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8 December 2017

Mr. Ken Siong
IESBA Technical Director
International Federation of Accountants
529 5th Avenue
New York, NY 10017
USA

Re: Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements

Dear Mr. Siong,

BDO International Limited¹ (BDO) is pleased to have the opportunity to comment on the International Ethics Standards Board for Accountants' (IESBA or Board) Exposure Draft (ED) in respect of *Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements*.

BDO summary

Overall, we support the proposals included in the exposure draft and specifically the inclusion of accepting an inducement.

Responses to Specific Questions

Proposed Section 250

1. **Do respondents support the proposals in Section 250? In particular, do respondents support the proposed guidance to determine whether there is an intent to improperly influence behavior, and how it is articulated in the proposals?**

Overall, we support the proposal. We have one specific suggestion. In the proposal, the professional accountant is required to advise the **immediate or close family** not to offer or accept the inducement **if the professional accountant has reason to believe** there is intent to improperly influence or **believes** a reasonable and informed third party would be likely to conclude that such intent exists.

We are concerned that this may be too broad. Our suggested revision for R250.13 is to reword it to refer to where the professional accountant has concern. Our proposed wording is:

R250.13 Where the professional accountant **is concerned that** there is intent to improperly influence the behavior of the accountant or the counterparty or **that** a reasonable and informed third party would be likely to conclude such intent exists, the accountant shall advise the immediate or close family member not to offer or accept the inducement.

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Proposed Section 340

2. Do respondents agree that the proposed provisions relating to inducements for PAPPs should be aligned with the enhanced provisions for PAIBs in proposed Section 250? If so, do respondents agree that the proposals in Section 340 achieve this objective?

Yes, we agree that the enhanced provisions should be aligned and we agree that the proposals have achieved this objective, subject to the inclusion of the suggestion noted above.

We would also encourage adding in the requirement to inform those charged with governance at our clients of any inducements offered and received.

Proposed Conforming Amendments to Independence Provisions

3. Do respondents support the restructuring changes and proposed conforming amendments in proposed Sections 420 and 906?

Yes, we support the conforming amendments to proposed Sections 420 and 906.

4. Do respondents believe the IESBA should consider a project in the future to achieve further alignment of Sections 402 and 906 with proposed Section 340? If so, please explain why.

No. We do not believe a future project is required. We believe that the current proposed alignment is sufficient.

We appreciate the opportunity to comment on the ED, which has proven to be a substantial publication by the IESBA. We hope that our comments and suggestions will be helpful to you in your deliberations and development of future recommendations.

Please contact me should you wish to discuss any of these comments.

Yours sincerely,
BDO International Limited

Chris Smith
Global Head of Audit and Accounting