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Sent: Wednesday, July 06, 2016 10:50 PM

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Subject: Exposure Draft - Hosting Services Proposal

Lisa,

The following are comments from members of our Ethics committee relating to the Exposure Draft - Hosting Services Proposed Interpretation – AICPA Professional Ethics Division dated May 16, 2016.

Comment 1

I have no problem with the prohibition on hosting financial information, however I think it is inappropriate to limit the provision of hosting of non-financial data, such as the client's web site.

Comment 2

I am basically in agreement with the ED relating to the Proposed Interpretation as it relates to the hosting (Control) of financial records or data. This would appear to impair independence. I do not feel that storing (Custody) of records should impact independence at all. I also believe that the ED has several good examples of when a member's independence would not be impaired. However, I disagree with the following:

Section 1.295.143-.02a states that independence would be impaired if a member was acting as the attest client's business continuity or disaster recovery provider.

I believe that a member that is acting as a provider for business continuity or disaster recovery plan would not impair independence. Depending on the details in the plan, once the plan was implemented, then independence may be impaired. However, just being a provider should not impact independence since the vast majority of these plans are never implemented.

Section 1.295.143-.02c states that independence would be impaired if a member was keeping the attest client's original lease agreements or other legal documents stored in the member's office.

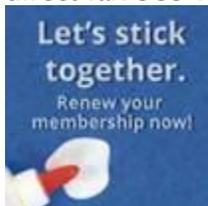
I am not sure why physically storing documents would impair independence, assuming all the transactions related to the documents were executed by the attest client without the involvement of the member. However, since most records are stored electronically by members and many can

be reproduced and accepted as an "original", I disagree with including this type of example in the standard.

Sincerely



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