

2. (untitled)

1. From which perspective are you providing this feedback? [* Required where indicated]

Other, please specify:: Accounting firm

Please provide the following contact information:

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Organization Name (if applicable)

Ernst & Young Global Limited

2. In which country or jurisdiction do you or your organization work or serve? (If international, please indicate so; if a region of the world, please indicate which region)

If country, please select country?

OR if a region of the world, please indicate which region:

OR if international, please indicate by ticking the box:

International

3. (untitled)

B.1 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We support the Board's proposal to explore the issues around new technologies and their impact on ethical requirements. While we do not believe that this will give result to significant new requirements, it is important that IESBA consider the impact of digitalization on the activities undertaken by professional accountants whether in public practice or business.

We would note that we have found the principles based approach of the Code and the related fundamental principles suitable for addressing emerging issues as they arise. This is true of cyber-security services or data analytics as well as new types of social interaction. In short, while circumstances may change with new technologies and societal behavior, the fundamental principles remain relevant and provide a framework to address ethical issues deriving from such new circumstances.

However, we do see an opportunity to revisit terminology, definitions and examples in the Code to reflect more closely the digital transformation business and society are undergoing. For example, what is the definition of "office" in a virtual work environment or the meaning of "routine and mechanical" in a highly digital environment.

In addition, we would also highlight Section 140 on "Confidentiality" as an area of future focus for the Board. Through services related to Big Data and Data Analytics, professional firms are now collecting vast quantities of data and this raises the question of how such data can be used responsibly by professional accountants in the provision of other services without infringing the requirements of confidentiality.

B.2 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We support the Board's proposal to explore the issues around new service offerings and new models of service delivery. However, as with new technologies, we do not believe that this will result in new requirements.

In our experience, the principles based approach in the Code and the fundamental principles provide a sound basis for assessing the ethical issues associated with such new services. Accordingly, we do not believe specific new guidance is needed. Rather, as with the prior question, there is an opportunity to refresh terminology and examples in the sections relating to non-audit services to audit clients. For example, in the sections relating to management responsibilities, internal audit and IT systems services.

In addressing this topic, the Board should clarify the meaning of terms such as "managed services". In our experience, these terms have are often used as new "jargon" to describe an old service.

B.3 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

The existing definition of PIE was established with the revised Code in 2009. The question of whether financial institutions should be mandated as PIEs was discussed by the IESBA at that time and it was determined that such classification should be the prerogative of national regulators or standard-setters given the differences that exist between jurisdictions in the way the financial services industry is structured, organized, and regulated. We believe that such considerations are still valid and, based on our experience in applying the existing definition, do not see a compelling reason to make the definition more prescriptive.

With respect to the term "recognized stock exchange", we believe being listed on such an exchange should remain the primary criterion for defining a listed entity. It recognizes that there are exchanges that are formally constituted but are not as tightly regulated as a "regulated stock exchange" as defined, for example, by the EU. Given the ability of the investing public to invest in such less-regulated exchanges in the same way that they may invest in a more regulated exchange we do not believe that it would serve the public interest to exclude such entities from the more stringent requirements that related to PIEs.

However, given the new forms of capital raising and developments in capital markets we believe it would be useful for the Board to provide some examples of what constitutes a "recognized stock exchange".

B.4 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

Models of governance for CIVs vary between jurisdictions. The roles of advisor, sponsor, administrator and custodian differ and make it difficult to establish a universal model that could apply in all situations. As the industry is highly regulated in many countries we believe that defining the related entity be best left to local regulators and standard-setters.

B.5 Do you have any specific comments on this topic and, in particular, why

this topic should or should not be prioritized?

Though we recognize that there has been public attention on what some call "aggressive tax avoidance" transactions, we have concerns about the Board trying to define such transactions. In trying to do so, the result could be equating (whether implicitly or explicitly) "aggressive tax avoidance" with tax evasion. We do not condone tax evasion.

As public accountants, we have a responsibility to act in the public interest, and that is reflected in the Code. Public accountants have an obligation to provide advice consistent with professional standards and in compliance with national and international laws. In doing so, they assist taxpayers in complying with the tax rules in the countries in which they operate.

Tax planning that results in the avoidance or reduction in tax is often the specific desired outcome of the tax legislation. Thus, both the definition of "aggressive" and the consequences of that designation is fraught with challenge.

Accordingly, we do not believe that this topic should be a priority for the Board.

B.6 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

Materiality is a concept well understood by professional accountants and, in particular, auditors. Guidance exists in ISA 320 and we support the Board's recent initiative to include new application material that references ISA 320 when considering materiality in connection with non-audit services. We would also support extending the same application guidance to other areas of auditor independence, such as personal financial interests and business relationships. However, we would caution extending to other areas of the Code unrelated to auditor independence. In these other areas, qualitative considerations are more relevant and the Code already contains the "reasonable third party" test which addresses qualitative aspects appropriately.

B.7 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

With respect to communications with TCWG, any initiative by the IESBA to revise the communications provisions should be undertaken in conjunction with the IAASB. In addition, the Board should consider that requirements and practice relating to such matters vary between countries and would caution the Board from establishing requirements that may be difficult to impose on TCWG who are not subject to the Code. In particular, pre-approval of non-audit services is not a requirement in many countries and may be difficult to impose.

B.8 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We consider the existing documentation requirements for auditors to be well balanced and in line with the documentation requirements of the ISAs. We do not believe documentation requirements are necessary for assessments of circumstances that fall under other parts of the Code unless they relate to an audit client (e.g. a conflict of interest).

We agree that independence documentation should be of a standard that would enable another professional to understand the judgments made, and the reasoning supporting those judgments. Such should be implied from the documentation requirements contained in the ISAs. However, it would be appropriate to state this also in the Code.

We do not believe there is any merit to eliminating the sentence "a lack of documentation does not determine whether a firm has considered a particular matter or whether it is independent" but would not

object to clarification of the intent of such wording. Accounting firms are required to have policies and procedures that are designed to ensure that accountants comply with ethical requirements. We do not believe it necessary that a circumstance that is clearly permitted under a policy be documented as such on every occasion that it occurs. The current requirement of requiring documentation appears to be adequate. This requires documentation when (a) the assessment requires safeguards to reduce a threat to an acceptable level or (b) when significant analysis is required to determine whether safeguards are necessary.

B.9 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

As this relates to public accountants in business we have no specific comments. However, we continue to support the efforts of the IESBA in strengthening the ethical requirements as they relate to professional accountants in business.

4. (untitled)

B.10 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We agree with the need to clarify that a breach of the Code relating to a non-independence matter needs to be terminated.

We do not support the need to eliminate the optionality of reporting breaches to a professional body or regulator. Such a requirement may conflict with established practice and protocol in an individual jurisdiction and should be left to regulators to mandate.

The provisions regarding breaches have been in place for three years and our experience is that the provisions function appropriately.

B.11 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We support initiatives to align the terminology of the Code to the ISAs and to clarify the meaning of the above terms contained in the Code.

B.12 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We strongly support his initiative and agree that it should be included in the Strategy.

B.13 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We support such an initiative. The prior paper published by IFAC on this subject fell short of the mark and did not address the implications of the statement "to act in the public interest" particularly when providing professional services to a non-audit client.

Are there any trends, developments or issues not otherwise covered in this section that you would rank in your top six priorities? If so, please explain why.

None

Please rank your top six priorities among items B.1 to B.13 above (1 being highest and 6 being lowest).

1. B.1 Trends and developments in technology and innovation
2. B.2 Emerging or newer models of service delivery
3. B.12 Post-implementation review of the restructured Code
4. B.13 Meaning of public interest in the global context
5. B.11 Definitions and descriptions of terms
6. B.3 Concepts of “public interest entity” and “listed entity”

5. (untitled)

C.1 Do you have any comments on any of the above activities or initiatives? In particular, do you believe any of them should not be a strategic priority for the IESBA and, if so, why? Please be as specific as possible.

We agree with prioritizing these initiatives. In particular, we believe stakeholder outreach and the tracking and reporting of the progress in global adoption of the Code are particularly important if we are to achieve consistent and widespread adoption of the Code. Focus should be on outreach to the G20 countries and other important jurisdictions that have the capacity to influence other countries (e.g. the Netherlands, Switzerland).

C.2 Are there any specific activities or initiatives you believe the IESBA should undertake to promote further adoption and more effective implementation of the Code? If so, please explain why.

None beyond those listed above.

6. (untitled)

D.1 Are there any particular matters you believe the IESBA should consider in relation to any one of these pre-existing commitments? Please be as specific as possible and explain your reasoning.

We support the Board's initiative to develop an e-Code. We believe this will make the Code easier to use and will support the outreach initiatives.

We would like to express some concern in respect to the exploratory project on "fees". More specifically there appears to be a lack of empirical evidence and determinant findings from IESBA sponsored research already conducted that would support embarking on a fully fledged IESBA project.

7. (untitled)

Section E: Any Other Strategic Matters

E.1 Are there any other matters of strategic importance not covered elsewhere in this survey or your earlier responses that you believe the IESBA should consider as it positions the Code for 2025? Please be as specific as possible.

No other matters.

8. (untitled)

3. Please confirm that you have completed all your responses?

Yes