

Mr. Ken Siong
International Ethics Standards Board for Accountants
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

25 April 2017

Dear Mr. Siong,

Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice

We are pleased to comment on the Exposure Draft, *Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice*. We understand that questions were raised during the IESBA's deliberations in Phase 1 of the Part C project about the applicability of the provisions in Part C to Professional Accountants in Public Practice (PAPPs), i.e., professional accountants in firms who provide professional services to clients. The view was expressed that the guidance in the extant Code could be interpreted to mean that the Code contains two distinct parts (i.e., extant Part B and Part C) directed at two different categories of professional accountants. Although the extant Code contains the statement that "professional accountants in public practice *may* also find Part C relevant to their particular circumstances", comments were received indicating that the statement was not in a prominent location in the Code and that the use of the word "*may*" rather than "*shall*" might lead a PAPP to believe that the application of Part C to be optional.

We agree with the International Ethics Standards Board for Accountants' (IESBA, or the Board) view that, similar to Professional Accountants in Business (PAIBs), it is possible for PAPPs to find themselves in ethically problematic circumstances that do not involve clients and that the applicability of Part C to PAPPs, particularly with respect to conflicts of interest, pressure and inducements, should be clear. We also support the Board's approach to address this matter.

We believe duplicating Part C requirements and application in material in Part B would be repetitive and cumbersome, and we believe attempting to clarify the definition of PAIB could be problematic. The approach suggested by the Board to clarify that the requirements and application material of the Code should be applied in a holistic manner and to raise the prominence of this requirement in the Code is the appropriate response to the questions raised on this matter.

One specific question, in two parts, was identified on which the Board welcomed respondent's views and our response is set out below.

Request for Specific Comments

1. Do respondents agree with:

- (a) The proposed applicability paragraphs; and**
- (b) The proposed location of those paragraphs in Sections 120 and 300 of the proposed restructured Code.**

If not, why?

- (a) We agree with the applicability paragraphs as proposed. We support the statement with respect to the need to consider the context in which the issue has occurred and the use of the language “the professional accountant in public practice shall comply with the relevant provisions” in Part 2. We also believe the inclusion of the example is useful in illustrating the pertinence of Part 2 to professional accountants in public practice in some circumstances.
- (b) We agree with the location of these paragraphs in both Sections 120 and 300 and believe it supports the objective of increasing the prominence of the possible applicability of Part 2 to professional accountants in public practice.

We do not have any comments in response to the Request for General Comments with respect to *Proposed Revisions to Clarify the Applicability of Provisions in Part C of the Extant Code to Professional Accountants in Public Practice*.

We would be pleased to discuss our comments with members of the International Ethics Standards Board or its staff. If you wish to do so, please contact Bob Franchini (+39-02-7221 2014) or Susan Nee (+1 305-510-0172).

Yours sincerely,

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