

**DRAFT Minutes of the 53rd Meeting of the
INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS**

Held via Teleconference on May 18, 2017 in New York, USA

Voting Members

Present: Stavros Thomadakis (Chairman)
Richard Fleck (Deputy Chair)
Helene Agélii
Michael Ashley
Brian Caswell
Hironori Fukukawa
Kim Gibson
Gary Hannaford
Robert Juenemann
Caroline Lee
Ian McPhee
Reyaz Mihular
Patricia Mulvaney
Lisa Snyder

Technical Advisors

Saadiya Adam (Mr. Mihular)
James Barbour (Mr. Ashley)
Colleen Dunning (Ms. Lee)
Andrew Pinkney (Ms. Mulvaney)
Tone Maren Sakshaug (Ms. Agélii)
Eva Tsahuridu (Mr. McPhee)
Toshihiro Yasada (Mr. Fukukawa)

Apologies

Liesbet Haustermans
Chishala Kateka
Stefano Marchese
Sylvie Soulier

Denise Canavan (Ms. Haustermans)
David Clark (Ms. Soulier)
Elbano De Nuccio (Mr. Marchese)
Michael Dorfan (Ms. Kateka)
Jason Evans (Mr. Caswell and Ms. Snyder)
Nigyar Mamedova (Mr. Juenemann)
Jens Poll (Mr. Hannaford)

Non-Voting Observers

Present: Kristian Koktvedgaard (IESBA Consultative Advisory Group (CAG) Chair) and Takuya Emoto (Japanese Financial Services Agency (FSA))

Apology: Juan Maria Arteagoitia (European Commission)

Public Interest Oversight Board (PIOB) Observer

Present: Jules Muis

IESBA Technical Staff

Present: Ken Siong (Technical Director), Diane Jules and Geoffrey Kwan

1. Opening Remarks

WELCOME AND INTRODUCTIONS

Dr. Thomadakis welcomed all participants and public observers to the meeting. He briefly noted that the purpose of the teleconference was to consider the revised Section 250¹ with a view to reaching substantive agreement on the structure and content of the Section.

2. Review of Proposed Section 250

Ms. Agélii introduced the topic. She explained that the revisions to Section 250 were largely in response to two substantive issues raised by the Board during the March 2017 meeting. The first issue related to the interaction between the subsection on inducements with intent to improperly influence the recipient (improper intent) and the next subsection on inducements that require the application of the conceptual framework. The second issue related to the subsection on immediate or close family members. During the March 2017 meeting, there was a view that the proposals gave the impression that the conceptual framework was applied twice. The revisions made clear that as there can be no safeguards that could reduce the threats created by inducements with improper intent to an acceptable level, the only option is to prohibit the offering or accepting of such inducements.

Ms. Agélii then led the Board through the revisions to the draft Section 250. The Board was generally supportive of the changes. In addition to editorial suggestions, the following matters were raised:

- Whether the subheadings “Inducements with Intent to Improperly Influence Behavior” and “Applying the Conceptual Framework Where There is No Intent to Improperly Influence Behavior” could be removed to further simplify the structure of the proposals and avoid a distinction that might be confusing. Several IESBA members disagreed, believing that the subheadings were helpful to understanding the structure of the proposals and the role of intent.
- Reconsidering the wording of the examples of facts and circumstances in which threats might be created from offering or accepting an inducement in paragraphs 250.11 A1(b) and (c), as these appear to relate to inducements with improper intent.
- Whether the reference to “bribery and corruption” in paragraph R250.5 addressing understanding and complying with relevant laws and regulations was necessary. Ms. Agélii noted that there had been much deliberations about the use of this phrase and the Task Force had concluded that it should be retained to respond to some regulatory stakeholders’ view that the issue of bribery and corruption should be addressed within Section 250. It was also noted that the phrase “concerned with bribery and corruption” was intended to be as broad as possible as facilitation payments, for example, are legal in some jurisdictions but not in others.
- With respect to the provisions addressing immediate and close family members, whether Section 250 should refer more to the closeness of the relationship between these individuals and the professional accountant as opposed to the nature of the relationship.

Mr. Muis wondered generally whether there had been discussion in the Task Force regarding the topic of political donations in the context of professional accountants in public practice, including the intent and purpose of such donations. He noted that this matter had received much publicity. Ms. Agélii noted that the

¹ Proposed Section 250, *Inducements, Including Gifts and Hospitality*

Task Force had discussed this matter and concluded that political donations can be good examples of inducements. She added that in some jurisdictions, these are prohibited but not in others.

WAY FORWARD

The Board asked the Task Force to consider the comments received and prepare a revised Section 250 for consideration at the next Board meeting with a view to approval for exposure. The Board also asked the Task Force to make the necessary consequential and conforming changes to Sections 340, 420 and 906, and to circulate these to the Board for consideration as far in advance of the June 2017 meeting as possible.

3. **PIOB Observer's Remarks**

Mr. Muis complimented the Board on a good and mature discussion and on the work that has been carried out to date in this phase of the Part C project. He added that he looked forward to further discussion on the project.

4. **Next Meeting**

The next Board meeting is scheduled for June 19-21, 2017 at the AICPA offices in New York, USA.

5. **Closing Remarks**

Dr. Thomadakis thanked Ms. Agélii and the Task Force for their efforts and the Board participants for their contributions to the meeting. He then closed the meeting.