
Peru - Superintendencia del Mercado de Valores (SMV) - Regulator introduces mandatory firm rotation (MFR) in proposed regulation

In November, the Peruvian securities regulator, SMV, published its draft “[External Financial Audits Regulation](#)”. The proposed regulation would limit an external auditor’s tenure to 10 years. The proposal would also require the audit team to rotate at least every five years with a two-year “cooling off” period. In addition, the SMV proposed new requirements on auditor responsibilities.

The Peruvian auditors’ association, Instituto Peruano de Auditores Independientes (IPAI), responded with concerns about the potential costs and market impact of the proposal. In response to the MFR language, the IPAI proposed an engagement partner rotation at five-year intervals. The IPAI also raised concerns that the proposed language was not compatible with international standards.

Next steps

The consultation period closed in early December. The SMV is expected to produce an amended proposal in early 2017.

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