

IAASB  
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Date  
20 October 2015

Re  
Responding to NOCLAR KvH

Our ref

Attachment  
-

Direct dial nr  
020-3010302

**Re: ED Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations**

Dear Ms. Healy,

The NBA appreciates the opportunity to comment on the Exposure Draft *Responding to Non-Compliance or Suspected Non-Compliance with Laws and Regulations* (hereafter 'NOCLAR').

Nederlandse  
Beroepsorganisatie  
van Accountants

**Request for Specific Comments**

*Whether respondents believe the proposed limited amendments are sufficient to resolve actual or perceived inconsistencies of approach or to clarify and emphasize key aspects of the NOCLAR proposals in the IAASB's International Standards.*



NOCLAR is already dealt with in (local) laws and regulations, IESBA's Code of Ethics and in other regulations applicable to professional accountants. However, we understand the considerations of the IAASB to incorporate the new paragraph 8a in ISA 250. This addition ensures consistency between the Code of Ethics and the ISAs. In our opinion, this addition is sufficient to highlight that the auditor may have additional obligations under relevant ethical requirements regarding NOCLAR.

The auditor has indeed the right or (ethical) requirement to report NOCLAR to the relevant authorities. In general, this is not considered a breach of the duty of confidentiality as reporting requirements for auditors to relevant authorities stem from laws and regulations that overrule the fundamental principle of confidentiality. This is described accurately in the revised paragraph A19 of ISA 250.

Regarding the new paragraph A5a in ISA 250 we would like to remark that we understand that it was impracticable to split this paragraph into the two categories (direct and indirect effect) as mentioned in paragraph 6 in ISA 250. We recommend to add in paragraph A5a that it is not possible to split the examples into the two categories.

In the Netherlands, it is prohibited to alert the entity ("tipping-off") when the auditor is required to report non-compliance relating to anti-money laundering and combatting the financing of terrorism to the appropriate authority. This is described correctly in the revised paragraph A15 of ISA 250. Moreover, in case of anti-money laundering and combatting the financing of terrorism the predecessor auditor is also prohibited to report this to the successive auditor, as already is described in ISA 250, paragraph A19. In the new paragraph A8a of ISA 220 it is described that law may require the auditor to request the predecessor audi-

tor to provide this information. We recommend to consider whether it should be stated explicitly that there may be exceptions to the request and that the successive auditor may not receive all required information from the predecessor auditor due to prohibitions in local law.

*The impact, if any, of the proposed limited amendments in jurisdictions that have not adopted, or do not plan to adopt, the IESBA Code. For example, would any of the changes to the IAASB's International Standards be deemed incompatible with the relevant ethical requirements that would apply in those jurisdictions?*

In the Netherlands, we have implemented the IESBA Code with some amendments. For example, our independence requirements are stricter than the IESBA Code. However, in our opinion, changes to the ISAs are compatible with the ethical requirements in the Netherlands.

#### **Other remarks**

##### *Translations*

We have a problem with the translation of the term 'unusual transactions' which is already used in paragraph A13 in extant ISA 250. In the Netherlands the term 'unusual transactions' is used for suspicious transactions related to anti-money laundering and combatting the financing of terrorism. Although this may be considered as a problem relating to the translation of European and local law, we would like to mention this issue. We suggest to use the term 'unconventional transactions' in the ISAs to avoid misunderstanding.

##### *Effective date*

We understand that the effective date will be aligned with the effective date of IESBA's NOCLAR standards. We support close cooperation and reconciliation of both projects.

#### **Additional input to further revision of ISA 250**

We do not consider a further revision of ISA 250 necessary. In our opinion, the proposed limited changes to ISA 250 are sufficient.

#### **Closing remarks**

If you have any questions, please contact Karin van Hulsen at [k.vanhulsen@nba.nl](mailto:k.vanhulsen@nba.nl).

Yours sincerely

Royal NBA  
Dutch Ethics & Assurance Standards Board



Prof. dr. Peter W.A. Eimers RA  
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