## The Institute of Chartered Accountants of Pakistan

May 25, 2017

*(Submitted electronically)*

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

### COMMENTS ON EXPOSURE DRAFT IMPROVING THE STRUCTURE OF THE CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS - PHASE 2

The Institute of Chartered Accountants of Pakistan is pleased to comment on the Exposure Draft *Improving the structure of the Code of Ethics for Professional Accountants - Phase 2* (the ED), published by International Ethics Standards Board for Accountants (the IESBA) on January 24, 2017.

Our responses detailed by the questions contained in the ED, are presented in the appendix to this letter.

We hope our comments are helpful to the IESBA's deliberation on the ED.

Should you require further clarification on our comments, please contact the undersigned, at sohail.malik@icap.org.pk

Yours truly

Sohail Malik
Director
Technical Services

**(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)**

**ICAP COMMENTS ON EXPOSURE DRAFT**

**IMPROVING THE STRUCTURE OF THE CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS - PHASE 2**

| Specific Questions asked | ICAP Comments / Responses |
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| Q1). Do you believe that the proposals in this ED have resulted in any **un-intended** changes in meaning of:<br><br>• 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)?<br><br>• The **NOCLAR** provisions (see Sections 260 and 360 in Chapter 2)?<br><br>• The revised provisions regarding long association (see Sections 540 and 940 in Chapter 3)?<br><br>• The provisions addressing restricted use reports in the extant Code (see Section 800 in Chapter 4)?<br><br>• The provisions relating to independence for other assurance engagements (Part 4B in Chapter 5)?<br><br>If so, please explain why and suggest alternative wording. | We understand that the restructuring of the provisions of the extant Code of ethics under IESBA's Structure Project is aimed to provide and enhance; clarity, understandability and usability of the Code, without changing its meaning.<br><br>We support IESBA's initiative to restructure the Code, and note that no un-intended changes have been made in the meaning of provisions of extant code and revised provisions.<br><br>In relation to the NOCLAR provisions contained in Sections 260 and 360 of Chapter 2, we would like to highlight that said sections are under deliberation of the relevant committee of ICAP.<br><br>We believe that these provisions reflect and require significant additional measures. Accordingly, implementation of NOCLAR provisions in Pakistan environment is under deliberation and consultation. |
| 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? | Yes, the proposals given in the Code are consistent with the key elements of the restructuring as described in Section III of the Explanatory Memorandum. |
| 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. | No comments on the conforming amendments. |
| Q4). Do you agree with the proposed effective dates for the restructured Code? If not, please explain why not. | We understand that IESBA plans to complete the Structure Project by issuing finalized restructured Code up for approval by December 2017.<br><br>We also understand that following effective dates have been proposed for the restructured Code:<br><br>• section 540 and 940 will be applicable for periods beginning on or after December 31, 2018; |

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| | - part 1, 2, 3, 4A (except section 540 & 940), 4B for periods beginning on or after June 15, 2019.<br><br>Our suggestion is that one effective date i.e. June 15, 2019, may be considered for the entire restructured Code, as this will provide more clarity and reduce confusion for the users of the Code. |