

Mapping Table of Comparison of Extant Code of Ethics to Post-CP Draft Restructured Code for Part A

The safeguards project scope includes extant Code paragraphs 100.12 – 100.16 which are equivalent to post-CP draft restructured Code paragraphs 120.1 A3 – A8.

These paragraphs will only be presented to the Board for review once the Safeguards Task Force has completed its work. They have been shaded in grey where they occur in this text to indicate that they have been included for reference only and not review.

Extant Code		Draft Restructured Code	Comments
SECTION 100 Introduction and Fundamental Principles			
100.1	A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Therefore, a professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer. In acting in the public interest, a professional accountant shall observe and comply with this Code. If a professional accountant is prohibited from complying with certain parts of this Code by law or regulation, the professional accountant shall comply with all other parts of this Code.	<p>R100.5 In acting in the public interest a professional accountant shall comply with this Code. There may be circumstances when a professional accountant is prohibited from complying with certain parts of this Code by law or regulation. In that event, the professional accountant shall comply with all other parts of this Code.</p> <p>100.1 A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Therefore, a professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer</p>	
100.2	This Code contains three parts. Part A establishes the fundamental principles of professional ethics for professional accountants and provides a conceptual framework that professional accountants shall apply to:	<p>R110.2 A professional accountant shall use professional judgment to:</p> <p>(a) Identify threats to compliance with the fundamental principles;</p>	Consideration of the reasonable and informed third party is set out in R110.3(b). (Underlined text refers)

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<p>(a) Identify threats to compliance with the fundamental principles;</p> <p>(b) Evaluate the significance of the threats identified; and</p> <p>(c) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level. <u>Safeguards are necessary when the professional accountant determines that the threats are not at a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the professional accountant at that time, that compliance with the fundamental principles is not compromised.</u></p> <p>A professional accountant shall use professional judgment in applying this conceptual framework.</p>	<p>(b) Evaluate the significance of the threats identified; and</p> <p>(c) Either:</p> <p>(i) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level; or</p> <p>(ii) When the professional accountant determines that appropriate safeguards are not available, or cannot be applied to eliminate the threats or reduce them to an acceptable level, eliminate the circumstance or relationship creating the threat or decline or terminate the engagement.</p>	
<p>100.3</p> <p>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</p>		<p>Covered in Preface.</p>

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	relevant to their particular circumstances.		
100.4	The use of the word “shall” in this Code imposes a requirement on the professional accountant or firm to comply with the specific provision in which “shall” has been used. Compliance is required unless an exception is permitted by this Code.		Covered in Preface.
<i>Fundamental Principles</i>			
100.5	<p>A professional accountant shall comply with the following fundamental principles:</p> <p>(a) Integrity – to be straightforward and honest in all professional and business relationships.</p> <p>(b) Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgments.</p> <p>(c) Professional Competence and Due Care – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.</p> <p>(d) Confidentiality – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties</p>	<p>R110.1 A professional accountant shall comply with the following fundamental principles:</p> <p>(a) Integrity – to be straightforward and honest in all professional and business relationships. (See Subsection 111).</p> <p>(b) Objectivity – to make professional or business judgments without bias, conflict of interest or undue influence by others. (See Subsection 112).</p> <p>(c) Professional Competence and Due Care – to:</p> <p>(i) Maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service, based on current developments in practice, legislation and techniques; and</p> <p>(ii) Act diligently and in accordance with applicable technical and professional standards. (See Subsection 113).</p> <p>(d) Confidentiality – to respect the confidentiality of information acquired as a result of professional and business</p>	

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	<p>without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.</p> <p>(e) Professional Behavior – to comply with relevant laws and regulations and avoid any action that discredits the profession.</p> <p>Each of these fundamental principles is discussed in more detail in Sections 110–150.</p>	<p>relationships and, therefore, not to:</p> <p>(i) Disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose; or</p> <p>(ii) Use the information for the personal advantage of the professional accountant or for the advantage of a third party. (See Subsection 114).</p> <p>(e) Professional Behavior – to comply with relevant laws and regulations and avoid any action that the professional accountant knows or should know would discredit the profession. (See Subsection 115).</p>	
<i>Conceptual Framework Approach</i>			
100.6	<p>The circumstances in which professional accountants operate may create specific threats to compliance with the fundamental principles. It is impossible to define every situation that creates threats to compliance with the fundamental principles and specify the appropriate action. In addition, the nature of engagements and work assignments may differ and, consequently, different threats may be created, requiring the application of different safeguards. Therefore, this Code establishes a conceptual framework that requires a professional accountant to identify, evaluate, and address threats to compliance with the fundamental principles. The conceptual framework approach assists professional accountants in complying with the ethical requirements of this Code</p>	<p>110.3 G1 The circumstances in which professional accountants operate may create specific threats to compliance with the fundamental principles. It is impossible to define every situation that creates threats to compliance with the fundamental principles and to specify the appropriate action. In addition, the nature of engagements and work assignments may differ and, consequently, different threats may be created, requiring the application of different safeguards. Therefore, this Code establishes a conceptual framework that requires professional accountants to identify, evaluate and address threats to compliance with the fundamental principles.</p> <p>110.3 G2 The conceptual framework approach assists professional accountants in complying with the ethical requirements of this Code and meeting their responsibility to act</p>	

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	in the public interest. It accommodates many variations in circumstances that create threats to compliance with the fundamental principles. It can deter professional accountants from concluding that a situation is permitted even if it is not specifically prohibited.	
100.7	<p>R110.3 In complying with the provisions set out in paragraphs R110.1 and R110.2, a professional accountant shall:</p> <p>(b) Take into account whether a reasonable and informed third party, weighing all the facts and circumstances available to the professional accountant at the time, would be likely to conclude that the threats would be eliminated or reduced to an acceptable level by the application of the safeguards, such that compliance with the fundamental principles is not compromised;</p>	<p>R110.1 sets out the requirement to comply with the fundamental principles.</p> <p>R110.2 sets out the conceptual framework including the requirement to apply safeguards to eliminate or reduce threats to an acceptable level. It also includes the requirement to use professional judgment.</p>
100.8	<p>R110.3 In complying with the provisions set out in paragraphs R110.1 and R110.2, a professional accountant shall:</p> <p>(a) Evaluate any threats to compliance with the fundamental principles when the professional accountant knows, or</p>	

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	the fundamental principles.	could reasonably be expected to know, of circumstances or relationships that may compromise compliance with them;	
100.9	A professional accountant shall take qualitative as well as quantitative factors into account when evaluating the significance of a threat. When applying the conceptual framework, a professional accountant may encounter situations in which threats cannot be eliminated or reduced to an acceptable level, either because the threat is too significant or because appropriate safeguards are not available or cannot be applied. In such situations, the professional accountant shall decline or discontinue the specific professional activity or service involved or, when necessary, resign from the engagement (in the case of a professional accountant in public practice) or the employing organization (in the case of a professional accountant in business).	R110.3 In complying with the provisions set out in paragraphs R110.1 and R110.2, a professional accountant shall: (c) Take qualitative as well as quantitative factors into account when evaluating the significance of a threat.	
		R110.2 A professional accountant shall use professional judgment to: (c) Either: (i) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level or, (ii) When the professional accountant determines that appropriate safeguards are not available or cannot be applied to eliminate the threats or reduce them to an acceptable level, eliminate the circumstance or relationship creating the threat or decline or terminate the engagement.	
		110.3 G4 When applying the conceptual framework, a professional accountant may encounter situations in which threats cannot be eliminated or reduced to an acceptable level.	

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		This may be either because the threat is too significant or because appropriate safeguards are not available or cannot be applied.	
100.10	Sections 290 and 291 contain provisions with which a professional accountant shall comply if the professional accountant identifies a breach of an independence provision of the Code. If a professional accountant identifies a breach of any other provision of this Code, the professional accountant shall evaluate the significance of the breach and its impact on the accountant's ability to comply with the fundamental principles. The accountant shall take whatever actions that may be available, as soon as possible, to satisfactorily address the consequences of the breach. The accountant shall determine whether to report the breach, <u>for example</u> , to those who may have been affected by the breach, a member body, relevant regulator or oversight authority.	<p>R100.6 A professional accountant who identifies a breach of this Code shall:</p> <p>(a) Evaluate the significance of the breach and its impact on the professional accountant's ability to comply with the fundamental principles;</p> <p>(b) Take whatever actions may be available, as soon as possible, to address the consequences of the breach satisfactorily;</p> <p>(c) Determine whether to report the breach to those who may have been affected by it, a professional body or a regulator; and</p> <p>(d) Address a breach of a requirement in Parts C1 and C2 in accordance with the provisions contained in those Parts.</p>	
100.11	When a professional accountant encounters unusual circumstances in which the application of a specific requirement of the Code would result in a disproportionate outcome or an outcome that may not be in the public interest, it is recommended that the professional accountant consult with a member body or the relevant regulator.	XXX.XX XX When a professional accountant encounters unusual circumstances in which the application of a specific requirement of the Code would result in a disproportionate outcome or an outcome that may not be in the public interest, it is recommended that the professional accountant consult with a member body or the relevant regulator.	This paragraph is covered in the Preface.

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<i>Threats and Safeguards</i>		
100.12	<p>Threats may be created by a broad range of relationships and circumstances. When a relationship or circumstance creates a threat, such a threat could compromise, or could be perceived to compromise, a professional accountant's compliance with the fundamental principles. A circumstance or relationship may create more than one threat, and a threat may affect compliance with more than one fundamental principle. Threats fall into one or more of the following categories:</p> <p>(a) Self-interest threat – the threat that a financial or other interest will inappropriately influence the professional accountant's judgment or behavior;</p> <p>(b) Self-review threat – the threat that a professional accountant will not appropriately evaluate the results of a previous judgment made, or activity or service performed by the professional accountant, or by another individual within the professional accountant's firm or employing organization, on which the accountant will rely when forming a judgment as part of performing a current activity or providing a current service;</p> <p>(c) Advocacy threat – the threat that a professional accountant will promote a client's or employer's position to the point that the professional accountant's objectivity is compromised;</p> <p>110.3 G3 Threats may be created by a broad range of relationships and circumstances. When a relationship or circumstance creates a threat, such a threat could compromise, or could be perceived to compromise, a professional accountant's compliance with the fundamental principles. A circumstance or relationship may create more than one threat, and a threat may affect compliance with more than one fundamental principle. Threats fall into one or more of the following categories:</p> <p>(a) Self-interest threat – that a financial or other interest will inappropriately influence the professional accountant's judgment or behavior;</p> <p>(b) Self-review threat – that a professional accountant will not appropriately evaluate the results of a previous judgment made or service performed by:</p> <p>(i) The professional accountant; or</p> <p>(ii) Another individual within the professional accountant's firm or employing organization,</p> <p>on which the professional accountant will rely when forming a judgment as part of providing a current service;</p> <p>(c) Advocacy threat – that a professional accountant will promote a client's or employer's position to the point that the professional accountant's objectivity is compromised;</p> <p>(d) Familiarity threat – that due to a long or close relationship with clients or employers, a professional accountant will be</p>	Underlined text in extant paragraph 100.12 covered in Preface.

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<p>(d) Familiarity threat – the threat that due to a long or close relationship with a client or employer, a professional accountant will be too sympathetic to their interests or too accepting of their work; and</p> <p>(e) Intimidation threat – the threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the professional accountant.</p> <p><u>Parts B and C of this Code explain how these categories of threats may be created for professional accountants in public practice and professional accountants in business, respectively. Professional accountants in public practice may also find Part C relevant to their particular circumstances.</u></p>	<p>too sympathetic to their interests or too accepting of their work; and</p> <p>(e) Intimidation threat – that a professional accountant will be deterred from acting objectively because of actual or perceived pressures. This includes attempts to exercise undue influence over the professional accountant.</p>	
<p>100.13 Safeguards are actions or other measures that may eliminate threats or reduce them to an acceptable level. They fall into two broad categories:</p> <p>(a) Safeguards created by the profession, legislation or regulation; and</p> <p>(b) Safeguards in the work environment.</p>	<p>110.3 G5 Safeguards are actions or other measures that may eliminate threats or reduce them to an acceptable level. They fall into two broad categories:</p> <ul style="list-style-type: none"> • Safeguards created by the profession, legislation or regulation; and • Safeguards in the work environment. 	
<p>100.14 Safeguards created by the profession, legislation or regulation include:</p> <ul style="list-style-type: none"> • Educational, training and experience requirements for entry into the profession 	<p>110.3 G6 Safeguards created by the profession, legislation or regulation include:</p> <ul style="list-style-type: none"> • Educational, training and experience requirements for entry into the profession. 	

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<ul style="list-style-type: none"> Continuing professional development requirements Corporate governance regulations Professional standards Professional or regulatory monitoring and disciplinary procedures External review by a legally empowered third party of the reports, returns, communications or information produced by a professional accountant 	<ul style="list-style-type: none"> Continuing professional development requirements. Corporate governance. Professional standards. Professional or regulatory monitoring and disciplinary procedures. External review by a legally empowered third party of the reports, returns, communications or information produced by a professional accountant. 	
<p>100.15</p> <p>Parts B and C of this Code discuss safeguards in the work environment for professional accountants in public practice and professional accountants in business, respectively.</p>	<p>110.3 G7 Part B discusses safeguards in the work environment for professional accountants in business. Part C of this Code discusses safeguards in the work environment for professional accountants in public practice.</p>	
<p>100.16</p> <p>Certain safeguards may increase the likelihood of identifying or deterring unethical behavior. Such safeguards, which may be created by the accounting profession, legislation, regulation, or an employing organization, include:</p> <ul style="list-style-type: none"> Effective, <u>well-publicized</u> complaint systems operated by the employing organization, the profession or a regulator, which enable colleagues, employers and members of the public to draw attention to unprofessional or unethical behavior. An explicitly stated duty to report breaches of 	<p>110.3 G8 Certain safeguards may increase the likelihood of identifying or deterring unethical behavior. Such safeguards, which may be created by the accounting profession, legislation, regulation or an employing organization, include:</p> <ul style="list-style-type: none"> Effective complaint systems operated by: <ul style="list-style-type: none"> The employing organization; The profession; A regulator; or An explicitly stated duty to report breaches of ethical 	<p>Underlined text in extant 100.16.</p> <p>Task Force suggests removal of “well-publicized” as implicit within “effective”.</p>

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	ethical requirements	requirements.	
<i>Conflicts of Interest</i>			
100.17	<p>A professional accountant may be faced with a conflict of interest when undertaking a professional activity. A conflict of interest creates a threat to objectivity and may create threats to the other fundamental principles. Such threats may be created when:</p> <ul style="list-style-type: none"> • The professional accountant undertakes a professional activity related to a particular matter for two or more parties whose interests with respect to that matter are in conflict; or • The interests of the professional accountant with respect to a particular matter and the interests of a party for whom the professional accountant undertakes a professional activity related to that matter are in conflict. 		<p>This material is addressed within Conflicts of Interest sections in Parts B and C. The related content for PAIP can be found in paragraph 310.4 G1 and 310.4 G2 of the post-CP draft restructured Code.</p> <p>The relevant content for PAIB will be noted once this part is restructured.</p> <p>This is to avoid unnecessary repetition.</p>
100.18	Parts B and C of this Code discuss conflicts of interest for professional accountants in public practice and professional accountants in business, respectively.		Cross reference paragraph not required in post-CP draft restructured Code.
<i>Ethical Conflict Resolution</i>			
100.19	A professional accountant may be required to resolve a conflict in complying with the fundamental principles.		Subsumed into paragraph 116.1
100.20	When initiating either a formal or informal conflict	R116.1 When resolving a conflict in complying with the	The underlined text is

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<p>resolution process, the following factors, either individually or together with other factors, may be relevant to the resolution process:</p> <p>(a) Relevant facts;</p> <p>(b) Ethical issues involved;</p> <p>(c) Fundamental principles related to the matter in question;</p> <p>(d) Established internal procedures; and</p> <p>(e) Alternative courses of action.</p> <p>Having considered the relevant factors, a professional accountant shall determine the appropriate course of action, weighing the consequences of each possible course of action. <u>If the matter remains unresolved, the professional accountant may wish to consult with other appropriate persons within the firm or employing organization for help in obtaining resolution.</u></p>	<p>fundamental principles, the professional accountant shall:</p> <p>(a) Consider the consequences of each possible course of action;</p> <p>(b) Determine the appropriate course of action;</p> <p>(c) If the matter involves a conflict with, or within, an organization, determine whether to consult with those charged with governance of the organization.</p> <p>(d) If, after exhausting all relevant possibilities, the ethical conflict is unresolved:</p> <p>(i) Refuse to remain associated with the matter creating the conflict where possible; and</p> <p>(ii) Determine whether in the circumstances it is appropriate to withdraw from the engagement team or specific assignment or resign from the engagement, the firm or the employing organization.</p> <p>116.1 G2 The following factors, individually or with others, may be relevant to the resolution process:</p> <p>(a) Relevant facts.</p> <p>(b) Ethical issues involved including the fundamental principles.</p> <p>(c) Established internal procedures.</p> <p>(d) Consulting other appropriate people within the firm or employing organization.</p> <p>(e) Alternative courses of action.</p>	<p>contained in 116.1 G2</p>

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100.21	Where a matter involves a conflict with, or within, an organization, a professional accountant shall determine whether to consult with those charged with governance of the organization, such as the board of directors or the audit committee.		Covered by R116.1 (c)
100.22	It may be in the best interests of the professional accountant to document the substance of the issue, the details of any discussions held, and the decisions made concerning that issue.	116.1 G3 It may be in the best interests of the professional accountant to document the substance of the issue, the details of any discussions held, and the decisions made.	
100.23	If a significant conflict cannot be resolved, a professional accountant may consider obtaining professional advice from the relevant professional body or from legal advisors. The professional accountant generally can obtain guidance on ethical issues without breaching the fundamental principle of confidentiality if the matter is discussed with the relevant professional body on an anonymous basis or with a legal advisor under the protection of legal privilege. Instances in which the professional accountant may consider obtaining legal advice vary. For example, a professional accountant may have encountered a fraud, the reporting of which could breach the professional accountant's responsibility to respect confidentiality. The professional accountant may consider obtaining legal advice in that instance to determine whether there is a requirement to report.	<p>116.1 G4 If a significant conflict cannot be resolved, a professional accountant may consider obtaining professional advice from the professional body or from legal advisors. The professional accountant can generally obtain guidance on ethical issues without breaching the fundamental principle of confidentiality by discussing the matter:</p> <ul style="list-style-type: none"> • With the professional body on an anonymous basis; or • With a legal advisor under the protection of legal privilege. <p>116.1 G5 The professional accountant may consider obtaining legal advice in various situations. For example, a professional accountant may have encountered a fraud, the reporting of which could breach the professional accountant's responsibility to respect confidentiality. The professional accountant may consider obtaining legal advice in that instance to determine whether there is a requirement to report.</p>	

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100.24	If, after exhausting all relevant possibilities, the ethical conflict remains unresolved, a professional accountant shall, where possible, refuse to remain associated with the matter creating the conflict. The professional accountant shall determine whether, in the circumstances, it is appropriate to withdraw from the engagement team or specific assignment, or to resign altogether from the engagement, the firm or the employing organization.		Covered by R116.1(d)
<i>Communicating with Those Charged with Governance</i>			
100.25	When communicating with those charged with governance in accordance with the provisions of this Code, the professional accountant or firm shall determine, having regard to the nature and importance of the particular circumstances and matter to be communicated, the appropriate person(s) within the entity's governance structure with whom to communicate. If the professional accountant or firm communicates with a subgroup of those charged with governance, for example, an audit committee or an individual, the professional accountant or firm shall determine whether communication with all of those charged with governance is also necessary so that	<p>RXXX.X When communicating with those charged with governance under this Code, the professional accountant shall determine the appropriate person(s) within the entity's governance structure with whom to communicate. If a professional accountant communicates with a subgroup of those charged with governance, the professional accountant shall determine whether communication with all of those charged with governance is also necessary.</p> <p>XXX.X G1 In determining with whom to communicate, the professional accountant may consider:</p> <ul style="list-style-type: none"> • The nature and importance of the circumstances; and • The matter to be communicated. 	100.25 Will be removed from Part A and included in both Part B and Part C (R300.4, 300.4 G1 and G2).

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	they are adequately informed.	XXX.X G2 If a professional accountant communicates with a subgroup of those charged with governance for example, an audit committee or an individual, communication with all of those charged with governance may also be necessary to ensure they are adequately informed.	
SECTION 110 Integrity			
110.1	The principle of integrity imposes an obligation on all professional accountants to be straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness.	111.1 The fundamental principle of integrity requires all professional accountants to be straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness.	
110.2	<p>A professional accountant shall not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information:</p> <p>(a) Contains a materially false or misleading statement;</p> <p>(b) Contains statements or information furnished recklessly; or</p> <p>(c) Omits or obscures information required to be included where such omission or obscurity would be misleading.</p> <p>When a professional accountant becomes aware that the accountant has been associated with such information, the accountant shall take steps to be disassociated from that information.</p>	<p>R111.2 A professional accountant shall not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information:</p> <p>(a) Contains a materially false or misleading statement;</p> <p>(b) Contains statements or information provided recklessly; or</p> <p>(c) Omits or obscures required information where such omission or obscurity would be misleading.</p> <p>R111.3 When a professional accountant becomes aware of having been associated with information described in R110.2, the professional accountant shall:</p> <p>(a) Take steps to disassociate from that information; or</p> <p>(b) Provide a modified report in respect of the information.</p>	

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110.3	A professional accountant will be deemed not to be in breach of paragraph 110.2 if the professional accountant provides a modified report in respect of a matter contained in paragraph 110.2.	<p>R111.3 When a professional accountant becomes aware of having been associated with information described in R110.2, the professional accountant shall:</p> <p>(a) Take steps to disassociate from that information; or</p> <p>(b) Provide a modified report in respect of the information.</p>	
SECTION 120 Objectivity			
120.1	The principle of objectivity imposes an obligation on all professional accountants not to compromise their professional or business judgment because of bias, conflict of interest or the undue influence of others.	112.1 The fundamental principle of objectivity requires all professional accountants to make professional or business judgments without bias, conflict of interest or undue influence of others.	
120.2	A professional accountant may be exposed to situations that may impair objectivity. It is impracticable to define and prescribe all such situations. A professional accountant shall not perform a professional activity or service if a circumstance or relationship biases or unduly influences the accountant's professional judgment with respect to that service.	<p>R112.2 When undertaking any professional activity, a professional accountant:</p> <p>(b) Shall not undertake a professional activity if a circumstance or relationship unduly influences the accountant's professional judgment regarding that activity.</p>	
SECTION 130 Professional Competence and Due Care			
130.1	<p>The principle of professional competence and due care imposes the following obligations on all professional accountants:</p> <p>(a) To maintain professional knowledge and skill at the level required to ensure that clients or</p>	<p>113.1 The fundamental principle of professional competence and due care requires professional accountants to:</p> <p>(a) Maintain professional knowledge and skill at the level required to ensure that a client or employer receives</p>	Underlined text included to be consistent with language in 110.1(c) which came from 100.5

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	employers receive competent professional service; and (b) To act diligently in accordance with applicable technical and professional standards when performing professional activities or providing professional services.	competent professional service, <u>based on current developments in practice, legislation and techniques</u> ; and (b) Act diligently and in accordance with applicable technical and professional standards.	
130.2	Competent professional service requires the exercise of sound judgment in applying professional knowledge and skill in the performance of such service. Professional competence may be divided into two separate phases: (a) Attainment of professional competence; and (b) Maintenance of professional competence.	113.3 G1 Serving clients and employers with professional competence requires the exercise of sound judgment in applying professional knowledge and skill when undertaking professional activities, and providing professional services. Professional competence and due care may be divided into two separate phases: (a) Attainment of professional competence; and (b) Maintenance of professional competence.	
130.3	The maintenance of professional competence requires a continuing awareness and an understanding of relevant technical, professional and business developments. Continuing professional development enables a professional accountant to develop and maintain the capabilities to perform competently within the professional environment.	113.3 G2 The maintenance of professional competence requires a continuing awareness and an understanding of relevant technical, professional and business developments. Continuing professional development enables a professional accountant to develop and maintain the capabilities to perform competently within the professional environment.	
130.4	Diligence encompasses the responsibility to act in accordance with the requirements of an assignment, carefully, thoroughly and on a timely basis.	113.3 G3 Diligence encompasses the responsibility to act in accordance with the requirements of an assignment, carefully, thoroughly and on a timely basis.	
130.5	A professional accountant shall take reasonable steps	R113.2 In complying with the fundamental principle of	

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	to ensure that those working under the professional accountant's authority in a professional capacity have appropriate training and supervision.	professional competence and due care, a professional accountant shall take reasonable steps to ensure that those working under the professional accountant's authority in a professional capacity have appropriate training and supervision.	
130.6	Where appropriate, a professional accountant shall make clients, employers or other users of the accountant's professional services or activities aware of the limitations inherent in the services or activities.	R113.3 Where appropriate, a professional accountant shall make clients, employers, or other users of the accountant's professional services or activities, aware of the limitations inherent in the services or activities.	
SECTION 140 Confidentiality			
140.1	<p>The principle of confidentiality imposes an obligation on all professional accountants to refrain from:</p> <p>(a) Disclosing outside the firm or employing organization confidential information acquired as a result of professional and business relationships without proper and specific authority or unless there is a legal or professional right or duty to disclose; and</p> <p>(b) Using confidential information acquired as a result of professional and business relationships to their personal advantage or the advantage of third parties.</p>	<p>114.1 The fundamental principle of confidentiality requires professional accountants to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not to:</p> <p>(a) Disclose any such information to third parties without proper and specific authority or unless there is a legal or professional right or duty to disclose; or</p> <p>(b) Use the information for the personal advantage of the professional accountant or third parties.</p>	
140.2	A professional accountant shall maintain confidentiality, including in a social environment, being alert to the possibility of inadvertent disclosure, particularly to a close business associate or a close or	<p>R114.2 A professional accountant shall:</p> <p>(a) Maintain confidentiality and be alert to the possibility of inadvertent disclosure, including in a social environment,</p>	Order of 140.3 and 140.4. switched

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	immediate family member.	and particularly to a close business associate or a close or immediate family member;	
140.3	A professional accountant shall maintain confidentiality of information disclosed by a prospective client or employer.	(b) Maintain confidentiality of information within the firm or employing organization;	
140.4	A professional accountant shall maintain confidentiality of information within the firm or employing organization.	(c) Maintain confidentiality of information disclosed by a prospective client or employer;	(d) Repeats FP in 110.1
140.5	A professional accountant shall take reasonable steps to ensure that staff under the professional accountant's control and persons from whom advice and assistance is obtained respect the professional accountant's duty of confidentiality.	(d) Not disclose confidential information acquired as a result of professional and business relationships to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose; (e) Not use confidential information acquired as a result of professional and business relationships for the personal advantage of the professional accountant or for the advantage of a third party; (f) ... (g) Take reasonable steps to ensure that staff under the professional accountant's control, and persons from whom advice and assistance is obtained, respect the professional accountant's duty of confidentiality.	(e) See 140.6 (f) Reflects wording in extant 140.6
140.6	The need to comply with the principle of confidentiality continues even after the end of relationships between a professional accountant and a client or employer. When a professional accountant changes employment or acquires a new client, the professional accountant	R114.2 A professional accountant shall: (f) Not use or disclose any confidential information either acquired or received as a result of a professional or business relationship after the business or personal relationship has ended; and	(f) Repeats FP in 110.1

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	is entitled to use prior experience. The professional accountant shall not, however, use or disclose any confidential information either acquired or received as a result of a professional or business relationship.	114.2 G1 The requirement to comply with the principle of confidentiality continues even after the end of the relationship between a professional accountant and a client or employer. When changing employment or acquiring a new client, the professional accountant is entitled to use prior experience but may not use or disclose any confidential information acquired or received as a result of a professional or business relationship.	
140.7	<p>The following are circumstances where professional accountants are or may be required to disclose confidential information or when such disclosure may be appropriate:</p> <p>(a) Disclosure is permitted by law and is authorized by the client or the employer;</p> <p>(b) Disclosure is required by law, for example:</p> <p>(i) Production of documents or other provision of evidence in the course of legal proceedings; or</p> <p>(ii) Disclosure to the appropriate public authorities of infringements of the law that come to light; and</p> <p>(c) There is a professional duty or right to disclose, when not prohibited by law:</p> <p>(i) To comply with the quality review of a member body or professional body;</p> <p>(ii) To respond to an inquiry or investigation by a</p>	<p>114.2 G2 The following are circumstances where professional accountants may be required to disclose confidential information or when such disclosure may be appropriate:</p> <p>(a) Disclosure is permitted by law and is authorized by the client or the employer;</p> <p>(b) Disclosure is required by law, for example:</p> <p>(i) Production of documents or other provision of evidence in the course of legal proceedings; or</p> <p>(ii) Disclosure to the appropriate public authorities of infringements of the law that come to light; and</p> <p>(c) There is a professional duty or right to disclose, when not prohibited by law:</p> <p>(i) To comply with the quality review of a professional body;</p> <p>(ii) To respond to an inquiry or investigation by a professional body or regulatory body;</p> <p>(iii) To protect the professional interests of a professional accountant in legal proceedings; or</p>	

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	<p>member body or regulatory body;</p> <p>(iii) To protect the professional interests of a professional accountant in legal proceedings; or</p> <p>(iv) To comply with technical standards and ethics requirements.</p>	<p>(iv) To comply with technical standards and ethics requirements.</p>	
140.8	<p>In deciding whether to disclose confidential information, relevant factors to consider include:</p> <ul style="list-style-type: none"> Whether the interests of all parties, including third parties whose interests may be affected, could be harmed if the client or employer consents to the disclosure of information by the professional accountant. Whether all the relevant information is known and substantiated, to the extent it is practicable; when the situation involves unsubstantiated facts, incomplete information or unsubstantiated conclusions, <u>professional judgment shall be used in determining the type of disclosure to be made</u>, if any. The type of communication that is expected and to whom it is addressed. Whether the parties to whom the communication is addressed are appropriate recipients. 	<p>114.2 G3 In deciding whether to disclose confidential information, factors to consider include:</p> <ul style="list-style-type: none"> Whether the interests of all parties, including third parties whose interests may be affected, could be harmed if the client or employer consents to the disclosure of information by the professional accountant. Whether all the relevant information is known and substantiated, to the extent practicable. Factors affecting the decision to disclose include: <ul style="list-style-type: none"> Unsubstantiated facts; Incomplete information; or Unsubstantiated conclusions. The proposed type of communication, and to whom it is addressed. Whether the parties to whom the communication is addressed are appropriate recipients. 	<p>The requirement to apply professional judgment in deciding the type of disclosure to be made is assumed in the introduction to this paragraph.</p>

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SECTION 150 Professional Behavior			
150.1	The principle of professional behavior imposes an obligation on all professional accountants to comply with relevant laws and regulations and avoid any action that the professional accountant knows or should know may discredit the profession. This includes actions that 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 adversely affects the good reputation of the profession.	115.1 The fundamental principle of professional behavior requires professional accountants to comply with relevant laws and regulations and avoid any action that the professional accountant knows or should know may discredit the profession. Actions that may discredit the profession include actions that a reasonable and informed third party would be likely to conclude adversely affects the good reputation of the profession.	
150.2	<p>In marketing and promoting themselves and their work, professional accountants shall not bring the profession into disrepute. Professional accountants shall be honest and truthful and not:</p> <p>(a) Make exaggerated claims for the services they are able to offer, the qualifications they possess, or experience they have gained; or</p> <p>(b) Make disparaging references or unsubstantiated comparisons to the work of others.</p>	<p>R115.2 When marketing or promoting themselves and their work, professional accountants shall not bring the profession into disrepute. Professional accountants shall be honest and truthful and shall not make:</p> <p>(a) Exaggerated claims for:</p> <p style="padding-left: 20px;">(i) The services they are able to offer;</p> <p style="padding-left: 20px;">(ii) Their qualifications; or</p> <p style="padding-left: 20px;">(iii) Their experience.</p> <p>(b) Disparaging references or unsubstantiated comparisons to the work of others</p>	

Extant Code		Draft Restructured Code	Comments
SECTION 250 Marketing Professional Services			
250.1	When a professional accountant in public practice solicits new work through advertising or other forms of marketing, there may be a threat to compliance with the fundamental principles. For example, a self-interest threat to compliance with the principle of professional behavior is created if services, achievements, or products are marketed in a way that is inconsistent with that principle.		Paragraph not included as it duplicates the requirement in 115
250.2	<p>A professional accountant in public practice shall not bring the profession into disrepute when marketing professional services. The professional accountant in public practice shall be honest and truthful, and not:</p> <p>(a) Make exaggerated claims for services offered, qualifications possessed, or experience gained; or</p> <p>(b) Make disparaging references or unsubstantiated comparisons to the work of another.</p> <p>If the professional accountant in public practice is in doubt about whether a proposed form of advertising or marketing is appropriate, the professional accountant in public practice shall consider consulting with the relevant professional body.</p>	<p>R115.2 When marketing or promoting themselves and their work, professional accountants shall not bring the profession into disrepute. Professional accountants shall be honest and truthful and shall not make:</p> <p>(a) Exaggerated claims for:</p> <p>(i) The services they are able to offer;</p> <p>(ii) Their qualifications; or</p> <p>(iii) Their experience.</p> <p>(b) Disparaging references or unsubstantiated comparisons to the work of others.</p>	
		<p>R115.3 If a professional accountant is in doubt about whether a form of advertising or marketing is appropriate, the professional accountant shall consider consulting with the professional body.</p>	

Extant Code		Draft Restructured Code	Comments
SECTION 280 Objectivity—All Services			
280.1	A professional accountant in public practice shall determine when providing any professional service whether there are threats to compliance with the fundamental principle of objectivity resulting from having interests in, or relationships with, a client or its directors, officers or employees. <u>For example, a familiarity threat to objectivity may be created from a family or close personal or business relationship.</u>	<p>R112.2 When undertaking any professional activity, a professional accountant:</p> <p>(a) Shall determine whether there are threats to compliance with the fundamental principle of objectivity resulting from having interests in, or relationships with, a client or its directors, officers or employees;</p>	The underlined text is contained in 112.2 G1.
280.2	A professional accountant in public practice who provides an assurance service shall be independent of the assurance client. Independence of mind and in appearance is necessary to enable the professional accountant in public practice to express a conclusion, and be seen to express a conclusion, without bias, conflict of interest, or undue influence of others. Sections 290 and 291 provide specific guidance on independence requirements for professional accountants in public practice when performing assurance engagements.	<p>R112.3 A professional accountant in public practice who provides an assurance service shall be independent of the assurance client.</p> <p>112.3 G1 Independence of mind and in appearance is necessary to enable the professional accountant to express, and be seen to express, an objective conclusion. Such a conclusion is one without bias, conflict of interest or undue influence of others.</p> <p>112.3 G2 Parts C1 and C2 contain independence requirements and guidance for professional accountants in public practice.</p>	
280.3	The existence of threats to objectivity when providing any professional service will depend upon the particular circumstances of the engagement and the nature of the work that the professional accountant in	112.2 G1 The existence of threats to objectivity when undertaking any professional activity will depend upon the circumstances of the engagement and the nature of the work. For example, a familiarity threat to objectivity may be created	

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	public practice is performing.	from a family or close personal or business relationship.	
280.4	<p>A professional accountant in public practice shall evaluate the significance of any threats and apply safeguards when necessary to eliminate them or reduce them to an acceptable level. Examples of such safeguards include:</p> <ul style="list-style-type: none"> • Withdrawing from the engagement team; • Supervisory procedures; • Terminating the financial or business relationship giving rise to the threat; • Discussing the issue with higher levels of management within the firm; or • Discussing the issue with those charged with governance of the client. <p>If safeguards cannot eliminate or reduce the threat to an acceptable level, the professional accountant shall decline or terminate the relevant engagement.</p>	<p>112.2.G1 Examples of safeguards include:</p> <ul style="list-style-type: none"> • Supervisory procedures; • Discussing the issue: <ul style="list-style-type: none"> ○ With higher levels of management within the firm; or ○ With those charged with governance of the client; • Withdrawing from the engagement team; or • Ending the financial or business relationship causing the threat. 	See also R110.2

		NEW PARAGRAPHS WITH NO EQUIVALENT IN 2014 CODE	
		<p>100.2 This Part contains requirements and guidance for professional accountants regarding matters that are fundamental to acting in the public interest, namely:</p> <p>(a) The fundamental principles;</p>	New introduction.

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		<p>(b) The conceptual framework approach which includes addressing threats to those fundamental principles and implementing safeguards; and</p> <p>(c) The approach to ethical conflict resolution.</p>	
		<p>100.3 The standard of behavior expected of a professional accountant is based on the fundamental principles contained in this Code. The conceptual framework establishes an approach which professional accountants are required to apply to assist them in achieving compliance with those fundamental principles.</p>	New introduction.
		<p>100.4 In Part A, “professional accountant” refers to:</p> <p>(a) Professional accountants in business;</p> <p>(b) Professional accountants in public practice; and</p> <p>(c) Firms of professional accountants in public practice.</p>	New “Terms Used” paragraph
		<p>110.1 G1 The fundamental principle of objectivity also requires a professional accountant to be independent of an assurance client. For more details, see Part C1.</p>	New link between objectivity and independence.