



Suruhanjaya Sekuriti
Securities Commission
Malaysia

Reference No: AOB/IESBA/R&RT/2017-001/Safeguards

22 May 2017

Mr Ken Siong
Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017
USA

Dear Sir

**COMMENTS ON IESBA EXPOSURE DRAFT
PROPOSED REVISIONS PERTAINING TO SAFEGUARDS IN THE CODE –
PHASE 2 AND RELATED CONFORMING AMENDMENTS**

We thank you for the opportunity to comment.

The Audit Oversight Board, Malaysia (AOB) supports the continued efforts of the International Ethics Standards Board for Accountants (IESBA) to enhance understandability and usability of the Code of Ethics for Professional Accountants (the Code).

However, the AOB wishes to draw attention to para R601.8 of the Proposed Restructured Code which provides an exception where a firm may provide accounting and bookkeeping services of a routine or mechanical nature for divisions or related entities of an audit client that is a public interest entity (PIE).

The AOB is of the view that providing accounting and bookkeeping services to PIE audit clients creates a self-review threat that cannot be eliminated or reduced to an acceptable level through safeguards. This is regardless of the materiality of the services to be rendered or whether they are of routine or mechanical nature.

As such, the AOB strongly recommends the prohibition of providing such services to PIE audit clients, and the divisions and related entities thereof. This is consistent with existing auditing licensing requirements¹ in Malaysia as well as paras 290.172 and 290.185² of the Malaysian Institute of Accountants By-Laws (On Professional Ethics, Conduct and Practice) ("MIA By-Laws"), as highlighted in our earlier letter dated 4 July 2014.

¹ Auditor licensing requirements in Malaysia prohibit an auditor from directly or indirectly recording or maintaining accounting records for any company where the auditor or his partners are the appointed auditors of the aforementioned company except for accounting work related to the audit.

² Paras 290.172 and 290.185 of the MIA By-Laws prohibit a firm from providing accounting and bookkeeping services to an audit client that is a PIE, without any further consideration of whether the provision of such services are of a routine or mechanical nature.

Audit Oversight Board

Securities Commission Malaysia

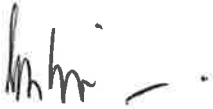
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Should you require any further clarification, please do not hesitate to contact Alex Ooi at +603 2091 0608 or at his email alexo@seccom.com.my.

Thank you.

Yours sincerely



DATO' GUMURI HUSSAIN

Executive Chairman
Audit Oversight Board

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