CHANGES TO THE ACCA RULEBOOK – 2023

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ACCA Rulebook

The Rulebook is divided into three sections:

- Section 1 includes the Royal Charter, Bye-laws and Council Regulations.
- Section 2 includes the Regulations, covering membership of ACCA, practising and licensing arrangements, and regulatory and disciplinary matters.
- Section 3 includes the Code of Ethics and Conduct.

Changes to the ACCA Rulebook arise largely from policy decisions, legislative changes and the requirements of lead regulators or standards setting organisations.

ACCA has adopted the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (**IESBA**). ACCA's policy is to incorporate changes to the IESBA Code in their entirety and unaltered, including the use of American English.

All members, students and others bound by the ACCA Rulebook should ensure they are fully aware of its contents. Further information can be found at **www.accaglobal.com/rulebook**

Disclaimer

This document has no regulatory status. It is issued for guidance purposes only. Nothing contained in this document should be taken as constituting the amendment or adaptation of the ACCA Rulebook. In the event of any conflict between the content of this document and the content of the ACCA Rulebook, the latter shall at all times take precedence.

CHANGES TO THE ACCA RULEBOOK – 1 JANUARY 2023

Section 1 – Royal Charter, Bye-laws and Council Regulations

Council Regulations

Council Regulations 2023

There are no changes to the Council Regulations 2023 which were approved by Council at its meeting in November 2022.

Section 2 – Regulations

Membership Regulations

Eligibility for membership

Amendments have been made to **Regulations 3(b)(i) and 3(e)(i)** to implement post-Brexit amendments arising from the introduction of the Professional Qualifications Act 2022 in the United Kingdom (which replaces the EU Exit Regulations 2019).

Annual admission fees and subscriptions

Amendments have been made to **Regulation 4(3)(e)** to reflect annual changes to the rates of admission fees and annual subscriptions.

The fees for 2023 are:

- Member Subscription fee - £283
- Member Admission fee - £283.

Permitted activities of students

Minor amendments have been made to **Regulation 8(2)(k)** to correct anomalies in the Irish Anti-money Laundering Supervision requirements for students. ACCA students should seek registration for supervision from the Anti-Money Laundering Compliance Unit (AMLC), Department of Justice or the relevant competent authority for the time being, as defined by sections 60 and 61 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended.

Similar amendments to correct anomalies in the Irish Anti-money Laundering Supervision requirements for members have been made to **Regulation 3(3) of Annex 2 to the Global Practising Regulations**.

Global Practising Regulations

Continuity of practice

Changes have been made to Regulation 11 to simplify and clarify the continuity of practice (**COP**) arrangements in relation to **where a nominee is based**.

The amendments to **Regulations 11(1)(b)(i) and 11(2)(c)(i)** of the Global Practising Regulations (**GPRs**) remove the requirement for the nominee or nominees to be based in the same country as the individual or firm. Going forward, the key requirement will be that the nominee must have the same authorisations and the competence and capacity to take on the work as nominee, including knowledge of local laws and regulations.

In a global and connected business world, location is less of an issue, as work can now be conducted remotely rather than at the practitioner's business premises. The amendments therefore align the COP regulations to the COP arrangements adopted by ACCA practitioners and future proof the regulations for evolving business models.

Find out more about continuity of practice arrangements, including model agreements, in the factsheet
Continuity of practice requirements

Regulatory factsheets and guidance are published on ACCA's website at
Factsheets and guidelines

Authorisation Regulations

Effective date for Republic of Ireland statutory audit cases

An amendment has been made to **Regulation 9(3)(a)** of the Authorisation Regulations (**AURs**) to clarify the term "from the Republic of Ireland" in respect of cases involving statutory audits where the Admissions and Licensing Committee orders that the relevant person's certificate be withdrawn. In such cases, the "relevant person" is now defined as a person approved as a statutory auditor or statutory audit firm within the meaning of the Companies Act 2014 of the Republic of Ireland. The amendment was required by the Irish Auditing & Accounting Supervisory Authority (**IAASA**).

CHANGES TO THE ACCA RULEBOOK – 1 SEPTEMBER 2023

Section 2 – Regulations

Global Practising Regulations

New Professional Indemnity Insurance (PII) Requirements

PII is compulsory for all ACCA members who hold a practising certificate and engage in public practice and regulated activities in the UK and Ireland. PII policies provide cover for practitioners against claims for professional negligence and are an important protection for ACCA practitioners and their clients. It is in the public interest, and the interests of our members and firms, that this safeguard exists and does so without disproportionate regulatory burdens. If PII cover is inadequate or non-existent, claims brought against the firm are uninsured and the lack of protection exposes practitioners to significant business risk and the loss of their own personal assets.'

Given the significant changes in the PII insurance market in recent times and the importance of PII in the public interest, ACCA has undertaken a review of the PII market and its current PII regulations and developed new PII requirements in consultation with practitioners and insurance brokers. In developing the new PII requirements, we have strived to balance the interests of practitioners and consumers and also the views expressed by the market and other stakeholders. The proposed changes have been reviewed and approved by our public interest oversight boards and lead regulators, after consideration of the market insight and feedback.

Amendments to Regulations 2 and 9 of the Global Practising Regulations (**GPRs**) implement the new PII requirements which are more practical and obtainable in the current insurance market and align more closely with other professional accountancy bodies.

Holders of a practising certificate

Regulation 9(1) is now organised into sub-sections in order to highlight each specific requirement, and the wording is simpler and modernised. For example, the reference to 'relevant' practising certificate has been removed as ACCA no longer issues different categories of practising certificate, and the term 'reputable' has been replaced with alternative wording for an authorised insurance company.

Regulation 9(1)(b) includes a new requirement for fidelity guarantee insurance (**FGI**) policies to include 'sub-contractors'.

The definition of 'sub-contractor' is included in **Regulation 2(1)**. This is an individual or firm which undertakes work under the direction of another firm in the course of providing professional services to clients and which is not an employee of that other firm.

Liabilities to be covered

Regulation 9(2) extends cover in respect of civil liabilities to the conduct of, and acts of fraud and dishonesty by, 'sub-contractors'.

Limits

Significant amendments to **Regulation 9(3)(a)** simplify the minimum PII limits and align them, where appropriate, with the PII limits of other professional accountancy bodies in the UK and Ireland.

- There are now two income bands, instead of three: Total Income < £600,000 and Total Income ≥ £600,000.
- The previous lower and middle-income bands are combined, and the total income limit is reduced from £700,000 to £600,000.

- The PII limits for each income band are now determined solely in relation to the firm's total income, as follows:

Total income	**PII limit**
< £600,000	At least the greater of: (i) two and a half times the firm's relevant total income; and (ii) £100,000
≥ £600,000	At least £1.5 million

- The minimum PII limit is increased from £50,000 to £100,000. The previous minimum PII limit was one of the lowest amongst professional bodies.

- The 'twenty-five times the largest fee' multiplier is removed from the calculation of the minimum limits for PII, and the previous regulation that defined the 'largest fee' is deleted. The multiplier was a major cause of shortfalls and requests for a waiver and this regulatory burden has been removed.

- The new PII limits are expressed in pound sterling (**GBP**) or euro equivalent, as the PII requirements are primarily for the UK and Ireland.

It should be noted that the PII limits are **minimum** requirements and practitioners must consider the risk profile of their work and their clients and determine whether or not they should carry PII cover in excess of the minimum required.

Claims made on an aggregate basis

ACCA continues to require PII cover for 'each and every claim', as opposed to 'each and every claim and in the aggregate', as this is in the consumer interest. However, **Regulation 9(3)(b)** recognises the need to accommodate an 'aggregate' basis for **high-risk exposures** (in particular cyber-crime), as opposed to an 'each and every claim' basis. The amendments to this regulation replace the reference to 'year 2000 date recognition' claims (which are no longer relevant) with 'high risk exposures' such as cyber related events, tax planning or financial services.

Total income

Regulation 9(3)(c) now explicitly requires work sub-contracted to be included in the scope of total income.

Uninsured excess

Amendments to **Regulation 9(3)(d)** restrict the uninsured excess to £20,000 per principal and simplify the wording by removing the '2% of the limit of indemnity' clause. Under this regulation, practitioners retain the flexibility to choose the level of uninsured excess, up to a maximum of £20,000 per principal in respect of each and every claim.

Fidelity Guarantee Insurance (FGI)

FGI exists to safeguard the firm or organisation against theft of the firm's own money, securities or property by an employee, partner, contractor or volunteer. FGI can also be known as first-party fraud, theft or employee dishonesty cover. **Regulation 9(3)(e)** retains the requirement for firms that employ staff to hold FGI. However, the minimum limit for FGI is increased from £50,000 to £100,000, in line with the new minimum PII limit.

Persons carrying on public practice in a country other than a designated territory

There are no changes to the requirements for persons carrying on public practice in a country other than a designated territory which are now set out in **Regulation 9(3)(f)**.

Administrative provisions

Amendments to **Regulation 9(4)** remove unnecessary text and align the requirements to ACCA's current administrative procedures. For example, PII policies and claims are subject to inspection by ACCA's regulatory functions (such as Authorisations and Monitoring) not the Admissions and Licensing Committee. Further information on administrative provisions will be provided in a revised guidance factsheet on PII requirements, including the time-period for the retention of records of insurance claims.

Continuity following cessation

There are no changes to the requirements for continuity following cessation in **Regulation 9(5)**. Run-off cover provides important protection for consumers and members and the requirement for PII cover for a period of six years after ceasing to engage in public practice balances the interests of practitioners and consumers. It also aligns with the normal limitation period in statute of six years from the date on which the negligent act occurred. ACCA's Regulatory Board took into consideration concerns about the availability of run-off cover in the current insurance market, but it decided that run-off cover should remain mandatory for a period of six years, due to the high level of claims arising more than two years following cessation and the need to provide member protection.

Retroactive cover

A new **Regulation 9(6)** requires PII policies to include full retroactive active cover.

Regulated work

A new **Regulation 9(7)** requires persons carrying on regulated work (such as public interest entity audits, investment business, insolvency) to comply with the minimum PII requirements set out in applicable regulations and annexes in the ACCA Rulebook and relevant legislation. In addition, they must comply with the minimum requirements set by a recognised national body or regulatory authority in respect of the limit of indemnity on PII for regulated work.

Exception

There are no changes to the exceptions from regulation 9 which are now set out in **Regulation 9(8)**.

Waiver

There are no changes to the waivers from regulation 9 which are now set out in **Regulation 9(9)**.

Transitional arrangements

The new PII requirements are effective from 1 September 2023. However, members and firms have been given a period of time to adjust to the changes and obtain PII cover which is compliant with the new regulations. Under transitional arrangements, PII policy renewals on or after 1 January 2024 must comply with the new requirements. All existing PII policies must comply with the new requirements by 1 January 2025. Early adoption is permitted.

Further information

A Summary of Changes to the PII Requirements, including a comparison of the current and new PII requirements, is provided in **Appendix 1** to the Rulebook Commentary 2023.

Find out more about professional indemnity insurance, including PII brokers and insurance companies, in the factsheet **Professional indemnity insurance requirements**

Regulatory factsheets and guidance are published on ACCA's website at
Factsheets and guidelines

Global Practising Regulations
Annex 1 - Additional Practising Regulations for the United Kingdom, Jersey, Guernsey and Dependencies and the Isle of Man
Appendix 1 – United Kingdom Audit Regulations 2016

PII requirements for Public Interest Entity (PIE) Audit Firms in the UK

Annex 1 of the Global Practising Regulations (**GPRs**), including Appendix 1 (United Kingdom Audit Regulations 2016), sets out the requirements for practising certificate holders and statutory auditors in the United Kingdom, Jersey, Guernsey and Dependencies and the Isle of Man.

The UK competent authority, the Financial Reporting Council (**FRC**), has introduced a new PIE auditor approval and registration process which is separate from, and additional to, ACCA's existing audit registration process for statutory auditors in the UK (which will continue to apply).

The **FRC Public Interest Entity (PIE) Auditor Registration Regulations**, which came into force on 5 December 2022, set out the Registration Requirements for a PIE Registered Audit Firm. These include the requirement to "have, in place (or will have in place prior to commencing, any PIE Statutory Audit Work) and will continue to have during the period that it is registered, at least the Minimum Level of Professional Indemnity Insurance and has supplied its Professional Indemnity Insurance information to the FRC". The Minimum Level of Professional Indemnity Insurance is defined as "the cover set from time to time for a Statutory Audit Firm by the FRC or the RSB with which the firm is registered (whichever amount is higher)".

Amendments to **Regulation 9(1) of Appendix 1** implement the additional professional indemnity insurance (PII) requirements for Public Interest Entity (PIE) Registered Audit Firms.

Section 3 – Code of Ethics and Conduct

Code of Ethics and Conduct

Definition of engagement team and group audits

Amendments to the Code of Ethics and Conduct (**the Code**) reflect the revisions to the IESBA Code relating to the definition of engagement team and group audits. These revisions address holistically the various independence considerations in an audit of group financial statements. They also deal with the independence and other implications of the changes made to the definition of an engagement team in the IESBA Code to align with changes to the definition of the same term in the International Auditing and Assurance Standards Board's (**IAASB**) International Standards on Auditing (**ISAs**) and International Standards on Quality Management (**ISQMs**).

In particular, the IESBA revisions:

- Strengthen and clarify the independence principles that apply to:
  - Individuals involved in a group audit, including those within, or engaged by, firms that audit components within a group.
  - Firms engaged in the group audit, including firms within and outside the group auditor firm's network.
- Specify the need for, and content of, appropriate communication on independence matters between the group auditor firm and component auditor firms participating in the group audit.
- More explicitly set out the process to address a breach of an independence provision at a component auditor firm, reinforcing the importance of transparency and appropriate communication with those charged with governance of the group.
- Amend the definitions of the terms "engagement team" and "audit team" in the Code to recognize the different and evolving engagement team structures, and address the implications of those definitional changes.
- Provide guidance to facilitate the determination of who is included in an engagement team or an audit team.
- Revise the definitions of a number of existing terms and establish new defined terms with respect to independence in a group audit context.

There are revisions to several sections of the Code, including the International Independence Standards (Parts 4A and 4B). In particular, there is a **new section 405 (Group Audits)** and changes to the **Glossary, including lists of Abbreviations**, and the **Effective Date**.

There are also conforming amendments in Sections 300 (Applying the Conceptual Framework – Professional Accountants in Public Practice), 310 (Conflicts of Interest), 320 (Professional Appointments), 360 (Responding to Non-compliance with Laws and Regulations), 400 (Applying the Conceptual Framework to Independence for Audit and Review Engagements), 510 (Financial Interests), 540 (Long Association of Personnel (Including Partner Rotation) with an Audit Client), 605 (Internal Audit Services), 800 (Reports on Special Purpose Financial Statements that Include a Restriction on Use and Distribution (Audit and Review Engagements)), 900 (Applying the Conceptual Framework to Independence for Assurance Engagements Other Than Audit and Review Engagements), 940 (Long Association of Personnel with an Assurance Client) and 990 (Reports on Special Purpose Financial Statements that Include a Restriction on Use and Distribution (Other than Audit and Review Engagements)).

Find out more about IESBA's revisions relating to the definition of engagement team and group audits at **Final Pronouncement: Revisions to the Code Relating to the Definition of Engagement Team and Group Audits**

Guidance on the scope of the Code

Amendments to **paragraphs 3, 5, 7, 8 and 11** in the **Guide to the ACCA Code of Ethics and Conduct** extend the scope of the Code to 'all persons who otherwise agree to be bound by the Code' and align the application of the Code with ACCA's other regulations.

Use of the designation 'Chartered Certified Accountants'

Section B of the Code holds supplementary requirements and guidance relevant specifically to professional accountants in public practice. **Regulations 16 and 17** in **Section B4 (Descriptions of Professional Accountants and Firms and the Names of Practising Firms)** implement a new framework for the use of the designation 'Chartered Certified Accountants' by firms that do not meet the extant strict control and ownership requirements. The framework and application process for the use of the designation accommodates new and emerging ownership models and will enable a wider range of firms to trade as 'Chartered Certified Accountants'.

Find out more about the control and description requirements for members and firms that wish to be authorised by ACCA to act as registered auditors, or conduct investment business in the UK, in the factsheet
Control and description requirements

Regulatory factsheets and guidance are published on ACCA's website at
Factsheets and guidelines

Find out more about how to register a firm under the new alternative ownership structures requirements, including the application form, applicable fees and guidance, on the Practising certificates and licences webpage at
Practitioner Forms

APPENDIX 1
Summary of changes to PII requirements

GPR Regulation	Category	Sub-category	Current requirement	New requirement
Regulation 2	Interpretation		Sub-contractor not defined	Sub-contractor defined
Regulation 9(1)(b)	Fidelity Guarantee Insurance		Sub-contractors not specified	FGI cover must include sub-contractors
Regulation 9(2)	Liabilities to be covered		Sub-contractors not specified	Civil liabilities cover must include sub-contractors
Regulation 9(3)(a)	Limits	Limit of indemnity	Each and every claim	No change
Regulation 9(3)(a)	Limits	Total income bands	3 Total income bands: Lower ≤ £200,000 Middle > £200,000 - ≤ £700,000 Upper > £700,000	2 Total income bands: Lower < £600,000 Upper ≥ £600,000
Regulation 9(3)(a)	Limits	PII limits (lower band)	Greatest of: • two and one half times the firm's relevant total income; and • 25 times the largest fee; and • £50,000	At least the greater of: • two and one half times the firm's relevant total income; and • £100,000
Regulation 9(3)(a)	Limits	PII limits (middle band)	Greater of: • £300,000 plus firm's relevant total income; and • 25 times the largest fee	See above
Regulation 9(3)(a)	Limits	PII limits (upper band)	Greater of: • £1 million; and • 25 times the largest fee	At least £1.5 million
Regulation 9(3)(a)	Limits	Minimum PII (lower band)	£50,000	£100,000
Regulation 9(3)(a)	Limits	Two and one half times firm's relevant total income	Included in calculation of limit for lower Total income band only	No change

GPR Regulation	Category	Sub-category	Current requirement	New requirement
Regulation 9(3)(a)	Limits	25 times the largest fee	Included in calculation of limits for all Total income bands	Removed from calculation of limits for all Total income bands
Regulation 9(3)(b)	Limits	PII cover on an aggregate basis	Year 2000 date recognition claims only	High risk exposures only (eg cyber related events, tax planning or financial services)
Regulation 9(3)(c)	Limits	Total income	Work sub-contracted not specified	Work sub-contracted included
Regulation 9(3)(d)	Limits	Uninsured excess	Restricted to 2% of the limit of indemnity or £20,000 per principal	Restricted to £20,000 per principal
Regulation 9(3)(e)	Limits	Minimum FGI	£50,000	£100,000
Regulations 9(3)(a), 9(3)(d) and 9(3)(f)	Limits	Currency	GBP	GBP or euro equivalent
Regulation 9(4)	Administrative provisions	PII (and FGI) records	Must be provided to Admissions and Licensing Committee on request	Must be provided to ACCA on request
Regulation 9(5)	Continuity following cessation		6 years	No change
Regulation 9(6) **NEW**	Retroactive cover		Not specified	PII policy must include full retroactive cover
Regulation 9(7) **NEW**	Regulated work		Not specified	Persons carrying on regulated work must comply with minimum PII requirements set out in all applicable sections of the *ACCA Rulebook* and statutory provisions. Must also comply with minimum requirements set by a recognised national body or regulatory authority in respect of limit of indemnity on PII for regulated work.
Regulation 9(8)	Exception		For specific individuals	No change
Regulation 9(9)	Waiver		In exceptional circumstances	No change