



Suruhanjaya Sekuriti
Securities Commission
Malaysia

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Mr Willie Botha
Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
529 5th Avenue
New York, New York 10017
USA

Dear Sir

**COMMENTS ON IAASB'S EXPOSURE DRAFT
PROPOSED INTERNATIONAL STANDARD ON AUDITING FOR AUDITS OF FINANCIAL
STATEMENTS OF LESS COMPLEX ENTITIES ("ISA FOR LCE")**

We thank you for the opportunity to comment.

The Audit Oversight Board, Malaysia ("AOB") is fully supportive of the International Forum of Independent Audit Regulators ("IFIAR") views on the ISA for LCE. Particularly, the AOB is of the opinion that the long-established International Standard on Auditing ("ISAs") has proven that ISAs are scalable to be applied in audits of all types of entities. It is in doubt on how the IAASB concluded that the proposed ISA for LCE would address the challenges and issues related to audits of LCE.

As part of Securities Commission Malaysia ("SC"), the AOB aims to work closely with the SC in supporting the development of Small and Medium Enterprises ("SME") which includes Small and Medium Practices ("SMP") in the audit market of Malaysia.

In this regard, the AOB is of the view that the proposed separate and self-contained ISA for LCE would work against the development of SMPs by creating a group of auditors which only focus on audits of LCEs and further fragment the audit market. In the longer term, this group of auditors will be less mobile when compared to others and therefore lose their competitive advantage to provide audit services to their SME clients as these SMEs develop into larger and become complex entities.

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.

Thank you.

Yours sincerely


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Executive Officer
Audit Oversight Board

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