

AGENDA PAPER

Item Number: 3
Date of Meeting: 19 May 2017
Subject: Exposure Draft 02/17 Proposed APES GN 31 Low Doc Offerings

Action required **For discussion** **For noting** **For information**

Purpose

To obtain Board approval to issue the Exposure Draft 02/17 *Proposed Guidance Note: APES GN 31 Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* (ED 02/17).

Background

During the 2015 annual review of APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* (APES 350), an issue was noted in respect of the application of APES 350 for low doc offerings and the circumstances in which it is appropriate to provide an APES 350 Due Diligence Sign-Off. This matter has also been raised in a number of prior year annual reviews for APES 350.

The Board considered this issue at both their [August 2015](#) and [February 2016](#) meetings. The Board asked Technical Staff to prepare a draft Technical Staff Publication which considered low doc scenarios and their interaction with APES 350.

At its [August 2016](#) meeting, the Board discussed the content and format of the Technical Staff Publication and deliberated on whether this type of publication is the appropriate format to use.

At its [November 2016](#) meeting, the Board considered the advantages and disadvantages of releasing the low doc offerings guidance in the form of either a Technical Staff Publication or Guidance Note. The Board thereafter approved the development of a Guidance Note on due diligence sign-off for low doc offerings.

Proposed Guidance Note

Technical Staff have drafted proposed Exposure Draft 02/17 *APES GN 31 Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* (ED 02/17) for Board consideration. The APES 350 Taskforce have reviewed this draft and their comments were considered by Technical Staff in its preparation.

The proposed APES GN 31 provides guidance for Members in Public Practice who undertake Due Diligence Engagements in respect of:

- determining whether it is appropriate to issue a Low Doc Offering Sign-off in a Low Doc Offering Engagement, considering the applicable APES 350 requirements;
- key professional and ethical considerations relating to Low Doc Offering Sign-offs; and
- engagement circumstances that may enable or preclude the provision of a Low Doc Offering Sign-offs.

Staff Recommendation

Subject to the Board's review comments, the Board approve the release of the proposed ED 02/17 for public comment for an exposure period of 60 days.

Material presented

Agenda item 3(a) *Draft Exposure Draft 02/17 Proposed Guidance Note: APES GN 31 Professional and Ethical Considerations relating to Low Doc Offering Sign-offs*

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Date: 28 April 2017