February 8, 2018

Mr Gerbern Everts
Chairman
The Monitoring Group
International Organization of Securities Commissions (IOSCO)
C/ Oquendo 12
28006 Madrid, Spain

Dear Mr Gerbern

COMMENTS ON THE MONITORING GROUP CONSULTATION PAPER,
STRENGTHENING THE GOVERNANCE AND OVERSIGHT OF THE INTERNATIONAL
AUDIT-RELATED STANDARD-SETTING BOARDS IN THE PUBLIC INTEREST

We thank you for the opportunity to comment on the Consultation Paper, Strengthening the Governance and Oversight of the International Audit-Related Standard-Setting Boards in the Public Interest.

In this regard, we are pleased to attach the Institute’s comments as set out in Appendix I for your consideration.

Please do not hesitate to contact the undersigned or the Institute’s Senior Technical Manager, Ms Hoh Kim Hyan, at +603-2698 9622 should you require any clarification.

Thank you.

Yours sincerely

[Signature]

FOO YOKE P N (Mr)
Executive Director
The perception that the auditing profession has heavy influence over the process. The
enhancement of transparency and accountability of the standard-setting model and reduce
the influence of interest groups and stakeholders is a major concern, as highlighted in the first
portion of this paper. The Institute believes that the current standard-setting model has the
appropriate checks and balances in place to ensure that the standards are developed in public.

3. Standards are not relevant and timely

2. Partly true #1 above. There is a risk that standards are not developed in public

1. Perception that the standards setting by IAC are heavily influenced by the profession

Key areas of concern identified are:

MICPA's Comments:

Do you agree with the key areas of concern identified with the current standard setting

Proposal:

Set out the information in a fully transparent way. This will be part of the final Reform
and Enforce. In doing so, the Monitoring Group will work with FAS and other stakeholders to
co-opt and ensure alignment of the options set out in this consultation before any proposals
are finalised and agreed. An options paper to be consulted is in preparation, and public
in accordance with the principles of better regulation and after considering the consultation
in progress.

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<th>Questions</th>
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In this paper, the options set out in the most effective and least burdensome
way. This paper is a precursor to the principles of better regulation, and consider whether the options set out
are consistent with the principles of better regulation. In response to the consultation, responses should
the Malaysian Institute of Certified Public Accountants

Appendix I
The Institute would also recommend that efforts be made to improve and further strengthen the leadership roles of audit and ethics committees to ensure sufficient focus is maintained on audit and ethics issues.

Accordingly, the Institute does not support the recommendation for the establishment of a single board focusing on audit and ethics issues.

As mentioned in the Consultation Paper, there are various pros and cons in establishing a separate board for audit, and in adopting and adhering to international standards and audit-related standards for auditors, or do you support the retention of standards that have been developed for the public interest? If so, what are they?

Do you support establishing a single independent board to develop and adopt auditing and assurance standards, and do you support the retention of additional principles which the Monitoring Group should consider and why?

Do you agree with the following principles and supporting principles as articulated and if so, how do you propose to address them:

- The Institute agrees with the overarching principle of public interest.
- The Institute agrees with the seven standard-setting model principles.
- The Institute agrees with the definition of public interest.

Serving public interest better must be the main driver in formulating the reforms and improvements to the current standard-setting model.
Composition of the boards: The Institute is also not against the recommendation to remunerate board members if this is required to attract and retain the right caliber of candidates and ensuring diversity in the board.

Do you agree that the members of the board should be remunerated?

Question 5

Do you agree that the focus of the board should be more strategic in nature? And do you agree that the role of the board should be more strategic in nature?

MICPA's Comments:

Question 8

Standard setting boards: The Institute has no further recommendations in relation to reforms of the organization of the Institute, as there are no relevant, innovative, and responsive standards that are needed. However, the Institute has produced international standards that are relevant, innovative, and responsive to meet the needs of the global standard setting system. IFAC appears to have achieved its main objective of setting high standards of experience. IFAC seems to have achieved this objective.

MICPA's Comments:

Response along with your rationale: Do you believe the Monitoring Group should consider any further options for reform in relation to the organization of the standard setting boards? If so, please set them out in your response.

Question 7

To ensure consistency and alignment of such ethical standards, the Institute is of the view that development and adoption of ethical standards for professional accountants in business should remain within the Institute. do you agree with this? If not, your reasoning.

MICPA's Comments:

Question 6

Professional accountants in business? Please explain your reasoning. Should IFAC retain responsibility for the development and adoption of ethical standards for professional accountants in business?

MICPA's Comments:

Yes the Institute agrees with the recommendation that education standards remain within the responsibility of IFAC. If not, why not?

Question 5

Do you agree that responsibility for the development and adoption of educational standards and the IFAC compliance program should remain a responsibility of IFAC? If not, why not?
What skills or attributes should the Monitoring Group require of board members?

Question 11

The board should also reflect appropriate geographic diversity. What is the range of stakeholder perspectives in the UK that the board should represent in its deliberations?

MicPA's Comments:

and if representative of stakeholders?

Monitoring Group should take account of whether the board has an appropriate diversity and consider whether there is a range of stakeholder perspectives.

Do you agree with changing the composition of the board to no fewer than twelve (or a larger number) members?

Question 10

The board should consider setting a high enough percentage for approval of standards to ensure no single stakeholder group can impose its views on directors. Public interest will not be best served under such circumstances.

MicPA's Comments:

Do you agree that the board should adopt standards on the basis of a majority?
The Institute believes that the PBO should and can discharge the technical judgments made by the board in developing or revising standards but should not be given the power to veto the adoption of a standard. Similarly restricted from being involved in the technical matters of the accounting standards is the Institute's role in setting the technical agenda in the development of standards. It is interrelated to note that IFAC, Foundation, FRS and Foundation Trustees are smartphones made up by the board in developing or revising standards. Are these intermediaries limited by the PBO, or are they part of the technical process, to ensure that standards are set in the public interest? Are additional responsibilities that should be assigned to the PBO to ensure that standards are set in the public interest? Do you agree with the role and responsibilities of the PBO as set out in this consultation?

MICPA's Comments:

Question 15

Committee should consist of nominees as nominated by the Monitoring Group, independent of the Monitoring Group and the PBO. The members of the Monitoring Committee Chair should be styled by the PBO. Instead, the PBO should continue to oversee the entirety of the nomination process. The Institute does not support the proposal for the nomination process to be administered nominating process consistent with the current process.

MICPA's Comments:

Do you agree with the changes proposed to the nomination process?

Question 14

The Institute is the view that other considerations should not be ignored. Whilst task forces used to undertake detailed development work should continue to work, do you agree that task forces used to undertake detailed development work should continue elsewhere?

MICPA's Comments:

Question 13

The Institute has no objection to the proposal.

MICPA's Comments:

Question 12

Do you agree or should its focus and membership be changed, and if so, how?
The Institute does not see any pressing reason to change the PIAB's current role in the

MCA's Comments:

Interests for professional accountants in business (where they set standards in the public
the work of other standard-setting boards (e.g. issuing educational standards and ethical
and assurance standards and ethical standards for auditors), or should it continue to oversee
and indirectly focus only on the Independent Standard Setting Board for Auditing?

Should PIAB oversee focus only on the Independent Standard Setting Board for Auditing?

Question 19

prevent undue influence by any one stakeholder group,
be drawn from multi-stakeholder groups to be conducted via an open call for candidates to
be members. According to the Institute's Standards, the Institute is of the view that the PIAB membership must
be from multi-stakeholder groups to be conducted via an open call for candidates to
be members. According to the Institute's Standards, the Institute is of the view that the PIAB membership must
be from multi-stakeholder groups. The Institute believes in the principle of multi-stakeholder participation
in the standard-setting process. According to the Institute's Standards, the Institute is of the view that the PIAB membership must
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MCA's Comments:

non-technical/appointments process?
within MG member organisations, or do you have other suggestions regarding the
members or should PIAB members be identified through an open call for nominations from
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Question 18

including broad geographical diversity and time limits on members, and Chair
the Institute believes that appointments to the PIAB should involve selection criteria that
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MCA's Comments:

members of the PIAB be required to have?
representative of non-practitioner stakeholders, and what skills and attributes should
do you have suggestions regarding the composition of the PIAB to ensure that it is
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Question 17

there was a lack of independence in the current standard-setting model.
In addition, removal of IFAC representation from the PIAB will remove the perception that
the Institute disagrees with the proposal to remove IFAC representation from the
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MCA's Comments:

Do you agree with the option to remove IFAC representation from the PIAB?

Question 16

APPENDIX
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<td>The Institute has no further comments.</td>
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<td>Do you agree that permanent staff should be directly employed by the board?</td>
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<td>MICPA's Comments:</td>
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<td>Do you agree with the option to support the work of the standard setting board with an extended professional technical staff? Are there specific skills that a new standard setting board would need to acquire?</td>
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<td>MICPA's Comments:</td>
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<td>Do you agree that the Monitoring Group should retain its current oversight role for the whole process of reforms and structures? Applying the whole framework to the implementation and monitoring of the new monitoring and oversight process including reforms and processes will ensure the successful implementation of the reforms.</td>
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<td>MICPA's Comments:</td>
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The Institute has no ultimate comments.

MICPA’s Comments:

Do you have any further comments or suggestions to make that the Monitoring Group should consider?

Question 27

The Institute believes that the Monitoring Group should engage with IFAC to have a more

implementation of the reforms. Please describe,

In your view, are there any matters that the Monitoring Group should consider in

Question 26

considered by the Monitoring Group.

one of the main criticisms of the current standard-setting model

not reduce any perceived risk that funding decisions with significant influence which

The application of a "contractual" levy on the profession to fund the board and the POB

whither they?

consider any additional funding mechanisms, beyond those opted for in the paper and if so

Question 25

being funded in part by audit fees of the accountancy profession.

Yes. The Institute agrees with the Monitoring Group that appropriate checks and balances

the funds? By the POB, providing the funds to a separate foundation of the POB which would distribute

Do you agree with the Monitoring Group that appropriate checks and balances can be put in

Question 24

Appendix I