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June 3, 2020

Mr. Ken Siong
Senior Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue
New York, New York 10017 USA

Re: *Exposure Draft, Proposed Revisions to the Non-Assurance Services Provisions of the Code*

Dear Mr. Siong:

We appreciate the opportunity to provide comments on the exposure draft "Proposed Revisions to the Non-Assurance Services Provisions of the Code" (the "ED") issued in January 2020 by the International Ethics Standards Board for Accountants ("IESBA" or "Board").

We support the Board's efforts in considering the significant public interest in the topic of non-assurance services (NAS), and welcome efforts by the Board to continue to improve the guidance and clarity on when and how non-assurance services might create threats to the independence of the audit firm. We also support the IESBA's objective to enable professional accountants to meet their responsibility to be independent of their audit and assurance clients by having a Code that contains robust and high-quality provisions.

We recognize the importance of acting in the public interest to ensure the threats to independence from providing NAS to an audit client are at an acceptable level. However, there are also services that are customarily provided by an auditor and contribute to audit quality and may even be expected of regulators. Examples of such services include comments on internal controls, due diligence related to mergers and acquisitions, comfort letters, fairness opinions, audits in connection with acquisitions, internal control reviews, assurance services related to financial and non-financial reporting that may or may not be required by statute or regulation and consultation concerning financial accounting and reporting standards. We consider that it is equally important to highlight these types of services to ensure the Code provides a balanced approach to providing guidance about the various services an auditor can provide. This would lead to greater international consistency in application of the requirements.

It is only possible to comment on the proposals in this ED in the context of their impact on Public interest Entities (PIEs) as they are currently defined in the Code. The scope and impact of the proposals in this ED could differ greatly should the definition of a PIE be amended, and we suggest the Board consider delaying any decisions regarding the proposals in this ED until the PIE project is also completed, allowing a consideration of the impact of both sets of interacting proposals.

Please find below our comments in response to the specific questions in the ED.

Specific Comments

Prohibition on NAS that Will Create a Self-review Threat for PIEs

Question 1 Do you support the proposal to establish a self-review threat prohibition in proposed paragraph R600.14?

The Conceptual Framework of the Code is based on the principle of evaluating threats and applying safeguards, and a prohibition based on self-review threats without evaluation does not reasonably follow the structure of the Code. However, we recognize the increased public interest in the perception of independence and therefore do not object to the proposal that non-assurance services should not be provided to PIEs if they create a self-review threat. We note it is a far-reaching change and creates many new prohibitions, therefore the clarity of the application material including 600.11 A2 is critical. Our support should be considered in the context of other comments in this letter with respect to other consequences arising from the proposal. We also note that our comments are based on the application of these proposals to audit clients that are PIEs as they are currently defined, and therefore may be impacted by any change to the definition of a PIE.

Importantly, the self-review threat prohibition should not in any way restrict services that are integral to the performance of high-quality audits, nor restrict the ability of the auditor to discharge its responsibilities, for example by providing advice on accounting and standards or evaluating and making recommendations for improvements to internal controls.

As noted in the introduction, we would also ask that the Board consider explicitly addressing that non-assurance services that are required by laws and standards to be performed by the auditor can be provided by the auditor.

Question 2 Does the proposed application material in 600.11 A2 set out clearly the thought process to be undertaken when considering whether the provision of a NAS to an audit client will create a self-review threat? If not, what other factors should be considered?

General comments

Our understanding of proposed 600.11 A2 is to establish three criteria, all three of which must be met, in order to identify whether a non-assurance service to an audit client will create a self-review threat for the purposes of section 600.

As noted above, given the self-review threat prohibition, the clarity of this application material is critical. We therefore support the notion of providing such a definition, subject to the following comments:

- We recognize the definition of self-review threat from Section 120 is being leveraged for the purposes of Section 600. Section 120 is phrased in a way that it is applicable to all professional accountants, not just auditors, when applying the conceptual framework. However, for the purposes of Section 600, we consider that the definition of a self-review threat should not refer to the results of "previous judgment made" by the firm. When an auditor provides a non-assurance service, management must make all judgments and decisions in order for the auditor not to assume a management responsibility. Therefore, by definition any prior judgments made were not ultimately the auditor's judgments, but rather were management's decisions.
- We agree that paragraph 600.11 A1 appropriately guides the professional accountant to consider the "risk" that the results of the non-assurance service create a self-review threat, but find this to be inconsistent with the circular structure in 600.11 A2 that a self-review threat will be created if there is a risk of self-review (a risk that the three prongs of the test are met).
- The Code refers to the "provision" of services in other sections, including 600.11 A2 rather than the "undertaking" of a service as referenced in 600.11 A1.

- It is unclear whether the reference to the firm "auditing its own work" in 600.11 A1 is intended to be a different definition of a self-review threat than that contained in 600.11 A2 and we recommend it be deleted/redrafted to avoid confusion.
- A self-review threat is already defined in Section 120, so we do not see the need for it to be repeated in 600.11 A1, and then followed by another "definition" of a self-review threat for the purpose of Section 600 which is also slightly different and we recommend deleting the second sentence in 600.11 A1.

For the reasons stated above, we make the following suggestions for the Board's consideration:

600.11 A1 When a firm or network firm ~~undertakes~~ provides a non-assurance service ~~for~~ to an audit client, there might be a risk that the results of the non-assurance service create ~~of the firm auditing its own work, thereby giving rise to~~ a self-review threat. ~~A self-review threat is the threat that a firm or a network firm will not appropriately evaluate the results of a previous judgment made or an activity performed by an individual within the firm or network firm as part of a non-assurance service on which the audit team will rely when forming a judgment as part of an audit.~~

600.11 A2 Identifying whether there is a risk that the provision of a non-assurance service to an audit client will create a self-review threat involves determining whether ~~there is a risk that~~:

(a) The results of the service will affect the accounting records, internal controls over financial reporting, or the financial statements on which the firm will express an opinion;

(b) In the course of the audit of those financial statements, the results of the service will be subject to audit procedures; and

(c) When ~~making an audit judgment~~ performing audit procedures, the audit team will evaluate or rely on any ~~judgments made of~~ activities performed by the firm or network firm in the course of providing the non-assurance service.

Drafting comments

If paragraph 600.11 A2 establishes a test with three criteria for identifying whether a non-assurance service to an audit client will create a self-review threat, then we find it confusing that the relevant Requirements throughout the remainder of Section 600 refer to a self-review threat *"in relation to the audit of the financial statements on which the firm will express an opinion*." It is unclear the intention of adding this phrase, and whether it implies a stricter or different test as it only refers to the first criterion in 600.11 A2 (a).

For example in 600.13 A2, the statement is clear that *"Where the provision of a non-assurance service to an audit client that is a public interest entity creates a self-review threat, that threat cannot be eliminated, and safeguards are not capable of being applied to reduce that threat to an acceptable level.*"

Using this same concept, the requirements should therefore follow in R600.14 that *"A firm or a network firm shall not provide a non-assurance service to an audit client that is a public interest entity if a self-review threat will be created ~~in relation to the audit of the financial statements on which the firm will express an opinion~~.*"

The phrase "*in relation to the audit of the financial statements on which the firm will express an opinion*" also appears in requirements R601.5, R603.5, R604.10, R604.15, R604.19, R604.24, R605.6, R606.6, R607.6, R608.6, R610.8 and R400.32. We suggest for this phrase to likewise be deleted from these paragraphs.

However, unlike the other requirements, R601.5 is in effect a blanket prohibition on accounting and bookkeeping services being provided to audit clients that are PIEs, despite being phrased in the same way as the other requirements[1].

[1] These comments are also relevant for the section regarding "Tax Calculations for the Purpose of Preparing Accounting Entries."

This is due to the interaction with 601.3 A1 which states that the provision of accounting and bookkeeping services *will* create a self-review threat. We propose that bookkeeping and accounting services be treated consistently with the other requirements, and that 601.3 A1 state that "Providing accounting and bookkeeping services to an audit client *might* create a self-review threat." In the same way as for other non-assurance services, the auditor should evaluate whether there is a self-review threat by applying the test in 600.11 A2.

We are concerned, as also noted below, that a broad prohibition on "accounting services" could sweep in services that should be provided by the auditor, such as the provision of technical advice and assistance to the audit client in connection with accounting matters. This a very broad category of services that is not defined adequately enough to be prohibited without reference to an evaluation of whether the non-assurance service creates a self-review threat in compliance with R600.14. It is also contradictory with 601.2 A2 which provides a list of activities that could be labelled accounting services, but are deemed not to create threats and is also inconsistent with the conceptual framework that requires an evaluation whether a threat is created in the first place.

We still have a concern that applying the test in 600.11 A2 may lead to the conclusion that providing advice and recommendations creates a risk of self-review and is therefore impermissible for a PIE, which we do not believe is the intention. For example, using the example above, an audit firm provides advice and recommendations on the application of an accounting standard and does not provide the client with specific journal entities or quantify the impact. It could be made clearer, perhaps through examples, that the application of 600.11 A2 should not lead to the conclusion that the advice and recommendations (the results of the service) created a self-review threat simply because management considered and implemented the advice, and the decisions made by management had an impact on the financial statements.

Tax advisory and tax planning proposals in paragraph 604.12 A2

We support the Board's approach in paragraph 604.12 A2 (and also in new R604.4), including retaining subparagraph c) and the concept of "likely to prevail" from the extant Code for consistency, which we regard as being equivalent to the "more likely than not" standard found in accounting literature.

We consider it is in the public interest to set out clearly the circumstances under which the provision of tax services will not create a self-review threat, and as a whole, the Subsection provides the appropriate clarity and importantly focuses on the elements of tax services that might create threats to independence.

Drafting comments

We suggest the third and fourth sentences in 600.12 A1 be deleted as they are duplicative. If the Board wishes to state that advice and recommendations should not be provided if the results of the services will create a self-review threat, it should be sufficient to refer to 600.11 A2.

We also suggest deleting the phrase "including providing advice and recommendations as part of such a service" from the first sentence of 600.7 A1. The phrase is duplicative with 600.12 A2. Furthermore, it could suggest something contradictory to the statement in 400.13 A4 that states that providing advice and recommendations to assist the management of an audit client in discharging its responsibilities is not assuming a management responsibility.

Project on Definitions of Listed Entity and PIE

Question 4 Having regard to the material in section I, D, "Project on Definitions of Listed Entity and PIE," and the planned scope and approach set out in the approved project proposal, please share your views about what you believe the IESBA should consider in undertaking its project to review the definition of a PIE.

As noted in previous responses, we continue to support the current approach in the Code to include listed entities as PIEs and defer to legislation or regulation where the jurisdiction decides an entity should be treated like a listed entity or

is defined as a PIE. We urge the Board to proceed with caution in trying to develop one definition that would be applicable or appropriate in every jurisdiction in the world, which risks undermining global adoption efforts.

We also support the current definition of a listed entity, which is broader than the definition in the European Union (which does not encompass secondary exchanges such as the AIM). We consider it is in the public interest for any entities whose shares, stock or debt are quoted or listed on any exchange to be considered a listed entity under the Code. The Board should, however, consider making this clearer in the Code to ensure consistent application of the definition globally.

As mentioned in our introductory comments, we suggest the Board consider delaying any decisions regarding the proposals in this ED until the PIE project is also completed, allowing a consideration of the impact of both sets of interacting proposals.

Materiality

Question 5 Do you support the IESBA's proposals relating to materiality, including the proposal to withdraw the materiality qualifier in relation to certain NAS prohibitions for audit clients that are PIEs (see Section III, B "Materiality")?

We consider that it would be reasonable to conclude, applying the principles of the Code, that the independence of the auditor would not be impaired if it were to provide non-assurance services where the results had an immaterial impact on the financial statements being audited. However, we recognize the increased public interest in the perception of independence and therefore do not object to the proposal that non-assurance services should not be provided to PIEs if they create a self-review threat, regardless of the materiality of the effect.

This support however is subject to the comments noted above about ensuring clarity around the definition of a self-review threat and how it is to be applied.

We also request the Board to consider the impact of the potential increase in breaches that may be reported with respect to immaterial impermissible services, for example, where an immaterial service was provided because it was considered unlikely to create a self-review threat is subsequently reevaluated or an immaterial prohibited service is performed at a related entity which was not identified at the time as a related entity of the audit client. The potentially higher amount of breaches, even for clearly insignificant matters, might distract TCWG from matters that truly impact the independence of the audit. As discussed in Question 7 below, this is not in the public interest and we suggest for an auditor to be able to use professional judgment when determining the matters that should be discussed with TCWG.

Question 6 Do you support the proposal to prohibit the following NAS for all audit clients, irrespective of materiality:

- Tax planning and tax advisory services provided to an audit client when the effectiveness of the tax advice is dependent on a particular accounting treatment or presentation and the audit team has doubt about the appropriateness of that treatment or presentation (see proposed paragraph R604.13)?
- Corporate finance services provided to an audit client when the effectiveness of such advice depends on a particular accounting treatment or presentation and the audit team has doubt about the appropriateness of that treatment or presentation (see proposed paragraph R610.6)?

We support these proposals.

Communication with TCWG

Question 7 Do you support the proposals for improved firm communication with TCWG (see proposed paragraphs R600.18 to 600.19 A1), including the requirement to obtain concurrence from TCWG for the provision of a NAS to an audit client that is a PIE (see proposed paragraph R600.19)?

We urge the Board to make the proposals regarding communicating with TCWG in both the Fees and NAS EDs consistent in scope – i.e., to have the same scope for obtaining concurrence and communicating about fees charged by the firm or network firm. However, we do not agree that the requirement should extend to entities over which the audit client has *"direct or indirect control"* because this is not consistent with other regulations (namely those of the SEC and the EU Audit Legislation) that require audit committee preapproval for services provided to the audit client and its consolidated entities.

For instance, the SEC requires audit committee preapproval for services provided to an issuer audit client and its subsidiaries. Similarly, while the EU requirements refer to the audit client and its controlled undertakings, the concept of controlled undertakings follows the accounting directives and means the consolidated entities. Using the proposed language would greatly expand the scope of entities that would be subject to preapproval, especially in the private equity space. While the top holding company might be a listed entity, the portfolio companies that are controlled by the private equity firm via board representation, voting shares, etc. are usually held within funds that are owned by outside investors. While technically the portfolio companies are "controlled" by the private equity house, the funds and the portfolio companies are not consolidated into the financial statements of the private equity house. Rather, the private equity firm generates its revenue mainly from management fees paid by the funds. Also, the funds and portfolio companies would be subject to the corporate governance of a different group of individuals from TCWG at the private equity firm.

Only requiring preapproval for consolidated entities would be more reasonable as the requirement to obtain concurrence from TCWG for the provision of NAS to an audit client that is a PIE should extend only to entities over which TCWG will have decision-making or corporate governance responsibilities, that is, consolidated entities.

We suggest that the Board also consider the addition of a "de minimis exception" with respect to the failure to obtain the concurrence of TCWG for insignificant permissible services. This directionally aligns with a similar provision in the SEC's rules. While recognizing that the services should be disclosed as soon as the audit firm becomes aware, such an exception would avoid the need to apply the full breach reporting requirements in a situation where the service was permissible and did not impair the auditor's independence. Failure to comply with R600.19, especially in large global groups, could result in a high volume of breach communications with TCWG and may dilute the impact of other communications that may be more likely to bear on the accounting firm's independence. The resulting distraction for TCWG would not be in the public interest.

Other Proposed Revisions to General NAS Provisions

Question 8 Do you support the proposal to move the provisions relating to assuming management responsibility from Section 600 to Section 400, and from Section 950 to Section 900?

Overall, we support this proposal.

In addition to the changes that have been made, we suggest the Board consider adding examples of factors in paragraph 400.31 A1 that are relevant in evaluating the threats to independence resulting from providing non-assurance services that would be impermissible prior to being engaged to be the auditor. These factors might include:

- Whether the results of the services have been subject to audit procedures by another firm
- The materiality in relation to the client's financial statements
- Whether the services were provided by professionals who are not audit team members.

We also suggest an amendment to 400.12 A2 and the statement that assuming a management responsibility creates a self-review threat. Based on the definition of a self-review threat in Section 600, this would not always be the case. For instance, making a decision regarding hiring of an employee would be a management responsibility, and would not result in a self-review threat. We suggest the wording be changed to state a self-review threat "might be created."

Question 9 Do you support the proposal to elevate the extant application material relating to the provision of multiple NAS to the same audit client to a requirement (see proposed paragraph R600.10)? Is the related application material in paragraph 600.10 A1 helpful to implement the new requirement?

We consider that the requirement in R600.10 lacks clarity and will therefore lead to inconsistency in application. It is hard to understand, without examples or guidance, how a firm should assess whether the "combined effect" of providing multiple services creates new, or impacts current, threats. It is also unclear how this provision is intended to interact with other provisions where multiple non-assurance services might create or impact threats created by the individual services, for example, when assessing the threats created by the proportion of fees and fee dependency.

Proposed Revisions to Subsections

Question 10 Do you support the proposed revisions to subsections 601 to 610, including:

- The concluding paragraph relating to the provision of services that are "routine or mechanical" in proposed paragraph 601.4 A1?

We do not have concerns with the addition of the concluding paragraph, though do not consider it is necessary to repeat the prohibition on not assuming management responsibilities.

- The withdrawal of the exemption in extant paragraph R601.7 that permits firms and network firms to provide accounting and bookkeeping services for divisions and related entities of a PIE if certain conditions are met?

We support the withdrawal of the exemption as being consistent with the prohibition on providing accounting and bookkeeping services to a PIE that create a self-review threat.

- The prohibition on the provision of a tax service or recommending a tax transaction if the service or transaction relates to marketing, planning or opining in favor of a tax treatment, and a significant purpose of the tax treatment or transaction is tax avoidance (see proposed paragraph R604.4)?

We support the prohibition and the principle underpinning it. We do however have suggested editorial changes for the Board's consideration to enhance clarity and readability of paragraph R604.4:

A firm or a network firm shall not provide a tax service ~~or recommend a transaction~~ to an audit client ~~if the service or transaction~~ related to marketing, planning, or opining in favor of the ~~a~~ tax treatment of a transaction that was initially recommended, directly or indirectly, by the firm or network firm, and a significant purpose of which ~~the tax treatment or transaction~~ is tax avoidance, unless the proposed tax ~~that~~ treatment has a basis in applicable tax law and regulation that is likely to prevail.

- The new provisions relating to acting as a witness in subsection 607, including the new prohibition relating to acting as an expert witness in proposed paragraph R607.6?

We support the new provisions in subsection 607.

Other comments

Accounting advice provided by the auditor

We consider that the Code should make a clearer distinction between the *performance* of bookkeeping and accounting activities which create a self-review threat, and the provision of technical advice and assistance to the audit client in connection with accounting matters which is consistent with the role of the auditor. Given the importance of the auditor's role in connection with assisting the audit client by providing such advice, the Board might even consider placing this guidance together in one place such as in Section 400 in the same manner as the Management Responsibilities language. Having a separate section would emphasize these activities are consistent with the role of the auditor which would lead to a greater consistency in interpretation of the Code.

It is also important that if the Board wishes to retain the wording in 601.3 A1 that "accounting and bookkeeping services create a self-review threat" (not "might create"), then the definition of accounting and bookkeeping service should not risk sweeping in the important accounting services provided by auditors.

We suggest the following amendments to 601.2 A2 and 601.2 A3 to address these concerns:

601.2 A2 The audit process necessitates dialogue between the firm and the management of the audit client, which might involve:

- *Applying accounting standards or policies and financial statement disclosure requirements.*
- *Assessing the appropriateness of financial and accounting control and the methods used in determining the stated amounts ~~of assets and liabilities~~ in the financial statements and related disclosures.*
- *Proposing adjusting journal entries arising from audit findings.*
- *Responding to questions relating to accounting standards, their application and financial reporting.*
- *Discussing findings on internal controls over financial reporting and processes, and recommending improvements.*
- *Discussing how to resolve account reconciliation problems.*

The last two bullet points of 601.2 A3 appear to imply an outcome contradictory to the prior paragraph *("dialogue between the firm and the management of the audit client does not usually create threats as long as the client accepts responsibility for making the decisions involved in the preparation of accounting records or financial statements and the firm does not assume a management responsibility"*). It is very important not to undermine the important role of the auditor in providing technical advice to the audit client in connection with accounting matters. As the list in 601.2 A3 would become a "prohibited" list of accounting and bookkeeping services for PIEs, if 601.3 A1 states such services always create a self-review threat, we recommend the following changes to enhance clarity and consistency with other parts of the Code:

601.2 A3 Accounting and bookkeeping services comprise a broad range of services including:

- *Preparing accounting records or financial statements.*
- *Recording transactions.*
- *Payroll services.*
- *~~Providing technical assistance on matters such as r~~Resolving account reconciliation problems.*
- *~~Providing technical advice on accounting issues, including the conversion of~~ Converting existing financial statements from one financial reporting framework to another.*

Proposed Revisions to Subsection 604 - Tax services

We recognize that the wording in both 604.6 A1 and R604.19 is based on the wording in the extant Code; however, the former refers to tax returns being "subject to whatever review or approval process the tax authority considers appropriate" and the latter refers to a tax valuation being "subject to external review by a tax authority or similar regulatory authority."

It would provide clarity around the expected review process, and recognize that tax authorities may have varying valid review processes, to align the last sentence in R604.19 with the wording in 604.6 A1 as follows: "*…and the valuation is subject to whatever review or approval process the ~~external review by a~~ tax authority considers appropriate ~~or similar regulatory authority~~.*"

Proposed Revisions to Subsection 607 – Litigation Support Services

We suggest that proposed paragraph 607.7 A2 be edited as follows, as a witness of fact should not be providing an opinion: "…acts as a witness of fact and in the course of doing so provides evidence ~~an opinion~~ within the individual's area of expertise".

Proposed Revisions to Subsection 610 – Corporate Finance services

We are concerned by the addition in 610.2 A1 of "performing due diligence in relation to potential acquisitions and disposals" amongst the list of corporate finance services, when these services are not by their nature corporate finance services. This misplacement could give the incorrect impression that due diligence services might create a self-review or advocacy threat.

We consider that performing due diligence is consistent with the role of the auditor and, for example, this is supported by the SEC's requirements around fee disclosures which considers due diligence to be an "audit-related service." The service does not create a self-review threat as it involves the examination and assessment of historical financial information of an entity that is not yet, and may not become, a related entity of the entity upon whose financial statements the firms is opining. Additionally, the results of the due diligence services would not subject to audit as the opening balance of the entity acquired would be recorded using the fair values of the assets and liabilities at the time of acquisition. If the Board decides to retain due diligence in Section 610, to avoid any misinterpretation we recommend the Board consider including specific application guidance to explain that performing due diligence in relation to potential acquisitions and disposals does not generally create a self-review threat, similar to the statement made in 604.6 A1 with respect to tax return preparation or re-locate the services to a new section that addresses various services generally provided by the auditor.

With the exception of the case referenced in R610.5, it is also unclear in this section how the other corporate finance services that are listed as examples might create a self-review threat. Additional examples, such as in 608.6 A1, would be useful. If there are no other examples, we suggest for R610.8 to be removed.

Other drafting comments

We suggest the following editorial changes to enhance clarity, and in some cases consistency with other parts of the Code:

- 600.16 A2: We recommend deleting this paragraph as it does not seem consistent with the restructured Code format. 600.16 A1 contains sufficient reference to the conceptual framework in Section 120 and the information in 600.16 A2 is also covered in 600.16 A3 and 600.16 A4.

- Amend R600.18 as follows for clarity and consistency with R600.19 which refers to "unless those charged with governance of the public interest entity concur…":

- "Before a firm or a network firm accepts an engagement to provide a non-assurance service to an audit client that is a public interest entity which, for this purpose, shall include only related entities over which the audit client has direct or indirect control, the firm shall provide those charged with governance of the public interest entity with sufficient information…"

- 600.19 A2 "Where an audit client includes more than one ~~or more~~ public interest entity ~~entities~~, it might be appropriate for …"

- 603.2 A2 "If a firm or a network firm is requested to perform a valuation to assist an audit client with its tax reporting obligations or for tax planning purposes and the results of the valuation only affect ~~only~~ the accounting records or the financial statements through accounting entries related to tax, the requirement and application material set out in paragraphs ~~604.16 A1 to R604.19 A1~~ 604.17 A1 to 604.19 A1, relating to such services, apply."

- In various sections, a separate paragraph has been added to describe safeguards to address advocacy threats for PIEs (as there are no safeguards if the service creates a self-review threat) however the types of threats are not specifically mentioned when describing the safeguards for non-PIEs. In order to reduce any confusion to the reader, we suggest making the following amendment to paragraphs 603.3 A3, 604.14 A1, 604.18 A3, 604.23 A1, 608.5 A2 and 610.7 A1: "Examples of actions that might be safeguards to address self-review or advocacy threats …"

- The first sentence in 604.9 A1 is duplicative of 604.8 A1 and should be deleted.

- We consider the application guidance in 608.6 A1 is relevant to all audit clients, not just PIEs, and therefore is in the wrong location within Section 608.

- The section heading for R610.5 is not correct as there are numerous corporate finance prohibitions in this section, not just in relation to promoting, dealing in or underwriting the shares, etc. of an audit client. The subheadings for the entire section should be reconsidered.

Proposed Consequential Amendments

Question 11 Do you support the proposed consequential amendments to Section 950?

We do not agree with the notion that an assurance engagement provided to a PIE should also be considered in a boarder public interest context like an audit engagement. For example, a firm might be requested to issue a controls report under ISAE 3402 for an entity that happens to be a listed entity but that listed entity is audited by another firm. The provision of a non-audit assurance engagement for that listed entity does not mean that there is a public interest element to that particular assurance engagement. This is especially true in the context of a report for one intended user. We therefore do not support the addition of paragraphs 950.9 A1 and A2, but rather urge the Board to consider the public interest element of assurance engagements as part of the PIE project that is currently underway.

Question 12 Are there any other sections of the Code that warrant a conforming change as a result of the NAS project?

We do not consider other confirming changes are required.

* * *

We would be pleased to discuss our comments with members of the IESBA or its staff. If you wish to do so, please feel free to contact Wally Gregory, Senior Managing Director of Global Independence, via email (wgregory@deloitte.com) or at +1 203 761 3190.

Sincerely,

Deloitte Touche Tohmatsu Limited