Section 3.1. General Requirements

3.1.1. The practice of public accounting as defined per Mississippi Code of 1972, Section 73-33-2, and the Definitions section of these *Rules and Regulations* must be performed through a CPA firm meeting ownership and other requirements specified herein and duly registered with the Board with a firm permit to practice public accounting. This section also applies to offices located outside of Mississippi where such offices perform services described in Section 73-33-17 (4) for Mississippi clients. This section is also applicable to a sole proprietor acting as a practice unit as defined by Mississippi Code of 1972, Section 73-33-2(b), but is not applicable to a sole proprietor who does not maintain a full-time office with professional accounting staff. Except, the sole proprietor must comply with 3.1.12. and the peer review requirements.

3.1.2. Authorized forms of practice.

(a) A domestic CPA firm may be organized as any entity or any business form allowed by Mississippi law and must comply with the requirements thereof.

(b) A foreign CPA firm may be legally organized under a law other than the law of this state. The foreign firm must comply with the requirements as stated herein.

3.1.3. CPA firm ownership.

(a) A certified public accountant firm located inside of the State of Mississippi shall be required to show that:

(1) it is wholly owned by natural persons and not owned in whole or in part by business entities;

(2) a simple majority of the ownership of the firm in terms of financial interests and/or voting rights hold Mississippi certified public accountant licenses; and

(3) the certified public accountant members of the firm are registered and in good standing with the Board, unless said CPA members qualify for practice privileges pursuant to Section 73-33-17 (4) of the Mississippi Code of 1972, as amended.

In addition, each resident manager of each CPA firm office in Mississippi must hold a current license to practice public accountancy in Mississippi.

(b) Except as otherwise provided by Section 73-33-17 of the Mississippi Code of 1972, as amended, a certified public accountant firm or office thereof having its principal place of business located outside of the State of Mississippi that offers to perform or practices public accounting for a client or a potential client who is a Mississippi resident, has a principal place of business or is domiciled in Mississippi shall be required to show that:

(1) it is wholly owned by natural persons and not owned in whole or in part by business entities;

(2) a simple majority of the ownership of the firm in terms of financial interests and/or voting rights hold certified public accountant licenses from a statutorily authorized licensing jurisdiction; and

(3) the certified public accountant members of the firm offering to perform or performing work for a Mississippi client-qualify for practice privileges pursuant to Section 73-33-17 of the Mississippi Code of 1972, as amended.

(c) Any certified public accountant firm may include non-licensee owners provided that:

(1) the firm designates a licensee of this state, who is responsible for the proper registration of the firm and identifies that individual to the Board;

(2) all non-licensee owners are natural persons and are active individual participants in the certified public accountant firm or affiliated entities;

(3) all non-licensee owners are identified as owners in connection with the registration of the firm and do not hold, in the aggregate, more than forty-nine percent of the firm financial interest or voting rights;

(4) all services as defined herein are under the charge of a Mississippi CPA licensee or CPA qualified for practice privileges pursuant to Section 73-33-17 of the Mississippi Code of 1972, as amended;

(5) all services are performed within the requirements set out in Section 73-33-15 of the Mississippi Code of 1972 and the professional standards for such services;

(6) no person not holding a valid CPA licensee shall use or assume the title certified public accountant or the abbreviation CPA or any other title, designation, words, letters, abbreviation, sign, card or device likely to be confused with or tending to indicate that such person is a certified public accountant unless said person is qualified for practice privileges pursuant to Section 73-33-17 of the Mississippi Code of 1972, as amended;

(7) non-CPAs shall not have ultimate responsibility for the performance of audits, reviews or compilations of financial statements or other forms of attestation related to financial statements and may not use language in any statement related to the financial affairs or a person or entity which is conventionally used by licensees in reports on financial statements;

(8) non-CPA owners are responsible for compliance with the *Act* and these *Rules and Regulations*; and

(9) the firm complies with other requirements as set by the Board.

3.1.4. Initial Registration (application). All CPA firms domiciled in Mississippi must register with the Board as soon as possible, but no later than 30 days after opening a Mississippi office or beginning a new CPA firm, but in no case shall a CPA firm engage in the practice of public accounting without a firm permit. A CPA firm or office located outside of Mississippi must register the office(s) before holding-out, offering or performing public accounting.

3.1.5. Annual Registration. In accordance with Mississippi Code of 1972, Section 73-33-7, on or before January 1 of each year, each certified public accountant firm holding a permit to practice public accounting must register with the Board. If any firm fails to register on or before January 1, notice of such default shall be sent to the firm by certified mail to the firm's last known address as shown by the records of the Board. The permit to practice of any firm who fails to register within ten (10) days after notice is given shall be automatically canceled, and the board shall enter the cancellation on its records.

3.1.6. Process.

(a) Initial applications and annual renewal registrations of firms must be made upon forms prescribed and include information required by the Board and be submitted to the executive director. Application must be made upon the affidavit of a general or managing owner (individual) and in addition to other required information must include the name and address of the person upon whom service of process may be had for the firm. In accordance with Section 3.1.12. and Chapter 5, peer review compliance is required in order to register a CPA firm.

(b) Foreign CPA firms domiciled within Mississippi or domiciled outside of Mississippi for which a firm permit is required must submit along with the initial application and annual renewal registrations all requested information including but not limited to its current corporate certificate of authority or certificate of registration with the Mississippi Secretary of State. Such documents on file with the Secretary of State must agree with the records of the Board. The filing of these registrations will consider the restrictions as set elsewhere in these *Rules and Regulations* including but not limited to CPA firm name restrictions.

3.1.7. Firm Permit. Upon satisfaction of the application and registration requirements, the Board will issue to a CPA firm an annual firm permit to practice public accounting.

3.1.8. Failure to apply or register. For firms required to, the absence of filing of the required application, failure to register on or before January 1, or satisfaction of this rule shall be construed to mean that no entity exists as an authorized CPA firm for the practice of public accounting. In such case the Board may take disciplinary action against the firm's members.

3.1.9. Disclaimer by non-qualified firms. An entity that is not qualified to register as a CPA firm or otherwise engage in or hold-out as being able to engage in the practice of certified public accounting, but which engages in aspects of public accountancy as permitted by statute and employs or engages licensee(s) or registration holder in such work must include an asterisk by the name of the employer or principal in each advertisement or written statement by the licensee or registration holder and/or by his employer or principal in which reference is made to the licensee or registration holder or his association with the employer or principal as such, which asterisk shall refer to a notation included within conspicuous proximity and with reasonable prominence that states *"This firm is not a CPA firm."*

3.1.10. Notices. A CPA firm registered under this rule must give notice to the Board within 30 days after significant changes including but not limited to:

(a) formation of new firm;

(b) changes in ownership including the admission, withdrawal, or death of an owner, partner, member, shareholder;

(c) dissolution of the firm;

(d) changes in legal form of organization;

(e) establishment, withdrawal, or changes of offices;

(f) change in physical location and/or address;

(g) change in the firm name;

(h) occurrence of any event(s) which would cause the firm to become out of compliance with the *Act* or the *Rules and Regulations*.

3.1.11. Firm Names.

(a) A firm licensed by the Board may not conduct business, perform or offer to perform services or provide products under a name other than the name in which the firm is registered and issued a CPA firm permit. No licensee or firm permit holder shall engage in the practice of public accountancy using a firm name which includes any fictitious name, that includes descriptive words relating to the quality of services offered, indicates specialization or is misleading as to the legal form of the firm, or about the persons who are partners, officers, or shareholders of the firm, or about any other matter. A firm also shall not place any speciality or restricted words sufficiently close to the firm name to confuse it as part of the firm name.

(b) A foreign firm must comply with the firm names as described herein and be so registered with the Secretary of State to do business under the acceptable name. As described in Section 3.1.6. this documentation must be submitted as part of initial or annual registration with the Board.

(c) No firm will be permitted to register with the Board as a certified public accounting firm unless the firm name contains the personal name/names, initials and names, or initials of one or more individuals who are present or previous CPA owners of the firm. However, a firm name may contain the name or pertinent part thereof which identifies membership of that firm in an association or alliance of certified public accounting firms.

(d) The Board will not register two CPA firms under the same name unless there are different individuals involved with identical surnames.

(e) The name of a non-licensee or nonowner employee may not be used as part of a CPA firm name.

(f) The CPA firm may continue to use the name of a deceased CPA owner on its letterhead provided some indication is made which will show the individual is no longer living.

(g) The name of any former partner, member, or shareholder may not be used in a registered firm name during the period of sanction when the former partner member, or shareholder has been prohibited from practicing public accountancy or prohibited from using the title *"CPA"*.

(h) Partnership.

(1) If a partner dies or withdraws from a firm and there is no change in the firm name, the partnership will not be required to again register with the Board until the next annual registration.

(2) If, for any reason, there is a change in the name of a partnership, it must file a new application for registration.

(3) A partner surviving the death or withdrawal of all other partners may continue to practice under a partnership name for up to two years after becoming a sole practitioner.

3.1.12. In addition to other requirements set herein, firms must comply with *Peer Review* as defined per Chapter 5. in order to register a CPA firm.

3.1.13. Rescinded.

3.1.14. Rescinded.

3.1.15. Sole Proprietors Acting as a Practice Unit.

(a) Every sole proprietorship having an office in Mississippi and acting as a practice unit as defined per Mississippi Code of 1972, Section 73-33-2, while engaged in the practice of public accountancy in this state must register with the Board.

Sole proprietors whose principal place of business is outside Mississippi shall register with the Board if performing services as defined per Mississippi Code of 1972, Section 73-33-17(4), including:
(1) any financial statement audit or other engagement to be performed in accordance with Statements on Auditing Standards;
(2) any examination of prospective financial information to performed in accordance with Statements on Standards for Attestation Engagements;
(3) any engagement to be performed in accordance with PCAOB Auditing Standards.

(b) Death of a Sole Proprietor. Upon written authorization from the executive director, a sole proprietorship may continue to operate for a period of up to 12 months following the death of the sole proprietor. The executive director, subject to ratification by the Board at the next Board meeting, may permit the continued operation of the sole proprietorship when the following has been provided:

(1) a copy of the sole proprietor's death certificate;

(2) a copy of the power of attorney from the sole proprietor's executor, administrator, or heir designating a CPA licensee or registration holder in good standing with the Board to manage the sole proprietorship on behalf of such party. When such party is not a licensee or registration holder, the power of attorney must authorize a licensee or registration holder to manage the sole proprietorship on behalf of such party; and

(3) written evidence that a disruption in the continuation of the sole proprietorship would jeopardize the survivability of the firm.

Section 3.2. Reinstatement of a CPA Firm Permit or Privilege

3.2.1. A CPA firm seeking reinstatement of a firm permit or privilege to practice public accounting which has been revoked, suspended, canceled voluntarily or canceled for failure to register must submit to the Board an application for reinstatement of such firm permit or privilege and satisfy the requirements as described herein.

3.2.2. Such application must be filed on the form prescribed by the Board and must include a signed and acknowledged petition which sets forth in full the circumstances surrounding the revocation, suspension, or cancellation of the applicant's permit, the applicant's reasons for seeking reinstatement, and any other information the applicant wishes to bring to the attention of the Board.

3.2.3. A former CPA firm whose permit or privilege has been revoked or suspended may make application for reinstatement in accordance with the provision of the Trial Board order.

(a) In considering an application the Board shall consider all activities of the applicant since the permit or privilege was canceled, revoked or suspended, including but not limited to the prior offense, the applicant's activities during the time the permit or privilege was in good standing, rehabilitative efforts, and restitution to damaged parties in the matter.

(b) After consideration of the applicant's petition and after conducting such personal examination of the applicant or other persons as it deems necessary, the Board may in its discretion reinstate any revoked, suspended or surrendered firm permit or privilege. The Board shall notify such applicant of its decision in writing.

3.2.4. The Board may impose appropriate terms and conditions for reinstatement of a firm permit or privilege, impose continuing conditions on a firm permit or privilege to be reinstated, and/or otherwise modify the requirements of a prior order of suspension, revocation or probation.

3.2.5. No application for reinstatement will be considered while the applicant is under a sentence for any criminal offense, including any period during which the applicant is on court imposed probation or parole.

3.2.6. A CPA firm who obtained the firm permit through reciprocity must provide the Board confirmation of good standing with the jurisdiction of original issue on forms as prescribed by this Board.

3.2.7. Reinstatement of a suspended firm permit or privilege related to a licensee's noncompliance with an order for support as defined in Mississippi Code of 1972, Section 93-11-153, shall be reinstated only under the conditions provided per Section 93-11-157 or 93-11-163, as the case may be.

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