

Meeting: IESBA
Meeting Location: New York, USA
Meeting Date: June 19-21, 2017

Agenda Item 2

Review of Part C of the Code Phase 2 — Inducements

Objectives of Agenda Item

1. To consider and approve for exposure proposed revisions to the inducements provisions in the Code and related consequential and conforming amendments.

The Task Force welcomes comments on its proposals set out in **Agenda Items 2-B, 2-C and 2-D** in advance of the IESBA meeting. Please email comments to geoffkwan@ethicsboard.org.

Task Force

2. Members:
 - Helene Agélli, Chair, IESBA Member
 - Michael Ashley, IESBA Member
 - Joyce Evans, IFAC Professional Accountants in Business (PAIB) Committee Member
 - Robert Juenemann, IESBA Member
 - Lisa Snyder, IESBA Member

Activities since Last IESBA Discussion

3. The Task Force held a physical meeting and two teleconferences to consider the input received from the May 2018 IESBA teleconference, and to prepare the agenda materials for this meeting.

Overview of Proposals and Drafts to be discussed at the Meeting

4. The Task Force's proposals are drafted using the new structure and drafting convention for the Code and comprise:
 - (a) Revisions to the inducements provisions for professional accountants in business (PAIBs) set out in extant Section 350¹ (i.e., proposed Section 250²);
 - (b) Consequential amendments arising from proposed Section 250 to the inducements provisions for professional accountants in public practice (PAPPs) set out in the proposed

¹ Extant Part C, Professional Accountants in Business, Section 350, *Inducements*

² Proposed restructured Code, Part 2, Professional Accountants in Business, Section 250, *Inducements, including Gifts and Hospitality*

Section 340;³ and

- (c) Conforming amendments arising from the revised text of proposed Section 340 to the independence provisions set out in the proposed Sections 420⁴ and 906⁵.
5. For purposes of considering and approving for exposure the Task Force proposals, the Task Force proposes that **Agenda Items 2-B, 2-C and 2-D** be discussed during the meeting.

Action Requested

6. IESBA members are asked:
- (a) To consider the issues in **Agenda Item 2-A**;
 - (b) To approve for exposure the proposed text for Sections 250, 340, 420 and 906 set out in **Agenda Items 2-B, 2-C and 2-D** respectively.

Materials Presented For Discussion

Agenda Item 2-A	Part C Phase 2—Inducements Issues and Task Force Proposals
Agenda Item 2-B	Part C Phase 2—Proposed Section 250 (Mark-up from May 2017)
Agenda Item 2-C	Part C Phase 2—Proposed Section 340 (Revised)
Agenda Item 2-D	Part C Phase 2—Proposed Sections 420 and 906 (Mark-up from March 2017)

Materials Presented For Reference

Agenda Item 2-B.1	Part C Phase 2—Proposed Section 250 (Clean)
Agenda Item 2-D.1	Part C Phase 2— Proposed Sections 420 and 906 (Clean versions)

Forward Timeline

7. The January 2017 IESBA Update, [*Toward a Restructured International Code of Ethics*](#), notes that the revisions to the inducement provisions of the Code will not form part of the package that will be approved in December 2017 in conjunction with the Structure of the Code project. Accordingly, subject to the IESBA's approval of the Task Force's proposals, the Task Force is proposing a comment period of 120 days to allow respondents adequate time to respond.
8. The proposed timetable for the Task Force's work related to inducements is as follows:

Indicative Timing	Milestone
June 2017	• IESBA approval of Part C Phase 2
July 2017	• Planned release of Exposure Draft (ED) with a 120-day comment period

³ Proposed restructured Code, Part 3, Professional Accountants in Public Practice, Section 340 *Gifts and Hospitality*

⁴ Proposed restructured Code, Part 4A – Independence for Audits and Reviews, Section 420, *Gifts and Hospitality*

⁵ Proposed restructured Code, Part 4B – Independence for Other Assurance Engagements, Section 906, *Gifts and Hospitality*

Review of Part C of the Code Phase 2—Inducements
IESBA Meeting (June 2017)

Indicative Timing	Milestone
September 2017	<ul style="list-style-type: none">• IESBA CAG report-back
November 2017	<ul style="list-style-type: none">• Estimate of deadline for comments
March 2018	<ul style="list-style-type: none">• IESBA CAG discussion• IESBA consideration of significant comments on ED and related revisions to proposals (i.e., first read of revised proposals)
June 2018	<ul style="list-style-type: none">• IESBA second read of revised proposals and approval