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International Ethics Standards Board for Accountants (IESBA)
International Federation of Accountants (IFAC)
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Submitted by:
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Exposure Draft Group: Members and Associates
Region/Country: Saudi Arabia — Middle East & North Africa

Re: Comment Letter NOCLAR Post-Implementation Review (PIR)

1. Introduction

I am pleased to submit this comment letter in response to the International Ethics Standards Board for Accountants' (IESBA) Post-Implementation Review (PIR) of the pronouncement addressing Non-Compliance with Laws and Regulations (NOCLAR), which came into effect on 15 July 2017.

I am a Senior Financial Accountant at Lendo Saudi for Financing Company, a Saudi Arabia-based fintech operating under the regulatory supervision of the Saudi Central Bank (SAMA) in the areas of debt-based crowdfunding and Balance Sheet Lending (BSL). My responsibilities span financial reporting under IFRS, regulatory compliance, internal controls, external audit coordination, and digital wallet financial accounting. I also support related entities operating in free zone jurisdictions.

My responses are grounded in practical, day-to-day experience as an accountant working within a regulated financial institution in the MENA region, and I offer this perspective in the spirit of constructive engagement with the standard setting process.

2. Overall Assessment of the NOCLAR Standard

In my professional view, the NOCLAR standard represents a meaningful and necessary step forward in codifying the ethical responsibilities of professional accountants both in public practice and in business when they become aware of actual or suspected non-compliance with laws and regulations by a client or employer.

The standard provides a structured, principles-based framework that helps finance professionals navigate what can be extremely difficult situations, particularly in regulated industries where the boundary between internal escalation and external disclosure is nuanced and consequential. Prior to NOCLAR, there was limited formal ethical guidance addressing this specific challenge, and the standard has materially improved clarity.

However, based on my experience applying the spirit of NOCLAR in a SAMA regulated environment, I have identified areas where the standard could be further refined or where additional implementation guidance would be beneficial.

3. Effectiveness of the Standard in Practice

3.1 Strengths

The NOCLAR standard effectively establishes a clear obligation for professional accountants in business to escalate identified non-compliance through appropriate internal channels including senior management, those charged with governance, and, where necessary, appropriate authorities. This is particularly valuable in regulated financial services entities such as ours, where non-compliance with laws (such as SAMA circulars, AML/CFT requirements, or capital adequacy rules) can have systemic consequences.

The two tier approach distinguishing between accountants in public practice and those employed in business is well calibrated and reflects the different power dynamics and disclosure obligations applicable to each group. I find the guidance on documenting professional judgement and maintaining records of escalation decisions to be practically useful.

- The emphasis on 'acting in the public interest' aligns well with the regulatory philosophy of SAMA and other MENA financial regulators.
- The standard's non-prescriptive approach respects jurisdictional differences in legal and regulatory frameworks across countries.
- The requirement to consider the 'severity of the actual or potential harm' as a factor in the response decision reflects sound professional judgement principles.

3.2 Areas Requiring Strengthening

While the standard is broadly effective, I have observed the following practical challenges in its application:

- Lack of clarity on timing of response: The standard does not sufficiently specify how quickly a professional accountant must act upon becoming aware of suspected non-compliance. In fast moving regulatory environments such as digital banking or fintech delays in response can have significant consequences. A clearer timeline expectation or escalation matrix would be helpful.
- Whistleblower protection not addressed: The standard encourages disclosure but does not address the protections available or absent for accountants who report non-compliance and subsequently face professional or personal consequences. In some jurisdictions, particularly in the MENA region, whistleblower legal protections remain underdeveloped. IESBA should consider referencing the need for member bodies to advocate for appropriate legal protections.
- Digital and fintech sector nuances: The standard predates the rapid growth of digital financial services, embedded finance, and crypto asset operations. Non-compliance in these areas (e.g., regulatory breaches in digital wallet operations, data privacy violations, or unlicensed financial

activities) may not fit neatly within the existing NOCLAR framework. Sector specific guidance or examples would be welcome.

4. Application in the MENA / Saudi Arabia Context

The NOCLAR standard is directly applicable and highly relevant in the Saudi Arabian regulatory context. As a SAMA-regulated entity, Lendo operates under a dense and evolving regulatory framework covering fintech licensing, consumer protection, AML/CFT, cybersecurity, and lending regulations. There are frequent situations in which finance professionals must make judgements about whether an internal compliance matter warrants escalation.

In my experience, the primary implementation challenge in this region is cultural and organizational rather than technical. There remains a tendency within some organizations to treat regulatory matters as the exclusive domain of compliance and legal departments, leaving finance professionals without a clear mandate or sufficient organizational support to act on NOCLAR principles when they become relevant.

I would encourage IESBA to engage with regional professional bodies such as the Saudi Organization for Chartered and Professional Accountants (SOCPA) to embed NOCLAR awareness and practical training into the CPD frameworks applicable to accountants in the Kingdom.

5. Specific Recommendations

Based on my experience, I respectfully offer the following recommendations for the NOCLAR PIR:

- Issue practical implementation guidance with sector specific case studies, including scenarios relevant to regulated financial services, fintech, and digital asset businesses.
- Clarify the interaction between NOCLAR and local whistleblower protection legislation, and encourage member bodies to advocate for adequate legal safeguards in their jurisdictions.
- Provide clearer guidance on response timelines, particularly in regulated industries where timely action is essential.
- Consider issuing region specific application notes for jurisdictions such as the GCC/MENA, where the regulatory landscape, cultural dynamics, and legal frameworks differ meaningfully from those in more commonly referenced jurisdictions.
- Examine the adequacy of the standard in addressing non-compliance in emerging areas such as digital wallets, crypto-assets, embedded finance, and AI-driven financial decision-making.

6. Conclusion

The NOCLAR standard has made a valuable contribution to the ethical framework governing professional accountants globally. It fills an important gap and provides a principled basis for action in situations that can be professionally and personally challenging. I strongly support IESBA's ongoing commitment to reviewing and refining this standard through the PIR process.

I hope the observations and recommendations contained in this letter are helpful to the Board in its deliberations. I would welcome the opportunity to engage further with the IESBA or any working group reviewing the NOCLAR framework.

Yours faithfully,

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Senior Financial Accountant