

Supplement to Agenda Item 2

Long Association Proposed Transitional Provisions

Key Audit Partner Rotation Provisions for Audit Clients that are Public Interest Entities

Except as noted below, the provisions in paragraphs 290.150A to 290.155 are effective for the audits of financial statements for years beginning on or after December 15, 2016.

For an engagement partner who is required to rotate off the audit engagement for five years in accordance with the rotation provisions in paragraph 290.152A, the provisions apply to partners who at the beginning of the first fiscal year beginning on or after December 15, 2017 had served the client as the engagement partner for seven years, or had served the client as the engagement partner at any time during the prior seven years. For example, in the case of an audit client with a calendar year-end, a partner who, at the beginning of the first fiscal year beginning on or after December 15, 2016, had served the client as the engagement partner for seven years would be required to rotate off the audit engagement for two years.

Illustration of Transitional Rules for a Partner Who Has Served as Engagement Partner

Years served and cooling-off (X) for years ending:

Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025
2	3	4	5	6	7	X	X	X	X	X
3	4	5	6	7	X	X	X	X	X	1
4	5	6	7	X	X	X	X	X	1	2
5	6	7	X	X	X	X	X	1	2	3
6	7	X	X	1	2	3	4	5	6	7
7	X	X	1	2	3	4	5	6	7	X

Matter for Consideration

Does the Board support the proposed transitional provisions?