

## JURISDICTIONAL DEVELOPMENTS

### Compilation of Pre-Meeting Input from NSS Participants

#### 1. Significant National Developments or Issues

Please use the template below to describe any significant ethics and independence related developments or issues (whether pertaining to standard setting, convergence, or emerging issues) on your national agenda since the May 2018 IESBA-NSS meeting that may be of international relevance.

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
<b>AUSTRALIA - Accounting Professional and Ethical Standards Board (APESB)</b>				
1.	<p><b>The issue of the Restructured APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (APES 110)</b></p> <p>A key focus for APESB in the last year has been the issue and raising awareness of the restructured Australian Code - APES 110.</p>	<p>APESB has adopted the 2018 version of the restructured <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> with minor modifications to reflect the Australian environment. (Refer to Table 2 below for further details).</p>	<p>APESB issued the restructured APES 110 in November 2018.</p> <p>The PDF of APES 110 has interactive features which include the following:</p> <ul style="list-style-type: none"> <li>- Bookmarks</li> <li>- Pop-ups for definitions</li> <li>- Dynamic links to sections and subsections within the Code</li> <li>- Dynamic links to external sources and websites</li> </ul>	<p>The restructured APES 110 becomes effective from 1 January 2020.</p> <p>Key outputs were:</p> <ul style="list-style-type: none"> <li>- <a href="#">APES 110</a></li> <li>- <a href="#">Basis for Conclusions</a></li> <li>- <a href="#">Mapping Table</a></li> <li>- <a href="#">Media Release</a></li> </ul>
2.	<p><b>Project to update APESB's other 20 pronouncements to reflect the restructured APES 110</b></p>	<p>Due to the interconnectedness of the APESB pronouncements, APESB is undertaking a major project to revise and refresh all of its</p>	<p>This project is in progress and is expected to be a focus of APESB during 2019.</p>	<p>In March 2019, APESB released an exposure draft with proposed amendments to ten pronouncements.</p>

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
		<p>other 20 pronouncements to reflect the restructured APES 110 as well as deal with other matters noted by stakeholders.</p> <p>APESB will have a refreshed set of pronouncements from 1 January 2020 which will be consistent with the restructured APES 110.</p>		<p>Key outputs were:</p> <ul style="list-style-type: none"> <li>- <a href="#">Exposure Draft</a></li> <li>- <a href="#">Technical Alert</a></li> </ul> <p>APESB is expecting to release further exposure drafts after their June and August 2019 Meetings.</p>
3.	<p><b>Pronouncements issued</b></p> <p>In addition to the new APES 110, the Board has issued a revised APES 220 <i>Taxation Services</i> (APES 220).</p>	<p><u>APES 220</u> sets out the mandatory professional obligations of all members who provide taxation services to their clients or employers.</p> <p>The key revisions to APES 220 addressed matters relating to the application of auditor independence requirements.</p>	APESB issued the revised APES 220 in July 2018.	<p>Revised APES 220 became effective from 1 October 2018.</p> <p>Key outputs were:</p> <ul style="list-style-type: none"> <li>- <a href="#">APES 220</a> (revised)</li> <li>- <a href="#">Technical Update</a></li> </ul>
4.	<p><b>Financial Planning Services</b></p> <p>In Australia, a new authority has been created for financial advisers which is the <i>Financial Adviser Standards and Ethics Authority</i> (FASEA), who are responsible for establishing</p>	APESB has commenced a project to review <a href="#">APES 230</a> , which will consider the outcomes of the Royal Commission and the new Code of Ethics for Financial Advisers issued by FASEA.	This project is underway.	<p>The Board will consider proposed revisions to APES 230 at their June 2019 meeting.</p> <p>An exposure draft is expected to be released later in 2019. It will be available on the</p>

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
	<p>ethical and educational standards for financial planners, released a <a href="#">Code of Ethics for Financial Advisers</a> in February 2019.</p> <p>Financial planners that are also Members of a professional accounting body will need to comply with the FASEA Code and current APESB pronouncements (i.e. APES 110 and APES 230 <i>Financial Planning Services</i>.)</p> <p>In addition, there has been a Royal Commission held in Australia on misconduct in the Banking, Superannuation and Financial Services Industry. The final report of the Royal Commission was released in February 2019 which included 76 recommendations for the financial services industry and the relevant regulators. The Australian government is currently working on these recommendations and determining how to adopt the recommendations.</p>			<p>APESB website:  <a href="http://www.apesb.org.au">www.apesb.org.au</a>.</p>

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
5.	<b>Insolvency Services</b> APESB is currently undertaking a project to revise APES 330 <i>Insolvency Services</i> (APES 330).	<a href="#">APES 330</a> sets out the mandatory professional obligations of members in public practice who provide Insolvency services.	An exposure draft on the proposed revisions was issued for public comment. APESB is in the process of reviewing the submissions received and any revisions will be presented to the Board at their June 2019 meeting.	The proposed effective date for the revised APES 330 is 1 January 2020.  The final revised standard will be made available on the APESB website <a href="http://www.apesb.org.au">www.apesb.org.au</a> .
<b>BRAZIL - Federal Accounting Council (CFC) and Independent Auditors' Institute (Ibracon)</b>				
1.	Revised version of the Code of Ethics for Professional Accountants	The main inclusions are related to obligations of the professional accountant, fees and publicity of the services rendered.	Approved on February 7th, 2019. Effective from June 1 <sup>st</sup> , 2019.	
<b>CANADA - CPA Canada Public Trust Committee</b>				
	n/a			
<b>CHINA - Chinese Institute of Certified Public Accountants (CICPA)</b>				
2.	The CICPA Code of Ethics needs to be updated in convergence with the latest IESBA Code.	Revise the CICPA Code of Ethics	Drafting	Issue by the end of 2019.
3.	Laws and regs has Strengthened CPAs's responsibility in anti-money	Develop a guidance for CPAs on how to fulfill the strengthened responsibility,	Have issued an exposure draft in March, 2019	Issue by the end of 2019.

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
	laundering and anti-terrorism financing	whether to report to authorities possible or suspected violations.		
<b>GERMANY - Wirtschaftsprüferkammer (WPK)</b>				
1.	Translation of the Code of Ethics 2018 into German, to be applicable in Germany, Austria and Switzerland (predecessor version Code 2014)	Translation in accordance with IFAC policy paper.	List of key terms developed; Review Committee established; translation started.	Completion and Publication end 2019
2.	Address the WPK's statutorily extended responsibilities for the oversight on compliance of public accountants with the duties of the Money Laundering Act (Directive EU 2015/849)	Set-up of a new oversight system within the WPK. Guidance and FAQs for the profession published, webinars and jour fixes conducted.	Working group established, questionnaires to firms submitted, review of firms' responses completed. On-site inspections of firms scheduled.	2018/2019
3.	Address the effects of the EU Data Protection Regulation (2016/679)	Guidance for the profession published, webinars and jour fixes conducted.	Aforementioned support for the profession completed.	2018/2019
<b>HONG KONG - Hong Kong Institute of Certified Public Accountants (HKICPA)</b>				
1.	The Financial Reporting Council (Amendment) Ordinance (the "Amendment Ordinance") 2019 was enacted	Under the new regime, the Hong Kong Institute of Certified Public Accountants will continue to perform the	The Financial Reporting Council (Amendment) Ordinance (the "Amendment Ordinance") 2019 was enacted by the Legislative	Under the new regime, the Hong Kong Institute of Certified Public Accountants will continue to perform the

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
	<p>by the Legislative Council on January 30, 2019.</p> <p>The Amendment Ordinance enables the Financial Reporting Council (FRC) to become a comprehensive and independent oversight body regulating auditors of listed entities, and to be responsible for the inspection, investigation and disciplinary functions with regard to these auditors.</p> <p>The Amendment Ordinance ensures that Hong Kong's regulatory regime for auditors of listed entities is benchmarked against international standards and practice, and will also enable Hong Kong to be eligible for joining the International Forum of Independent Audit Regulators.</p>	<p>statutory functions of registration, setting requirements for continuing professional development, and also setting standards on professional ethics, auditing and assurance in respect of relevant auditors, subject to oversight by the FRC.</p> <p>The HKICPA continues as the standard setter for the professional standards, including the ethics standard. There is no intention to depart from convergence with the IESBA Code.</p>	<p>Council on January 30, 2019.</p> <p>The Amendment Ordinance enables the Financial Reporting Council (FRC) to become a comprehensive and independent oversight body regulating auditors of listed entities, and to be responsible for the inspection, investigation and disciplinary functions with regard to these auditors.</p> <p>The Amendment Ordinance ensures that Hong Kong's regulatory regime for auditors of listed entities is benchmarked against international standards and practice, and will also enable Hong Kong to be eligible for joining the International Forum of Independent Audit Regulators.</p>	<p>statutory functions of registration, setting requirements for continuing professional development, and also setting standards on professional ethics, auditing and assurance in respect of relevant auditors, subject to oversight by the FRC.</p> <p>The HKICPA continues as the standard setter for the professional standards, including the ethics standard. There is no intention to depart from convergence with the IESBA Code.</p>
2.	<p>Other than item 1, there has been no other new development or local issues. Key matters are linked to IESBA activities and agenda matters.</p>			

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
<b>INDIA – Institute of Chartered Accountants of India (ICAI)</b>				
1.	In line with convergence of ICAI Code of Ethics with 2018 edition of IESBA Code of Ethics (as mentioned in our inputs at s.n. 2 of this survey), awareness programmes on the revised Code are being planned across the country through measures like workshops, presentations, videos, etc.	It is desired that the optimum awareness is achieved to bring an overall compliant scenario.	In the process	To be in sync with the date of applicability in India i.e., 1.4.2020
2.	Publication of revised edition of “Frequently asked Questions and Answers on ethical issues”, containing new and contemporary professional ethics’ issues	Issued on 1 <sup>st</sup> July, 2018	Already effective	NA
<b>JAPAN - Financial Services Agency (FSA), and the Japanese Institute of Certified Public Accountants (JICPA)</b>				
1.	Implementation of NOCLAR and Part C (provisions of PAIB) Please see the section 2 and 3 below.			
2.	Report on Enhancement Auditor`s Accountability (Jan.2019)			

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
	This Report clarified that Providing necessary explanations by auditors to stakeholders does not constitute a violation of confidentiality rules. In response to this report, JICPA has started the project to discuss the issues regarding the duty of confidentiality.			
<b>NETHERLANDS - Netherlands Institute of Chartered Accountants (Royal NBA)</b>				
1.	Implementation NOCLAR		Implemented per January 1, 2019	
2.	Implementation of Changes to CoE	Implementation of changes in our National regulation.	Evaluating the changes	Implementation per January 1, 2020
3.	Evaluation of our National CoE and Independence Standard.		Evaluation in process, currently evaluating and concluding on responses	Final report June 2019.
<b>NEW ZEALAND - New Zealand Auditing and Assurance Standards Board (NZAuASB)</b>				
1.	The NZAuASB issued the new restructured Code in New Zealand in December 2018. We have been looking at ways to make it more interactive/easier to navigate.	Currently working with Word/Adobe to create a more interactive document – including adding hyperlinks to move back and forth between references.	Waiting to see how the Ecode is being developed.	December 2019



No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
2.	The XRB has the legal mandate to issue ethical standards only for assurance practitioners. Accordingly, the new restructured Code issued in New Zealand excludes part 2, professional accountants in business. The challenge is how we refer to the Code in the [proposed] IAASB QM standards, which now references the entire IESBA Code.	Consideration of whether it is appropriate to refer to the Code of Ethics issued by the New Zealand Regulatory Board which applies to all professional accountants.	Currently before the NZAuASB for consideration	Prior to finalization of QM standards.
3.	Level of NAS provided to audit clients is of continuing concern to the FMA. Views from both the FMA and Auditor-General that the Code should be strengthened in this regard. No clear evidence that the firms are considering independence in appearance issues, with the result that there are some high levels of NAS being provided relative to the audit fee.	Awaiting the outcome of IESBA's NAS project.	Ongoing monitoring.	
<b>SOUTH AFRICA - Independent Regulatory Board for Auditors (IRBA)</b>				
1.	Advocacy and roll-out of the IRBA Code of Professional	As a result of recent investigations and allegations	The IRBA and the South African Institute of Chartered	Presentation is complete.

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
	<p>Conduct for Registered Auditors (IRBA Code)</p>	<p>against registered auditors, the IRBA Board has begun a restoring confidence project. Under this project, the advocacy of the Code has been identified as a sub-project.</p> <p>Additionally, the Committee for Auditor Ethics (CFAE) has identified awareness-raising on the revised and restructured IRBA Code of Professional Conduct (Revised November 2018) as a project.</p> <p>The IRBA sent letters highlighting implementation matters of the IRBA Code (Revised November 2018) to the CEOs and risk partners of the audit firms. Refer to the attached letter.</p>	<p>Accountants (SAICA) jointly held an ethics presentation which was attended in person, and via webcast.</p> <p>This session was recorded and will be freely available for download with the presentation slides.</p> <p>The IRBA is also planning a Daily Reminder series for 30 days via email.</p> <p>Selected paragraphs from the Code are included on a one page slide.</p>	<p>Daily reminder series planned for May 2019.</p> <p>Implementation letters sent to firms in March 2019.</p>
2.	<p>Second Opinions</p>	<p>This project incorporates the <i>IRBA Circular 1/2006 Giving Second Opinion</i> into the IRBA Code. The Circular includes practical guidance when there is a request by an auditor's client for a second opinion</p>	<p>The CFAE is to approve the issuing of the proposed amendments to Section 321 of the IRBA Code: <i>Second Opinions</i> as final in May 2019.</p>	<p>June 2019.</p> <p>The Second Opinions exposure draft may be downloaded using the link below:</p> <p><a href="https://www.irba.co.za/upload/Exp">https://www.irba.co.za/upload/Exp</a></p>

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
		<p>from another auditor, specifically for an accounting treatment.</p> <p>The CFAE approved the issuing of the proposed amendments to <a href="#">Section 321 of the IRBA Code: Second Opinions</a> on exposure in November 2018 for public comment by 5 February 2019.</p>		<p><a href="#">osure%20Draft_proposed%20revised%20Section%20321%20of%20the%20IRBA%20Code_Second%20Opinions%20final.pdf</a></p>
3.	Electronic signatures	<p>The CFAE approved a project to consider the implications of Section 13(1) of the Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002), which details the use of electronic signatures in South Africa. The project will provide clarification from the IRBA whether registered auditors are required to use advanced electronic signatures when signing the auditor's report electronically.</p> <p>This project is to be addressed in the IRBA Code (Revised November 2018) (Section</p>	Pre-project proposal stage.	Pending.

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
		115), specifically <i>Signing Conventions for Reports or Certificates</i> .		
4.	Long Association	<p><i>Long Association of Personnel (Including Partner Rotation) with an Audit Client</i> (Long Association) is a complex area in South Africa, with rules relating to rotation included in the IRBA Code and the Companies Act, 2008 (Act No. 71 of 2008) (Companies Act). Registered auditors will be eligible to use the “sunset clause” under R540.19.</p> <p>The CFAE approved a project to provide guidance to registered auditors on Long Association, explaining how these rules should be used together with South African legislative requirements, i.e. Section 92 of the Companies Act.</p> <p>This guidance is envisioned to be in the form of Frequently Asked Questions (FAQs).</p> <p>The Secretariat plans to refer</p>	Pre-project proposal stage.	Pending.

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
		to the IESBA FAQs on this topic when considering this local project.		
5.	Implications of the effective dates of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) on the Auditor's and Assurance Provider's Reports	<p>As the effective date for Parts 1 and 3 of the IRBA Code differs from that of Parts 4A and 4B, registered auditors need to pay attention to the timing of implementing the different parts of the IRBA Code. This includes how the IRBA Code is described in the auditor's and assurance provider's reports.</p> <p>The Revised Code has had significant knock-on effects on updates needed to auditing pronouncements of the IRBA. It has not been easy to address the 3 possible scenarios for the relevant audit report paragraphs, (extant, transition, period going forward), and all reporting guidance is either in the process of being updated (see <a href="https://www.irba.co.za/upload/ED_Proposed%20SAAPS%203%20(Revised%202019)_Illust">https://www.irba.co.za/upload/ED_Proposed%20SAAPS%203%20(Revised%202019)_Illust</a></p>	A communique was issued in March 2019, highlighting this issue and proposed wording for the auditor's and assurance provider's reports.	<p>Issued.</p> <p>The implications of the effective dates of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) on the Auditor's and Assurance Provider's Reports communique may be downloaded using the link below:</p> <p><a href="https://www.irba.co.za/upload/report_files/09.-Implication-of-the-IRBA-Code-on-Audit-Reports.pdf">https://www.irba.co.za/upload/report_files/09.-Implication-of-the-IRBA-Code-on-Audit-Reports.pdf</a></p>

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
		<p><a href="#">ative%20Reports_PDF.pdf</a>), or is having a health warning appended to them, pending a project to make changes across all pronouncements.</p>		
6.	Mandatory Audit Firm Rotation (MAFR)	<p>The IRBA is tracking developments pertaining to MAFR in South Africa. With only four years remaining until the effective date of MAFR (1 April 2023), roughly 17% of the Johannesburg Stock Exchange Ltd's main board listed companies have already voluntarily rotated auditors since the IRBA started tracking audit firm rotations in January 2017.</p> <p>There is an envisaged decrease in the cooling off period for engagement partners per the Companies Act of South Africa, from 5 years to 2 years, to accommodate the new 5 year cooling off rule, for firms, in terms of MAFR.</p>	Ongoing.	Ongoing.

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
7.	Investigations and disciplinary cases	Recent successful completion of significant disciplinary matters found that even in complex matters, the extant Code was found to be robust and enforceable.	Ongoing	Ongoing
8.	IRBA's 2018 Public Inspections Report	<p>The IRBA's most recent Public Inspections Report, issued in February 2019, reflects that in respect of ethics matters, the key matters were:</p> <ul style="list-style-type: none"> <li>• Performance of prohibited non-audit services.</li> <li>• Non-compliance with the audit tenure rule issued by the IRBA.</li> <li>• Lack of independence.</li> <li>• Lack of demonstrated professional scepticism in areas of judgement or critical interrogation of client-prepared information used as audit evidence.</li> <li>• Inadequate policies and procedures in place to ensure compliance with relevant ethical</li> </ul>	<p>The report is available here <a href="https://www.irba.co.za/guidance-to-ras/inspections/reports">https://www.irba.co.za/guidance-to-ras/inspections/reports</a></p>	Annual

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
		requirements, including systems and controls to identify and communicate all formally reported ethical and independence breaches and waivers, completeness of partner and staff annual independence declarations and maintenance of confidentiality.		
<b>UNITED KINGDOM – Financial Reporting Council (FRC)</b>				
1.	<p><b>Post Implementation Review 2016 Ethical and Auditing Standards Changes to Implement the Audit Regulation and Directive</b></p> <p>The FRC recently sought views from stakeholders (Call for Feedback <sup>1</sup>), as to the effectiveness with which the FRC’s Auditing Standards and Ethical Standard had achieved the objectives we had set in</p>	<p>In summary, in respect of the UK Ethical Standard:</p> <ul style="list-style-type: none"> <li>Strengthen measures to support auditor independence and remove conflicts of interest through the prohibition of services or processes that give rise to such conflicts. We will share proposals for further measures that might require changes to the</li> </ul>	<p><b>Post Implementation Review 2016 Ethical and Auditing Standards Changes to Implement the Audit Regulation and Directive</b></p> <p>The FRC recently sought views from stakeholders (Call for Feedback <sup>4</sup>), as to the effectiveness with which the FRC’s Auditing Standards and Ethical Standard had achieved the objectives we had set in</p>	<p>In summary, in respect of the UK Ethical Standard:</p> <ul style="list-style-type: none"> <li>Strengthen measures to support auditor independence and remove conflicts of interest through the prohibition of services or processes that give rise to such conflicts. We will share proposals for further measures that might</li> </ul>

<sup>1</sup> [https://www.frc.org.uk/getattachment/6c8e5ee1-beb0-4f54-bc81-d49a1d28872b/":.aspx](https://www.frc.org.uk/getattachment/6c8e5ee1-beb0-4f54-bc81-d49a1d28872b/)

<sup>4</sup> [https://www.frc.org.uk/getattachment/6c8e5ee1-beb0-4f54-bc81-d49a1d28872b/":.aspx](https://www.frc.org.uk/getattachment/6c8e5ee1-beb0-4f54-bc81-d49a1d28872b/)



No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
	<p>2016, which were reported in our consultation paper ‘Enhancing Confidence in Audit’<sup>2</sup>.</p> <p>In June 2016, the FRC issued a revised FRC Ethical Standard, and a suite of revised International Standards on Auditing (ISAs) (UK). The revised Ethical Standard contained new material to support the implementation of the Audit Regulation and Directive, and also changes required following a review of Ethical Material that the FRC had carried out. <u>(See May 2015 IESBA Request for Feedback)</u></p> <p>When the standards were adopted, the FRC made a commitment to carry out a post implementation review of how well the standards had secured the objectives</p>	<p>scope of audit, or changes to UK legislation, with the team supporting Sir Donald Brydon’s review on the Future of Audit.</p> <ul style="list-style-type: none"> <li>• We will strengthen further the objective, reasonable an informed third-party test in the Ethical Standard, to ensure that auditors focus on the needs of those who use and rely on audited financial information.</li> <li>• We will simplify the requirements in the Ethical Standard, in particular, where respondents have provided examples of language they consider to be ambiguous.</li> <li>• Agreement that PIE audits should be subject to a more stringent set of ethical principles and supporting requirements than non-PIEs. We will, therefore, consult on</li> </ul>	<p>2016, which were reported in our consultation paper ‘Enhancing Confidence in Audit’<sup>5</sup>.</p> <p>In June 2016, the FRC issued a revised FRC Ethical Standard, and a suite of revised International Standards on Auditing (ISAs) (UK). The revised Ethical Standard contained new material to support the implementation of the Audit Regulation and Directive, and also changes required following a review of Ethical Material that the FRC had carried out. <u>(See May 2015 IESBA Request for Feedback)</u></p> <p>When the standards were adopted, the FRC made a commitment to carry out a post implementation review of how well the standards had secured the objectives identified at the time of their adoption within three years.</p>	<p>require changes to the scope of audit, or changes to UK legislation, with the team supporting Sir Donald Brydon’s review on the Future of Audit.</p> <ul style="list-style-type: none"> <li>• We will strengthen further the objective, reasonable an informed third-party test in the Ethical Standard, to ensure that auditors focus on the needs of those who use and rely on audited financial information.</li> <li>• We will simplify the requirements in the Ethical Standard, in particular, where respondents have provided examples of language they consider to be ambiguous.</li> <li>• Agreement that PIE audits should be subject to a more stringent set of ethical principles and</li> </ul>

<sup>2</sup> <https://www.frc.org.uk/getattachment/e7841adf-ca5b-44e9-af1b-aa83cafeb5b9/./.aspx>

<sup>5</sup> <https://www.frc.org.uk/getattachment/e7841adf-ca5b-44e9-af1b-aa83cafeb5b9/./.aspx>

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
	<p>identified at the time of their adoption within three years.</p>	<p>whether ethical requirements in respect of PIE audits should also apply in respect of other audit engagements which are of significant public interest (without those entities themselves being designated as additional PIEs). In considering how this might be applied, those entities which fall within the scope of the FRC’s audit inspection regime may be considered as being of significant public interest.</p> <ul style="list-style-type: none"> <li>• As a result of changes to UK legislation, for a UK PIE group audit, the independence requirements of the FRC Ethical Standard will apply to all components, regardless of where those components are based.</li> <li>• ES 4.1 requires the engagement partner to be able to demonstrate that an audit engagement has</li> </ul>		<p>supporting requirements than non-PIEs. We will, therefore, consult on whether ethical requirements in respect of PIE audits should also apply in respect of other audit engagements which are of significant public interest (without those entities themselves being designated as additional PIEs). In considering how this might be applied, those entities which fall within the scope of the FRC’s audit inspection regime may be considered as being of significant public interest.</p> <ul style="list-style-type: none"> <li>• As a result of changes to UK legislation, for a UK PIE group audit, the independence requirements of the FRC Ethical Standard will apply to all components, regardless of where those components are based.</li> <li>• ES 4.1 requires the</li> </ul>

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
		<p>assigned to it sufficient resources (and the right type of resources) with appropriate skill and competence to be able to carry out the engagement. We propose to consult on how this information should be publicly reported to those charged with governance and users of financial statements.</p> <ul style="list-style-type: none"> <li>• We will look for opportunities to clarify the requirements, in particular, where respondents have provided examples of language they consider to be ambiguous.</li> <li>• We propose a principles-based regime for PIE audits whereby certain audit-related services, which are closely linked to the audit, can still be provided by the auditor. critical and price sensitive.</li> <li>• Audit related services will still need to be subjected to a threats and</li> </ul>		<p>engagement partner to be able to demonstrate that an audit engagement has assigned to it sufficient resources (and the right type of resources) with appropriate skill and competence to be able to carry out the engagement. We propose to consult on how this information should be publicly reported to those charged with governance and users of financial statements.</p> <ul style="list-style-type: none"> <li>• We will look for opportunities to clarify the requirements, in particular, where respondents have provided examples of language they consider to be ambiguous.</li> <li>• We propose a principles-based regime for PIE audits whereby certain audit-related services, which are closely linked to the audit, can still be</li> </ul>

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
		<p>safeguards assessment, cannot include any services currently covered by the prohibitions in 5.167R, and where not required by law or regulation will still be subject to a fee cap.</p> <ul style="list-style-type: none"> <li>• We propose to consult on an outright prohibition on contingent fee arrangements for all non-audit/ additional services.</li> <li>• We propose more stringent cooling in/ cooling off requirements for services other than those already covered in 5.167R(e) – in doing so we will work closely with the CMA, to fully consider the implications for auditor appointment and rotation.</li> <li>• We propose measures to enhance the authority of the Ethical Partner and the ethics and compliance function within an audit firm, including through strengthening the links with</li> </ul>		<p>provided by the auditor. critical and price sensitive.</p> <ul style="list-style-type: none"> <li>• Audit related services will still need to be subjected to a threats and safeguards assessment, cannot include any services currently covered by the prohibitions in 5.167R, and where not required by law or regulation will still be subject to a fee cap.</li> <li>• We propose to consult on an outright prohibition on contingent fee arrangements for all non-audit/ additional services.</li> <li>• We propose more stringent cooling in/ cooling off requirements for services other than those already covered in 5.167R(e) – in doing so we will work closely with the CMA, to fully consider the implications for auditor appointment and rotation.</li> <li>• We propose measures to enhance the authority of</li> </ul>

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
		<p>the audit firm’s INEs and governance.</p> <ul style="list-style-type: none"> <li>• We will consult on removing the derogation at ES 5.168R.</li> <li>• We propose to consult on whether to remove certain reliefs.</li> </ul> <p>More information can be found in the FRC’s Position Paper March 2019<sup>3</sup></p>		<p>the Ethical Partner and the ethics and compliance function within an audit firm, including through strengthening the links with the audit firm’s INEs and governance.</p> <ul style="list-style-type: none"> <li>• We will consult on removing the derogation at ES 5.168R.</li> <li>• We propose to consult on whether to remove certain reliefs.</li> </ul> <p>More information can be found in the FRC’s Position Paper March 2019<sup>6</sup></p>
<b>UNITED STATES - American Institute of Certified Public Accountant (AICPA)</b>				
1.	Information Systems Services	Exposure Draft issued March 15, 2018	Comment Period ended June 15, 2018	May – Seeking adoption of revised interpretation
2.	Staff Augmentation Arrangements	Exposure Draft issued December 7, 2018	Comment Period ended March 7, 2019	May – Task Force recommendations to PEEC based on comment letter feedback

<sup>3</sup> [https://www.frc.org.uk/getattachment/7335d389-dbd0-4c4d-b265-1278ce9af5bb/Position-Paper-post-implementation-review-audit-ethical-standards-next-steps-\(March-2019\).pdf](https://www.frc.org.uk/getattachment/7335d389-dbd0-4c4d-b265-1278ce9af5bb/Position-Paper-post-implementation-review-audit-ethical-standards-next-steps-(March-2019).pdf)

<sup>6</sup> [https://www.frc.org.uk/getattachment/7335d389-dbd0-4c4d-b265-1278ce9af5bb/Position-Paper-post-implementation-review-audit-ethical-standards-next-steps-\(March-2019\).pdf](https://www.frc.org.uk/getattachment/7335d389-dbd0-4c4d-b265-1278ce9af5bb/Position-Paper-post-implementation-review-audit-ethical-standards-next-steps-(March-2019).pdf)

No.	Nature of Development / Issue	Actual / Planned Response	Current Status	Timing of Any Outputs
3.	Hosting Services			Effective 7/1/19 and first round of FAQs issued. Additional FAQs likely.
4.	External Directors	Developing non-authoritative guidance to guide firms on how to extend the ethics responsibilities to non-CPAs that firm's involve in firm governance to enhance the public interest.		
5.	Strategy & Work Plan	Under development		

## 2. Status of Plans to Adopt or Converge with the IESBA Restructured Code

Please provide an update regarding plans or actions in your country or jurisdiction to adopt the IESBA Code or converge national ethics standards, including independence requirements, with the IESBA Code.

### AUSTRALIA (APESB)

#### Status of Plans to Adopt or Converge with the IESBA Revised and Restructured Code

In November 2018, APESB issued a restructured APES 110 which incorporates the IESBA's 2018 Restructured Code (including the restructured Inducements provisions). The effective date of the restructured APES 110 is 1 January 2020.

The restructured APES 110 is largely consistent with the IESBA Code – approximately 98% compliant. Differences are primarily intended to comply with Australian legal or regulatory requirements. Notable differences include:

- Requirements being set in **bold font**, consistent with APESB's other Standards;
- Stronger requirements regarding referral fees and commissions;
- The definition of Engagement Team in APES 110 does not exclude individuals within the client's internal audit function who provide direct assistance on an Audit Engagement;
- More flexibility for a Member in Business when reporting on financial statements as they may not be in the position to ultimately approve the financial statements;
- APESB drafting conventions (e.g. Use of 'Member' instead of 'Professional Accountant', capitalisation of defined terms) – these are not substantive;
- The abbreviation of Non-Compliance with Laws and Regulations is NOCLAR rather than the term 'non-compliance' used in the IESBA restructured Code; and
- The *Guide to the Code* has been updated to include a section on APESB pronouncements.

### BRAZIL (Ibracon and CFC)

Ibracon and CFC are working together to converge national ethics standards with the IESBA Code of Ethics. Ibracon has implemented an ethics working group to review the translation to Portuguese of IESBA Code, which is expected to be concluded by June 2019. After that, the group will discuss the differences between IESBA Code and the CFC Code in order to prepare an adoption plan.

### **CANADA (CPA CANADA PUBLIC TRUST COMMITTEE)**

The Canadian provincial CPA bodies maintain codes of conduct that are largely harmonized and reflective of any jurisdictional differences. The provincial rules of professional conduct have been developed to be as stringent as the IESBA requirements unless there is a legal, regulatory, public interest or protection of the public reason not to do so. Consequently, the Canadian CPA profession is intensely interested in developments affecting the IESBA Code and it significantly invests in Exposure Draft consultation and responses to provide input. The consideration of adopting a more-principles based code for the profession, such as the IESBA Code, has been deferred while a mapping project is undertaken in 2019 to review the revised and restructured IESBA Code in comparison to the provincial codes of conduct. A new Independence Standards Committee (ISC) has been approved that will consider future changes to Canadian independence standards based first upon changes made to the IESBA independence standards whilst maintaining Canadian standards that are more stringent or where differences have been determined to be in the public interest. Discussion of an oversight protocol in respect of the ISC is on-going.

### **CHINA(CICPA)**

Have started the process of converging with restructured IESBA ethics code, including the NOCLAR. Plan to develop a draft based on IESBA code by June 2019 and finally issue the converged CICPA code by the end of 2019.

### **GERMANY (WPK)**

Comparison between CoE-requirements and national regulations was conducted and finalized mainly in 2012 and 2013. A renewed assessment was conducted in 2015 in order to address the additional changes which the CoE had undergone in the meantime. The result of the aforementioned assessment was that the majority of 2014 CoE-provisions were covered by national rules.

The EU Audit Reform was implemented into German law recently, leading to various adjustments and modifications to the German Commercial Code (HGB), the Public Accountant Act (WPO) and the WPK by-laws (Professional Charter, Charter for Quality Assurance). Some of the previously existing minor differences between German law and the IESBA Code of Ethics are thereby eliminated. As a result German professional rules in combination with the EU Audit Regulation reach convergence with the IESBA Code of Ethics requirements. New IESBA releases are continually reviewed to ensure that the German ethical standards remain convergent with the IESBA Code.

In addition, the WPK has just recently conducted a comparison between the latest 2018 version of the IESBA Code and national regulations. The conclusion of this review is that the German professional rules in combination with the EU Audit Regulation reach convergence with the IESBA Code of Ethics 2018 requirements.



## HONG KONG (HKICPA)

The HKICPA Code of Ethics for Professional Accountants is based on the IESBA Code. The HKICPA Code (Parts A, B and C) has been converged with the IESBA Code since December 2005 [http://www.hkicpa.org.hk/file/media/section6\\_standards/standards/051208e.pdf](http://www.hkicpa.org.hk/file/media/section6_standards/standards/051208e.pdf), with no substantive modifications. There is some clarification of requirements and guidance with reference to Hong Kong legislation and regulations. Part D of the HKICPA Code sets out additional ethical requirements on matters of relevance not covered by the IESBA Code, and is primarily derived from local legal or regulatory requirements. Part E of the HKICPA Code addresses specialized areas of practice – currently only liquidation and insolvency. Part F of the HKICPA Code set out the Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Professional Accountants which came into effect on 1 March 2018.

In November 2018, we issued the revised HKICPA Code of which Chapter A is converged with the IESBA Revised and Restructured Code with no substantive modifications. The HKICPA Code is compliant with the IESBA Revised and Restructured Code. The remaining chapters consist of extant local requirements and guidance which have been carried forward from the extant HKICPA Code. The additional local requirements (e.g. The HKICPA Code restricts payments of referral fees to third parties for the introduction of clients) have the effect of further strengthening ethical requirements on our members (i.e. compliance with the HKICPA Code ensures compliance with the IESBA Code).

## INDIA (ICAI)

The ICAI Code of Ethics has been converged in line with 2018 edition of IESBA Code of Ethics edition.

The converged edition will come into effect from 1<sup>st</sup> April, 2020. Some of the provisions of IESBA Code of Ethics, 2018 edition have been suitably modified in the process of convergence. These modifications broadly fall under four categories:-

(A) Where the domestic provision of India is stricter than the corresponding provision of IESBA Code. For example, in India, there is complete prohibition on Accounting Services and Internal Audit Services to be undertaken by the Statutory Auditor. Thus, these provisions have accordingly been modified during convergence with the IESBA Code.

(B) Where the domestic requirement in India, resulting from a stipulation which has the force of law, is different as compared to the corresponding provision in the IESBA Code. For example, ICAI Networking Guidelines govern Networking between the professional accountants and the Firms registered with ICAI. Thus, the provisions pertaining to Networking in IESBA Code have been suitably modified, while converging.

(C) Where there exists a domestic requirement in India for which no corresponding provisions are there in the IESBA Code. For example, the IESBA Code mentions partner rotation requirements only, whereas certain important significant sectors in Indian jurisdiction stipulate Firm rotation requirements. Accordingly, the Firm rotation requirements have been incorporated in the ICAI Code, making it clear that the

Firm rotation and partner rotation requirements will coexist.

(D) Language/minor changes – for example, “professional accountant in business” has been mentioned as “professional accountant in service” based on the usage in Chartered Accountants Act, 1949, the domestic statute governing the professional accountants in India.

The revised Code has been issued as a Guideline of the Council of ICAI, meaning thereby that the non-compliance of the provisions of Code would result in liability under the disciplinary mechanism of ICAI.

## **JAPAN (FSA and JICPA)**

In Japan, the Ethical rules corresponding to the Code of Ethics of the IESBA, are defined in CPA Act and the Code of Ethics of JICPA.

JICPA has continued to revise the JICPA Code of Ethics and the Guidance to adopt the revision of IESBA Code. Provisions relating to the Ethics in Japan is more stringent (more restrictive, additional provisions) than the IESBA Code. As a result of this situation, JICPA adopts IESBA Code of Ethics.

In the process of revising the Code and guidance, JICPA explains IESBA’s activities including the current status of EDs and efforts on continuing improvements to stakeholders such as Financial Service Agency, Japan Corporate Auditors Association etc., and discusses the impacts on Japan with those parties. JICPA also keeps informing the JICPA members about the activities of IESBA in the monthly journal.

In July 2018, JICPA released a) the newly developed Guidance on NOCLAR (for PAPP) and the revision of b) the Code, c) the Guidance on Independence and d) the Interpretative Guidance for the Professional Ethics, to implement the revised IESBA Code which addressed 1) certain non-assurance services provisions for audit and assurance clients (revised in 2015), 2) NOCLAR (revised in 2016) and 3) Long Association (based on the close-off document released by IESBA in January 2017). The effective date is as follows;

- ✓ NAS provisions are effective for audits of financial statements for periods beginning on or after April 1, 2019. Early adoption is permitted.
- ✓ NOCLAR provisions for PAPP are effective as of April 1, 2019. Early adoption is permitted.
- ✓ Long Association provisions are effective for audits of financial statements for periods beginning on or after April 1, 2020. Early adoption is permitted.

In order to reflect the revision of above c), JICPA also revised the independence check-lists for auditors in March 2019.

JICPA is now in the process of finalizing the revision of a) the Code, b) the Guidance on NOCLAR and c) the Interpretative Guidance for the Professional Ethics, to implement the revised IESBA Code which addressed 1) revised Part C of the Code addressing preparation and presentation of information and pressure to breach the fundamental principles (based on the close-off document released in March 2016) and 2) NOCLAR for PAIB (revised in 2016). JICPA plans to release the final pronouncements of above a) to C) in July 2019.

JICPA plans to start the discussion about the implementation of the revised and restructured Code (released in 2018) from latter half of 2019.

### **NETHERLANDS (Royal NBA)**

We are evaluating the changes in the CoE to evaluate which changes are necessary to our VGBA (Dutch CoE) and our VIO (Dutch regulation on independence of the auditor and professional accountant providing assurance – including Internal Auditors).

A number of the changes to the code were already covered by the Dutch rules.

With regards to the independence rules for rotation of partners etc. we tend to stick to the EU rules.

We will not implement the structure of the revised code due to the fact that the structure is not acceptable under Dutch rules for writing these kind of legislation.

### **NEW ZEALAND (NzAuASB)**

The NZAuASB issued its revised and restructured Code in December 2018, effective June 2019 (in line with the IESBA effective date). The XRB has the legal mandate to issue ethical standards only for assurance practitioners.

Professional and Ethical Standard 1 (PES 1) is substantially consistent with parts 1, 3, 4A and 4B of the IESBA Code as it applies to assurance practitioners.

The principles and requirements of PES 1 are consistent with the IESBA Code except for the following:

- The addition of a scope and application section. PES 1 has a narrower scope and is meant to apply to all assurance practitioners appointed or engaged to perform an assurance engagement. PES 1 refers to assurance practitioners whereas the IESBA Code refers to professional accountants.
- Section 321 Second Opinions has been deleted as it does not relate to assurance engagements. Part 2 of the IESBA Code, that applies to professional accountants in business has not been included in PES 1 .
- The addition of paragraphs and definitions prefixed as NZ in PES 1. The additional definitions are of assurance services, assurance practitioner, FMC reporting entity considered to have a higher level of public accountability, key assurance partner, and offer document.
- PES 1 tailors the following IESBA defined terms in the New Zealand environment: assurance client, audit client and public interest

entity.

- NZ R310.9.1 requires the assurance practitioner to disclose, in writing, the nature of the conflict of interest and the related safeguards applied to eliminate the threat or reduce it to an acceptable level to all clients or potential clients affected by the conflict. NZ R310.9.2 requires the assurance practitioner to obtain the client's consent to perform the assurance services when safeguards are applied.
- NZ R310.12.1 requires an assurance practitioner to disengage from the relevant assurance engagement if adequate disclosure to the client of a conflict of interest is restricted as a result of confidentiality requirements.
- The requirements of section 360, *Responding to Non-Compliance with Laws and Regulations*, of the IESBA Code (paragraphs R360.10- NZ 360.28 A1.1) that apply only to audits of financial statements have been broadened to apply to both audit and review engagements. [Note: previously the NZAuASB had also extended the provisions relating to audit engagements to other assurance engagements. However, because of the changes the IESBA made to strengthen the conceptual framework and the revised safeguard provisions, the NZAuASB aligned the provisions relating to other assurance engagements with the IESBA Code when the NZAuASB issued the revised and restructured Code.]

#### **Independence requirements**

- NZ400.2.1 extends the scope of Part 4A to cover all assurance engagements in relation to an offer document of a FMC reporting entity considered to have a higher level of public accountability in respect of historical financial information, prospective or pro-forma financial information or a combination of these.
- For the purposes of PES 1, public interest entities include any entity that meets the Tier 1 criteria in accordance with XRB A1<sup>7</sup> and is not eligible to report in accordance with the requirements of another tier.
- NZ R400.12.1 and NZ R900.15.1 require that when an assurance practitioner identifies multiple threats to independence, which individually may not be significant, the assurance practitioner shall evaluate the significance of those threats in aggregate and apply safeguards to eliminate or reduce them to an acceptable level in aggregate.
- NZ R523.3 specifically prohibits a firm from providing audit services to an entity if the partner or employee of the firm serves as an officer or director, liquidator or receiver in respect of the property of the client or in a similar role.
- NZ R410.3 and NZ R905.3.1 emphasise that an assurance practitioner shall end or withdraw from an engagement where the total fees from the client represent a large proportion of the total fees of the firm and safeguards have not eliminated or reduced the threats to an acceptable level.

---

<sup>7</sup> XRB A1 *Application of the Accounting Standards Framework*

Provisions previously added to section 291 to align with section 290 were removed when the NZAuASB issued its revised and restructured Code., because of the changes the IESBA made to strengthen the conceptual framework and the revised safeguard provisions.

### **SOUTH AFRICA (IRBA)**

The IRBA Code of Professional Conduct for Registered Auditors (the IRBA Code), comprising Parts A and B of the IESBA Code of Ethics was adopted and issued under copyright from IFAC during 2010. The IRBA Code is prescribed by the IRBA for use by registered auditors in South Africa with effect from 1 January 2011. The IRBA does not regulate professional accountants (who are not in public practice) and thus does not have any jurisdiction to enforce ethical requirements for professional accountants.

The IRBA Code applies only to registered auditors in public practice and their firms and engagement teams, as the IRBA is the regulator of the auditing profession. In the course of the adoption, the IRBA added certain more stringent requirements relevant to our jurisdiction.

The IRBA Code together with the IRBA Rules Regarding Improper Conduct (Rules) provides the basis for disciplinary action against registered auditors. The IRBA Code and Rules are published in English so translation issues do not arise.

The IRBA Code incorporated and adopted all subsequent changes to the IESBA Code.

The IRBA adopted the IESBA Code of Ethics for Professional Accountants (including International Independence Standards), issued during 2018, with local amendments, following the issue of proposed amendments on exposure in South Africa. This includes Part 1, 3, 4A and 4B. The IRBA Code may be downloaded from the [IRBA website](#).

While the IRBA has not adopted Part 2 of the IESBA Code, the IRBA Code does refer to Part 2, drawing the registered auditor's attention to the clarification that Part 2 will be applicable to registered auditors in so far as their role as professional accountants in business (PAIB). This was possible as SAICA has adopted the IESBA Code in its entirety.

The [IRBA website](#) contains a list of links to relevant guidance on the IRBA Code. A [mapping table](#) is available to facilitate the tracking of changes from the extant IRBA Code to the IRBA Code (Revised November 2018).

### **UNITED KINGDOM (FRC)**

The FRC is not aware of any significant instances where the relevant parts of the IESBA Code are more restrictive than the FRC's Ethical Standards. However we will be consulting on potential revisions (likely to be relatively minor) to ensure that the FRC Ethical Standard remains at least as stringent as the IESBA code. Some areas we feel minor revisions may be needed include:

- Scope – in respect of IESBA's PIE definition, and the applicability of specific requirements to network firms;

- Mergers and acquisitions (limited specific actions);
- Breaches (limited specific actions);
- Financial interests (if requirement apply more widely than the covered person definition in the FRC standard);
- Financial interests held as a trustee (limited specific actions);
- Employment with an audit client (for staff other than partners);
- Long association – restrictions on activities;
- Accounting services (routine or mechanical);
- Internal audit services, Information technology services – clarity over management responsibilities; and
- Recruiting services – outright prohibition on negotiating for a client (covered by management prohibition in part).

### **UNITED STATES (AICPA)**

The Professional Ethics Executive Committee (PEEC) is a senior committee of the AICPA charged with the responsibility of interpreting and enforcing the AICPA Code of Professional Conduct (the Code). As an “interpreter” of the Code, the PEEC is responsible for promulgating new interpretations and rulings, and for monitoring those rules and making revisions as needed. The PEEC helps the AICPA carry out key parts of its mission, namely to promote public awareness and confidence in the integrity, objectivity, competence and professionalism of its members; establish and enforce professional ethics standards for the profession; and assist members in continually improving their professional conduct and performance.

The PEEC has an IFAC Convergence & Monitoring standing task force. This task force is charged with identifying the projects that need to be undertaken as a result of convergence inconsistencies between the AICPA and the IFAC’s ethical exposure drafts. Current projects being monitored or evaluated by this standing task force include Inducements, Role and Mindset, Non-Assurance Services, and Tax.

### 3. IESBA’s Non-Compliance with Laws and Regulations (NOCLAR) Standard

Please provide the following information:

1. Status of adoption of, or convergence with, the IESBA’s [NOCLAR standard](#) in your country or jurisdiction, including anticipated timing of adoption or convergence where applicable.
2. Any plans or actions to support implementation of the standard in your country or jurisdiction, including links to, or copies of, any implementation support materials developed.
3. Any challenges encountered in relation to adoption/convergence and implementation.

No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
<b>AUSTRALIA (APESB)</b>			
1.	<p>In November 2018 APESB issued the restructured APES 110 which includes the NOCLAR provisions in their restructured format. The restructured APES 110 is effective from 1 January 2020.</p> <p>APESB has previously incorporated the NOCLAR provisions into the extant APES 110. The extant provisions were effective from 1 January 2018.</p> <p>NOCLAR amending standard is available on APESB’s website <a href="http://www.apesb.org.au">www.apesb.org.au</a></p>	<p>During 2018-19, APESB prioritized communication and awareness building activities relating to NOCLAR, which were well attended by members and relevant stakeholders.</p> <p>In March 2019, the Australian government enacted legislation which created a comprehensive whistleblowers protection laws. The laws apply to the private sector and cover corporate and tax matters for the first time. It also requires public interest entities and some proprietary companies to put in place a whistleblowing policy. The new Whistleblower protection regime will</p>	<ul style="list-style-type: none"> <li>• The scope of the NOCLAR provisions and what is considered to be substantial harm is still a challenge for Professional Accountants.</li> <li>• The new Whistleblower legislation is likely to facilitate tax-related disclosures of non-compliance to regulators. Prior to the enactment of this legislation, tax disclosures was legally precluded.</li> </ul>

No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
		become effective from 1 July 2019.	
<b>BRAZIL (Ibracon and CFC)</b>			
2.	Brazil is working to propose changes in laws to incorporate NOCLAR in the local regulations and professional standards.	<p>Proposal to change the law to incorporate Noclar requirements and protections for the accounting professional reporting suspicion or illegal events was sent to Brazilian government in late 2018, after the approval of CFC.</p> <p>Apart from that, there were published articles in the professional accounting bodies' newsletters/publications to raise awareness about NOCLAR for accountants and auditors.</p>	Besides this proposal is fully aligned to the new government agenda for fighting against corruption, other relevant projects can postpone the approval of this proposal. Considering this, it is not possible at this stage to estimate a reasonable date for voting the project and adopt NOCLAR standards in Brazil.
<b>CANADA (CPA CANADA PUBLIC TRUST COMMITTEE)</b>			
3.	NOCLAR is under active consideration by the CPA profession's Public Trust Committee in relation to the CPA profession's existing ethical standards and within the context of Canadian laws, regulations, protection of the public and the public interest.		Canada has a complex regulatory and legal environment with a division of legal and authoritative powers within 10 provincial and 2 territorial jurisdictions and a federal jurisdiction. Canada does not have a single or comprehensive legal or regulatory requirement to report NOCLAR and consequently lacks a cohesive administrative framework within which to report NOCLAR and also lacks effective consistent legislative limitations or



No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
			<p>protections for those who report NOCLAR. Input has been provided by the profession on the need for an overall framework for reporting and protections during federal consultations on reviewing the Canadian AMLTF regime and specific efforts have been made by CPA Quebec concerning Bill 141 regarding governance of financial markets in the province of Quebec.</p>
<b>CHINA(CICPA)</b>			
4.	<ul style="list-style-type: none"> <li>• Exposure Draft will be issued by June 2019</li> <li>• Plans to finally issue by the end of 2019</li> </ul>	<p>The CICPA Ethics Committee to provide consultation on any issues.</p>	
<b>GERMANY (WPK)</b>			
5.	<ul style="list-style-type: none"> <li>• With regard to PIEs, German professional rules in combination with the EU Audit Regulation (EU No 536/2014) reach convergence with the IESBA’s NOCLAR standard</li> <li>• With regard to Non-PIEs German law is also convergent with the IESBA’s NOCLAR standard except for the disclosure of a NOCLAR to an</li> </ul>	<ul style="list-style-type: none"> <li>• Specific Application material for NOCLAR will be included in WPK’s Professional Charter.</li> <li>• Various articles on the IESBA’s NOCLAR standard and its effects on the German profession published, particularly:                             <ul style="list-style-type: none"> <li>• WPK Guidance (Praxishinweis der WPK): Non-Compliance with</li> </ul> </li> </ul>	None

No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
	<p>external authority which would generally be prohibited by the strict confidentiality laws in Germany (as the IESBA´s NOCLAR standard provides for such an exception)</p> <ul style="list-style-type: none"> <li>• Nevertheless, German professional provisions have just been recently examined by the WPK with a view of possible amendments and improvements, respectively.</li> </ul>	<p>Laws and Regulations (NOCLAR), Änderungen am IESBA Code of Ethics in Kraft getreten,  <a href="http://www.wpk.de/mitglieder/praxishinweise/code-of-ethics/">http://www.wpk.de/mitglieder/praxishinweise/code-of-ethics/</a></p> <ul style="list-style-type: none"> <li>• WPK Guidance: Non-Compliance with Laws and Regulations (NOCLAR), Änderungen am IESBA Code of Ethics in Kraft getreten, WPK-Magazin 3/2017, Seite 44 ff.</li> <li>• WP/StB/RA Prof. Dr. Jens Poll: NOCLAR und die veränderte Rolle des Wirtschaftsprüfers im Umgang mit Gesetzesverstößen, WPg 17.2017, Seite 986 ff.</li> <li>• WP Prof. Dr. Wienand Schruff, WP Heiko Spang: Künftige Meldepflicht des Abschlussprüfers bei Gesetzesverstößen des Mandanten, WPK Magazin 2/2016, 61 ff.</li> <li>• WP/StB/RA Prof. Dr. Jens Poll: Die Rolle des Wirtschaftsprüfers bei der Entdeckung von</li> </ul>	

No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
		Gesetzesverstößen, WPg 24/2015, 1271 ff.	
<b>HONG KONG (HKICPA)</b>			
6.	The HKICPA adopted the IESBA's NOCLAR Standard in September 2016, with the same effective date as the IESBA's NOCLAR standard.	<p>To support the implementation of the NOCLAR Standard, the HKICPA undertook the following initiatives since adoption:</p> <ul style="list-style-type: none"> <li>. Set up a dedicated webpage in the HKICPA's website to provide guidance and promulgate IESBA supporting materials. <a href="http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/newmajor/noclar/">(http://www.hkicpa.org.hk/en/standards-and-regulations/technical-resources/newmajor/noclar/)</a></li> <li>. Conduct face-to-face seminars.</li> <li>. Raise awareness via members' communication channels, including e-circular, LinkedIn and Facebook.</li> <li>. Prepare technical update article in the HKICPA magazine. <a href="http://aplusmagazine.realviewdigital.com/?iid=150249#folio=48">http://aplusmagazine.realviewdigital.com/?iid=150249#folio=48</a></li> <li>. <b>Develop e-learning.</b></li> </ul> <p>Plans for this year</p>	<p><i>1. Additional firm resources</i></p> <p>Large firms have a large variety of clients (different businesses, different locations and group companies which are incorporated in different jurisdictions). These clients are governed by different local or international laws and regulations. Firms need additional resources to ensure that professional accountants have adequate knowledge of the relevant Laws and Regulations of their clients.</p> <p>SMPs are also concerned about their limited resources to ensure that they have considered the complete list of laws and regulations that are within the scope of the NOCLAR standard when they encountered suspected NOCLAR.</p> <p><i>2. State Secrecy Law</i></p> <p>Certain jurisdictions have State Secrecy Law, e.g. PRC. It is difficult for professional accountants to consider whether communication under the NOCLAR standard may lead to a breach</p>

No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
		<p>Continue to monitor if there is any implementation / application issue and consider the need to develop any local guidance.</p>	<p>of the State Secrecy Law.</p> <p>3. <i>Laws/regulations vs Local Practice</i></p> <p>In some jurisdictions, there are cases where interpretation and implementation of laws and regulations in local provinces or cities is not the same as stated in the laws, e.g. PRC tax. Client normally follows local practice and it is difficult for professional accountants to determine whether clients have complied with the laws and regulations, and whether professional accountants have to take any further actions, including reporting to the appropriate authority.</p>
<b>INDIA (ICAI)</b>			
7.	<p>ICAI has converged with NOCLAR standard as contained in the revised edition of ICAI Code of Ethics, 2019.</p> <p>To start with, NOCLAR in India would apply w.e.f 1<sup>st</sup> April, 2020 for only Audit Assignments of Listed entities with regard to professional accountants in practice. The requirements of further action/disclosure have been modified in the revised Code to the extent that they are in line with the client confidentiality</p>	<p>Already issued.</p>	<p>There will be efforts for awareness of this standard, among others, so that this is implemented by the professional accountant in practice and in business. .</p>

No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
	<p>requirements contained in the Chartered Accountants Act, 1949. Accordingly, the requirement under a law has been incorporated as a precursor for the purpose of proceeding for further action.</p> <p>Examples of “appropriate authority” have been incorporated to offer guidance for the implementation of standard in Indian circumstances.</p> <p>With regard to professional accountants in business, NOCLAR would apply only to employees of listed entities.</p> <p>The extension of applicability of the standard will be reviewed later.</p>		
<b>JAPAN (FSA and JICPA)</b>			
8.	<p>JICPA is revising the Code to adopt the IESBA’s NOCLAR standard in two steps. Our plan is that we first revise it to adopt the NOCLAR provisions for PAPP, and then, revise it again to adopt the NOCLAR provisions for PAIB.</p> <p>As to the provisions for PAPP, JICPA released the final pronouncement in July 2018.</p> <p>As to the provisions for PAIB, JICPA</p>	<p>JICPA developed the interpretative guidance on NOCLAR to support implementation. JICPA included those guidance for PAPP in the Interpretative Guidance for Professional Ethics (Q&amp;A type of guidance) and released it in July 2018. JICPA plans to revise the Interpretative Guidance for Professional Ethics to add the guidance for PAIB in July 2019.</p>	<p>In JAPAN, confidentiality is required to CPA by the law (the CPA Act) that prohibits disclosure of confidential information.</p> <p>Without justifiable grounds, disclosure of confidential client information or employer information to a third party (an appropriate authority) would result in violation of the law (the CPA Act).</p> <p>Therefore, JICPA precluded “disclosure of</p>

No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
	<p>plans to release the final pronouncement in July 2019.</p> <p>NOTE: In the circumstances where an auditor (CPAs or audit firms) of a listed company identifies the fact that can impact on appropriateness of documents regarding financial calculation, such as violation of law, Financial Instruments and Exchange Act 193-3 requires the auditor (CPAs or audit firms) to notify the client of the fact to encourage the client to take appropriate measures. If the appropriate measures are not taken and the fact constituting a violation of laws and regulations could have a material impact on ensuring the appropriateness of the documents on financial accounting of the client, Financial Instruments and Exchange Act 193-3 requires the auditor (CPAs or audit firms) to notify the Financial Services Agency of the fact of non-compliance or suspected non-compliance with laws and regulations.</p>		<p>the matter to an appropriate authority” from the further action.</p>
<b>NETHERLANDS (Royal NBA)</b>			
9.	<ul style="list-style-type: none"> <li>Adoption Finalized</li> </ul>	<p>We have created a short introduction movie and some schemes to help professional accountants to apply the</p>	<ul style="list-style-type: none"> <li>Accountant in business where worried about the impact on them. We provided extra guidance</li> </ul>

No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
		<p>rules.</p> <p>We further made sure that the guidance is very easy to understand.</p>	
<b>NEW ZEALAND (NZAuASB)</b>			
10.	<p>The NZAuASB adopted IESBA’s NOCLAR standard in section 360 of the Code, but not section 250 as Part 2 of the Code is outside the legal mandate of the NZAuASB. <a href="#">Professional and Ethical Standard 1</a> has adopted but adapted the NOCLAR framework applicable to audit engagements to apply to review engagements also.</p> <p>Chartered Accountants Australia and New Zealand (CA ANZ) has proposed to adopt the IESBA framework as it applies to non-assurance engagements for other professional accountants in New Zealand.</p> <p>Implementation of the NOCLAR code requirements coincides with the introduction of strengthened New Zealand laws on anti-money laundering, including enhanced disclosure requirements by accountants.</p>	<p>Joint articles developed with CA ANZ to promote awareness of the changes:</p> <p><a href="#">Perspectives article</a> - Responding to non-compliance with laws and regulations (Dec 2016)</p>	<p>In adopting the framework for assurance practitioners, the NZAuASB challenged the need for a different framework for audit versus review engagements and other assurance engagements. The NZAuASB decided to adopt the NOCLAR provisions applicable to audit engagements for review engagements also. In reconsidering the applicability of the NOCLAR provisions applicable to audit engagements for other assurance engagements, the NZAuASB determined that the compelling reason test was no longer met. Accordingly, in issuing the revised and restructured Code in NZ, the NZAuASB has aligned the NOCLAR provisions for other assurance engagements with the IESBA Code.</p>

No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
<b>SOUTH AFRICA (IRBA)</b>			
11.	<p>South Africa has adopted amendments to the IESBA Code of Ethics responding to NOCLAR with the effective date of 15 July 2016.</p>	<p>The Committee for Auditor Ethics (CFAE) of the IRBA issued Frequently Asked Questions relating to NOCLAR in the South African environment.</p> <p>NOCLAR has some similarity to the South African legislative requirement (whistle blowing provisions) of Reportable Irregularities (RI)<sup>8</sup> for Registered Auditors, thus there was a need to clarify the difference between the two requirements, and to address how an auditor's action may cover both NOCLAR and local legislation.</p>	<p>As this is a significant change, the IRBA continues to raise awareness on NOCLAR, via articles and presentations. This will help ensure that all registered auditors are aware of the change.</p>
<b>UNITED KINGDOM (FRC)</b>			
12.	<p>The FRC's Ethical Standard addresses independence, including the principles of integrity and objectivity - other ethical principles are addressed by the ethical codes of the professional accountancy bodies.</p> <p>IESBA's NOCLAR Standard is expected to be addressed by the professional</p>	<p>Some UK professional accountancy bodies have already updated their codes of ethics and others have indicated they will do so. For example:</p> <p>ICAS has already adopted the NOCLAR standard in its Code of Ethics applicable for 1 November 2017.</p> <p><a href="https://www.icas.com/ethics/icas-code-of-">https://www.icas.com/ethics/icas-code-of-</a></p>	<p>The FRC's Ethical Standard addresses independence, including the principles of integrity and objectivity - other ethical principles are addressed by the ethical codes of the professional accountancy bodies.</p> <p>IESBA's NOCLAR Standard is expected to be addressed by the professional</p>

<sup>8</sup> More information on Reportable Irregularities for Registered Auditors in South Africa is available <https://www.irba.co.za/guidance-to-ras/reportable-irregularities>



No.	Status of Adoption	Plans or Actions to Support Implementation	Challenges Encountered
	<p>accountancy bodies that base their codes of ethics on the IESBA Code.</p>	<p><a href="#">ethics</a></p> <p>ACCA's Rulebook addresses ethics and the current version includes sections on NOCLAR.</p> <p><a href="http://www.accaglobal.com/content/dam/ACCA_Global/Members/Doc/rule/ACCA-Rulebook%202018-effective-1-March-2018.pdf">http://www.accaglobal.com/content/dam/ACCA_Global/Members/Doc/rule/ACCA-Rulebook%202018-effective-1-March-2018.pdf</a></p> <p>ICAEW currently reports on its website:</p> <p>"The IESBA changes will be adopted by ICAEW in due course but may currently be considered as good practice guidance underlying the discussion in s140.7"</p> <p><a href="https://www.icaew.com/technical/ethics/icaew-code-of-ethics/potential-requirement-to-override-confidentiality-when-suspecting-an-illegal-act">https://www.icaew.com/technical/ethics/icaew-code-of-ethics/potential-requirement-to-override-confidentiality-when-suspecting-an-illegal-act</a></p>	<p>accountancy bodies that base their codes of ethics on the IESBA Code.</p>
<b>UNITED STATES (AICPA)</b>			
13.	<ul style="list-style-type: none"> <li>Exposure Draft issued March 10, 2017</li> <li>Comment Period ended May 12, 2017</li> </ul>	<p>Ongoing task force meetings to discuss the extreme diversity of comments received and challenges in implementation</p> <p>Collaboration with stakeholders, including regulatory bodies to determine workable</p>	<ul style="list-style-type: none"> <li>Litigious environment in the United States</li> <li>Applicability considerations regarding audit versus non-audit services</li> </ul>

<b>No.</b>	<b>Status of Adoption</b>	<b>Plans or Actions to Support Implementation</b>	<b>Challenges Encountered</b>
		provisions	