



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

6 February 2015

Dr. Stavros B. Thomadakis
IESBA Chair
The International Ethics Standards Board for Accountants
The International Federation of Accountants
545 5th Avenue, 14th Floor
New York, NY 10017

Dear Sir,

Comments on the Consultation Paper “Improving the Structure of the Code of Ethics for Professional Accountants”

The Malaysian Institute of Accountants (“the MIA”) appreciates the opportunity to provide comments on the Consultation Paper “Improving the Structure of the Code of Ethics for Professional Accountants”. We applaud the IESBA’s effort in improving the usability of the Code of Ethics (“the Code”).

Specific Questions:

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?

We agree with the proposed approach, especially maintaining the conceptual framework and distinguishing requirements from guidance, such as application and other explanatory material. We believe that the proposed structure provides greater clarity as it requirements and guidance are clearly distinguished, helping users focus on the key issues better and making the Code more user friendly.

We recognise there is a risk that the linkage between requirements and guidance may be lost if they are separated. However we believe the risk can be mitigated by creating a function in the electronic Code to cross-link from requirements to the relevant guidance.

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?

We believe the proposed approach will make the Code more capable of being adopted as it distinguishes requirements from guidance. We are of the view that the Code can be more efficiently implemented and consistently applied if requirements are distinguished from guidance and the requirements are emphasized.

We would like to point out that the proposed changes to the structure should not be driven by considerations of adoptability of the Code into laws and regulations, as this may not be relevant in certain jurisdictions. Respective jurisdictions should be left to determine if and how the Code can be adopted into laws and regulations.

3. Do you have any comments on the suggestions as to the numbering and ordering of the comment 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 believe that there is no significant impact for re-numbering and ordering of the Code, including reversing the order of extant Part B and C.

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 have no objection to re-brand the Code as 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?

We agree with the proposal for the same reasons as listed in paragraph 23 of the Consultation Paper.

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?

We agree that the Code should include a requirement for a firm to establish relevant policies and procedures on the assignment of responsibility of an individual for compliance with the Code, rather than making cross-reference to ISQC1.

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

We believe that the examples or guidance on the assignment of a responsible individual would be helpful to the users of the Code.

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?

We support the suggestions for an electronic version of the Code and recommend the IESBA create a function in the electronic Code to link related information together. For example, linking the "purpose" paragraph to conceptual framework, and linking the "requirements" paragraph to the relevant "application and other explanatory material".

In addition, we recommend the printable pdf version of the Code which is downloadable to be maintained for users to be used offline.

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

No comment.

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

No further comment.

In addition to the proposed structure of the Code for professional accountants, we suggest that the IESBA also considers the following recommendations:

- All amendments should be accompanied by the basis of conclusion to explain the decisions taken by the IESBA and to add understanding of the Code; and
- A formal channel should be created for member bodies to seek clarification with regard to any ambiguity of the Code.

We trust the above would be helpful to the IESBA. The Malaysian Institute of Accountants looks forward to strengthening the dialogue between both organizations.

Yours faithfully,

MALAYSIAN INSTITUTE OF ACCOUNTANTS



HO FOONG MOI
Chief Executive Officer