

26 May 2017

Ken Siong
Technical Director
International Ethics Standards Board for Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017
USA

Dear Sirs,

RESPONSE TO THE INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (IESBA) EXPOSURE DRAFT (ED) – IMPROVING THE STRUCTURE OF THE CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS – PHASE 2

In preparation of this comment letter, the Institute of Singapore Chartered Accountants (ISCA) has sought views from its members through a one-month public consultation and discussed the ED with members of the ISCA Ethics Committee.

Generally, we agree with all the suggestions in the ED and do not have significant comments or additional insights, except for the following specific question:

Request for Specific Comments

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 Chapter 5)?

If so, please explain why and suggest alternative wording.

Section 540: Long Association of Personnel (including Partner Rotation) with an Audit Client

We note that the proposed paragraph 540.19A1 uses "Chief Executive or equivalent" in place of "Senior or Managing Partner" which is used in paragraph 290.164 in the January 2017 Long Association close-off document.

Usually, the Chief Executive (or Managing Partner) is the most senior person assuming a leadership role in a firm. A Senior Partner is often not on the same level as a Chief Executive (or Managing Partner) in the hierarchy in a firm, even though the Senior Partner may also assume a leadership role in the firm. Thus, the proposed paragraph 540.19A1 may convey a narrower scope of what denotes a "leadership role" as compared to paragraph 290.164 in the January 2017 Long Association close-off document.

We further note that the proposed paragraph 800.9A1(b) uses the phrase "at all successively senior levels above the engagement partner through to the individual who is the firm's Chief Executive or equivalent", which may be more appropriate in the context of the proposed paragraph 540.19A1.

Hence, IESBA could consider the following wordings to retain the meaning of paragraph 290.164 in the January 2017 Long Association close-off document and also to be consistent with the proposed paragraph 800.9A1:

"The provisions of R540.19 are not intended to prevent the individual from assuming a leadership role in the firm, such as those of all successively senior levels above the engagement partner through to the Chief Executive or equivalent".

Should you require any further clarification, please feel free to contact Mr Kang Wai Geat, Deputy Director, Technical Advisory and Professional Standards, or Mr Ang Soon Lii, Manager, Technical Advisory and Professional Standards, at ISCA, via email at waigeat.kang@isca.org.sg or soonlii.ang@isca.org.sg respectively.

Yours faithfully,



Mr Titus Kuan
Director

Technical Advisory and Professional Standards, and Learning and Development