need of a requirement) and from application and other explanatory material (how to apply it).</p> <p>To further achieve IESBA's objective, we suggest distinguishing the component "requirements" under Part I – General Application of the Code from the component "requirements" under the other Parts of the Code.</p> <p>First users of the Code may not clearly understand that requirements under Part I of the Code are relevant to all Professional Accountants, while requirements under the other Parts of the Code are only relevant to the type of users of the Part.</p> <p>In order for readers of the Code to be able to distinguish rapidly fundamental/ Core requirements (in part I) from specific requirements (in the other Parts), it may be beneficial to rename the component "requirements" in each section or sub-section based on which Part of the Code they are placed:</p> <ul style="list-style-type: none"> – For Part I – General Application of the Code, the component "requirements" could be name "Fundamental or Core requirements".

² See also the comment letter of European audit regulators dated 28 February 2014 §13

³ §41 of the Consultation Paper

⁴ See also the comment letter of European audit regulators dated 28 February 2014 §14

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#	Source	Comment
		<p>– For the remaining Parts of the Code the component “requirements” could be named “Specific requirements”</p> <p>To illustrate using the illustrative examples in Appendix 1 of the Consultation Paper:</p> <p>Part 1 would be organized as follows:</p> <p>Section 100</p> <p>Compliance with the Code, Fundamental Principles and Conceptual Framework</p> <p>Terms Used in this Section</p> <p>100.000</p> <p>Purpose of the Code and this Section</p> <p>100.001</p> <p>100.002</p> <p>Core requirements</p> <p>100.003</p> <p>100.004</p> <p>...</p> <p>Application and Other Explanatory Material</p> <p>....</p> <p>This example could apply to the other sections of Part I</p> <p>Part IV would be organized as follows:</p> <p>Terms Used in this Section</p> <p>400.000</p> <p>Scope</p> <p>400.001</p> <p>Purpose of this Section</p> <p>400.002</p> <p>400.003</p> <p>...</p>

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#	Source	Comment
		<p>Specific requirements</p> <p>400.005</p> <p>400.006</p> <p>...</p> <p>Application and Other Explanatory Material</p> <p>....</p> <p>This example could apply to proposed Parts II, III IV & V</p>
17.	EYG	<p>As mentioned above, we are supportive of the objectives of this project as articulated by the Board. We agree with changes to the Code that will make the language more concise and direct and support a reorganization that will enhance ease of use and highlight for users the distinctions between requirements and other interpretive material. The Illustrative Examples show some movement towards achieving these objectives. However, we do have some observations and suggestions on the exposed structure which we ask the Board to consider.</p> <p>We agree with the introduction of the new section How to Use the Code. Regardless of the final product that results from this project, we see the value in a section that helps the user navigate and apply the Code. We also agree with the idea of simpler language and clear delineations between requirements and examples or other interpretive material. However, in our view the language and structure used in the Illustrative Examples did not appear to achieve the Board's stated objective of improving the usability of the Code and in many respects resulted in a more cumbersome and less accessible Code than the extant version.</p> <p>More specifically:</p> <p>a) While we support a clearer delineation between requirements and guidance, we do not see great benefit in clearly separating requirements from application guidance and other interpretative material. Such a separation can be useful when there is a relatively large volume of text on each subject such as in the ISAs. In Section 290 Independence—Audit and Review Engagements there are 38 sections of which only seven are longer than six paragraphs. Separating requirements from application guidance for each section, as proposed by the Board, when the amount of text involved is relatively limited, can reduce clarity and usability rather than increase it. For example, the illustrative new section on Business Relationships has been lengthened to 923 words, as compared with the extant section in the Code which contains 535 words, without the addition of new requirements or guidance. In addition, this illustrative section has become overly structured with 14 headings and sub-headings for only eight paragraphs. The proposed new framework, in our view, has made the content less accessible and less easy to follow than the extant section on Business Relationships.</p>

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		<p>b) We do not find useful the repetition of commonly used definitions, fundamental principles and the conceptual framework in every section. This content should be located in specific sections of the Code, as they currently are, and not repeated in every section.</p> <p>c) Visually we found the proposed use of various fonts and styles to highlight defined terms to be a distraction. We do not see a need for highlighting such terms and do not see similar highlighting in existing standards and regulations promulgated by other standards setters. It is important that key terms are defined or explained but we see no benefit from highlighting every such term in the text.</p> <p>We understand that in its deliberations the Board considered the use of bold text to highlight requirements but dismissed it as an alternative. Such an approach, which we would support, is used by the UK's independent regulator, the Financial Reporting Council (FRC) and would permit requirements to be clearly highlighted while at the same time allowing both the requirements and explanatory material to be presented in concise and holistic manner.</p>
18.	FAR	<p>On the whole, FAR finds that the approach outlined in the Consultation Paper would make the Code more understandable. But there are some aspects of the approach that do not seem appropriate. As the Code would be more accessible if it were shorter, a main objective of a revision should be to avoid unnecessary repetition. Some of the suggestions presented in the Consultation Paper (e.g. adding components of "Terms Used" and "Purpose" as well as reminders of the conceptual framework approach in each section) serve more to lengthen the text than to clarify it.</p> <p>Further, it is doubtful whether restructuring each section into three components of "Purpose", "Requirements" and "Application and other explanatory material" would make the Code more understandable. Such a division would be clarifying if this method has been used originally when composing the text. As the Code is written today (and in the Illustrative Examples) the suggested divisions appear superficial – an add-on in hindsight. As each Section (at least in the 100-series) needs to be read as a whole, the separations and cross references risk misleading the reader to refer only to certain paragraphs of the Section and not seeing it as a whole. If the approach is maintained and the Sections are divided into different components, it should be made clear to the reader at all times if the paragraph is under "Requirement" or under "Application and other explanatory material" (cf. ISAs where the "Application and other explanatory material"-component is marked by an "A"), so that one does not have to search for a heading while consulting the text.</p> <p>FAR agrees with the ideas presented in paragraphs 13 and 15 of the Consultation Paper, of consequently using the word "shall" only in paragraphs containing requirements and avoiding the word "should".</p>
19.	FEE	<p>To some extent, we do believe that this approach would achieve IESBA's objective of making the Code more understandable.</p>

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		<p>We have some concerns, however, as to whether the objective of making the Code more understandable will only be achieved through the introduction of a far longer Code in which certain material is frequently repeated.</p> <p>While we are in favor of making a distinction between the requirements, application guidance and other explanatory material, we wish to emphasize that this exercise must be undertaken very carefully. In the Illustrative Examples, for instance, Section 420 ('Business Relationships') includes a subsection ('Requirements') that classifies certain types of business relationship, but no definition of 'business relationship' is provided in either of the previous two subsections ('Terms Used in this Section' and 'Purpose of this Section'). Furthermore, the aforementioned subsection on requirements (420.004) refers to threats and safeguards for the purchase of goods or services, but it seems that there would be a full prohibition as soon as the listed criteria are met. It is only much later in 420.008 – in the application guidance and other explanatory material – that it is made clearer what the requirement actually means and that potential safeguards to mitigate a threat resulting from such specific business relationships are provided. We believe that this example highlights the risk that a specific subject or issue in a subsection will not be appropriately addressed or that certain threats and safeguards applicable only in a specific situation will be dealt with in separate subsections or separately in the requirements and application material. This would make the Code even less understandable and user-friendly than it is today.</p> <p>We support the use of simplified language and wording, as this will lead to more effective translation of the Code.</p> <p>We remain in favor of distinguishing the requirements dealing with independence in appearance (ie current sections 290 and 291) from the other provisions of the Code – eg, by moving it into a separate section. Reference is made to our response to Question 4 below.</p>
20.	FSR	<p>In our opinion, the existing structure of the Code often makes it difficult to interpret where there are actually requirements. The suggested structure would make the Code more understandable although many of the requirements would still need interpretation. This is a natural consequence of the chosen approach, the Conceptual Framework, which we strongly support. Many of the "requirements" of the section on fundamental principles merely state that an auditor shall consider some of the fundamental principles by threats and shall implement safeguards when necessary.</p> <p>We would, therefore, prefer a more bold approach – to remove the sections on Independence from the Code and insert them into separate ethical standards for auditors. We also believe that such an approach may make it easier for such sections to be required by law or regulation in certain jurisdictions.</p> <p>In our opinion, the proposed structure will imply a risk that the Code could grow out of proportion because of the many, and often repetitive, subsections on "Terms Used in this Section" and "Purposes of this section" with cross references to</p>

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		<p>the conceptual framework, fundamental principles and generic threats. The IESBA has to address this risk. Furthermore, there should be serious considerations relating to the volume of the “Application and Other Material”.</p> <p>Finally, we find the conventions of coloring and underlining in the Paragraphs 000.001 and 000.002 disturbing for the reading of the Code and advice against it.</p>
21.	GAO	<p>We support the approach outlined in the Consultation Paper. The proposed format is consistent with our view that ethical principles should always be construed as requirements, with Explanatory material provided strictly as support for those requirements. In our view, placing the explanatory material section directly after the requirements section increases ease in navigating The Code. We caution against placing the explanatory material too far from the related requirement, as we have found that users of clarified standards tend to place more emphasis on explanatory material that is located close to the related requirement rather than several pages Away. Explanatory material that follows the related requirement within a page or two can help Minimize problems resulting from insufficient attention to explanatory material. We will consider IESBA’s approach outlined in this Consultation Paper for our revision of the U.S. Government Auditing Standards.</p>
22.	HKICPA	See response to question 2.
23.	ICAB	Yes, we think that the approach would be likely to achieve the IESBA’s objective of making the Code more understandable.
24.	ICAEW	<p>We welcome the commitment to make the code more understandable and aid ease of navigation. We are particularly keen that emphasis on the principles based approach is maintained and clear, and that the threats and safeguards approach can be easily drawn out of the ‘requirements’ sections. It should also be clear from the ‘Purpose’ paragraphs what each section is trying to achieve i.e. what the substance of the requirements is.</p> <p>We support the desire to distinguish requirements from wider guidance. It is unhelpful if various requirements that relate to the same issue are found in different locations. IESBA should consider presenting all prohibitions at the beginning of the ‘requirements’ sections, these being the provisions accountants are most likely to need to refer to continually.</p> <p>We are concerned that some of the application and other explanatory material could hinder navigation and understanding. If the requirements are to be made clearer then the content in these sections could be reduced. This might also help avoid unnecessary repetition of certain material and limit overlap and confusion. For example, 100.010 says that “A professional accountant may be required to resolve a conflict”, but after re-ordering, we know that if there is such a conflict, the accountant must resolve it. It may therefore be possible that some of the background material could be included as a foreword to the code, particularly where it does not directly relate to the requirements.</p> <p>A clearer distinction between practical application guidance and further explanation of the requirements would be beneficial. There is a risk that everything that is not ‘requirement’ might be ignored, and clearly separating out the more</p>

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		practical application guidance from the further explanatory material will not only mitigate this risk but also enhance the usefulness of the code.
25.	ICAGH	Yes, the approach is okay and this can help IESBA to achieve its objectives. The proposed approach is easy to understand and it will facilitate its adoption, effective implementation and consistent application. The restructuring of the code will allow it to flow more logically. The separation of purpose, requirements and applications & other explanatory materials, the improved numbering sequence as well as easier more understandable language will improve the ability of professionals to narrow in on specific issues and utilize the code in a more efficient manner. In this time conscious age, the better the access to information, the more a resource will be used.
26.	ICAP	Yes, this will be in line with the International Standards on Auditing. An effort to simplify the language used in the proposed structure of the Code of Ethics is commendable. This would help SMPs understand and implement the Code. (Paragraph 23).
27.	ICAS	<p>To some extent we do believe that it would result in achieving IESBA's objective of making the Code more understandable. However, we have concerns as to whether this undoubted benefit will only be achieved by the introduction of a far longer Code, which would potentially act as an increased disincentive for professional accountants to refer to it. This downside could be mitigated by seeking to introduce an authoritative electronic version of the Code which could then enable far easier navigation of the Code and its key terms. We therefore believe that if the proposed approach is adopted that this is inextricably linked to the introduction of an authoritative electronic version of the code.</p> <p>Additionally, whilst we are supportive of placing the independence material in separate sections we would once again reiterate our preference for a bolder approach to be adopted, i.e. to remove this material from the Code and insert it into separate ethical standards for auditors/assurers. We also believe that such an approach may make it easier for sections of the Code to be required by law or regulation, in certain jurisdictions.</p> <p>When using an electronic Code, there is the obvious advantage of easier access to specific material, i.e. it is even easier to go directly to whichever section of the Code you specifically need. We also recognize, however, that such an approach also presents a potential threat, in that a user is possibly more likely to miss the introductory guidance. This supports the adoption of the proposed approach, i.e. having "requirements" at the beginning of each section, and references back to the fundamental principles and conceptual framework.</p>
28.	ICPAK	We agree that it is necessary to distinguish 'requirements' more clearly from the guidance as the current form of presentation is not very user friendly. However, we believe that the key focus should be on emphasizing the principles. It needs to be clear that the requirements are intended to help support compliance with the principles, but complying with

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		the requirements should not be taken to mean necessarily that the principles have been complied with by default. Professional accountants need to evaluate circumstances with a principles based mind-set not a simple requirements/rules based mentality.
29.	ICPAU	<p>We believe that the approach of distinguishing the requirements from application and other explanatory material serves an important step in enhancing the understanding of the IESBA Code and in improving compliance.</p> <p>Indeed the other IFAC standard setting boards (IESBA and IAASB) have used a similar approach in their clarification projects.</p> <p>We believe that the benefit of using this approach outweighs any risks. The IESBA would, in any case, endeavour to address the risk of loss of linkage between the requirements, application and explanatory material.</p>
30.	IDW	<p>The Consultation sets forth a possible approach to drafting components for the Code including sections denoting Purpose, Requirements and Application and Other Explanatory Material. In principle we agree that this outlined approach to restructuring would be likely to achieve IESBA's objective of making the Code more understandable.</p> <p>The Consultation also states in paragraph 15 "IESBA is considering avoiding the use of present tense in "Application and Other Explanatory Material" We note that in its clarity project the IAASB had decided not to use the present tense at all when referring to an auditor's actions. We would also support the IESBA adopting this stance, as we believe that the use of present tense is a particularly important issue in achieving clarity of meaning.</p> <p>However, the Illustrative Examples indicate the difficulties in achieving this if material from the extant Code is merely "reshuffled". In particular, we note instances of repetition and, in certain instances, believe that further guidance would be beneficial to assist practical application. This will be particularly necessary in regard to the issue of independence and thus we believe a set of standards on independence should be considered in place of Parts IV and V.</p>
31.	IMA	Despite the effectiveness of the proposed improvements, the Code would remain substantial in size and many might find it challenging to follow, particularly as the audience is global and English may be a second language. To enhance simplification and help ensure the fundamental principles are clearly conveyed and easily resonate to all, the Board may want to consider including an opening section explaining key themes and basic principles. The Code itself can then be referred to for a more detailed explanation and specific examples of applications.
32.	IMCP	Yes.
33.	IRBA	Preface

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		<p>We welcome the introduction of the preface that allows users to understand how to use the Code. It is an efficient way that allows the user to proceed in the correct direction.</p> <p>Users of the Code are not necessarily registered auditors but may include members of the public, thus, the preface may be required to provide clarity to first time users who have limited knowledge of the Code.</p> <p>We suggest the use of visual representation in the Code. This will help the user understand the relationships clearer. The following is an example of how the various sections of the Code of Professional Conduct can be represented visually:</p> <p>The various sections of the Code can be represented in a flow diagram similar to Appendix 1 in the International Standard on Assurance Engagement 3000 (revised) Assurance engagements other than Audits or Reviews of Historical Financial Information.</p> <p>The relationship between the fundamental principles, threats and safeguard should be explained in more detail. This is the foundation for understanding of the Code especially in respect of independence.</p> <p>Distinguishing the Requirements from the Application and Other Explanatory Material</p> <p>We welcome the proposal to distinguish requirements from application and other explanatory material. Providing clear and understandable requirements in the Code is likely to improve the usability of the Code and provide clarification on areas where there has been room for inconsistent application.</p> <p>The IESBA may wish to consider cross referencing the requirements to the relevant application and other explanatory material. This will be in keeping with the International Standards of Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB).</p> <p>When drafting the proposed Exposure Draft, the IESBA should be cautious not to lose the link between the requirements and the fundamental principles and conceptual framework. It is important that the reader still considers these principles through the Code. At the same time, we must caution against making the Code long-winded. A long Code may be seen as being verbose and readers may not appreciate the repetitiveness.</p> <p>This will also help clarify which paragraphs have clear prohibitions in the Code. Readers have in the past been confused when appropriate safeguards can be applied.</p> <p>Safeguards</p> <p>We do not believe that this project alone will achieve the desired outcome. We look forward to the Safeguards Project approved on the IESBA Strategy as we believe that it will play a key role in the understanding and enforceability of the Code.</p>

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34.	Jean Thiomias Giraud	I can't conclude at a relation or not between approach outlined in this Consultation Paper and bigger understanding of the Code. However, I believe the envisioned restructuring at the Code is helpful and welcome.
35.	JICPA	We believe that the approach outlined in the Consultation Paper would generally make the Code more understandable. Please also refer to the comments in our response to Question 3 below.
36.	KICPA	We agree the general approach outlined in the CP.
37.	KPMG	<p>We believe that restructuring the Code into three separate components of purpose, requirements, and application and other explanatory material is likely to result in the Code being easier to use and more understandable, in particular, because this approach highlights the requirements more clearly.</p> <p>We do note, however, that certain content of the Code is more discursive in nature, and this approach may therefore be difficult to apply. For example, Section 300 of the Code does not include any requirements; instead it describes how the conceptual framework contained in Part A applies in certain situations to professional accountants in business. There is a risk that users may overlook this material. However, we believe that this risk may be overcome through use of two-way cross referencing and consistent headings and subheadings. This is aligned to the approach taken in the clarified ISAs, which we consider works well in practice.</p> <p>We highlight that it would be helpful to consider carefully the placement of specific cross-references in order to distinguish between cross-references which relate to an entire paragraph or section versus those which are particular to a sub-section. As above, we note that the approach taken in the clarified ISAs achieves this. Cross-referencing may be facilitated by an easily navigable electronic version.</p>
38.	MIA	<p>We agree with the proposed approach, especially maintaining the conceptual framework and distinguishing requirements from guidance, such as application and other explanatory material. We believe that the proposed structure provides greater clarity as it requirements and guidance are clearly distinguished, helping users focus on the key issues better and making the Code more user friendly.</p> <p>We recognise there is a risk that the linkage between requirements and guidance may be lost if they are separated. However we believe the risk can be mitigated by creating a function in the electronic Code to cross-link from requirements to the relevant guidance.</p>
39.	NBA	Responses for questions 1 and 2

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		<p>In our opinion the initiatives included in the Consultation Paper are a good start, but additional changes are necessary in order to come to a Code/standards that is/are more understandable and more capable of being adopted into laws and regulations, effectively implemented, consistently applied and enforced.</p> <p>In order to distinguish more clearly requirements from both explanation of requirements and further guidance (including examples), we recommend to include a) requirements, b) explanation of requirements, and c) further guidance (including examples) in separate documents.</p> <p>We also advise to regulate (i.e. formulate requirements) primarily in Part A of the Code. After all the requirements in Part B (the independence sections excluded) and Part C do not really have the character of (stand-alone) requirements, but are practical examples of the application of the requirements of Part A in different situations. These can all be traced back to the general requirement to apply the conceptual framework (i.e. the current Part A).</p> <p>In order to achieve the objectives, we additionally recommend to split off the in-dependence sections from the rest of the Code, and to implement the independence requirements in a regulation/standards separate from the Code (under the conditions described in comments 6 and 7). An extra argument to support a separate independence regulation is that independence is not only about objectivity, but about integrity and professional scepticism as well. Further a separate regulation is more in line with the public's attention for independence issues. It also makes more clear that independence is not a fundamental principle in itself (where-as objectivity is).</p> <p>We emphasize that splitting off the independence requirements, if properly done, hardly results in recurrence of requirements of Part A of the Code. We suggest to use the separate document with explanation of requirements - if chosen for - to explain the relationship between the independence requirements and the fundamental principles.</p> <p>We doubt the need to distinct between professional accountants in public practice and professional accountants in business. The requirements should be linked to the nature of the professional service, not the classification/position/role of the professional accountant. A lot of professional services may be performed by both kinds of professional accountants and in both cases the requirements should be the same. Further we can't expect the public to know and understand the differences between the two kinds of professional accountants and any differences between the requirements that would be applicable. It will help both professional accountants and stakeholders to better understand the Code and therefore advance support for the Code, if there will be only one set of ethical requirements that is applicable to all professional accountants without any distinction. An additional benefit is that Parts B and C cannot be misinterpreted as stand-alone chapters any longer. And it clearly shows that professional accountants in business are bound to the same ethical requirements as professional accountants in public practice. The contents of the current Parts B and C could be transferred into application and other explanatory material.</p>

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		<p>We also encourage IESBA to investigate whether independence requirements should apply to all professional accountants (for instance internal auditors or government auditors) who perform an assurance engagement of any kind, and not only to professional accountants in public practice. Once again, it should be the nature of the engagement that defines whether the independence requirements are applicable, not the classification/position/role of the professional accountant.</p> <p>Furthermore we advise to give up the distinction between audit and review of historical financial information on one hand (Section 290) and other assurance engagements on the other hand (Section 291), and reduce the independence requirements to those in Section 290 only (change scope to all assurance engagements). We cannot expect the public to understand that the degree of independence depends on the subject matter – one is independent or not. After all the degree of confidence of the intended users about the outcome of the evaluation or measurement of the subject matter against criteria will be the same. Besides that, the importance of other assurance engagements continues to grow.</p> <p>Independence standards should maintain their principle based character, but set clear borders on specific topics (based on ‘non-rebuttable assumptions’) at the same time.</p>
40.	NYSSCPA	<p>We agree with the IESBA’s approach and use of illustrative examples to achieve its objective of making the Code more understandable.</p>
41.	NZAuASB	<p>The NZAuASB considers that the IESBA is moving in the right direction but that the approach outlined in the consultation paper does not go far enough. The NZAuASB continues to have concerns about the accessibility and understand ability of the Code structured in this manner, as explained below.</p> <p>Requirements that address threats should be linked more clearly to the fundamental principles</p> <p>The NZAuASB is supportive of the approach to structure each section to cover the purpose, then the requirements and then the application and explanatory material. The NZAuASB considers that the proposed Code structure could be further improved by continuing to use that approach, but to structure the requirements and application material more directly around the fundamental principles. For example, the illustrated examples do not clearly link all the specific requirements and examples of threats and guidance to a relevant fundamental principle. Rather, the requirements and guidance are split amongst Part 1, Part II, Part III and Part IV. This makes the Code more cumbersome and less coherent, with a risk that a user may not consider all relevant material in the Code.</p> <p>In order to promote a robust principled approach, as opposed to a rules, tick box approach, the NZAuASB recommends structuring the Code around the fundamental principles. The NZAuASB considers that a “Code on a page”, a one page overview of the fundamental principles should be at the front of the Code. This would provide a reference point and could form the contents page of the Code, if structured around the fundamental principles. Each fundamental principle could</p>

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		<p>then have its own “chapter” or “section” and the requirements and application material could be grouped and included under the most relevant fundamental principle, rather than by the group of professional accountant to which it applies. (In a paper Code, requirements that only applied to one group of professional accountant could be listed under a heading, but in an electronic Code, requirements that were not applicable could be hidden). Instead of numbering the sections, the sections should be called by the fundamental principle, which again reiterates the importance of the principles. (For example, instead of the independence sections being referred to as section 290, they would simply be referred to as the Independence section).</p> <p>The NZAuASB notes that the IESBA has applied this principle to some extent in the illustrative example in section 120 on Objectivity, but instead of including all the requirements relating to threats to Objectivity, some of the requirements and guidance material are included elsewhere in the Code. For example, the illustrative example on Objectivity includes two requirements relating to specific threats to Objectivity. The requirement in 120.004 requires the professional accountant to determine if there are threats to compliance resulting from having interests in, or relationships with a client or its directors, officers or employees. There are a number of business relationships that are specifically not permitted but these are included elsewhere (in section 420) that deals with Business Relationships. It would be more useful to include these requirements (and the application examples) in the section relating to Objectivity, as they are directly linked to threats to Objectivity and supplement each other.</p> <p>The independence requirements should also be more clearly linked to threats related to Objectivity. For example, paragraph 120.008 under Application guidance refers to specific guidance on independence requirements in parts IV and V. The NZAuASB considers that there should be a specific requirement in the section relating to Objectivity that professional accountants undertaking assurance engagements should be independent of the entity and the subject matter on which they are reporting, instead of only referring to the independence requirements in the application material.</p> <p>To further improve the overall usability of the Code the NZAuASB recommends that the IESBA considers the following:</p> <ul style="list-style-type: none"> • options to reduce the length of the Code. The longer the Code the less accessible it becomes and the more likely that a small item hidden in the detail to be missed. This will all have a negative impact on quality. One way to reduce the length is to remove unnecessary repetition - use of an electronic Code would largely avoid the need for repetition; • structuring the Code around the five fundamental principles that form the basis of the behaviour expected from all professional accountants; • supporting each fundamental principle with the specific requirements that prescribe aspects of professional and ethical behaviour expected, and that are mandatory for all professional accountants, with some requirements to be applied differently depending on whether a professional accountant is in public practice or employment, which can be differentiated

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		<p>by use of a heading in a paper code, but which could be hidden or shown as relevant to the reader of an electronic code; and</p> <ul style="list-style-type: none"> • supporting the requirements relating to each fundamental principle with guidance on the application of the requirements, and guidance on threats to compliance created by certain circumstances and possible safeguards. <p>Distinguishing requirements from guidance should be further improved</p> <p>The NZAuASB further considers that it would be helpful to better distinguish requirements from guidance in the Code. The NZAuASB has the following suggestions when making this distinction:</p> <ul style="list-style-type: none"> • The NZAuASB recommends that explicit prohibitions should not be buried in the application material. For example, draft 420.007 provides examples of close business relationships. These relationships would be prohibited by 420.005 if the financial interest is material or the business relationship is significant. The NZAuASB recommends that any specific permissions or prohibitions should be made explicit in the requirements section. • Make the “shall” statements as clear as possible, avoiding any double negatives, for example, instead of saying “Neither a firm nor its networkshall have a close business relationship” it would be preferable to say “The firm, its network...shall not have a close business relationship.... <p>Differentiation between ‘audit and review’ and ‘other assurance engagements’</p> <ul style="list-style-type: none"> • Another option previously explored by the task force was to relook at the need to separate section 290 (applying to audits and reviews) and section 291 (applying to other assurance engagements). Combining these sections would significantly reduce duplication and the length of the Code. The IESBA previously approved the split to provide more direct and understandable guidance for those who perform only audits or reviews. • The NZAuASB considers that there are benefits to keeping the independence requirements applying to all assurance engagements (not separating the Code between section 290 and section 291 as currently done). This would reduce the length of the Code significantly and eliminate a large amount of duplication. The restructured Code could start with assurance as a base, i.e. paragraphs that apply to all assurance engagements then add as a separate layer additional requirements for audits and reviews which also requires a separate layer of additional requirements for audits and reviews of PIEs. In the paper Code this could be done by use of headings. In an electronic Code, only relevant requirements could be shown. • One difficulty identified by the IESBA task force with combining section 290 and section 291 is that there are a few areas where the assurance requirement only applies to other assurance engagements, and not to audits and reviews. The NZAuASB considers that there are other formatting options to explore for a paper Code, and that this is not an issue for

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		<p>an electronic Code. For those few paragraphs that only apply to “other assurance engagements”, the NZAuASB recommends using a heading making it clear that it applies to other assurance engagements (and have a one off sentence to expand that other assurance engagements excludes audits and reviews in those paragraphs).</p> <ul style="list-style-type: none"> • For those provisions that apply only to audits and reviews, the NZAuASB recommends that those requirements should explicitly refer to both an audit and a review. <p>Aligning definitions with the International Standards on Auditing (ISAs)</p> <p>The NZAuASB notes that the task force is also considering ways to align the definitions of terms in the Code with the ISA definitions. The NZAuASB is strongly supportive of this initiative</p>
42.	PwC	<p>We can see a benefit to stakeholders through improving the visibility of the requirements and separating supporting guidance material. Having looked at the illustrative examples, however, we do have some concerns and in places we consider that the text is disjointed and that the restructure makes it more difficult to read the Code and to follow the logic (at least as illustrated). Based on the examples, which we understand are not presented as proposals, we note in particular:</p> <ul style="list-style-type: none"> • The Purpose paragraphs do not seem always to play a clear role and the illustrative language does not consistently appear to meet the ambition set out in paragraph 11 of the CP. That paragraph also indicates that the “language is intentionally broad” – we are not clear what this is intended to denote. If retained, we recommend that this paragraph be short and succinct. • The material is no longer presented in a clear sequential order and at times the flow in the current Code is lost – for example important explanatory material is often not reached until the third component. Adding cross references provides a link but it does not help with a clear and logical read of the material. In a digital world, few may read the Code in a sequential manner, but it is important that the structure reduces the risk that requirements can be read out of the context of the concepts and principles on which they are based. • There continues to be a lot of repetition of key phrases (for example, reference to “threats to compliance with the fundamental principles” is repeated 9 times between 100.007 and 100.019). Repetition of long phrases detracts from a clear reading. Some short-hand, explained in the “terms”, may be beneficial. • Including “Matters which may create threats to the fundamental principles but where no specific requirements are called for if sufficient safeguards are available” in “Application and other explanatory material” seems to down-play the importance of this principles-based guidance. <p>We have illustrated these concerns in relation to two of the example sections in Appendix 2.</p>

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		<p>If the Board wishes to explore the idea of making the requirements more visible, we think that the understanding of a revised Code could be helped by moving some of the material that has been included in the “Application” component into an improved “Introductory” component. This would aid the flow of the document and help the reader understand the requirements and guidance that follow.</p> <p>Further simplification and removal of unnecessary repetition would help a reading of the Code.</p> <p>We also suggest that the Code would benefit from an enhanced contents page with the main topics, such as Financial interests (Section 410), being broken down into its component parts, such as “Interests held as Trustee or Executor”.</p>
43.	RSM	<p>In general we agree with the approach taken by the IESBA as reflected in the Illustrative Examples, in particular that the structure of the proposed Code is broadly similar to the structure adopted by the IAASB for the International Standards on Auditing (ISAs) and other related standards.</p> <p>For the purposes of consistency we do not agree with the use of the term “Purpose” in the subheadings used throughout the proposed Code. For instance this term is used at 100.001 “Purpose of the Code and this Section” and then in other sections “Purpose of this Section”. Unless there is an important difference that the IESBA intends to convey, we recommend the use of the more commonly used term “Objective”, which is also the term used in the ISAs.</p> <p>For the purposes of readability we do not agree with the use of blue highlighting or underlying in the printed or PDF versions of the document. We believe use of these formatting tools in these documents to be a distraction from the content. However, as described below we do believe certain formatting features to be of value to the website version of the document.</p>
44.	SAICA	<p>SAICA is of the view that the approach would make it clearer and easier for professional accountants to search and read the various sections.</p> <p>SAICA would also support a rewrite of the Code as a reorganisation may not achieve the necessary objectives.</p>
45.	SAIPA	<p>The Illustrative examples provide a unique key to understanding where to find specific topics in the Code. The numbering is confusing and we recommend a less complicated system. We do see that the numbering is reflected to provide room to expand the Code but currently find it challenging. Perhaps less digits, trying to keep the decimal places to one or two.</p>
46.	SMPC IFAC	<p>In principle we agree that the outlined approach to restructuring would be likely to achieve IESBA’s objective of making the Code more understandable. As the Code currently mixes rules (requirements and prohibitions) with application guidance, the separation should help. Cross-referencing the requirements to the related application guidance as proposed</p>

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		<p>is also essential to mitigate the risk that some users could be drawn more to the requirements, without the benefit of the separate application material and guidance and therefore have a quite different interpretation from what is intended.</p> <p>We note that in its clarity project the IAASB had decided not to use the present tense at all when referring to an auditor's actions. We would also support the IESBA adopting this stance (as outlined in paragraph 15), as we believe that the use of present tense is a particularly important issue in achieving clarity of meaning as to what is required and what is not. The Illustrative Examples indicate the difficulties in achieving this if material from the extant Code is merely rearranged. In particular, we note instances of repetition and in certain areas believe that further guidance would be beneficial to its practical application, for example in regard to the issue of independence.</p>
47.	WPK	<p>We basically support the proposed separation of requirements from guidance in the Consultation Paper. Unfortunately the separation of requirements from guidance illustrated in the examples of the Consultation Paper shows some deficiencies:</p> <ul style="list-style-type: none"> • The illustrative examples do not state to what extent the guidance in the 'application and other explanatory material' is binding; • Some guidance in the 'application and other explanatory material' cannot be linked easily to the corresponding 'requirements' or cannot be linked at all: Section 300 contains a subsection 'application and other explanatory material', but no corresponding 'requirements'. • We do not see the relevance of the subsections 'Terms used in this Section' and 'Purpose of this section'. Instead these statements lead to an increase in the volume of the Code without giving any material benefit for the reader. <p>For example the statements on 'Business Relationships' in the current Code contain three paragraphs (290.123 - .125), covering roughly one and a half pages (2014 Hand-book of the Code) compared to nine paragraphs (420.000 – 420.009), covering roughly three pages in the Consultation Paper.</p> <ul style="list-style-type: none"> • A further increase in the volume of the Code results from the constant and repeated reference to the 'conceptual framework 'and the' fundamental principles' from Part I of the Code. This permanent repetition is included in the subsections, purpose requirements as well as, application and other explanatory material' of almost all sections in the illustrative examples. <p>Overall we do not think that the approach outlined in the Consultation Paper, as reflected in the Illustrative Examples, is likely to improve the understand ability of the Code to a material degree due to the mentioned shortcomings. The current text is basically just split up into 'requirements' and 'application and other explanatory material' and supplemented by 'Terms used in this Section and, Purpose of this section'. Redundancies and repetitions still remain, requirements still are too vague and phrased in a lengthy way.</p>

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48.	ZICA	<p>We believe that the proposed approach outlined in the Consultation Paper, as reflected in the Illustrative Examples, would achieve IESBA's objective of making the Code more understandable.</p> <p>This is on account that the reorganisation of content where each section is structured with its own separate purpose, requirements and application guidance with cross-reference to the conceptual framework and fundamental principles allows for ease of navigation and creates room for future changes.</p> <p>The reorganisation also takes into account the specific interests and priorities of different types of users thereby making the Code to be readily visible and understandable.</p>

Question 2

Do you believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples would be likely to make the Code more capable of being adopted into laws and regulations, effectively implemented and consistently applied? If not, why not and what other approaches might be taken?

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1.	AAA, SCAS of	<p>In order for the Code to be more likely adopted into laws and regulations, effectively implemented and consistently applied, it must be presented in a logical sequence, easy to navigate, and written in a clear and readable manner. The approach outlined in this Consultation Paper, as reflected in the Illustrative Examples, should accomplish these goals.</p> <p>The proposed reorganization of the Code and the numbering convention presented in paragraph 20 makes the Code more logical in its sequence of topics, and therefore, easier to use and navigate.</p> <p>Additionally, the proposed means of enhancing the readability and clarity of the Code as discussed in paragraphs 23 through 25 of the Consultation Paper will greatly aid in the Code being easier to understand, and, therefore, more effectively implemented and consistently applied by the various users, including those whose first language is not English.</p>
2.	AAT	<p>In order to consider this, the IESBA might like to reflect on critical success factors which would indicate effective implementation and consistent application, as this would vary depending on the jurisdiction and the stakeholder group. The absence of such success indicators makes it challenging to give a view on whether this outcome would be achieved.</p> <p>In AAT's view, the Code in its existing format is capable of being adopted into regulations, and AAT has done so through its own regulatory framework, whereby compliance with the Code of Professional Ethics underpins membership requirements and breaches can result in disciplinary action. However, AAT acknowledges that this would be dependent on the approach of any particular jurisdiction and/or body.</p> <p>AAT considers that the proposed approach provides a focused framework to facilitate understanding of the requirements of the Code, without the guidance distracting from the fundamental principles.</p>
3.	ACCA	<p>Subject to comments already made above, we believe that the proposed simplification of the language, and the segregation of the sections relating to independence are positive steps towards making parts of the Code more easily adopted into laws and regulations. However, care must be taken to ensure that future changes to the Code are appropriate for such adoption.</p>

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4.	AIC	Definitely Yes, because described examples allow a much greater and better understanding of the Code , and this will facilitate its adaptation to the local laws and regulations, by the understanding that they will use the Code in a more efficient and effective way.
5.	AICPA	No, we do not believe that the approach outlined in this Consultation Paper within the Illustrative Examples would make the Code more capable of being adopted into laws and regulations in the United States. We also do not believe the proposed approach would make convergence easier; on the contrary, it could hinder convergence due to the fact that many member body Codes, including the revised AICPA Code, would be significantly different from the IESBA Code in terms of structure. We believe the current structure of the Code to be adequate. As noted above, we recommend that the IESBA consider issuing stand-alone resources to assist stakeholders in identifying and understanding the specific requirements within the Code as deemed necessary.
6.	APESB	<p>APESB is of the view that the Consultation Paper approach outlined by IESBA is conducive to the effective adoption of the Code into laws and regulations as the requirements would be clearly identified.</p> <p>In Australia, legislative backing to the domestic Code (i.e. APES 110 <i>Code of Ethics for Professional Accountants</i> (APES 110)) is provided by Australian Auditing Standard ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i> (ASA 102).</p> <p>ASA 102 creates a legislative obligation in Australia for external auditors who are performing Corporations Act audits to have regard to the applicable requirements of APES 110 issued by APESB. Australian Auditing Standards are based on International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) and IESBA's amendments appear to be making the IESBA Code more aligned with IAASB's drafting approach which has already been accepted by legislators in Australia. Accordingly, we are of the view that IESBA's proposed Consultation Paper approach will assist in the Code's effective implementation, consistent application and enable enforcement by raising the visibility of the Code's requirements.</p> <p>In addition, APESB respectfully raises the following matters for IESBA's consideration:</p> <ul style="list-style-type: none"> • We question whether deeming the same term (e.g. professional accountant) in different ways to address different segments of professional accountants in sections 100, 200 and sections 300 to 500 is likely to lead to confusion. This may give rise to unintended legislative consequences or may cause enforcement difficulties to regulators. An approach APESB uses to address this issue is to state the applicable segment of the accounting profession at the start of each paragraph (i.e. either professional accountant in public practice, professional accountant in business or professional accountants, if it is applicable to all professional accountants) and to subsequently use

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		<p>professional accountant for the remainder of the paragraph. Whilst it is acknowledged that this may add to the overall length, when each paragraph is considered in isolation (even if a user does not read the introductory paragraphs in each section), it clearly states which segment of the membership is being addressed. Please refer to APESB's APES 200 and APES 300 series of professional and ethical standards available via this link where this approach has been adopted.</p> <ul style="list-style-type: none"> • In order to further enhance the prominence of the mandatory requirements, IESBA could consider stating the <i>Requirements</i> in bold-type (black lettering) and <i>Application and Other Explanatory Material</i> in normal type (grey lettering). APESB has adopted this approach for its Standards in Australia. • APESB has a preference for providing the list of defined terms at the beginning of the Code rather than at the end of the Code. If the definitions are placed at the start of the Code, it will facilitate a user's reading of the Code and it is not necessary to re-introduce key definitions at the start of each section. Furthermore, if there are cross-reference linkages from the defined term to the definitions list, IESBA may be able to avoid any repetitive 'Terms Used in the Section' (such as professional accountant, audit engagement, audit client etc.) as proposed in the Consultation Paper and thus reducing the length of the Code. • In the illustrative examples, some steps in the conceptual framework in section 100 are repeated. Although we acknowledge that IESBA has intentionally restated this material to assist a user's comprehension and understanding of a specific section without having to read the entire section 100, this approach inadvertently duplicates the information in section 100. This leads to an increase in the length of the Code for an insignificant benefit. We are of the view that as IESBA is proposing to add links to the conceptual framework and definitions, the issue of assisting a user's understanding and comprehension of the Code could be better addressed through these links and education rather than duplicating material in the Code.
7.	ASSIREVI	<p>As mentioned above, Assirevi recently participated in work aimed at preparing the Italian standard on Independence of Auditors, to be issued according to the requirements of Italian Law. Within this context, the national <i>regulators</i> have experienced some difficulties in the analysis of the Code of Ethics, linked to its structure, because "<i>Requirements</i>" cannot always be easily separated from "<i>Guidelines</i>".</p> <p>In view of the above, it seems that the proposed project with this Consultation Paper should facilitate overcoming the above-stated difficulties and allow for an alignment of the approach of the Code of Ethics to that of International Standards of Accounting already adopted in our country.</p>

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8.	Auditor-General, NZ	<p>We would contend that it is inappropriate to write the Code for the purpose of enabling it to be legally enforceable. The proper application of the fundamental principles requires the professional accountant to exercise professional judgement, at a point in time in the context of a particular situation. Often there is no one 'correct' answer to a situation. Instead the professional accountant will take account of the independence threats, and relevant contextual information, in developing a response that 'on balance' is considered to be appropriate.</p> <p>Effective legal enforcement typically relies on there being an obvious response to a situation, whereas it is often the presence of a robust process to develop an appropriate response that is the critical consideration to be taken into account when assessing compliance with the Code.</p> <p>In summary, it is our view that the Code does not lend itself to legal enforceability when the proper application of the Code requires the application of professional judgement. The exception to this is when the professional accountant has obviously ignored the requirements of the Code.</p>
9.	BDO	<p>Separation of requirements should make it easier to be adopted into laws and regulations, however, we do note that the subject of the Code is to a large degree focussing on the behaviour of individuals and complex and nuanced judgements made; any expectations from some stakeholders of reducing such complex and nuanced decisions to simple binary rules is likely not to be met.</p>
10.	CAANZ	<p>We believe that the primary purpose of the Code is to establish a code of ethics for professional accountants to apply as they conduct their professional activities both in public practice and in business. We are supportive of the steps being taken by IESBA to improve the Code's usability as we believe this will result in the Code being more consistently applied and more easily implemented by all users. In Australia and New Zealand we have not experienced difficulties in our own quality review programs when considering and enforcing the consistent application of the Code</p>
11.	CIMA	<p>In principle, perhaps; however, adoption into professional laws and regulations takes time and we would caution against too many changes being made to the substantive Code if they are not absolutely necessary, and to consider supplementing with further guidance as an alternative approach. CIMA has adopted the current Code into its own regulatory structure in the form of the CIMA Code of Ethics, and all members and registered students are required to be compliant with it.</p>
12.	CNCC	<p>We believe that the responses to these questions belong in EU to the EU authorities and in worldwide to the regulators. Even though, we are not convinced that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples, would be likely to make the Code more capable of being adopted into laws and regulations, effectively</p>

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		<p>implemented and consistently applied. We believe that the first objective should be clarity, as ambiguities are often put forward to delay the implementation of the Code.</p> <p>We would like to point out to the fact that some countries have already implemented the Code which proves that it is already practicable.</p> <p>In addition, it should be noted that the proposed modifications raise the risk to see EU member states adopt only the requirements in their law, leaving the application material aside, which again leads to a rule based approach and will not facilitate a complete application of the Code.</p> <p>Moreover, it seems to us that the lack of implementation is more due to non-acceptance of certain notions, such as "materiality" for example, than a problem of structure.</p>
13.	CPA Au	<p>We do not agree that the adoption of the Code into laws and regulations is a key objective of our Code. A distinguishing characteristic of a profession is the development and adoption of a Code of Ethics and a degree of self-regulation. We are of the opinion that a global Code, like the IESBA code, should focus on providing the principles and framework, so that it can be adopted by IFAC members throughout the world. Local laws and regulations, as well as professional standards are developed in different jurisdictions that may reflect or be aligned with the Code, but we do not think the Code should be drafted in a manner that enables it to become law.</p>
14.	CPA Canada	<p>While the ability of various jurisdictions to adopt the Code into laws and regulations is largely dependent on the process for adoption and drafting conventions that are followed by each jurisdiction, the proposed approach that sets out the requirements more clearly is likely to facilitate that process.</p>
15.	Denise Juvenal	<p>Yes, I believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples to make the Code more capable of being adopted into laws and regulations, effectively implemented and consistently applied. However, I think that the local and regional regulators need to integrate together Key International Regulator for determine what is better for compliance attending the proposal elaborated by G20 in November 2014.</p>
16.	Crowe Horwath	<p>In principle, if the Code is clearer, then this will ease adoption, effective implementation and consistent application. The proposed reorganization is a step towards achieving this, but IESBA has to support the printed word by continuing to communicate through presentations, outreach and other media, the meaning and interpretation of the Code. However the Code is written, culture, tradition and language will continue to have an impact upon adoption, implementation and application.</p>

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17.	DTTL	<p>It may be true that distinguishing the requirements in the Code assists the adoption of the requirements into the laws of certain countries, however, as noted in our comment letter dated February 28, 2014, in response to the Board's "Consultation Paper: Proposed Strategy and Work Plan, 2014-2018", we believe that the Board can also promote the adoption and consistent application of the Code by dedicating time to outreach, promotion of the Code and convergence and adoption activities.</p> <p>As we noted in that comment letter, if the structure of the Code is widely viewed as a significant impediment to its adoption and implementation or greater acceptance of the Code, then it would make sense to reconsider its structure. It is not clear if there is any empirical evidence that the Code has not been adopted into laws and regulations because of shortcomings in its readability. In the absence of such evidence, we caution the Board if reissuing the Code will set back its adoption even further as lawmakers and regulators will need to start over in translating the Code and understanding its application in their jurisdictions. This may be particularly frustrating for those member bodies that have recently adopted the revised Code.</p>
18.	EAIG	<p>We believe that separating the requirements from guidance in the Code would improve users' understanding of the Code and, as a result, the consistency of its application. Indeed, a section dedicated to requirements would allow users to identify more clearly the provisions which are compulsory, from those which have a different status and constitute additional guidance.</p>
19.	EFEI	<p>The approach outlined in this Consultation Paper in section III page 5-6 and reflected in the Illustrative Examples would, but not only, achieve IESBA's objective of making the Code more accessible, therefore making it capable of being adopted into laws and regulations. In particular, as mentioned in paragraph 8, page 5, separating requirements from guidance and restructuring the Code into three separate components (Purpose, Requirements and Application and other explanatory material) would allow regulators to directly identify requirements that can be adopted into laws and regulations.</p> <p>Considerations, other than the structure of the Code, such as the substance of the requirement are necessary when drafting requirements. For example, the requirement's relevance can be achieved through obtaining feedback from regulators in different countries on the relevance of the Code compared to the adopted laws and regulations. This feedback can allow the identification of areas of improvement in the Code's structure or in its substance. We understand that this Consultation Paper does not cover this topic.</p>

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20.	EYG	Yes. We believe that enhanced clarity in the Code and clearer delineations of requirements from other interpretive material in the Code will make the adoption of the Code, or discreet requirements of the Code more easily and more effectively implemented and consistently applied.
21.	FAR	FAR is doubtful as to whether an objective should be that the Code be capable of being adopted into laws and regulations. Convergence between the Code and national laws and regulations can be achieved without the direct implementation of the Code. FAR finds that a Code has the advantage over laws and regulations that it can offer a more complete guidance on how to deal with different situations in an ethical manner, whereas laws and regulations normally must offer more general rules.
22.	FEE	<p>We do not believe that the restructuring of the Code as currently proposed will bring an increased likelihood of the Code being adopted and effectively implemented into laws and regulations. The legislative and regulatory frameworks used throughout the world are quite different, and even within certain countries different legislative and regulatory competencies may be responsible for different subjects addressed in the Code.</p> <p>The aim of the revised structure should be to enable users and stakeholders to better understand how the fundamental principles apply, the circumstances in which a threats-and-safeguards approach is applicable and (where relevant) what is required from professional accountants in specific situations. This exercise may then contribute to improving clarity and consistency, and thus enhance implementation.</p>
23.	FRC (UK)	<p>We agree that it is necessary to distinguish 'requirements' more clearly from the guidance as the current form of presentation is very unhelpful. However, as we indicate above, the primary focus should be on emphasising the principles. It needs to be clear that the requirements are intended to help support compliance with the principles, but complying with the requirements should not be taken to mean necessarily that the principles have been complied with by default – accountants need to evaluate circumstances with a principles based mind-set not a simple requirements/rules based mindset. In making these evaluations the key consideration should be whether a reasonable and informed third party would perceive that the ethical principles have been complied with. It should be clearly established that if there is doubt about the ethical propriety of a certain activity or relationship it should not be entered into.</p> <p>The primacy of the principles may also be emphasised by presenting the requirements as 'supporting provisions' rather than 'requirements'.</p>
24.	FSR	In progressing adoption and implementation, it may be more effective to put the emphasis on the separate independence sections, as opposed to the Code as a whole. That is, many European countries have already integrated

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		<p>ethical provisions, other than independence, in their national legal instruments. Therefore, attempting to get all provisions, both ethical and independence ones, from the international Code adopted seems a remote objective, whereas independence is an area where progress can be made.</p> <p>Considering the development in the EU, though, where the status of the Code has been steadily declining, we cannot be certain about this. It will be necessary to work hard on reestablishing the status of the Code so that it may again be applied as a serious contribution in itself, and when interpreting local rules, e.g. in the EU Regulation. This “clarity” project may help reinstating the Code in its prior position but there is no guarantee.</p>
25.	HKICPA	<p>We believe the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples, would make the Code more understandable, and hence facilitate effective implementation and consistent application. In particular, we consider the proposed restructuring the Code into three separate components of (i) purposes, (ii) requirements, and (iii) application and other explanatory material, which is a similar structure as the International Standards on Auditing, would make the content more comprehensible.</p> <p>Moreover, we welcome the IESBA's reiteration in its Consultation Paper on the importance of the conceptual framework approach which addresses threats to compliance with the fundamental principles rather than simply complying with rules. We note that it is not possible to define in the Code every situation that creates threats to independence and to specify the appropriate action. We continue to believe the threats-and-safeguard approach, with specific prohibitions for appropriate circumstances, provide valuable guidance and guide appropriate behavior by practitioners.</p> <p>Please refer to our responses to the other questions for specific comments on different aspects of the Consultation Paper.</p>
26.	ICAB	Yes.
27.	ICAEW	<p>We believe that distinguishing requirements from other guidance will make the Code easier to adopt into law and regulations, and in doing so facilitate enforcement by regulators. However, the Code should be about setting out the right behavior by professional accountants in the public interest: we are not convinced that ease of enforceability should be a primary purpose of the restructuring.</p> <p>The language and structure of a principles based code by its very nature will not always translate easily into law and regulation. However, this should not necessarily be a measure of success as the expectation is of a higher standard of behavior and a different approach to decision making.</p> <p>Furthermore different countries will face their own unique challenges in trying to incorporate an international Code into law and regulations.</p>

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		That being said, one area where this may be a desirable objective is independence. There may therefore be an argument for a separate independence section containing all independence requirements (including elements of the current part A and section 200) in one place.
28.	ICAGH	<p>We generally believe that the outline is simple and easy to understand and monitor. Therefore, national regulators may be willing to adopt the code into laws or regulations. Our comment however is that, the sheer visual presentation of a number of underlines (bold and dotted) are a bit offsetting. We would consider inserting comment bubbles that appear when you move your cursor over them to explain a particular definition or meaning would be preferable.</p> <p>They would not all show up when viewing the page but only when you move cursor over them. That way all the information are available to the reader when required but this is hidden in a bubble so as not to be distracting to the reader.</p>
29.	ICAP	The Code is framework based. Accordingly, the scope of the Code would be much wider and far reaching than laws and regulations. The term requirement is too restrictive and can only be adhered through “Application and Other Explanatory Material” which are in the nature of guidance in particular circumstances. However, some of the guidance may coincide with the requirements of laws and regulations existing in a particular jurisdiction. In my view, it would be inappropriate to generalize that “Application and Other Explanatory Material facilitates adoption of the Code into laws and regulation. (Paragraph 9)
30.	ICAS	We are not convinced that the proposed approach will make it more likely that the Code is capable of being adopted into law and regulations. Neither do we believe this should be a primary objective of this exercise.
31.	ICPAK	<p>The problem with rule based approach is the risk that ethical issues being evaluated on the basis of “is this specifically prohibited” rather than “is this appropriate”. This in turn may undermine the principles based ‘threats and safeguards’ approach and may result in the professional accountant pursuing activities or relationships that reasonable and informed third parties would perceive as likely to compromise ethical principles. We therefore recommend that IESBA considers how the Code can be improved to seek to ensure that professional accountants have the right ethical ‘mind-set’ and we urge IESBA to prioritize clarifying and emphasizing the fundamental ethical principles. It is particularly important that, in each of the sections that address threats to compliance with the principles, it is clear what the relevant principles are and that the overarching objective of the professional accountant should be to comply with those principles.</p> <p>In the consultation paper, IESBA identifies that it is “mindful of the importance of the conceptual framework approach which addresses threats to compliance with the fundamental principles rather than simply complying with rules” and that “any changes to the structure of the Code should retain the conceptual framework approach”.</p>

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32.	ICPAU	<p>Since in a number of jurisdictions, ethical provisions are reflected in the laws and regulations, the approach would ease adoption of the IESBA Code.</p> <p>Clearly distinguishing requirements would also ease the work of regulatory authorities and quality assurance review functions.</p>
33.	IDW	<p>Such an improved structure may be helpful in comparison with the current structure, in that readers will be better able to understand what is required of professional accountants and to differentiate those situations in which specified actions are always required from those where professional accountants may be required to choose an appropriate action from a possible range of actions. This should, in turn, help resolve implementation issues and improve consistency in this regard. Whilst this may also affect take up of the Code, there are many other factors that will impact adoption into law and regulation, including the achievement of a stable platform for a reasonable period of time together with a commitment to cost: benefit considerations on the part of the IESBA.</p> <p>As noted above, we believe that rather than Parts IV and V, a set of standards on independence should also be considered.</p>
34.	IFIAR	<p>We support the idea of distinguishing requirements from guidance, as this is likely to improve the usability of the Code and the clarity of its provisions. However, we believe that the link between the fundamental principles of ethics and the specific requirements that stem from them should be clear so as to ensure that both are taken into consideration by users when applying the Code.</p> <p>Indeed, providing clear, understandable and effective requirements is essential but, at the same time, the underlying principles should be given sufficient prominence in the structure of the Code, to allow for dealing with situations that would not have been foreseen by the set of requirements and still require an appropriate response from the auditor. The underlying principles allow the auditor to stand back and capture the potential situations that would not have been specifically dealt with through requirements.</p> <p>Furthermore, the current structure of the Code does not draw a clear distinction between provisions that are applicable only to auditors of certain types of audit engagements. In our view, increased clarity on the provisions applying in particular circumstances would enhance the understandability and enforceability of the Code. We believe that the most stringent provisions (for instance those applicable to auditors of public interest entities) should be more visible and prominent within the Code.</p>
35.	IMA	<p>We have limited insight into the capabilities of law generating bodies, and therefore, cannot effectively give an opinion on adoptability. Having said that, we do believe that there is value in being clear as to expectations for accounting</p>

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		professionals. We support the concept of clearly distinguishing between requirements and guidance. Requirements should be clearly stated as behavior and expected of all professional accountants. We support including examples of application of principles in guidance.
36.	IMCP	Yes.
37.	IRBA	<p>Laws and regulations</p> <p>We do not foresee a problem with the illustrative version being adopted into laws and regulations.</p> <p>In South Africa, we would be required to publish a paper or pdf version of the Code in line with our legal requirements. Thus we would require that the electronic version of the Code and the paper version be the same.</p> <p>The IRBA Code uses underlined and italic text to indicate local amendments/additions to the Code. With the introduction of further underlined wordings, we will have to consider a new way to ease the readers understanding as to which sections are as a result of local amendments/additions.</p> <p>While the introduction of colour may be helpful with the usability of the Code, it will be lost in the printed version of the Code as we do not usually print the IRBA Code in colour.</p> <p>Effectively implemented:</p> <p>This approach is similar to auditing standards, thus would be considered familiar to registered auditors.</p> <p>We do believe that the proposed version will increase the length of the Code. Though the intention is to ease the use, we caution that increasing the length of the Code may have the opposite effect.</p> <p>Consistent Application</p> <p>Distinguishing between requirements and application and explanatory material will help eliminate areas that lead to different interpretations.</p> <p>We look forward to the safeguard projects as there is a concern that safeguards used may be inadequate or inappropriate relating to the threat or risk.</p> <p>Although improving the structure of the Code is a step in the right direction, there are certain areas in the Code where consistent application will remain a concern.</p>
38.	Jean Thiomias Giraud	I believe the envisioned restructuring at the Code is helpful and welcome. Its adoption into laws and regulations should not cause problem, nor its implementation. As to its consistent application, it will mainly depend on regulators' ability to play properly its role.

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39.	JICPA	We believe that the approach outlined in the Consultation Paper would generally make the Code more capable of being adopted into laws and regulations, effectively implemented and consistently applied. Please also refer to the comments in our response to Question 3 below.
40.	KICPA	Distinguishing requirements clearly from guidance is believed to increase the chances of the Code being adopted into laws.
41.	KPMG	<p>We consider the approach outlined is likely to facilitate adopting the Code into laws and regulations, in particular, because requirements are clearly identified, accompanied by changes to a more active form of language. We believe this is particularly important in jurisdictions in which the wording of the Code is imported directly into laws and regulations.</p> <p>We also highlight concerns raised by regulators in terms of their ability to enforce the Code. We therefore support the proposed changes as we believe they represent a significant step to address this issue.</p>
42.	MIA	<p>We believe the proposed approach will make the Code more capable of being adopted as it distinguishes requirements from guidance. We are of the view that the Code can be more efficiently implemented and consistently applied if requirements are distinguished from guidance and the requirements are emphasized.</p> <p>We would like to point out that the proposed changes to the structure should not be driven by considerations of adoptability of the Code into laws and regulations, as this may not be relevant in certain jurisdictions. Respective jurisdictions should be left to determine if and how the Code can be adopted into laws and regulations.</p>
43.	NBA	See response to question 1 above.
44.	NYSSCPA	We believe that the outlined approach would likely assist in the Code's adoption into the laws and regulations of at least some jurisdictions.
45.	NZAuASB	The NZAuASB considers that the primary purpose of the Code is to provide a reference guide to professional accountants to work through ethical conflicts as they arise, rather than a rule book for regulators' to use to enforce compliance. However, the NZAuASB is very supportive of the project to restructure the Code, as the NZAuASB considers that the current structure acts as a barrier to adoption and effective implementation. When restructuring the code, the NZAuASB considers that it is important for the IESBA to retain the conceptual framework approach to the Code. The NZAuASB considers that a robust framework, rather than a rules based approach to Ethics, is the most effective approach to guide professional accountants when facing ethical dilemmas. The NZAuASB supports the approach of a general requirement to comply with the conceptual framework, and in addition identifying requirements

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		that address the specific threats relating to the fundamental principles. Clearly separating the rules from the guidance would assist both professional accountants to apply the Code and other stakeholders wanting to assess performance against the rules and guidance.
46.	PwC	<p>We can appreciate that the clearer identification of requirements may make it easier for legislators and regulators and others to adopt and identify in law or regulation those “requirements”. However there are down-sides as indicated in our comments above. The Code it intended to be principles based and the restructure may increase the risk that the requirements may be adopted in regulation without the underlying principles and supporting guidance potentially resulting in incomplete adoption, misunderstanding and misapplication. Further there is a risk that the restructure may move the Code towards rules, even if only in appearance, and we believe this would be unfortunate.</p> <p>Overall, if the changes make it more difficult to read and understand the Code, implementation and consistent application by users could potentially suffer.</p>
47.	RSM	Yes, by stating the requirements of the Code clearly and separately from guidance national and regional lawmakers and regulators should be able to implement the Code more effectively.
48.	SAICA	<p>Yes, it would. But in our view the Code should not be legislated as it is a code.</p> <p>Consistency when dealing with ethics is not necessarily an objective the code setters should be trying to achieve, as application to a principle based code requires compliance to the spirit of the principles and each and every circumstance needs to be judged in context of the environment and factors at play, but rules around basic requirements like communication, documentation of reasons; implementing acceptable safeguards are helpful.</p>
49.	SAIPA	It will be easier to find the necessary clauses but the code will be lengthy and a separation of Ethics and “practical examples” would better allow for application of the Code.
50.	SMPC IFAC	<p>In comparison with the existing code the structure outlined in the Illustrative Examples may be helpful in terms of consistency in implementation and overall we support the approach on this basis.</p> <p>In our opinion, there is a risk attached when the Code is adopted locally. In jurisdictions where a State regulator has developed its own code, it is very often not quite in alignment with the Code adopted by professional bodies, although the sentiments are the same. Adoption of the Code will be easier to align where the application material is separated out. However, there is a risk that such alignment may simply be of the requirements and the application material would not make it, in full or in part, into local legislation. If the restructuring of the Code goes ahead, the IESBA will need to make clear that the requirements do not stand alone and the complete code is adopted.</p>

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		<p>In jurisdictions where it is solely a matter for the professional accountancy organization to adopt and supervise its member's adherence to the Code, it should be fairly easy to adopt. However, there is the risk that the professional bodies may challenge the cost/ benefit of changing the structure in line with the Code, which may result in it not being consistently applied. In principle, this could be managed through IFAC's Statements of Membership Obligations (SMOs), which are the basis of IFAC Member Body Compliance Program. In essence, SMO 4 requires the adoption and implementation of ethical standards no less stringent than the Code.</p> <p>We note that the restructure may have an impact on the take up of the Code, but there are many other factors impacting adoption into law and regulation, which will be taken into account by legislators in their individual decisions whether to reflect specific provisions of the Code in their national laws.</p>
51.	WPK	<p>We do not think that the revised structure as proposed in the Consultation Paper will greatly improve the adoption, implementation and application of the Code due to the named reasons under question 1. The willingness of national legislators to adopt the Code is influenced in the first place by its content and only to a minor degree by its format.</p>
52.	ZICA	<p>Yes we believe that the proposed approach outlined in the consultation paper is likely to make the Code more capable of being:</p> <p>a) Adopted into laws and regulations because it places specific requirements on the Professional Accountants to comply with each separate provision unless prohibited by law or regulation or an exception is permitted. The outlined approach further places responsibility for compliance with the code on individuals holding appropriate authority that are responsible for taking appropriate action on behalf of the firm in accordance with the requirements of this Code. This clarification will facilitate compliance and enforcement.</p> <p>b) Effectively implemented and consistently applied to improve the usability of the Code because it takes into account the specific interests and priorities of different types of users thereby making the Code to be readily visible and understandable.</p>

Question 3

Do you have any comments on the suggestions as to the numbering and ordering of the content of the Code (including reversing the order of extant Part B and Part C), as set out in paragraph 20 of the Consultation Paper?

#	Source	Comment
1.	AAA, SCAS of	<p>The numbering convention discussed in paragraph 20 is similar to the one used in the American Institute of Certified Public Accountants' Code of Professional Conduct. Accordingly, it is logical and allows for future changes (additions as well as deletions) to be made to a topic and/or subtopic without the need to reorder/renumber the paragraphs.</p> <p>The reversal of the order of extant Part B (Professional Accountants in Professional Practice), and Part C (Professional Accountants in Business) is appropriate. Having the section for the Professional Accountants in Business precede the sections that relate to issues, including Independence, to Professional Accountants in Professional Practice will make the Code more user-friendly and easier to navigate. Additionally, having separate sections for Independence for Audit and Review Engagements and Independence for Other Assurance Engagements will make navigating the Code easier.</p>
2.	AAT	<p>AAT agrees that the numbering convention used is sensible, and the rationale behind reversing the order of extant parts B and C would be a useful amendment for those using the Code.</p> <p>Subject to representations in paragraph 5 below, AAT suggests as an alternative that the requirements for members in business be divided from members in practice in their entirety, so depending on their work context; accountants could be directed to a specific publication, the contents of which would be entirely applicable to their particular circumstances. AAT accepts that there would be duplication between the two publications, but the standards would be wholly relevant to the audience. This also presents an opportunity to tailor the application and other explanatory material to focus more on the working environment of members in business compared to members in practice, whose environment is different.</p>
3.	ACCA	<p>The proposed numbering system appears to be predicated on the need to be able to expand the Code easily. While we acknowledge the value of this, we do not anticipate that expansion of the Code should take place very often, and we believe that ease of navigation of the Code is more important. The proposed system does not facilitate clear cross-referencing, and so may result in a Code of excessive length.</p> <p>The following proposed numbering system may be a preferred alternative. If each of the five Parts of the Code was assigned an Arabic number, rather than a Roman one, the numbering within each Part may logically follow. For example, paragraph 1 of section 1 of part 1 ('General Application of the Code') becomes 1.1.1.</p>
4.	AIC	<p>We consider that the numerical structure and this ordered of the Code, is adequate and sufficiently clear for proper handling and understanding of it, which enable better utilization and application of the Code.</p>

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#	Source	Comment
5.	AICPA	<p>We believe the independence requirements should be included as a section within the Part applicable to Professional Accountants in Public Practice (PAPP) rather than be moved to the end of the Code. Independence is the bedrock of the profession and while it may not be applicable to all PAPPs, we believe it would be intuitive for PAPPs and other users of the Code to look to that Part for independence guidance. Moving the independence section to a separate Part at the end of the Code may also convey an unintended message concerning the importance and prominence of the independence requirements to key stakeholders.</p> <p>While we do not necessarily object to reorganizing the guidance for Professional Accountants in Business (PAIBs) and PAPPs, we question whether it will add significant value to the usability of the IESBA Code and is necessary given the potential burden it will place on member bodies to revise the structure of their own Codes and references to Parts of the Code (i.e., within related documents and resources) in order to conform to such a change.</p>
6.	APESB	<p>APESB agrees that the proposed reorganisation of the Code will enhance its usability. We also support the reordering of the Code's content e.g. moving the current Part C before the current Part B since that order enables similar materials in respect of:</p> <ul style="list-style-type: none"> • professional accountants in business (proposed 200 section) to be presented first; and • Professional accountants in public practice (proposed 300-500 sections) to be grouped together and the auditor independence provisions to be presented at the end as sections 400 and 500. <p>APESB supports the above reorganisation as professional accountants in business (who represent the majority of accountants) can then easily access the collective self-contained sections that relate to them whilst this approach continues to maintain the existing organisation of sections for professional accountants in public practice.</p>
7.	BDO	<p>Splitting the Independence sections should facilitate easier navigation. It is also logical to group material related to professional accountants in public practice together.</p> <p>The proposed numbering convention is also a logical method to allow for the addition of further sections without disruption to the overall structure of the Code.</p>
8.	CAANZ	<p>We are supportive of the proposed change to the ordering of the Code and to the numbering conventions. Re-drafting the code in a manner that logically collates matters will assist users in applying the code.</p>
9.	CIMA	<p>CIMA supports the reversal of Parts B and C; we would also support avoiding the use of contrived numbering. However, the current format has become well embedded in our supporting ethics tools and collateral and any revised format and structure would require changes to all of that as well as to the CIMA Code of Ethics itself.</p>

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#	Source	Comment								
10.	CNCC	<p>We do not agree to the proposed numbering and ordering of the content of the Code. We have the impression that there is a trend of the IESBA to converge towards the ISAs structure which is, in our opinion, not suitable for a Code of ethics.</p> <p>Moreover, we think that it would be better to issue two Codes in order not to mix the requirements applicable to accountants in public practice with those applicable to accountants in business. In our view, it is not appropriate to have a common Code for both categories of professional accountant even if the subjects could be common, but the circumstances are not the same. The same principles should be kept and Part 1 should be the same in each Code but the rest should be adapted to the type of professional accountants. Dealing with two different Codes might allow an easier implementation of the Code for professionals in public practice as carve-out of the part for professional accountant in business would not be necessary.</p>								
11.	CPA Au	<p>We are of the view that part C of the Code will be better placed after part A. We also strongly encourage IESBA to consider the division between the extant Parts A and C as much of the existing content of part C and content in the Exposure Draft on Proposed Changes to Part C of the Code Addressing Presentation of Information and Pressure to Breach the Fundamental Principles addresses issues faced by and provides guidance for all professional accountants. The fundamental changes proposed in the structure of the Code provide an opportunity for IESBA to consider the appropriateness of having a general section that contains what is currently in Parts A and C and a section that deals with considerations for accountants in public practice.</p>								
12.	CPA Canada	<p>Reversing the order of extant Part B and Part C improves the logical flow of the document to address general provisions that apply to all professional accountants first, followed by progressively more specific requirements that apply to specific segments of professional accountants and specific types of engagements.</p> <p>With respect to the proposed numbering sequence, we suggest the use of a sequence that facilitates future adoption of amendments and additions as easily as possible to limit the need to re-number existing provisions. An additional suggestion would be to consider further differentiating application and explanatory material with an “A”. Using Section 120 – Objectivity as an example, the numbering might be:</p> <table><tr><td>120.0</td><td>Terms used in this section</td></tr><tr><td>120.1 & .2</td><td>Purpose of this Section</td></tr><tr><td>120.3 & .4</td><td>Requirements</td></tr><tr><td>A1 to A4</td><td>Application and Other Explanatory Material</td></tr></table>	120.0	Terms used in this section	120.1 & .2	Purpose of this Section	120.3 & .4	Requirements	A1 to A4	Application and Other Explanatory Material
120.0	Terms used in this section									
120.1 & .2	Purpose of this Section									
120.3 & .4	Requirements									
A1 to A4	Application and Other Explanatory Material									

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#	Source	Comment
		References could then be made to the paragraphs as “120.3” or “120 A1”. This numbering allows readers to determine whether they are reading requirements or guidance material without having to scroll back up to the most recent heading, while also allowing for new requirements to be added to the end of a section without needing to re-number.
13.	Crowe Horwath	We see no issues with the numbering and ordering. It is sensible to group together the material related to practice.
14.	Denise Juvenal	None. I do not have comments on the suggestions as to the numbering and ordering of the content of the Code as set out in paragraph 20 of the Consultation Paper.
15.	DTTL	<p>We are supportive of a numbering convention that facilitates the future expansion or addition of topics and subtopics without having to renumber every existing paragraph that follows a change. The suggested approach would seem to achieve that.</p> <p>The Consultation Paper notes that reversing the order of extant Part B and Part C will allow all of the material related to professional accountants in public practice to be grouped together and independence to be presented at the end. This change is not really necessary as sections 200 through 400 could incorporate Part B of the extant Code and Part C could become section 500, but since this is the least disruptive change being considered we would not object to such a reversal.</p>
16.	EAIG	<p>We understand the potential advantages of repackaging the Code by placing each topic in a separate section, namely an improvement in the flexibility of the Code from a standard-setting and endorsement perspective by allowing for the individual modification of certain sections, rather than changing the whole Code. However, we draw the Board's attention to the consequences this repackaging might have from a user perspective. The Code as it is presently arranged includes all ethics issues in a single, linear layout. The proposed layout by sections may result in certain users not taking account of all the relevant provisions in the Code as they may not read further than the section they are referring to for any particular issue they are facing. Accordingly, we encourage the Board, should this repackaging be decided, to make sure that the link between the different sections and the fundamental ethical principles⁵ remains clear and visible.</p> <p>Furthermore, we believe that a reorganization could be an opportunity to clarify in the Code which provisions apply to which situations, to which auditors, or to which type of audit engagements performed.</p>

⁵ §18 of the Consultation Paper

#	Source	Comment
17.	EFEI	<p>We agree that the proposed numbering convention in paragraph 20 on page 7, first bullet point, relying on the division of the parts of the Code into overall sections and subdivisions into topics would facilitate the future expansion of current topics and subtopics without renumbering every existing paragraph that follows a change or resorting to contrived numbering.</p> <p>We also agree with the proposal in paragraph 20 on page 7, second bullet point, where Parts on independence can be presented and grouped with proposed Part III – Professional Accountants in Public Practice as they both relate to the type of user.</p> <p>However, in terms of sequence, as we consider independence as a foundation, we would suggest grouping the independence parts into one part (which would include 2 sections) and placing it as much as possible closest to the Fundamental Principles and Conceptual Framework, just after Part I General Application of the Code. In order to maintain the parts on Independence grouped with Part III– Professional Accountants in Public Practice, we suggest that Part II – Professional Accountants in Business would be moved to the end of the Code.</p> <p>To illustrate using the illustrative examples in Appendix 1 of the Consultation Paper page 13:</p> <p>Part I – General Application of the Code</p> <p>Part II – Independence in Relation to Professional Accountants in Public Practice</p> <p>Part III– Professional Accountants in Public Practice</p> <p>Part IV – Professional Accountants in Business</p>
18.	EYG	<p>We have no objections to the Board adopting new numbering for the Code. We believe that the numbering scheme proposed in the consultation paper can assist in managing future enhancements to the Code without impacting other sections. We are less convinced as to the rationale for changing the order of extant Part B and C. However, we believe that this should be evaluated with the proposals on re-branding and the publication of separate standards as outlined in question 4 below.</p>
19.	FAR	<p>FAR agrees with the reorganization of the Code as far as concerns the numbering convention. However, FAR does not agree with the suggestion to reverse the order of the extant Part B and Part C. FAR has no members who are professional accountants in business and will not have any such members in a foreseeable future. Having a large section, in the beginning of the Code, that does not apply more than peripherally to our members, would be something of an educational problem. For us it would be a large advantage to keep the Part C (Section 200 of the Consultation Paper) at the end of the Code, thus keeping all that concerns the professional accountants in public practice together in one sequence, as it is now. FAR does find the division of the extant Part B into three separate parts a good idea.</p>

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		FAR would think it even better if the extant Sections 290 and 291 could be worked into one part. Many of the corresponding paragraphs in Sections 290 and 291 contain the same text. Where independence for other assurance engagements differs from that concerning audit and review engagements this could be marked under each heading. FAR firmly believes that this would make the independence section of the Code more accessible.
20.	FEE	<p>We are supportive of reversing the order of extant Part B and Part C for the reasons given in the Paper.</p> <p>While we appreciate that it would be useful to structure the Code in a way that facilitates the future expansion of current topics and subtopics without the need to renumber existing paragraphs, the needs of the reader should come first. Having this in mind, we believe that the six-digit numbering convention used in the Illustrative Examples is rather complex and recommend that simpler alternatives be considered.</p>
21.	FRC (UK)	<p>We do not find it overly difficult to navigate around the Code. Nonetheless, we appreciate that IESBA has identified that some stakeholders do find navigation difficult and we would support reorganisation that makes navigation easier for those stakeholders and distinguishes, where relevant, considerations that may, for example, be specific to accountants in business and to external auditors.</p> <p>However, as identified above, we believe the focus should be on the ethical principles and it is essential that any reorganisation supports that. We are concerned that the approach contemplated in the consultation paper does not achieve that and puts too much focus on the 'requirements'.</p> <p>It is also important that any reorganisation helps ensure that professional accountants are aware of all the principles and supporting provisions that are relevant to them.</p>
22.	FSR	We do not understand the reason for reversing Part B and Part C. Why does IESBA find it a good idea to place the specific section on Professional Accountants in Business first? Besides that, we have no comments.
23.	GAO	We find the numbering and ordering of the content of the Code as set out in paragraph 20 of the Consultation Paper concise and simple, and we concur with IESBA's use of the six-digit numbering scheme. We advise against using a numbering scheme exceeding six digits.
24.	HKICPA	<p>We consider the proposed numbering and ordering of the Code facilitates easier navigation around the Code. We also consider grouping the material related to professional accountants in public practice with those related to independence at the end help the practitioners understand their responsibilities and requirements more completely and holistically.</p> <p>We consider it is important to ensure the new numbering system is flexible enough to facilitate insertion of additional materials on emerging issues. We recommend the IESBA to fine-tune its proposed numbering system as the</p>

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		numberings in Part III and the 440 series (i.e. the section on independence requirements to provide non-assurance service for audit and review clients) have already been substantially utilized.
25.	ICAB	We would recommend for starting code with 100 instead of 000 in all applicable cases.
26.	ICAEW	We are supportive of placing the independence material in separate sections. In particular we believe it would be helpful to split s290 into several sections as changes can result in excessively disruptive renumbering at present. We are also supportive of reversing the order of extant Part B and Part C for the reasons explained in the paper.
27.	ICAGH	No, the numbering is satisfactory and easy to follow. Re-numbering will facilitate easy navigation through the code thus addressing users concern of the usability of the code. Ordering the content into professional accountants in business, those in practice, and independent accountants, will also enable users to easily discover areas of the code that will easily serve their needs in terms of its relevance and enable users to consider all those matters.
28.	ICAP	No.
29.	ICAS	We are supportive of reversing the order of extant Part B and Part C for the reasons given in the consultation document. We would however add that this is more of a cosmetic change than one of true substance.
30.	ICPAK	We welcome the indicative rearrangement of parts, especially the proposal to have independence requirements in parts IV and V.
31.	ICPAU	We have no objection to a revised numbering and ordering of the content of the Code. We agree with the suggestion to reverse the order of extant Part B and Part C.
32.	IDW	We do not hold particularly strong views as to the suggested approach to numbering. We would, however, have expected to see either discussion in the Consultation or illustration to indicate how IESBA is proposing to more clearly differentiate the provisions applicable to public interest entities from those applicable to other entities, especially in respect to auditor independence. We believe that many professional accountants in private practice throughout the world would find a clear overview of these differences helpful.
33.	IMA	We concur with the revised numbering and grouping.
34.	IRBA	We do not foresee a problem with the proposed reordering. We appreciate that the independence section forms a large portion of the Code and the IESBA preference to include it at the end.

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#	Source	Comment
		<p>We find the new paragraph numbering confusing. We would prefer to have the paragraph numbered as 100.1 as opposed to 100.001. This would be in keeping with the past numbering convention.</p> <p>The IESBA may want to consider adding a prefix “A” to the application and explanatory material paragraph numbers. This would be consistent with the International Standards on Auditing (ISAs) issued by the IAASB.</p>
35.	Jean Thiomas Giraud	<p>I think, with a table of contents, the professional accountant can reach the section of the Code which interests him. Then, I don't think reversing the order of extant part A and part B will bring an added value at the Code.</p> <p>As to new numbering system, considering the maintaining of the current frame of the Code, it is very interesting because it improves the extension possibility of the Code. Considering frequent changes, this possibility is important in respect new situations to be addressed by the Code.</p>
36.	JICPA	<p>Reversal of the ordering of extant Part B and Part C</p> <p>Audits of financial statements are fundamental practices exclusive to professional accountants and certainly contribute to the public interest. They are therefore areas of special interest to stakeholders, including regulators. Accordingly, we believe that Part B which stipulates the requirements of professional accountants in public practice should be prescribed before Part C stating the requirements for professional accountants in business in terms of the proposed reversal of the ordering of extant Part B and Part C. Please see the latter half of our response to Question 4. (1).</p> <p>Numbering</p> <p>We believe that the IESBA should consider both its usability of and consistency with the numbering applied to the International Standards on Auditing (“ISA”). Under the proposed numbering conventions in the illustration, the Parts of the Code are divided into overall sections (100, 200, 300, 400 and 500), with further subdivisions into topics (e.g., 310, 320, 330) and subtopics (for example, 310.000, 310.100, 310.200, etc.).</p> <p>The ISA, on the other hand, numbers its figures 1, 2, 3..... in the order of “Introduction,” “Objective,” “Definition” and “Requirements,” followed by “Application and Other Explanatory Materials” with numbering starting with A1.</p> <p>Looking at the numbering adopted by the ISA, “Application and Other Explanatory Materials” adopts the numbering starting with A1, which helps users easily identify and distinguish whether a paragraph relates to “Requirement” or “Application and Other Explanatory Material.</p> <p>This numbering system is very useful for users. Therefore, we believe the IESBA should consider adopting it.</p>

#	Source	Comment
37.	KPMG	<p>We believe the division of the Parts of the Code into sections and subsections by topic will facilitate user access to the material set out in the Code, and we support the proposed numbering convention as we believe this will likely support a stable overall structure to the Code over time.</p> <p>We agree with the Board's proposal to reverse the order of extant Part B and Part C, since accountants in public practice are also accountants in business, i.e. these are not mutually exclusive subsets. In fact the extant Code acknowledges this as it states at paragraph 100.12 that "professional accountants in public practice may also find part C relevant to their particular circumstances". We therefore believe the proposed re-ordering is more logical. For example, extant Part C addresses matters such as employee performance quality, disciplinary procedures, and the establishment of "whistle-blowing" channels, which apply also to professional accountants in public practice.</p> <p>We consider that to achieve greater clarity the content would be most appropriately ordered such that prohibitions are presented first, to emphasise their importance.</p> <p>We also recommend that the Board consider the potential overlap and duplication of material once this is re-ordered. For example, 100.010 states that "A professional accountant may be required to resolve a conflict...". Whilst this statement is appropriate as an introduction to the topic, it is an unnecessary duplication as users would already know that a professional accountant is required to resolve a conflict.</p>
38.	MIA	<p>We believe that there is no significant impact for re-numbering and ordering of the Code, including reversing the order of extant Part B and C.</p>
39.	NASBA	<p>When we evaluate the suggestions on reorganizing the <i>Handbook</i> we are considering this in the context that in the United States we have slightly more licensed Certified Public Accountants in public practice than in business or government. Hence we believe that any restructuring of the Code we would prefer that requirements for members in public practice be presented before the requirements for members in business.</p> <p>Further, we believe that the concept of independence is extremely important to the way members in public practice serve the public interest. Hence, we believe that independence requirements should come toward the beginning of the section for members in public practice - rather than at the end.</p> <p>Finally, we do not believe that rebranding is necessary for <i>Handbook of the Code of Ethics for Professional Accountants (Handbook)</i>. In the United States NASBA and the American Institute of Certified Public Accountants (AICPA) regularly evaluate proposed standards of the International Ethics Standards Board for Accountants, and their potential impact on existing professional standards in the United States. In our opinion, the current "brand" of the International Ethics Standards Board for Accountants, and the <i>Handbook</i> is sufficiently strong and robust.</p>

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#	Source	Comment
40.	NYSSCPA	We agree with the numbering and ordering of the Code's content and suggest that consideration be given to incorporating parts IV and V into part III.
41.	NZAuASB	The NZAuASB's strong preference is for the Code to be structured around the fundamental principles rather than the users. However, should the IESBA proceed with the structure as outlined in the Consultation Paper the NZAuASB agrees that it may be helpful to reverse the order of extant Part B and Part C, if the IESBA continues to retain the Code as a single document rather than breaking it up into smaller standards. The NZAuASB is supportive of separating the independence requirements into its own section/s, with clear cross referencing to the fundamental principle of Objectivity. The NZAuASB further considers that indexing the Code will be helpful and allow for quicker access.
42.	PwC	<p>We do not have strong views on the suggested re-ordering of the Code and would support the proposal. It has some logic.</p> <p>We observe that the proposal to adopt a sequential numbering sequence such as 300, 310, 320 potentially seems not give the Code much room for expansion (unless intermediate number are used) and we suggest that it may be preferable to adopt a sequence like 300, 301 etc, or perhaps 300, 305 etc.</p> <p>Furthermore, we believe that the proposed numbering could be further simplified by using 300.1 rather than 300.001.</p>
43.	RSM	We have no comments on the numbering and agree with reversing the extant Parts B and C for the reasons given in paragraph 20 of the Consultation Paper.
44.	SAICA	SAICA agrees with the suggestion as it is logical, the first and second part are applicable to all members, so these sections should come first and the sections applicable to those in public practice are fewer so to include this section at the back would be acceptable.
45.	SAIPA	The numbering complies with accounting standards.
46.	SMPC IFAC	<p>We have no issues with the proposed numbering and ordering of the content of the Code and agree that reversing the order of extant Part B and Part C is logical.</p> <p>It would have been useful if the CP or one of the Illustrative Examples could have indicated how the Board is proposing to more clearly differentiate the provisions applicable to public interest entities (PIEs) from those applicable to other entities, especially in respect to auditor independence. Since not all SMPs have PIEs amongst their clients, this differentiation would be helpful both to those who are unaffected by more precise or more stringent</p>

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#	Source	Comment
		requirements as well as those who may take on new clients that are PIEs. We believe that many professional accountants in private practice throughout the world would find a clear overview of these differences helpful.
47.	ZICA	We support the proposed numbering and ordering of the code as it would make navigation easy and allow for logical flow of ideas by placing related material under a common section. The suggested numbering convention also avoids the usual contrived numbering and is flexible to facilitate the future expansion of current topics and subtopics without renumbering every existing paragraph that follows a change.

Question 4

Do you believe that issuing the provisions in the Code as separate standards or rebranding the Code, for example as International Standards on Ethics, would achieve benefits such as improving the visibility or enforceability of the Code?

#	Source	Comment
1.	AAT	<p>AAT would welcome a rebrand of the Code as International Standards on Ethics. This terminology would be consistent with reference to “professional standards”. It is AAT’s view that accountants give significant weight to compliance with standards, and this suggestion, if adopted, would improve both visibility and enforceability of the Code on that basis.</p> <p>AAT agrees that this approach would be consistent with the approach taken by the other standard setting boards of IFAC. AAT’s experience of working with the International Education Standards is that their targeted nature makes it easier to identify and navigate the requirements than might be the case in a document such as the Code, where accessibility has been raised as an issue.</p>
2.	ACCA	<p>We do not believe that the benefits of ‘rebranding’ the Code or issuing it as separate standards would outweigh the disadvantages of doing so. It is not clear how it might ‘improve the transparency of changes made’. It might have the desired effect of highlighting the importance of the conceptual framework, although it might inadvertently obscure it. Given that there would be benefits anticipated from restructuring and reordering the Code – bringing all the requirements for professional accountants in public practice together – on balance, we would not be in favor of then splitting the Code up into several separate standards.</p> <p>The only sections that are appropriate for separation from the Code are those relating to independence. These provisions relate to specific types of engagement, and compliance is important, as is enforceability. The remainder of the Code concerns ethical concepts, which often require the exercise of personal judgment. Therefore, the majority of the Code is designed to influence behaviors, and not to provide standards that are enforceable when a particular benchmark is not reached.</p>
3.	AIC	<p>According to our point of view, classifying the code on standards of ethics, would allow two important things: a) A more efficient and effective use (b) better identification of specific issues</p>
4.	AICPA	<p>No, we do not believe that issuing the provisions in the Code as separate standards or rebranding the Code would achieve any benefits such as improving the visibility or enforceability of the Code. We do have concerns that issuing the provisions in the Code as individual standards could result in the partial adoption of the Code by member bodies (i.e., adoption of select standards only) and therefore may hinder convergence. We have always considered the</p>

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#	Source	Comment
		extant IESBA Code to consist of ethics standards and we believe it has recognition of representing ethics standards around the globe by member bodies and firms.
5.	APESB	<p>This is worthy of consideration since a significant component of the Code of Ethics is the auditor independence provisions (approx. 89 pages out of 157 pages). Furthermore, the auditor independence provisions impact on a smaller proportion of professional accountants in public practice in comparison to the other provisions that impact upon all professional accountants in public practice.</p> <p>APESB is supportive of IESBA's proposal to issue the auditor independence provisions of the Code as a separate standard (for example, International Standards on Auditor Independence). We are supportive of the IESBA's Illustrative Example in the Consultation Paper that present a standard on sections 100-300 and then a separate standard on Auditor Independence i.e. sections 400-500 (the previous sections 290/291). This would shorten the Code of Ethics to about 68 pages and improve its accessibility, readability and understand ability by the majority of professional accountants who are not engaged in audits.</p>
6.	BDO	Issuing discrete standards would be more in-line with other similar local regulations. We agree that this separation could improve the transparency of any changes made to sections of the Code, thus also improving its enforceability.
7.	CAANZ	<p>We do not believe that dividing the Code into separate standards would improve the visibility or enforceability of the Code. We feel that issuing the Code as separate standards could have two possible outcomes;</p> <ul style="list-style-type: none"> • Dividing the Code into a number of stand-alone standards would require a considerable amount of repetition and/or cross referencing between standards which we do not believe would enhance their understand ability or usability. • When using the standards there would be an increased tendency to only consider the requirements or refer to the examples in the applicable standard rather than the suite of standards as a whole. For example, if the matter related to financial interests a user might only refer to the standard that relates to independence matters without also considering the fundamental principles.
8.	CIMA	<p>The Code should remain one entity so that it is accessible in one document (or web area). There is nothing to stop specific PAOs from issuing their own supporting guidance to members and regulators.</p> <p>We believe that there should be no rebrand – the Code should remain named as such – to refer to it as a standard may mean different things in different jurisdictions and would be contradictory to its standing as a set of principles.</p>

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#	Source	Comment
9.	CNCC	<p>No, we do not agree with the idea of rebranding the Code as "International standards of ethics", nor do we with separate standards because standards normally belong to "rule based approach". Moreover, we believe that using the branding "international standards" could lead stakeholders linking the application of the "International standards of ethics" with the application of the ISAs.</p> <p>Therefore, we believe that the Code will certainly lose its principle-based aspect. Besides, as mentioned above, we support the "principle based approach".</p>
10.	CPA Au	<p>CPA Australia does not support the issuance of the Code as separate standards, nor does it support the rebranding of the Code to Standards on Ethics. As mentioned above, a Code of Ethics is a fundamental attribute of a profession. It is a term that is well understood globally and we do not see any possible benefits from renaming the Code standard, nor do we agree that such a name change will improve visibility or adoption. As mentioned above, we believe local jurisdictions are best placed to develop standards that take into consideration the local context, as is the case in Australia. We also think it is paramount that the accounting profession has a Code of Ethics.</p>
11.	CPA Canada	<p>The use of the word "Standards" could have the advantage of signaling a status that is equivalent to that of the standards that are issued by the other boards of the International Federation of Accountants. However, the word "Code" is also an apt descriptor of the IESBA's approach, which establishes underlying Fundamental Principles layered with more specific Requirements. One suggestion might be to consider referring to the document as "International Code of Ethics Standards".</p>
12.	Denise Juvenal	<p>Yes, I believe that issuing the provisions in the Code as separate standards or rebranding the Code, in relation benefits such as improving the visibility or enforceability of the Code.</p>
13.	Crowe Horwath	<p>The term "Code of Ethics" is well known and well established. We see no point in changing the name. If there are issues about visibility or enforceability, then these must have more fundamental causes than nomenclature.</p>
14.	DTTL	<p>As mentioned above, we believe the Board should focus on promoting the Code through its outreach efforts. Issuing the Code as separate standards or rebranding may achieve some improvement in readability by breaking down the material into individual topic areas which are easier to understand and apply. We do not consider it is sufficient to achieve global adoption of the Code and we question whether it would significantly improve its visibility or enforcement. Additionally, by issuing separate standards (e.g., having a separate independence standard) there is a risk that in consulting one standalone standard, other applicable standards may inadvertently be overlooked.</p>

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		We also have a concern that the rebranding of the Code into standards together with the separation of requirements from guidance could lead to an increasing perception of the Board taking a rules-based approach instead of promoting the conceptual framework upon which the Code is currently based. Rather than focusing on rebranding or issuing separate standards, the Board should actively engage with local regulators and legislators to stress the high quality of the Code and really understand the impediments to convergence and adoption of a global Code to make any strides in this area.
15.	EFEI	<p>We agree with the proposal in paragraph 22 in page 7 that issuing the Provisions in the Code as separate standards would achieve benefits such as improving the visibility or enforceability of the Code.</p> <p>As for rebranding the Code, this can also improve the visibility of the Code. However, we suggest care would be taken in choosing a name that represents the actual scope of the Code. To clarify, as the Code is for Professional Accountants (in Public practice or in Business), it would be beneficial to have this visible in the Code name that would be adopted. For example, the suggested “International Standards of Ethics” could be misleading as the Code cannot apply to all situations or professions and is limited to Professional Accountants. For example, the suggested title could include a word such as “professional Accountants” and rebranded as “Professional Accountants’ International Standards on Ethics”.</p>
16.	EYG	<p>Yes, we agree that the Code could benefit from re-branding, particularly with respect to the Independence content, which we believe should be re-framed as standards. This approach should also be considered for other sections. We are in favor of the Code being re-branded as the international standards on ethics, consistent with most other frameworks. We also believe that the separation of the Code between ethical standards for auditors as compared to ethical standards for other accountants would better reflect how such standards are adopted or implemented in many jurisdictions. The split between ethical standards applicable to auditors versus other accountants recognizes the fact that in many countries (e.g. UK, France, and Italy) ethical standards applicable to auditors are adopted by regulators whereas independence rules are more the remit of professional bodies.</p>
17.	FAR	<p>FAR is of the opinion that part of the strength of the Code is that it is a complete guide for FAR members. In FAR’s opinion the independence parts could be separated into standards, but FAR finds that the reorganization proposed in the Consultation Paper (with the exception of reversing the order of extant Part B and Part C) serves the purpose of improving the visibility of the Code. As to the enforceability, FAR cannot see that either a separation into separate standards or the current proposal would make a difference.</p>

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18.	FEE	<p>Linked to paragraph 7 of the Paper, which states that ‘the current structure [...] may impede compliance and enforcement’, we do not believe that rebranding the Code as, for example, International Standards on Ethics would be the right approach to take in its entirety.</p> <p>We believe that the fundamental principles (particularly integrity and objectivity) primarily address the mindset and behavior of the professional accountant. As such, these principles do not fit into a purely legalistic concept of compliance and enforcement. On the contrary, other concepts derived from these fundamental principles, such as independence in appearance as one aspect of objectivity, may well be subject to compliance and enforcement measures.</p> <p>That said, it is important to distinguish between the fundamental principles and those principles that may result in standards. We believe that the fundamental principles as currently set out in Part A of the Code primarily address mindset and require the professional accountant to apply a consequent behavior and to exercise personal judgment. Standards, in our view, can be derived from such fundamental principles, but such standards should primarily be designed to provide organizations and individuals with a framework that allows them to demonstrate and document their compliance with the requirements (which, as a consequence, would also make the standards easier to enforce).</p> <p>In this sense, for example, objectivity, as one of the fundamental principles, should remain in a Code of Ethics, whilst those provisions that can be regarded as derived from this fundamental principle – in particular the provisions related to independence in appearance – might be considered suitable for standards. On this basis, IESBA may wish to consider distinguishing between the content of the current sections 290 and 291 of the Code on independence for assurance engagements (eg, as ‘independence standards’) and the rest of the Code. We acknowledge that such a distinction would not result in a simplistic separation in order to appropriately adapt the overall conceptual framework approach of the current Part A of the Code.</p>
19.	FSR	<p>It is important to distinguish between principles of behavior and enforceable standards.</p> <p>Therefore, there may be a benefit in publishing separate independence standards for audit/review engagements and other assurance engagements, and thereby clearly removing such matters from the Code. Additionally this may make it easier for such standards to be incorporated in the law or referenced from the law in some jurisdictions.</p> <p>The review of the Structure of the Code should not merely be a rebranding exercise. A code of ethics is not the same as a set of standards. The purpose is to change behavior. If IESBA turns the ethical principles into a set of standards, there is a real risk that it will become a tick-the-box exercise.</p>

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		In addition, a “re-branding” of the Code with the objective of enforceability is not the right approach, and especially in respect of the ethical requirements addressed in the fundamental principles. Such requirements are primarily addressing the professional’s behavior and not mere “legalistic” compliance.
20.	GAO	We believe that issuing the provisions of the Code as separate standards would improve the visibility and enforceability of the Code as it would enhance the transparency of changes made to sections of the Code and streamline the overall structure of the Code. For example, the General Application section of the Code could be issued as a separate standard that is applicable to all. Other provisions of the Code could also be issued as separate standards, such as Professional Accountants in Public Practice, as it is applicable to only professional accountants in public practice. Issuing separate standards would also facilitate revisions; the entire Code would not need to be reissued because of a revision that only affects one section. We encourage IESBA to consider adopting this convention.
21.	HKICPA	<p>We consider it is important to ensure practitioners fully aware of the authority of the Code as requirements but not merely non-mandatory guidance or recommended practice. Accordingly, we support the IESBA's proposal to rebrand the Code as International Standards on Ethics as it helps to enhance perceived importance on the Code by users and also the general public.</p> <p>We consider issuing the provisions in the Code as separate modules would facilitate ongoing maintenance of the standard and would improve visibility and enforceability of requirements. When doing so the IESBA should ensure the linkages between the individual modules and the general principles/conceptual framework of the Code are maintained.</p>
22.	ICAB	Yes.
23.	ICAEW	<p>The lines between principles of behavior and enforceable standards should not become blurred. Guidance on ethical conduct is primarily about an attitude of mind rather than procedures. It is therefore suited to a principles based code. Re-branding the Code as a standard runs the risk of appearing to move towards a rules-based approach and therefore a tick the box ‘compliance’ mentality. We are not convinced by the arguments advanced in the paper, as it is not clear to us that the Code currently suffers from its title in terms of application. ‘Code’ is also a standard term amongst professional bodies.</p> <p>The ethical requirements addressed in the fundamental principles should not be framed in terms of their enforceability as this could result in behavior becoming focused on mere “legalistic” compliance.</p>

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		<p>There is some benefit to transparency for the Code to be split into a number of separate documents to facilitate small changes and the publicity thereof.</p> <p>There may also be benefit in publishing separate independence standards for audit and review engagements.</p>
24.	ICAGH	<p>Yes. This will improve visibility and therefore enforceability for all provisions as they will be separately distinguished from other sections allowing for ease of focus and therefore compliance enforceability. Reference to the code as International Standards on Ethics will also make it easier for new practitioners to remember.</p>
25.	ICAP	<p>Rebranding as International Standards on Ethics is recommended as the readers would be more comfortable if all the codes in one volume. (Paragraph 22).</p>
26.	ICAS	<p>We believe that there would be benefit in publishing separate ethical standards for audit, review and other assurance engagements. These primarily deal with the issue of independence and we believe there would be merit in clearly removing such matters (sections 290 and 291) from the Code of Ethics as this section contain a number of rules which are better dealt with in standards.</p> <p>Additionally, we would highlight that this might make it easier for such standards to be incorporated in law, or referenced from the law in some jurisdictions. Unlike the rest of the Code, sections 290 and 291, relate to specific types of engagements which attract significant attention from regulators from a compliance and enforcement perspective. Regulators use rules on “independence in appearance”, as a surrogate for the fundamental ethics principle of “objectivity”.</p>
27.	ICPAK	<p>We do not believe that rebranding is necessary for the Code. We however do not have an issue with issuing the provisions of the Code as separate standards so as to align them with the approach used by other standards setters, we question the value that this separation will have on improving the transparency of changes made to sections of the Code and application thereto. Most issues in the code are linked and the proposal for standalone standards may pose significant challenges to the Board. See comment our comment to question 3 above.</p>
28.	ICPAU	<p>At the moment, we do not support the approach to issue the Code as separate standards. Whereas some benefits may be derived from issuing the Code as separate standards, for partly historical reasons the Code in many jurisdictions exists as a single documentation.</p> <p>In addition, in many jurisdictions the Code forms part of the law or regulation for the accountancy profession, and is defined as such. Rebranding the Code would raise many unintended consequences, including a need for amendment of laws and regulations.</p>

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29.	IDW	<p>In our view, issuing the provisions in the Code as separate standards and rebranding the Code, for example as International Standards on Ethics are two very different restructuring possibilities.</p> <p>As we have discussed in our general comments above, developing the provisions in the Code to constitute a series of truly separate standards would not be feasible for all topics, and developing useful standards would likely necessitate the addition of further material to provide clarification in some areas, and would thus be far more onerous than the approach suggested in the illustrative examples.</p> <p>We do not see that rebranding the Code, for example as International Standards on Ethics – without developing a full set of such standards – could have a significant impact on improving its visibility. However, we would expect that clarifying ethical requirements and providing guidance material thereto for topics such as auditor independence would improve both professional accountants’ understanding of the actions and non-actions ethical behaviour in accordance with the Code demands on their part, and that of those responsible for enforceability.</p> <p>We refer to our general comments above concerning the desire for separate standards in regard to independence.</p>
30.	IMA	<p>As noted in (1) above, the document remains substantial in size and may be challenging for many to understand. Separate standards may not alleviate complexity, but as noted, some sort of Opening Statement, or Statement of Ethical Conduct that captures key themes and can be easily read as an independent document would likely be useful in simplifying and improving visibility. Alternatively, the Board may want to consider preparing a “one-page” International Standard on Ethics that is then supported by the Code.</p>
31.	IMCP	Yes.
32.	IOSCO	<p>Standards versus Code</p> <p>We believe the notion of rebranding the Code and issuing some or all of the provisions as separate standards should be viewed as more than simply improving the visibility of the Code. We believe issuing the provisions of the Code as separate standards together with rebranding along the lines of “International Standards on Independence and Ethics” could contribute to changing the mindset with which auditors approach the provisions of the Code. We believe “standards” more appropriately conveys the notion of principles that need to be adhered to as opposed to a “Code” which is more synonymous with the communication of aspirational goals.</p> <p>Composition of Sections</p>

#	Source	Comment
		<p>We believe it would be useful for the Board to implement a similar layout as used by the International Auditing and Assurance Standards Board (IAASB) as part of the IAASB's "ISA clarity project". The Board could use a similar format within each newly constituted standard to establish areas specifically dedicated to the following:</p> <ol style="list-style-type: none"> 1. Objectives – to clearly and specifically identify the threat that could be reasonably possible with respect to the provision of the Code and the auditor's overall goal in addressing the threat. <p>The objectives section should also emphasize that requirements may not be all encompassing so that having complied with the requirements the auditor should always step back to determine whether the objectives were met having considered the specific facts and circumstances of the issue at hand. We note that the "purpose" section currently proposed in the Paper includes language that is general and more introductory in nature and does not satisfy the need for establishing objectives.</p> <ol style="list-style-type: none"> 2. Requirements – to establish provisions the auditor must follow to support the objective. 3. Application Material – to provide guidance and more precisely explain what a requirement means or is intended to cover. <p>We believe that our suggested changes noted above could enhance the ability of practitioners to implement the standards while at the same time they could produce benefits such as increased clarity and enforceability of the provisions and better flexibility for future changes or additions to provisions. However, the Board should be careful to provide a strong and clear link between the various standards and the fundamental principles.</p> <p>Fundamental Principles</p> <p>The Paper states that the "IESBA is mindful of the importance of the conceptual framework approach which addresses threats to compliance with the fundamental principles rather than simply complying with rules." It further recognizes "the general requirement to comply with the conceptual framework established in Section 100 [of the Code]." However, in practice, on more than an infrequent basis, auditor oversight and securities regulators have encountered auditors who attempt to justify their actions by indicating compliance with the requirements without stepping back to determine if the facts and circumstances suggest that the fundamental principles may be violated though the requirements were achieved.</p> <p>The fundamental principles are not simply background information but are overarching objectives that auditors must meet whereas the standards-specific requirements capture specific areas identified by the Board to which auditors must comply. We believe greater emphasis should be placed on the need for auditors to step back after complying with the standards-specific requirements to determine if, based on the facts and circumstances, the auditor is</p>

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		independent with respect to the fundamental principles which, pursuant to our suggestions above, could serve as and be called overall objectives.
33.	IRBA	<p>We believe that issuing separate International Standards on Ethics will have little impact on improving the visibility or enforceability. Rather, the distinguishing of requirements and application and explanatory material will be an important step to enhance enforceability. The IESBA proposed project on safeguards will also help the understanding of the Code.</p> <p>We believe that it is important that the Code is seen as one document. Separating the Code into discrete standards may result in the link between the fundamental principles and the relevant sections being lost. Readers will have difficulty in seeing how the Code fits together and therefore in applying it.</p>
34.	ISCA	<p>We support the suggestion to issue the provisions in the Code as separate standards because it would facilitate the current revision, as well as future updates, of the provisions.</p> <p>According to the indicative timeline in the CP, the IESBA may expose the restructured Code or standards in October 2015 and issue the finalised version in early 2017. At the same time, the IESBA will have different ongoing projects affecting different provisions in the Code. By “breaking up” the Code into separate standards, the IESBA will have the flexibility to issue the different standards in stages, if necessary. Depending on the circumstances, the IESBA may opt to issue the completed standards first while continuing to work on the rest of the standards. This would ensure progress and maintain the momentum of the project.</p> <p>Future updates would also be more targeted and effective as the IESBA can focus on the specific standards affected instead of having to deal with an entire Code with many provisions.</p> <p>In addition, we would like to point out that with the approach of issuing separate standards, the IESBA would need to consider holistically and ensure that any possible inconsistencies in the standards are addressed when updating the standards, as some of them may be linked.</p> <p>We also support the IESBA’s suggestion to rebrand the Code to “International Standards on Ethics” to improve visibility. In this respect, we would like to suggest that the term “Professional Accountants” be included in the title of the rebranded standards as it should be clear that the provisions in the standards apply to professional accountants. The IESBA could consider naming the standards as “International Standards on Ethics for Professional Accountants”.</p>
35.	Jean Thiomas Giraud	Yes, I do. In addition to the similarity with other standards (IFRS, ISA, IES and so on) issued by IFAC, this change will facilitate specific references to the Code.

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36.	JICPA	<p>Independence provisions of the Code</p> <p>The independence provisions of the Code make up a much larger section relative to the other sections. If the provisions are renamed (rebranded) to “Independence Standards” and issued as separate standards, we believe that the arrangement would be certain to improve the usability of the independence provisions. As independence provisions relate to audit and assurance engagements, usability of independence provisions would be improved for interested parties and users involved in auditing and assurance engagements if they are issued as separate standards. We therefore believe that the issuance of independence provisions as separate standards would be very useful.</p> <p>In October 2006, Japan issued “Guidance on Independence” as provisions separate from the other provisions of the JICPA Code of Ethics. As a result, regulators concerned with independence, auditors required to comply with independence requirements, and other stakeholders, have more easily referred to them, thereby enhancing the usability and convenience of the application and understanding of independence provisions since “Guidance on Independence” was issued.</p> <p>The Consultation Paper proposes that “Current Part C has been moved before current Part B, so that material related to professional accountants in business would become the 200 series and the material related to professional accountants in public practice would become the 300-500 series. This would allow all of the material related to professional accountants in public practice to be grouped together and independence to be presented at the end.” If the independence provisions are issued as separate standards, this reversal, which allows all of the material related to professional accountants in public practice to be grouped together and independence to be presented at the end, would be unnecessary and the current numbering could remain unchanged.</p> <p>With regard to the rebranding of the Code, we believe that it would be appropriate to keep the current name as the IESBA Code of Ethics for Professional Accountants since it has been developed under fundamental principles and conceptual framework approach that governs not only professional accountants in public practice but also professional accountants in business, while independence provisions are provided for detailed and specific requirements to be followed by professional accountants in public practice who conduct audit engagements or assurance engagements.</p> <p>Additional guidance to paragraph 100.3 of the extant Code</p> <p>The extant Code includes paragraph 100.3 as below. In terms of the reference to “Professional accountants in public practice may also find Part C relevant to their particular circumstances,” we believe that understand ability thereof</p>

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		<p>would be improved further if the additional guidance, for example, an explanatory material, was added to describe what requirements would be relevant to what circumstances.</p> <p>100.3 Parts B and C describe how the conceptual framework applies in certain situations. They provide examples of safeguards that may be appropriate to address threats to compliance with the fundamental principles. They also describe situations where safeguards are not available to address the threats, and consequently, the circumstance or relationship creating the threats shall be avoided. Part B applies to professional accountants in public practice. Part C applies to professional accountants in business. Professional accountants in public practice may also find Part C relevant to their particular circumstances.</p> <p>Requirements related to Conflicts of Interest</p> <p>Section 220 and 310 are provided for requirements related to conflicts of interest. Given the difficulty of identifying situations that give rise to conflicts of interest, we recommend that additional guidance or illustrative examples be provided.</p> <p>As one of our arguments in favor the issuance of independence provisions as separate standards, we state in 4 (1) that the requirements are voluminous to easily understand. This would be applicable to the requirements for the conflicts of interest if additional guidance or illustrative examples are provided to help users better understand conflict-of-interest situations. We therefore believe that it would be useful to develop provisions related to conflicts of interest as a separate code. Japan issued “Guidance on the Conflicts of Interest” as a separate code as a part of the revisions made on the JICPA Code of Ethics in June 2014 to provide additional guidance and illustrative examples.</p>
37.	KICPA	<p>It is expected to bring about the benefit of improving the visibility of the Code, but the change of its publication format or branding would not have a substantial impact on facilitating the adoption and implementation of the Code.</p>
38.	KPMG	<p>We recognise the benefits of issuing the provisions of the Code as International Standard(s) on Ethics, given the IESBA's objectives of enhancing the visibility and enforceability of the content of the Code and facilitating its adoption into national laws and regulations.</p> <p>Such a rebranding approach would not preclude continuing to consider and refer to these standards in totality as the Code of Ethics for Professional Accountants. We consider it helpful to retain reference to a “code”, which clearly establishes fundamental principles related to the overarching responsibility of acting in the public interest and which underpins the activities of the accountancy profession as a whole.</p>

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		In particular, we believe that in the form of a code, the content achieves a cohesive and meaningful approach to addressing professional ethics, supported by the Conceptual Framework, to guide all accounting professionals in discharging their various duties.
39.	MIA	We have no objection to re-brand the Code as International Standards on Ethics
40.	NBA	<p>We support the idea of rebranding the Code into Standards (both for ethics and independence). We believe that if the appearance of the Code would be closer to that of a regulation/law (calling the requirements “Standards” and clearly separating the requirements from the background info, the application guidance and the examples will contribute to that appearance), it will be more noticed and recognized by non-professionals such as the public, legislators, regulators, supervisors and the judicial power. Visibility and recognition will stimulate support by both the profession and other stakeholders. More support will stimulate adoption and implementation.</p> <p>However we do not believe the title itself influences the enforceability of a regulation. Enforceability depends on the subject matter. In respect to a professional’s behaviour, we deal with so called “open” norms/standards. One’s mind-set is hardly capable of being enforced. However, what can be enforced, is the general requirement to apply the conceptual framework in order to comply with the fundamental principles, the requirement to undertake certain (specific) actions in a few specific situations (for example disassociation from misleading information [integrity]), and the requirement to (document threats and safeguards in order to) justify one’s evaluation of a situation and the safeguards one has taken or not taken.</p> <p>We emphasize that restructuring the Code into Standards, if properly done, does not result into rules based regulation.</p>
41.	NYSSCPA	We do not believe the Code provisions need to be issued as separate standards. We would not be averse to rebranding of the Code.
42.	NZAUASB	The NZAUASB considers that separating the Code into different standards runs the risk of disconnecting ethical principles, and the risk of the professional accountant not being familiar with all the fundamental principles – it is considered more accessible if they are kept in one Code. The NZAUASB is supportive of rebranding the Code as International Standards on Ethics.
43.	PwC	We observe from the preface to the Code that the Code is already a “standard” and is accepted by the profession and accounting firms as a standard. We recognise that the term is not currently used in the name of the Code (the

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		<p>IESBA Code of Ethics for Professional Accountants) and so agree that the status of the Code could be enhanced by rebranding the Code as a whole more clearly as a “Standard”. This may help with re-branding of IESBA itself.</p> <p>We do not recommend that the Standard be further broken down into numerous individual standards as we see little benefit in that.</p>
44.	RSM	<p>We do not agree with issuing the contents of the Code as separate standards because the subjects included in the Code are highly related, the Code is not excessively long to warrant division and it is likely that separate standards would be published or presented together.</p> <p>We do not believe it necessary to rename the Code because it is not likely to impact enforcement. We believe that clarifying the requirements of the Code is more likely to improve enforcement rather than more superficial terminology changes.</p>
45.	SAICA	<p>We do not support the separation of the Code into a number of different standards, because we are unconvinced that this would add incrementally to the decision-usefulness or understand ability of the Code. As far as a rebranding exercise is concerned, insufficient information has been provided for us to make a considered judgment on the matter. Therefore, we reserve comment at this stage, pending the future provision of substantive details on what, exactly, the IESBA might propose in terms of "rebranding" the Code.</p>
46.	SAIPA	<p>We recommend that the document be called the “International Standards on Ethical Conduct” as it speaks to both aspirational (Ethics) and directional (Conduct) elements. There should be the “Code” and “Regulations” giving examples to the practical application of the Code.</p>
47.	SMPC IFAC	<p>In our view, issuing the provisions in the Code as separate standards and rebranding the Code, for example as International Standards on Ethics, are two very different restructuring possibilities.</p> <p>Developing the provisions in the Code to constitute a series of truly separate standards would likely necessitate the addition of considerable further material to provide clarification in some areas, and would be far more onerous than the “simpler” approach suggested in the Illustrative Examples.</p> <p>We do not consider that rebranding the Code without developing a full set of such standards could have a significant impact on improving its visibility and enforceability. However, we would expect that clarifying ethical requirements and providing guidance material thereto would improve both professional accountants’ understanding of the actions ethical behaviour in accordance with the Code demands on their part, and that of those responsible for enforceability.</p>

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#	Source	Comment
		<p>We also believe that rebranding the Code would be contradictory to the basis of the Code as a conceptual framework and as a measure alone will not change ethical behaviour. The CP itself notes that IESBA is mindful of the conceptual framework approach, which addresses threats to compliance with the fundamental principles rather than simply complying with rules (paragraph 12). In our opinion, the Code should remain as principles-based ethical behaviour over prescription. This is also important to allow the Code to work in conjunction with various national requirements. If the Board decides to simply rebrand the Code, it is important that any expectations of the impact are carefully managed.</p>
48.	WPK	<p>Issuing provisions in the Code as separate standards would be in line with the corresponding ‘publications’ of IAASB, IPSASB and IAESB. However, the term ‘Code of Ethics’ has a high brand awareness and recognition value and should be maintained.</p> <p>The generation of benefits of issuing the Code in form of separate standards will depend on the way of implementation. Only when separate standards provide a higher quality than the current format, an increase in acceptability and visibility may be achieved. Otherwise, just splitting up the current text in single standards will make things more confusing and complex.</p> <p>Once again we like to stress the point, that issuing separate standards will not increase en-forceability as it comes to such requirements as integrity, professional competence, due care, professional behaviour (please see our general comments to the Consultation Paper).</p>
49.	ZICA	<p>As pointed in Para 22, issuing the provisions in the Code as separate standards or rebranding the Code, for example as International Standards on Ethics, would achieve benefits such as improving the visibility or enforceability of the Code.</p> <p>We support the proposal because the provisions are relatively self-contained and include clear requirements which meet the key criteria for standards. We also agree with assertion in Para 22 that the move would align more with the approach taken by other standards setters and could improve the transparency of changes made to sections of the Code, as well as potentially improving enforceability.</p>

Question 5

Do you believe that the suggestions as to use of language, as reflected in the Illustrative Examples, are helpful? If not, why not?

#	Source	Comment
1.	AAT	AAT welcomes the proposed language as indicated in the illustrative examples as a significant improvement to accessibility. AAT considers that the Code could go further in simplifying the language used, whilst achieving the same outcome. AAT is firmly of the view that the IESBA should be focused on the outcome, which is ethical compliance. Simplifying the language will encourage ethical compliance as individuals increasingly understand what is expected of them.
2.	ACCA	We have commented on this under question 1 above.
3.	AIC	Obviously yes, due to that in cases such as this one, may incur in substantial errors, if exist lack of proper use of the origin language.
4.	AICPA	<p>Yes, we support the IESBA's efforts to achieve the goals to enhance the readability and clarity of the Code as described in paragraph 23 of the Consultation Paper. However, we have concerns that any edits to the existing provisions could result in substantive changes to the Code and therefore ask the Board to consider this approach only for purposes of any new guidance issued.</p> <p>We also believe that the Code should continue to use the term "audit" for purposes of both audit and review engagements and do not believe a new section applicable to review engagements would be beneficial or necessary.</p>
5.	APESB	<p>APESB is supportive of IESBA's proposed approach to enhance the readability and clarity of the Code by:</p> <ul style="list-style-type: none"> • using simpler and shorter sentences; • simplifying complex grammatical structures; • consistently using the word 'shall' to denote mandatory requirements; and • Aligning terminology used in the independence sections with that used by the IAASB. <p>APESB also agrees with IESBA's approach to include a link, both in paper and electronic versions, to terms, which are described in greater detail within the text of the Code.</p>
6.	ASSIREVI	Assirevi agrees with the approach stated within this Consultation Paper aimed at making the Code of Ethics more understandable.

#	Source	Comment
		<p>In this regard, during recent participation in the drafting of the Italian Standard on Independence for Auditors, to be issued according to the requirements of Italian law, we experienced difficulties in the interpretation of certain provisions of the Code of Ethics. Particularly when the language used and the definitions applied by the Code of Ethics differ from those in the International Standards on Auditing.</p> <p>As already noted in the Introduction, however, Assirevi believes that it is crucial that any change in the language that could lead to changes in terms of the contents of the Code, be subject to “<i>due process</i>” required for new provisions. In fact, the size and pervasiveness of the project relative to this Consultation carries a high risk that substantial changes in content would not be easily and immediately identifiable.</p> <p>In addition, relative to what is shown in the <i>Illustrative Examples</i>, we note the following:</p> <ul style="list-style-type: none"> i) We believe that it is not necessary to repeat the definitions already contained within the glossary in the paragraph “<i>Terms used in this Section</i>” unless in the referenced section said terms are used with a different meaning. ii) In general terms, we agree with the intention of separating “<i>Requirements</i>” from “<i>Guidance</i>”. However, in this respect, it would be desirable to avoid a proliferation of subsections with their relative titles. An alternative model could be to highlight requirements in bold, and to keep normal font for guidance. The fact that there are more paragraphs than in the extant Code for the same subject (see Business Relationships) does not facilitate understanding of the contents. In fact in the <i>Illustrative Examples</i>, it is not easy to find the same logical structure as in the extant Code. In our view, the breakdown of sections into the four following subcategories: “<i>Term used</i>”, “<i>Purpose of this Section</i>” “<i>Requirements</i>” and “<i>Application and other explanatory material</i>”, would be sufficient. iii) Section 400 has both a paragraph entitled “<i>Scope</i>”, and a paragraph entitled “<i>Purpose of this Section</i>”. The reason for this duplication is not altogether clear. iv) The relationship between the title and content of the relative paragraph and subparagraph is not easily understood in all cases.
7.	BDO	<p>The proposed changes to the language of the Code are well received. We recognise parts of the extant Code use superfluous language which in turn makes certain sections difficult to understand and interpret. Simplifying and using shorter sentences, and the use of more bullet points, should assist an easier interpretation of the rules by stakeholders. Where there is elaboration on the definition of certain terms, for ease of reading, this could instead be presented as a footnote rather than within the body of the text.</p> <p>We also agree that creating a separate section for ‘review engagements’ will be unnecessary duplication, which will not add value.</p>

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8.	CAANZ	<p>It is important that as part of the re-drafting process the obligations of professional accountants are not varied unintentionally. By example we have compared the following paragraphs:</p> <table> <tr> <th>Existing Code</th><th>Proposed New Code</th><th>Comments</th></tr> <tr> <td>290.4 In the case of audit engagements, it is in the public interest and therefore, required by this Code, that members of audit teams, firms and network firms shall be independent of audit clients.</td><td>400.005 When performing an audit engagement, a professional accountant shall: a) be independent of the audit client; and b) Comply with each of the provisions of Part IV.</td><td> <p>Whilst both paragraphs appear consistent the following differences could give rise to a changed interpretation of the Code:</p> <ul style="list-style-type: none"> the existing Code refers to public interest whilst the proposed new Code is silent The existing code requires compliance with the Code at paragraph 100.1 whilst the proposed new Code specifically refers to complying with Part IV which could create a view that compliance is limited to Part IV. </td></tr> <tr> <td>100.5 (b) Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.</td><td>100.005 (b) Objectivity – to provide professional or business judgements without bias, conflict of interest or undue influence of others.</td><td>The subtle change in wording of this paragraph could have unintended consequences. The proposed new wording could be interpreted as being more closely related to the provision of services whilst the prior wording is linked to judgements more broadly.</td></tr> </table>	Existing Code	Proposed New Code	Comments	290.4 In the case of audit engagements, it is in the public interest and therefore, required by this Code, that members of audit teams, firms and network firms shall be independent of audit clients.	400.005 When performing an audit engagement, a professional accountant shall: a) be independent of the audit client; and b) Comply with each of the provisions of Part IV.	<p>Whilst both paragraphs appear consistent the following differences could give rise to a changed interpretation of the Code:</p> <ul style="list-style-type: none"> the existing Code refers to public interest whilst the proposed new Code is silent The existing code requires compliance with the Code at paragraph 100.1 whilst the proposed new Code specifically refers to complying with Part IV which could create a view that compliance is limited to Part IV. 	100.5 (b) Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.	100.005 (b) Objectivity – to provide professional or business judgements without bias, conflict of interest or undue influence of others.	The subtle change in wording of this paragraph could have unintended consequences. The proposed new wording could be interpreted as being more closely related to the provision of services whilst the prior wording is linked to judgements more broadly.
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9.	CIMA	We agree that the suggestions would be helpful. Simpler language will help those individuals and jurisdictions for whom English is not the primary language. Moreover we support the use of the word “shall” exclusively to denote a requirement and its removal from supporting guidance.									

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		<p>The language of business is predominantly English but it is recognized that PAOs may translate the document. Sentences should be kept short and take account of how they may be translated. For this reason CIMA strongly supports the removal of superfluous adjectives.</p> <p>There is currently some repetition that could also be removed. However, any changes must be in line with the stated objective of this exercise – there should be no substantive changes. The instructions in the exposure draft should be clear on this point. Definitions should also be reviewed regularly to ensure there is no ambiguity of interpretation and to ensure that they remain up to date, relevant and, take account of contemporary usage.</p>
10.	CNCC	<p>We do not agree. We would like to draw your attention to the fact that the nuances of English language are quite difficult for non-English people to understand.</p> <p>As for example, in paragraph 000.014, it is not obvious for non-English people to understand why the term "might" ought to be replaced by "may". In paragraph 000.005, the penultimate sentence lacks clarity. Generally speaking, some paragraphs are still very complicated to apprehend.</p>
11.	CPA Au	CPA Australia supports the simplification of the language of the Code but urges caution so that any potential changes do not lead to changes in the meaning or intent.
12.	CPA Canada	<p>The language in the illustrative examples is generally understandable and clear. Some suggestions to consider as the drafting is further refined are noted below:</p> <p>a) Brevity does not necessarily improve clarity – if more words are needed to make meaning clear, then more words should be used.</p> <p>b) Use defined terms as intuitively as possible – for example, defining “audit” to mean “audit and review” is not intuitive, which makes it is likely to be misunderstood to mean only “audit” by many users of the Code.</p> <p>c) Consider whether defined terms should be highlighted in some form each time they are used, rather than only the first time they are used in a paragraph. Despite instructions to the contrary, users might think that the second usage is different or assume that because a word is not highlighted later, it has a general rather than a specifically defined meaning. It is also easy to miss specifically defined terms that have been presented early on in longer paragraphs.</p> <p>d) To the extent possible, use definitions that are consistent with the standards of the other boards of IFAC.</p>
13.	D Juvenal	Yes, I believe that the suggestions as to use of language, as reflected in the Illustrative examples are helpful.

#	Source	Comment
14.	Crowe Horwath	<p>The suggestions for improving the use of language are a sensible effort to help with the understanding of the Code. We welcome the alignment of terminology with the IAASB.</p> <p>Links to terms should be provided. The way that the term “audit” is used makes sense.</p> <p>If IESBA has not already done so, it is important that it consults specifically with users of the Code whose first language is not English, with the specific aim of understanding the extent to which changes in the use of English will help with translation and interpretation.</p>
15.	DTTL	<p>We do not see the benefit of including the defined terms in every section in which they are included. Users are accustomed to referring to a section of definitions. We find the following contemplated approach in the Consultation Paper to be particularly confusing:</p> <p>“defined terms are colored blue and underlined the first time they appear in each paragraph,...terms which have a particular meaning explained within the Code are colored blue and underlined with a dotted line the first time they appear in the paragraph...terms which are explained at the beginning of each section are shown in blue, bold and underlined text the first time they appear in each paragraph.” A more simple convention such as bolding, capitalizing or italicizing each defined term every time it appears would serve the same purpose of alerting the user that he/she should refer to the Definitions section for the meaning. Similarly, we don’t see the benefit of repeating the fundamental principles in every section. This is unnecessarily increasing the length of the Code.</p>
16.	EAIG	<p>We support the consideration the Board is giving to simplifying the language used in the Code. Simplifying sentences and the grammatical structure, and limiting the use of the passive voice would, according to us, improve users’ understanding of the Code.</p> <p>We encourage the IESBA to seek convergence with the IAASB in their use of language and terminology in their respective pronouncements.⁶</p>
17.	EFEI	<p>Suggestions of means to enhance the readability and clarity of the Code indicated in paragraph 23 on page 8 are all relevant. We also agree on suggestions in paragraph 25 on page 8 relating to the use of terms with a specific meaning.</p> <p>Additional suggestions would be:</p>

⁶ §23 of the Consultation Paper, last bullet

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		<ul style="list-style-type: none"> • Regarding terms with specific meaning, in addition to your suggestion of including a link to terms that are described in greater details within the code, we suggest to still maintain terms in the definition section as users are accustomed to search for unclear terms in the definition section. • Other suggestions in terms of presentation on the electronic version or on the website would be to: <ul style="list-style-type: none"> – Create links between terms and their definition in the definition section. – Make definitions pop-up when user is passing the mouse on the word. – Have on the right side of the screen a narrow column where are visible definitions of terms appearing on the page of the Code with the possibility of selecting to hide or unhide the column.
18.	EYG	<p>We support the objectives articulated by the Board to make the language simpler, shorter, and more direct. Except for our comments noted under item 1 above, we found that the language is improved. However, we see some examples where there is further room for improvement. For example, the Illustrative Examples contain the phrase “firm or network firms” in many instances, whereas the extant Code uses “firm” and relies on the definitions to clarify the fact that the firm always includes network firms unless otherwise stated. We believe that the current approach in the Code is appropriate and an objective of this project should be to keep the text simple rather than being overly precise.</p>
19.	FAR	<p>FAR finds that the Illustrative Examples show a use of language that does indeed enhance the readability and clarity of the Code. FAR does not agree that a link between definitions is needed in a paper version of the Code, since this serves to highlight those terms in a way that is hardly intended, without adding to the understanding of the text. Professional Accountants are highly qualified and capable of looking up defined terms without such markings. In a digital version, on the other hand, such links are common and more useful as they provide immediate “on a click” feedback on the definition of the term, whether it is defined in the definitions or clarified in another part of the Code. For the latter, to avoid repetition of such clarifications, some sort of marking would be useful also in a paper version, but hardly necessary. An extended list of terms used at the end of the Code would be preferable.</p>
20.	FEE	<p>We are supportive of the measures to enhance the readability and clarity of the Code summarized in paragraph 23 of the Paper.</p> <p>We would also like to re-emphasize that any differences between terminology used in common-law and civil-law jurisdictions (eg, ‘trust’) should be taken into account when improving and/or clarifying the language used in the Code. Care must be taken, however, to ensure that the intended changes do not fundamentally alter the meaning of existing provisions.</p>

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21.	FRC (UK)	We support the objective to enhance the readability and clarity of the Code and to consider how the use of language could be improved. However, we do not agree that it is appropriate for the term “audit” to be deemed to include “review engagement” for the purpose of particular sections where considerations are essentially the same (e.g. in relation to independence). This could be resolved other than by creating a duplicative new section only for review engagements; for example, by establishing upfront that the material in the common section is relevant to both audit and review engagements unless stated otherwise and then just using the term “engagement” rather than “audit”.
22.	HKICPA	<p>We consider the suggestions on the use of language, as reflected in the Illustrative Examples, enhance the readability and clarity of the Code. In particular, the use of word "shall" in place of "should" makes the requirements more visible where the use of simpler and shorter sentences enhance readability and the ease for translation.</p> <p>For the terms that have specific meanings which a user may not expect unless they have a comprehensive knowledge of the Code (for example: "audit" includes "review engagements") as highlighted in paragraph 24 of the Consultation Paper, we noted that the IESBA for addressing the issue is considering either (i) to include a link to terms that are described in greater detail within the Code, instead of in the definitions section; or (ii) to create a new section only for review engagements that would duplicate the independence section for audit. We consider the second approach will make the Code significantly longer for little benefit and hence reduce readability. We consider using the term "audit and review engagement" for requirements that are both applicable to those two types of engagement not cumbersome and enhance clarity of requirements.</p>
23.	ICAB	Yes.
24.	ICAEW	<p>We support the proposals regarding use of language.</p> <p>However, we think it important to ensure that stakeholders are comfortable with phrases currently used. For example, the UK Financial Reporting Council, rightly in our view, has expunged references to ‘audit client’ as this gives a false message about the relationship between auditor and the entity being audited.</p>
25.	ICAGH	Yes, the language is fine because it is easy to comprehend and simple to read and understand. Simpler, less ambiguous language will improve accessibility of the Code. This is especially true for users who have English as their second language. They will find it easy to use and enforce.
26.	ICAP	Yes.

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27.	ICAS	As the sentences are shorter in length, on balance, we believe that overall the Code is easier to comprehend. However, we believe that views on this matter would be better sought from those whose native tongue is not English, and indeed, those member bodies and regulators who have to translate the Code of Ethics.
28.	ICPAK	We support the objective to enhance the readability and clarity of the Code and to consider how the use of language could be improved. However, we do not agree that it is appropriate for the term “audit” to be deemed to include “review engagement” for the purpose of particular sections where considerations are essentially the same (e.g. in relation to independence). This could be resolved other than by creating a duplicative new section only for review engagements; for example, by establishing upfront that the material in the common section is relevant to both audit and review engagements unless stated otherwise and then just using the term “engagement” rather than “audit”.
29.	ICPAU	We agree with the suggestions as to use of language. We believe that the approach would improve readability, clarity and implementation of the Code.
30.	IDW	Paragraph 23 lists measures to enhance the readability and clarity of the Code. We agree with the content of this list. We further believe that a robust definition of each key term used in the Code is essential to proper application by professional accountants. To the extent that the understanding of a particular term or terms is key to the application of requirements of a particular standard, it would be useful to include the definition(s) – certainly in the paper based version.
31.	IFIAR	We are in favour of changes to the language used in the Code. Indeed, a simplification of the grammatical structures used could facilitate the consistent application of the Code. 15. We encourage the Board to align terminology used in the independence and other sections of the Code with that used by the International Auditing and Assurance Standards Board. If the use of specific terms in the Code cannot be avoided, we believe that those terms should be linked to their definitions.
32.	IMA	The suggestions as to the use of language are helpful, but the document remains substantial and potentially challenging to follow.
33.	IMCP	Yes, they are helpful.
34.	IOSCO	Use of language We support the Board in attempting to simplify the language used in the Code. We believe that simplifying both the sentences and the grammatical structure thereof and avoiding the use of the passive voice could enhance the

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		understandability of the Code. We also encourage the IESBA, as well as the IAASB, to pursue commonality in their use of language and terminology in their respective pronouncements.
35.	IRBA	<p>We welcome a revision to the language used in the Code. The use of shorter sentences and simplifying grammar will enable understanding and facilitate consistent application.</p> <p>We also encourage the IESBA to align terminology used with the IAASB. We appreciate that the IESBA has already aligned the Code wording in respect of ISA 610 (revised) Use of Internal Audit and ISA 260 (revised) Communication with Those Charged with Governance.</p> <p>We should be mindful that users of the Code are not always people that are familiar with the International Standards of Auditing (ISAs) but may include members of the public. Thus phrases that are commonly understood in the auditing field may not be understood by all readers.</p> <p>We agree that certain terms are not clearly defined and need to be read with their relevant paragraphs. We agree that a clear link is included under definitions to improve the understanding of the definition. Examples of these definitions include Network Firms and Public Interest Entities.</p> <p>We caution that improvements to language in the Code may inadvertently change the intentions or requirements of the Code. Thus changes to the Code should not result in changes to the underlining meaning.</p>
36.	ISCA	<p>With respect to terms with a specific meaning, the CP has stated that the IESBA is considering including a link to terms that are described in greater detail, within the Code, rather than in the definitions section. Since it is not the intention of this CP to provide details on the link at this stage of the restructuring project, we are not very clear how this link would work.</p> <p>Notwithstanding the aforementioned paragraph, we would like to point out for the IESBA's consideration that it may be more appropriate to keep all definitions of terms in one common location rather than in multiple locations within the Code, to avoid confusing the users. If the IESBA decides to have both the link and the definitions section, the IESBA needs to explain clearly to users the difference between the two and ensure consistency in the descriptions and definitions of the terms in the two locations. Otherwise, it may diminish the usability of the Code.</p> <p>In addition, we find that the cross reference shown at the end of the sub-paragraph in the Illustrative Examples may create confusion. For instance, paragraph 100.009 is applicable to the entire section on "Fundamental Principles" in paragraph 100.005. However, by referencing only at the end of sub-paragraph 100.005(e), the reference appears to apply only to the sub-paragraph on "Professional Behaviour", which should not be the case. Similarly, paragraphs 100.010 to 100.014 are applicable to the entire section on "Ethical Conflict Resolution". By referencing at the end of</p>

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		<p>sub-paragraph 100.006(d)(ii), the reference appears to apply only to the sub-paragraph on resignation from the engagement/firm/employing organisation, which should again not be the case. Hence, to ensure that the cross references are appropriately made, the IESBA should consider showing the cross references at the title of the paragraphs, instead of making the reference only at the end of sub-paragraphs.</p> <p>Also, on the proposed approach in the Illustrative Examples to colour blue, bold and underline (either with solid or dotted line) terms in the Code, this may likely lead to a prevalence of coloured and underlined terms in the Code, which may be distracting for the user. This may also disrupt the thought process of the user, who may be subconsciously compelled to revisit the coloured and underlined terms, instead of focusing on the contents. This may in turn lead to reduced readability of the Code.</p>
37.	Jean Thiomas Giraud	<p>Yes, I do. English language is a world language. That doesn't mean everyone can without difficulty write and read this language. Then, when some effort is done to improve a text in view of to facilitate its understanding by many people, that's interesting. Even the translation of standards issued by IFAC, as recommended in SMOs, will be easier. I believe the suggestions as to use of language are helpful.</p>
38.	JICPA	<p>Including “review engagement” in “audit”</p> <p>The IESBA proposes an alternative solution to continuing to use “audit” which includes “review engagement,” would be to create a new section only for review engagements. However the creation of new section would duplicate many of the requirements for audits, which would make the requirements cumbersome. Therefore, we do not agree with this alternative solution.</p> <p>Initiatives to enhance readability and clarity</p> <p>Translation into Japanese is essential for us, as English is not the first language. We strongly support your initiatives which include simpler and shorter sentences, simplifying complex grammatical structure and avoiding legalistic and archaic terms, nuances, and superfluous adjectives.</p> <p>We are much concerned with whether the provisions are readily translatable or whether appropriate translations can be provided. We, therefore, encourage the IESBA to use easy-to-understand terms and avoid redundant sentences.</p> <p>We submitted our comments in response to the IESBA Exposure Draft Proposed Changes to Certain Provisions of the Code Addressing the Long Association of Personnel with an Audit or Assurance Client (ED), which also included our proposals concerning translation.</p> <p>We commented in our responses to Question 5 of the ED that it should be clarified that the engagement partners (EP) should be an individual who has most influence. In our responses to Question 7, we provided our comments to the</p>

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		<p>question concerning the definition of the engagement quality control review (EQCR). These issues may give rise to problems in translation. In particular with respect to our responses to Question 5, we requested that “In Japan, in particular, we define a lead audit engagement partner (i.e., Hitto-Gyomu-Shikko-Shain) as an individual who has most influence on the outcome of the audit and define engagement partners as key audit partners other than an individual who has most influence on the outcome of the audit (i.e., Gyomu-Shikko-Shain) respectively in Japanese. Accordingly, translation issues and misinterpretations will arise if only an engagement partner is stated in English.”</p> <p>This might also relate to our comments in the third paragraph of our responses to Question 7 starting with “We request that you clarify the definition of EQCR, including his/her responsibility and - - - .” Different descriptions, words or wordings intended to express the same meaning could also give rise to problems in the translation. We proposed that the same terms be used consistently to express a given meaning.</p>
39.	KICPA	The approach suggested in the CP is believed to improve the understand ability of the Code in non-English speaking jurisdictions
40.	KPMG	We are supportive of the suggestions, in particular, the use of plain English text and the rewording of requirements from a passive to an active form. We believe this will facilitate both the understand ability and the enforceability of the provision of the Code.
41.	MIA	We agree with the proposal for the same reasons as listed in paragraph 23 of the Consultation Paper.
42.	NASBA	We understand that various stakeholders have asked that responsibility for compliance with the Code in particular circumstances be clarified to facilitate compliance and enforcement. We recognize that some of the IESBA stakeholders would prefer that the Code stand on its own rather than cross reference to the International Standards on Quality Control or the International Standards on Auditing. NASBA, however, is comfortable with the current cross references. We believe that it is the responsibility of practitioners to understand all relevant standards (e.g., ethical standards, quality control standards, or accounting and auditing standards) and that cross referencing between the standards is appropriate.
43.	NYSSCPA	We consider the use of language as reflected in the illustrative examples to be helpful.
44.	NZAuASB	The NZAuASB is strongly supportive of exploring additional methods to simplify the drafting conventions used in the Code. The NZAuASB strongly supports improving the clarity of the language used as ways to improve the understandability of the Code, avoiding lengthy and complex sentences, clearly conveying the principle, requirement

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		<p>or guidance, and using an active voice. If a sentence has to be read numerous times and researched in order to understand what it means, this will continue to be a barrier to establishing a user friendly Code.</p> <p>The NZAuASB encourages the IESBA to find even further ways to improve the readability and drafting convention of the document. The NZAuASB further recommends that the IESBA should explore using additional bullet points for paragraphs that are lengthy (for example paragraph 000.013 in the illustrative examples).</p> <p>Underlined terms</p> <p>In the illustrated example outlined in the Consultation Paper, the IESBA has underlined defined terms and included a guide to how terms are used in each section in order to use less words in each paragraph.</p> <p>For example:</p> <p>120.000 In this section, the term “professional accountant” refers to:</p> <p>(a) Professional accountants in business; and</p> <p>(b) Professional accountants in public practice and the firms within which they practice.</p> <p>The NZAuASB considers this approach to be helpful as it avoids repetition</p> <p>Use of “audit” to include a “review”</p> <p>In the New Zealand equivalent to section 290 of the Code, the term “audit” was amended so that each use of audit was expanded to also refer to a review that is an explicit reference to a “review” each time. The NZAuASB does not consider that it is sufficiently clear that the term “audit” incorporates both types of engagements. The ISAs have specifically used different terms so as not to blur the distinction between these two levels of assurance and the NZAuASB considers that it is better to consistently draw this distinction, and that this needs to be explicit to be clear that a requirement applies to both an audit and a review. Using the term “audit” to encompass both engagements is not user friendly and runs the risk of being misapplied in practice. The NZAuASB recommends that the Code should make it explicit if a provision applies to a review engagement.</p>
45.	PwC	<p>Subject to the comments made in response to other questions, we believe that the suggestions are generally helpful. We believe it is very important to agree on the drafting conventions at the beginning of the project and stick to them, to avoid the scope of the project drifting into substantive changes rather than clarity of the extant Code.</p> <p>Care must be taken that simplification does not result in inadvertent changes to the meaning of the Code, although lack of clarity or inconsistency could be addressed. In addition, the drafting conventions need to support the separation of requirements from guidance. This means that how the guidance is written is very important. For example, using the</p>

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		<p>active voice, although improving readability, may result in statements in the guidance being assertions that are, however inadvertent, implicit requirements.</p> <p>The proposed use of bold, blue and underlining for key terms appears somewhat unattractive and may confuse a reader.</p> <p>Unnecessary repetition should be avoided. The Board should reasonably expect that users will read or be familiar with the whole Code so repetition in each topic is unnecessary and adds to length. For example, repeating key terms in every section in Part IV seems unnecessary.</p> <p>Sentences should be as short as reasonably possible. In the drafting it would be useful to consider how a term or phrase may be translated into other languages.</p> <p>We recognise that such a restructuring would be a significant effort for the Board and that this would result eventually in a detailed exposure draft. Whilst the table of concordance is helpful, indeed essential, it does not provide the degree of detail which would allow a quick comparison of the “old” with the “new”. It would be unfortunate if member bodies, firms and others who wish to comment on the future ED each had to re-perform that detailed comparison and so we encourage the Board to provide additional analysis to assist commentators.</p>
46.	RSM	<p>Yes, we agree with the methods used in the Illustrative Examples to enhance the readability and clarity of the Code.</p> <p>However, rather than the use of underlining or highlighting in the printed and PDF version of the Code we believe that a comprehensive Glossary of defined or key terms should be included between the Preface and Part one. The first use of a defined or key term in a section could be referenced back to the Glossary by way of a footnote.</p> <p>For the web version of the Code we agree that a more interactive method of presenting defined or key terms may be used, such as hyperlinks and hover effects. However, we do recommend that these effects are used subtly to enhance the readability and clarity of the Code and not to distract readers with too much noise on the screen, because for many the web version of the Code will be their primary reference.</p>
47.	SAICA	<p>Yes, by simplifying complex grammatical structures it makes the Code more user friendly for individuals who do not come from accounting backgrounds. Avoiding passive voice wherever possible and simplifying sentence structure is welcome in documents in the nature of the Code. We agree with the comment that such an approach is particularly helpful when considering those readers whose first language is not English and for translators of the Code. However, the drafters of the proposed clarified Code need to be careful not to avoid the passive voice where it is most appropriate. Passive voice has a very definite function in a language and avoiding it excessively may result in more complexity in syntax than would otherwise be necessary.</p>

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48.	SAIPA	After reading the Code, we thought the language use was excellent and generic, we do however think that second language English speakers may have trouble understanding the Code.
49.	SMPC IFAC	A robust definition of each key term used in the Code is essential for proper application by professional accountants. To the extent that the understanding of a particular term or terms is critical to the application of requirements of a particular standard it would be useful to include the definition(s). We otherwise agree with the matters listed in paragraph 23. The use of too colloquial terms/ vocabulary could also potentially devalue the perception of the profession by the public in general.
50.	WPK	<p>We support a linguistic revision of the Code. While some sections show an improvement in the use of language (kind and precision of wording, length and complexity of sentences), the illustrative examples still leave room for improvements. We recommend refraining from multiple repetitions (especially the 'Terms used' and 'Purpose' sections; repetition of 'requirements' in the corresponding 'Application and Other Explanatory Material' section) and the use of lengthy executions. Requirements should be short and precise. The focus should be on an addressee-oriented communication.</p> <p>The following extract is an example that shows the lengthy and the superficiality of the wording:</p> <p>Evaluation of Threats (300.011)</p> <p>Paragraphs 100.005 and 100.007 require professional accountants to exercise judgment to determine how best to deal with threats that are not at an acceptable level. This may be by applying safeguards to eliminate the threat or reduce it to an acceptable level or by terminating or declining the relevant engagement. A professional accountant may take qualitative as well as quantitative factors into account when evaluating the significance of a threat. The professional accountant may consider whether a reasonable and informed third party, weighing all the specific facts and circumstances available to the professional accountant at that time, would be likely to conclude that the threats would be eliminated or reduced to an acceptable level by the application of safeguards, such that compliance with the fundamental principles is not compromised. This consideration will be affected by matters such as:</p> <ul style="list-style-type: none"> (a) The significance of the threat; (b) The nature of the engagement; and (c) The structure of the firm. <p>The description is too long; the first sentence just repeats the corresponding requirement; the permanent use of the word 'may' creates an impression of arbitrariness ('you may do it this way or otherwise'); the decisive "qualitative and quantitative factors" remain unmentioned; instead the professional accountant may apply the possible judgement of a</p>

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		theoretical 'reasonable and informed third party, who has all information available to the accountant at that time' in order to check compliance with 'the fundamental principles'.
51.	ZICA	<p>The suggestions as to use of language, as reflected in the Illustrative Examples, are helpful because they enhance the readability and clarity of the Code. We have noted in Para 23 that this will be achieved through use of:</p> <ul style="list-style-type: none"> a) Simpler and shorter sentences. b) Simplified complex grammatical structures. c) Adding a link from the definitions section to terms which although defined, are described at greater length within the text of the Code, such as "network firm." Increased use of the active voice. d) Avoiding repetition in the body of the text of definitions which are included in the list of defined terms. e) Avoiding legalistic and archaic terms, nuances, and superfluous adjectives. f) Aligning terminology used in the independence sections with that used by the International Auditing and Assurance Standards Board (IAASB).

Question 6

Do you consider it is necessary to clarify responsibility in the Code? If so, do you consider that the illustrative approach to responsibility is an appropriate means to enhance the usability and enforceability of the Code? If not, what other approach would you recommend?

#	Source	Comment
1.	AAA, SCAS of	<p>a) Do you consider it to be necessary to clarify responsibility in the Code?</p> <p>The current Code does not explicitly include a requirement that a firm have policies and procedures that enable identification of those responsible for maintaining auditor independence. We believe that it is appropriate for the Code to include this information and that the revised paragraph 290.12 shown in paragraph 30 (on page 9) is appropriate. A statement may need to be added to the revised paragraph indicating that assignment of responsibility may vary among firms based on their size, structure, organization, and culture.</p> <p>In addition, an individual or group of individuals (e.g., senior management) outside of the potential conflict of interest should be responsible for deciding if there are any threats to auditor independence, and, if so, how to diminish such threats to an acceptable risk level. The particular professional qualification of such individuals should be made clear, so that they would be prepared to gather appropriate documentation to justify their decision on whether or not safeguards are needed. This will facilitate implementation of the Code, especially with regards to enforcement and the establishment of disciplinary actions. Given the international nature of the IESBA Code, identifying who is responsible for decisions about independence will also contribute to convergence of various national codes of ethics to the principles established by the IFAC.</p> <p>b) If so, do you consider that the illustrative approach to responsibility is an appropriate means to enhance the usability and enforceability of the Code?</p> <p>In our view, the illustrative approach used in paragraph 30 is too specific or rule-based. Rules can lead to a compliance mindset (Herron and Gilbertson 2004), and leave loopholes, which can mislead accountants to look for gaps when applying the rules (Cowton 2009). It would be better to take a more principle-based approach (see recommendation below), consistent with the definitions of independence contained in the Conceptual Framework section of the Code. In addition, it is important that the Code highlight the need for accountants to acknowledge their responsibility towards stakeholders outside of the traditional boundaries of the accounting firm (e.g., employees and customers of the client firm, regulators, and the accounting profession at large). This is particularly relevant for inexperienced members.</p>

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		<p>In addition, it is important that the Code highlight the need for accountants to acknowledge their responsibility towards stakeholders outside of the traditional boundaries of the accounting firm (e.g., employees and customers of the client firm, regulators, and the accounting profession at large). This is particularly relevant for inexperienced members.</p> <p>c) If not, what other approach would you recommend?</p> <p>One of the strengths of the IESBA code is that it is principle-based, instead of being solely rule-based (Spalding and Oddo 2011). The Code offers a rich conceptual framework while also offering specific requirements that give it rigor as well as flexibility for implementation by the various national professional organizations in its member countries. In matters of auditor independence, which are arguably the most challenging ethical issue for public accountants, auditors are frequently under pressure to violate professional codes of ethics (Jamnik 2011). It is in this particularly challenging setting that the use of principles, not of rules, may guide responsible action.</p> <p>It would be helpful if the Code could illustrate how an accountant would deliberate, in a complex situation, about whether the independence principle is violated or not. In order to promote responsible conduct, the Code could include a short scenario or mini-case describing how an accountant could employ practical reasoning to discern the facts and make a judgment about when independence is impaired. This would be particularly useful for decisions regarding the appearance of loss of independence (“independence in appearance,” as stated in the Code), when the actual facts may differ from impressions held by individuals outside of the ethical dilemma. In such contexts, the Code could illustrate the role of the individual who was designated as responsible for making this judgment regarding independence.</p>
2.	AAT	<p>AAT is firmly of the view that ethical compliance should be the responsibility of all professional accountants within an organization. There is a risk that if responsibility for compliance is put into the hands of the firm, this will present a defense to those acting unethically, who can hide behind the firm’s responsibility.</p> <p>The extant Code of Ethics for Professional Accountants refers to safeguards in the work environment, which AAT believes creates an implicit requirement that firms take a more holistic approach to their responsibilities. Ultimately, an individual (or individuals) will have to be accountable for failings in compliance at a firm, so AAT suggests that the Code is focussed on an individual’s ethical compliance.</p> <p>AAT prefers the approach adopted presently, with a cross reference to the International Standards on Quality Control (ISQC) 1, which already puts in place this obligation on firms, where it is necessary to do so. There is a risk that, if additional measures are introduced through the Code, then these could be nuanced, creating ambiguity or conflict between the requirements. If the IESBA does not consider the requirements detailed in ISQC 1 are sufficiently robust to ensure firms are accountable, then an alternative may be to make representations to the International Auditing and Assurance Standards Board (IAASB) to amend that particular standard.</p>

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		AAT strongly supports IESBA's commitment to reducing use of the passive voice in order to improve clarity on responsibility, and believes that this will enhance enforceability.
3.	ACCA	<p>We note the following in paragraph 28 of the consultation paper:</p> <p>'In the view of IESBA, a global code should be sufficiently flexible to accommodate different circumstances that firms need to take into account when prescribing the specific responsibility of individuals within the firm for actions related to independence.'</p> <p>We would agree with this. We also believe that a restructured Code should encourage individuals to focus on ethical considerations, even when (as in the case of independence) the position of their firm as a whole is being considered. We support the proposals set out in paragraphs 29 and 30 of the consultation paper. However, we would caution that clear policies and procedures that identify appropriate individuals within a firm who carry ethical responsibility could result in other individuals within the firm being complacent, and so refraining from taking ethical responsibility. Ethical responsibility must be accepted as a collective responsibility. If wording such as that illustrated in paragraph 30 is to be used, it should be accompanied by a clear statement that responsibility vested in others does not remove or lessen a professional accountant's personal responsibility.</p> <p>We would support a requirement that firms identify appropriate procedures for communication and consultation in respect of matters involving ethics. Beyond such a requirement, explanatory material might suggest effective means of implementing the requirement, including guidance suitable for small and medium practices.</p>
4.	AIC	In our consideration, it is really important to point out with the proper clarity, the responsibilities that must be assumed in compliance or not the Code.
5.	AICPA	<p>No, we do not believe it is necessary to address this issue within the Code. Any clarification as to which individuals within the firm should be responsible for the various provisions within the Code should exist within ISQC 1 and therefore under the purview of the IAASB. In addition, due to the vast differences in firm size and structure, we believe there should be flexibility and firms should be allowed to use judgment in determining who within the firm should assume such responsibility. We believe the existing reference to the ISQCs in paragraph 290.12 is sufficient for purposes of the Code and do not believe additional guidance within the Code on who should be held responsible is appropriate or necessary.</p> <p>We also note that from an enforcement perspective, member bodies and others who enforce the Code will determine who should be held responsible for a violation of a specific provision through their own enforcement process. For example, the AICPA Code refers to 'member' throughout the Code (whereas the IESBA Code refers to professional</p>

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		accountant or firm). Through our enforcement policies and procedures we have identified which members within a firm should be held accountable for any breaches of the rules, including independence breaches.
6.	APESB	APESB considers that it is important to clarify responsibilities in the Code as it provides clarity whether the professional accountant in public practice or the firm has the responsibility to ensure a specific professional obligation is complied with. This approach is likely to assist professional bodies and regulators who enforce the Code. We believe that the illustrative approach is an appropriate means to achieve this outcome.
7.	ASSIREVI	With reference to the objective of clarifying responsibility within the Code, we agree with the decision to reduce the use of a passive voice, which actually makes it more difficult, in some cases, to identify the parties subject to the obligations. From a different standpoint, Assirevi does not consider a departure from the ISQC1 appropriate in identifying parties within audit firms who are responsible for specific actions relative to independence requirements. Therefore, in the opinion of this Association, for the parts that require identifying of parties responsible for independence within audit firms it is preferable to keep the current approach of the Code by cross-referencing the ISQC1. Said setting allows for applying the principle of scaling to the contents of the ISQC1 also in reference to the establishment of internal procedures relative to compliance with independence standards and for adopting, therefore, its relative simplifications for small auditing companies.
8.	Auditor-General, NZ	Refer to our comments in response to question 2.
9.	BDO	We agree that it is useful to clarify (and in some cases prescribe) who specifically within the firm has responsibility for compliance with the Code. However, providing some well-rounded guidance and examples will be helpful in facilitating its application to firms of all sizes and complexities as well as facilitating enforcement. Care should also be taken that by prescribing who is responsible, this will not create a culture of scapegoats for when things go wrong.
10.	CIMA	In a principles based code this is not necessary. The fundamental premise of an ethical code is to promote and sustain responsible business, whilst upholding confidence in the profession and protecting the public interest. Ultimately, individual responsibility and accountability for any breach will be determined via the regulatory regimes of the respective Member Bodies in relation to allegations of misconduct.
11.	CNCC	We agree with the necessity of clarifying responsibility in the Code, but it cannot be done "without impacting the substance of the Code". It does not constitute a modification of structure but of substance. Moreover, the network

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		situations have to be dealt with, when you are looking at who is responsible in a firm. Consequently, we think that this suggestion cannot be included in the "modification of the structure of the Code" exposure draft, but should rather be dealt with a specific ED.
12.	CPA Au	The Code applies to all professional accountants and all our members are required to comply with the Code. We are of the view that the Code should have a general requirement for firms to develop appropriate policies and procedures to ensure compliance with the Code taking into consideration the characteristics of the firm but we do not think the Code should assign responsibility.
13.	CPA Canada	We support establishing provisions within the Code to require firms to establish policies to identify those persons within a firm who are responsible for compliance with the provisions of the Code by the firm and those within it.
14.	Denise Juvenal	Yes, I consider the importance the illustrative approach to responsibility is an appropriate means to enhance the usability and enforceability of the Code, so, I think that the Board's, if agrees, can include these discussions elaborated by IFAC/PAIB Committee about The Defining and Developing an Effective Code of Conduct for Organizations and Evaluating and Improving Governance in Organizations .
15.	Crowe Horwath	It is important that IESBA clarifies responsibility in the Code. The cross-references to ISQC 1 are appropriate, but the IAASB and IESBA should collaborate on clarifying responsibilities relating to independence and ethics and presenting relevant illustrative examples. Illustrative examples will help address the issues arising from "size, structure and organization".
16.	DTTL	<p>The Code and its requirements have been in place for many years and we are not aware of any instances where firms and their partners have been unsure or unclear how to take responsibility for actions related to independence. We are also not aware of instances where a regulator has had any difficulty identifying a person at a firm with responsibility for compliance with policies and procedures relating to independence requirements.</p> <p>Further provisions could be added to the Code to address specific responsibility of individuals within the firm for actions related to independence, but there is a great amount of detail in the International Standards on Quality Control (ISQC) regarding the policies and procedures that a firm should design to provide it with reasonable assurance that independence is maintained when required by relevant ethical requirements. If the Board wishes to clarify responsibility within the Code without referring the reader to the ISQC, the Code should include at least the same level of detail in this area as the ISQC.</p> <p>If it were determined that it was necessary to make a change in this respect then we would support that the Code specify that the firm have policies and procedures in place that enable identification of individuals who, in particular</p>

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		circumstances, are responsible for taking appropriate action on behalf of the firm in accordance with the requirements of the Code.
17.	EAIG	<p>Prescribing the specific responsibility of individuals within the audit firm related to the application of the Code may facilitate compliance with its provisions and their enforcement. Several regulators have identified weaknesses in the current Code in this regard. In particular, we believe that reducing the number of requirements where the responsibility is unclear because of the use of the passive voice⁷ is likely to contribute to an improvement of the Code in this domain. In clarifying the respective responsibilities, the Board should nevertheless recognize and address the variety of sizes, structures and organizations of the audit firms and practices.</p> <p>We also believe that any changes to the Code should remain consistent with the IAASB pronouncements, such as ISQC 1 and the ISAs.</p>
18.	EFEI	<p>It would be beneficial to clarify responsibility in the Code in order to facilitate compliance and enforcement. We concur with the following suggestions:</p> <ul style="list-style-type: none"> • Paragraph 29, first bullet point on page 9: Reduce the number of requirements where the responsibility is unclear due to the use of the passive voice • Paragraph 29, second bullet point on page 9: Include a requirement in the Code for a firm to establish relevant policies and procedures to assign responsibility <p>On the other hand, we are not fully in favor with paragraph 29, third bullet point on page 9, of adding systematically guidance to provide examples of who may be a responsible individual for a particular matter within a firm. For this specific guidance, giving examples may mislead firms, especially if each firm has its own specificities.</p> <p>We believe that guidance could cover, in this specific requirement (as illustrative in paragraph 30 on page 9) on establishing relevant policies and procedures to assign responsibility, proper means of communicating the firm's policies and procedures and proper acknowledgement of assignees of their responsibilities.</p>
19.	EYG	<p>Yes, we believe the Code should include a requirement for a firm to have policies and procedures that enable identification of the individual(s) responsible for maintaining independence rather than just cross referencing to ISQC1. The illustration provided in this Exposure Draft provides a good starting point but we believe this section could be enhanced. For example, there could be a discussion of the role of leadership of the firm in fostering a culture of ethical behavior.</p>

⁷ §29 of the Consultation Paper, first bullet

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		In view of its importance, we recommend that this matter be the subject of a specific project so as to ensure that the subject is appropriately deliberated. The consultation states that any new requirements will be subject to the Board's normal due process and specifically mentions responsibility as one subject that may generate new requirements. However, it does not make clear whether such matters will be the subject of separate projects.
20.	FAR	No, FAR is against this approach. It might be helpful to non-members, but FAR and other members of IFAC have spent a great deal of resources implementing ISQC 1 and to us and our members a reference to ISQC 1 is sufficient as to placing the responsibility. Further (and other) references in the Code serve only to confuse and make it less clear where responsibility lies.
21.	FEE	<p>Determining who is responsible for which actions may become a standalone project, but should not be addressed in this project.</p> <p>The Code already requires a firm to have suitable procedures – eg, procedures for communication and consultation concerning ethical issues – but it should refrain from expanding on what is appropriate. When it comes to firm procedures, ISQC 1 is more appropriate.</p> <p>The existing link between the Code and ISQC 1 requirements should be maintained. We believe that it is sufficient for the wording in the Code to remain consistent with that used in ISQC 1 and for the references to ISQC 1 and ISAs in 290.12 to be maintained. However, we do not consider it necessary for IESBA to introduce any additional complexity in terms of requirement(s) or guidance applicable to firms. We believe that this approach will help to ensure that the overall framework of the Code, ISQC 1 and the ISAs remains clear, understandable and suitable for global application by individual professional accountants and firms of all sizes.</p>
22.	FRC (UK)	<p>In order to achieve consistent application of the supporting requirements/provisions within the Code it is essential to be clear to whom they each apply.</p> <p>We agree with IESBA's view that a global code should be sufficiently flexible to accommodate different circumstances that firms need to take into account when prescribing the specific responsibility of individuals within the firm for actions related to independence. However, in our view, for audit firms the senior management of the firm, regardless of its size, should have the overarching responsibility to ensure an appropriate ethical mind-set and culture within the firm. Without the right 'tone at the top' it is unlikely that the firm as a whole will have an appropriate culture. This is a particularly important consideration in multi-disciplinary firms and especially where audit and other public interest assurance services may be a minority function and/or the senior management are not part of the audit function.</p>

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		This may be achieved by requiring senior management of the firm, and those with direct responsibility for the management of the firm's audit and other public interest assurance business, to instil the necessary culture and behaviours throughout the firm so as to ensure that compliance with the ethical principles is paramount and supersedes all commercial interests of the firm. This should include: establishing appropriate policies, procedures and quality control and monitoring systems; dedicating appropriate resources and leadership to compliance with this supporting provision; and making appropriate arrangements with network firms to ensure compliance as necessary across the network. We believe that this approach provides flexibility for firms to determine how best to implement these provisions in their circumstances.
23.	FSR	<p>Ideally, this should not be necessary since it should be repetitive in relation to responsibility regulation in ISQC 1 and the relevant engagement standards (ISA, ISRE, ISRS). Thus, for an informed reader it would have no effect on the usability and enforceability.</p> <p>On the other hand, such a repetition would not harm, and it may perhaps be useful for a "stand alone reader" with no, or scarce, knowledge of quality control and engagement standards.</p> <p>We would strongly caution IESBA not to depart in the Code from ISQC 1 requirements. The link that exists between the Code and ISQC 1 should not be cut and the wording used consistent with one another.</p>
24.	GAO	We believe that clarifying responsibility in the Code would enhance its understandability, which would in turn enhance its usability and enforceability. We consider IESBA's illustrative approach appropriate. We believe that clarification of responsibility would also enhance the continuity between the Code and other standards, such as International Standards on Auditing and the International Standards on Quality Control.
25.	HKICPA	See response to question 7.
26.	ICAB	Yes, we consider it is necessary to clarify responsibility in the Code. We also consider that the illustrative approach to responsibility is an appropriate means to enhance the usability and enforceability of the Code.
27.	ICAEW	<p>We agree that it is helpful to clarify responsibility in the Code to the extent that a firm should have a mechanism for allocating responsibility. However the draft wording could be interpreted to imply that a specific person would take on the whole responsibility on behalf of the firm, which we do not believe is intended, nor is it desirable or practical.</p> <p>In determining responsibilities for various requirements, it is important that those responsible for doing so avoid an abdication of individual responsibility for ethical behavior. However it is not the role of the Code to create scapegoats</p>

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		<p>should regulatory intervention be required. Collective responsibility at a senior level should be emphasized, as well as ensuring that there are no 'gaps' in responsibility.</p> <p>It would be impractical for an international code to go further than what we believe is intended and be itself specific as to who should do what regardless of the circumstances, as those circumstances in each organization will be too variable.</p>
28.	ICAGH	Yes, the approach to responsibility is good and would aid usability. Responsibility is key for any user of the code to determine what their actions are. The illustrative approach to responsibility clearly sets a good example for firms to help their members comply with the code by providing structure for enforcement. Each and every professional is responsible for abiding by the Code but there needs to be a structure in place (responsibility) to ensure compliance
29.	ICAP	No. The primary responsibility is of the engagement partner.
30.	ICAS	Whilst there may be benefits from clarifying responsibility in the Code, we are reasonably satisfied with the proposed approach in the consultation paper that would establish reasonable guidance in this regard to help the user. If the Board believes that there is a need to specifically clarify responsibility in the Code, then this should form the basis of a separate project.
31.	ICPAK	We agree that to achieve consistent application of the supporting requirements/provisions within the Code it is essential to be clear to whom they each apply. We agree that the code should be sufficiently flexible to accommodate different circumstances that firms need to take into account when prescribing the specific responsibility of individuals within the firm for actions related to independence, while taking cognizance of the provisions of ISQC1.
32.	ICPAU	<p>Effective implementation requires identification and clarification of responsibility. Where it is not possible to prescribe responsibility due to size, structure and organisational differences, it will nonetheless be advantageous to provide explanatory and illustrative material.</p> <p>We believe that the approach adopted is appropriate.</p>
33.	IDW	<p>We agree with IESBA that a global Code should be sufficiently flexible to accommodate different circumstances that firms need to take into account when prescribing responsibilities (para. 27 of the Consultation).</p> <p>However, professional accountants need clarity as to what is expected of them individually, and how such responsibilities tie in with their respective firms' or employers' responsibilities. To the extent that it makes sense for certain responsibilities to be assigned, the Code should be clear.</p>

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34.	IFIAR	We believe that adding clarity about audit firms' and individuals' responsibilities with regards to ethics provisions could improve the Code. At the same time, those provisions should recognize the existence of and accommodate the variety of sizes of audit firms and practices.
35.	IMA	It would appear to be useful to add this clarification, to the extent possible.
36.	IMCP	Yes, it is necessary to do such clarification on "responsibility in the Code. We consider that the illustrative approach is appropriate.
37.	IOSCO	<p>Identification of a Firm's or Individual Professional Accountant's Responsibility</p> <p>We note that the Paper states:</p> <p>"IESBA has considered the input from IOSCO and other stakeholders on the issue of responsibility. In the view of IESBA, a global code should be sufficiently flexible to accommodate different circumstances that firms need to take into account when prescribing the specific responsibility of individuals within the firm for actions related to independence. Responsibility may differ depending on the size, structure and organization of a firm and the culture in which it operates."</p> <p>While we recognize the Board is tasked with writing a global code, we believe the Code should establish provisions that are appropriate for auditors serving the public capital markets with appropriate, limited exceptions for auditors with smaller operations serving less developed markets. While we believe it is beneficial for the Code to recognize audit firms and practices of varying sizes and structures, we are concerned that establishing provisions with an undue emphasis on accommodating audit firms with small operations increases the risk of compromising on requirements necessary to guard the public interest particularly regarding the capital markets. For example, in our letter to the Board dated 30 January 2012 regarding the IESBA's Exposure Draft, <i>Proposed Changes to the Code of Ethics for Professional Accountants Related to Provisions Addressing a Breach of a Requirement of the Code</i>, we stated that:</p> <p>"When a breach of an independence provision is uncovered we believe that the firm's assessment and determination of the outcome of the breach should be elevated within the firm to, for example, the firm's quality control function and/or firm leadership, thus not left solely to members of the audit engagement team or local office management. This approach can provide a fresh perspective on the issue at hand, promote consistency of application and can help minimize what may be the engagement team's bias for continuing the audit engagement. We suggest that such a consultation requirement be included in the Code."</p> <p>We continue to strongly uphold this view. In this regard, if the Board simply includes "a requirement in the Code for a firm to establish relevant policies and procedures to assign responsibility..." as is currently being considered to accommodate firms of different sizes, we are concerned that this open-ended approach lacks specificity and does not</p>

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		<p>address the fundamental threat we identified of potentially having an individual in the local office tasked with resolving a local engagement team's breach of an independence requirement. Audit firms serving the capital markets should have sufficient resources and personnel to enable issues such as these breaches to be addressed by the appropriate members of senior management most qualified to objectively deal with the breach.</p> <p>We also encourage the Board to work with the IAASB to ascertain that the final outcome in the Code regarding assigning responsibility to specific individuals who are responsible for addressing compliance and independence issues does not conflict with ISQC 1 or the ISAs.</p>
38.	IRBA	<p>We support the clarification of responsibilities. The assignment of monitoring powers to a specific individual in the firm who will ultimately take responsibility will improve and facilitate the enforceability of the Code.</p> <p>We agree that the requirements relating to ethics presented in International Standards on Quality Control 1 (ISQC1) should be built into the Code and not left to a cross reference. Alignment of ISQC1 and the Code should not be limited to the illustration above. Paragraph 20 -25 of ISQC1 contains items relating to the Code which should be reiterated in the Code.</p>
39.	Jean Thomas Giraud	<p>Ethics is interdisciplinary. It reaches all matters which concern professional accountants. The fundamental principles defined in the Code already outline professional accountant's responsibility. If needed, clarifying responsibility should be mainly treated by standards relating specific areas (audit, accounting, and so on). For example, ISQC specifies audit firm's responsibility, International Education Standard defines professional accountant's responsibility relating his education. I don't believe inserting responsibility in the Code is an appropriate means to enhance it. I believe inserting responsibility in the Code may make it heavy.</p>
40.	JICPA	<p>For the purpose of clarity, we believe that the additional requirements would be useful. However, responsibility may differ depending on the size, structure and organization of a firm and the culture in which it operates, and, therefore, we support the illustrative example which is included in paragraph 30 for the identification of individuals.</p>
41.	KICPA	<p>We consider it is necessary to clarify responsibility in the code, and we support the IESBA's approach to include additional requirements for firms to identify an appropriate individual who is responsible for compliance with the Code in particular circumstances. We believe the illustrative approach in the CP is an appropriate means to clarify responsibility and enhance the usability and enforceability of the Code.</p>
42.	KPMG	<p>We do not believe it is necessary to clarify responsibility in the Code in order to enhance its usability and enforceability. We support the approach taken in paragraph 290.12 of the extant Code as we believe this facilitates the accommodation of differences between size, structure and organisation of firms and the prevailing cultures in which they operate. We</p>

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		<p>recommend that this approach be broadened to address the requirements of the Code for Professional Accountants in Public Practice more generally, in addition to independence.</p> <p>Notwithstanding the above, we recognise that the Board may intend that the Code stand alone. Therefore, whilst we do not have concerns with the current use of cross-referencing to ISQC 1 and ISAs, we believe that the establishment of more direct requirements for compliance within the Code itself would be an acceptable way of making the Code stand alone, provided that these requirements are fully aligned with ISQC 1.</p> <p>In establishing such requirements, we do not believe that these need to go as far as the illustration set out in paragraph 30 of the Exposure Draft, by requiring firms to have policies and procedures to enable identification of those individuals responsible for compliance, in order for this to be both used by firms and enforced by regulatory bodies.</p> <p>Instead, we recommend that the Board adopt an approach similar to that set out in ISQC 1, i.e. to establish ultimate responsibility for compliance at the firm's CEO or managing board of partners (or equivalent) level and to require that their delegates have sufficient and appropriate experience and ability, and the necessary authority, but not to attempt to specify the identity of responsible individuals.</p>
43.	MIA	We agree that the Code should include a requirement for a firm to establish relevant policies and procedures on the assignment of responsibility of an individual for compliance with the Code, rather than making cross-reference to ISQC1.
44.	NASBA	We understand that various stakeholders have asked that responsibility for compliance with the Code in particular circumstances be clarified to facilitate compliance and enforcement. We recognize that some of the IESBA stakeholders would prefer that the Code stand on its own rather than cross reference to the International Standards on Quality Control or the International Standards on Auditing. NASBA, however, is comfortable with the current cross references. We believe that it is the responsibility of practitioners to understand all relevant standards (e.g., ethical standards, quality control standards, or accounting and auditing standards) and that cross referencing between the standards is appropriate.
45.	NBA	<p>We believe it will help the clarity and the understanding of the total framework of the Code, ISQC1 and the ISAs, if requirements applicable to the individual professional accountant, organization and engagement will each be dealt with in separate standards. That approach also reduces the risk of inconsistencies between the different standards and, at the same time, reduces the amount of repetition/duplication.</p> <p>In case IESBA chooses to address any firm requirement in the Code, we strongly recommend to maintain the cross-references to ISQC1 and the ISAs in 290.12, but not to introduce any additional requirement(s) and guidance that are applicable to firms.</p>

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#	Source	Comment
		If IESBA is of the opinion that it is necessary to address the issue of responsibility for maintaining independence inside the firms (more clearly), then it will be appropriate to discuss the issue with IAASB to see whether it is possible to come to a re-vision of ISQC1 in this respect.
46.	NYSSCPA	We agree that it is necessary to clarify the level of responsibility in the Code, thereby distinguishing requirements from guidance.
47.	NZAuASB	The NZAuASB considers that the Code needs to clarify who is responsible for complying with the Code, and is supportive of all of the ways being explored to clarify the responsibility within firms for compliance with the Code, and the illustrative approach outlined in the Consultation Paper. The NZAuASB considers that each individual professional accountant is responsible for complying with the relevant principle and that the firm has a role to play in assisting individuals who are part of the firm to comply. The NZAuASB has no further suggestions.
48.	PwC	<p>From the firm's perspective we do not see that it is necessary to further clarify responsibility in the Code but we can see that those responsible for enforcing adoption and implementation of the Code may find that useful.</p> <p>That said, we have no objection to the outline proposal – this should leave the firm with appropriate flexibility and latitude to determine who within the operating structure is responsible for implementation of the requirements, including monitoring of compliance. This will depend on whether the activity is engagement specific or not. There is “no one size that fits all” and this will, to an extent, differ from firm to firm.</p> <p>We note, however, that this would represent a change in the Code and that this would need to be subject to formal due process.</p>
49.	RSM	<p>We agree that it is necessary to clarify responsibility within the Code to address feedback from IOSCO and other stakeholders, which repeats previously cross-referenced materials within ISQC1 and ISAs because the Code is used by professional accountants who do not provide assurance services, who are the primary users of those other standards.</p> <p>We agree that an illustrative approach to responsibility is an appropriate means to enhance the use and enforcement of the Code.</p>
50.	SAICA	Yes, by clarifying the responsibility in the Code, it assigns the monitoring power and authority to a specific individual in the firm who will ultimately take responsibility to ensure that the Code is being observed and adhered to.
51.	SAIPA	Yes it is necessary to confirm where responsibility lies. A Professional Accountant that is not accountable for his actions defeats the object of protecting the public at large.

#	Source	Comment
52.	SMPC IFAC	<p>We wholly agree with IESBA that a global code should be sufficiently flexible to accommodate different circumstances that firms need to take into account when they prescribe responsibilities (paragraph 27). The circumstances in SMPs are often very different to those in the largest firms. The Code needs to be clear as to the respective responsibilities of firms on the one hand and the individual professional accountants on the other, but it does not necessarily need to ensure that firm's go as far as assigning the firm's responsibilities to a particular individual. The key issue is that the particular ethical requirement is adhered to, not who is and who is not, assigned the responsibility.</p> <p>We generally see some merit for larger firms establishing who is to assume responsibilities in this area, although it will often not make sense in respect of small firms, who may have other effective but less formal ways of ensuring ethical behaviour. In addition, we believe this proposal may require further consideration on whether it is required within the Code or within quality control standards. However, we recognize that paragraph 20 in ISQC 1 establishes an overall requirement for firms undertaking audit, review and other assurance and related services to establish policies and procedures to provide the firm with reasonable assurance that the firm and its personnel comply with relevant ethical requirements. To the extent that parts of the Code apply to firms whose activities do not fall within the scope of ISQC 1, it might make sense for the Code to include a similar provision.</p> <p>Should the IESBA, contrary to our comments, decide to require the explicit allocation of responsibilities within a firm, we also recommend that consideration is given to whether any such provision should include an exception for SMPs of a certain size. This could, for example, be based on a similar provision in the UK APB Ethical Standard 1 (Revised) Integrity, Objectively and Independence which states:</p> <p>"26. In audit firms with three or fewer partners who are 'responsible individuals' it may not be practicable for an Ethics Partner to be designated. In these circumstances all partners will regularly discuss ethical issues amongst themselves, so ensuring that they act in a consistent manner and observe the principles set out in APB Ethical Standards. In the case of a sole practitioner, advice on matters where a difficult and objective judgment needs to be made is obtained through the ethics helpline of the auditor's professional body, or through discussion with a practitioner from another firm. In all cases, it is important that such discussions are documented".</p>
53.	WPK	<p>We do not think it is necessary to clarify responsibility in the Code. Rather due to its global applicability and thus the huge number of different firm organisations/structures it seems questionable whether a useful clarification of responsibilities in the Code is possible.</p> <p>It is the firm's own responsibility to implement sufficient and adequate organisational measures that ensure compliance with the Code. These measures should be adapted to the firm's individual structure.</p>

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#	Source	Comment
54.	ZICA	As alluded to in Question 2 we consider it is necessary to clarify responsibility in the Code because it places compliance with the code on individuals holding appropriate authority that are responsible for taking appropriate action on behalf of the firm in accordance with the requirements of this Code. This clarification also facilitates compliance and enforcement.

Question 7

Do you find the examples of responsible individuals illustrated in paragraph 33 useful?

#	Source	Comment
1.	AAA, SCAS of	We found the examples of responsible individuals illustrated in paragraph 33 helpful. We were unclear on whether the IESBA plans to include similar examples in each Part of the Code or just include the information once.
2.	AAT	AAT does not find the examples of responsible individuals particularly useful, because, reflecting back to representations made in paragraph 7.1, all professional accountants must be responsible for acting ethically. AAT appreciates that the IESBA is seeking to provide examples which would meet the needs of a diverse range of firms, but the unintended consequence of the catch-all “any other individual within the firm identified as a responsible individual in relation to a particular matter” in essence, means that everyone in the firm should be responsible for ethical compliance, negating, in AAT’s view, the need for such a definition.
3.	ACCA	We believe that all professional accountants, throughout an organization, are responsible for ethical compliance. Therefore, we would discourage provisions that identify responsible individuals, and we feel that the illustrative wording in paragraph 33 is unnecessary, and risks confusion in smaller firms. Guidance similar to that suggested in paragraph 33 might, nevertheless, be useful if limited to suggesting whom should be informed or consulted in respect of ethical issues arising.
4.	AIC	As described in the previous answer, is useful.
5.	AICPA	No, we do not find the examples of responsible individuals useful as we do not find it necessary to clarify responsibility in the Code as noted in our answer to question 6.
6.	APESB	Yes, the examples of responsible individuals illustrated in paragraph 33 of the Consultation Paper are useful and where appropriate this approach should be adopted in other sections of the Code.
7.	Auditor-General, NZ	Refer to our comments in response to question 2.
8.	BDO	Adding guidance to provide examples of who may be responsible for a particular matter, as described in paragraph 33, is useful in reducing any ambiguity and helpful in aiding compliance with the Code.
9.	CIMA	As CIMA is not supportive of the clarification of responsibilities we have no comment on this question.

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#	Source	Comment
10.	CNCC	No, we do not. We believe that the modification introduced in paragraph 33 is of no use. Users could also be confused, regarding the fact that dealing with responsibility may raise the question of liability, which is not the purpose of the Code. Moreover, in some paragraphs it is mentioned that the "firm" is concerned. Specifying that the firm is concerned implies that when it is not specified, the firm is not concerned, therefore it would imply to systematically verify that when a paragraph does not mention the firm, it means that the firm is not concerned. This is the reason why we suggest, if the board wants to clarify the responsibilities of actions that each paragraph should determine who is responsible (engagement partner, engagement team, other individuals and/or firms) instead of a very general introductory paragraph
11.	CPA Au	We find the examples would need clarification and the terms used would need to be defined. Our view is that the Code should refer to the need to ensure policies and practices are in place but allow firms to develop them.
12.	CPA Canada	We recognize that any requirements within the Code to identify responsible persons within a firm must be established at a level that permits flexibility to accommodate firms of varying sizes and structures. We understand that, as a result, the examples of persons who might be responsible are necessarily very broad. While the Code requirement cannot establish specific responsible persons by title or function, we suggest that it might be clearer to require that the policies "enable identification by both those from within and from outside of the firm to identify those individuals with appropriate authority, who ...are responsible..."
13.	D Juvenal	Yes, I think that the examples of responsible individuals illustrated in paragraph 33 useful.
14.	Crowe Horwath	The list of examples of responsible individuals is helpful. IESBA should develop this list as it proceeds with the reorganization of the Code.
15.	DTTL	Yes, these are reasonable examples of individuals who may be designated, in the firm's judgment, as being responsible for taking appropriate action on behalf of the firm in accordance with the requirements of the Code
16.	EAIG	Prescribing the specific responsibility of individuals within the audit firm related to the application of the Code may facilitate compliance with its provisions and their enforcement. Several regulators have identified weaknesses in the current Code in this regard. In particular, we believe that reducing the number of requirements where the responsibility is unclear because of the use of the passive voice ⁸ is likely to contribute to an improvement of the Code in this domain. In clarifying the respective responsibilities, the Board should nevertheless recognize and address the variety of sizes, structures and organizations of the audit firms and practices.

⁸ §29 of the Consultation Paper, first bullet

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#	Source	Comment
		We also believe that any changes to the Code should remain consistent with the IAASB pronouncements, such as ISQC 1 and the ISAs.
17.	EFEI	The example illustrated in paragraph 33 on page 10 is well worded but does not appear to be very useful because the examples listed of individuals responsible could be easily deduced. Also as indicated above, giving examples may mislead firms, especially if each firm has its own specificities.
18.	EYG	Yes, paragraph 33 represents a good first attempt at identifying responsible individuals. However, as mentioned in Question 6 we believe that this provision can be enhanced.
19.	FAR	The examples seem to be interpretations of ISQC 1, which in FARs opinion is not within the scope of the Code
20.	FEE	<p>We do not find the examples in paragraph 33 particularly useful and believe that they might be confusing for professionals in small and medium-sized practices and sole practitioners.</p> <p>We would prefer it if the references to ISQC 1 and the ISAs in 290.12 were maintained, although we do not consider it necessary for any additional requirement(s) or guidance applicable to firms to be introduced.</p> <p>We firmly believe that this approach would reduce the risk of inconsistencies between the different standards and, at the same time, reduce the amount of repetition/duplication. If, however, IESBA is of the opinion that it is necessary to address the issue of responsibility for maintaining independence inside the firms (more clearly), then we suggest that the matter be discussed with the IAASB to see whether it is appropriate to review ISQC 1 in this respect.</p>
21.	FSR	Cf. question 6.
22.	GAO	We find the examples of responsible individuals illustrated in paragraph 33 useful as they specifically suggest who, within a firm, may be responsible for compliance with the Code. However, we note that the current Code has very little language aimed at accountants in government. We encourage IESBA, going forward, to consider the impact of its standards on government entities.
23.	HKICPA	<p>We consider it is reasonable to require firms to have systems in place to ensure clear understanding on the responsibilities by individual members of the firm. Such requirement enhances enforceability of the Code.</p> <p>We however have concerns on the example in paragraph 33 of the Consultation Paper on who may be the "responsible individual within a firm responsible for taking appropriate action in accordance with the requirements of the Code". The paragraph highlighted that such responsible individuals may include: the engagement partner; senior individuals responsible for ethics or independence matters for the firm; any other individual within the firm identified as a responsible</p>

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#	Source	Comment
		<p>individual in relation to a particular matter. We consider every member of the firms has his specific contributions to the firm's compliance to the Code. The drafting of the paragraph creates an impression that the personnel quoted in the example are required to bear the responsibility for breaches of the Code that may be committed by some other members of the firm, which we consider to be inappropriate. Although the quoted personnel may be involved in the design and/or operation of the compliance infrastructure of the firm, they should not be held accountable for the breaches as long as they have put in reasonable initiatives and efforts for discharging their duties. We are not sure whether the current drafting of the paragraph is consistent with what is intended to achieve.</p> <p>We appreciate the IESBA's effort to clarify responsibility to compliance of the Code so as to enhance usability and enforceability of the Code, we however recommend the IESBA to develop the proposal with caution to ensure fair and equitable results are achieved.</p>
24.	ICAB	<p>We think the examples of responsible individuals illustrated in paragraph 33 are useful.</p> <p>However, provision for arrangement of training and regular discussion by the Firms for individuals on general professional values and ethics can be helpful.</p>
25.	ICAEW	The examples reflect the intent that different people might be responsible for different things. In that sense they are useful, though they could arguably be included in an FAQ or off-Code guidance.
26.	ICAGH	Yes. Once again this provides practical examples for professionals in determining the appropriate level of authority for who is to be responsible for enforcing compliance.
27.	ICAP	See answer to 6 above.
28.	ICAS	Whilst we recognize that some users of the Code may find these examples helpful, on balance, we remain to be convinced that their inclusion represents an improvement to the Code.
29.	ICPAK	ICPAK holds the view that professional accountants –whether in business of public practice - understands all relevant standards (e.g., ethical standards, quality control standards, or accounting and auditing standards) and that cross referencing between the standards is appropriate. We therefore find little value by introducing paragraph 33 as opposed to the current practice where the code is cross referenced to ISQC 1.
30.	ICPAU	Whereas we agree with the approach, we believe assignment of responsibility needs to be as specific as possible. To enable easy implementation and enforcement, there should be clarity as to responsibility.

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#	Source	Comment
		For instance, assignment of responsibility for establishing and maintain policies and procedures should not go wider than the most senior partners at the firm. This serves to reinforce the importance with which ethical matters are treated by the firm.
31.	IDW	We believe that the examples alone are not very useful. Guidance would be needed to explain factors that may influence decisions on firm's responsibilities. Guidance would also need to address how e.g., a sole practitioner might be expected to comply.
32.	IFIAR	See response to question 7.
33.	IMA	Yes.
34.	IMCP	Yes.
35.	IOSCO	See also question 6
36.	IRBA	The proposed paragraph is helpful. On reading the proposed amendment, it must be clear to the engagement partner that only certain responsibilities are shared with the responsible person. The engagement partner will still be required to make an affirmative statement in the auditor report that s/he has complied with the Code in accordance with ISA 700 (revised) Forming an Opinion and Reporting on Financial Statements.
37.	Jean Thiomas Giraud	Yes, I do. However, like mentioned in my answer no 6, we keep obligation to deal with specific responsibility mainly falls within the jurisdiction of each separated area of accountant profession (audit, accounting, education, and so on).
38.	JICPA	Responsibility may differ depending on the size, structure and organization of a firm and the culture in which it operates, and, therefore, we do not support the illustrative example which is included in paragraph 33 for the examples of individuals. As noted in our responses to Question 6, we support the illustrative examples in paragraph 30.
39.	KICPA	We found the examples illustrating individuals generally being able to responsible in firms, useful in the context of the flexibility of the Code.
40.	KPMG	We do not consider it necessary to provide such granularity as to responsibility in the Code itself and therefore we find these examples of responsible individuals to be of limited use. Please see our response above.

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#	Source	Comment
41.	MIA	We believe that the examples or guidance on the assignment of a responsible individual would be helpful to the users of the Code.
42.	NASBA	See the response to question 6 above.
43.	NBA	See response to question 6.
44.	NYSSCPA	Yes, we believe the examples of responsible individuals illustrated in paragraph 33 are very helpful.
45.	NZAuASB	Yes, the NZAuASB finds these examples useful.
46.	PwC	Yes these are appropriate.
47.	RSM	We agree with the examples of responsible people included in paragraphs 33a and 33b. However, we do not believe that the statement in paragraph 33c adds clarity to the Code because the statement does not explain how the individual is identified as being a responsible individual. Further, 33c seems to subsume the individuals identified in 33a and 33b and thus seems to indicate that anyone could be a responsible individual which is not helpful to users of the Code.
48.	SAICA	Yes. As stated above just a caution not to make the document too long and cumbersome, rather fewer good examples to illustrate the concepts, this is what has been done in Paragraph 33.
49.	SAIPA	The “engagement partner” is a definite person with responsibilities. Points (b) and (c) does not encapsulate the essence of the definition. Rather include the words, “an identified member of senior management delegated to ensure that the IAESB Code is facilitated.”
50.	SMPC IFAC	<p>We note that in the example included in paragraph 33 the policies that enable identification of responsible individuals may differ depending on the size, structure and organization of a firm. If IESBA extends the Code as suggested, which as noted above, the SMPC is not convinced is necessary in respect of all firms - guidance would be needed to explain factors that may influence decisions on firm’s responsibilities. From an SMP perspective, and in light of our response to question 6, it would be essential to add guidance to address how for example, the smallest firm or a sole practitioner might be expected to evidence compliance.</p> <p>We have some concerns with the terms used in the example in paragraph 33. The term “senior individuals” would need to be explained as it could suggest that a firm or principal could designate responsibility to someone who is not a professional accountant and perhaps does not fully understand the profession or the Code and may look at matters in a</p>

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#	Source	Comment
		more commercial as opposed to ethical light. Similarly, any other individual who is a responsible individual in relation to a particular matter needs clarification.
51.	WPK	No, we do not see material benefit in the examples provided. We refer to our answer to question 6. Responsibilities should be identified individually by the firm itself.
52.	ZICA	Yes, the provided examples of responsible individuals illustrated in paragraph 33 of the consultation paper are useful in that they remove possible doubt and ambiguity on where responsibility for compliance is placed.

Question 8

Do you have any comments on the suggestions for an electronic version of the Code, including which aspects might be particularly helpful in practice?

#	Source	Comment
1.	AAA, SCAS of	<p>We are in favor of an electronic version of the IESBA Code of Ethics for Professional Accountants (“the Code”) and in favor of the electronic version being made the official version. We believe that practitioners’ experience with accessing and applying the principles of the Code can be enhanced by adopting it in electronic format. For example, as is the case with other important comprehensive documents, the Code can contain repetitive information that applies to multiple situations. Instead of the necessity of repeating such information in a traditional document, an electronic version would be particularly helpful by enabling users to quickly navigate through an abundance of “boilerplate” information only as needed. With today’s technology, an electronic version of the Code should be very feasible. We encourage the IESBA to peruse the opportunities listed in paragraph 38 (on page 11). Including filtering to allow users to easily navigate to the parts of the Code more relevant should be very helpful. Further, cross-linkages should help when implementing the Code and in Code enforcement. Also, should the IESBA decide to include the ‘responsibility’ paragraph(s) of the Code only once, a fairly simple display option could be added so that users who request Code Requirements components will also see the responsibility paragraph(s) 290.12. A similar display option could be used to communicate to users whether the pdf or electronic version of the Code was the official version. Other display options to consider may include information about the process to update the code or contact information if the user has questions regarding the Code.</p> <p>In addition, to enhance usability and avoid confusion among users, we urge the IESBA to carefully consider placing the material available on a webpage which displays the link to the electronic Code. For example, this material needs to clearly articulate whether the electronic or pdf version of the Code is the official Code. Further, the IESBA may want to consider providing training or navigation guidance on the webpage via directions and perhaps even a brief webcast or YouTube video.</p> <p>Finally, should the IESBA determine that two parallel independence sections are needed – one for review engagements and one of audit engagements, then perhaps the electronic version should be adopted as the official Code. The sentiment of some members of the Committee is that there is no specific need for such two parallel independence sections.</p> <p>We also suggest that the FASB U.S. GAAP Codification (https://asc.fasb.org) is one example of a successful compilation of standards in electronic format that can serve as a guide when/if the Code of Ethics is adopted in electronic form. With the GAAP Codification, users are able to quickly and efficiently navigate across the electronic</p>

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#	Source	Comment
		<p>platform by sections or by a key word search. With the increasing prevalence of mobile devices, an electronic version of the Code of Ethics stored or quickly retrievable on such devices may greatly assist practitioners at remote locations in accessing information.</p> <p>In addition to facilitating easy access for those who are already familiar with it, we suggest that an electronic version can increase awareness and use of the Code. In an increasingly complex regulatory environment, industry stakeholders may find it difficult to keep up with changes in standards for the accounting profession that may be promulgated by various governing bodies. With ready access to an electronic version that is continuously updated, practitioners will know that they are accessing and applying the current standards. This would be clearly preferable to the situation in which practitioners continue to rely on a PDF (or hard copy) version of the Code that may or may not be up to date. Electronic access to the Code can easily be linked to other electronic documents and websites/platforms (e.g. the U.S. GAAP Codification). This would increase awareness of the Code of Ethics for those who may not be as familiar with it or for those who are uncertain as to the situations/jurisdictions in which it applies. We believe that the accounting profession is well served when the IESBA Code of Ethics for Professional Accountants is both well-known and well-read. We believe that practitioners' familiarity with the Code will be enhanced by its being consistently linked to other well-read electronic documents and platforms. Thus, we favor the adoption of an electronic version as the official version. The Code should be searchable with a few keywords. The IESBA may want to contact the AICPA Professional Ethics Division since they recently included an electronic, searchable version of their code of conduct.</p>
2.	AAT	<p>AAT welcomes the introduction of an electronic version of the Code, having developed an interactive Code based on the IESBA Code for its members http://www.aatethics.org.uk/code/</p> <p>This was requested by members in order to facilitate targeted searching for relevant provisions, and has been well received.</p> <p>AAT sees no distinction between an online version, and a pdf version, both of which should contain exactly the same provisions. To this extent, AAT publishes both as the official version.</p> <p>An electronic version of the Code would bring to life the proposed restructure as proposed, providing a platform for the guidance to interactively support the requirements. This would be welcomed by professional accountants and provide demarcation lines as to where requirements stop and guidance starts.</p>
3.	ACCA	<p>An electronic version of the Code that facilitates easy navigation around the Code would be useful, although easy navigation should be achieved throughout the paper version of the Code first. An electronic version should not be</p>

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#	Source	Comment
		<p>allowed to compensate for shortcomings in the paper version. However, features such as windows or hover text to instantly provide definitions would enhance usability.</p> <p>We believe that an effective restructuring of the Code, including improved clarity though the language used, would mean that any advantages of filtering and the use of hyperlinks, as suggested in paragraph 38, would be minimal. We also believe that having an electronic version of the Code as the official version would be inappropriate for a code of global relevance.</p>
4.	AIC	We suggest that the electronic version will be managed under certain measures of digital security, preventing abuse of the Code.
5.	AICPA	We fully support the IESBA's initiative of an electronic version of the Code. The AICPA recently released an electronic version of our Code with enhanced functionality and search features. We would welcome the opportunity to meet with members of the IESBA Task Force and the IFAC staff to discuss our process and the various features of the new AICPA on-line Code.
6.	APESB	APESB agrees that an interactive web version of the Code will be useful and is supportive of IESBA's proposals in this regard.
7.	ASSIREVI	Relative to the electronic version of the Code, we feel that the use of hyperlinks would certainly be useful, as well as the potential to enable search functions for words and copy excerpts of the document.
8.	Auditor-General, NZ	<p>The Code requires a professional accountant to exercise their professional judgement on the appropriate application of a fundamental principle.</p> <p>Enabling the Code to be adapted to particular situations is an implied acknowledgement of the complexity of the Code. As noted in our response to question 1, it is our opinion that the Code should be simplified.</p> <p>Furthermore, a facility that would enable the Code to be adapted to particular situations may encourage an approach to resolving situations that 'unless a matter is expressly prohibited, it is permitted'. The Code specifically requires professional accountants not to take this approach.</p>
9.	BDO	An electronic version of the Code would be welcomed as it provides the opportunity to use and implement the Code in the widest possible manner and would perhaps also have more fundamental benefits such as improving navigability between sections and to access definitions e.g. by incorporating 'hover-over text' or similar functionality.

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#	Source	Comment
10.	CIMA	<p>CIMA supports a fully functional electronic version of the Code – it will enable definitions to be available instantly. The cross referencing capability should be as good as possible. It would be useful if the table of contents were to be expanded as this is often the first place users look to narrow down their search for relevant clauses. An effective search facility is also essential.</p> <p>The electronic version should also exist in pdf format to enable paper copies to be printed should PAOs wish.</p> <p>Version control will be important for the application of the Code especially if it is adopted into national laws.</p>
11.	CNCC	We believe that an electronic version is very useful and necessary. Nevertheless we are not sure that it is a question of the board or a question for the publishing department of IFAC.
12.	CPA Au	CPA Australia believes that the Code should be available in multiple formats to accommodate different users and usage. However, we note that flexibility of format is most crucial at the local jurisdiction level as professional accountants use the Code as is adopted locally rather than the IESBA version, as is the case in Australia with APES 110 Code of Ethics for Professional Accountants.
13.	CPA Canada	<p>We strongly support an electronic version of the Code and offer the following suggestions:</p> <p>a) Each instance of a defined term should be highlighted and “pop up” definitions should be used for them.</p> <p>b) Links for cross-references should be used, but a simple “click” should return the user to the original, referring page.</p> <p>c) The user interface should be tested with a variety of users to assess its functionality.</p>
14.	D Juvenal	None. I do not have comments on the suggestions for an electronic version of the Code, including which aspects might be particularly helpful in practice.
15.	Crowe Horwath	An electronic version of the Code is essential. Paragraph 38 sets out good opportunities for having an electronic Code. The case for the electronic version being the “official” version is strong. Solutions to the specific needs for “traditional” presentations of the Code can be found.
16.	DTTL	We have noted that the Board has already posted an electronic version of the Code on its website. We found the way in which defined terms are highlighted is very useful, especially by allowing the user to see the definition by hovering over the term without going to the definitions section. The table of contents on the left part of the page was also helpful for quickly navigating through the Code. However, we do not agree that an individual should have to register and login to the IFAC website in order to access the electronic Code. The Code should be readily available to all stakeholders and interested parties without the need to go through a registration process.

#	Source	Comment
17.	EFEI	<p>An electronic version of the Code would be very beneficial even if a PDF version would still be required. An electronic version of the Code would allow as suggested in paragraph 38 on page 11:</p> <ul style="list-style-type: none"> • Filtering to enable selection of sections relevant to the user. • Cross-linkages between relevant information (purpose and fundamental principles and conceptual framework and requirements and the relevant application and other explanatory material). <p>In addition the electronic version can allow the following:</p> <ul style="list-style-type: none"> • Search bar. • Links between terms and their definition in the definition section • Possibility of definitions to pop-up when passing the mouse on the word. • Presentation of the Code and definitions in the same page (for example, having on the right side of the screen a narrow column where are visible definitions of terms appearing on the page of the Code with the possibility of selecting to hide or unhide the column). <p>It was mentioned in paragraph 39 on page 11, that potential solutions to some of the issues related to restructuring differ depending on whether the official version will continue to be the paper/pdf version or the planned electronic version. We agree with this statement however, on the example given regarding creating two parallel independence sections for review engagements and for audit engagements, if the electronic version is retained, we believe that we should not have two distinct documents we believe it will still be perceived as repetitive in the electronic version.</p>
18.	EYG	<p>Although we can see the benefit of an electronic version of the Code, we do not see it as a priority at this time. We are unaware of any jurisdiction where an electronic version is considered the official version of any set of standards or regulations. We consider a pdf text version with easy navigation (e.g. active links from the table of contents to applicable sections) as imperative.</p>
19.	FAR	<p>An electronic version of the Code would be a major step forward and is an important way to make the Code more easily accessible to all Professional Accountants.</p>
20.	FEE	<p>The electronic version of the Code currently accessible via the IFAC website clearly demonstrates how content can be arranged and presented in ways that are simply not possible in traditional paper/pdf formats – eg, the pop-up boxes for defined terms. The ability to filter out certain sections of the Code (paragraph 38 of the Paper) would also be useful, although care should be taken to ensure that fundamental requirements are not inadvertently hidden from view.</p>

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#	Source	Comment
		<p>At present, those wishing to access the electronic version of the Code must create an account and log in. We recommend that IESBA reflect on the necessity of this requirement, as it might discourage a large number of potential users from proceeding.</p> <p>As stated in paragraph 37 of the Paper, there are certain jurisdictions in which it is necessary for a paper/pdf version of the Code to be published in the official journal of the relevant ministry. We believe, therefore, that any electronic version of the Code should always be accompanied by a usable paper/pdf version. Enhanced user-friendliness, although of vital importance, should not come at the expense of implementation.</p>
21.	FSR	No doubt, this would be helpful in practice; but it will raise many practical questions that will need to be properly addressed, e.g. in relation to translations of the Code.
22.	GAO	<p>We support IESBA's plan to develop enhanced navigation and hyperlinks to defined terms for the electronic version of the Code. We suggest that for the electronic version of the Code, IESBA develop robust features that enhance usability, including the following:</p> <p>A feature that allows users to input multiple criteria into the search engine when they want to find a very specific topic or phrase within the Code.</p> <p>A feature that identifies the most popular searches by topic, allowing for research on potential problem areas.</p> <p>A feature that allows users to find a specific topic by clicking through the divisions and subdivisions of a section.</p> <p>A feature that allows for the creation of bookmarks and notes that are subsequently available only to the user.</p> <p>For example, a user can input multiple criteria into the Code's search engine with "conflict of interest" as key words while setting the results to be filtered for "professional accountants in public practice." The auditor can also find that topic by following the hyperlinked table of contents. The user can then create bookmarks or add notes to a specific page for future reviews.</p>
23.	HKICPA	<p>We welcome the release of electronic version of the Code by IESBA on 2 December 2014 and would assume that electronic version will be refined based on the consultation conclusion of this project.</p> <p>We consider the proposed filtering function, cross-linkages between relevant information and navigation improvements as highlighted in the Consultation Paper would be useful for practitioners. However, in case the electronic version will also be an official version of the Code the IESBA would need to ensure the proposed electronic functions (for example the filtering function) works effectively to ensure full relevant content are provided to the users or otherwise the failure may need to unintended breach of Code by practitioners.</p>

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#	Source	Comment
24.	ICAB	An electric version would be more effective in the aspect that it would contain cross references of various requirements for better understanding.
25.	ICAEW	<p>We are supportive of the introduction of an electronic code but it will need to be clear which the official version is. If it is to be the electronic version this will make it easier for member bodies that adopt a largely unadulterated version of the Code, in English. However such usage may be limited: there is great potential for discrepancies arising between the IESBA Code and member body codes due to the varying time lags resulting from individual update processes for various reasons.</p> <p>That said, a properly linked version is a useful reference tool, and may encourage many bodies to adopt the code directly.</p> <p>A filtered version (showing requirements for particular types of accountant or type of work) would add to the usefulness. In terms of the cross-referencing, it would be helpful to move the cross references, making it clearer to what they relate. For example the cross reference at the end of 100.005 relates to the whole paragraph not just section (e), but it appears at the end of (e). The destination cross reference could appear against the relevant sub-heading to allow it to be quickly identified.</p> <p>These points may be less problematic in an easily navigable electronic version.</p>
26.	ICAGH	No, we support the view of providing an electronic version of the code. The concept of electronic version of the Code is in line with current technology. This will allow for the free and wide dissemination of the Code to professionals and thereby cast a wider net in educating professionals. Plus the benefits of cross-linkages (electronic form is the most practical), electronic version will allow more information to be efficiently provided to the user.
27.	ICAP	No.
28.	ICAS	We are supportive of the introduction of an authoritative electronic code. Please refer to our comments at question 1 above. We do, however, appreciate that certain jurisdictions may require a non-electronic version of the Code for legal reasons.
29.	ICPAK	We support efforts to enhance the electronic functionality of the Code.
30.	ICPAU	<p>We believe that an electronic version of the Code will be useful for users. A number of benefits are already being derived from the HTML version of the IESBA Code.</p> <p>We are neutral to whether the electronic or paper version is eventually adopted as the official version of the Code.</p>

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#	Source	Comment
31.	IDW	We have no further comments to add to the discussion in the Consultation.
32.	IMA	We strongly support the electronic version of the Code in the interest of expanding availability and accessibility of the information. Further, the electronic version should be designated as an official version, along with the paper version, to avoid confusion over authenticity.
33.	IMCP	We consider that there should be an electronic version. We also recommend that such electronic version must be an exact representation of the written version. And it must be made clear which version is the official one.
34.	IRBA	<p>We welcome the introduction of a web-based Code as was recently introduced by IESBA. We agree that digital is the preferred medium of communication.</p> <p>This will allow the Code to be widely accessible which will ensure the accessibility of it. The navigation of the web-based Code will improve subject to the proposed changes envisioned in the Consultation Paper.</p> <p>We appreciate the usefulness of the search function, being able to view the definition side by side with the relevant section, an interactive table of contents which allows ease of navigation and the helpful comparison with previous versions of the Code.</p> <p>In the future, we look forward to seeing additional tools that will help the user's understanding of how the various sections fit together. This may include the use of a tagged words search, a series of questions that allows the user to be directed to the correct section, an interactive navigation toolbar that allows the user an overview of the sections within the code before reading the relevant section, etc.</p> <p>While the introduction of the web-based Code is a step in the right direction, we believe that more can be done to enhance on-line resources. The inclusion of presentations, webinars and a how-to video may be a quick way to enhance the usability of the Code. This method will be able to cater for different levels of users.</p> <p>We do not believe that the web-based Code should be different from the official version. The additional tools that allow for navigation and clarification should not necessarily change the layout or content of the Code.</p>
35.	Jean Thiomas Giraud	All means to make easy the use of the Code is welcome. Electronic version is one of those means. In this sense, in view of composing the disadvantages of the electronic version with the ease which it will bring, considering of paper/pdf version like only official version of the Code seems to be a good way to address this matter.
36.	JICPA	We develop and amend the JICPA Code of Ethics based on the official version of the Code. Our official language is not English, so we are essentially required to translate the Code in English into Japanese. Accordingly, we strongly

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#	Source	Comment
		<p>request the IESBA to continue providing hard copy versions as well as the PDFs if the IESBA adopts the electronic version of the Code as an official version.</p> <p>The International Auditing and Assurance Standards Board (IAASB) issued the final standards to improve auditors report on January 15, 2015. This includes the revision that “The auditor’s report shall include a section, directly following the Opinion section, with the heading “Basis for Opinion”, that includes a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and - - - . The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) .”</p> <p>This would increase awareness of the Code in Japan. Some explanation on this issue would be required for the better understanding of regulators and those charged with governance. Whenever this type of situation arises, the Code available at that time would inevitably need to be translated into Japanese. To clarify the Code for this purpose, we continue to require a hard copy version and a PDF version of the Code.</p> <p>In addition to the above, we believe that a hard copy version and PDF version together would be necessary in consideration of due process of changing links, clarifying the scope of the Code (including linked documents and etc.), addressing system troubles (including access troubles), maintaining the history of past revisions, clarifying the Code available at certain point in time, and restricting printouts due to system requirements.</p>
37.	KICPA	<p>We believe that the electronic version of the Code with enhanced navigation and hyperlinks to requirements and guidance and to defined words and terms would increase its usefulness.</p>
38.	KPMG	<p>We note that the Board released an electronic version of the extant Code recently, which we believe is helpful.</p> <p>It is important that an electronic version of the Code is navigable by users, and that key words or matters are accessible by way of both a logical and clear layout, supported by hyperlinks for ease of movement between sections, and accompanied by effective search functionality to enable users to locate relevant material.</p> <p>We consider that the proposed restructuring of the Code, including the overall layout, the numbering system and the enhancements to language will support a more effective taxonomy and facilitate the development of an electronic version of the revised Code.</p> <p>We note that certain issues identified by the IESBA, for example, the grouping together of independence considerations, or the concerns relating to duplication of material if “audit-” and “review-” related content were to be separately identified would be reduced in an electronic environment as users likely would search directly for relevant material.</p>

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#	Source	Comment
		Indeed, a focus on completeness of material rather than conciseness, and therefore increased duplication of material between sections, with ability to filter by relevance, may become preferable.
39.	MIA	<p>We support the suggestions for an electronic version of the Code and recommend the IESBA create a function in the electronic Code to link related information together. For example, linking the “purpose” paragraph to conceptual framework, and linking the “requirements” paragraph to the relevant “application and other explanatory material”.</p> <p>In addition, we recommend the printable pdf version of the Code which is downloadable to be maintained for users to be used offline.</p>
40.	NASBA	We support efforts to enhance the electronic functionality of the <i>Handbook of the Code of Ethics for Professional Accountants</i> . We welcome adding hyperlinks, improving search functions, and any other improvements that make it easier for a licensee to navigate the <i>Handbook</i> .
41.	NZAuASB	The NZAuASB considers that the length of the existing Code is a barrier to accessing the relevant information that a professional accountant may be looking for. There is unnecessary repetition, which an electronic code may be able to remove. An electronic Code will also improve the cross referencing between relevant information. The NZAuASB encourages the IESBA to continue to pursue the development of an electronic Code as part of the restructuring exercise.
42.	PwC	We believe that an electronic version could be helpful to users of the Code. Ideally this should contain an effective search capability and a more detailed contents page
43.	RSM	As explained above we believe that hyperlinks and hover effects could enhance the web version of the Code.
44.	SAICA	<p>An electronic version of the Code is in keeping with the times and also provides easier cross-references which enforces the concept that the Code must be considered as a whole and in terms of the conceptional framework approach. However, multiple references to the same word, concept or definition on the same page should be avoided because this would make the text more difficult to read and to comprehend.</p> <p>The electronic version would also enhance accessibility as the Code would be available at a moment's notice without having to carry a paper document.</p> <p>Consideration should be given to making it possible for a user to highlight the text so as to personalise the experience when using the Code.</p>

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#	Source	Comment
45.	SAIPA	We believe that the electronic format, although efficient and capable of various hyperlinks, colour-coding and other forming, may be redundant where print is used and no colour is available. Some people prefer printed versions and often the enhancements of an electronic version could compromise the quality of the printed document as the improvements will not necessarily be seen.
46.	SMPC IFAC	<p>We believe that an electronic Code is a very helpful step forward and welcome the improvements available with its development.</p> <p>We understand that in the majority of jurisdictions SMPs use a local translation of the Code, which has been tailored to their national jurisdiction. The Code on the IESBA website may therefore not be the prime source used by practitioners. In addition, some accountants may not have the means to use an electronic Code yet, so a paper based Code is still needed.</p> <p>We see no reason why both versions cannot be the official version as they are effectively the same Code, just presented differently.</p>
47.	ZICA	The Institute welcomes suggestion of making available the Code in electronic format. The proposed means would help users better understand the Code and subsequently would enhance its usability.

Question 9

Do you have any comments on the indicative timeline described in Section VIII of this Paper?

#	Source	Comment
1.	AAA, SCAS of	<p>We applaud the ambitious efforts of the IESBA to restructure the Code of Ethics and believe that the proposed timeline is appropriate. We note that, just as the IESBA strives for the convergence of international and national ethical standards, the U.S. Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) continue to work toward the convergence of U.S. GAAP and IFRS accounting standards. It would seem that the process of successfully restructuring the IESBA Code of Ethics through international participation over the next couple years would only be helped by additional progress in GAAP/IFRS standards convergence. However, GAAP/IFRS convergence continues to face stiff resistance and continued progress remains far from certain.</p> <p>We are in favor of the unveiling of new standards as early as October 2015, as suggested. Similarly, we believe that it is reasonable to follow the possible timeline of standards finalization in early 2017. We understand that the process of restructuring the Code of Ethics may, at times, require a consensus of opinion from numerous parties. Unavoidable delays are common in such processes. As we discuss in our response to question # 8, we are in favor of the adoption of an official electronic version of the Code of Ethics. We believe, if the decision to adopt an electronic version is made, that the creation of the electronic platform should proceed, to the extent possible, independently from the process of finalizing standards and language with the Code of Ethics. Thus, it is our hope that the transition to an easily accessible and navigable electronic version of the Code of Ethics is not needlessly delayed by additional deliberation regarding issues such as the re-worded language of the Code itself.</p>
2.	AAT	<p>AAT would invite the IESBA to be mindful of the costs of implementing changes to the Code in quick succession for all stakeholders reliant on ensuring ethical compliance. AAT notes that the IESBA is cognizant to the dependencies with other projects detailed within the work plan, and welcomes the opportunity to input further to the timetable for implementation.</p>
3.	ACCA	<p>The suggestion in the consultation paper is that a restructured Code would become effective one year after it was finalized. Given that there is no intention to change the requirements of the Code, this period may be considered unnecessary. However, IFAC member bodies must be allowed time to appropriately adopt the restructured Code, and many firms will be required to update internal documentation. Therefore, the indicative timeline would appear reasonable, subject to the impact of other IESBA projects. Nevertheless, ACCA is of the opinion that this is a significant project, and it is important to arrive at the right structure for the Code, rather than be unduly constrained by the timeline.</p>

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#	Source	Comment
4.	AIC	We agree with the calendar.
5.	AICPA	As noted above, based on our own experience with restructuring and codifying the AICPA Code, we believe the Board's indicative timeline is overly ambitious and it is unlikely the goal of issuing an exposure draft of a fully restructured Code after its October 2015 meeting will be achievable given the extensive amount of work and time needed to address and incorporate all comments received resulting from this Consultation Paper and careful review of each and every edit to the Code to ensure it does not result in a substantive change. In addition, if the Board decides to continue with this project, we would highly recommend that the Board consider "pilot-testing" the restructured Code with a select group of key stakeholders prior to releasing it to the public for full exposure. While this would extend the timeline for the project, we found this process to be extremely valuable for purposes of restructuring and codifying the AICPA Code.
6.	APESB	<p>Subsequent to IESBA receiving feedback from stakeholders on this Consultation Paper, IESBA appears to be estimating a time period of approximately one year to complete the reorganization of the Code. We caution IESBA whether this indicative timeline is realistic. We believe that this is a significant project and the reorganization of the material in the Code is likely to lead to unintended consequences and it may take significant time to resolve the issues created by this reorganization.</p> <p>We also believe that the proposed timeline of one year from the completion date (i.e. January 2017) for the Code to become effective may not suffice, even if there are insignificant changes to the requirements. It may be more appropriate to provide a longer period of 18 months to 24 months from January 2017 for the new Code to become effective.</p> <p>For example, assuming that IESBA meets the January 2017 deadline, a commencement date of January 2019 is more realistic for stakeholders to consider the new Code and then to go through the relevant jurisdiction's due process to incorporate the Code into applicable legislation, regulation and professional requirements.</p> <p>We note that when the most recent rewrite of the Code occurred in 2009, it took most countries until 2012-14 to fully adopt the Code. Accordingly, we believe that a period of two years is appropriate, particularly where there are legislative and regulatory considerations and to allow more time for SMP practices (which are the majority of accounting practices) who have historically struggled with the effective implementation of the Code.</p>
7.	ASSIREVI	<p>As mentioned above, Assirevi believes that the <i>timeline</i> proposed in the <i>Consultation Paper</i> is too tight and it is hoped that the IESBA reconsider it for the following reasons:</p> <p>i) The project may result in substantive changes to the provisions of the Code, as explained in response to questions no. 1 and 5. Accordingly, it would be necessary to activate the normal "due process" as explained above and allow stakeholders the appropriate amount of time to understand and assess the changes.</p>

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#	Source	Comment
		<p>ii) The pervasive nature of the structural changes will require significant effort both for those drafting the changes as well as those who will review them and then be required to adopt them.</p> <p>iii) In many countries, especially in Europe (including Italy) the Code of Ethics has just been adopted or is in the process of being adopted. A radical change in this Code, such as that being proposed, would result in the need for regulators and professional bodies to repeat the complex implementation process that has just been completed, without allowing for extant Code to be fully absorbed. Accordingly, a pause in law making and a period of stability of the independence rules would certainly be useful.</p>
8.	BDO	<p>As we note in the main body of our response, do not underestimate the enormity of the task at hand, particularly as there is no intent to change the underlying substance and principles. To this point, extreme diligence is required, as simple changes to the language and structure of the Code could cause unintended changes. With this in mind, we recognise that this project will take a long time before the Code is in a position where all member bodies and other stakeholders are in agreement. Therefore, we think that the proposed timeline may be somewhat ambitious and we would like to emphasise that sufficient time needs to be taken to ensure all issues are resolved before the Code comes into effect.</p> <p>The current Code plays an important part in the policies and procedures of the BDO network. As such, it is interwoven into our methodology, manuals, tools and training. Implementing and rolling-out revisions to these elements will take time and effort and hence a sensible implementation timescale will be required.</p>
9.	CAANZ	<p>At paragraph 40 you indicate that an exposure draft would be issued in October 2015 with a standard being finalised in early 2017. We believe that to properly redraft and rewrite the code (refer to our comments at d) above) and to allow sufficient time for respondents to consider and prepare comments in relation to the proposed changes a longer time period should be anticipated.</p>
10.	CIMA	<p>The timeline should be directed by the project itself and not compromised by any launch date or other project timelines. The most important outcome should be a robust code, the navigation of which has been thoroughly tested. As the substantive Code is not being changed (only the structure) then there is less urgency to complete a project that will enhance rather than change the Code.</p> <p>The timeline should allow for due process.</p> <p>CIMA suggests that the draft restructured Code should be piloted with a group of testers to ensure that usability is good.</p>
11.	CNCC	<p>Please refer to our general comments above.</p>

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#	Source	Comment
12.	CPA Au	Given the proposed considerations and changes we think the indicative timeline is overly optimistic. We are of the view that IESBA should consider feedback and gather evidence to ensure that any changes to the structure of the Code provide identifiable benefit to the profession and sustain its professional status and reputation. The proposed changes will have far reaching global consequences so we think that ensuring the right changes are implemented far outweigh any benefits of a short term completion.
13.	CPA Canada	The initial timeline for an Exposure Draft in October 2015 is ambitious, but we support moving ahead as quickly as possible. It will be important to co-ordinate this project with the Exposure Drafts that have recently been issued.
14.	D Juvenal	None. I do not have comments on the indicative timeline described in Section VIII of this Paper.
15.	Crowe Horwath	We agree with the indicative timeline.
16.	DTTL	<p>We do not feel the timeline set forth by the Board is reasonable. This is a tremendous undertaking and it should not be rushed, especially given the other projects that the Board has underway, such as Noncompliance with Laws and Regulations and Long Association. For all of the comments received in connection with this Consultation Paper to be considered, a way forward determined, and the whole Code redrafted in an appropriate and technically correct manner, we feel the October 2015 date for an exposure draft is too aggressive. Stakeholders will need to be given a sufficient comment period and will need to dedicate significant resources to ensure the meaning of any requirements or guidance in the Code has not inadvertently been changed by the restructure and redrafting. Therefore, we have serious questions about the achievability of having a final version in early 2017.</p> <p>We also have concerns about such a large scale overhaul of the Code considering the changes that are occurring for the profession. For instance, significant efforts are currently underway in the European Union where member states are entirely focused on determining how to adopt the recently enacted EU audit legislation into local law. The Board should consider whether this is the optimal timing for this project, especially if member bodies could delay adoption of the Code given the other matters that are being addressed locally.</p>
17.	EYG	Yes. We believe the timing outlined in Section VIII is overly aggressive in view of the due process the Board must follow and the limited resources available to support the Board and that a target to expose a fully restructured Code by October 2015 does not provide sufficient time for the careful drafting and review that is necessary for a project of this scale to be successful. We see significant potential for unintended changes in meaning if the drafting occurs at such an accelerated

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#	Source	Comment
		<p>pace. Additionally, we believe a generous review period is critical to the success of this project to allow respondents to confirm that the proposed new Code is accurate and meets the Board's stated objectives.</p> <p>In this connection, we suggest the Board consider drafting and exposing the Code in sections, rather than endeavoring to expose the Code in its entirety at one time. Breaking down the project into more manageable components would have the advantage of enabling the Board to incorporate feedback from key stakeholders and to refine its approach as the project evolves. For example, Parts A and B (excluding sections 290 and 291) could be exposed as a first step and then sections 290 and 291 and finally Part C.</p>
18.	FAR	The indicative timeline is reasonable.
19.	FEE	We are less concerned by the timeline than by the necessity to get the outcome of this project right. With this in mind, the indicative timeline might be seen as rather ambitious – particularly at a time when major audit reforms are being implemented throughout the EU. It should also be noted that, as yet, little feedback has been received from countries that implemented the Code in 2009.
20.	FSR	We find the indicative timeline too ambitious by an effective date one year after the finalization in early 2017. It will be necessary to allow more time for translations and due processes in this context. Considering the very broad potential scope of changes, a longer period for adoption would be necessary. One year after the publication of the Code in English (as a minimum) would be a more acceptable timeline.
21.	HKICPA	<p>We noted that the IESBA plans to expose a fully restructured Code after its meeting in October 2015, with the objective to finalize the restructured Code in early 2017 which could become effective at the earliest one year later (i.e. by early 2018).</p> <p>We noted that there have been strong demands from practitioners as well as regulators for prompt completion of this project. The progress and result of this project will also affect how the IESBA draft its pronouncement and hence affect the progress for its other ongoing projects. We urge the IESBA to expedite the completion of this project, even needing to delay the completion of certain other projects.</p>
22.	ICAB	We think the time line is OK
23.	ICAEW	We would urge IESBA to co-ordinate timing of the restructuring of the Code and other projects. It is unhelpful for member bodies and their members to have to change the code frequently with other revisions to the existing version before this restructuring is finalized.

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#	Source	Comment
		The indicative timeline appears ambitious. It would be better that the exposure draft showing the restructure included all likely changes, even if this means a deferral for some months
24.	ICAGH	Yes. Though in general, the indicative timeline is in line with a lot of other exposure drafts, it does appear that the “greater than 1 year” from expose of restructured code in October 2015 to finalization of Code in early 2017 does seem a little bit long. If there are other projects that the IESBA has in relation to this Code aside from the restructuring then this might be reasonable.
25.	ICAP	No.
26.	ICAS	Whilst not opposing the suggested timeline, we are conscious within the EU, of the ongoing impact on member states in relation to implementing the 2014 EU audit legislation. Therefore, it may be wise to extend the envisaged timetable.
27.	ICPAK	We support the indicative timeline described in the paper as we believe it will provide adequate time for professional accountants and their firms to align their internal policies and regulators to communicate the information for enforcement.
28.	ICPAU	We agree with the indicative timelines suggested
29.	IDW	Drawing on the experiences of the IAASB in relation to the clarity project, the timeline appears ambitious, given the need to adhere to due process. As we also explain above, we believe that development of a set of standards on ethics would be more onerous than a restructuring of the current Code along the lines depicted in the illustrative examples.
30.	IMA	Paragraph #42 refers to the ease in which the Code could be translated into different languages. We believe the ability to translate the Code into different languages is critical and should be given a high priority. In fact, we believe the work plan should incorporate plans to translate into two or three of the more popular languages (e.g. Spanish, Mandarin, and/or Arabic) reflecting the global nature of the organization. Should the Code be too difficult translate, this may be an indication that the language in the Code has not been sufficiently simplified.
31.	IMCP	We consider that due to the relevance of the matters discussed, it should be in force starting year 2017.
32.	IRBA	We agree with the timeline proposed in section VIII. It would be crucial that the timing of various projects is aligned for enforcement purposes. This would make the process of commenting and amendments to the IRBA Code more efficient.

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#	Source	Comment
		<p>As mentioned earlier, we believe that the safeguards project in addition to the restructure of the Code would help with enforceability and usability of the Code. Thus we would appreciate if these projects would be linked and be able to follow a joint exposure draft covering both projects.</p> <p>For enforcement purposed, we require earlier PDF versions of the Code to be easily available on the IESBA website. We are often required to go back to previous versions of the Code depending on the investigation/ inspection period.</p>
33.	J T Giraud	No, I don't.
34.	KICPA	No particular comments, but we wish IESBA harmonize this project's revision schedule with other on-going projects, in a bid to minimize confusion from the perspective of the Code users.
35.	KPMG	We consider the indicative timeline to be appropriate. In particular, we are supportive of the proposal to align the timeline with that of the various other projects relating to the Code, as we believe this will improve the effectiveness of overall implementation of changes.
36.	NYSSCPA	We consider that timeframe to be reasonable.
37.	NZAuASB	The NZAuASB is strongly supportive of this project to restructure the Code as a priority, and is pleased to see that the IESBA has focussed resources on this priority project, and is hoping to finalise the restructured Code by early 2017. The NZAuASB strongly recommends that the IESBA explores ways to complete the project as soon as possible. A shorter completion timeframe for the restructure of the Code is essential for the IESBA to remain credible and to more effectively serve the public interest. The NZAuASB is also supportive of aligning the timeline of the project to restructure the Code with the project on safeguards.
38.	PwC	<p>The outline allows nearly two years for the Board to perform its work, to allow for exposure, comments and finalisation. We believe that this should be adequate time for the project although we can envisage that if the responses to this consultation indicate a substantive change in the approach to the restructure this could cause delay.</p> <p>The paper suggests that the Code would be effective one year later. While we understand that member bodies may wish to align with the revised format of the Code (would this be required?), and firms may wish to amend their internal policy and guidance, on the basis that the intent is not to change the meaning of the Code we are not sure if such a delay is necessary. This may depend, however, on member body obligations.</p>
39.	SAICA	SAICA is of the view that the timeline is fair and achievable. We would have preferred a shorter timeline as the Code is important for accounting bodies and we believe the redraft of the Code should be prioritised. It would also be very difficult

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#	Source	Comment
		to continue to issue exposure drafts for comment on amending the current code whilst the Code will be completely changed.
40.	SAIPA	Our concern is that if the final consultation on the Code ends in October 2015, when all input is received, the code may be longer than when we started. We agree that discussions from professional bodies implementing the code is necessary, but the practicality of “living” the Code becomes problematic when it is too long.
41.	SMPC IFAC	At present, we believe the timetable indicated is not unreasonable, but may be ambitious given the need to adhere to due process. In addition, if the IESBA decide to develop a set of Standards on Ethics, beyond the topic of independence, it would likely need longer than has been proposed to restructure the current code based on this approach. We also remind the Board of the importance of clearly communicating proposed changes to the Code as SMPs have less human, financial and technological resources to read, understand and effectively apply the Code.
42.	WPK	Section VIII states that a new restructured Code or standards might be finalized in early 2017 which could become effective, at the earliest, one year later (2018). With such a long time-line next to a formal restructuring a substantive contextual streamlining should be addressed as well. In order to enhance the usability of the Code, the revision of the structure should be connected with a contextual reworking of the Code. The latter should take place in the form of reducing the Code’s volume especially by eliminating redundancies and repetitions (please see our general comments to the Consultation Paper).
43.	ZICA	We believe that the indicative timeline and tentative effective date suggested in the consultation paper would be appropriate. We do not foresee any issue with the implementation of the proposed changes.

Question 10

Do you have any other comments on the matters set out in the Consultation Paper?

#	Source	Comment
1.	AAT	AAT is more than happy to provide support to the IESBA in further developing the structure of the Code.
2.	APESB	<p>In relation to defined terms with a specific meaning (for example, audit or review engagement) and the continuing use of 'audit engagement' to include 'review engagement', APESB agrees that to include the term 'audit or review engagement' in every instance would be cumbersome. Similar to our comments in question 2 (first bullet point), we propose that IESBA be clear on the application of the defined term (such as audit or review engagement) when it is used for the first time in a paragraph and subsequently, an abbreviated term (such, as engagement) be used in respect of recurring instances in the same paragraph.</p> <p>The following excerpt on paragraph 290.150 is set out below to illustrate our proposal:</p> <p>General Provisions</p> <p>290.150 Familiarity and self-interest threats are created by using the same senior personnel on an audit or review engagement over a long period of time. The significance of the threats will depend on factors such as:</p> <ul style="list-style-type: none"> • How long the individual has been a member of the audit or review team; • The role of the individual on the audit engagement team; • The structure of the firm; • The nature of the audit engagement; • Whether the client's management team has changed; and • Whether the nature or complexity of the client's accounting and reporting issues has changed. <p>The significance of the threats shall be evaluated and safeguards applied when necessary to eliminate the threats or reduce them to an acceptable level. Examples of such safeguards include:</p> <ul style="list-style-type: none"> • Rotating the senior personnel off the audit engagement team; • Having a professional accountant who was not a member of the audit engagement team review the work of the senior personnel; or • Regular independent internal or external quality reviews of the engagement.

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#	Source	Comment
3.	Auditor-General, NZ	Our primary concerns are set out in our covering letter, and are expanded in our earlier submission on the Code dated 3 May 2007 (copy attached).
4.	BDO	Given the focus on Public Interest Entities, within the restructured Code, we would like to see separate sections or clear distinctions (such as the use of bold text) when referring to the requirements for listed and other Public Interest Entities.
5.	CAANZ	The changes proposed in the CP are extensive. We recommend that the IESBA consider allowing a long transition period for the Code as we believe this would give users of the Code a greater opportunity to develop and enact transition plans. These plans would include re-drafting of policies at an organisation / firm level and the development and delivery of training. Any application materials provided by IESBA such as the table of concordance included in the CP would also be important to assist users.
6.	CIMA	We believe that a soft launch of a restructured Code is appropriate – any high profile launch may give the impression that the Code itself has been rewritten rather than restructured.
7.	CNCC	Please refer to our general comments above.
8.	CPA Au	Given the extent and depth of the proposed changes, CPA Australia urges IESBA to review the existing terminology of the Code. For example, PART A: General Application of the Code contains the principles and framework of the Code. We do not think the current title reflects content and aids understandability and utility. Similarly, the term professional accountants in business does not reflect the meaning assigned to it. We consider the exploration of alternative terms appropriate. Further, following our comments in question 3, it may be more effective to have the Code referring to all professional accountants in the first part and those who are in public practice in the second part. The Code also refers to 'ethical conflict resolution'. This phrase is ambiguous and not aligned with general ethics terminology. It may be more appropriate to describe it as ethical decision making.
9.	CPA Canada	We noted some redundancy in language in the introductory paragraphs in each section. However, we note that such redundancy is not an issue in an electronic Code and may actually be necessary to ensure that users understand the "terms used", the "purpose" and the need to apply the conceptual framework, as well as the specific requirement, in all cases.
10.	Denise Juvenal	I think that is important, if the Board's agrees, to consider in the next future, in this Code operational activities for Integrated Reporting, Global Reporting and XBRL for private and public sector, as results for development internal control in the organizations. I do not know, if these points can include details that can impact the account profession with observation the international standards developed by International Regulators.

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#	Source	Comment
11.	EYG	Yes. We strongly support the intention of the Board as stated in paragraph 44 of the Consultation Paper not to change the meaning of the Code as part of this project, and if any potential substantive changes to the Code are identified during this effort those changes should be treated as a separate project or projects and be subject to the IESBA's normal due process. We must not only be mindful of the potential for omissions or inadvertent changes to meaning, but also be careful not to incorporate conscious or intended changes to the Code as part of the restructuring which would not allow for the proper focus, analysis and opportunity to comment that changes of this nature require.
12.	FAR	FAR applauds the efforts made by IESBA to make the Code clearer and more accessible. FAR finds particularly commendable, the work that has been done in the Illustrative Examples on making the language and lay-out of the Code more easily understandable and more readable. However, FAR is somewhat fearful of the tendency to introduce more repetitions into each Section of the Code, making the Code longer rather than shorter. FAR believes that Professional Accountants worldwide have the capability of looking up terms and definitions in table and of understanding that the conceptual framework approach described in the beginning of the Code applies to each section.
13.	FEE	From the point of view of the reader, the system of blue, bold and/or underlined terms used in the Illustrative Examples is both distracting and confusing. We would recommend that these terms be highlighted in a subtler, less complicated manner.
14.	FRC (UK)	<p>We agree that it is necessary to distinguish 'requirements' more clearly from the guidance as the current form of presentation is very unhelpful. However, as we indicate above, the primary focus should be on emphasising the principles. It needs to be clear that the requirements are intended to help support compliance with the principles, but complying with the requirements should not be taken to mean necessarily that the principles have been complied with by default – accountants need to evaluate circumstances with a principles based mind-set not a simple requirements/rules based mindset. In making these evaluations the key consideration should be whether a reasonable and informed third party would perceive that the ethical principles have been complied with. It should be clearly established that if there is doubt about the ethical propriety of a certain activity or relationship it should not be entered into.</p> <p>The primacy of the principles may also be emphasised by presenting the requirements as 'supporting provisions' rather than 'requirements'.</p>
15.	HKICPA	We in the meantime do not have other comment on the matters set out in the Consultation Paper. We would be delighted to provide further inputs when the Exposure Draft is released.

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16.	ICAB	We think the changes set out in the Consultation Paper require member bodies to monitor firms to make significant changes to their systems or processes to enable them to properly implement them.
17.	ICAEW	While clarity as to defined, described, and section specific uses of wording are welcome, the distinction between 'defined' and 'described' words seems over complex.
18.	ICAP	<p>Yes, the following are the additional comments:</p> <p>It is suggested to place the code of ethics for Professional Accountants in Business at the end.</p> <p>The interpretation of the term “acceptable level” interpreted with respect to “safeguards” is too subjective. There is no yard stick to measure the reasonableness and judgment of a third party as to whether compliance with the fundamental principles is compromised or not. It is suggested to place the onus on the professional judgment of the professional accountant to display that the fundamental principles is not compromised by bringing the threat to the acceptable or reasonable level.</p> <p>The term “firm” should also be restated as “Professional Entities” to cover all forms of professional organization, i.e., from proprietorship to corporation. Furthermore, the term firm has been merged in the definition of “professional accountant” in Part-I General Application of the Code Section 100.000 sub paragraph (b) and again separated in Code Section 100.002 and other parts of the Code which is confusing.</p> <p>4-Following are certain suggestions:</p> <ul style="list-style-type: none"> ➤ The structure of the code is changed as discussed in Para 20(2) of the first part of this consultation paper. In this respect, please refer 000.003 of the code. ➤ 000.007 may consider rewording as “safeguard are necessary when the firm or professional accountant determine that the threats cannot be eliminated or are not at an acceptable level.” ➤ 420.007, immediate family may be defined to more clarify the subject. <p>Code 100.12 on “Ethical Conflict Resolution” the documentation of ethical practice followed, shall be the requirement instead of including in “Application and Other Explanatory Material”.</p> <p>In Part II-Professional Accountants in Public Practice, on Safeguards, Code 300.16 Examples of firm-wide safeguards in the work environment, the first two examples be enlarged to include “Walk the talk” as underlined:</p> <ul style="list-style-type: none"> • Leadership of the firm that stresses the importance of compliance with the fundamental principles and also displayed their adherence to them.

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		<ul style="list-style-type: none"> Leadership of the firm that establishes the expectation that member of an assurance team will act in the public interest and also displayed their adherence to them. <p>The ethical requirements relating to “Client Acceptance and Continuance” have been covered in detail in International Standards on Quality Control (ISQC)-1. It is suggested to avoid repetition in this Code and instead the ISQC-1 should be referred as compliance of this Code.</p>
19.	IDW	<p>As explained above, we believe that there is a need for IESBA to address certain fundamental issues before commencing restructuring of the Code. We refer to these comments.</p> <p>In particular, we are concerned that IESBA needs to be very sensitive to the need for the Code to be workable in all environments e.g., firm sizes etc. worldwide and thus believe that a think-small-first approach is needed.</p>
20.	IMCP	<p>a. In regards with the structure suggested, we agree.</p> <p>b. In addition, we suggest the following:</p> <ul style="list-style-type: none"> To include in the definition of professional accountant (100.000), the bullets c) Professional accountant in the academy, and d) Professional accountant in the government sector, similar to the Mexican code. In the paragraph 100.003 modify the expression “to prohibit”. The obligation to follow any legal requirement, does not conceptually implies the applicability of the code.
21.	Jean Thiomias Giraud	<p>In question no 2, IESBA expressed a concern about the adoption of the Code into the laws and regulations. One of characteristics of laws or regulation is a sanctions system in the event that breach is occurred. Breaches occur and will occur. In addition to the dictate of SMO 6, fundamental principles and safeguards in the Code, it would be interesting to have in the Code previewed sanctions if breach happens. Then, in the Code, a specific section about sanctions should be envisioned.</p>
22.	KPMG	<p>We do not have any other significant comments on the matters set out in the Consultation Paper.</p> <p>We are supportive of the considerations set out in the Consultation Paper, including restructuring and reorganising the content and layout of the Code as well as the clarification and simplification of the language. We believe this approach is likely to achieve the IESBA’s aims of improving the usability and enforceability of the Code. We consider this to be particularly important in jurisdictions in which the wording of the Code is imported directly into laws and regulations.</p> <p>In view of the IESBA’s stated objectives, we recognise the benefits of issuing the provisions of the Code as International Standard(s) on Ethics. We believe that such a rebranding approach would not preclude the continuing consideration and reference to these standards in totality as the Code of Ethics for Professional Accountants. We consider it helpful to</p>

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		<p>retain reference to a “code”, which clearly establishes fundamental principles related to the overarching responsibility of acting in the public interest and which underpins the activities of the accountancy profession as a whole.</p> <p>In particular, we believe that in the form of a code, the content achieves a cohesive and meaningful approach to addressing professional ethics, supported by the Conceptual Framework, to guide all accounting professionals in discharging their various duties.</p> <p>We do not consider it necessary to identify specific individuals responsible for compliance with the provisions of the Code in particular circumstances. Instead we recommend an approach similar to that taken by International Standard on Quality Control (ISQC) 1, <i>Quality Control For Firms That Perform Audits And Reviews Of Financial Statements And Other Assurance And Related Services Engagements</i>, i.e. to require firms to establish ultimate responsibility at the CEO or Board of Directors level (or equivalent) and to require their delegates to have sufficient and appropriate experience and ability, and the necessary authority, but not to go as far as to attempt to specify responsible individuals.</p>
23.	PwC	<p>We understand that it is not the intent of this project to change the content of the Code. We believe this is important. There is clearly a risk, however, that moving material around and changing the words can result in an actual or perceived change. To illustrate this, current paragraph 200.14 which refers to “systems and processes” that the client has implemented indicates that these may act as additional safeguards to address a threat. The example revision (300.012/3) has been written such that these systems and processes are portrayed as considerations that may impact the evaluation of the existence or significance of a threat. This, in our view, would be a change in the meaning of the Code.</p> <p>Further, we can see that the restructure may identify existing material that could be clearer and we would encourage the Board to address any such paragraphs, subject to the foregoing.</p> <p>We continue to believe that the interrelation of the Code with the ISAs is important and that development of the Code should go hand in hand with the ISAs and that there is internal consistency. We believe it is important that the IAASB is monitoring the project as changes being made to the Code in the redrafting process may have implications for wording that is in the ISAs too. We also encourage the Board to continue to work closely on other developments with the IAASB (such as in relation to NOCLAR and ISQC1).</p> <p>We are unclear about the likely impact of this project on other projects that the Board is currently undertaking or is planning to undertake (such as that on safeguards). It would be unfortunate if the various projects were not co-ordinated resulting in stakeholders having to comment on various different exposure drafts and there is the added risk of confusion.</p>
24.	SAICA	<p>SAICA agrees with the point made in para 24 that users may not understand that “audit” includes “review engagement” throughout the Code and that this may be misleading. It was surprising then that the IESBA is proposing in para 25 to</p>

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		<p>continue the current practice agree that a separate section should not be created for review engagements as this would be unnecessary duplication.</p> <p>The current Code provides a lot of guidance with regards to issues such as gifts, financial interests in clients, custody of client assets, marketing etc. which might be lacking in the revision. The revision seems to be more open to interpretation, which in our opinion, could result in different interpretations and outcomes.</p>
25.	SMPC IFAC	<p>We believe that the needs of the SMP community should be at the forefront as IESBA takes this project forward. We would be very willing to provide further input and work with the relevant Task Force as this project develops.</p>