

LUXEMBOURG SUPPLEMENT TO THE CODE OF ETHICS AS ISSUED BY INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS (IESBA) IN ITS VERSION PUBLISHED IN THE "HANDBOOK OF THE INTERNATIONAL CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS – 2023 EDITION" (HEREAFTER "THE CODE OF ETHICS")

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GLOSSARY

PART 1 - COMPLYING WITH THE CODE, FUNDAMENTAL PRINCIPLES AND CONCEPTUAL FRAMEWORK

SECTION 110 THE FUNDAMENTAL PRINCIPLES

SUBSECTION 115 – PROFESSIONAL BEHAVIOR

Paragraph R115.1 is completed as follows:

"The exercise by the réviseur d'entreprises (statutory auditor), the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision (audit firm), the cabinet de révision agréé (approved audit firm) or the audit firm of one of their respective activities referred to in Article 1(34) of the Audit Law is incompatible with any activity liable to detract from the principles of independence of the profession.

Where he, she exercises the activities referred to in the previous paragraph, the réviseur d'entreprises (statutory auditor) or the réviseur d'entreprises agréé (approved statutory auditor) may not enter paid employment unless it is with a cabinet de révision (audit firm), a cabinet de révision agréé (approved audit firm) or an audit firm." (AL/Article 19)

Paragraph R115.2 is completed as follows:

"A réviseur d'entreprises agréé (approved statutory auditor) or a cabinet de révision agréé (approved audit firm) can advertise or solicit new work for services other than audit engagements that are also offered by other professionals who are not subject to similar standards nor similar ethical rules. Nevertheless, any advertising or solicitation shall be executed in accordance with the principles mentioned in the current section. Advertising or solicitation for audit engagements are strictly forbidden. Factual description of services offered by an audit firm, including audit services, is authorized".

PART 3 – PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE

SECTION 320 PROFESSIONAL APPOINTMENTS

Requirements

Changes in a Professional Appointment

Changes in Audit or Review Appointments

Paragraph R320.8 is completed as follows:

"The réviseur d'entreprises agréé (approved statutory auditor) or cabinet de révision agréé (approved audit firm) being replaced shall provide the successor with free access to all relevant information concerning the audited entity and the most recent audit of that entity." [AL/Article 28(5)]

Audit Clients that are Public-Interest Entities

In relation with the handover file in the event of a replacement of an approved statutory auditor ("réviseur d'entreprises agréé") or approved audit firm ("cabinet de révision agréé") by a new approved statutory auditor ("réviseur d'entreprises agréé") or approved audit firm ("cabinet de révision agréé"), paragraph R320.8 is completed as follows:

"Subject to the provisions in relation with the safekeeping of audit documentation, the réviseur d'entreprises agréé (approved statutory auditor) or the cabinet de révision agréé (approved audit firm) shall also provide the incoming réviseur d'entreprises agréé (approved statutory auditor) or cabinet de révision agréé (approved audit firm) with the previous years' additional reports to the audit committee and all information communicated to competent authorities, in relation with:

- article 12 of Regulation (EU) No 537/2014 ("Report to supervisors of public-interest entities"), applicable in case of (i) a material breach of the laws, regulations or administrative provisions which lay down, where appropriate, the conditions governing authorization or which specifically govern pursuit of the activities of such public-interest entity; (ii) a material threat or doubt concerning the continuous functioning of the public-interest entity; (iii) a refusal to issue an audit opinion on the financial statements or the issuing of an adverse or qualified opinion and*
- article 13 of Regulation (EU) No 537/2014 ("Transparency report"):*

The former réviseur d'entreprises agréé, cabinet de révision agréé or audit firm shall be able to demonstrate to the competent authority that such information has been provided to the incoming statutory auditor or audit firm [AR/Article 18]."

SECTION 325 OBJECTIVITY OF AN ENGAGEMENT QUALITY REVIEWER AND OTHER APPROPRIATE REVIEWERS

General

Paragraph 325.5 A2 is completed as follows:

"For statutory audits of financial statements of public-interest entities, the the engagement quality reviewer shall be an approved statutory auditor (« Réviseur d'entreprises Agréé »)"

SECTION 350 CUSTODY OF CLIENT ASSETS

Requirements

Before Taking Custody

Paragraph R350.3 is completed as follows:

"A réviseur d'entreprises agréé (approved statutory auditor) or a cabinet de révision agréé (approved audit firm) shall not assume custody of audit client monies. For a client, other than an audit client, the réviseur d'entreprises agréé (approved statutory auditor) or the cabinet de révision agréé (approved audit firm) shall inform the concerned credit institution about the nature of the accounts open to hold client monies".

PART 4A – INDEPENDENCE FOR AUDIT AND REVIEW ENGAGEMENTS

SECTION 400

APPLYING THE CONCEPTUAL FRAMEWORK TO INDEPENDENCE FOR AUDIT AND REVIEW ENGAGEMENTS

(effective for audits of financial statements for periods beginning before December 15, 2024)

Requirements

General

Paragraph R400.16 is completed as follows:

"When carrying out a statutory audit, the réviseurs d'entreprises agréés (approved statutory auditors), the cabinets de révision agréés (approved audit firms), the audit firms, and any natural person in a position to directly or indirectly influence the outcome of the statutory audit, shall be independent of the audited entity. They shall not be involved in the decision-taking of the audited entity.

Independence shall be required at least during both the period covered by the financial statements to be audited and the period during which the statutory audit is carried out.

The réviseurs d'entreprises agréés (approved statutory auditors), the cabinets de révision agréés (approved audit firms) and the audit firms shall take all reasonable steps to ensure that, when carrying out a statutory audit, their independence is not affected by any existing or potential conflict of interest or business or other direct or indirect relationship involving the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm carrying out the statutory audit and, where appropriate, his, her or its network, managers, auditors, employees, any other natural persons whose services are placed at the disposal or under the control of the réviseur d'entreprises agréé (approved statutory auditor), cabinet de révision agréé (approved audit firm) or audit firm, or any person directly or indirectly linked to the réviseur d'entreprises agréé (approved statutory auditor), cabinet de révision agréé (approved audit firm) or audit firm by control.

The réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm shall not carry out a statutory audit if there is any threat of self-review, self-interest, advocacy, familiarity or intimidation created by financial, personal, business, employment or other relationships between:

- the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm), the audit firm, his, her or its network, and any natural person in a position to influence the outcome of the statutory audit, and*
- the audited entity,*

as a result of which an objective, reasonable and informed third party, taking into account the safeguards applied, would conclude that the independence of the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm is compromised." [AL/Article 20(1)].

Mergers and acquisitions

When a Client Merger Creates a Threat

In paragraph R400.73 (a), the deadline of six months is shortened to three months [AL/Article 20(6)].

SECTION 400

APPLYING THE CONCEPTUAL FRAMEWORK TO INDEPENDENCE FOR AUDIT AND REVIEW ENGAGEMENTS

(effective for audits of financial statements for periods beginning on or after December 15, 2024)

Introduction

General

Provisions of paragraph 400.14 are repealed.

Requirements

General

Paragraph R400.18 is completed as follows:

"When carrying out a statutory audit, the réviseurs d'entreprises agréés (approved statutory auditors), the cabinets de révision agréés (approved audit firms), the audit firms, and any natural person in a position to directly or indirectly influence the outcome of the statutory audit, shall be independent of the audited entity. They shall not be involved in the decision-taking of the audited entity.

Independence shall be required at least during both the period covered by the financial statements to be audited and the period during which the statutory audit is carried out.

The réviseurs d'entreprises agréés (approved statutory auditors), the cabinets de révision agréés (approved audit firms) and the audit firms shall take all reasonable steps to ensure that, when carrying out a statutory audit, their independence is not affected by any existing or potential conflict of interest or business or other direct or indirect relationship involving the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm carrying out the statutory audit and, where appropriate, his, her or its network, managers, auditors, employees, any other natural persons whose services are placed at the disposal or under the control of the réviseur d'entreprises agréé (approved statutory auditor), cabinet de révision agréé (approved audit firm) or audit firm, or any person directly or indirectly linked to the réviseur d'entreprises agréé (approved statutory auditor), cabinet de révision agréé (approved audit firm) or audit firm by control.

The réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm shall not carry out a statutory audit if there is any threat of self-review, self-interest, advocacy, familiarity or intimidation created by financial, personal, business, employment or other relationships between:

– the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm), the audit firm, his, her or its network, and any natural person in a position to influence the outcome of the statutory audit, and

– the audited entity,

as a result of which an objective, reasonable and informed third party, taking into account the safeguards applied, would conclude that the independence of the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm is compromised.” [AL/Article 20(1)].

Public Interest Entities

Provisions of the paragraph R400.22 are replaced by the following provisions:

“For the purposes of this Part, a firm shall treat an entity as a public interest entity when it falls within the definition laid down in article 1 (20) of the Law of 23 July 2016 concerning the audit profession.”

Provisions of paragraphs 400.22 A1, R400.23, 400.23A1, 400.23 A2 and 400.24 A1 are repealed.

Public Disclosure – Application of Independence Requirements for Public Interest Entities

Provisions of paragraph R400.26 are repealed.

Related Entities

Provisions of the paragraph R400.27 are replaced by the following provisions:

“As defined, an audit client that is a publicly traded entity includes all of its related entities. For all other entities, references to an audit client in this Part include related entities over which the client has direct or indirect control. When the audit team knows, or has reason to believe, that a relationship or circumstance involving any other related entity of the client is relevant to the evaluation of the firm’s independence from the client, the audit team shall include that related entity when identifying, evaluating and addressing threats to independence.”

Mergers and acquisitions

When a Client Merger Creates a Threat

In paragraph R400.73 (a), the deadline of six months is shortened to three months [AL/Article 20(6)].

SECTION 410 FEES

Requirements

Level of Audit Fees

Paragraph R410.6 and R410.9 are completed as follows:

"The fees for statutory audit cannot be influenced or determined by the provision of additional services to the audited entity and cannot be based on any form of contingency." [AL/Article 27]

Total Fees – Proportion of Fees for Services Other than Audit to Audit Fee – Cap of 70% for non-audit services

For Audit Clients that are Public-Interest Entities, paragraph 410.11A1 to A3 are replaced by the following provisions:

"When the réviseur d'entreprises agréé (approved statutory auditor) or the cabinet de révision agréé (approved audit firm) provides to the audited entity, its parent undertaking or its controlled undertakings, for a period of three or more consecutive financial years, non-audit services other than those referred to in Article 5(1) of Regulation (EU) No 537/2014, the total fees for such services shall be limited to no more than 70 % of the average of the fees paid in the last three consecutive financial years for the statutory audit(s) of the audited entity and, where applicable, of its parent undertaking, of its controlled undertakings and of the consolidated financial statements of that group of undertakings.

For the purposes of the limits specified above, non-audit services (other than those referred to in Article 5(1) of Regulation (EU) No 537/2014) required by Union or Luxembourg legislation shall be excluded.

On reasoned request, the CSSF may exceptionally relieve the réviseur d'entreprises agréé (approved statutory auditor) or the cabinet de révision agréé (approved audit firm) from the obligation to comply with the limits set in the first subparagraph of this paragraph for a maximum period of two financial years". [AR/Article 4(2) and AL/Article 49]

Total Fees – Fee Dependency

Audit Clients that are Public-Interest Entities

Provisions of paragraph R410.18 is replaced by the following provision:

"When the total fees received from a public-interest entity in each of the last three consecutive financial years are more than 15 % of the total fees received by the réviseur d'entreprises agréé (approved statutory auditor) or the cabinet de révision agréé (approved audit firm) or, where applicable, by the group auditor carrying out the statutory audit, in each of those financial years, such a réviseur d'entreprises agréé (approved statutory auditor) or a cabinet de révision agréé (approved audit firm) or, as the case may be, group auditor, shall disclose that fact to the audit committee and discuss with the audit committee the threats to their independence and the safeguards applied to mitigate those threats. The audit committee shall consider whether the audit engagement should be subject to an engagement quality control review by another statutory auditor or audit firm prior to the issuance of the audit report".
[AR/Article 4(3)]

Provisions of paragraph R410.20, R410.21 and 410.21 A1 are replaced by the following provision:

"Where the fees received from such a public-interest entity continue to exceed 15% of the total fees received by such the réviseur d'entreprises agréé (approved statutory auditor) or the cabinet de révision agréé (approved audit firm) or, as the case may be, by a group auditor carrying out the statutory audit, the audit committee shall decide on the basis of objective grounds whether the réviseur d'entreprises agréé (approved statutory auditor) or the cabinet de révision agréé (approved audit firm) or the group auditor, of such an entity or group of entities may continue to carry out the statutory audit for an additional period which shall not, in any case, exceed two years."

Transparency of Information Regarding Fees for Audit Client that are Public Interest Entities

Communication About Fee-related Information with Those Charged with Governance

Fee Dependency

Provisions of paragraphs R410.28 are repealed.

Public Disclosure of Fee-related Information

Provisions of paragraph R410.30 are replaced by the following provision:

"If laws and regulations do not require an audit client to disclose audit fees, fees for services other than audit paid or payable to the firm, the firm shall discuss with those charged with governance of an audit client that is a public interest entity:

- (a) The benefit to the client's stakeholders of the client making such disclosures that are not required by laws and regulations in a manner deemed appropriate, taking into account the timing and accessibility of the information; and*
- (b) The information that might enhance the users' understanding of the fees paid or payable and their impact on the firm's independence."*

Provisions of paragraph R410.31 are replaced by the following provision:

"After the discussion with those charged with governance as set out in paragraph R410.30, to the extent that the audit client that is a public interest entity does not make the relevant disclosure, subject to paragraph R410.32, the firm shall publicly disclose:

(a) Fees paid or payable to the firm for the audit of the financial statements on which the firm expresses an opinion;

(b) Fees, other than those disclosed under (a), charged to the client for the provision of services by the firm during the period covered by the financial statements on which the firm expresses an opinion. For this purpose, such fees shall only include fees charged to the client and its related entities over which the client has direct or indirect control that are consolidated in the financial statements on which the firm will express an opinion;

(c) Any fees, other than those disclosed under (a) and (b), charged to any other related entities over which the audit client has direct or indirect control for the provision of services by the firm when the firm knows, or has reason to believe, that such fees are relevant to the evaluation of the firm's independence."

SECTION 420 GIFTS AND HOSPITALITY

Requirements

Paragraph R420.3 is completed as follows:

"The réviseurs d'entreprises agréés (approved statutory auditors), the cabinets de révision agréés (approved audit firms), the audit firms, their key audit partners, their employees, and any other natural person whose services are placed at the disposal or under the control of such réviseur d'entreprises agréé (approved statutory auditor), cabinet de révision agréé (approved audit firm) or audit firm and who is directly involved in statutory audit activities, and persons closely associated with them within the meaning of Article 3(1) point 26 of Regulation (EU) N° 596/2014 of the European Parliament and the council on market abuse of 16 April 2014 (market abuse regulation), shall not solicit or accept pecuniary and non-pecuniary gifts or favours from the audited entity or any entity related to an audited entity unless an objective, reasonable and informed third party would consider the value thereof as trivial or inconsequential." [AL/Article 20(5)]

SECTION 510 FINANCIAL INTERESTS

Requirements

Financial Interests – Other Circumstances

Provisions of paragraph 510.10 A1 to 510.10 A12 are replaced by the following provision:

"The réviseurs d'entreprises agréés (approved statutory auditors), the cabinets de révision agréés (approved audit firms), the audit firms, their key audit partners, their employees, and any other natural person whose services are placed at the disposal or under the control of such réviseur d'entreprises agréé (approved statutory auditor), cabinet de révision agréé (approved

audit firm) or audit firm and who is directly involved in statutory audit activities, and persons closely associated with them within the meaning of Article 3(1) point 26 of Regulation (EU) N° 596/2014 of the European Parliament and the council on market abuse of 16 April 2014 (market abuse regulation):

- *do not hold or have a material and direct beneficial interest in, or engage in any transaction in any financial instrument issued, guaranteed, or otherwise supported by, any audited entity within their area of statutory audit activities, other than interests owned indirectly through diversified undertakings for collective investment, including managed funds such as pension funds or life insurance.” [AL/Article 20(2)]*
- *shall not participate in or otherwise influence the outcome of a statutory audit of any particular audited entity if they:*
 - o *own financial instruments of the audited entity, other than interests owned indirectly through diversified undertakings for collective investment;*
 - o *own financial instruments of any entity related to an audited entity, the ownership of which may cause, or may be generally perceived as causing, a conflict of interest, other than interests owned indirectly through diversified undertakings for collective investment.” [AL/Article 20(4)]*

SECTION 520 BUSINESS RELATIONSHIPS

Requirements

Firm, Network Firm, Audit Team Member or Immediate Family Business Relationships

'Paragraph R520.4 is completed as follows:

“The réviseurs d’entreprises agréés (approved statutory auditors), the cabinets de révision agréés (approved audit firms), the audit firms, their key audit partners, their employees, and any other natural person whose services are placed at the disposal or under the control of such réviseur d’entreprises agréé (approved statutory auditor), cabinet de révision agréé (approved audit firm) or audit firm and who is directly involved in statutory audit activities, and persons closely associated with them within the meaning of Article 3(1) point 26 of Regulation (EU) N° 596/2014 of the European Parliament and the council on market abuse of 16 April 2014 (market abuse regulation) shall not participate in or otherwise influence the outcome of a statutory audit of any particular audited entity if they have had an employment, or a business or other relationship with that audited entity within the period referred in paragraph R400.30 that may cause, or may be generally perceived as causing, a conflict of interest” [AL/Article 20(4)].

SECTION 524 EMPLOYMENT WITH AN AUDIT CLIENT

Requirements

All Audit Clients

Former Partner or Audit Team Member Restrictions

Paragraph R524.4 is completed as follows:

*"A réviseur d'entreprises agréé (approved statutory auditor) or a key audit partner who carries out a statutory audit on behalf of a cabinet de révision agréé (approved audit firm) or an audit firm shall not, before a period of at least **one year**, has elapsed since he or she ceased to act as réviseur d'entreprises agréé (approved statutory auditor) or key audit partner in connection with the audit engagement:*

- *take up a key management position in the audited entity;*
- *where applicable, become a member of the audit committee of the audited entity or, where such committee does not exist, of the body performing equivalent functions to an audit committee;*
- *become a non-executive member of the administrative body or a member of the supervisory body of the audited entity.*

Employees and partners other than key audit partners of a réviseur d'entreprises agréé (approved statutory auditor) or of a cabinet de révision agréé (approved audit firm) carrying out a statutory audit, as well as any other natural person whose services are placed at the disposal or under the control of such réviseur d'entreprises agréé (approved statutory auditor) or cabinet de révision agréé (approved audit firm), shall not, when such employees, partners or other natural persons are personally approved as réviseurs d'entreprises agréés (approved statutory auditors), take up any of the duties referred to in the previous paragraph before a period of at least one year has elapsed since he or she was directly involved in the statutory audit engagement." [AL/Article 21]

Audit clients that are Public Interest Entities

Key Audit Partners

Paragraph R524.6 is completed as follows:

*"A réviseur d'entreprises agréé (approved statutory auditor) or a key audit partner who carries out a statutory audit of Public Interest Entities on behalf of a cabinet de révision agréé (approved audit firm) or an audit firm shall not, before a period of at least **two years**, has elapsed since he or she ceased to act as réviseur d'entreprises agréé (approved statutory auditor) or key audit partner in connection with the audit engagement:*

- *take up a key management position in the audited entity;*
- *where applicable, become a member of the audit committee of the audited entity or, where such committee does not exist, of the body performing equivalent functions to an audit committee;*
- *become a non-executive member of the administrative body or a member of the supervisory body of the audited entity."* [AL/Article 21]

SECTION 540 LONG ASSOCIATION OF PERSONNEL (INCLUDING PARTNER ROTATION) WITH AN AUDIT CLIENT

Requirements

Audit Clients that are Public-Interest Entities

Paragraph R540.5 is modified as followed:

"In respect of an audit of a public interest entity, an individual shall not act in any of the following roles, or a combination of such roles, for a period of more than seven cumulative years (the "time-on" period):

(a) The engagement partner;

(b) The individual appointed as responsible for performing the engagement quality review; or

(c) Any other key audit partner role.

After the time-on period, the individual shall serve a "cooling-off" period in accordance with the provisions in paragraphs R540.11 to R540.20."

Provisions of paragraph R540.7, R.540.8 and R540.9 are repealed.

Cooling-off period

The delay of 2 years as per paragraph R540.13 is extended to 3 years in order to participate again in the statutory audit of the audited entity. [AR/Article 17(7)]

The section is completed as followed:

External rotation

Audit Clients that are Public-Interest Entities

"In relation with statutory audits of Public-Interest Entities:

- Neither the initial engagement of a particular réviseur d'entreprises agréé (approved statutory auditor), cabinet de révision agréé (approved audit firm) or audit firm, nor this in combination with any renewed engagements therewith shall exceed a maximum duration of 10 years;*
- The maximum duration of a statutory audit of a public-interest entity may be of 20 years, where a public tendering process for the statutory audit is conducted in accordance with paragraphs 2 to 5 of Article 16 of Regulation (EU) No 537/2014.*

The maximum duration shall be extended only if, upon a recommendation of the audit committee, the administrative or supervisory body, proposes to the general meeting of shareholders or members, in accordance with Luxembourg law, that the engagement be renewed and that proposal is approved.

After the expiry of the maximum duration, the public-interest entity may, on an exceptional basis, request that the CSSF grant an extension to re-appoint the statutory auditor or the audit firm for a further engagement where the conditions in points (a) or (b) of paragraph 4 of Regulation (EU) No 537/2014 are met. Such an additional engagement shall not exceed two years.

- *After the expiry of the maximum 10-year duration of engagements (20 years in case of a public tendering process for the statutory audit is conducted in accordance with paragraphs 2 to 5 of Article 16 of Regulation (EU) No 537/2014), neither the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm nor, where applicable, any members of their networks within the Union shall undertake the statutory audit of the same public-interest entity within the following four-year period.*

For the purposes of this Article, the duration of the audit engagement shall be calculated as from the first financial year covered in the audit engagement letter in which the statutory auditor or the audit firm (including other firms that the audit firm has acquired or that have merged with it) has been appointed for the first time for the carrying-out of consecutive statutory audits for the same public-interest entity.” [AR/Article 17(1)-(6) and (8) and AL/Article 51]

SECTION 600

PROVISION OF NON-ASSURANCE SERVICES TO AN AUDIT CLIENT

Requirements

General

The section is completed as followed:

Audit Clients that are Public-Interest Entities

Prohibition to provide non-audit services

“The réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm carrying out the statutory audit of a public-interest entity, or any member of the network to which the réviseur d'entreprises agréé (approved statutory auditor) or the cabinet de révision agréé (approved audit firm) belongs, shall not directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings within the Union any prohibited non-audit services in:

- *the period between the beginning of the period audited and the issuing of the audit report; and*
- *the financial year immediately preceding the period referred to in above-mentioned point in relation to the services listed in point (e) of the below list”. [AR/Article 5 (1)]*

List of prohibited non-audit services [AR/Article 5 (1) and AL/Article 50]

(a) *tax services relating to:*

- i. preparation of tax forms (*);*
- ii. payroll tax;*
- iii. customs duties;*
- iv. identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law (*);*
- v. support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law (*);*
- vi. calculation of direct and indirect tax and deferred tax (*);*
- vii. provision of tax advice (*);*

(b) *services that involve playing any part in the management or decision-making of the audited entity;*

(c) *bookkeeping and preparing accounting records and financial statements;*

(d) *payroll services;*

(e) *designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;*

(f) *valuation services (*), including valuations performed in connection with actuarial services or litigation support services;*

(g) *legal services, with respect to:*

- i. the provision of general counsel;*
- ii. negotiating on behalf of the audited entity; and*
- iii. acting in an advocacy role in the resolution of litigation;*

(h) *services related to the audited entity's internal audit function;*

(i) *services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;*

(j) *promoting, dealing in, or underwriting shares in the audited entity;*

(k) *human resources services, with respect to:*

- i. *management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve:*
 - *searching for or seeking out candidates for such position; or*
 - *undertaking reference checks of candidates for such positions;*
- ii. *structuring the organisation design; and*
- iii. *cost control.*

(): by way of derogation the provision of the services are allowed, provided that the following requirements are complied with:*

- *they have no direct or have immaterial effect, separately or in the aggregate on the audited financial statements;*
- *the estimation of the effect on the audited financial statements is comprehensively documented and explained in the additional report to the audit committee; and*
- *the principles of independence laid down in the law concerning the audit profession are complied with by the statutory auditor or the audit firm.*

Provisions of paragraphs R600.17 and 600.17A1 are repealed.

Prohibited non-audit services provided by an affiliate within the network to an entity registered in a third-country and under control of the audited public-interest entity

"When a member of a network to which the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm carrying out a statutory audit of a public-interest entity belongs provides any of the non-audit services, referred to in the above-mentioned paragraph, to an undertaking incorporated in a third country which is controlled by the audited public-interest entity, the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm concerned shall assess whether his, her or its independence would be compromised by such provision of services by the member of the network.

If his, her or its independence is affected, the réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm shall apply safeguards where applicable in order to mitigate the threats caused by such provision of services in a third country. The réviseur d'entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm may continue to carry out the statutory audit of the public-interest entity only if he, she or it can justify, in accordance with Article 6 of Regulation (EU) No 537/2014 and Article 22 of the Law of 23 July 2016 concerning the audit profession, that such provision of services does not affect his, her or its professional judgement and the audit report."

For the purposes of this paragraph:

- (a) *being involved in the decision-taking of the audited entity and the provision of the services referred to in points b), c) and e) of the above-mentioned list shall be deemed to affect such independence in all cases and to be incapable of mitigation by any safeguards.*

(b) provision of the services referred to in the above-mentioned list other than points b), c) and e) thereof shall be deemed to affect such independence and therefore to require safeguards to mitigate the threats caused thereby.” [AR/Article 5(5)]

Approval of non-audit services by the audit committees

“A réviseur d’entreprises agréé (approved statutory auditor), a cabinet de révision agréé (approved audit firm) or an audit firm, carrying out statutory audits of public-interest entities, and when the réviseur d’entreprises agréé (approved statutory auditor), the cabinet de révision agréé (approved audit firm) or the audit firm belongs to a network, any member of such network may provide to the audited entity, to its parent undertaking or to its controlled undertakings non-audit services other than the prohibited non-audit services referred to in the current section (refer to the above-mentioned list) subject to the approval of the audit committee after it has properly assessed threats to independence and the safeguards applied in accordance with Article 22 of Law of 23 July 2016 concerning the audit profession. The audit committee shall, where applicable, issue guidelines with regard to the authorized services upon the condition that they have been identified by an asterisk in the above-mentioned list of prohibited non-audit services”. [AR/Article 5(4)]

Audit Client that Later Becomes a Public Interest Entity

Provisions of paragraphs R600.25 (b) are repealed.

GLOSSARY

Glossary is modified as followed

« **Audit client** »: An entity in respect of which a réviseur d'entreprises agréé (approved statutory auditor) or a cabinet de révision agréé (approved audit firm) conducts a statutory audit in the meaning of article 1 (6) of the Law of 23 July 2016 concerning the audit profession. When the client is a listed entity, audit client will always include its related entities. When the audit client is not a listed entity, audit client includes those related entities over which the client has direct or indirect control. (See also paragraph R400.27)

In the case of a group audit, see the definition of group audit client.

(effective for audits of financial statements for period beginning before December 15, 2024).

« **Audit client** »: An entity in respect of which a réviseur d'entreprises agréé (approved statutory auditor) or a cabinet de révision agréé (approved audit firm) conducts a statutory audit in the meaning of article 1 (6) of the Law of 23 July 2016 concerning the audit profession. When the client is a publicly traded entity, audit client will always include its related entities. When the audit client is not a publicly traded entity, audit client includes those related entities over which the client has direct or indirect control. (See also paragraph R400.27.)

In the case of a group audit, see the definition of group audit client.

(effective for audits of financial statements for period beginning on or after December 15, 2024).

« **Group audit client** »: An entity in respect of which a réviseur d'entreprises agréé (approved statutory auditor) or a cabinet de révision agréé (approved audit firm) conducts a statutory audit in the meaning of article 1 (6) of the Law of 23 July 2016 concerning the audit profession. When the entity is a listed entity, the group audit client will always include its related entities and any other components at which audit work is performed. When the entity is not a listed entity, the group audit client includes related entities over which such entity has direct or indirect control and any other components at which audit work is performed.

See also paragraph R400.27

(effective for audits of financial statements for period beginning on or after December 15, 2023 but before December 15, 2024).

« **Group audit client** »: An entity in respect of which a réviseur d'entreprises agréé (approved statutory auditor) or a cabinet de révision agréé (approved audit firm) conducts a statutory audit in the meaning of article 1 (6) of the Law of 23 July 2016 concerning the audit profession. When the entity is a publicly traded entity, the group audit client will always include its related entities and any other components at which audit work is performed. When the entity is not a publicly traded entity, the group audit client includes related entities over which such entity has direct or indirect control and any other components at which audit work is performed.

See also paragraph R400.27

(effective for audits of financial statements for period beginning on or after December 15, 2024).

« **Key audit partner** »: In Luxembourg, it corresponds to the definition of « key audit partner » as per article 1 (1) of the Law of 23 July 2016 concerning the audit profession. The individual responsible for the engagement quality review must be included in such definition.

« **Listed Entity** »: In Luxembourg, it means entities governed by the Luxembourg law whose transferable securities are admitted to trading on a recognized market (effective for audits of financial statements for period beginning before December 15, 2024).

« **Network** »: In Luxembourg, it corresponds to the definition as per article 1 (32) of the Law of 23 July 2016 concerning the audit profession.

« **Professional Accountant** »: In the context of the code of ethics of the audit profession in Luxembourg as adopted by the current regulation, this term corresponds to a natural person or a legal person, which has obtained the title of “*réviseur d’entreprises (statutory auditor)*” or “*cabinet de révision (audit firm)*” as per the meaning article 3 of the Law of 23 July 2016 concerning the audit profession.

« **Professional Accountant in Public Practice** »: In the context of the code of ethics of the audit profession in Luxembourg as adopted by the current regulation, this term corresponds to a natural person or a legal person that is member of the IRE and employed by a *cabinet de révision agréé (approved audit firm)* or a *réviseur d’entreprises agréé (approved statutory auditor)* exercising as self-employed the audit profession.

« **Public-Interest Entity** »: This notion shall be understood in Luxembourg as per the definition in article 1 (20) of the Law of 23 July 2016 concerning the audit profession.

« **Publicly traded entity** »: In Luxembourg, it means entities governed by the Luxembourg law whose transferable securities are admitted to trading on a regulated market as defined in the MIFID Directive¹, as well as any other regulated, recognized market open to the public that operates regularly (effective for audits of financial statements for period beginning on or after December 15, 2024).

Glossary is completed as followed

« **Competent authority** »: In Luxembourg, the competent authority for the public oversight of the audit profession is the CSSF.

¹ A market on the list of regulated markets prepared by each Member State, that functions regularly characterised by the fact that the regulations issued or approved by the competent authorities set out the conditions of operation and access to the market, as well as the conditions that a given financial instrument must meet in order to be traded on the market, compliance with all information and transparency obligations prescribed in Directive 2014/65/EU.