

---

## SEC Adopts Amendments to Auditor Independence Requirements

**Date:** 12/03/20

On October 16, 2020, the Securities and Exchange Commission (“SEC”) adopted amendments to Rule 2-01 of Regulation S-X to update certain auditor independence requirements. The final amendments are intended to “more effectively focus the independence analysis on those relationships or services that are more likely to pose threats to an auditor’s objectivity and impartiality.” For a discussion of the current rules and the amendments as they were proposed last year, please see our memorandum found [here](#).

The final amendments:

- amend the definitions of “affiliate of the audit client” and “investment company complex” to focus on certain affiliate relationships;
- reduce the look-back period for domestic first time filers;
- add certain student loans and consumer loans to the exclusions from lending relationships impairing independence;
- replace “substantial stockholders” under the business relationship rule with “beneficial owners with significant influence over the entity under audit”;
- present a transition framework for mergers and acquisitions; and
- make other updates.

In the following summary of the final amendments, we discuss the principal areas where the final amendments diverge from the proposed amendments.

---

### Attorney

- Geoffrey E. Liebmann