

June 30 2025

Ken Siong

Senior Technical Director

International Ethics Standards Board for Accountants

International Federation of Accountants

529 Fifth Avenue, 6th Floor

New York, NY 10017

KICPA's Comments on IESBA Consultation Paper, "Collective Investment Vehicles and Pension Funds – Auditor Independence"

Dear Ken Siong,

We, at the Korean Institute of Certified Public Accountants (KICPA), strongly support the International Ethics Standards Board for Accountants (IESBA) for its commitment to developing high-quality professional ethics standards to raise the bar for ethical conduct expected from professional accountants and to serve the public interest. We are also very pleased to have opportunity to provide our comments on IESBA Consultation Paper(CP), "Collective Investment Vehicles and Pension Funds – Auditor Independence".

Please see below for our comments on the CP.

Question 1

Does the Code's definition of related entity capture all relevant parties that need to be included in the auditor's independence assessment when auditing CIVs/pension funds?

Please provide reasons for your response.

In our views, the extant Code's definition of related entity doesn't capture all parties
--

relevant to the auditor's independence assessment for CIVs/pension funds described in CP.

Question 2

Do you believe the criteria set out above are appropriate and sufficient to capture Connected Parties that should be considered in relation to the assessment of auditor independence with respect to the audit of a CIV/pension fund?

Please provide reasons for your response.

We believe that the criteria set out above are appropriate. However, investment schemes may have wide diversities in their structures and governance as well as in the functions or roles provided by Connected Parties across as well as even within jurisdictions, depending on their objectives and legal/contractual arrangements, as described in CP.

Therefore, we hope that the Code provides relevant application or non-authoritative materials to allow the public accountant auditing CIVs to consistently and appropriately assess the independence in accordance with the relevant conceptual framework, instead of prescribing uniform requirements for independence assessment of CIVs. In particular, non-authoritative materials providing examples of independence assessment relevant to the parties serving various roles related to CIVs (Investment Advisor, Sponsor, Custodian, Management Company) would facilitate practical application and consistent interpretation.

Question 3

Where there are such Connected Parties, do you believe that the application of the conceptual framework in Section 120 of the Code is sufficiently clear as to how to identify, evaluate and address threats to independence resulting from interests, relationships, or circumstances between the auditor of the CIV/pension fund and the Connected Parties?

If not, do you believe the application of the conceptual framework in the Code as applicable to Connected Parties associated with Investment Schemes warrants additional clarification?

Please provide reasons for your response.

The extant conceptual framework doesn't address considerations specific to investment schemes, which may lead to lack of clarity in circumstances that are unique to investment schemes. As noted in our answer for Question 2, supplementing the Code with application or non-authoritative materials that need to be considered in auditing CIVs would help the auditor better address the threat to independence arising from the situations unique to CIVs.

Question 4

Do you believe that the conceptual framework in Section 120 of the Code is consistently applied in practice with respect to the assessment of auditor independence in relation to Connected Parties when auditing a CIV/pension fund?

Please provide reasons for your response

Please see our responses for Questions 2 and 3.

Question 5

Are there certain interests, relationships, or circumstances between the auditor of a CIV/pension fund and its Connected Parties that should be addressed? Please provide reasons for your response.

We have no other particular suggestions to make. The extant Code sufficiently cover the interests, relationships or circumstances (for example, employment relationships, financial interests or provision of non-audit services) between the auditor and audit clients (including related entities) that may create a risk of undermining the independence. However, as noted in the response for Question 2, supplementing the Code with additional application or non-authoritative materials applicable to the audits of CIVs would help the auditor better address the threat to independence arising from the situations unique to CIVs.

Question 6

Does your jurisdiction have requirements or guidance specific to audits of CIVs/pension funds from an auditor independence perspective? If yes, are those requirements included in

audit-specific or CIV-specific regulation? Please provide details.

Korea has no independence requirements or guidance specific to audits of CIVs/pension funds.
--

We hope that you find our comments useful for the IESBA's project aimed to improve the Code's aspects concerning Collective Investment Vehicles and Pension Funds – Auditor Independence.

Please contact us at dyou@kicpa.kr for any further question regarding our comments.

Thank you.
