



Crowe LLP
Independent Member Crowe Global
330 East Jefferson Boulevard
Post Office Box 7
South Bend, Indiana 46624-0007
Tel +1 574 232 3992
Fax +1 574 236 8692
www.crowe.com

January 4, 2022

Professional Ethics Executive Committee
Professional Ethics Division
American Institute of Certified Public Accountants
1211 Avenue of the Americas, 19th Floor
New York, NY 10036

Via e-mail: Ethics-ExposureDraft@aicpa.org

Re: Comments on Exposure Draft, *Proposed revised interpretations and definition: Loans, acquisitions, and other transactions*, AICPA Professional Ethics Division dated October 5, 2021

Dear Committee Members:

Crowe LLP appreciates the opportunity to comment on the American Institute of Certified Public Accountants ("AICPA") Professional Ethics Executive Committee's ("PEEC") October 2021 Exposure Draft, *Proposed revised interpretations and definition: Loans, acquisitions, and other transactions* ("Exposure Draft"), which provides revisions to one definition and four independence interpretations to members in public practice to converge the AICPA Code of Professional Conduct ("AICPA Code") with SEC Rule 2-01 of Regulation S-X ("SEC Rule 2-01").

We support the PEEC's efforts to converge the AICPA Code with SEC Rule 2-01. The answers to the specific questions in the Exposure Draft are included in our response. We do not have any other observations on the Exposure Draft for the PEEC's consideration.

Response to Request for Specific Comment

1. Are there any other components of the amended SEC rules that PEEC should consider converging with before it rescinds its temporary policy statement and, if so, why?

We do not believe there are other components of SEC Rule 2-01 that the PEEC should consider converging with prior to rescinding the temporary policy statement.

2. Do you agree the proposal should not limit whose expenses are covered by the student loan and why or why not?

We agree the proposal should not limit whose expenses are covered by the member's student loan from an attest client. While lending arrangements create a self-interest threat, we believe the safeguards in paragraph .03 of the revised interpretation are appropriate to reduce the self-interest threat, regardless of whether the student loan is covering expenses of the covered member, immediate family members, or other individuals.

3. Do you believe PEEC should provide parameters around what is meant by a "short period of time," or should this be left to members' professional judgment? If you believe parameters should be provided, what should those parameters be and should they be included in the interpretation or in nonauthoritative guidance?

We do not believe the PEEC should provide parameters regarding “short period of time” within the interpretation as this may be viewed as a bright-line measurement. We believe “short period of time” addresses that the remaining attest procedures should not be a long-term process, and it allows the member reasonable time to complete the remaining attest procedures with appropriate quality without a bright-line measurement period deadline. Since the auditor is not in complete control over when an audit will be completed, a bright-line measurement may cause unnecessary hardship in complying with the interpretation. Instead, we suggest the PEEC consider issuing nonauthoritative guidance that includes a recommended time period for applying the “short period of time” provision. This would be similar to how the PEEC provided an FAQ for the “reasonable period of time” provision in the Hosting interpretation (ET 1.295.143.04e)

4. Do you agree that a three-month delayed effective date provides adequate time to implement the proposals? If not, why not? What period would provide adequate time?

We agree with the delayed effective date of three months after it appears in the *Journal of Accountancy*. The delayed effective date will allow firms sufficient time to develop policies or modify existing policies and provide training as necessary to implement the proposal.

Crowe LLP appreciates the PEEC’s efforts in providing the revised definition and interpretations. We would be pleased to respond to any questions regarding our comments. Should you have any questions please contact Jennifer Kary at (574) 239-7886 or Andy Gripp at (630) 586-5156.

Cordially,


Crowe LLP