



Accountancy forum

Welcome to Reed Smith's accountancy forum newsletter. This newsletter covers a range of issues affecting accounting firms, with a core focus on liability and regulatory risk. Please do get in touch with any questions. If there is a particular issue or case that you would like us to cover in an upcoming edition, we would love to hear from you.

ICAEW guidance on duty to report misconduct highlights increased focus on wider issues of integrity

ICAEW members have a duty to report misconduct (either their own, or of another ICAEW member, provisional member or firm), concerning matters that, if unreported, could adversely affect the reputation of the ICAEW or the profession as a whole.

Read the full article [here](#).

Case notes

High Court rules on liability of administrators to unsuccessful bidders

PJSC Uralkali v. Geoffrey Rowley, Jason Baker (as former joint administrators of Force India Formula One Team Limited (in liquidation)), [2020] EWHC 3442 (Ch)

At the end of 2020, the High Court was asked to consider the potential liability of administrators for negligence when carrying out their duties – in particular, whether an administrator might assume personal responsibility such as to give rise to a duty of care towards bidders in a sale process.

Read the full article [here](#).

Illegality defence: no safe haven for practitioners

In *Stoffel v Grondona [2020] UKSC 42*, the Supreme Court recently considered the illegality defence in the context of a professional negligence claim brought against a solicitor by a mortgage fraudster. The decision serves as a reminder to professionals that they are not immune from claims, even in circumstances where their own clients have acted illegally.

Read the full article [here](#).

Reflective loss revisited

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Our Accountants Liability Practice

From litigation and regulatory defence to reputation management, data security and insurance recovery advice, Reed Smith can help protect your interests. Our lawyers act for 3 of the Big 4 accountancy firms, many of the mid-tier firms and the international networks of accountancy and business advisory firms to which they belong.

Authors

We reported in our last edition of Accountancy Forum on the Supreme Court's decision in [Sevilleja v. Marex](#) [2020] UKSC 31, which effectively narrowed the reflective loss principle.

Read the full article [here](#).

New York court rules on withholding discovery based on common interest privilege

***Starr Russia Invs. III B.V. v. Deloitte Touche Tohmatsu Ltd.*, 131 N.Y.S.3d 535 (2020)**

In this case, the Supreme Court of New York provided helpful guidance on what is required to withhold discovery based on common interest privilege and the need to prove the element of "reasonably anticipated" litigation when relying on this privilege in New York courts.

Read the full article [here](#).

Industry news

A changing landscape – jurisdiction and enforcement post Brexit

The UK left the EU on 31 January 2020, with the transition period ending on 31 December 2020, but what does this mean in terms of jurisdiction and enforcement post Brexit?

Read the full article [here](#).

Update: Insolvency law reforms

As England navigates a third national lockdown (with the whole of the UK facing strict virus restrictions), we reflect on the impact of COVID-19 and the consequential economic disruption in the context of changes to UK insolvency laws.

Read the full article [here](#).

SEC and PCAOB expected to increase focus on auditor enforcement in 2021

In the last few years, including 2020, the U.S. Securities and Exchange Commission (SEC) continued a trend of bringing fewer enforcement actions against auditors than it had under the prior administration. Indeed, in 2020, the SEC brought only 11 enforcement actions against individual auditors or audit firms.

Read the full article [here](#).



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Navigating the next normal: Global disputes in 2020 and beyond Post-conference report

This report provides a synopsis for each of the 20 sessions at Reed Smith's conference, "[Navigating the next normal: Global disputes in 2020 and beyond](#)," which took place October 26-29, 2020. The report summarises highlights and key takeaways for each presentation, and includes a recording link to view the sessions on demand.

[View the full article](#)



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FinReg Focus podcast: FCA Business Interruption test case - What's next for policyholders in the UK?

London partners Mark Pring and Doug Cherry discuss a business interruption test case brought by UK's Financial Conduct Authority, including the regulator's role, and the implications of the test case. They will also highlight differences between the UK and U.S. financial regulatory bodies.

[View the full article](#)



FCA v. Arch and others – An analysis of the Supreme Court's final word on business interruption insurance losses in light of the COVID-19 pandemic

This article summarises the UK Supreme Court's most recent decision, and discusses the key implications of the decision for policyholders, and provides practical tips to assist policyholders in handling their claims (subject always to their individual circumstances).

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