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## Directive 17f

# Financial Statements and Auditing of Financial Statements at a Payment-System Operator

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## 1. Introduction

In accordance with Section 8 of the Payment Systems Law, 5768-2008 (hereinafter: “the Payment Systems Law”), an operator of a controlled payment system shall formulate rules that will ensure the stability, efficiency, and sound functioning of the system and shall take measures to manage, prevent, and limit risks that exist or may exist in the system.

In accordance with Principle 2 of the Principles for Financial Market Infrastructures (PFMI), published in 2012 by the Committee on Payment and Settlement Systems of the BIS (CPMI) and the International Organization of Securities Commissions (IOSCO), a financial-service infrastructure (FMI) should have objectives that place a high priority on the safety and efficiency of the FMI and explicitly support financial stability and other relevant public interest considerations. An FMI should also have documented governance arrangements that that establish clear and direct paths of responsibility and reportage and include components of internal control and processes of accountability for performance.

This Directive regulates the accounting audit and the financial statements of a payment-system operator, a crucial necessity for sound corporate governance at the payment-system operator and for application of the rules laid down in the PFMI document.

## 2. Definitions

**“Chief Accounting Officer” —**

the officer responsible for the payment system’s financial-statement array;

**“CPA-auditor” —**

as defined in the CPA Regulations (Conflict of Interest and Impairment of Independence due to Other Occupation), 5768-2008.



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### **3. Incidence**

- 3.1 This Directive shall apply to every payment-system operator that the Governor has declared a controlled payment system or a designated controlled payment system.
- 3.2 The Bank of Israel may, as circumstances shall indicate, establish certain instructions, different from those specified below, that shall apply to a certain payment-system operator, and may exempt a payment-system operator from the incidence of certain sections of this Directive.
- 3.3 In a payment-system operator that has no Board of Directors function due to its statutory, legal, or organizational structure, the obligations of a Board of Directors established in this Directive shall apply to the function that corresponds to a Board of Directors or the highest function that bears responsibility for the business and solidity of the payment-system operator.
- 3.4 In respect of systems that are run by the central bank, this Directive shall apply as tailored to the corporate-governance structure of the central bank.<sup>1</sup>

### **4. Board of Directors responsibilities**

- 4.1 The Board of Directors of a payment-service operator shall:
  - 4.1.1 take reasonable and satisfactory measures to ensure that the CPA-auditor has the requisite knowledge, expertise, resources, and experience to discharge his or her duties commensurate with the nature, size, and complexity of the payment-service operator, and shall approve the contract with him or her after receiving a recommendation from the audit committee ahead of approval by the general assembly.
  - 4.1.2 keep the CPA-auditor apprised of those to whom he or she should address certain reports, such as the Board of Directors itself, the audit committee, the

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<sup>1</sup> In this context, in August 2015 the BIS published a document titled "Application of the Principles for Financial Market Infrastructures to Central Bank FMIs," with guidelines as to how the PFMI rules should be applied to payment systems run by a central bank.



balance-sheet committee, or some other committee, if the topics of the report fall within their purview.

4.1.3 meet with the CPA before any financial statement is released and discuss the following matters, as the case may be:

- 4.1.3.1 the scope of the audit—description of the audit, areas to which the audit gave intensive treatment, and the reasons for this;
- 4.1.3.2 the soundness of internal control;
- 4.1.3.3 reliance on experts;
- 4.1.3.4 material risks and exposures;
- 4.1.3.5 expected revisions of standard wording;
- 4.1.3.6 other matters, such as services other than auditing activity, reports submitted during the year, and special certifications.

## **5. Payment-system operator's responsibilities**

5.1 The payment-service operator shall:

- 5.1.1 relate in writing to the CPA-auditor's findings as presented in his or her audit of the financial statements;
- 5.1.2 ascertain that procedures are in place to separate performance duties from bookkeeping duties;
- 5.1.3 give the CPA-auditor, at any time, access to its books of account and financial documents, including minutes of Board of Directors and Board committee meetings and any other information that the CPA-auditor needs to discharge his or her duties, in whatever form they are kept;
- 5.1.4 take reasonable measures to ensure that all position-holders, including suppliers and outsource providers, share with the CPA-auditor, at his or her request, any information, document, or explanation pertaining to the payment-system operator and that he or she needs for the discharge of his or her duties.



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## **6. Chief Accounting Officer**

- 6.1 The Chief Accounting Officer of a payment-system operator is directly subordinate to the Chief Executive Officer or to a member of management who is not responsible for a field in which business activity takes place.
- 6.2 The Chief Accounting Officer and his or her staff shall neither carry out nor be responsible for carrying out the following:
- 6.2.1 business activities;
  - 6.2.2 duties of the risk-management function;
  - 6.2.3 internal-auditing duties.

## **7. CPA-auditor**

- 7.1 The contents of this Directive shall apply to a CPA-auditor of a payment-system operator in addition to the provisions of the Companies Law, 5759-1999, and the Accountants Law, 5715-1955, and the regulations enacted on the basis thereof.
- 7.2 The CPA-auditor of a payment-system operator shall be independent of the payment-system operator and shall not be in conflict of interest with his or her duties as a CPA-auditor as a result of another occupation under any law; for this purpose, "independent" is defined as in the following documents and in accordance with guidelines that reference them:
- 7.2.1 the Certified Public Accountants (Conflict of Interest and Infringement of Independence due to Outside Activity) (interim provision) Regulations, 5763-2003;
  - 7.2.1 Supervisor of Banks directives regarding Conflict of Interest and Infringement of Independence due to Outside Activity of External Auditor of Banking Corporation, as specified in Appendix A of Proper Conduct of Banking Business 302;



7.2.3 Securities Authority decision concerning auditor's independence, promulgated in August 1992, in accordance with Section 9B of the Securities Law, 5728-1968, attached herewith as Appendix A.

7.3 The CPA-auditor shall be entitled, at his or her request, to appear before the Board of Directors or the audit committee in regard to any matter within his or her purview.

## **8. Responsible co-participants**

8.1 A CPA-auditor shall appoint the following responsible co-participants:

8.1.1 a participant responsible for the audit whose duty is to manage the audit and sign the opinion of the CPA-auditor and the financial statements of the payment system;

8.1.2 a co-participant responsible for an annual review of the audit, unrelated to the audit of the specific payment system, whose duty is to perform a documented annual review of the audit in order to determine whether the control mechanisms need reinforcement to ensure objectivity and independence of the audit, *inter alia* by replacing the auditing staff including the co-participant responsible for the audit.

8.2 Said partners shall be appointed to terms that shall not exceed five consecutive years; however, they may be reappointed after at least three years from the date on which they are replaced.

## **9. Auditing the financial statements**

9.1 When auditing the annual and quarterly financial statements of a payment-system operator, the CPA-auditor shall apply auditing standards that accord with the IFRS rules.

9.2 When tendering an opinion about the financial statements of a payment-system operator, the CPA-auditor shall attach a report relating to the payment-system operator's internal control of financial reportage.



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## **10. Information reported and frequency of reportage**

10.1 The CPA-auditor of a payment-system operator shall report to the chair of the Board of Directors, the audit committee, and the Chief Executive Officer any information that, in his or her judgment, they need for the discharge of their duties, including:

10.1.1 any case in which, in the CPA-auditor's estimation, the payment-system operator is likely to undershoot the minimum statutory and regulatory capital requirement;

10.1.2 any substantive concern about material infringement of the rights of participants in the payment system;

10.1.3 other matters that, the CPA-auditor's opinion, require the attention of the Board of Directors, the board committees, and management.

10.2 Once per year, and before the date of approval of the financial statements, the CPA-auditor shall present the Board of Directors with a detailed annual report including material findings obtained in the audit and matters of relevance for approving the financial statements.

### **Reporting to the Chief Risk Officer**

10.3 Any written notification from the CPA-auditor to the Chief Executive Officer, the Chief Financial Officer, or the Board of Directors of the payment-system operator, relating to a situation, event, or transaction that, until corrected, may impair the financial resilience of the payment system, shall also be shared by the recipient with the Chief Risk Officer and/or the internal auditor of the company, as the case may be.

### **Reporting to Oversight**

10.4 The CPA-auditor shall immediately report to Oversight any substantive doubt that he or she has about the continued existence of the payment-system operator as a going concern.

10.5 In material cases, the CPA-auditor shall consider approaching Oversight directly when, in his or her opinion, the financial statements contain deficiencies that are not being treated reasonably.



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- 10.6 Once per year, the payment system shall present Oversight with the following:
- 10.6.1 a copy of the detailed annual report shortly after it is approved by the Board of Directors;
  - 10.6.2 a copy of its written response to the CPA-auditor's findings;
  - 10.6.3 material findings brought to light in the CPA-auditor's audit reports;
- 10.7 The system operator shall immediately present Oversight with:
- 10.7.1 a report from the CPA-auditor that points to a material weakness in internal control;
  - 10.7.2 a report on the dismissal or resignation of the CPA-auditor, with a detailed account of the circumstances attached.

**Publication of financial statements and related information**

- 10.8 The payment system shall release annual and quarterly financial statements to the public.
- 10.9 The audited annual statements shall include a Board of Directors report, a management survey, and an abstract of the quarterly statements reviewed by the CPA-auditor.

**11. Payment-system operator that is a reporting corporation**

- 11.1 A payment-system operator that is a reporting corporation may report about reports performed within the framework of reportage by force of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, and that are mandatory under this Directive, referencing the report that was carried out.

**12. Forwarding information to the Bank of Israel**

- 12.1 The payment-system operator shall forward the information under this Directive by means of secured communication (the Kasefet application). Said application shall be





used after prior coordination with Oversight. Oversight may allow the information to be forwarded in other ways.

- 12.2 The information under this Directive shall be forwarded by the system operator to the contact persons whom Oversight shall appoint for this purpose.
- 12.3 A payment-system operator who forwards information under this Directive shall ascertain by telephone or by electronic mail that the contact persons referenced above received the information.
- 12.4 A payment-system operator who sits within a Bank of Israel structure and makes use of Bank of Israel systems shall forward the information under this Directive by means of the internal electronic-mail system of the Bank of Israel.
- 12.5 Reportage to Oversight shall be carried out in digital form and not in handwriting.
- 12.6 Reportage shall be carried out in accordance with the deadlines established in this Directive. Insofar as a payment-system operator believes that a given report will not be presented by the specified deadline, he or she shall present Oversight, by electronic mail, with a written request to revise the deadline for the presentation of the report. Said request shall include, *inter alia*, the actions taken up to said request for revision, the reasons for requesting the revision of the reporting deadline, and the requested target date for the presentation of the report in question. A reporting deadline for which revision is not approved by Oversight shall be presented by the deadline established for said report.

**13. Promulgation and update of Directive**

Date of promulgation	Essence of update
April 3, 2024	Promulgation of Directive

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**Bank of Israel**

Payments and Settlement Systems Department  
Payment Systems Oversight Division



Financial Statements and Auditing of  
Financial Statements  
at a Payment-System Operator  
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## **Appendix A: Auditor's Independence<sup>2</sup>**

Decision of the Securities Authority, August 1992  
under Section 9b of the Securities Law, 5728-1968

### **Auditor's Independence**

Below is a decision by the Securities Authority, promulgated under Section 9b of the Securities Law, 5728-1968.

#### **a. General remarks**

1. Recently, the Securities Authority's attention has been called to several cases in which the question of whether the independence of the professional work of CPAs who audit financial statements of companies to which the Securities Law, 5728-1968 (hereinafter: the Securities Law) applies, is being upheld.
2. a) In Regulation 9(a) of the Securities Regulations (Periodic and Immediate Reportage), 5730-1970, it is established that the annual financial statements included in the periodic report presented to the Authority and other recipients under Section 36 of the Securities Law shall be "lawfully audited."  
b) In Regulation 56(a) of the Securities Regulations (Details, Structure, and Form of Prospectus), 5729-1969, it is stated that a prospectus shall include the "lawfully audited" annual financial statements of the issuer.
3. The Accountancy Regulations (Accountant's Method of Operation), 5733-1973, give auditing instructions that include the requisite independence of the auditor. In Regulation (2a) of said regulations, it is stated that "an auditor shall be independent of the audited entity, directly and indirectly, and shall maintain independence in his or her professional work."
4. Unfortunately, the legislator did not specify, except in reference to a small number of cases, what independence is. Thus, in Regulation 2(b) of the Accountancy Regulations (Accountant's Method of Operation), 5733-1973, it is stated, noting that the contents of

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<sup>2</sup> This Appendix is presented for users' convenience and shall apply as periodically updated by the Securities Authority.



said Subregulation are meant to augment Subregulation (a), that a CPA shall not tender an opinion about an audited financial statement if he or she is an officer of the audited body, an officer of a parent company, a subsidiary, or an interlocking company of the audited entity, or an interested party in the audited entity. Thus, at Section 219 of the Companies Ordinance [New Version], 5743-1983, it is stated that neither an officer in a company, nor a partner of an officer in a public company, nor an employee of an officer in a public company shall be fit for appointment as an auditor.

It is admitted that the Institute of Certified Public Accountants in Israel dealt in the matter and even issued “guidelines concerning accountants’ independence” in July 1989. The Institute itself, however, noted that said guidelines are “clarification guidelines [that] do not purport to offer a binding interpretation of any statute, regulation, standard, or rule whatsoever.”

Under these circumstances, particularly given the Authority’s belief that some of the guidelines that the Institute published do not meet requirements, the Authority decided to establish and promulgate its stance on this issue and clarify what it considers the requisite independence of a CPA who audits the financial statements of a company to which the Securities Authority applies, so that it be possible to apply in practice the mandatory independence of auditors of financial statements that are submitted to the Authority.

5. The importance of auditing as a prime instrument for imparting credibility to financial information presented to the public by means of the financial statements is undisputed. Said credibility is fundamental to the sound activity of the capital market; impairing it undermines the public’s confidence in this market and its willingness to invest its money there. Auditors’ independence is an indispensable condition for all of these and, accordingly, it does not suffice to attain said independence; it must also be seen. In other words, an auditor must be independent not only in practice but also in the bystander’s eyes.
6. In the opinion of the Authority, the requisite independence of an auditor is not upheld in any case where his or her objectivity, autonomy, and ability to perform the audit without



bias and with the exercise of his or her best judgment are not preserved in practice or by appearance.

7. The Securities Authority, as the competent authority to which said statements are submitted, hereby states for clarity that financial statements audited by an auditor who does not maintain independence as the regulations require shall not be considered lawfully audited financial statements and, accordingly, the Authority cannot consider these statements satisfactory for the requirement in the Securities Law and in the regulations promulgated on its basis.

**b. Definitions**

In this Decision, the following terms shall be defined as follows:

- “Audit”**— as defined in the Accountancy Regulations (Accountant's Method of Operation), 5733–1973;
- “Auditor”**— the firm that performs the audit of the audited entity, any partner or member thereof, and a corporation controlled by any of them or loyal to the wellbeing of any of them;
- “Audited entity”**— the corporation being audited;
- “Firm”**— a CPA, a partnership of CPAs, a company of CPAs, or any other association of CPAs;
- “Officer”**— as defined in the Companies Ordinance [New Version], 5743-1983, a corporation controlled thereby or loyal to the wellbeing thereof;
- “Holding”**— as defined in the Securities Law, with the exception of a blind trust;
- “Relative”**— a spouse, child, grandson, sibling, parent, grandparent, spouse of any of them, spouse’s parent, and a corporation controlled by any of them or loyal to the wellbeing of any of them.

Every term that is not specifically defined in this Decision shall be defined as in the Securities Law.



**c. Situations in which auditor's independence is lacking**

The existence of independence, by its very nature, hinges on the circumstances of each case at hand, and obviously one cannot describe and define all possible situations in which the requisite independence of the auditor is not upheld. A series of typical situations in which independence is breached is specified below. Plainly, however, the auditor's requisite independence is also absent in additional situations not specified here.

The following aspects of dependency situations are presented reductively on purpose in order to avoid the sweeping injunction against relations that would not impair independence substantively in most cases. Plainly, however, even in relations that are far from those specified below, the requisite independence will be absent in some cases. For example, even a person whose kinship relations with the audited entity are far from those specified in this Decision may have strong material business relations with the audited entity.

The Authority shall decide in each case not included in the situations specified in this Decision, in view of its circumstances and in consideration of the size of the firm, the size of the audited entity, the relation to the auditor or the audited entity, the materiality of the connection, and so on. So it shall also decide in the rare cases, if any, that, while included in the situations specified, leave independence in practice and appearance intact.

To eliminate doubt, it is hereby stated with emphasis that the division and sorting into topics and sections in the detailed account of follows is for convenience purposes only.

**1. Economic relationship between auditor and audited entity**

An economic relationship between an auditor and an audited entity may create a situation in which the auditor has an interest in the business condition of the audited entity or in the outcomes of its operations. Such a relationship may also place the auditor in a state of conflict of interests. Either way, the requisite independence of the auditor exists neither in practice nor in appearance.

Below are several situations of this type:

- 1.1 An auditor or their relative holds securities of the audited entity, a parent company, a subsidiary, or a branch thereof.

In this paragraph, an "auditor" includes a senior employee thereof.



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- 1.2 A member of the auditor's family holds securities of the audited entity, its parent company or subsidiary, and said holdings are material for the holder or for the held entity.
  - 1.3 The auditor is an employee or an officer of the audited entity, its parent company, its subsidiary, or is subordinate to an officer or an interested party in the audited entity, or is a partner of an officer of the audited entity.
  - 1.4 A relative of the auditor is an officer in the audited entity or in its parent company or subsidiary.
  - 1.5 A relative of the auditor is a senior employee of the audited entity or of its parent company or subsidiary.
  - 1.6 The auditor has been an employee or an officer in the audited entity, in its subsidiary that is its auditor, or in a branch thereof that is its auditor, and two years have not passed since the date on which he or she ceased to be an employee or officer as aforesaid.  
In this Subsection, "the auditor" is a person who actually engages in auditing the audited entity.
  - 1.7 The auditor or his or her relative has a business relationship (supplier–customer, service provider–service recipient, lessor of properties, business partner, partner in transactions, partner in assets, etc.) with the audited entity, its parent company or its subsidiary, except in the context of a routine transaction involving the purchase of a product or service, on an immaterial scale, in the course of ordinary business, and at a price and under terms that would be offered to a similar customer.
  - 1.8 The auditor or his or her relative has a material business relationship with one of the parties or is a controlling principal of the audited entity, an officer of the audited entity, or an officer of a subsidiary of the audited entity.
  - 1.9 The auditor has professional liability insurance with the audited entity, a parent company or subsidiary of the parent company, or a subsidiary of the audited entity.



1.10 The auditor or his or her relative has been given a loan or a guarantee by the audited entity, its subsidiary, an officer of either of them, a subsidiary of the audited entity, a branch thereof, or an interested party therein.

1.11 The provisions of this Paragraph shall not apply to a person who does not engage in practice in auditing the audited entity or to his or her relative, provided this is the lender's or the guarantor's occupation and the loan or the guarantee would be given to a similar customer under similar conditions to those given to a similar customer, including the sum of the loan, interest rate, fees, term, payment arrangements, collateral, and so on; giving a loan or a guarantee by the auditor or his or her relative to the audited entity, a parent company, a subsidiary, a branch, an officer of one of these, or an interested party in the audited entity.

## **2. Auditor's fee**

An arrangement in which an audited entity pays an auditor for an audit creates an inherent state of dependency. However, absent a reasonable alternative way of paying the fee, this arrangement may be accepted provided the impairment of independence not surpass the essential minimum owing to the essence of the arrangement.

Below are several situations in which the requisite independence of the auditor is transgressed:

- 2.1 The auditor's fee is not established in advance;
- 2.2 The auditor's fee is contingent or not expressed in money;
- 2.3 Remuneration exceeds the sum predetermined in the fee arrangement and is not given in return for expansion of the audit;
- 2.4 The fee or part of it is paid by a person other than the audited entity, who may have an interest in the outcomes of the audit;
- 2.5 A fee owed for auditing or other services has come due and has not yet been paid.

## **3. Extent of income**





3.1 The auditor's total income from the audited entity or from a group of audited entities related to the auditor in the previous accounting year exceeds 15 percent of the firm's income in said accounting year.

In this Subsection, "related audited entities"—a parent company of the audited entity, a subsidiary of said company, or another company controlled by a person who controls, or whose relative controls, the audited entity, and officers therein; This Subsection shall not apply to a firm in its first three years of existence, provided said income not exceed 25 percent and provided the case does not involve the reorganization of existing firms.

3.2 The auditor's income in the previous accounting year from fees for auditing the audited entity is less than half of his or her total income from said audited entity in said accounting year.

In this Subsection, an "audit" includes a review of interim financial statements.

3.3 In calculating the auditor's income for the purposes of this section, shall not be taken into account income originating in the handling of the audited entity's prospectus or other income of special and nonrecurring nature.

#### **4. Related services**

The delivery of related services by the auditor to the audited entity may transgress the mandate of the auditor's independence by creating either a business or economic dependency or a conflict of interest between the related services that the auditor provides and his or her role as auditor.

Below are several situations of this type:

4.1 Delivery of related services by the auditor to the audited entity that, in practice or appearance, exceed consultancy services and constitute de facto participation in the audited entity's management and decision-making.

4.2 Delivery of related services in matters that, by nature, may be audited by the auditor (e.g., the audited entity's bookkeeping).

4.3 Service by the auditor as the audited entity's internal auditor.

#### **5. Other conflict of interest**



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There are additional states of conflict of interest between the duties of the CPA as an auditor and his or her other duties, occupations, and actions, resulting in transgression of independence.

Below are several situations of this type:

- 5.1 The auditor or his or her relative is a receiver, an appointed manager, a special manager, a temporary preliquidator, a temporary liquidator, a liquidator, or other such officer vis-à-vis the audited entity, a parent company, or a subsidiary thereof, or of a company that has material business relations with the audited entity or acts on behalf of any of them.
- 5.2 The auditor or his or her relative is a receiver, a temporary receiver, or a trustee for an interested party's holdings in the audited entity or acts on behalf of any of them.
- 5.3 The auditor or his or her relative is the executor of an estate of an interested party in the audited entity or is acting on behalf of thereof.
- 5.4 The auditor or his or her relative and the audited entity, parent company, or subsidiary, or the controlling principal therein or a relative thereof, engage in material business competition;
- 5.5 Legal proceedings including arbitration are pending between the auditor or his or her relative, parent company or subsidiary thereof, or controlling principal thereof.
- 5.6 The auditor or his or her relative is an interested party in the underwriter of an issue of the audited entity or of a parent company or subsidiary of the audited entity.
- 5.7 The auditor or his or her relative is a controlling principal of a trustee for the securities of an audited entity, its parent company, or its subsidiary.
- 5.8 The audited entity or a party acting on its behalf has entered into an arrangement to indemnify or insure the auditor for an obligation originating in the auditor's professional liability for his or her auditing work.



## **6. Kinship relations**

- 6.1 The auditor is a relative or a family member of an officer of the audited entity.
- 6.2 The auditor is a relative or a family member of a person who directly controls data or activities that may materially affect the financial statements of the audited entity.

In this Subsection, “the auditor” is one who actually engages in auditing the audited entity.

### **d. Additional provisions**

#### **1. Duration of mandatory independence**

Independence is mandatory throughout the auditing period until the date on which the auditor’s opinion is tendered, with the exception of the date on which a second opinion is tendered about financial statements included in a prospectus that is based on a previous opinion by the same auditor, if said person no longer serves as the auditor at the time of the second opinion.

In respect of the period pertaining to annual financial statements that are included in the prospectus of a company making its initial issue, with the exception of the statements for the most recent accounting year included in the prospectus, the Authority shall examine the question of independence in accordance with the materiality of the matter and in consideration of the company’s having been a private entity at the time.

#### **2. Starting dates**

- 2.1 This Decision shall be in effect:
  - (a) for annual financial statements included in a periodic report submitted from January 1, 1993, onward;
  - (b) for annual financial statements included in a prospectus—from the annual financial statements for accounting year 1992 onward.
- 2.2 Notwithstanding the provisions of Subsection 2.1 above, provisions of Subsection 3.1 of Chapter C shall be applied in respect of annual financial statements included in periodic reports presented from January 1, 1994, onward, and in respect of



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financial statements included in a prospectus—starting with the annual financial statements for accounting year 1993.

### **3. Transitional provisions**

- 3.1 In cases where the relations or connections that caused a breach of independence took shape before the promulgation of this Directive, the date specified in Subsection 2.1 of this Chapter shall be January 1, 1994, and the accounting year shall be 1993, respectively.
- 3.2 In cases of relations of the kinds included in Subsections 1.2.3, 1.4, and 1.6 of Chapter C, that took shape before the promulgation of this Decision and at a time appropriate for the case presented in Subsection 3.1 above, and have not yet lapsed by the original deadline set for them, the Authority will, in special cases, consider extending said deadline to an additional period that shall be determined. A decision in this matter shall be given on the basis of approaching the Authority and presenting all facts relating to the matter.
- 3.3 Notwithstanding the provisions of Subsections 3.13.2 above, if the Authority finds that the circumstances of non-independence so require in a given case, the Authority shall apply the deadlines set forth in Subsection 2.1 of this Chapter.
- 3.4 When the state of non-independence is remedied before or shortly after this Decision is promulgated, the term of non-independence shall not be taken into account.

### **4. Pre-ruling**

To avoid a situation in which a company discovers only upon presenting its financial statements that its statements are not deemed lawful due to non-independence of the auditor, the Authority is willing to issue a pre-ruling as to the auditor's compliance with the requirement of independence.

Said pre-ruling shall be given on the basis of approaching the Authority and presenting all facts relating to the matter.