

May 25, 2017

International Ethics Standards Board for Accountants

International Federation of Accountants

529 Fifth Avenue, 6th Floor

New York, NY 10017

Dear Sir or Madam,

The Korean Institute of Certified Public Accountants (KICPA) is pleased to comment on the Exposure Draft (ED) issued by the International Ethics Standards Board for Accountants (IESBA), regarding “Improving the Structure of the Code of Ethics for Professional Accountants – Phase 2.” KICPA is a strong advocate of IESBA for your relentless efforts to increase the level of ethical standards that professional accountants are expected to perform and to serve the public interest by developing high-quality professional ethical standards.

<KICPA Comments >

Structure of the Code Phase 2

Q1. Do you believe that the proposals in this ED have resulted in any unintended changes in meaning of:

- *The provisions for Part C of the Extant Code, as revised in the close-off document for Part C Phase 1 (see Sections 200-270 in Chapter 1)?*
- *The NOCLAR provisions (see Sections 260 and 360 in Chapter 2)?*
- *The revised provisions regarding long association (see Sections 540 and 940 in Chapter 3)?*
- *The provisions addressing restricted use reports in the extant Code (see Section 800 in Chapter 4)?*
- *The provisions relating to independence for other assurance engagements (Part 4B in Chapter 5)?*

If so, please explain why and suggest alternative wording.

Reviewing proposals and comparing them with the current standards, we found no changes in meaning of provisions.

Q2. Do you believe that the proposals are consistent with the key elements of the restructuring as described in Section III of this Explanatory Memorandum?

Reviewing proposals, they are confirmed to contain features as follow:

- making requirements in paragraphs, designed for compliance of the Code of Ethics and application of conceptual framework, more outstanding,
- identifying requirements in paragraphs with an “R” and positioning application material next to the relevant requirements in paragraphs identified with an “A,” making it easy for requirements in paragraphs to be distinguished,
- enabling identification of a firm’s responsibilities or those of particular professional accountants, thereby increasing clarity of responsibility, and
- using simpler and shorter sentences and simplifying complex grammatical structures, thereby increasing clarity in drafting.

These features maintain consistency with the key elements of the restructuring as described in Section III.

Conforming Amendments Arising from the Safeguards Project

Q3. Respondents are asked for any comments on the conforming amendments arising from the Safeguards project. Comments on those conforming amendments are requested by April 25, 2017 as part of a response to Safeguards ED-2.

Please refer to our previous comments on the Q4 of the Proposed Revisions Pertaining to Safeguards in the Code-Phase 2 and Related Conforming Amendments.

Effective Date

4. Do you agree with the proposed effective dates for the restructured Code? If not, please explain why not.

We support the proposed effective dates. Supposing that restructuring the Code is to be completed in December, 2017, making the restructured Code effective on June 15, 2019 with an 18-month preparation period is believed to be appropriate. As discussed in the IESBA meeting last December, the 18 months of preparation period would be appropriate to cover adoption activities, including translation, along with accounting firms' additional actions to take regarding changes arising from the Safeguards project. As for the revised long association provisions, they are effective as of December 15, 2018, considering that partner rotation is conducted on a yearly basis. Advancing the date to December 15, 2018 (6 months earlier) would be appropriate, taking into account the fact that the revision does not require many preparations.

We hope our comments would be useful for IESBA's project that aims to improve the structure of the Code. Please feel free to contact global@kicpa.or.kr for further inquiries.

Thank you.