

3 March 2016

Mr Ken Siong,  
Technical Director,  
International Ethics Standards Board for Accountants,  
529 Fifth Avenue, 6<sup>th</sup> Floor,  
New York,  
NY 10017,  
USA.

Dear Mr Siong

***Exposure Draft Limited Re-exposure of the Proposed Changes to the Code Addressing the Long Association of Personnel with an Audit Client***

Crowe Horwath International is delighted to present a comment letter on the Exposure Draft *Limited Re-exposure of the Proposed Changes to the Code Addressing the Long Association of Personnel with an Audit Client*. Crowe Horwath International is a leading global network of audit and advisory firms, with members in some 128 countries.

We agree with the proposals contained in the Exposure Draft in most respects. We comment that IESBA should take the opportunity to treat companies quoted on secondary markets as “other PIEs”. Making this distinction would fairly acknowledge that the different nature and circumstances of companies quoted on secondary markets.

We address below the specific matters detailed in the IESBA’s request for comments.

***Cooling-Off Period for the EQCR on the Audit of a PIE***

*1. Do respondents agree that the IESBA’s proposal in paragraphs 290.150A and 290.150B regarding the cooling-off period for the EQCR for audits of PIEs (i.e., five years with respect to listed entities and three years with respect to PIEs other than listed entities) reflects an appropriate balance in the public interest between:*

*(a) Addressing the need for a robust safeguard to ensure a “fresh look” given the important role of the EQCR on the audit engagement and the EQCR’s familiarity with the audit issues; and*

*(b) Having regard to the practical consequences of implementation given the large numbers*

*of small entities defined as PIEs around the world and the generally more limited availability of individuals able to serve in an EQCR role?*

*If not, what alternative proposal might better address the need for this balance?*

We agree, in principle, with IESBA's proposal, and acknowledge that it achieves the right balance. However, IESBA should take the opportunity to limit the application of the "listed" definition to "full listings" (for example, markets regulated by European legislation such as the full list of the London Stock Exchange). Companies that are quoted on secondary markets (for example, markets not regulated by European legislation such as the Alternative Investment Market) should be treated as "other PIE" for the purposes of the Code. This will help address concerns about the application of the changes to the Code and concerns about the availability of EQCRs.

### ***Jurisdictional Safeguards***

*2. Do respondents support the proposal to allow for a reduction in the cooling-off period for EPs and EQCRs on audits of PIEs to three years under the conditions specified in paragraph 290.150D?*

We agree with this proposal.

*3. If so, do Respondents agree with the conditions specified in subparagraphs 290.150D(a) and (b)? If not, why not, and what other conditions, if any, should be specified?*

We agree with the conditions.

### ***Service in a Combination of Roles during the Seven-year Time-on Period***

*4. Do respondents agree with the proposed principle "for either (a) four or more years or (b) at least two out of the last three years" to be used in determining whether the longer cooling-off period applies when a partner has served in a combination of roles, including that of EP or EQCR, during the seven-year time-on period (paragraphs 290.150A and 290.150B)?*

We agree with the proposed principle.

We trust that our comments assist the IESBA in their project to revise the Code in respect of long association. We shall be pleased to discuss our comments further with you.

Kind regards

Yours sincerely



David Chitty  
International Accounting and Audit Director