



National Association of State Boards of Accountancy

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August 14, 2013

Professional Ethics Executive Committee
c/o Lisa A. Snyder, Director
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, NY 10036-8775

Via e-mail: lsnyder@aicpa.org

Re: Comments on Exposure Draft, *Proposed Revised Code of Professional Conduct*

Dear Ms. Snyder and Committee Members:

We appreciate the opportunity to comment on the American Institute of Certified Public Accountants (AICPA) Professional Ethics Executive Committee (PEEC) recently issued Exposure Draft (ED), *Proposed Revised Code of Professional Conduct*. The National Association of State Boards of Accountancy's (NASBA) mission is to enhance the effectiveness and advance the common interests of Boards of Accountancy that license public accounting firms and certified public accountants in the United States and its territories. In furtherance of that objective, we offer the following comments on the Exposure Draft.

NASBA Supports the Proposed Revised Code of Professional Conduct

We are pleased to communicate our full support of the Proposed Revised Code of Professional Conduct (Ethics Codification). PEEC reached out early to the Boards of Accountancy during the pilot testing phase with the appointment of a Codification Project State Board Advisory Group, and by sharing the pilot draft with the NASBA Ethics and Strategic Professional Issues Committee. We were very pleased with the responsiveness of PEEC to the group's and our comments during the pilot testing as well as subsequent exposure.

NASBA is also supportive of the two Conceptual Frameworks that are embedded in the Ethics Codification. We believe that the conceptual frameworks for members in public practice and members in business are appropriate. Further, it is a step forward to ask members to implement the threats and safeguards approach when the Ethics Codification provides no specific guidance. Finally, NASBA believes that the Ethics Codification format and platform will facilitate research related to ethics issues by practitioners as well as regulators.

Response to Substantive Changes Noted in the Exposure Draft

We support the items noted on pages 10 through 14 of the Exposure Draft that are marked as substantive changes. This includes revised guidance related to the topics identified below:

- Conceptual Framework,
- Self-Review Threat,
- Ethical Conflicts,
- Attest Client,
- Director Positions,
- Tax Power of Attorney and Prospective Client's Confidential Information,
- Billing for a Subcontractor's Services,
- Attest Engagement Performed with Former Partner,
- Use of AICPA Awarded Designation,
- Loans and Lending Institutions, and
- Blind Trusts.

In our opinion, the revised guidance related to these topics is appropriate.

Responses to Other Specific Questions

PEEC asked for feedback on two specific questions. The first relates to whether the substance of any current interpretations or rulings, other than those indicated under "substantive changes," changed in the process of developing the Ethics Codification. We do not believe that the substance of the current interpretations of rulings changed during the process of developing the Exposure Draft.

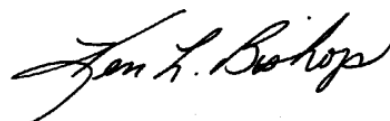
Second, PEEC asked for feedback on a delayed effective date for the two broad conceptual frameworks of December 15, 2014. We have heard no concerns about the proposed date of December 15, 2014, and we have heard some support for allowing early implementation of the conceptual framework. However, we also believe that many Boards of Accountancy are still digesting the Ethics Codification, and the implications of the Ethics Codification for each Board will vary depending on its specific ethics rules. We do believe that a significant educational effort aimed at educating members on the use of the conceptual framework is needed.

We commend the members and staff of the Professional Ethics Executive Committee for their hard work in the codification project that has covered an extended period. Thank you for the opportunity to comment on this most recent Exposure Draft.

Respectfully,



Gaylen R. Hansen, CPA
NASBA Chair



Ken L. Bishop
President and CEO