Comments on IESBA consultation paper on
« Improving the Structure of the Code of Ethics for Professional Accountants »
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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?**

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.

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).

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.
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.
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:
- For Part I – General Application of the Code, the component "requirements" could be name "Fundamental or Core requirements".
- For the remaining Parts of the Code the component "requirements" could be named "Specific requirements"

To illustrate using the illustrative examples in Appendix 1 of the Consultation Paper:

Part 1 would be organized as follows:
Section 100
Compliance with the Code, Fundamental Principles and Conceptual Framework
Terms Used in this Section
100.000
Purpose of the Code and this Section
100.001
100.002
Core requirements
100.003
100.004
...
Application and Other Explanatory Material

….
This example could apply to the other sections of Part I

Part IV would be organized as follows:
Terms Used in this Section
400.000
Scope
400.001
Purpose of this Section
400.002
400.003
…
Specific requirements
400.005
400.006
...
Application and Other Explanatory Material
….
This example could apply to proposed Parts II, III IV & V

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?**

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.

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.

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?**

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.

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.

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.

To illustrate using the illustrative examples in Appendix 1 of the Consultation Paper page 13:

Part I – General Application of the Code
Part II – Independence in Relation to Professional Accountants in Public Practice
Part III– Professional Accountants in Public Practice
Part IV – Professional Accountants in Business

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?**

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.

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".

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

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.

Additional suggestions would be:
- 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:
  - 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.
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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?**

It would be beneficial to clarify responsibility in the Code in order to facilitate compliance and enforcement. We concur with the following suggestions:
- 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

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.
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.

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

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.

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?**

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:
- 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).
In addition the electronic version can allow the following:
- 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).

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.

9. **Do you have any comments on the indicative timeline described in Section VIII of this paper?**

No specific comments on this point

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

No additional points.