

Reference No: AOB/IESBA/R&RT/2020-001

3 April 2020

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

Dear Sir

**COMMENTS ON IESBA EXPOSURE DRAFT  
PROPOSED REVISION TO THE CODE ADDRESSING THE OBJECTIVITY OF  
ENGAGEMENT QUALITY REVIEWERS**

We thank you for the opportunity to comment on the exposure draft of the above-mentioned proposed revision to the Code.

We are pleased to provide our comments and feedback on the proposed revisions to the Code, as attached in **Appendix I** of this letter.

Should you require any further clarification, please do not hesitate to contact me at +603 6204 8816 or at my email [alexo@seccom.com.my](mailto:alexo@seccom.com.my).

Thank you.

Yours sincerely



**Alex Ooi Thiam Poh**  
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## AUDIT OVERSIGHT BOARD

### Comments on International Ethics Standards Board for Accountants Exposure Draft *Proposed Revisions to the Code Addressing the Objectivity of Engagement Quality Reviewers*

The Audit Oversight Board, Malaysia (AOB) applauds and supports the efforts of the International Ethics Standards Board for Accountants (IESBA) in proposing the additional guidance on application of the conceptual framework in the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) to address objectivity of engagement quality reviewers (EQR). Such practical issues or concerns are rightly addressed in the proposed revisions.

In this regard, our comments on the proposed revisions to the Code are as follows:

1. Do you support the proposed guidance addressing the topic of the objectivity of an EQR?

The AOB has no objection to the proposed guidance.

2. If so, do you support the location of the proposed guidance in Section 120 of the Code?

The AOB has no objection to the location of the proposed guidance.

3. Do you agree with the IESBA that it would be more appropriate for the IAASB to determine whether a cooling-off requirement should be introduced in proposed ISQM 2 as discussed in Section III.C above, and that the Code should not be prescriptive in this regard?

The AOB is of the view that the cooling-off requirement of EQR which is part of the ethical requirements for professional accountants should be prescriptive in the Code which is in line with the partner rotation rules. The IESBA, an independent standard-setting board that develops ethical standards and other pronouncements for professional accountants, should take the lead in addressing the objectivity of EQR.

In this regard, a breach of the cooling-off requirements of EQR is equivalent to a breach of independence requirements under the Code. Independence is fundamental to an audit engagement and the AOB strongly believes that breaches relating to ethical standards should not be tolerated.