



14 June 2017

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Dear Ken

Exposure Draft: Improving the Structure of the Code of Ethics for Professional Accountants — Phase 2

CPA Australia welcomes the opportunity to respond to the above Exposure Draft. CPA Australia represents the diverse interests of more than 160,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia supports IESBA's project to restructure the *Code of Ethics for Professional Accountants* (Code) to enhance its understandability and usability, thus facilitating its adoption and consistent application. We have provided our comments to previous exposure drafts on the Structure of the Code and related projects and we will not address issues raised in our previous submissions.

The restructured Code is divided between introductory comments, requirements and application material. While we think that the numbering system is more convoluted we are hopeful that the global profession will become familiar with the new approach. However, we are concerned that the status of the introductory paragraphs is not clear, particularly when they contain unique and important content, as is the case with paragraph 360.3. We would therefore urge the review of all introductory paragraphs and clarification of their status or the conversion of all non-requirement paragraphs to application material and the removal of the descriptor A from the Code.

1. *Do you believe that the proposals in this ED have resulted in any unintended changes in meaning of:*
 - *The provisions for Part C of the Extant Code, as revised in the close-off document for Part C Phase 1 (see Sections 200-270 in Chapter 1)?*
 - *The NOCLAR provisions (see Sections 260 and 360 in Chapter 2)?*
 - *The revised provisions regarding long association (see Sections 540 and 940 in Chapter 3)?*
 - *The provisions addressing restricted use reports in the extant Code (see Section 800 in Chapter 4)?*
 - *The provisions relating to independence for other assurance engagements (Part 4B in Chapter 5)? If so, please explain why and suggest alternative wording.*

2. *Do you believe that the proposals are consistent with the key elements of the restructuring as described in Section III of this Explanatory Memorandum?*

Generally, CPA Australia is of the view that the proposals are consistent with the key elements of the restructuring as described in the Explanatory Memorandum. However, there are some instances as is the case with paragraphs R800.3 and R 800.4 where the language is difficult and complex and we suggest that IESBA reviews and simplifies it. For example, R800.3 states:

The independence requirements that apply in respect of such an engagement shall only be eligible for the modifications to Part 4A (excluding this section) that are permitted by this section if...

3. *Respondents are asked for any comments on the conforming amendments arising from the Safeguards project. Comments on those conforming amendments are requested by April 25, 2017 as part of a response to Safeguards ED-2.*

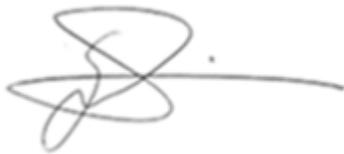
CPA Australia has provided comments on the *Proposed Revisions Pertaining to Safeguards in the Code—Phase 2 and Related Conforming Amendments*, in its submission dated 5 May 2017.

4. *Do you agree with the proposed effective dates for the restructured Code? If not, please explain why not.*

CPA Australia supports the proposed effective dates of the restructured Code.

If you require further information on our views expressed in this submission, please contact Dr Eva Tsahuridu, CPA Australia by email at eva.tsahuridu@cpaaustralia.com.au or on +61 3 9606 5159.

Yours sincerely



Stuart Dignam
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