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Mr. Ken Siong
IESBA Technical Director
International Ethics Standards Board for Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

Re: Limited Re-exposure of Proposed Changes to the Code Addressing the Long Association of Personnel with an Audit Client

Dear Mr. Siong,

BDO International Limited¹ (BDO) is pleased to have the opportunity to comment on the International Ethics Standards Board for Accountants' (IESBA or Board) February 2016 Exposure Draft - Limited Re-exposure of Proposed Changes to the Code Addressing the Long Association of Personnel with an Audit Client.

We are concerned about the impact the proposed cooling off period for EQCRs would have, which we believe could adversely impact audit quality. In that regard, we continue to support retaining the cooling off period for EQCRs at 2 years for the reasons included in our response to question one below.

We are supportive of the other proposed changes to the Code.

The following are our responses to the request for specific comments posed in the Explanatory Memorandum.

Cooling-Off Period for the EQCR on the Audit of a PIE

1. **Do respondents agree that the IESBA's proposal in paragraphs 290.150A and 290.150B regarding the cooling-off period for the EQCR for audits of PIEs (i.e., five years with respect to listed entities and three years with respect to PIEs other than listed entities) reflects an appropriate balance in the public interest between:**
 - (a) **Addressing the need for a robust safeguard to ensure a "fresh look" given the important role of the EQCR on the audit engagement and the EQCR's familiarity with the audit issues; and**

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- (b) **Having regard to the practical consequences of implementation given the large numbers of small entities defined as PIEs around the world and the generally more limited availability of individuals able to serve in an EQCR role?**

If not, what alternative proposal might better address the need for this balance?

As we had responded in November 2014, we continue to support retaining the cooling off period for EQCRs at 2 years. While we recognize the need for a safeguard to ensure a ‘fresh look’ at the audit issues, we believe that the objectivity requirement for an EQCR combined with the 2 year cooling off period provides a sufficient safeguard. We also believe that the different nature of the EQCR role compared to that of the Engagement Partner (EP), as well as the experience and authority required of the role, coupled with the limited availability of individuals to serve in an EQCR role because of the need for special expertise, particularly for SMPs, warrants the shorter (2 year) cooling off period.

Should the Board decide to implement its proposal, we support having a shorter cooling off period for PIEs other than listed entities because they may encompass many smaller organizations, which might impose particular practical difficulties on SMPs. However, we recommend that this remain at 2 years.

Jurisdictional Safeguards

2. **Do respondents support the proposal to allow for a reduction in the cooling-off period for EPs and EQCRs on audits of PIEs to three years under the conditions specified in paragraph 290.150D?**

We support the proposal to allow for a reduction in the cooling-off period for EPs and EQCRs under the conditions specified in 290.150D.

3. **If so, do Respondents agree with the conditions specified in subparagraphs 290.150D(a) and (b)? If not, why not, and what other conditions, if any, should be specified?**

We agree with the conditions specified in subparagraphs 290.150D (a) and (b).

Service in a Combination of Roles during the Seven-year Time-on Period

4. **Do respondents agree with the proposed principle "for either (a) four or more years or (b) at least two out of the last three years" to be used in determining whether the longer cooling-off period applies when a partner has served in a combination of roles, including that of EP or EQCR, during the seven-year time-on period (paragraphs 290.150A and 290.150B)?**

We agree with the proposed principle to be used in determining whether the longer cooling-off period applies when the partner has served in a combination of roles, including that of EP or EQCR, during the seven-year time-on period.

Request for General Comments

- a. **Small and Medium Practices (SMPs) - The IESBA invites comments regarding the impact of the proposals subject to re-exposure for SMPs.**

See our response to Question 1.

We appreciate the opportunity to comment on the Exposure Draft and hope that our comments and suggestions will be helpful to you in your deliberations.

Please contact me should you wish to discuss any of these comments.

Yours sincerely,
BDO International Limited

Wayne Kolins
Global Head of Audit and Accounting