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Jan 24, 2017  
New York, New York

English



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## IESBA Takes Decisive Step Forward on Restructured International Code of Ethics; Issues Final Set of Proposals

The International Ethics Standards Board for Accountants® (IESBA®, the Ethics Board) today announced completion of the major first phase of its strategic project to restructure its *Code of Ethics for Professional Accountants™* (the Code). In addition, it also released new proposals that will enhance and complete the fully restructured Code with strengthened ethics requirements for accountants.

The outcome of the first phase is a new structure and drafting convention, as well as a major restructured portion of the Code. The IESBA's overall restructuring efforts are intended to result in a Code that is more understandable and easier to use, thereby facilitating its adoption and effective implementation globally. At the same time, the IESBA has agreed revisions to a number of provisions pertaining to safeguards in the Code, including enhancements to the conceptual framework of "threats and safeguards."

The IESBA now enters the final stage of this project. Comprised of three Exposure Drafts (EDs), this final stage sets out new proposals that:

- Restructure select sections of the Code, including recently finalized provisions addressing accountants' response to non-compliance with laws and regulations (NOCLAR), long association of audit firm personnel with an audit or assurance client, and ethical issues that professional accountants in business (PAIBs) often face (Structure ED-2);
- Revise the safeguards-related provisions in the independence sections of the Code pertaining to non-assurance services provided to audit and other assurance clients (Safeguards ED-2); and
- Clarify the applicability of PAIB provisions to professional accountants in public practice (Applicability ED).

"The board has committed to timely delivery of the restructured Code," said IESBA Chairman Dr. Stavros Thomadakis. "This major upgrade will lead not only to a Code that is more understandable and easier to use but also to a more robust Code with important substantive improvements in many areas, including auditor independence. These goals ultimately underpin the public interest role of the global accountancy profession."

The IESBA is targeting December 2017 for completion of this work to restructure and strengthen the Code. The restructured Code, which will be renamed *International Code of Ethics for Professional Accountants (including International Independence Standards)*, will contain significant new requirements and revised provisions that the IESBA has already finalized, including:

- A greater emphasis on compliance with the fundamental principles in the Code;
- Clarified and strengthened provisions regarding application of the conceptual framework, including safeguards;
- A strengthened partner rotation regime for audits of public interest entities;
- Provisions addressing accountants' responsibilities regarding NOCLAR;
- More comprehensive provisions addressing PAIBs' responsibilities when preparing or presenting information; and
- New requirements and guidance for PAIBs regarding pressure to breach the fundamental principles.

"Close coordination among the board's various Task Forces has been critical to achieving this important milestone on the journey to a restructured and strengthened Code," noted IESBA Technical Director Ken Siong. "The board is grateful to its Consultative Advisory Group and other stakeholders who have provided input and advice to the board in charting its course to this stage."

Highlights of the main improvements to date, including details of how the different work streams are being coordinated and related timelines, are set out in the January 2017 IESBA Update.

The IESBA has also made available on its website the restructured and revised portions of the Code it has agreed to so far. These, together with a staff-prepared compilation of the proposed restructured Code, Basis for Conclusions documents, mapping tables, and other resources, are intended to support stakeholders' timely adoption and implementation efforts, and consideration of the EDs.

#### **How to Comment**

The Ethics Board invites all stakeholders to comment on the EDs. To access the EDs and submit a comment, visit the Ethics Board's website at [www.ethicsboard.org/restructured-code](http://www.ethicsboard.org/restructured-code).

Comments on Safeguards ED-2 and the Applicability ED are requested by **April 25, 2017**. Comments on Structure ED-2 are requested by **May 25, 2017**.

#### **About the IESBA**

The International Ethics Standards Board for Accountants is an independent standard-setting board that develops and issues, in the public interest, high-quality ethical standards and other pronouncements for professional accountants worldwide. Through its activities, the IESBA develops the *Code of Ethics for Professional Accountants*, which establishes ethical requirements for professional accountants. The structures and processes that support the operations of the IESBA are facilitated by IFAC. Please visit [www.ethicsboard.org](http://www.ethicsboard.org) for more information, and follow us on Twitter @Ethics\_Board.

#### **About IFAC®**

IFAC is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of more than 175 members and associates in more than 130 countries and jurisdictions, representing approximately 3 million accountants in public practice, education, government service, industry, and commerce.

#### **Related Resources**

[IESBA Makes Substantial Progress on Restructuring Code of Ethics for Professional Accountants; Also Proposes Enhanced Provisions Related to Safeguards](#)

[IESBA Nears Finalization of Revised Long Association Provisions in Ethics Code; Re-Proposes Enhancements to Address Limited Set of Remaining Issues](#)

[IESBA Redefines Accountants' Ethical Role When Laws and Regulations Broken](#)

[IESBA Takes Decisive Step Forward on Restructured International Code of Ethics; Issues Final Set of Proposals](#)  
[Kristian Koktvedgaard Re-Appointed Chair of IESBA Consultative Advisory Group](#)