

MUTUAL RECOGNITION AGREEMENT

Recommended by

The South African Institute of Chartered Accountants

and

International Qualifications Appraisal Board

Representing

**National Association of
State Boards of Accountancy**

and

**American Institute of
Certified Public
Accountants**

NASBA

AICPA

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Introduction

The State Boards of Accountancy or their equivalent in each of the United States' (US) jurisdictions (State Boards), which act pursuant to their authorizing statutes, are legislatively empowered by law to protect the public interest by granting and regulating the Certified Public Accountant (CPA) credential and license to practice. The South African Institute of Chartered Accountants (SAICA) is empowered to issue the Chartered Accountant (South Africa) (CA(SA)) credential to qualified applicants. The State Boards and SAICA respectively grant the US CPA and CA(SA) credentials and either grant licenses to practice or their members have access to a license to practice.

The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) jointly established the International Qualifications Appraisal Board (IQAB) to:

1. Assist State Boards seeking to establish abbreviated pathways through which experienced professionals, who hold substantially equivalent foreign professional accounting credentials, may obtain a Certified Public Accountant license in their jurisdiction (US CPA credential); and
2. Enable US CPAs to obtain foreign professional accounting credentials and the right to practice through similar abbreviated pathways.

The chartered accountancy profession in South Africa receives its licence to operate through the Chartered Accountants Designation (Private) Act 67 of 1993 in terms of which chartered accountants may offer a professional service to the public on condition that they are members of SAICA. SAICA operates as a voluntary association not-for-gain and is registered in terms of the Non-profit Organisations Act 71 of 1997. Being a membership organisation, SAICA's primary role is to maintain the integrity, quality and brand of the profession, as well as serve, represent and promote the interests of its members and associates.

Believing that there are a significant number of US CPAs who desire to obtain the CA(SA) credential and become Registered Auditors in South Africa, and a significant number of CAs(SA) who desire to obtain the US CPA credential and license to practice, the IQAB and SAICA (known collectively as the "Parties") set out to evaluate each other's credential to ascertain if they are substantially equivalent and would thus allow both parties to create for qualified holders of either of the credentials an abbreviated qualification pathway.

Eligibility of Applicants Under this Agreement:

To be eligible for this agreement, candidates must affirm they are competent to perform the services offered according to the relevant professional standards¹, including having the requisite additional experience/training necessary for such work.

¹US CPAs generally practice under standards set by the AICPA, the Financial Accounting Standards Board, the Governmental Accounting Standards Board, the Public Company Accounting Oversight Board and the International Accounting Standards Board. South African CAs(SA) who are also registered auditors (RAs) practice under the standards set by the Independent Regulatory Board for Auditors.

Basis of Review

The Parties have reviewed each other's credential requirements for entry-level qualification and maintenance of the credential. The review included a comparison of each other's education, experience, examination and other qualification requirements as well as such factors as continuing education, adherence to a code of ethics, enforcement and judicial processes, organizational structure, administrative responsibilities and other credential maintenance requirements to their own corresponding requirements.

The IQAB compared SAICA's requirements to those set out in the Uniform Accountancy Act (UAA). The UAA is a model law and not enforceable. Much of the UAA's language is used by the US jurisdictions and State Boards as they draft the laws and rules that must be followed. Each individual US jurisdiction's requirement can be found in that jurisdiction's laws and rules.

SAICA compared the UAA requirements to SAICA's Policy for the Recognition of Other Professional Bodies.

Basis of Recognition

As a result of these reviews, the Parties are satisfied that the US CPA credential and CA(SA) credential are substantially equivalent subject to the conditions set forth in this agreement and accompanying appendices.

Therefore, the Parties agree:

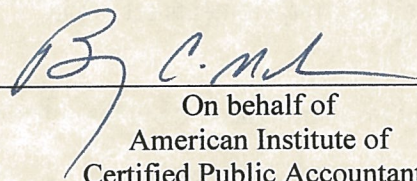
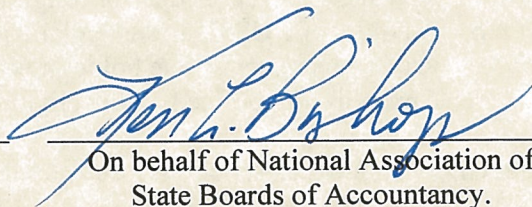
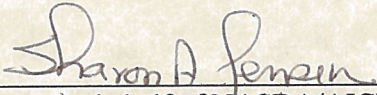

1. To create an abbreviated qualification pathway for eligible holders of the other's credential.
 - a. A holder of a CA(SA) credential will be eligible to obtain the US CPA credential via this agreement if the holder meets the eligibility requirements set out in Appendix 1A (defined as an "eligible holder").
 - b. A holder of a US CPA credential will be eligible to obtain the CA(SA) credential via this agreement if the holder meets the eligibility requirements set out in Appendix 1B (defined as an "eligible holder").
2. An eligible holder, as set out in 1 above, may obtain the other credential via the following abbreviated pathways.
 - a. The abbreviated pathway to the US CPA credential for eligible holders of a CA(SA) credential is set out in Appendix 2A.
 - b. The abbreviated pathway to the CA(SA) credential for eligible holders of a US CPA credential is set out in Appendix 2B.
3. To assist holders of the other's credential, who are both eligible for the abbreviated pathway, as set out in 1 above, and who successfully complete the abbreviated pathway, as set out in 2 above, to obtain licensure in their respective jurisdictions:
 - a. Appendix 3A sets out the process that a CA(SA) credential holder should follow to obtain licensure in the United States.
 - b. Appendix 3B sets out the process that a US CPA credential holder should follow to become a Registered Auditor (RA) in South Africa.
4. This agreement shall be in force for a period of five years from the date of last signature. This agreement may be renewed, or extended, through mutual agreement.

5. To inform the other Party, on an annual basis, of:
 - a. Material changes made to the qualification requirements of their credential.
 - b. Mutual recognition agreements, reciprocal membership agreements, or other similar agreements signed or renewed with other institutes or professional accountancy organizations.
 - c. New or existing pathways to membership or licensure for foreign credential holders that are initiated or materially altered.
 - d. Strategic alliances, joint ventures, or material relationships with other institutes or professional accountancy organizations that are initiated or materially altered.
 - e. The number of members from their respective jurisdictions who have applied and/or received their credential, as well as those who have obtained a license to practice.

6. Either Party may, with 60 (sixty)-days' notice, withdraw their consent to this agreement.

7. Where personal data of an individual is required to be disclosed by one party (the **discloser**) to the other party (the **recipient**) under the terms of this Agreement, the discloser agrees to obtain and document the individual's specific, express, and written consent to the disclosure of such personal data prior to disclosing it to the recipient.

8. For the purposes of clause 7, personal data means any information relating to an identified or identifiable natural person ("**data subject**"); an identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that person.

 _____ On behalf of American Institute of Certified Public Accountants 12/21/19 _____ Date	 _____ On behalf of National Association of State Boards of Accountancy. 12/13/19 _____ Date
 _____ On behalf of NASBA/AICPA International Qualifications Appraisal Board 12/16/19 _____ Date	 _____ On behalf of The South African Institute of Chartered Accountants 15/01/2020 _____ Date

Appendix 1A

Eligibility Requirements for Members of The South African Institute of Chartered Accountants

A holder of the CA(SA) credential may be eligible to obtain the US CPA credential via this agreement if they are a member in good standing of SAICA and meet the additional criteria set out in each of the following sections and applicable US jurisdiction's laws and regulations.

1) Education Criteria:

The Uniform Accountancy Act (UAA) requires at least 150 semester hours of college or university education, including a baccalaureate or higher degree conferred by a college or university deemed acceptable by the State Board.

US jurisdictions' legal requirements are identical or similar to the education criteria set forth in this model law. Additionally, many US jurisdictions' laws and State Boards' rules mandate the completion of specific coursework and the satisfaction of additional education criteria for licensure. Each individual US jurisdiction's education requirements can be found in that jurisdiction's laws and rules.²

To meet the education criteria of the eligibility requirements of this agreement, a CA(SA) must:

- 1. Hold at least a baccalaureate or higher degree; and**
- 2. Have successfully completed the SAICA accredited Postgraduate Graduate qualification.**

2) Examination Criteria:

Under the UAA and under all US jurisdictions' laws and rules, passage of the Uniform CPA Examination is a necessary prerequisite for licensure as a US CPA. Each individual US jurisdiction's examination requirements can be found in that jurisdiction's laws and rules.

To meet the examination criteria of the eligibility requirements of this agreement, CAs(SA) must have successfully completed the SAICA Initial Test of Competence and the SAICA Assessment of Professional Competence.

3) Experience Criteria:

Under the UAA, US CPAs must have at least one year of experience verified by a licensee of a State Board. This experience includes providing a service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, and meeting requirements prescribed by Board rule and state law. This experience may be acceptable if it was gained through employment in government, industry, academia or public practice. Each individual US jurisdiction's experience requirements can be found in that jurisdiction's laws and rules, which are generally similar or identical to the experience criteria set forth in the model UAA.

To meet the experience criteria of the eligibility requirements of this agreement CAs(SA) must have successfully completed the SAICA Training Programme prior to

² To access the laws and rules of each jurisdiction visit: <https://nasba.org/stateboards/>.

obtaining the CA(SA) credential and an additional 12 months of relevant work experience after obtaining the CA(SA) credential. Additional specific experience requirements may be required by the State Board from which the credential is sought. Some State Boards may exercise the authority to verify such experience and will determine how such verification will be performed, including working with NASBA's Experience Verification Service.

4) Continuing Professional Education Criteria:

Under the UAA, compliance with continuing professional education (CPE) requirements as determined by the State Board is mandatory. Each individual US jurisdiction's requirement for CPE verification can be found in that jurisdiction's laws and rules.

To meet the CPE criteria of the eligibility requirements of this agreement, CAs(SA) must be in compliance with the Continuing Professional Development requirements of SAICA.

Exclusions:

CAs(SA) who obtained their credential by qualifying under a reciprocal agreement that SAICA may have with another professional accountancy organization are not eligible under this agreement. This includes all mutual recognition agreements, reciprocal membership agreements, and other similar agreements which SAICA may have or may have had at any time.

Appendix 1B

Eligibility for Holders of a US CPA Credential

A holder of a US CPA credential may be eligible to obtain the CA(SA) credential via this agreement if they are a licensed CPA in good standing with a State Board and meet the additional criteria set out in each of the following sections.

1) Education Criteria:

Under the SAICA By-Laws, a CA(SA) must:

1. Hold at least a baccalaureate or higher degree accredited by SAICA for this purpose
2. Have successfully completed the SAICA accredited Postgraduate Graduate qualification.

To meet the education criteria of the eligibility requirements of this agreement, US CPAs must have a baccalaureate or higher degree conferred by a college or university acceptable to a State Board and must have met the applicable semester hour requirement at the time of licensure.

2) Examination Criteria:

Under the SAICA By-Laws a CA(SA) must have successfully completed the SAICA Qualifying Examinations comprising the Initial Test of Competence (ITC) and the Assessment of Professional Competence (APC).

To meet the examination criteria of the eligibility requirements of this agreement, US CPAs must have passed the Uniform CPA Examination.

3) Experience Criteria:

Under the SAICA By-Laws, a CA(SA) must have successfully completed the SAICA Training Programme. This does not have to be audit experience.

To meet the experience criteria of the eligibility requirements of this agreement, US CPAs must have completed all relevant US state law experience requirements prior to licensure and have an additional 24 months of experience after obtaining licensure. This does not have to be audit experience, and experience in the US is acceptable to meet this requirement.

4) Continuing Professional Education Criteria:

Under the SAICA By-Laws, CAs(SA) must be in compliance with the Continuing Professional Development requirements of SAICA.

To meet the CPE criteria of the eligibility requirements of this agreement, US CPAs must be in compliance with the CPE requirements of their State Board.

Exclusions:

US CPAs who obtained their CPA credential by qualifying under a reciprocal agreement that the IQAB may have with another professional accountancy organization are not eligible under this agreement. This includes all mutual recognition agreements, reciprocal membership agreements, and other similar agreements which the IQAB may have or may have had at any time.

Appendix 2A

Abbreviated Pathway to the US CPA Credential for Eligible Holders of the CA(SA) Credential

To obtain the US CPA credential, an eligible holder of a CA(SA) credential must:

1. Pass the International Qualification Examination (IQEX); and
2. Upon successfully passing the IQEX, apply to a State Board.

To sit for the IQEX, an eligible holder must take the following steps (please note that the following list is not intended to be a comprehensive list):

1. Create an online user account³ with NASBA.
2. Complete an application form⁴.
3. Obtain a letter of good standing⁵ from SAICA. This letter will confirm that that Eligible Holder has met the eligibility requirements set out in Appendix 1A and must be sent directly to NASBA by SAICA.
4. Pay the requisite fees⁶.

The process for applying to a State Board differs depending upon the US jurisdiction to which an eligible holder applies. However, in general, an eligible holder must take the following steps (please note that the following list is not intended to be a comprehensive list, and licensure is fully at the discretion and direction of the State Boards and their authorizing statutes):

1. Select a State Board⁷ and complete the State Board's application.
2. Request NASBA to report her/his IQEX score to the State Board.
3. Satisfy the State Board's requirements which may include:
 - a) Specific educational course work.
 - b) Passing an ethics exam and/or CPE course.
 - c) Providing evidence of the eligible holder's good character and/or reconfirmation of some of the eligibility requirements set out in Appendix 1A.
 - d) Providing evidence that the eligible holder is in compliance with the State Board CPE requirements.
 - e) Paying the State Board's fees.

³ Registering for a user account will allow an eligible holder to apply for the examination, maintain her/his current information, view her/his scores, check her/his application status and reprint her/his Notice to Schedule. Detailed information may be found at www.nasba.org.

⁴ The application form will require information which will allow NASBA to verify that the applicant has met all of the required eligibility requirements set out in Appendix 1A and information required to schedule the applicant's IQEX. Detailed information may be found within the IQEX Candidate Bulletin at www.nasba.org.

⁵ A template letter of good standing with completion instructions and a form which eligible holders may send to SAICA to request its completion may be found at www.nasba.org.

⁶ Fees charged for applying for the IQEX are changed periodically. A current list of fees may be found at www.nasba.org.

⁷ While the AICPA and NASBA's Boards have approved this agreement, it is up to each State Board, as directed by state law, to decide if they will adopt it. A current list of State Boards which will accept applications from CAs(SA) may be found within the IQEX Candidate Bulletin at www.nasba.org.

Appendix 2B

Abbreviated Pathway to the CA(SA) Credential for Eligible Holders of a US CPA Credential

To obtain the CA(SA) credential, an eligible holder of a US CPA credential must:

1. Provide a Letter of Good Standing from a State Board. The Letter of Good Standing must be dated not more than three months prior to the date of application. This letter will confirm that the Eligible Holder has met the eligibility requirements set out in Appendix 1B and must be sent directly to SAICA by the State Board.
2. Submit an application to the SAICA Recognition Panel⁸.
 - a. The Panel will, by means of an interview with the applicant and evaluation of the application, evaluate whether or the applicant meets the competency requirements of the SAICA Competency Framework, in which case membership of SAICA may be granted.
 - b. If the applicant does not meet the competence requirements, he/she may resubmit an application no earlier than 12 months from the original interview date. Candidates will be permitted three submissions to the SAICA Recognition Panel over six calendar years.
3. Pay the requisite fees.

⁸ Details about the information to be sent to the Recognition Panel may be found at <https://www.saica.co.za/Training/Training/TrainingContractAdministration/Training/QualifyingAsACASAIfYouAreAMemberOfAnot/tabid/4244/language/en-US/Default.aspx>.

Appendix 3A

Process to Obtain Licensure in the US for Eligible Holders of the CA(SA) Credential

In the United States, the US CPA credential is a license to practice public accounting, issued by a US jurisdiction, valid for use in such jurisdiction.

Upon completing the abbreviated pathway and successfully applying to a State Board (as set out in Appendix 2A), the eligible holder of the CA(SA) credential may receive a CPA license in a US jurisdiction.

Once licensed, CPA licensees are under the auspices of, and subject to, all relevant federal laws and regulations, state laws, regulations, and policies. Maintenance of the license requires meeting periodic renewal requirements, including timely completion of renewal forms, continuing professional education and payment of fees. In some US jurisdictions, obtainment of a firm license, in addition to an individual license, will be necessary to legally provide certain restricted services in US jurisdictions.

Appendix 3B

Process to Obtain Licensure in South Africa for Eligible Holders of a US CPA Credential

In order to perform audits in South Africa, registration as a Registered Auditor (RA), which is regulated by the Independent Regulatory Board for Auditors (IRBA), is required. Auditing is deemed to be a specialisation which occurs after qualification as a professional accountant. Only professional accountants who have qualified through a professional body accredited by the IRBA may specialise as an RA.

Currently, SAICA is the only professional body accredited by the IRBA for admission as a RA.

Registration as an auditor in the South African context occurs as follows:

1. Registration with SAICA as a Chartered Accountant (South Africa) (as set out in Appendix 2B);
2. Successful application for admission as a Registered Auditor (RA)⁹.

Together with the applicant form, applicants are required to submit a brief Curriculum Vitae (CV) detailing their professional history as well as evidence of CPD undertaken for the past three years. Applicants must also submit a brief letter explaining why they are seeking registration with the IRBA.

Applicants joining an existing firm must also submit a letter from the Senior Partner or equivalent of the firm confirming the applicant's position in the firm and their audit proficiency.

IRBA will assess the application and applicants will be required to attend an interview with the IRBA's Proficiency Assessment Panel which includes a focus on the Code of Professional Conduct, governance requirements in South Africa, and Auditing and Accounting Standards.

⁹ The application for registration as a Registered Auditor is made on Form 1, which is available on IRBA's website (<https://www.irba.co.za/upload/Form%201.pdf>). It should be scanned and emailed to registry@irba.co.za