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**AICPA ADOPTS NEW ETHICS STANDARD
ON USE OF INDEMNIFICATION AND LIMITATION OF LIABILITY CLAUSES**

NEW YORK (June 3, 2008) – The American Institute of Certified Public Accountants adopted a new standard tightening ethics requirements for its members. Failure to comply with a regulator’s requirements on the use of indemnification and limitation of liability provisions will be considered an act discreditable to the profession.

Regulators like the U.S. Securities and Exchange Commission, state insurance commissions and federal banking agencies presently prohibit organizations under their jurisdiction from entering into certain types of indemnification and limitation of liability provisions in agreements for the performance of audit or other attest services. A new interpretation by the Professional Ethics Executive Committee of the AICPA prohibits members from using their provisions when contracting for audit and other attest services when their employer or client is subject to the requirements of one of these regulators.

“The purpose of this standard is to remind practitioners of their responsibility to comply with regulators,” said Susan Coffey, AICPA vice president – member quality and state regulation. “Current AICPA standards allow certain indemnification and limitation of liability provisions to be included in agreements for audit and attest services. However, in cases where a regulator’s requirements are more restrictive than AICPA standards, our members must comply with the more restrictive standard.”

The PEEC’s standard, effective July 31, may be found at
http://www.aicpa.org/download/ethics/EDITED_Adopted_501_8_final.pdf.

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About the AICPA

The American Institute of Certified Public Accountants (www.aicpa.org) is the national, professional association of CPAs, with more than 350,000 members, including CPAs in business and industry, public practice, government, education, student affiliates, and international associates. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies, federal, state and local governments, and non-profit organizations. It develops and grades the Uniform CPA Examination.

The AICPA maintains offices in New York, Washington, D.C., Durham, N.C., Ewing, NJ, and Lewisville, TX.

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