

January 4, 2022

Attn: AICPA Professional Ethics Executive Committee
Ethics-Exposuredraft@aicpa.org.

Re: Exposure Draft – Proposed revised interpretations and definition: Loans, acquisitions, and other transactions

AICPA PEEC:

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The PSC has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our responses below on the above-referenced exposure draft.

Requests for comment:

41(a) 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?

The PSC believes that the components of the amended SEC rules that the PEEC should consider before converging have been adequately considered.

41(b) Do you agree the proposal should not limit whose expenses are covered by the student loan and why or why not?

The PSC agrees that the proposal should not limit whose expenses are covered by the student loan. The PSC believes that the magnitude of the student loans is irrelevant and who actually repays the loan does not matter. The liability lies with the person whose name is on the loan.

41(c) When an attest client or its affiliate is involved with a transaction that creates a new affiliate, the proposal provides some relief for existing interests and relationships that impair independence when certain safeguards are met. One such safeguard is that covered members believe they will be able to complete the remaining attest procedures in a "short period of time" (paragraph .10b). 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?

The PSC thinks that parameters should be in place and defined for the "short period of time" that is referenced in the exposure draft. Without guidance in the provision, the definition will be open to the interpretation of peer reviewers and juries. Generally, under 90 days is considered short term except in the case of unusual circumstances such as subsequent events. Also, "completing remaining attest procedures" should include the issuance of the audit report.

41(d) 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?

The PSC has no issue with a three-month delayed effective date to implement the proposals.

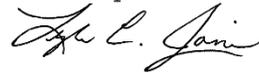
Other Concerns:

The PSC has a concern about the removal of the 10% rule under the text of proposed revised interpretation "Client Affiliates" on page 15 of the exposure draft (1.224.010.02) and replacing it with "significant influence." We understand that the standards are moving towards the use of professional judgment rather than static numbers. However, not everyone will interpret the proposal the same, leading to inconsistency in application and possible issues during peer reviews. The deciding factor should be whether or not the owner may impact a financial decision.

The PSC would also like to point out that unpaid audit fees are effectively loans to the audit client and should be included in this proposed revision. In addition, the PSC would like for consideration to be given to whether or not the audit client is a public or private entity, as it may be more difficult to dispose of private interest in a private company.

We appreciate the opportunity to provide input on this Exposure Draft of revised interpretations and definitions of loans, acquisitions, and other transactions.

Sincerely,

A handwritten signature in cursive script that reads "Lyle C. Joiner".

Lyle C. Joiner, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants