



RSM US LLP

30 South Wacker Drive
Suite 3300

Chicago, IL 60606

www.rsmus.com

December 10, 2021

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 email to Ethics-ExposureDraft@aicpa.org

Re: Exposure Draft, *Proposed Revised Interpretations and Definition, Loans, Acquisitions and Other Transactions*, AICPA Professional Ethics Division – October 5, 2021

RSM US LLP (RSM) appreciates the opportunity to comment on the American Institute of Certified Public Accountants (AICPA) Professional Ethics Executive Committee's (PEEC) October 5, 2021 Exposure Draft, *Proposed Revised Interpretations and Definition, Loans, Acquisitions and Other Transactions* (the Proposed Revised Interpretations and Definition). RSM is a leading provider of audit, tax and consulting services focused on the middle market.

Auditor independence is often referred to as the cornerstone of our profession because it is the foundation for the public's trust in assurance services. It is what sets the audit profession apart from other professions. High-quality independent audits and other attest services performed by our profession are critical to our clients' ability to obtain the equity capital and debt financing necessary to fund their operations.

We offer the following comments on the Exposure Draft.

Proposed Revised Definition, "Beneficially Owned" (Section 0.400.06)

We suggest PEEC conform the definition to 17 CFR 240.13d-3(a) since the intent is to conform the definition to that term as used in Rule 2-01(c)(1)(ii)(A) of Regulation S-X.

Proposed Revised Interpretation, "Client Affiliates" (Section 1.224.010)

We agree with the proposed revisions to paragraphs .02a, .05, .08, .09 and .11.

We suggest changing the word "Include" to "Cover" in the headings preceding paragraphs .06 and .10.

We suggest revising paragraph .06c to read as follows:

- c. The member or member's firm does not provide attest services to the existing financial statement attest client for financial statements covering periods after the effective date of the acquisition.

We suggest revising paragraph .07a to read as follows:

- a. The member or member's firm should identify and evaluate previous and current interests in and relationships with the new affiliate, including actions taken to address the threats to independence, that might affect independence and [...]
- b. Except as provided in paragraph .08, [...]

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

We suggest revising paragraph .10 to require that the member or member's firm issue the attest report as soon as reasonably possible but no later than six months after the effective date of the acquisition or other transaction.

We suggest revising paragraph .12 to require the member or member's firm to document items a–d.

Proposed Revised Interpretations, “Loans” (Section 1.260.010, “Loans and Leases With Lending Institutions” (Section 1.260.020) and “Immediate Family Members” (Section 1.270.010)

We agree with the proposed revisions to these sections.

Proposed Effective Date

We believe the Proposed Interpretation should not be effective until six months after publication in the Journal of Accountancy, with earlier implementation allowed. We do not believe 90 days would allow members the amount of time necessary to adopt policies, procedures and implementation guidance, and communicate and train partners and professional employees on the Revised Interpretation and Definition, especially if they are published during the first or fourth quarters, thereby potentially impacting “busy season.”

We appreciate this opportunity to provide feedback on the Exposure Draft and would be pleased to respond to any questions you may have about our comments. Please direct any questions regarding this letter to Claire Blanton, National Director of Independence, Compliance and Ethics, at 704.206.7271.

Sincerely,

RSM US LLP

RSM US LLP