

April 18, 2016

International Ethics Standards Board for Accountants

International Federation of Accountants

529 Fifth Avenue, 6th Floor

New York, NY 10017

Dear Sir or Madam,

The Korean Institute of Certified Public Accountants (KICPA) is pleased to comment on the Exposure Draft (ED) issued by the International Ethics Standards Board for Accountants (IESBA), regarding “Improving the Structure of the Code of Ethics for Professional Accountants – Phase 1.” KICPA is a strong advocate of IESBA for your relentless efforts to increase the level of ethical standards that professional accountants are expected to perform and to serve the public interest by developing high-quality professional ethical standards.

**<General Comment>**

KICPA is supportive of the purpose of the proposed ED on Structure of the Code, not to mention the direction the proposed ED takes in general, as suggested by IESBA.

We believe that distinguishing requirements from application material lie at the heart of this proposed ED. We support this ED placing application material as close as possible to the relevant requirements, but placing differing numbering of paragraphs to distinguish the two, unlike the CP, issued in November, 2014, which completely separated the requirements and application material. Rather, we think the separation of requirements from application material, as suggested in this proposed ED, could ease some concerns over Code’s understandability.

In addition, the organization of the material into more self-contained sections and

subsections contributes to increasing the navigability and usability of the Code, which would eventually end up with being helpful to the development of the electronic Code later on. As compared to the existing Code whose paragraphs often contain multiple contents and meaning in one paragraph, the proposed ED divides each paragraph involving various contents into several ones, thereby contributing to increasing the clarity and understandability of the Code.

**<KICPA Comments to Specific Questions>**

Questions	KICPA Comments
<i>Refinements to the Code</i>	
<p>1. Do you agree with the proposals, or do you have any suggestions for further improvement to the material in the ED, particularly with regard to:</p> <p>(a) Understandability, including the usefulness of the Guide to the Code?</p> <p>(b) The clarity of the relationship between requirements and application material?</p> <p>(c) The clarity of the principles basis of the Code supported by specific requirements?</p> <p>(d) The clarity of the responsibility of individual accountants and firms for compliance with requirements of the Code in particular circumstances?</p> <p>(e) The clarity of language?</p> <p>(f) The navigability of the Code, including:</p> <p style="padding-left: 20px;">(i) Numbering and layout of the sections;</p> <p style="padding-left: 20px;">(ii) Suggestions for future electronic enhancements; and</p> <p style="padding-left: 20px;">(iii) Suggestions for future tools?</p> <p>(g) The enforceability of the Code?</p>	<p>Please refer to the above general comments. We believe the Code improves when it comes to its clarity, understandability, and navigability. Placing different paragraph numbering to distinguish requirements from application material in this proposed ED enhances their separation, respectively, in addition to their understandability.</p> <p>As for the paragraph numbering, we suggest the Board consider making the paragraph numbering simpler by identifying each of them as 1, 2 ... in their respective section, just as ISAs, instead of 300.1, 300.2...</p>

<p>2. Do you believe the restructuring will enhance the adoption of the Code?</p>	<p>Considering that the difficulties of understandability of the Code serves as a stumbling block to adopting the Code, just as pointed out by some stakeholders, the improvement in understandability of the Code could facilitate further global adoption of the Code.</p>
<p>3. Do you believe that the restructuring has changed the meaning of the Code with respect to any particular provisions? If so, please explain why and suggest alternative wording.</p>	<p>We think that there would be no significant changes to the meaning of the Code, comparing the requirements with those of the existing Code.</p>
<p><i>Other Matters</i></p>	<p>We have no comments.</p>

We hope our comments would be useful for IESBA’s project that aims to improve the structure of the Code. Please feel free to contact [global@kicpa.or.kr](mailto:global@kicpa.or.kr) for further inquiries.

Thank you.