**Section 1430.1010 Independence**

a) A registered public accountant or a firm of which he is a partner or shareholder shall not express an opinion on financial statements of an enterprise unless he and his firm are independent with respect to such enterprise. Independence will be considered to be impaired if, for example:

1) During the period of his professional engagement, or at the time of expressing his opinion, he or his firm –

A) Had or was committed to acquire any direct or material indirect financial interest in the enterprise;

B) Had any joint closely held business investment with the enterprise or any officer, director or principal stockholder thereof which was material in relation to his or his firm's net worth, or

C) Had any loan to or from the enterprise or any officers, director or principal stockholder thereof. This latter proscription does not apply to the following loans from a financial institution when made under normal lending procedures, terms and requirements:

i) Loans obtained by a registered public accountant or his firm which are not material in relation to the net worth of such borrower.

ii) Home mortgages.

iii) Other secured loans, except loans guaranteed by a registered public accountant's firm which are otherwise unsecured.

2) During the period covered by the financial statements, during the period of the professional engagement or at the time of expressing an opinion, he or his firm –

A) Was connected with the enterprise as a promoter, underwriter or voting trustee, a director or officer or in any capacity equivalent to that of a member of management or of an employee or

B) Was a trustee of any trust or executor or administrator of any estate if such trust or estate had a direct or material indirect financial interest in the enterprise or was a trustee for any pension or profit-sharing trust of the enterprise. In order that a registered public accountant may arrange an orderly transition of his relationship with clients, this requirement will not become effective until two years after the effective date of these Rules of Professional Conduct.

b) The above examples are not intended to be all-inclusive.