Supplement 2 to Agenda Item 2-A

Sustainability – Comparison of Requirements in Part 4A and Part 4B of the Code

This document was prepared to document observations from a preliminary comparison of the independence provisions in Parts 4A and 4B of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code).[1]

Key Observations:[2]

The Code has two sets of independence provisions. Those in Part 4A applies to audits and reviews, and those Part 4B applies to other assurance engagements. As can be seen from the table there are significantly more requirements in Part 4A than in Part 4B.

- Part 4B appears to give a much lighter touch to issues that might arise in relation to recurring engagements (e.g., in respect of fees and long association) and/or where firms are part of a network.
    - Also, restrictions within Part 4B generally apply in relation to the subject matter/information.
    - In some cases, Part 4A includes requirements for which there are no corresponding requirements in Part 4B (e.g., 4B does not include requirements for network firms; Section 950 does not include specific NAS requirements such as those set out in the subsections of Section 600).
- Under the current scopes of Part 4A and Part 4B, assurance engagements on sustainability information would appear to fall under Part 4B. However, if the engagement is performed by the firm that audits the financial statements, that firm will by default need to be independent of the entity in compliance with Part 4A (this may be something to be highlighted where, as may often be the case, sustainability engagements are undertaken by teams other than the audit team).

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[1] The review was undertaken on the current version of the Code ("extant Code"), including all revisions that have been approved by the IESBA. This includes:

- The following revisions that will become effective in December 2022.
    - The revisions to the non-assurance services (NAS) and fee-related provisions of the Code.
    - The revisions to address the objectivity of an engagement quality reviewer (EQR) and other appropriate reviewers.
    - The quality management-related conforming amendments to the Code that were issued as a result of the finalization of the IAASB suite of quality management standards.
- The recently issued revised definition of a public interest entity (PIE) which, among other matters, specifies a broader list of PIE categories, including a new category "publicly traded entity" to replace the category of "listed entity." The PIE-related revisions will become effective in December 15, 2024.

[2] Within the table at page 2, the square brackets identify changes coming into effect at the end of 2024 arising from the PIE-related revisions to the Code.

- Some assurance engagements may be performed by persons/firms who are not the financial statement auditor, but for whom an equivalent level of independence is expected and, therefore regulators or stakeholders may expect Part 4A to applicable rather than Part 4B.
- In circumstances where regulators and stakeholders are happy with less stringent independence requirements than for the auditor, a key consideration is whether Part 4B is nonetheless sufficiently stringent and 'fit for purpose', particularly for recurring assurance engagements and where the firms undertaking them may be part of a network that also provides other services.

Part 4A Requirements	**Part 4B Requirements**	**Notes**
Section 400 - Applying the Conceptual Framework to Independence for Audit and Review Engagements	**Section 900 – Applying the Conceptual Framework to Independence for Assurance Engagements Other Than Audit and Review Engagements**	
R400.11 [13] - A firm performing an audit engagement shall be independent.	R900.11 - A firm performing an assurance engagement shall be independent of the assurance client.	
R400.12 [14] - A firm shall apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence in relation to an audit engagement.	R900.12 - A firm shall apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence in relation to an assurance engagement.	
R400.13 [15] - A firm or a network firm shall not assume a management responsibility for an audit client.	R900.13 - A firm shall not assume a management responsibility related to the underlying subject matter and, in an attestation engagement, the subject matter information of an assurance engagement provided by the firm. If the firm assumes a management responsibility as part of any other service provided to the assurance client, the firm shall ensure that the responsibility is not related to the underlying subject matter	4B - Less restrictive on assuming a management responsibility. Restrictions apply only in relation to the subject matter/information.

	and, in an attestation engagement, the subject matter information of the assurance engagement provided by the firm.	
R400.14 [16] - When performing a professional activity for an audit client, the firm shall be satisfied that client management makes all judgments and decisions that are the proper responsibility of management. This includes ensuring that the client's management: (a) Designates an individual who possesses suitable skill, knowledge and experience to be responsible at all times for the client's decisions and to oversee the activities. Such an individual, preferably within senior management, would understand: (i) The objectives, nature and results of the activities; and (ii) The respective client and firm or network firm responsibilities. However, the individual is not required to possess the expertise to perform or re-perform the activities. (b) Provides oversight of the activities and evaluates the adequacy of the results of the activities performed for the client's purpose. (c) Accepts responsibility for the actions, if any, to be taken arising from the results of the activities.	R900.14 - When performing a professional activity for an assurance client that is related to the underlying subject matter and, in an attestation engagement, the subject matter information of the assurance engagement, the firm shall be satisfied that client management makes all related judgments and decisions that are the proper responsibility of management. This includes ensuring that the client's management: (a) Designates an individual who possesses suitable skill, knowledge and experience to be responsible at all times for the client's decisions and to oversee the activities. Such an individual, preferably within senior management, would understand: (i) The objectives, nature and results of the activities; and (ii) The respective client and firm responsibilities. However, the individual is not required to possess the expertise to perform or re-perform the activities. (b) Provides oversight of the activities and evaluates the adequacy of the results of the	4B - Restrictions apply only in relation to the subject matter/information.

	activity performed for the client's purpose; and (c) Accepts responsibility for the actions, if any, to be taken arising from the results of the activities.	
[R400.17 - For the purposes of this Part, a firm shall treat an entity as a public interest entity when it falls within any of the following categories: (a) A publicly traded entity; (b) An entity one of whose main functions is to take deposits from the public; (c) An entity one of whose main functions is to provide insurance to the public; or (d) An entity specified as such by law, regulation or professional standards to meet the purpose described in paragraph 400.10.]		*Comes in once the PIE revisions become effective at the end of 2024.*
[R400.18 - In complying with the requirement in paragraph R400.17, a firm shall take into account more explicit definitions established by law, regulation or professional standards for the categories set out in paragraph R400.17 (a) to (c).]		*Comes in once the PIE revisions become effective at the end of 2024.*
[R400.20 - Subject to paragraph R400.21, when a firm has applied the independence requirements for public interest entities as described in		*Comes in once the PIE revisions become effective at the end of 2024.*

paragraph 400.8 in performing an audit of the financial statements of an entity, the firm shall publicly disclose that fact in a manner deemed appropriate, taking into account the timing and accessibility of the information to stakeholders.]		
[R400.21 - As an exception to paragraph R400.20, a firm may not make such a disclosure if doing so will result in disclosing confidential future plans of the entity.]		*Comes in once the PIE revisions become effective at the end of 2024.*
R400.20 [22]- As defined, an audit client that is a listed entity includes all of its related entities. For all other entities, references to an audit client in this Part include related entities over which the client has direct or indirect control. When the audit team knows, or has reason to believe, that a relationship or circumstance involving any other related entity of the client is relevant to the evaluation of the firm's independence from the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence.	R900.16 - When the assurance team knows or has reason to believe that a relationship or circumstance involving a related entity of the assurance client is relevant to the evaluation of the firm's independence from the client, the assurance team shall include that related entity when identifying, evaluating and addressing threats to independence.	*First sentence of R400.20 becomes "As defined, an audit client that is a publicly traded entity in accordance with paragraphs R400.17 and R400.18 includes all of its related entities." once the PIE revisions become effective at the end of 2024.*
R400.30 - Independence, as required by this Part, shall be maintained during both: (a) The engagement period; and (b) The period covered by the financial statements.	R900.30 - Independence, as required by this Part, shall be maintained during both: (a) The engagement period; and (b) The period covered by the subject matter information.	

R400.31 - If an entity becomes an audit client during or after the period covered by the financial statements on which the firm will express an opinion, the firm shall determine whether any threats to independence are created by: (a) Financial or business relationships with the audit client during or after the period covered by the financial statements but before accepting the audit engagement; or (b) Services provided to the audit client by the firm or a network firm in prior financial statement periods.	R900.31 - If an entity becomes an assurance client during or after the period covered by the subject matter information on which the firm will express a conclusion, the firm shall determine whether any threats to independence are created by: (a) Financial or business relationships with the assurance client during or after the period covered by the subject matter information but before accepting the assurance engagement; or (b) Previous services provided to the assurance client.	4B – Does not extend to network firms.
R400.32 - A firm shall not accept appointment as auditor of a public interest entity to which the firm or the network firm has provided a non-assurance service prior to such appointment that might create a self-review threat in relation to the financial statements on which the firm will express an opinion unless: (a) The provision of such service ceases before the commencement of the audit engagement period; (b) The firm takes action to address any threats to its independence; and (c) The firm determines that, in the view of a reasonable and informed third party, any threats to the firm's independence have	R900.32 - Threats to independence are created if a non-assurance service was provided to the assurance client during, or after the period covered by the subject matter information, but before the assurance team begins to perform assurance services, and the service would not be permitted during the engagement period. In such circumstances, the firm shall evaluate and address any threat to independence created by the service. If the threats are not at an acceptable level, the firm shall only accept the assurance engagement if the threats are reduced to an acceptable level.	4B - Does not extend to network firms and does not require third party test.

been or will be eliminated or reduced to an acceptable level.		
	R900.33 - If a non-assurance service that would not be permitted during the engagement period has not been completed and it is not practical to complete or end the service before the commencement of professional services in connection with the assurance engagement, the firm shall only accept the assurance engagement if: (a) The firm is satisfied that: (i) The non-assurance service will be completed within a short period of time; or (ii) The client has arrangements in place to transition the service to another provider within a short period of time; (b) The firm applies safeguards when necessary during the service period; and (c) The firm discusses the matter with the party engaging the firm or those charged with governance of the assurance client.	4B - In effect gives some conditional relief where 4A would prohibit.
R400.51 - A network firm shall be independent of the audit clients of the other firms within the network as required by this Part.	R900.15 - When a firm knows or has reason to believe that interests and relationships of a network firm create a threat to the firm's independence, the firm shall evaluate and address any such threat.	4B - Network firms not specifically required to be independent for other assurance engagements. Other than this high-level requirement, 4B is generally silent re network firms

R400.52 - When associated with a larger structure of other firms and entities, a firm shall: (a) Exercise professional judgment to determine whether a network is created by such a larger structure; (b) Consider whether a reasonable and informed third party would be likely to conclude that the other firms and entities in the larger structure are associated in such a way that a network exists; and (c) Apply such judgment consistently throughout such a larger structure.		4B - No corresponding requirement.
R400.53 - When determining whether a network is created by a larger structure of firms and other entities, a firm shall conclude that a network exists when such a larger structure is aimed at co-operation and: (a) It is clearly aimed at profit or cost sharing among the entities within the structure. (Ref: Para. 400.53 A2); (b) The entities within the structure share common ownership, control or management. (Ref: Para. 400.53 A3); (c) The entities within the structure share common quality management policies and procedures. (Ref: Para. 400.53 A4);		4B - No corresponding requirement.

(d) The entities within the structure share a common business strategy. (Ref: Para. 400.53 A5); (e) The entities within the structure share the use of a common brand name. (Ref: Para. 400.53 A6, 400.53 A7); or (f) The entities within the structure share a significant part of professional resources. (Ref: Para 400.53 A8, 400.53 A9).		
R400.54 - If a firm or a network sells a component of its practice, and the component continues to use all or part of the firm's or network's name for a limited time, the relevant entities shall determine how to disclose that they are not network firms when presenting themselves to outside parties.		4B - No corresponding requirement.
R400.60 - A firm shall document conclusions regarding compliance with this Part, and the substance of any relevant discussions that support those conclusions. In particular: (a) When safeguards are applied to address a threat, the firm shall document the nature of the threat and the safeguards in place or applied; and (b) When a threat required significant analysis and the firm concluded that the threat was already at an acceptable level, the firm shall	R900.40 - A firm shall document conclusions regarding compliance with this Part, and the substance of any relevant discussions that support those conclusions. In particular: (a) When safeguards are applied to address a threat, the firm shall document the nature of the threat and the safeguards in place or applied; and (b) When a threat required significant analysis and the firm concluded that the threat was already at an acceptable level, the firm shall	

document the nature of the threat and the rationale for the conclusion.	document the nature of the threat and the rationale for the conclusion.	
R400.71 - In the circumstances set out in paragraph 400.70 A1 [entity becomes a related entity because of a merger or acquisition], (a) The firm shall identify and evaluate previous and current interests and relationships with the related entity that, taking into account any actions taken to address the threat, might affect its independence and therefore its ability to continue the audit engagement after the effective date of the merger or acquisition; and (b) Subject to paragraph R400.72, the firm shall take steps to end any interests or relationships that are not permitted by the Code by the effective date of the merger or acquisition.		4B - No corresponding requirement.
R400.72 - As an exception to paragraph R400.71(b), if the interest or relationship cannot reasonably be ended by the effective date of the merger or acquisition, the firm shall: (a) Evaluate the threat that is created by the interest or relationship; and (b) Discuss with those charged with governance the reasons why the interest or relationship cannot reasonably be ended by the effective		4B - No corresponding requirement.

date and the evaluation of the level of the threat.		
R400.73 - If, following the discussion set out in paragraph R400.72(b), those charged with governance request the firm to continue as the auditor, the firm shall do so only if: (a) The interest or relationship will be ended as soon as reasonably possible but no later than six months after the effective date of the merger or acquisition; (b) Any individual who has such an interest or relationship, including one that has arisen through performing a non-assurance service that would not be permitted by Section 600 and its subsections, will not be a member of the engagement team for the audit or the individual responsible for the engagement quality review; and (c) Transitional measures will be applied, as necessary, and discussed with those charged with governance.		4B - No corresponding requirement.
R400.74 - The firm might have completed a significant amount of work on the audit prior to the effective date of the merger or acquisition and might be able to complete the remaining audit procedures within a short period of time.		4B - No corresponding requirement.
R400.75 - Even if all the requirements of paragraphs R400.71 to R400.74 could be met,		4B - No corresponding requirement.

the firm shall determine whether the circumstances identified in paragraph 400.70 A1 create a threat that cannot be addressed such that objectivity would be compromised. If so, the firm shall cease to be the auditor.		
R400.76 - The firm shall document: (a) Any interests or relationships identified in paragraph 400.70 A1 that will not be ended by the effective date of the merger or acquisition and the reasons why they will not be ended; (b) The transitional measures applied; (c) The results of the discussion with those charged with governance; and (d) The reasons why the previous and current interests and relationships do not create a threat such that objectivity would be compromised.		4B - No corresponding requirement.
R400.80 - If a firm concludes that a breach of a requirement in this Part has occurred, the firm shall: (a) End, suspend or eliminate the interest or relationship that created the breach and address the consequences of the breach; (b) Consider whether any legal or regulatory requirements apply to the breach and, if so:	R900.50 - If a firm concludes that a breach of a requirement in this Part has occurred, the firm shall: (a) End, suspend or eliminate the interest or relationship that created the breach; (b) Evaluate the significance of the breach and its impact on the firm's objectivity and ability to issue an assurance report; and	4B – Consequential requirements are not as specific when there is a breach and do not include networks.

(i) Comply with those requirements; and (ii) Consider reporting the breach to a professional or regulatory body or oversight authority if such reporting is common practice or expected in the relevant jurisdiction; (c) Promptly communicate the breach in accordance with its policies and procedures to: (i) The engagement partner; (ii) The individual with operational responsibility for compliance with independence requirements; (iii) Other relevant personnel in the firm and, where appropriate, the network; and (iv) Those subject to the independence requirements in Part 4A who need to take appropriate action; (d) Evaluate the significance of the breach and its impact on the firm's objectivity and ability to issue an audit report; and (e) Depending on the significance of the breach, determine: (i) Whether to end the audit engagement; or	(c) Determine whether action can be taken that satisfactorily addresses the consequences of the breach. In making this determination, the firm shall exercise professional judgment and take into account whether a reasonable and informed third party would be likely to conclude that the firm's objectivity would be compromised, and therefore, the firm would be unable to issue an assurance report.	

(ii) Whether it is possible to take action that satisfactorily addresses the consequences of the breach and whether such action can be taken and is appropriate in the circumstances. In making this determination, the firm shall exercise professional judgment and take into account whether a reasonable and informed third party would be likely to conclude that the firm's objectivity would be compromised, and therefore, the firm would be unable to issue an audit report.		
R400.81 - If the firm determines that action cannot be taken to address the consequences of the breach satisfactorily, the firm shall inform those charged with governance as soon as possible and take the steps necessary to end the audit engagement in compliance with any applicable legal or regulatory requirements. Where ending the engagement is not permitted by laws or regulations, the firm shall comply with any reporting or disclosure requirements.	R900.51 - If the firm determines that action cannot be taken to address the consequences of the breach satisfactorily, the firm shall, as soon as possible, inform the party that engaged the firm or those charged with governance, as appropriate. The firm shall also take the steps necessary to end the assurance engagement in compliance with any applicable legal or regulatory requirements relevant to ending the assurance engagement.	4B – Does not contemplate that ending the engagement may not be permitted by laws or regulations.
R400.82 - If the firm determines that action can be taken to address the consequences of the breach satisfactorily, the firm shall discuss with those charged with governance: (a) The significance of the breach, including its nature and duration;	R900.52 - If the firm determines that action can be taken to address the consequences of the breach satisfactorily, the firm shall discuss the breach and the action it has taken or proposes to take with the party that engaged the firm or those charged with governance, as appropriate. The firm shall discuss the breach and the proposed	4B - Less specific regarding matters to be discussed with TCWG. Also required on a 'timely basis' vs 'as soon as possible'.

(b) How the breach occurred and how it was identified; (c) The action proposed or taken and why the action will satisfactorily address the consequences of the breach and enable the firm to issue an audit report; (d) The conclusion that, in the firm's professional judgment, objectivity has not been compromised and the rationale for that conclusion; and (e) Any steps proposed or taken by the firm to reduce or avoid the risk of further breaches occurring. Such discussion shall take place as soon as possible unless an alternative timing is specified by those charged with governance for reporting less significant breaches.	action on a timely basis, taking into account the circumstances of the engagement and the breach.	
R400.84 - With respect to breaches, the firm shall communicate in writing to those charged with governance: (a) All matters discussed in accordance with paragraph R400.82 and obtain the concurrence of those charged with governance that action can be, or has been, taken to satisfactorily address the consequences of the breach; and (b) A description of:		4B - No corresponding requirement.

(i) The firm's policies and procedures relevant to the breach designed to provide it with reasonable assurance that independence is maintained; and (ii) Any steps that the firm has taken, or proposes to take, to reduce or avoid the risk of further breaches occurring.		
R400.85 - If those charged with governance do not concur that the action proposed by the firm in accordance with paragraph R400.80(e)(ii) satisfactorily addresses the consequences of the breach, the firm shall take the steps necessary to end the audit engagement in accordance with paragraph R400.81.	R900.53 - If the party that engaged the firm does not, or those charged with governance do not concur that the action proposed by the firm in accordance with paragraph R900.50(c) satisfactorily addresses the consequences of the breach, the firm shall take the steps necessary to end the assurance engagement in compliance with any applicable legal or regulatory requirements relevant to ending the assurance engagement.	
R400.86 - If the breach occurred prior to the issuance of the previous audit report, the firm shall comply with the provisions of Part 4A in evaluating the significance of the breach and its impact on the firm's objectivity and its ability to issue an audit report in the current period.		4B - No corresponding requirement.
R400.87 - The firm shall also: (a) Consider the impact of the breach, if any, on the firm's objectivity in relation to any previously issued audit reports, and the		4B - No corresponding requirement.

possibility of withdrawing such audit reports; and (b) Discuss the matter with those charged with governance.		
R400.88 - In complying with the requirements in paragraphs R400.80 to R400.87, the firm shall document: (a) The breach; (b) The actions taken; (c) The key decisions made; (d) All the matters discussed with those charged with governance; and (e) Any discussions with a professional or regulatory body or oversight authority.	R900.54 - In complying with the requirements in paragraphs R900.50 to R900.53, the firm shall document: (a) The breach; (b) The actions taken; (c) The key decisions made; and (d) All the matters discussed with the party that engaged the firm or those charged with governance.	4B - No requirement to document discussion with a professional or regulatory body or oversight authority.
R400.89 - If the firm continues with the audit engagement, it shall document: (a) The conclusion that, in the firm's professional judgment, objectivity has not been compromised; and (b) The rationale for why the action taken satisfactorily addressed the consequences of the breach so that the firm could issue an audit report.	R900.55 - If the firm continues with the assurance engagement, it shall document: (a) The conclusion that, in the firm's professional judgment, objectivity has not been compromised; and (b) The rationale for why the action taken satisfactorily addressed the consequences of the breach so that the firm could issue an assurance report	
Section 410 - Fees	**Section 905 - Fees**	

R410.6 - Subject to paragraph R410.7, a firm shall not allow the audit fee to be influenced by the provision of services other than audit to an audit client by the firm or a network firm.		4B - No corresponding requirement.
R410.7 – As an exception to paragraph R410.6, when determining the audit fee, the firm may take into consideration the cost savings achieved as a result of experience derived from the provision of services other than audit to an audit client.		4B - No corresponding provision.
R410.9 - A firm shall not charge directly or indirectly a contingent fee for an audit engagement.	R905.6 - A firm shall not charge directly or indirectly a contingent fee for an assurance engagement.	
R410.10 - A firm or network firm shall not charge directly or indirectly a contingent fee for a non-assurance service provided to an audit client, if: (a) The fee is charged by the firm expressing the opinion on the financial statements and the fee is material or expected to be material to that firm; (b) The fee is charged by a network firm that participates in a significant part of the audit and the fee is material or expected to be material to that firm; or (c) The outcome of the non-assurance service, and therefore the amount of the fee, is dependent on a future or contemporary	R905.7 - A firm shall not charge directly or indirectly a contingent fee for a non-assurance service provided to an assurance client if the outcome of the non-assurance service, and therefore, the amount of the fee, is dependent on a future or contemporary judgment related to a matter that is material to the subject matter information of the assurance engagement.	4B - Less specific requirements. No materiality considerations and do not extend to network.

judgment related to the audit of a material amount in the financial statements.		
R410.13 - When a significant part of the fees due from an audit client remains unpaid for a long time, the firm shall determine: (a) Whether the overdue fees might be equivalent to a loan to the client, in which case the requirements and application material set out in section 511 are applicable; and (b) Whether it is appropriate for the firm to be re-appointed or continue the audit engagement.	R905.9 - When a significant part of the fees due from an assurance client remains unpaid for a long time, the firm shall determine: (a) Whether the overdue fees might be equivalent to a loan to the client, in which case the requirements and application material set out in Section 911 are applicable; and (b) Whether it is appropriate for the firm to be re-appointed or continue the assurance engagement.	
R410.15 - When for each of five consecutive years total fees from an audit client that is not a public interest entity represent, or are likely to represent, more than 30% of the total fees received by the firm, the firm shall determine whether either of the following actions might be a safeguard to reduce the threats created to an acceptable level, and if so, apply it: (a) Prior to the audit opinion being issued on the fifth year's financial statements, have a professional accountant, who is not a member of the firm expressing the opinion on the financial statements, review the fifth year's audit work; or		4B - No corresponding requirement.

(b) After the audit opinion on the fifth year's financial statements has been issued, and before the audit opinion is issued on the sixth year's financial statements, have a professional accountant, who is not a member of the firm expressing the opinion on the financial statements, or a professional body review the fifth year's audit work.		
R410.16 - If the total fees described in paragraph R410.15 continue to exceed 30%, the firm shall each year determine whether either of the actions in paragraph R410.15 applied to the relevant year's engagement might be a safeguard to address the threats created by the total fees received by the firm from the client, and if so, apply it.		4B - No corresponding requirement.
R410.17 - When two or more firms are engaged to conduct an audit of the client's financial statements, the involvement of the other firm in the audit may be regarded each year as an action equivalent to that in paragraph R410.15 (a), if: (a) The circumstances addressed by paragraph R410.15 apply to only one of the firms expressing the audit opinion; and (b) Each firm performs sufficient work to take full individual responsibility for the audit opinion.		4B - No corresponding requirement.
R410.18 - When for each of two consecutive years the total fees from an audit client that is a		4B - No corresponding requirement.

public interest entity represent, or are likely to represent, more than 15% of the total fees received by the firm, the firm shall determine whether, prior to the audit opinion being issued on the second year's financial statements, a review, consistent with the objective of an engagement quality review, performed by a professional accountant who is not a member of the firm expressing the opinion on the financial statements ("pre-issuance review") might be a safeguard to reduce the threats to an acceptable level, and if so, apply it.		
R410.19 - When two or more firms are engaged to conduct an audit of the client's financial statements, the involvement of the other firm in the audit may be regarded each year as an action equivalent to that in paragraph R410.18, if: (a) The circumstances addressed by paragraph R410.18 apply to only one of the firms expressing the audit opinion; and (b) Each firm performs sufficient work to take full individual responsibility for the audit opinion.		4B - No corresponding requirement.
R410.20 - Subject to paragraph R410.21, if the circumstances described in paragraph R410.18 continue for five consecutive years, the firm shall cease to be the auditor after the audit opinion for the fifth year is issued.		4B - No corresponding requirement.

R410.21 - As an exception to paragraph R410.20, the firm may continue to be the auditor after five consecutive years if there is a compelling reason to do so having regard to the public interest, provided that: (a) The firm consults with a regulatory or professional body in the relevant jurisdiction and it concurs that having the firm continue as the auditor would be in the public interest; and (b) Before the audit opinion on the sixth and any subsequent year's financial statements is issued, the firm engages a professional accountant, who is not a member of the firm expressing the opinion on the financial statements, to perform a pre-issuance review.		4B - No corresponding requirement.
R410.23 - Subject to paragraph R410.24, the firm shall communicate in a timely manner with those charged with governance of an audit client that is a public interest entity: (a) Fees paid or payable to the firm or network firms for the audit of the financial statements on which the firm expresses an opinion; and (b) Whether the threats created by the level of those fees are at an acceptable level, and if not, any actions the firm has taken or		4B - No corresponding requirement.

proposes to take to reduce such threats to an acceptable level.		
R410.24 - As an exception to paragraph R410.23, the firm may determine not to communicate the information set out in paragraph R410.23 to those charged with governance of an entity that is (directly or indirectly) wholly-owned by another public interest entity provided that: (a) The entity is consolidated into group financial statements prepared by that other public interest entity; and (b) The firm or a network firm expresses an opinion on those group financial statements.		4B - No corresponding requirement.
R410.25 - Subject to paragraph R410.27, the firm shall communicate in a timely manner with those charged with governance of an audit client that is a public interest entity: (a) The fees, other than those disclosed under paragraph R410.23 (a), charged to the client for the provision of services by the firm or a network firm during the period covered by the financial statements on which the firm expresses an opinion. For this purpose, such fees shall only include fees charged to the client and its related entities over which the client has direct or indirect control that are consolidated in the financial statements on which the firm will express an opinion; and		4B - No corresponding requirement.

(b) As set out in paragraph 410.11 A1, where the firm has identified that there is an impact on the level of the self-interest threat or that there is an intimidation threat to independence created by the proportion of fees for services other than audit relative to the audit fee: (i) Whether such threats are at an acceptable level; and (ii) If not, any actions that the firm has taken or proposes to take to reduce such threats to an acceptable level.		
R410.26 - The firm shall include in the communication required by paragraph R410.25(a) the fees, other than those disclosed under paragraph R410.23(a), charged to any other related entities over which the audit client has direct or indirect control for the provision of services by the firm or a network firm, when the firm knows, or has reason to believe, that such fees are relevant to the evaluation of the firm's independence.		4B - No corresponding requirement.
R410.27 - As an exception to paragraph R410.25, the firm may determine not to communicate the information set out in paragraph R410.25 to those charged with governance of an entity that is (directly or indirectly) wholly-owned by another public interest entity provided that:		4B - No corresponding requirement.

(a) The entity is consolidated into group financial statements prepared by that other public interest entity; and (b) The firm or a network firm expresses an opinion on those group financial statements.		
R410.28 - Where the total fees from an audit client that is a public interest entity represent, or are likely to represent, more than 15% of the total fees received by the firm, the firm shall communicate with those charged with governance: (a) That fact and whether this situation is likely to continue; (b) The safeguards applied to address the threats created, including, where relevant, the use of a pre-issuance review (Ref: Para R410.18); and (c) Any proposal to continue as the auditor under paragraph R410.21.		4B - No corresponding requirement.
R410.30 - If laws and regulations do not require an audit client to disclose audit fees, fees for services other than audit paid or payable to the firm and network firms and information about fee dependency, the firm shall discuss with those charged with governance of an audit client that is a public interest entity: (a) The benefit to the client's stakeholders of the client making such disclosures that are not		4B - No corresponding requirement.

required by laws and regulations in a manner deemed appropriate, taking into account the timing and accessibility of the information; and (b) The information that might enhance the users' understanding of the fees paid or payable and their impact on the firm's independence.		
R410.31 - After the discussion with those charged with governance as set out in paragraph R410.30, to the extent that the audit client that is a public interest entity does not make the relevant disclosure, subject to paragraph R410.32, the firm shall publicly disclose: (a) Fees paid or payable to the firm and network firms for the audit of the financial statements on which the firm expresses an opinion; (b) Fees, other than those disclosed under (a), charged to the client for the provision of services by the firm or a network firm during the period covered by the financial statements on which the firm expresses an opinion. For this purpose, such fees shall only include fees charged to the client and its related entities over which the client has direct or indirect control that are consolidated in the financial statements on which the firm will express an opinion;		4B - No corresponding requirement.

(c) Any fees, other than those disclosed under (a) and (b), charged to any other related entities over which the audit client has direct or indirect control for the provision of services by the firm or a network firm when the firm knows, or has reason to believe, that such fees are relevant to the evaluation of the firm's independence; and (d) If applicable, the fact that the total fees received by the firm from the audit client represent, or are likely to represent, more than 15% of the total fees received by the firm for two consecutive years, and the year that this situation first arose.		
R410.32 - As an exception to paragraph R410.31, the firm may determine not to publicly disclose the information set out in paragraph R410.31 relating to: (a) A parent entity that also prepares group financial statements provided that the firm or a network firm expresses an opinion on the group financial statements; or (b) An entity (directly or indirectly) wholly-owned by another public interest entity provided that:		4B - No corresponding requirement exception.

(i) The entity is consolidated into group financial statements prepared by that other public interest entity; and (ii) The firm or a network firm expresses an opinion on those group financial statements.		
R410.33 - This section sets out requirements for a firm to communicate fee-related information of an audit client that is a public interest entity and to disclose publicly fee-related information to the extent that the client does not disclose such information. As an exception to those requirements, the firm may determine not to communicate or pursue disclosure of such information where a review client is not also an audit client.		4B - No corresponding requirement.
Section 411 - Compensation and Evaluation Policies		4B - No corresponding section.
R411.4 - A firm shall not evaluate or compensate a key audit partner based on that partner's success in selling non-assurance services to the partner's audit client. This requirement does not preclude normal profit-sharing arrangements between partners of a firm.		
Section 420 – Gifts and Hospitality	**Section 906 – Gifts and Hospitality**	

R420.3 - A firm, network firm or an audit team member shall not accept gifts and hospitality from an audit client, unless the value is trivial and inconsequential.	R906.3 - A firm or an assurance team member shall not accept gifts and hospitality from an assurance client, unless the value is trivial and inconsequential.	4B - Requirement does not extend to network firms.
Section 430 – Actual or Threatened Litigation	**Section 907 – Actual or Threatened Litigation**	
No requirements	No requirements	
Section 510 – Financial Interests	**Section 910 – Financial Interests**	
R510.4 - Subject to paragraph R510.5, a direct financial interest or a material indirect financial interest in the audit client shall not be held by: (a) The firm or a network firm; (b) An audit team member, or any of that individual's immediate family; (c) Any other partner in the office in which an engagement partner practices in connection with the audit engagement, or any of that other partner's immediate family; or (d) Any other partner or managerial employee who provides non-audit services to the audit client, except for any whose involvement is minimal, or any of that individual's immediate family.	R910.4 - A direct financial interest or a material indirect financial interest in the assurance client shall not be held by: (a) The firm; or (b) An assurance team member or any of that individual's immediate family.	4B - Requirements are less extensive. E.g. do not cover network firms or other partners and managerial employees in the same office or providing NAS.
R510.5 - As an exception to paragraph R510.4, an immediate family member identified in subparagraphs R510.4(c) or (d) may hold a direct		4B - No corresponding requirement.

or material indirect financial interest in an audit client, provided that: (a) The family member received the financial interest because of employment rights, for example through pension or share option plans, and, when necessary, the firm addresses the threat created by the financial interest; and (b) The family member disposes of or forfeits the financial interest as soon as practicable when the family member has or obtains the right to do so, or in the case of a stock option, when the family member obtains the right to exercise the option.		
R510.6 - When an entity has a controlling interest in an audit client and the client is material to the entity, neither the firm, nor a network firm, nor an audit team member, nor any of that individual's immediate family shall hold a direct or material indirect financial interest in that entity.	R910.5 - When an entity has a controlling interest in the assurance client and the client is material to the entity, neither the firm, nor an assurance team member, nor any of that individual's immediate family shall hold a direct or material indirect financial interest in that entity.	
R510.7 - Paragraph R510.4 shall also apply to a financial interest in an audit client held in a trust for which the firm, network firm or individual acts as trustee, unless: (a) None of the following is a beneficiary of the trust: the trustee, the audit team member or any of that individual's immediate family, the firm or a network firm;	R910.6 - Paragraph R910.4 shall also apply to a financial interest in an assurance client held in a trust for which the firm or individual acts as trustee unless: (a) None of the following is a beneficiary of the trust: the trustee, the assurance team member or any of that individual's immediate family, or the firm;	4B - Does not extend to network firms.

(b) The interest in the audit client held by the trust is not material to the trust; (c) The trust is not able to exercise significant influence over the audit client; and (d) None of the following can significantly influence any investment decision involving a financial interest in the audit client: the trustee, the audit team member or any of that individual's immediate family, the firm or a network firm.	(b) The interest in the assurance client held by the trust is not material to the trust; (c) The trust is not able to exercise significant influence over the assurance client; and (d) None of the following can significantly influence any investment decision involving a financial interest in the assurance client: the trustee, the assurance team member or any of that individual's immediate family, or the firm.	
R510.8 - (a) A firm, or a network firm, or an audit team member, or any of that individual's immediate family shall not hold a financial interest in an entity when an audit client also has a financial interest in that entity, unless: (i) The financial interests are immaterial to the firm, the network firm, the audit team member and that individual's immediate family member and the audit client, as applicable; or (ii) The audit client cannot exercise significant influence over the entity. (b) Before an individual who has a financial interest described in paragraph R510.8(a) can become an audit team member, the individual or that individual's immediate family member shall either: (i) Dispose of the interest; or		4B - No corresponding requirement.

(ii) Dispose of enough of the interest so that the remaining interest is no longer material.		
R510.9 - If a firm, a network firm or a partner or employee of the firm or a network firm, or any of that individual's immediate family, receives a direct financial interest or a material indirect financial interest in an audit client by way of an inheritance, gift, as a result of a merger or in similar circumstances and the interest would not otherwise be permitted to be held under this section, then: (a) If the interest is received by the firm or a network firm, or an audit team member or any of that individual's immediate family, the financial interest shall be disposed of immediately, or enough of an indirect financial interest shall be disposed of so that the remaining interest is no longer material; or (b) (i) If the interest is received by an individual who is not an audit team member, or by any of that individual's immediate family, the financial interest shall be disposed of as soon as possible, or enough of an indirect financial interest shall be disposed of so that the remaining interest is no longer material; and	R910.7 - If a firm, an assurance team member, or any of that individual's immediate family, receives a direct financial interest or a material indirect financial interest in an assurance client by way of an inheritance, gift, as a result of a merger, or in similar circumstances and the interest would not otherwise be permitted to be held under this section, then: (a) If the interest is received by the firm, the financial interest shall be disposed of immediately, or enough of an indirect financial interest shall be disposed of so that the remaining interest is no longer material; or (b) If the interest is received by an assurance team member, or by any of that individual's immediate family, the individual who received the financial interest shall immediately dispose of the financial interest, or dispose of enough of an indirect financial interest so that the remaining interest is no longer material.	4B - Does not include the requirement, when necessary, to address the threat created pending the disposal of the financial interest. Does not extend to network firms.

(ii) Pending the disposal of the financial interest, when necessary the firm shall address the threat created.		
Section 511 – Loans and Guarantees	**Section 911 – Loans and Guarantees**	
R511.4 - A firm, a network firm, an audit team member, or any of that individual's immediate family shall not make or guarantee a loan to an audit client unless the loan or guarantee is immaterial to: (a) The firm, the network firm or the individual making the loan or guarantee, as applicable; and (b) The client.	R911.4 - A firm, an assurance team member, or any of that individual's immediate family shall not make or guarantee a loan to an assurance client unless the loan or guarantee is immaterial to both: (a) The firm or the individual making the loan or guarantee, as applicable; and (b) The client.	4B – Does not extend to network firms.
R511.5 - A firm, a network firm, an audit team member, or any of that individual's immediate family shall not accept a loan, or a guarantee of a loan, from an audit client that is a bank or a similar institution unless the loan or guarantee is made under normal lending procedures, terms and conditions.	R911.5 - A firm, an assurance team member, or any of that individual's immediate family shall not accept a loan, or a guarantee of a loan, from an assurance client that is a bank or a similar institution unless the loan or guarantee is made under normal lending procedures, terms and conditions.	4B - Does not extend to network firms.
R511.6 - A firm, a network firm, an audit team member, or any of that individual's immediate family shall not have deposits or a brokerage account with an audit client that is a bank, broker or similar institution, unless the deposit or account is held under normal commercial terms.	R911.6 - A firm, an assurance team member, or any of that individual's immediate family shall not have deposits or a brokerage account with an assurance client that is a bank, broker, or similar institution, unless the deposit or account is held under normal commercial terms.	4B – Does not extend to network firms.

R511.7 - A firm, a network firm, an audit team member, or any of that individual's immediate family shall not accept a loan from, or have a borrowing guaranteed by, an audit client that is not a bank or similar institution, unless the loan or guarantee is immaterial to: (a) The firm, the network firm, or the individual receiving the loan or guarantee, as applicable; and (b) The client.	R911.7 - A firm or an assurance team member, or any of that individual's immediate family, shall not accept a loan from, or have a borrowing guaranteed by, an assurance client that is not a bank or similar institution, unless the loan or guarantee is immaterial to both: (a) The firm, or the individual receiving the loan or guarantee, as applicable; and (b) The client.	4B – Does not extend to network firms.
Section 520 – Business Relationships	**Section 920 – Business Relationships**	
R520.4 - A firm, a network firm or an audit team member shall not have a close business relationship with an audit client or its management unless any financial interest is immaterial and the business relationship is insignificant to the client or its management and the firm, the network firm or the audit team member, as applicable.	R920.4 - A firm or an assurance team member shall not have a close business relationship with an assurance client or its management unless any financial interest is immaterial and the business relationship is insignificant to the client or its management and the firm or the assurance team member, as applicable.	4B – Does not extend to network firms.
R520.5 - A firm, a network firm, an audit team member, or any of that individual's immediate family shall not have a business relationship involving the holding of an interest in a closely-held entity when an audit client or a director or officer of the client, or any group thereof, also holds an interest in that entity, unless:		4B - No corresponding requirement.

(a) The business relationship is insignificant to the firm, the network firm, or the individual as applicable, and the client; (b) The financial interest is immaterial to the investor or group of investors; and (c) The financial interest does not give the investor, or group of investors, the ability to control the closely-held entity.		
Section 521 - Family and Personal Relationships	**Section 921 - Family and Personal Relationships**	
R521.5 – An individual shall not participate as an audit team member when any of that individual's immediate family: (a) Is a director or officer of the audit client; (b) Is an employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion; or (c) Was in such position during any period covered by the engagement or the financial statements.	R921.5 – An individual shall not participate as an assurance team member when any of that individual's immediate family: (a) Is a director or officer of the assurance client; (b) In an attestation engagement, is an employee in a position to exert significant influence over the subject matter information of the assurance engagement; or (c) Was in such a position during any period covered by the engagement or the subject matter information.	
R521.7 - An audit team member shall consult in accordance with firm policies and procedures if the audit team member has a close relationship	R921.7 - An assurance team member shall consult in accordance with firm policies and procedures if the assurance team member has a	

with an individual who is not an immediate or close family member, but who is: (a) A director or officer of the audit client; or (b) An employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion.	close relationship with an individual who is not an immediate or close family member, but who is: (a) A director or officer of the assurance client; or (b) An employee in a position to exert significant influence over the underlying subject matter or, in an attestation engagement, an employee in a position to exert significant influence over the subject matter information of the assurance engagement.	
R521.8 - Partners and employees of the firm shall consult in accordance with firm policies and procedures if they are aware of a personal or family relationship between: (a) A partner or employee of the firm or network firm who is not an audit team member; and (b) A director or officer of the audit client or an employee of the audit client in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion.		4B - No corresponding requirement.
Section 522 – Recent Service with an Audit Client	**Section 922 – Recent Service with an Assurance Client**	

R522.3 - The audit team shall not include an individual who, during the period covered by the audit report: (a) Had served as a director or officer of the audit client; or (b) Was an employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion.	R922.3 - The assurance team shall not include an individual who, during the period covered by the assurance report: (a) Had served as a director or officer of the assurance client; or (b) Was an employee in a position to exert significant influence over the underlying subject matter or, in an attestation engagement, an employee in a position to exert significant influence over the subject matter information of the assurance engagement.	
Section 523 – Serving as a Director of Officer of an Audit Client	**Section 923 – Serving as a Director of Officer of an Assurance Client**	
R523.3 - A partner or employee of the firm or a network firm shall not serve as a director or officer of an audit client of the firm.	R923.3 - A partner or employee of the firm shall not serve as a director or officer of an assurance client of the firm.	4B – Does not extend to network firms.
R523.4 - A partner or employee of the firm or a network firm shall not serve as Company Secretary for an audit client of the firm, unless: (a) This practice is specifically permitted under local law, professional rules or practice; (b) Management makes all relevant decisions; and (c) The duties and activities performed are limited to those of a routine and	R923.4 - A partner or employee of the firm shall not serve as Company Secretary for an assurance client of the firm unless: (a) This practice is specifically permitted under local law, professional rules or practice; (b) Management makes all decisions; and (c) The duties and activities performed are limited to those of a routine and	4B – Does not extend to network firms.

administrative nature, such as preparing minutes and maintaining statutory returns.	administrative nature, such as preparing minutes and maintaining statutory returns.	
Section 524 - Employment with an Audit Client	**Section 924 - Employment with an Assurance Client**	
R524.4 - The firm shall ensure that no significant connection remains between the firm or a network firm and: (a) A former partner who has joined an audit client of the firm; or (b) A former audit team member who has joined the audit client, if either has joined the audit client as: (i) A director or officer; or (ii) An employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion. A significant connection remains between the firm or a network firm and the individual, unless: (a) The individual is not entitled to any benefits or payments from the firm or network firm that are not made in accordance with fixed pre-determined arrangements; (b) Any amount owed to the individual is not material to the firm or the network firm; and	924.4 - If a former partner has joined an assurance client of the firm or a former assurance team member has joined the assurance client as: (a) A director or officer; or (b) An employee in a position to exert significant influence over the underlying subject matter or, in an attestation engagement, an employee in a position to exert significant influence over the subject matter information of the assurance engagement, the individual shall not continue to participate in the firm's business or professional activities.	4B – Does not extend to network firms. Less specific regarding terminating significant connections.

(c) The individual does not continue to participate or appear to participate in the firm's or the network firm's business or professional activities.		
R524.5 - A firm or network firm shall have policies and procedures that require audit team members to notify the firm or network firm when entering employment negotiations with an audit client.	R924.5 - A firm shall have policies and procedures that require assurance team members to notify the firm when entering employment negotiations with an assurance client.	4B – Does not extend to network firms.
R524.6 - Subject to paragraph R524.8, if an individual who was a key audit partner with respect to an audit client that is a public interest entity joins the client as: (a) A director or officer; or (b) An employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion, independence is compromised unless, subsequent to the individual ceasing to be a key audit partner: (i) The audit client has issued audited financial statements covering a period of not less than twelve months; and		4B - No corresponding requirement.

(ii) The individual was not an audit team member with respect to the audit of those financial statements.		
R524.7 - Subject to paragraph R524.8, if an individual who was the Senior or Managing Partner (Chief Executive or equivalent) of the firm joins an audit client that is a public interest entity as: (a) A director or officer; or (b) An employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion, independence is compromised, unless twelve months have passed since the individual was the Senior or Managing Partner (Chief Executive or equivalent) of the firm.		4B - No corresponding requirement.
R524.8 - As an exception to paragraphs R524.6 and R524.7, independence is not compromised if the circumstances set out in those paragraphs arise as a result of a business combination and: (a) The position was not taken in contemplation of the business combination; (b) Any benefits or payments due to the former partner from the firm or a network firm have been settled in full, unless made in accordance with fixed pre-determined		4B - No corresponding requirement/exception.

arrangements and any amount owed to the partner is not material to the firm or network firm as applicable; (c) The former partner does not continue to participate or appear to participate in the firm's or network firm's business or professional activities; and (d) The firm discusses the former partner's position held with the audit client with those charged with governance.		
Section 525 – Temporary Personnel Assignments		
		4B - No corresponding section.
R525.4 - A firm or a network firm shall not loan personnel to an audit client unless the firm or network firm is satisfied that: (a) Such assistance is provided only for a short period of time; (b) Such personnel will not assume management responsibilities and the audit client will be responsible for directing and supervising the activities of such personnel; (c) Any threat to the independence of the firm or network firm arising from the professional services undertaken by such personnel is		4B - No corresponding requirement.

eliminated or safeguards are applied to reduce such threat to an acceptable level; and (d) Such personnel will not undertake or be involved in professional services that the firm or network firm is prohibited from performing by the Code.		
Section 540 – Long Association of Personnel (Including Partner Rotation) with an Audit Client	**Section 940 – Long Association of Personnel with an Assurance Client**	
	R940.4 - If a firm decides that the level of the threats created can only be addressed by rotating the individual off the assurance team, the firm shall determine an appropriate period during which the individual shall not: (a) Be a member of the engagement team for the assurance engagement; (b) Provide quality control for the assurance engagement; or (c) Exert direct influence on the outcome of the assurance engagement. The period shall be of sufficient duration to allow the familiarity and self-interest threats to be addressed.	4B – Much less specific in requirements.
R540.5 - Subject to paragraphs R540.7 to R540.9, in respect of an audit of a public interest entity, an individual shall not act in any of the		4B - No corresponding requirement.

following roles, or a combination of such roles, for a period of more than seven cumulative years (the "time-on" period): (a) The engagement partner; (b) The individual appointed as responsible for the engagement quality control review; or (c) Any other key audit partner role. After the time-on period, the individual shall serve a "cooling-off" period in accordance with the provisions in paragraphs R540.11 to R540.19.		
R540.6 - In calculating the time-on period, the count of years shall not be restarted unless the individual ceases to act in any one of the roles in paragraph R540.5(a) to (c) for a minimum period. This minimum period is a consecutive period equal to at least the cooling-off period determined in accordance with paragraphs R540.11 to R540.13 as applicable to the role in which the individual served in the year immediately before ceasing such involvement.		4B - No corresponding requirement.
R540.7 - As an exception to paragraph R540.5, key audit partners whose continuity is especially important to audit quality may, in rare cases due to unforeseen circumstances outside the firm's control, and with the concurrence of those charged with governance, be permitted to serve an additional year as a key audit partner as long		4B - No corresponding requirement.

as the threat to independence can be eliminated or reduced to an acceptable level.		
R540.8 - If an audit client becomes a public interest entity, a firm shall take into account the length of time an individual has served the audit client as a key audit partner before the client becomes a public interest entity in determining the timing of the rotation. If the individual has served the audit client as a key audit partner for a period of five cumulative years or less when the client becomes a public interest entity, the number of years the individual may continue to serve the client in that capacity before rotating off the engagement is seven years less the number of years already served. As an exception to paragraph R540.5, if the individual has served the audit client as a key audit partner for a period of six or more cumulative years when the client becomes a public interest entity, the individual may continue to serve in that capacity with the concurrence of those charged with governance for a maximum of two additional years before rotating off the engagement.		4B - No corresponding requirement.
R540.9 - When a firm has only a few people with the necessary knowledge and experience to serve as a key audit partner on the audit of a public interest entity, rotation of key audit partners might not be possible. As an exception to paragraph R540.5, if an independent regulatory body in the relevant jurisdiction has provided an		4B - No corresponding requirement.

exemption from partner rotation in such circumstances, an individual may remain a key audit partner for more than seven years, in accordance with such exemption. This is provided that the independent regulatory body has specified other requirements which are to be applied, such as the length of time that the key audit partner may be exempted from rotation or a regular independent external review.		
R540.10 - In evaluating the threats created by an individual's long association with an audit engagement, a firm shall give particular consideration to the roles undertaken and the length of an individual's association with the audit engagement prior to the individual becoming a key audit partner.		4B - No corresponding requirement.
R540.11 - If the individual acted as the engagement partner for seven cumulative years, the cooling-off period shall be five consecutive years.		4B - No corresponding requirement.
R540.12 - Where the individual has been appointed as responsible for the engagement quality control review and has acted in that capacity for seven cumulative years, the cooling-off period shall be three consecutive years.		4B - No corresponding requirement.
R540.13 - If the individual has acted as a key audit partner other than in the capacities set out in paragraphs R540.11 and R540.12 for seven		4B - No corresponding requirement.

cumulative years, the cooling-off period shall be two consecutive years.		
R540.14 - If the individual acted in a combination of key audit partner roles and served as the engagement partner for four or more cumulative years, the cooling-off period shall be five consecutive years.		4B - No corresponding requirement.
R540.15 - Subject to paragraph R540.16(a), if the individual acted in a combination of key audit partner roles and served as the key audit partner responsible for the engagement quality review for four or more cumulative years, the cooling-off period shall be three consecutive years.		4B - No corresponding requirement.
R540.16 - If an individual has acted in a combination of engagement partner and engagement quality review roles for four or more cumulative years during the time-on period, the cooling-off period shall: (a) As an exception to paragraph R540.15, be five consecutive years where the individual has been the engagement partner for three or more years; or (b) Be three consecutive years in the case of any other combination.		4B - No corresponding requirement.
R540.17 - If the individual acted in any combination of key audit partner roles other than those addressed in paragraphs R540.14 to		4B - No corresponding requirement.

R540.16, the cooling-off period shall be two consecutive years.		
R540.18 - In determining the number of years that an individual has been a key audit partner as set out in paragraph R540.5, the length of the relationship shall, where relevant, include time while the individual was a key audit partner on that engagement at a prior firm.		4B - No corresponding requirement.
R540. 19 - Where a legislative or regulatory body (or organization authorized or recognized by such legislative or regulatory body) has established a cooling-off period for an engagement partner of less than five consecutive years, the higher of that period or three years may be substituted for the cooling-off period of five consecutive years specified in paragraphs R540.11, R540.14 and R540.16(a) provided that the applicable time-on period does not exceed seven years.		4B - No corresponding requirement.
R540. 20 - For the duration of the relevant cooling-off period, the individual shall not: (a) Be an engagement team member or provide quality control for the audit engagement; (b) Consult with the engagement team or the client regarding technical or industry-specific issues, transactions or events affecting the audit engagement (other than discussions with the engagement team limited to work undertaken or conclusions reached in the		4B - No corresponding requirement.

last year of the individual's time-on period where this remains relevant to the audit); (c) Be responsible for leading or coordinating the professional services provided by the firm or a network firm to the audit client, or overseeing the relationship of the firm or a network firm with the audit client; or (d) Undertake any other role or activity not referred to above with respect to the audit client, including the provision of non-assurance services, that would result in the individual: (i) Having significant or frequent interaction with senior management or those charged with governance; or (ii) Exerting direct influence on the outcome of the audit engagement.		
Section 600 - Provision of Non-Assurance Services to an Audit Client	**Section 950 - Provision of Non-Assurance Services to Assurance Clients Other Than Audit and Review Engagement Clients**	
R600.8 - Before a firm or a network firm accepts an engagement to provide a non-assurance service to an audit client, the firm shall apply the conceptual framework to identify, evaluate and address any threat to independence that might be created by providing that service.	R950.6 - Before a firm accepts an engagement to provide a non-assurance service to an assurance client, the firm shall apply the conceptual framework to identify, evaluate and address any threat to independence that might be created by providing that service	4B – Does not extend to network firms.

R600.12 - When a firm or a network firm provides multiple non-assurance services to an audit client, the firm shall consider whether, in addition to the threats created by each service individually, the combined effect of such services creates or impacts threats to independence.		4B - No corresponding requirement.
R600.14 - Before providing a non-assurance service to an audit client, a firm or a network firm shall determine whether the provision of that service might create a self-review threat by evaluating whether there is a risk that: (a) The results of the service will form part of or affect the accounting records, the internal controls over financial reporting, or the financial statements on which the firm will express an opinion; and (b) In the course of the audit of those financial statements on which the firm will express an opinion, the audit team will evaluate or rely on any judgments made or activities performed by the firm or network firm when providing the service.		4B - No corresponding requirement.
R600.16 - A firm or a network firm shall not provide a non-assurance service to an audit client that is a public interest entity if the provision of that service might create a self-review threat in relation to the audit of the financial statements on		4B - No corresponding requirement.

which the firm will express an opinion. (Ref: Para. 600.13 A1 and R600.14).		
R600.17 - As an exception to paragraph R600.16, a firm or a network firm may provide advice and recommendations to an audit client that is a public interest entity in relation to information or matters arising in the course of an audit provided that the firm: (a) Does not assume a management responsibility (Ref: Para. R400.13 [15] and R400.14 [16]); and (b) Applies the conceptual framework to identify, evaluate and address threats, other than self-review threats, to independence that might be created by the provision of that advice.		4B - No corresponding requirement.
R600.21 - Before a firm that audits the financial statements of a public interest entity, or a network firm accepts an engagement to provide a non-assurance service to: (A) That public interest entity; (B) Any entity that controls, directly or indirectly, that public interest entity; or (C) Any entity that is controlled directly or indirectly by that public interest entity,		4B - No corresponding requirement.

the firm shall, unless already addressed when establishing a process agreed with those charged with governance: (a) Inform those charged with governance of the public interest entity that the firm has determined that the provision of the service: (i) Is not prohibited; and (ii) Will not create a threat to the firm's independence as auditor of the public interest entity or that any identified threat is at an acceptable level or, if not, will be eliminated or reduced to an acceptable level; and (b) Provide those charged with governance of the public interest entity with information to enable them to make an informed assessment about the impact of the provision of the service on the firm's independence.		
R600.22 - A firm or a network firm shall not provide a non-assurance service to any of the entities referred to in paragraph R600.21 unless those charged with governance of the public interest entity have concurred either under a process agreed with those charged with governance or in relation to a specific service with: (a) The firm's conclusion that the provision of the service will not create a threat to the		4B - No corresponding requirement.

firm's independence as auditor of the public interest entity, or that any identified threat is at an acceptable level or, if not, will be eliminated, or reduced to an acceptable level; and (b) The provision of that service.		
R600.23 - As an exception to paragraphs R600.21 and R600.22, where a firm is prohibited by applicable professional standards, laws or regulations from providing information about the proposed non- assurance service to those charged with governance of the public interest entity, or where the provision of such information would result in disclosure of sensitive or confidential information, the firm may provide the proposed service provided that: (a) The firm provides such information as it is able without breaching its legal or professional obligations; (b) The firm informs those charged with governance of the public interest entity that the provision of the service will not create a threat to the firm's independence from the public interest entity, or that any identified threat is at an acceptable level or, if not, will be eliminated or reduced to an acceptable level; and (c) Those charged with governance do not disagree with the firm's conclusion in (b).		4B - No corresponding requirement.

R600.24 - The firm or the network firm, having taken into account any matters raised by those charged with governance of the audit client that is a public interest entity or by the entity referred to in paragraph R600.21 that is the recipient of the proposed audit service, shall decline the non-assurance service or the firm shall end the audit engagement if: (a) The firm or the network firm is not permitted to provide any information to those charged with governance of the audit client that is a public interest entity, unless such a situation is addressed in a process agreed in advance with those charged with governance; or (b) Those charged with governance of an audit client that is a public interest entity disagree with the firm's conclusion that the provision of the service will not create a threat to the firm's independence from the client or that any identified threat is at an acceptable level or, if not, will be eliminated or reduced to an acceptable level.		4B - No corresponding requirement.
R600.25 - A non-assurance service provided, either currently or previously, by a firm or a network firm to an audit client compromises the firm's independence when the client becomes a public interest entity unless:		4B - No corresponding requirement.

(a) The previous non-assurance service complies with the provisions of this section that relate to audit clients that are not public interest entities; (b) Non-assurance services currently in progress that are not permitted under this section for audit clients that are public interest entities are ended before or, if that is not possible, as soon as practicable after, the client becomes a public interest entity; and (c) The firm and those charged with governance of the client that becomes a public interest entity agree and take further actions to address any threats to independence that are not at an acceptable level.		
R600.26 - This section includes requirements that prohibit firms and network firms from providing certain non- assurance services to audit clients. As an exception to those requirements and the requirement in paragraph R400.13 [15], a firm or a network firm may assume management responsibilities or provide certain non-assurance services that would otherwise be prohibited to the following related entities of the client on whose financial statements the firm will express an opinion: (a) An entity that has direct or indirect control over the client;		4B - No corresponding requirement.

(b) An entity with a direct financial interest in the client if that entity has significant influence over the client and the interest in the client is material to such entity; or (c) An entity which is under common control with the client, provided that all of the following conditions are met: (i) The firm or a network firm does not express an opinion on the financial statements of the related entity; (ii) The firm or a network firm does not assume a management responsibility, directly or indirectly, for the entity on whose financial statements the firm will express an opinion; (iii) The services do not create a self-review threat; and (iv) The firm addresses other threats created by providing such services that are not at an acceptable level.		
601 – Accounting and Bookkeeping Services		4B - No corresponding subsection.
R601.5 - A firm or a network firm shall not provide to an audit client that is not a public interest entity accounting and bookkeeping services, including preparing financial statements on which the firm will express an opinion or financial information		

which forms the basis of such financial statements, unless: (a) The services are of a routine or mechanical nature; and (b) The firm addresses any threats that are not at an acceptable level.		
R601.6 - A firm or a network firm shall not provide accounting and bookkeeping services to an audit client that is a public interest entity.		
R601.7 - As an exception to paragraph R601.6, a firm or a network firm may prepare statutory financial statements for a related entity of a public interest entity audit client included in subparagraph (c) or (d) of the definition of a related entity provided that: (a) The audit report on the group financial statements of the public interest entity has been issued; (b) The firm or network firm does not assume management responsibility and applies the conceptual framework to identify, evaluate and address threats to independence; (c) The firm or network firm does not prepare the accounting records underlying the statutory financial statements of the related entity and those financial statements are based on client approved information; and		

(d) The statutory financial statements of the related entity will not form the basis of future group financial statements of that public interest entity.		
602 – Administrative Services		4B - No corresponding subsection.
No requirements		
603 – Valuation Services		4B - No corresponding subsection.
R603.4 - A firm or a network firm shall not provide a valuation service to an audit client that is not a public interest entity if: (a) The valuation involves a significant degree of subjectivity; and (b) The valuation will have a material effect on the financial statements on which the firm will express an opinion.		
R603.5 - A firm or a network firm shall not provide a valuation service to an audit client that is a public interest entity if the provision of such valuation service might create a self-review threat. (Ref: Para. R600.14 and R600.16).		
604 – Tax Services		4B - No corresponding subsection.
R604.4 - A firm or a network firm shall not provide a tax service or recommend a transaction to an audit client if the service or transaction relates to marketing, planning, or opining in favor of a tax		

treatment that was initially recommended, directly or indirectly, by the firm or network firm, and a significant purpose of the tax treatment or transaction is tax avoidance, unless the firm is confident that the proposed treatment has a basis in applicable tax law or regulation that is likely to prevail.		
R604.10 - A firm or a network firm shall not prepare tax calculations of current and deferred tax liabilities (or assets) for an audit client that is a public interest entity. (Ref: Para. R600.14 and R600.16).		
R604.13 - A firm or a network firm shall not provide tax advisory and tax planning services to an audit client when: (a) The effectiveness of the tax advice depends on a particular accounting treatment or presentation in the financial statements; and (b) The audit team has doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework.		
R604.15 - A firm or a network firm shall not provide tax advisory and tax planning services to an audit client that is a public interest entity if the provision of such services might create a self-review threat. (Ref: Para. R600.14, R600.16, 604.12 A2).		

R604.19 - A firm or a network firm shall not perform a valuation for tax purposes for an audit client that is a public interest entity if the provision of that service might create a self-review threat. (Ref: Para. R600.14, R600.16, 604.17 A3).		
R604.24 - A firm or a network firm shall not provide assistance in the resolution of tax disputes to an audit client that is a public interest entity if the provision of that assistance might create a self-review threat. (Ref: Para. R600.14 and R600.16).		
R604.25 - A firm or a network firm shall not provide tax services that involve assisting in the resolution of tax disputes to an audit client that is not a public interest entity if: (a) The services involve acting as an advocate for the audit client before a tribunal or court in the resolution of a tax matter; and (b) The amounts involved are material to the financial statements on which the firm will express an opinion.		
R604.26 - A firm or a network firm shall not provide tax services that involve assisting in the resolution of tax disputes to an audit client that is a public interest entity if the services involve acting as an advocate for the audit client before a tribunal or court.		

605 – Internal Audit Services		4B - No corresponding subsection.
R605.3 - Paragraph R400.13 [15] precludes a firm or a network firm from assuming a management responsibility. When providing an internal audit service to an audit client, the firm shall be satisfied that: (a) The client designates an appropriate and competent resource, who reports to those charged with governance to: (i) Be responsible at all times for internal audit activities; and (ii) Acknowledge responsibility for designing, implementing, monitoring and maintaining internal control; (b) The client reviews, assesses and approves the scope, risk and frequency of the internal audit services; (c) The client evaluates the adequacy of the internal audit services and the findings resulting from their performance; (d) The client evaluates and determines which recommendations resulting from internal audit services to implement and manages the implementation process; and (e) The client reports to those charged with governance the significant findings and		

recommendations resulting from the internal audit services.		
R605.6 - A firm or a network firm shall not provide internal audit services to an audit client that is a public interest entity if the provision of such services might create a self-review threat. (Ref: Para. R600.14 and R600.16).		
606 – Information Technology Systems Services		4B - No corresponding subsection.
R606.3 - Paragraph R400.13 [15] precludes a firm or a network firm from assuming a management responsibility. When providing IT systems services to an audit client, the firm or network firm shall be satisfied that: (a) The client acknowledges its responsibility for establishing and monitoring a system of internal controls; (b) The client assigns the responsibility to make all management decisions with respect to the design and implementation of the hardware or software system to a competent employee, preferably within senior management; (c) The client makes all management decisions with respect to the design and implementation process;		

(d) The client evaluates the adequacy and results of the design and implementation of the system; and (e) The client is responsible for operating the system (hardware or software) and for the data it uses or generates.		
R606.6 - A firm or a network firm shall not provide IT systems services to an audit client that is a public interest entity if the provision of such services might create a self-review threat (Ref: Para. R600.14 and R600.16).		
607 – Litigation Support Services		4B - No corresponding subsection.
R607.6 - A firm or a network firm shall not provide litigation support services to an audit client that is a public interest entity if the provision of such services might create a self-review threat. (Ref: Para. R600.14 and R600.16).		
R607.9 - A firm or a network firm, or an individual within a firm or a network firm, shall not act for an audit client that is a public interest entity as an expert witness in a matter unless the circumstances set out in paragraph 607.7 A3 apply.		
608 – Legal Services		4B - No corresponding subsection.
R608.7 - A firm or a network firm shall not provide legal advice to an audit client that is a public		

interest entity if the provision of such a service might create a self-review threat. (Ref: Para. R600.14 and R600.16).		
R608.9 - A partner or employee of the firm or the network firm shall not serve as General Counsel of an audit client.		
R608.10 - A firm or a network firm shall not act in an advocacy role for an audit client that is not a public interest entity in resolving a dispute or litigation before a tribunal or court when the amounts involved are material to the financial statements on which the firm will express an opinion.		
R608.11 - A firm or a network firm shall not act in an advocacy role for an audit client that is a public interest entity in resolving a dispute or litigation before a tribunal or court.		
609 – recruiting Services		4B - No corresponding subsection.
R609.3 - Paragraph R400.13 [15] precludes a firm or a network firm from assuming a management responsibility. When providing a recruiting service to an audit client, the firm shall be satisfied that: (a) The client assigns the responsibility to make all management decisions with respect to hiring the candidate for the position to a		

competent employee, preferably within senior management; and (b) The client makes all management decisions with respect to the hiring process, including: • Determining the suitability of prospective candidates and selecting suitable candidates for the position. • Determining employment terms and negotiating details, such as salary, hours and other compensation.		
R609.5 - When providing recruiting services to an audit client, the firm or the network firm shall not act as a negotiator on the client's behalf.		
R609.6 - A firm or a network firm shall not provide a recruiting service to an audit client if the service relates to: (a) Searching for or seeking out candidates; (b) Undertaking reference checks of prospective candidates; (c) Recommending the person to be appointed; or (d) Advising on the terms of employment, remuneration or related benefits of a particular candidate, with respect to the following positions: (i) A director or officer of the entity; or		

(ii) A member of senior management in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion.		
610 – Corporate Finance Services		4B - No corresponding subsection.
R610.5 - A firm or a network firm shall not provide corporate finance services that involve promoting, dealing in, or underwriting the shares, debt or other financial instruments issued by the audit client or providing advice on investment in such shares, debt or other financial instruments.		
R610.6 - A firm or a network firm shall not provide advice in relation to corporate finance services to an audit client where: (a) The effectiveness of such advice depends on a particular accounting treatment or presentation in the financial statements on which the firm will express an opinion; and (b) The audit team has doubt as to the appropriateness of the related accounting treatment or presentation under the relevant financial reporting framework.		
R610.8 - A firm or a network firm shall not provide corporate finance services to an audit client that is a public interest entity if the provision of such		

services might create a self-review threat. (Ref: Para. R600.14 and R600.16).		
Section 800 – Reports on Special Purpose Financial Statements that Include a Restriction on Use and Distribution (Audit and Review Engagements)	**Section 990 – Reports that Include a Restriction on Use and Distribution (Assurance Engagements Other Than Audit and Review Engagements)**	
R800.3 - When a firm intends to issue a report on an audit of special purpose financial statements which includes a restriction on use and distribution, the independence requirements set out in Part 4A shall be eligible for the modifications that are permitted by this section, but only if: (a) The firm communicates with the intended users of the report regarding the modified independence requirements that are to be applied in providing the service; and (b) The intended users of the report understand the purpose and limitations of the report and explicitly agree to the application of the modifications.	R990.3 - When a firm intends to issue a report on an assurance engagement which includes a restriction on use and distribution, the independence requirements set out in Part 4B shall be eligible for the modifications that are permitted by this section, but only if: (a) The firm communicates with the intended users of the report regarding the modified independence requirements that are to be applied in providing the service; and (b) The intended users of the report understand the purpose, subject matter information and limitations of the report and explicitly agree to the application of the modifications.	
R800.4 - Where the intended users are a class of users who are not specifically identifiable by name at the time the engagement terms are established, the firm shall subsequently make such users aware of the modified independence requirements agreed to by their representative.	R990.4 - Where the intended users are a class of users who are not specifically identifiable by name at the time the engagement terms are established, the firm shall subsequently make such users aware of the modified independence requirements agreed to by their representative.	

R800.5 - When the firm performs an eligible audit engagement, any modifications to Part 4A shall be limited to those set out in paragraphs R800.7 to R800.14. The firm shall not apply these modifications when an audit of financial statements is required by law or regulation.	R990.5 - When the firm performs an eligible assurance engagement, any modifications to Part 4B shall be limited to those modifications set out in paragraphs R990.7 and R990.8.	4B – Does not address when assurance engagement is required by law or regulation.
R800.6 – If the firm also issues an audit report that does not include a restriction on use and distribution for the same client, the firm shall apply Part 4A to that audit engagement.	R990.6 - If the firm also issues an assurance report that does not include a restriction on use and distribution for the same client, the firm shall apply Part 4B to that assurance engagement.	
R800.7 - When the firm performs an eligible audit engagement, the firm does not need to apply the independence requirements set out in Part 4A that apply only to public interest entity audit engagements.		4B - No corresponding provision.
R800.8 - When the firm performs an eligible audit engagement, references to “audit client” in Part 4A do not need to include its related entities. However, when the audit team knows or has reason to believe that a relationship or circumstance involving a related entity of the client is relevant to the evaluation of the firm’s independence of the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence.		4B - No corresponding provision.
R800.9 - When the firm performs an eligible audit engagement, the specific requirements regarding		4B – No corresponding provision.

network firms set out in Part 4A do not need to be applied. However, when the firm knows or has reason to believe that threats to independence are created by any interests and relationships of a network firm, the firm shall evaluate and address any such threat.		
R800.10 - When the firm performs an eligible audit engagement: (a) The relevant provisions set out in Sections 510, 511, 520, 521, 522, 524 and 525 need apply only to the members of the engagement team, their immediate family members and, where applicable, close family members; (b) The firm shall identify, evaluate and address any threats to independence created by interests and relationships, as set out in Sections 510, 511, 520, 521, 522, 524 and 525, between the audit client and the following audit team members: (i) Those who provide consultation regarding technical or industry specific issues, transactions or events; and (ii) Those who provide quality control for the engagement, including those who perform the engagement quality control review; and (c) The firm shall evaluate and address any threats that the engagement team has	R990.7 - When the firm performs an eligible assurance engagement: (a) The relevant provisions set out in Sections 910, 911, 920, 921, 922 and 924 need apply only to the members of the engagement team, and their immediate and close family members; (b) The firm shall identify, evaluate and address any threats to independence created by interests and relationships, as set out in Sections 910, 911, 920, 921, 922 and 924, between the assurance client and the following assurance team members; (i) Those who provide consultation regarding technical or industry specific issues, transactions or events; and (ii) Those who provide quality control for the engagement, including those who perform the engagement quality control review; and (c) The firm shall evaluate and address any threats that the engagement team has reason to believe are created by interests and relationships between the assurance	

reason to believe are created by interests and relationships between the audit client and others within the firm who can directly influence the outcome of the audit engagement.	client and others within the firm who can directly influence the outcome of the assurance engagement, as set out in Sections 910, 911, 920, 921, 922 and 924.	
R800.11 - When the firm performs an eligible audit engagement, the firm shall evaluate and address any threats that the engagement team has reason to believe are created by financial interests in the audit client held by individuals, as set out in paragraphs R510.4(c) and (d), R510.5, R510.7 and 510.10 A5 and A9.		4B - No corresponding requirement.
R800.12 - When the firm performs an eligible audit engagement, the firm, in applying the provisions set out in paragraphs R510.4(a), R510.6 and R510.7 to interests of the firm, shall not hold a material direct or a material indirect financial interest in the audit client.	R990.8 - When the firm performs an eligible assurance engagement, the firm shall not hold a material direct or a material indirect financial interest in the assurance client.	
R800.13 - When the firm performs an eligible audit engagement, the firm shall evaluate and address any threats created by any employment relationships as set out in paragraphs 524.3 A1 to 524.5 A3.		4B - No corresponding requirement.
R800.14 - If the firm performs an eligible audit engagement and provides a non-assurance service to the audit client, the firm shall comply with Sections 410 to 430 and Section 600,		4B - No corresponding requirement.

including its subsections, subject to paragraphs R800.7 to R800.9.		