



RSM International Limited

50 Cannon St
London
EC4N 6JJ
UK

T +44 (0)207 6011080

www.rsm.global

Mr Ken Siong
IESBA Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue
New York, NY 10017

25 May 2017

Improving the Structure of the Code of Ethics for Professional Accountants— Phase 2 With Certain Proposed Conforming Amendments Arising from the Safeguards Project

Dear Mr Siong,

On behalf of RSM International Limited, a global network of independent accounting and consulting firms, we are pleased to have the opportunity to provide comments on the Exposure Draft, “*Improving the Structure of the Code of Ethics for Professional Accountants— Phase 2*,” issued January 2017 by the International Ethics Standard for Accountants (“Board”).

We continue to fully support efforts to by the Board to restructure the Code of Ethics for Professional Accountants (“Code”) to enhance its understandability and usability. We recognize that the restructuring of the Code requires an enormous amount of effort and that a significant amount of improvements have been made. We believe that these improvements will facilitate the adoption, effective implementation, consistent application, and enforcement of the Code.

The following are our responses to the request for specific comments posed in the Explanatory Memorandum.

- 1. 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 EXPLANATORY MEMORANDUM 11 Chapter 5)? If so, please explain why and suggest alternative wording.

We believe that the proposals in this Exposure Draft (“ED”) have not resulted in unintended changes in meaning of the sections listed above.

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

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We have not noted any inconsistency with the key elements of the restructuring as described in Section III of this Explanatory Memorandum.

Conforming Amendments Arising from the Safeguards Project

3. 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.

We do not have further comments on the amendments arising from the Safeguards project.

Effective Date

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

We are in agreement with the proposed timeline as long as the restructuring of the Code is completed by December 2017.

General Comments

We are supportive of the general idea that professional accountants in business (“PAIBs”) should comply with the fundamental principles of the Code and apply the conceptual framework. Whether in practice or in business, behaving in a manner which displays sound ethical principles is fundamental to the integrity of each individual accountant and the profession as a whole.

However, we are concerned that it may be difficult for some PAIBs to apply the conceptual framework. This may be especially true for those who work in small to medium-sized businesses because:

- their employing organizations may not have the support structures that are found in larger businesses for employees facing ethical dilemmas.
- policies and procedures may not be as formally documented, communicated or applied.

As a result, PAIBs may find themselves in situations where obtaining legal advice or resigning may be the only alternatives, neither of which are practical for many employees. It would be useful if the issue of scalability could be addressed in more detail than is currently the case.

We would be pleased to discuss our comments further with members of the IESBA or its staff. If you wish to do so, please contact Robert Dohrer (tel: +44 207 601 1080; email: robert.dohrer@rsm.global).

Yours sincerely,

A handwritten signature in black ink, appearing to read "Robert Dohrer".

Robert Dohrer
Global Leader - Quality and Risk
RSM International

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