

The Rules Committee of the Texas State Board of Public Accountancy is holding a meeting by online video conference call pursuant to §551.127 of the Open Meetings Act. The public may attend the meeting in-person at the office of the Board which is located at 505 E. Huntland Drive, Suite 370, Austin, Texas 78752. The Chair of the Rules Committee will be present at the 505 E. Huntland Drive location for the entirety of the meeting. In the alternative, the public may attend the meeting virtually using the following link.

Topic: Rules Committee Meeting

Time: Jul 9, 2025 01:30 PM Central Time (US and Canada)

<https://www.zoomgov.com/j/1616503549?pwd=8Bb5akGI8WN4b9du3Ri1NMc8i2NlYu.1>

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**Agenda Item V**  
**Rules Committee Agenda**  
**July 9, 2025**  
**1:30 p.m.**

- A. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 512 – Certification by Reciprocity*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- B. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 513 – Registration*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- C. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 515 – Licenses*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- D. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 517 – Practice by Certain Out of State Firms and Individuals*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- E. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 523 – Continuing Professional Education*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- F. Discussion, consideration, and possible action on Board *Rules* related to *Chapter 511*.
- G. Schedule next meeting.

**Agenda Item V**  
**Rules Committee Agenda**  
**July 9, 2025**  
**1:30 p.m.**

- A. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 512 – Certification by Reciprocity*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:** The National Qualifications Appraisal Services (NQAS) of NASBA has had the responsibility to determine if another jurisdiction has substantially equivalent licensing requirements as Texas. That responsibility has been removed from the Texas *Public Accountancy Act* during the recent legislative session. The proposed revisions to the *Chapter 512 Rules* reflect that legislative revision.

Language is also being proposed to reflect the required submission of verification of education and experience along with an applicant's application for reciprocity. These proposed rule revisions reflect changes to the *Public Accountancy Act* in addition to the required Rule Review of the Board's *Rules* pursuant to *2001.039* of the *Texas Government Code*.

**RECOMMENDATION:** The Licensing Committee recommends that the Rules Committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment and readopt those rules that do not require revision.

**SUGGESTED MOTION:** Move that this committee recommend to the Board that it authorize the executive director to publish the proposed revisions to the rules as proposed in the *Texas Register* for public comment and readopt those rules requiring no revision.

1 CHAPTER 512 CERTIFICATION BY RECIPROCITY  
2 RULE §512.1 Certification as a Certified Public Accountant by Reciprocity.  
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4 (a) The certificate of a "certified public accountant" shall be granted by reciprocity to an  
5 applicant who is qualified under §901.259 of the Act (relating to Certification Based on  
6 Reciprocity) or §901.260 of the Act (relating to Certificate Based on Foreign  
7 Credentials) and lacks a history of dishonest or felonious acts and any criminal activity  
8 that might be relevant to the applicant's qualifications as provided for in §901.253 of the  
9 Act (relating to Background Investigation). The applicant must provide in the application  
10 for reciprocity the names of all the jurisdictions in which the applicant is or has been  
11 certified and/or licensed and all disciplinary actions taken or pending in those  
12 jurisdictions.

13 (b) Each applicant shall submit to the Department of Public Safety a complete and  
14 legible set of fingerprints from a vendor approved by the Department of Public Safety in  
15 conjunction with the application for the purpose of obtaining criminal history record  
16 information.

17 (c) An applicant from a domestic jurisdiction demonstrates that he meets the  
18 requirements for certification by reciprocity by:

19 (1) satisfying **at least** one of the following conditions:

20 ~~(A) the applicant holds a certificate or license to practice public accountancy from a~~  
21 ~~domestic jurisdiction that has been determined by the board pursuant to §512.2 of this~~  
22 ~~chapter (relating to NASBA Verified Substantially Equivalent Jurisdictions) as having~~  
23 ~~substantially equivalent requirements for certification; or~~

24 ~~(B) the applicant holds a certificate or license to practice public accountancy from a~~  
25 ~~domestic jurisdiction that has not been determined by NASBA and the board to have~~  
26 ~~substantially equivalent certification requirements but has had his education,~~  
27 ~~examination and experience verified as substantially equivalent to those required by the~~  
28 ~~UAA by NASBA; or~~

29 ~~(A) (C)~~ the applicant meets all requirements for issuance of a certificate **in this state**  
30 **other than the requirement providing the grades necessary to pass the uniform**  
31 **CPA examination;** ~~set forth in the Act; or~~

1 **(B)** ~~(D)~~ the applicant met the requirements in effect for issuance of a certificate in this  
2 state on the date the applicant was issued a certificate or license by another domestic  
3 jurisdiction; or

4 **(C)** ~~(E)~~ after passing the UCPAE, the applicant has completed at least four years of  
5 experience practicing public accountancy within the ten year period immediately  
6 preceding the date of application in this state; and

7 (2) meeting CPE requirements applicable to certificate holders contained in Chapter 523  
8 of this title (relating to Continuing Professional Education).

9 (d) An applicant from a foreign jurisdiction demonstrates that he meets the requirements  
10 for certification by reciprocity by:

11 (1) holding a credential that has not expired or been revoked, suspended, limited or  
12 probated, and that entitles the holder to issue reports on financial statements issued by  
13 a licensing authority or professional accountancy body of another country that:

14 (A) regulates the practice of public accountancy and whose requirements to obtain the  
15 credential have been determined by the board to be substantially equivalent to the  
16 requirements of education, examination and experience contained in the Act; and

17 (B) grants credentials by reciprocity to applicants certified to practice public  
18 accountancy by this state;

19 (2) receiving that credential based on education and examination requirements that  
20 were comparable to or exceeded those required by the Act at the time the credential  
21 was granted;

22 (3) completing an experience requirement in the foreign jurisdiction that issued the  
23 credential that is comparable to or exceeds the experience requirement of the Act or  
24 has at least four years of professional accounting experience in this state;

25 (4) passing an international qualifying examination (IQEX) covering national standards  
26 that has been approved by the board; and

27 (5) passing an examination that has been approved by the board covering the rules of  
28 professional conduct in effect in this state.

1 CHAPTER 512 CERTIFICATION BY RECIPROCITY  
2 RULE §512.2 NASBA Verified Substantially Equivalent Jurisdictions.  
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4 (a) NASBA's National Qualification Appraisal Service may verify that the education,  
5 examination and experience requirements for certification of another domestic  
6 jurisdiction are comparable to or exceed the education, examination and experience  
7 requirements for certification contained in the UAA, and the board finds that the  
8 education, examination and experience requirements for certification contained in the  
9 UAA are comparable to or exceed the education, examination and experience  
10 requirements for certification contained in the Act.

11 (b) The board designates each domestic jurisdiction verified by NASBA as being  
12 substantially equivalent pursuant to subsection (a) of this section as an approved  
13 domestic jurisdiction for certification by reciprocity under this chapter and for registration  
14 of out-of-state practitioners with substantially equivalent qualifications under Chapter  
15 513 of this title (relating to Registration).

16 (c) An applicant who has a valid certificate to practice as a CPA from a domestic  
17 jurisdiction that has not been verified as substantially equivalent to the UAA by NASBA  
18 may obtain a verification from NASBA's National Qualification Appraisal Service that the  
19 applicant's education, examination and experience are comparable to or exceed the  
20 education, examination and experience requirements for certification contained in the  
21 UAA.

22 (d) The board shall consider an applicant whose education, examination and experience  
23 have been verified by NASBA to be substantially equivalent as being from an approved  
24 substantially equivalent domestic jurisdiction for certification by reciprocity under this  
25 chapter and for registration of out-of-state practitioners with substantially equivalent  
26 qualifications under Chapter 513 of this title.

1 CHAPTER 512 CERTIFICATION BY RECIPROCITY  
2 RULE §512.3 Evaluation of Foreign Credentials by the U.S. IQAB.  
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4 (a) The board recognizes the existence of the U.S. IQAB, a joint body of NASBA and  
5 the AICPA, which is charged with:

6 (1) evaluating the professional credentialing process of CPAs, or their equivalents, from  
7 countries other than the United States; and

8 (2) negotiating principles of reciprocity agreements with the appropriate professional  
9 and/or governmental bodies of other countries seeking recognition as having  
10 requirements substantially equivalent to the requirements for the certificate of a CPA in  
11 the United States.

12 (b) Upon determination by the U.S. IQAB that a foreign jurisdiction had education,  
13 examination and experience requirements that are comparable to or exceed those  
14 requirements in effect in this state on the date the foreign credential was granted and  
15 the foreign jurisdiction issues credentials by reciprocity to holders of a certificate issued  
16 by the board, the board shall designate that foreign jurisdiction as being substantially  
17 equivalent for certification by reciprocity under this chapter.

18 (c) The board shall honor the terms of all reciprocity agreements issued by U.S. IQAB  
19 and shall issue a certificate by reciprocity to the extent required by a United States  
20 treaty.

1 CHAPTER 512 CERTIFICATION BY RECIPROCITY  
2 RULE §512.4 Application for Certification by Reciprocity.  
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4 (a) An applicant seeking certification by reciprocity must apply for certification on a form  
5 prescribed by the board. The application must be accompanied by the requisite fee and  
6 shall include written authorization from the applicant empowering the board to obtain all  
7 information concerning the applicant's qualifications and present standing.

8 (b) An applicant for certification by reciprocity from a domestic jurisdiction ~~that has not~~  
9 ~~been approved as being substantially equivalent by both NASBA and the board~~ must  
10 submit the following along with the completed application form and requisite fee to be  
11 processed:

12 (1) **verification of the education and experience required from the domestic**  
13 **jurisdiction of origin upon applicant's certification** ~~an interstate exchange of~~  
14 ~~information form documenting the credits under the domestic jurisdiction of origin;~~

15 **(2) verification of license status in any domestic jurisdiction where the applicant**  
16 **is or has been licensed as a CPA;**

17 **(3) (2)** an executed oath of office stating support of the Constitutions of the United  
18 States and of the State of Texas and their laws and the rules of the board;

19 **(4) (3)** evidence of completion of an examination on the board's Rules of Professional  
20 Conduct;

21 **(5) (4)** evidence of completion of 120 credits of CPE during the last three years,  
22 including a board-approved four-credit ethics course; in compliance with Chapter 523 of  
23 this title (relating to Continuing Professional Education);

24 **(6) (5)** evidence of completion of the board's procedure to investigate the background of  
25 applicants in accordance with the established fingerprint process that accesses the  
26 Federal Bureau of Investigation (FBI) database and the Texas Department of Public  
27 Safety - Crime Records division files in order to ensure the applicant lacks a history of  
28 dishonest or felonious acts and for the board to be aware of any criminal activity that  
29 might be relevant to the applicant's qualifications; and

30 **(7) (6)** any other information requested by the board.

31 ~~(c) An applicant for certification by reciprocity from a domestic jurisdiction that has been~~  
32 ~~approved as being substantially equivalent by both NASBA and the board must submit~~



1 the following along with the completed application form and requisite fee to be  
2 processed:

3 (1) a certificate of good standing as a CPA from a domestic jurisdiction approved by  
4 both NASBA and the board as being substantially equivalent;

5 (2) if requested, a certificate of verification of substantial equivalency of the domestic  
6 jurisdiction of origin from NASBA;

7 (3) an executed oath of office stating support of the Constitutions of the United States  
8 and of the State of Texas and their laws and the rules of the board;

9 (4) evidence of completion of an examination on the board's Rules of Professional  
10 Conduct;

11 (5) evidence of completion of 120 credits of CPE during the last three years, including a  
12 board-approved four-credit ethics course; in compliance with Chapter 523 of this title  
13 (relating to Continuing Professional Education);

14 (6) evidence of completion of the board's procedure to investigate the background of  
15 applicants in accordance with the established fingerprint process that accesses the  
16 Federal Bureau of Investigation (FBI) database and the Texas Department of Public  
17 Safety -- Crime Records division files in order to ensure the applicant lacks a history of  
18 dishonest or felonious acts and for the board to be aware of any criminal activity that  
19 might be relevant to the applicant's qualifications; and

20 (7) any other information requested by the board.

21 (c) ~~(d)~~ An applicant for certification by reciprocity from a foreign jurisdiction that has  
22 been approved as being substantially equivalent by both U.S. IQAB and the board must  
23 submit the following along with the completed application form and requisite fee to be  
24 processed:

25 (1) a certificate of good standing of credentials to practice public accountancy from the  
26 foreign jurisdiction of origin;

27 (2) an executed oath of office stating support of the Constitutions of the United States  
28 and of the State of Texas and their laws and the rules of the board;

29 (3) evidence of a passing grade on the IQEX;

30 (4) evidence of a passing grade on a board approved examination on the board's Rules  
31 of Professional Conduct;

32 (5) evidence of the completion of a board-approved four-credit ethics course;

- 1 (6) evidence of completion of the board's procedure to investigate the background of  
2 applicants in accordance with the established fingerprint process that accesses the  
3 Federal Bureau of Investigation (FBI) database and the Texas Department of Public  
4 Safety - Crime Records division files in order to ensure the applicant lacks a history of  
5 dishonest or felonious acts and for the board to be aware of any criminal activity that  
6 might be relevant to the applicant's qualifications; and  
7 (7) any other information requested by the board.
- 8 (d) ~~(e)~~ All correspondence and supporting documentation submitted to the board shall  
9 be in English or accompanied by a certified translation into English of such documents.

1 CHAPTER 512 CERTIFICATION BY RECIPROCITY  
2 RULE §512.5 Examination Authorization.

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4 The board approves a passing score on the IQEX, written and graded by the AICPA as  
5 a measure of professional competency satisfactory to obtain a Texas certificate by  
6 reciprocity from a foreign jurisdiction.

1 CHAPTER 512 CERTIFICATION BY RECIPROCITY  
2 RULE §512.6 Reciprocal Fee.  
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4 (a) An applicant making application for a certificate by reciprocity must submit a  
5 processing fee as stated in §521.3 of this title (relating to Fee for Certification by  
6 Reciprocity). The applicant must submit the license fee upon notification from the board  
7 that the application has been approved.

8 (b) All the requirements for certification must be completed by the applicant within six  
9 months after the board's date of receipt of the application. If all the requirements are not  
10 completed within six months, the application will be denied. The processing fee paid will  
11 not be refunded.

12 (c) If an applicant does not meet the requirements of the board for a certificate by  
13 reciprocity the application shall be denied. The processing fee paid will not be refunded.

**Agenda Item V**  
**Rules Committee Agenda**  
**July 9, 2025**  
**1:30 p.m.**

- B. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 513 – Registration*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:** In addition to and in coordination with the Rule Review of the Board's *Rules* pursuant to *2001.039* of the *Texas Government Code*, the Licensing Committee is proposing a revision to *Rule 513.11* to make it clear that non-CPA ownership requirements apply only to non-CPA owners who are Texas residents. The residency requirement is in the *Public Accountancy Act*.

**RECOMMENDATION:** The Licensing Committee recommends that the Rules Committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment and readopt those rules that do not require revision.

**SUGGESTED MOTION:** Move that this committee recommend to the Board that it authorize the executive director to publish the proposed revisions to the rules as proposed in the *Texas Register* for public comment and readopt those rules requiring no revision.

1 CHAPTER 513 REGISTRATION  
2 SUBCHAPTER A REGISTRATION OF CPAS AND PERSONS HOLDING  
3 SIMILAR TITLES IN FOREIGN COUNTRIES  
4 RULE §513.1 Registration of Foreign Practitioners with Substantially  
5 Equivalent Qualifications  
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7 (a) An individual who holds a valid certificate or other credential issued by a foreign  
8 jurisdiction that allows the individual to practice public accountancy in the issuing  
9 jurisdiction may, if that certificate or credential remains in good standing in the issuing  
10 jurisdiction, be registered with the board.

11 (b) A foreign practitioner registered with the board shall be allowed to use the title  
12 "Certified Public Accountant of \_\_\_\_\_" (indicating the foreign jurisdiction that  
13 issued his credential), or may use the title held in the foreign jurisdiction that issued his  
14 credential, provided that the foreign jurisdiction is indicated. This title may not be used  
15 unless followed by the name of the foreign jurisdiction.

16 (c) A foreign practitioner registered with the board must comply with the board's Code of  
17 Professional Conduct.

18 (d) A foreign practitioner registered with the board must renew his registration and  
19 license annually in the manner provided for renewal of a license in the Act. The  
20 registered foreign practitioner must submit a certificate verifying the continued existence  
21 of his foreign certificate or other credential in good standing from the foreign jurisdiction  
22 of origin with each renewal. A registration and license issued under §901.355 of the Act  
23 (relating to Registration for Certain Foreign Applicants) is automatically revoked if the  
24 foreign practitioner does not continue to hold a current certificate or other credential  
25 from the foreign jurisdiction of origin.

1 CHAPTER 513 REGISTRATION  
2 SUBCHAPTER B REGISTRATION OF CPA FIRMS  
3 RULE §513.10 Firm License  
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5 (a) A firm providing attest services or using the titles CPAs, CPA Firm, Certified Public  
6 Accountants, Certified Public Accounting Firm, Auditing Firm, or a variation of any of  
7 those titles shall do so only through a licensed firm.

8 (b) To be eligible for a firm license, the firm must show:

9 (1) that a majority of the ownership of the firm, in terms of both financial interests and  
10 voting rights, belongs to individuals who hold certificates issued under this chapter or  
11 are licensed as a CPA in another state; or

12 (2) that when the firm ownership includes professional organizations, as defined in  
13 §301.003(7) of the Texas Business Organizations Code, the professional organizations  
14 must be owned by individuals that hold a certificate issued under this chapter, or are  
15 licensed in another state; and

16 (3) that all attest services performed by the firm in this state are under the supervision of  
17 an individual within the firm who holds a certificate issued by the board or by another  
18 state that has not been suspended or revoked.

19 (c) Financial interests shall include but shall not be limited to stock shares, capital  
20 accounts, capital contributions, and equity interests of any kind. Financial interests also  
21 include contractual rights and obligations similar to those of partners, shareholders or  
22 other owners of an equity interest in a legal entity.

23 (d) Voting rights shall include but shall not be limited to any right to vote on the firm's  
24 ownership, business, partners, shareholders, management, profits, losses and/or equity  
25 ownership.

26 (e) Interpretive comment: A licensee offering non-attest services as defined in §901.005  
27 of the Act (relating to Findings; Public Policy; Purpose) through an unlicensed firm in  
28 accordance with §501.81(d) of this title may not use the CPA designation in the  
29 unlicensed firm's name. For example: John Smith may not use the firm name "John  
30 Smith, CPA" unless the firm is licensed by the board.

31 (f) Interpretive comment: §901.351(a) of the Act (relating to Firm License Required),  
32 §501.81(a) of this title and subsection (a) of this section require a firm license in order to  
33 use the CPA designation except as provided for in §501.81(d) of this title.

- 1 (g) Interpretive comment: A professional organization includes a professional
- 2 corporation or professional limited liability company.



1 CHAPTER 513 REGISTRATION  
2 SUBCHAPTER B REGISTRATION OF CPA FIRMS  
3 RULE §513.11 Qualifications for Non-CPA Owners of Firm License Holders  
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5 (a) A firm which includes non-CPA owners may not qualify for a firm license unless  
6 every non-CPA individual who is **a Texas resident** **an** owner of the firm:

7 (1) is actively providing personal services in the nature of management of some portion  
8 of the firm's business interests or performing services for clients of the firm or an  
9 affiliated entity;

10 (2) lacks a history of dishonest or felonious acts or any criminal activity that might be  
11 relevant to the applicant's qualifications; and

12 (3) is not a suspended or revoked licensee or certificate holder excluding those  
13 licensees that have been administratively suspended or revoked. (Administratively  
14 suspended or revoked are those actions against a licensee for Continuing Professional  
15 Education reporting deficiencies or failure to renew a license.)

16 (b) Each of the non-CPA individual owners who are residents of the State of Texas must  
17 also:

18 (1) pass an examination on the rules of professional conduct as determined by board  
19 rule;

20 (2) comply with the rules of professional conduct;

21 (3) maintain any professional designation held by the individual in good standing with  
22 the appropriate organization or regulatory body that is identified or used in an  
23 advertisement, letterhead, business card, or other firm-related communication; and

24 (4) provide to the board fingerprinting required in §515.1(d) of this title (relating to  
25 License) unless previously submitted to the board.

26 (c) A "Non-CPA Owner" includes any individual or qualified corporation who has any  
27 financial interest in the firm or any voting rights in the firm.

1 CHAPTER 513 REGISTRATION  
2 SUBCHAPTER B REGISTRATION OF CPA FIRMS  
3 RULE §513.12 Application for Firm License  
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5 (a) Application for a firm license must be made on a form prescribed by the board. The  
6 application must be accompanied by an affidavit of an individual owner who holds a  
7 license to practice public accountancy affirming that all statements are true and correct.

8 (b) A firm shall notify the board not later than the 31st day after the date on which  
9 information in the affidavit is changed, including information regarding the admission or  
10 withdrawal of an owner or resident manager.

1 CHAPTER 513 REGISTRATION  
2 SUBCHAPTER B REGISTRATION OF CPA FIRMS  
3 RULE §513.13 Certification of Texas Franchise Tax Status  
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5 (a) Each firm subject to the Texas franchise tax must certify in its application for a firm  
6 license that its Texas franchise taxes are current.

7 (b) The making of a false statement as to Texas franchise tax status on any license  
8 application or renewal as described in subsection (a) of this section is grounds for  
9 suspension or revocation of the license.

1 CHAPTER 513 REGISTRATION  
2 SUBCHAPTER B REGISTRATION OF CPA FIRMS  
3 RULE §513.15 Firm Offices  
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5 (a) A certified public accountancy firm must hold a license for each office located in  
6 Texas.

7 (b) Each office of a firm must designate a resident manager who is a resident of Texas.  
8 Exempted from the requirement of Texas residency is a resident manager who spends  
9 a majority of the work week in Texas as the firm's resident manager. A resident  
10 manager may be an owner, member, partner, shareholder, or employee of the firm and  
11 must be licensed under the Act.

12 (c) A resident manager may supervise more than one office provided that the firm's  
13 application for issuance or renewal of the firm license or registration identifies each of  
14 the offices the resident manager will supervise.

15 (d) A resident manager is responsible for the supervision of professional services and  
16 may be held responsible for the violations of the Act or Rules for the activities of each  
17 office under his supervision.

18 (e) Interpretive comment: The exemption provided for in subsection (b) of this section is  
19 intended to address licensees residing outside of Texas but are able to commute to the  
20 Texas office for which the licensee is the firm resident manager on a routine and regular  
21 basis.

1 CHAPTER 513 REGISTRATION  
2 SUBCHAPTER B REGISTRATION OF CPA FIRMS  
3 RULE §513.16 Death or Incapacitation of Firm Owner  
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5 (a) Upon written authorization from the executive director, a firm with only one CPA  
6 owner may continue to operate for a period of up to 15 months following the death or  
7 incapacitation of the sole CPA owner. The executive director, subject to ratification at  
8 the next board meeting, may permit the continued operation of the firm when he has  
9 been provided with:

10 (1) In the event of the death of the sole CPA owner:

11 (A) a certified copy of the sole CPA owner's death certificate;

12 (B) a copy of the power of attorney from the sole CPA owner's executor, administrator,  
13 or heir along with a document from the executor, administrator or heir designating a  
14 Texas CPA in good standing with the board with the authority and intention to manage  
15 the sole CPA owner's firm; and

16 (C) written evidence that a disruption in the continuation of the sole CPA owner's firm  
17 would jeopardize the survivability of the firm.

18 (2) In the event of the incapacitation of the sole CPA owner:

19 (A) an affidavit from the sole CPA owner's physician stating that the sole CPA owner,  
20 because of a severe ongoing physical, mental impairment or medical condition is not  
21 able to perform the day-to-day tasks necessary for the continued operation of the firm;

22 (B) a copy of a power of attorney or a court ordered guardianship along with a  
23 document from the holder of the power of attorney or the guardian designating a Texas  
24 CPA in good standing with the board with the authority and intention to manage the sole  
25 CPA owner's firm; and

26 (C) written evidence that a disruption of the continuation of the sole CPA owner's firm  
27 would jeopardize the survivability of the firm.

28 (b) Upon the death of a co-owner of a firm with a surviving CPA owner, the firm may  
29 continue to operate during the period the owner's estate is being probated. The firm's  
30 resident manager shall notify the board in the firm's next annual licensing application of  
31 the status of the firm's ownership.

**Agenda Item V**  
**Rules Committee Agenda**  
**July 9, 2025**  
**1:30 p.m.**

- C. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 515 – Licenses*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:** The Licensing Committee is proposing to revise *Board Rule 515.8* to make it clear that a retired CPA, may certify the work experience of an applicant to become a CPA without losing their retired status, when they are certifying that the experience occurred prior to their retired status. This is in addition to the required Rule Review of the Board's *Rules* pursuant to *2001.039* of the *Texas Government Code*.

**RECOMMENDATION:** The Licensing Committee recommends that the Rules Committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment and readopt those rules that do not require revision.

**SUGGESTED MOTION:** Move that this committee recommend to the Board that it authorize the executive director to publish the proposed revisions to the rules as proposed in the *Texas Register* for public comment and readopt those rules requiring no revision.

CHAPTER 515            LICENSES  
RULE §515.1            License

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(a) An individual or firm license holder is responsible for renewing the license before the expiration date of the license.

(b) An individual certified or registered by this board must obtain a license for a 12-month interval and the license shall not be issued or renewed unless the board has received all required fees, satisfactory documentation of compliance with CPE requirements and a completed application which includes fingerprints unless fingerprints have been previously submitted for licensure on or after September 1, 2014.

(c) Subject to §515.3 of this chapter (relating to License Renewals for Individuals and Firm Offices), a firm registered with the board must obtain a license for each office associated with the firm.

(d) An individual license holder shall submit to the Department of Public Safety a complete and legible set of fingerprints from a vendor approved by the Department of Public Safety for the purpose of obtaining the applicant's criminal history record information. The fingerprinting can be waived by the executive director with evidence of extenuating circumstances. An extenuating circumstance would exist when doing so is not possible or would likely harm or cause irreparable damage to the license holder. Examples of extenuating circumstances include, but are not limited to, persons lacking fingers, the ability to produce fingerprints, or persons with no fingerprints. Evidence of an extenuating circumstance shall be required by the executive director where appropriate and may include medical documentation.

CHAPTER 515            LICENSES  
RULE §515.2           Initial License

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(a) An initial license is the first license issued to an individual or firm certified or registered under the Act. The board will prorate the initial license fee for an individual or firm for those months during which the license is valid.

(b) The firm's initial and subsequent office license shall not be issued until such time as the sole proprietor, all partners, officers, directors, members, or shareholders of the firm, including non-CPA firm owners, who reside in Texas and who are certified or registered under the Act have obtained a license and have been fingerprinted unless they have been previously fingerprinted by the board.



1 CHAPTER 515 LICENSES  
2 RULE §515.3 License Renewals for Individuals and Firm Offices  
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4 (a) License renewals for individuals shall be as follows:

5 (1) Licenses for individuals have staggered expiration dates based on the last day of the  
6 individual's birth month. The license will be issued for a 12-month period following the  
7 initial licensing period.

8 (2) An individual's license will not be renewed if the individual has not earned the  
9 required CPE credits, has not completed all required parts of the renewal, has not  
10 completed the affidavit affirming the renewal submitted is correct or has not provided  
11 the required fingerprinting unless it has been previously submitted to the board.

12 (3) At least 30 days before the expiration of an individual's license, the board shall send  
13 notice of the impending license expiration to the individual at the last known address  
14 according to board records. Failure to receive notice does not relieve the licensee from  
15 the responsibility to timely renew nor excuse or otherwise affect the renewal deadlines  
16 imposed on the licensee.

17 (b) A licensee is exempt from any penalty or increased fee imposed by the board for  
18 failing to renew the license in a timely manner if the individual establishes to the  
19 satisfaction of board staff that the individual failed to renew the license because the  
20 individual was serving as a military service member. In addition, the military service  
21 member has an additional two years to complete any other requirement related to the  
22 renewal of the military service member's license.

23 (c) License renewal requirements for firm offices shall be as follows:

24 (1) Licenses for offices of firms have staggered expiration dates for payment of fees,  
25 which are due the last day of a board assigned renewal month. All offices of a firm will  
26 have the same renewal month. All offices of a firm will be issued a license for a 12-  
27 month period following the initial licensing period.

28 (2) At least 30 days before the expiration of a firm's office license, the board shall send  
29 notice of the impending license expiration to the main office of the firm at the last known  
30 address according to the records of the board. Failure to receive notice does not relieve  
31 the firm from the responsibility to timely renew nor excuse or otherwise affect the  
32 renewal deadlines imposed on the firm.

1 (3) A firm's office license shall not be renewed unless the sole proprietor, each partner,  
2 officer, director, or shareholder of the firm who is listed as a member of the firm and who  
3 is certified or registered under the Act has a current individual license. This does not  
4 apply to firms providing work pursuant to the practice privilege provisions of this title.

5 (4) If a firm is subject to peer review, then a firm's office license shall not be renewed  
6 unless the office has met the peer review requirements as defined in Chapter 527 of this  
7 title (relating to Peer Review).

8 (d) A firm and individual are subject to Section 161.0085 of the Health and Safety Code,  
9 which prohibits a business from requiring a client to provide any documentation  
10 certifying the client's COVID-19 vaccination or post-transmission recovery in order to  
11 gain access or to receive services from the firm.

CHAPTER 515            LICENSES  
RULE §515.4            License Expiration

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(a) Failure to submit to the board a completed renewal notice, the renewal fee and any other required documents before the license expiration date shall result in the expiration of the individual's or the firm's license(s).

(b) Failure to submit to the board a completed renewal notice, the renewal fee and any other required documents for three consecutive years may result in the revocation of the individual's certificate.

(c) The board may administratively suspend or refuse to renew the license of an individual license holder applying for renewal who has not complied or previously complied with §515.1(d) of this chapter (relating to License) on or after September 1, 2014.

1 CHAPTER 515 LICENSES  
2 RULE §515.5 Reinstatement of a Certificate or License in the Absence of a  
3 Violation of the Board's Rules of Professional Conduct  
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5 (a) An individual whose license has been expired for 90 days or less may renew the  
6 license by paying to the board a renewal fee that is equal to 1 1/2 times the normally  
7 required renewal fee.

8 (b) An individual whose license has been expired for more than 90 days but less than  
9 one year may renew the license by paying to the board a renewal fee that is equal to  
10 two times the normally required renewal fee.

11 (c) An individual whose license has been expired for at least one year but less than two  
12 years may renew the license by paying to the board a renewal fee that is equal to three  
13 times the normally required renewal fee.

14 (d) An individual whose license has been expired for two years or more may obtain a  
15 license by paying all renewal fees including late fees.

16 (e) An individual whose license has been suspended or certificate revoked for the  
17 voluntary non-payment of the annual license fees, the voluntary non-completion of the  
18 annual license renewal, or the voluntary non-completion of the board required CPE may  
19 be administratively reinstated by complying with the board's CPE requirements pursuant  
20 to Chapter 523 of this title (relating to Continuing Professional Education) and providing  
21 the board the individual's required fingerprints if not previously submitted; and

22 (1) by paying all renewal fees including late fees; or

23 (2) upon showing of good cause, entering into an Agreed Consent Order that reinstates  
24 the certificate and permits the issuance of a conditional license with the agreement to  
25 pay all required fees by a certain date.

26 (f) An individual who was revoked under §901.502(3) or (4) of the Act (relating to  
27 Grounds for Disciplinary Action), has moved to another state, and is currently licensed  
28 and has been in practice in the other state for the two years preceding the date of  
29 submitting a complete application may obtain a new license without reexamination by:

30 (1) providing the board with a complete application including evidence of the required  
31 licensure;

32 (2) demonstrating that the out of state license is no more than 90 days beyond the  
33 normal expiration date of the license;

1 (3) paying the board a fee that is equal to two times the normally required renewal fee  
2 for the license; and

3 (4) meeting the other requirements for licensing.

4 (g) If the certificate, license, or registration was suspended, or revoked for non-payment  
5 of annual license fees, failure to complete the annual license renewal, or failure to  
6 comply with §501.94 of this title (relating to Mandatory Continuing Professional  
7 Education), upon written application the executive director will decide on an individual  
8 basis whether the renewal fees including late fees must be paid for those years and  
9 whether any fee exemption is applicable.

10 (h) A military service member, military veteran or military spouse may obtain a license in  
11 accordance with the provisions of Chapter 516 of this title (relating to Military Service  
12 Members, Spouses and Veterans).

13 (i) Interpretive Comment: Effective September 1, 2015, when calculating the renewal  
14 fee provided for in subsections (a) - (d) of this section, the professional fee that was  
15 required by §901.406 and §901.407 of the Act (relating to Fee Increase and Additional  
16 Fee) will no longer be included in the renewal fee. However, when calculating any  
17 renewal fees accrued prior to September 1, 2015, the professional fee that was required  
18 by §901.406 and §901.407 of the Act will be included in the renewal fee.

CHAPTER 515            LICENSES  
RULE §515.8           Retired or Disability Status

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(a) Retired status. A licensee who is at least 60 years old and has affirmed that the licensee has no association with accounting may be granted retired status at the time of license renewal. A licensee in retired status is exempt from the fingerprinting required in §515.1(d) of this chapter (relating to License). A licensee who has been granted retired status and who reenters the workforce in a position that has an association with accounting automatically loses the retired status except as provided for in subsection (a)(1) of this section, and must provide the fingerprinting required in §515.1(d) of this chapter unless previously submitted to the board.

(1) A licensee who serves without compensation on a Board of Directors, or Board of Trustees, or provides volunteer tax preparation services, participates in a government sponsored business mentoring program such as the Internal Revenue Service's Volunteer Income Tax Assistance (VITA) program or the Small Business Administration's SCORE program or participates in an advisory role for a similar charitable, civic or other non-profit organization continues to be eligible for retired status.

(2) Licensees providing such uncompensated volunteer services have the responsibility to maintain professional competence relative to the volunteer services they provide even though exempted from CPE requirements.

(3) The board shall require licensees to affirm in writing their understanding of the limited types of activities in which they may engage while in retired status and their understanding that they have a professional duty to ensure that they hold the professional competencies necessary to offer these limited volunteer services.

(4) Licensees may only convert to retired status if they hold a license in good standing and not be subject to any sanction or disciplinary action.

(5) Compensated services do not include routine reimbursement for travel costs and meals associated with the volunteer services or de minimis per diem amounts paid to cover such expenses.

(6) A retired licensee shall place the word "retired" adjacent to the retired licensee's CPA or Public Accountant title on any business card, letterhead or any other document. A licensee may be held responsible for a third party incorrectly repeating the CPA's title

1 and shall make reasonable efforts to assure that the word "retired" is used in  
2 conjunction with CPA. Any of these terms must not be applied in such a manner that  
3 could likely confuse the public as to the current status of the licensee. The licensee will  
4 not be required to have a certificate issued with the word "retired" on the certificate.

5 (7) A licensee in "retired" status is not required:

6 (A) to maintain CPE; and

7 (B) provide fingerprinting in accordance with §515.1(d) of this chapter unless the retired  
8 status is removed.

9 (8) A retired licensee shall not offer or render professional services that require the  
10 retired licensee's signature and use of the CPA title either with or without "retired"

11 attached, except a retired licensee **may sign the work experience form** providing

12 **supervision** of an applicant **for CPA certification** ~~to take the UCPAE if the~~

13 **supervision occurred prior to retirement** ~~may sign the work experience form.~~

14 (9) Upon reentry into the workforce, the licensee must notify the board and request a  
15 new license renewal notice and:

16 (A) pay the license fee established by the board for the period since the licensee  
17 became employed;

18 (B) complete a new license renewal notice; and

19 (C) meet the CPE requirements for the period since the licensee was granted the retired  
20 status as required by §523.113(3) of this title (relating to Exemptions from CPE).

21 (b) Disability status. Disability status may be granted to an individual who submits to the  
22 board a statement and an affidavit from the licensee's physician which identifies the  
23 disability and states that the individual is unable to work because of a severe ongoing  
24 physical or mental impairment or medical condition that is not likely to improve within  
25 the next 12 consecutive months. This status may be granted only at the time of license  
26 renewal.

27 (1) Disability status is immediately revoked upon:

28 (A) the CPA reentering the workforce in a position that has an association with  
29 accounting work for which the CPA receives compensation; or

30 (B) the CPA serving on a Board of Directors, Board of Trustees, or in a similar  
31 governance position unless the service is for a charity, civic, or similar non-profit  
32 organization.

(2) Upon reentry into the workforce under such conditions, the individual must notify the board and request a new license renewal notice and:

(A) pay the license fee established by the board for the period since the individual became employed;

(B) complete a new license renewal notice;

(C) meet the CPE requirements for the period pursuant to §523.113(3) of this title; and

(D) provide the fingerprinting required in §515.1(d) of this chapter unless previously submitted.

(c) For purposes of this section the term "association with accounting" shall include the following:

(1) working or providing oversight of accounting or supervising work performed in the areas of financial accounting and reporting; tax compliance, planning or advice; management advisory services; accounting information systems; treasury, finance, or audit; or

(2) representing to the public, including an employer, that the individual is a CPA or public accountant in connection with the sale of any services or products involving accounting services or work, as provided for in §501.52(22) of this title (relating to Definitions) including such designation on a business card, letterhead, proxy statement, promotional brochure, advertisement, or office; or

(3) offering testimony in a court of law purporting to have expertise in accounting and reporting, auditing, tax, or management services; or

(4) providing instruction in accounting courses; or

(5) for purposes of making a determination as to whether the individual fits one of the categories listed in this section the questions shall be resolved in favor of including the work as an "association with accounting."

(d) Nothing herein shall be construed to limit the board's disciplinary authority with regard to a license in retired or disabled status. All board rules and all provisions of the Act apply to an individual in retired or disability status.



CHAPTER 515                      LICENSES  
RULE §515.9                      Retired or Disability Status

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(a) A person whose certificate, license or registration has been suspended or revoked by the board for failure to comply with the board's Rules of Professional Conduct, exclusive of §501.94 of this title (relating to Mandatory Continuing Professional Education), will not be assessed license fees and penalties for the license years during which the certificate, license or registration was suspended or revoked but the person must pay prorated license year fees for that portion of the license period for which reinstatement of the certificate, license or registration is granted.

(b) The board will not refund any fees paid for the license year in which the suspension or revocation occurs.

(c) It is the responsibility of the person whose certificate, license or registration is suspended or revoked to apply to the board for the issuance of a certificate, license, or registration upon termination of suspension or revocation.

(d) CPE requirements are addressed in Chapter 523 of this title (relating to Continuing Professional Education).

**Agenda Item V**  
**Rules Committee Agenda**  
**July 9, 2025**  
**1:30 p.m.**

- D. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 517 – Practice by Certain Out of State Firms and Individuals*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:** The Licensing Committee is recommending that Board *Rule 517.2* be revised to:

1. delete the reference to NQAS, which language the legislature removed from the Act;
2. clarify that the Board will allow out-of-state licensees to practice in Texas without a reciprocal license, in order to provide for “mobility”, so long as the state they are licensed in has substantially the same licensing requirements as Texas;
3. reflect that if an out-of-state licensee held the substantially equivalent out-of-state license on December 31, 2024, the licensee would be permitted to practice under mobility without a reciprocal license. This protects those licensed out-of-state on that date, if the state they were originally licensed in, is subsequently determined to not have substantially equivalent licensing requirements.

**RECOMMENDATION:** The Licensing Committee recommends that the Rules Committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment and readopt those rules that do not require revision.

**SUGGESTED MOTION:** Move that this committee recommend to the Board that it authorize the executive director to publish the proposed revisions to the rules as proposed in the *Texas Register* for public comment and readopt those rules requiring no revision.

1 CHAPTER 517 PRACTICE BY CERTAIN OUT OF STATE FIRMS AND  
2 INDIVIDUALS  
3 RULE §517.1 Practice by Certain Out of State Firms  
4

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5 (a) A firm is required to hold a firm license if the firm establishes or maintains an office  
6 in this state.

7 (b) A CPA firm that is licensed and has its primary place of business in another state  
8 and is not required to hold a firm license pursuant to subsection (a) of this section may  
9 practice in this state without a firm license or notice to the board if the firm's practice in  
10 this state is performed by an individual who holds a license under Chapter 515 of this  
11 title (relating to Licenses) or who practices under a privilege pursuant to §517.2 of this  
12 chapter (relating to Practice by Certain Out of State Individuals).

13 (c) A firm described by subsection (b) of this section may exercise all the practice  
14 privileges of a firm license holder only if:

15 (1) the firm complies with the board's peer review program found in Chapter 527 of this  
16 title (relating to Peer Review); and

17 (2) the services are performed by an individual who holds a license under this chapter  
18 or practices under a privilege provided in §517.2 of this chapter and §901.462 of the Act  
19 (relating to Practice by Out-of-State Practitioner with Substantially Equivalent  
20 Qualifications).

1 CHAPTER 517 PRACTICE BY CERTAIN OUT OF STATE FIRMS AND  
2 INDIVIDUALS  
3 RULE §517.2 Practice by Certain Out of State Individuals  
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5 (a) An individual who holds **an active** a certificate or license as a CPA issued by  
6 another state and whose principal place of business is not in this state may exercise all  
7 the privileges of certificate and license holders of this state without obtaining a  
8 certificate or license under this chapter if **the individual**:

9 **(1) has passed the uniform CPA examination;**

10 **(2) has completed:**

11 **(A) a baccalaureate degree with at least 150 semester hours and a concentration**  
12 **in accounting or equivalent courses;**

13 **(B) a graduate degree with a concentration in accounting or equivalent courses;**  
14 **or**

15 **(C) a baccalaureate degree with a concentration in accounting or equivalent**  
16 **courses; and**

17 **(3) at the time the individual's certificate or license was issued in the other state,**  
18 **had completed:**

19 **(A) at least one year of work experience, if licensed under an educational pathway**  
20 **comparable to subparagraphs (2)(A) or (B) of this subsection; or**

21 **(B) at least two years of work experience, if licensed under an educational**  
22 **pathway comparable to subparagraph (2)(C) of this subsection.**

23 ~~(1) NASBA's National Qualification Appraisal Service has verified that the other state~~  
24 ~~has education, examination, and experience requirements for certification or licensure~~  
25 ~~that are comparable to or exceed the requirements for licensure as a CPA of the~~  
26 ~~AICPA/NASBA UAA and the board determines that the licensure requirements of that~~  
27 ~~Act are comparable to or exceed the licensure requirements of this chapter; or~~

28 ~~(2) the individual obtains from NASBA's National Qualification Appraisal Service~~  
29 ~~verification that the individual's education, examination, and experience qualifications~~  
30 ~~are comparable to or exceed the requirements for licensure as a CPA of the~~  
31 ~~AICPA/NASBA UAA and the board determines that the licensure requirements of that~~  
32 ~~Act are comparable to or exceed the licensure requirements of this chapter.~~

1 (b) An individual who meets the requirements of subsection **(a)** ~~(a)(1) or (2)~~ of this  
2 section and who offers or renders professional services in person or by mail, telephone,  
3 or electronic means may practice public accountancy in this state without notice to the  
4 board.

5 **(c) Notwithstanding any other law, the board may prohibit an individual not**  
6 **licensed in this state from exercising the privileges of certificate and license**  
7 **holders of this state if the board determines the individual does not meet the**  
8 **requirements of subsection (a) of this section.**

9 **(d) An individual who on December 31, 2024, held a certificate or license issued**  
10 **by another state and practiced under a privilege of this section in this state may**  
11 **exercise all the privileges of the holder of a certificate and license issued under**  
12 **this title without obtaining a certificate or license in this state. To the extent that**  
13 **the individual exercises privileges as described by this subsection, the individual**  
14 **is subject to this title.**

1 CHAPTER 517 PRACTICE BY CERTAIN OUT OF STATE FIRMS AND  
2 INDIVIDUALS  
3 RULE §517.3 Conditions of Practice of Out of State Firms and Individuals  
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5 (a) A firm or individual practicing under a practice privilege under this section, as a  
6 condition of the privilege of practicing without a license:

7 (1) is subject to the personal and subject matter jurisdiction and disciplinary authority of  
8 the board;

9 (2) must comply with the Act and the board's rules; and

10 (3) is considered to have appointed the regulatory agency of the state that issued the  
11 firm's or individual's license as the agent on whom process may be served in any action  
12 or proceeding by the board against the firm or individual.

13 (b) A firm or individual practicing under a practice privilege under this section shall  
14 promptly cease offering or rendering professional services in this state if the firm's  
15 license or individual's license or certificate to practice in the state of primary business is  
16 no longer valid.

17 (c) A firm that practices under §517.1 of this chapter (relating to Practice by Certain Out  
18 of State Firms) must use the firm name that it uses in the state in which it is licensed  
19 and has its principal place of business.

20 (d) A firm that performs an engagement that is required to be performed in accordance  
21 with SSARS, such as compilations and reviews, is performing an attest service and  
22 must comply with the Peer Review provisions of Chapter 527 of this title (relating to  
23 Peer Review).

**Agenda Item V**  
**Rules Committee Agenda**  
**July 9, 2025**  
**1:30 p.m.**

- E. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 523 – Continuing Professional Education*, of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:** The Continuing Professional Education (CPE) Committee proposes to revise Board *Rule 523.112* to clarify that an applicant for reinstatement must have at least 120 hours of CPE within the last 36 months from the date of the application for reinstatement with 20 of those CPE hours having been completed within the 12 months preceding the application for reinstatement.

The CPE committee also recommends a revision to *Rule 523.113* to clarify that a faculty member is not considered to be in the practice of public accountancy when the faculty member only provides instruction in accounting courses. The faculty member loses his exemption from CPE when holding out to be a CPA when providing his expertise as a CPA while not providing instruction in accounting outside of the educational course work setting.

The CPE committee also recommends that a licensee would not be eligible to claim more than 50 percent of the total CPE required in a three year reporting period from certification programs such as a Certified Financial Planner or Certified Internal Auditor.

**RECOMMENDATION:** The CPE committee recommends that the Rules Committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment and readopt those rules that do not require revision.

**SUGGESTED MOTION:** Move that this committee recommend to the Board that it authorize the executive director to publish the proposed revisions to the rules as proposed in the *Texas Register* for public comment and readopt those rules requiring no revision.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER A CONTINUING PROFESSIONAL EDUCATION PURPOSE AND  
3 DEFINITIONS  
4 RULE §523.102 CPE Purpose and Definitions  
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6 (a) CPAs' fields of employment do not limit the need for continuing professional  
7 education. CPAs performing professional services need to have a broad range of  
8 knowledge, skills, and abilities. Continuing Professional Education will be referred to  
9 herein as CPE.

10 (b) The fundamental purpose of CPE is to help ensure that licensees participate in  
11 learning activities that maintain and improve their professional competence to serve in a  
12 competent manner. Courses the board regards as improving the licensee's professional  
13 competence include:

14 (1) "Technical Courses" are those courses pertaining to the profession of accounting.  
15 These courses include but are not limited to accounting, attest, tax, management  
16 advisory services, economics, finance, information technology, regulatory ethics, and  
17 other technical areas of benefit to a licensee and/or a licensee's employer; and

18 (2) "Non-Technical Courses" are those courses not meeting the definition of "technical  
19 courses" that increase the licensee's ability to serve in a competent manner, such as  
20 but not limited to communications, computer software and applications, behavioral  
21 ethics, behavioral science, business management and organization, and advanced  
22 courses in foreign languages, all of which must relate and must benefit a licensee  
23 and/or a licensee's employer. Refer to §523.118 of this chapter (relating to Limitations of  
24 Courses).

25 (c) Licensees may participate in a variety of sponsored learning programs, such as live,  
26 self-study, nano learning, or blended learning programs.

27 (1) "Live programs" are those educational processes that are designed to permit a  
28 participant to learn a given subject through interaction with an instructor/facilitator and  
29 other participants either in a classroom or conference setting or by using the internet,  
30 which includes the following:

31 (A) Workshops, seminars, and conferences with substantial interaction by a qualified  
32 instructor/facilitator.



(B) "Group self-study" programs that are based on self-study materials presented in a group format with substantial interaction from a qualified instructor/facilitator who is responsible for answering participants' questions or who leads the discussion of individual topics presented in the materials.

(C) "Webinars" are live online educational presentations during which participating viewers can submit questions and comments.

(2) "Self-study programs" are those educational processes that are designed to permit a participant to learn a given subject by oneself using books and/or electronic media (internet and DVDs/CDs, for example) without interaction with an instructor/facilitator.

This type of program clearly defines learning objectives and manages the participant through the learning processes by requiring frequent response to questions that test for understanding of the material presented, providing evaluative feedback to incorrectly answered questions and correctly answered questions, and requiring the participant to pass a final exam that tests the participant's comprehension of the course materials.

Refer to §523.140(e) of this chapter (relating to Program Standards).

(3) "Nano learning programs" are tutorial programs designed to permit a participant to learn a given subject in a 10-minute time frame through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real-time instructor. A nano learning program differs from a self-study program in that it is typically focused on a single learning objective and is not paper-based.

(4) "Blended programs" are programs incorporating multiple learning formats.

(d) "CPE credit" is 50 minutes of participation in a program of learning.

(e) Courses completed at an institution of higher education using semester credit hours shall earn 15 CPE credits for each passing semester credit hour and those institutions using quarter credit hours shall earn 10 CPE credits for each passing quarter credit hour, toward the requirement.

(f) "Sponsor" means an individual or organization offering programs to participants. The sponsor may or may not have developed the program materials. However, the sponsor is responsible for insuring the presentation of the learning objectives, through the program materials and maintaining the documentation required by these program standards.

- 1 (g) Staff meetings and other settings cannot be claimed for CPE credit if the programs
- 2 do not meet program standards.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE § 523.110 Establishment of Required CPE Program Standards  
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6 A licensee shall be responsible for ensuring that CPE credits claimed conform to the  
7 board's standards as outlined in:

- 8 (1) §523.111 regarding Required CPE Reporting;  
9 (2) §523.112 regarding Required CPE Participation;  
10 (3) §523.115 regarding Credits for Instructors and Discussion Leaders;  
11 (4) §523.116 regarding Authors of Published Articles and Books;  
12 (5) §523.118 regarding Limitations of Courses;  
13 (6) §523.119 regarding Alternative Sources of CPE; and  
14 (7) §523.130 regarding Ethics Course Requirements.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE § 523.111 Required CPE Reporting  
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6 (a) To receive or retain a license, a licensee shall earn and is responsible for the  
7 accurate reporting of the required CPE credits for the reporting period under §523.112  
8 of this chapter (relating to Required CPE Participation) and §523.130 of this chapter  
9 (relating to Ethics Course Requirements).

10 (b) Licensees reporting CPE must document their participation and retain evidence of  
11 that documentation for the five most recent reporting periods, including:

12 (1) sponsor name and identification number;

13 (2) title or description of content, or both;

14 (3) date(s) of completion;

15 (4) location; and

16 (5) number of CPE credits.

17 (c) Evidence of completion is the certificate or electronic record supplied by the sponsor.  
18 The board may verify CPE reported by licensees and licensees shall submit the  
19 supporting evidence to the board within a reasonable amount of time, if such data is  
20 requested.

21 (d) CPE credits earned from sources other than registered sponsors should be  
22 submitted on the appropriate form, "Claiming Continuing Professional Education Credits  
23 from a Non-Registered Sponsor," justifying the reason the CPE credits are being  
24 claimed and the benefit to the licensee or the licensee's employer.

25 (e) A licensee who fails to report the minimum required CPE credits completed during  
26 the accrual period will be subject to suspension and his certificate may be revoked for  
27 failing to report the minimum required CPE credits for three consecutive years.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE § 523.112 Required CPE Participation  
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6 (a) A licensee shall complete at least 120 CPE credits in each three-year period, and a  
7 minimum of 20 CPE credits in each one-year period.

8 (b) CPE, except as provided by board rule, shall be offered by board authorized CPE  
9 sponsors.

10 (c) CPE requirements for the issuance or renewal of a license are as follows:

11 (1) Licensees who have been certified or registered for less than 12 months do not have  
12 a CPE credit requirement. The first license period begins on the date of certification and  
13 ends with the last day of the licensee's birth month.

14 (2) To be issued a license for the first full 12-month license period, the licensee does not  
15 have a CPE requirement. CPE earned prior to the first 12-month license period will not  
16 be applied toward the three-year requirement.

17 (3) To be issued a license for the second full 12-month period, the licensee shall report  
18 a minimum of 20 CPE credits. The CPE credits shall be completed in the 12 months  
19 preceding the second year of licensing.

20 (4) To be issued a license for the third full 12-month license period, the licensee shall  
21 report a total of at least 60 CPE credits that were completed in the 24 months preceding  
22 the license period. At least 20 CPE credits of the requirement shall be completed in the  
23 12 months preceding the third year of licensing.

24 (5) To be issued a license for the fourth full 12-month period, the licensee shall report a  
25 total of at least 100 CPE credits that were completed in the 36 months preceding the  
26 license period. At least 20 CPE credits of the requirement shall be completed in the 12  
27 months preceding the fourth year of licensing.

28 (6) To be issued a license for the fifth and subsequent license periods, the licensee  
29 shall report a total of at least 120 CPE credits that were completed in the 36 months  
30 preceding the license period, and at least 20 CPE credits of the requirement shall be  
31 completed in the 12 months preceding the fifth year of licensing.

32 (d) A former licensee whose certificate or registration has been revoked for failure to  
33 pay the license fee and who makes application for reinstatement shall pay the required

1 fees and applicable late fees and must report **a total of at least 120 CPE credits that**  
2 **were completed in the 36 months preceding the application for reinstatement, and**  
3 **at least 20 CPE credits of the requirement shall be completed in the twelve**  
4 **months preceding the application for reinstatement** ~~the minimum CPE credits~~  
5 ~~missed.~~

6 (e) A non-resident licensee seeking renewal of a license in Texas shall be determined to  
7 have met the CPE requirement by meeting the CPE requirements for renewal of a  
8 certificate/license in the state in which the licensee's principal place of business is  
9 located.

10 (1) Non-resident licensees shall demonstrate compliance with the CPE renewal  
11 requirements of the state in which the licensee's principal place of business is located  
12 by signing a statement to that effect during the renewal process of this state.

13 (2) If a non-resident licensee's principal place of business state has no CPE  
14 requirements for renewal of a certificate/license, the non-resident licensee must comply  
15 with all CPE requirements for renewal of a certificate in Texas.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE § 523.113 Exemptions from CPE  
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6 The board shall not issue or renew a license to an individual who has not earned the  
7 required CPE credits unless an exemption has been granted by the board.

8 (1) The board may consider granting an exemption from the CPE requirement during  
9 the period for which the exemption is requested on a case-by-case basis if:

10 (A) a licensee completes and forwards to the board an affidavit indicating that the  
11 licensee is not employed; or

12 (B) a licensee completes and forwards to the board an affidavit indicating no association  
13 with accounting. The affidavit shall include, as a minimum, a brief description of the  
14 duties performed, job title, and verification by the licensee's immediate supervisor. For  
15 purposes of this section, the term "association with accounting" shall include the  
16 following:

17 (i) working, providing oversight of accounting, or supervising work performed in the  
18 areas of financial accounting and reporting; tax compliance, planning or advice;  
19 management advisory services; accounting information systems; treasury, finance, or  
20 audit; or

21 (ii) representing to the public, including an employer, that the licensee is a CPA or public  
22 accountant in connection with the sale of any services or products involving professional  
23 accounting services as defined in the Rules of Professional Conduct, §501.52(22) of  
24 this title (relating to Definitions), including such designation on a business card,  
25 letterhead, proxy statement, promotional brochure, advertisement, or office; or

26 (iii) offering testimony in a court of law purporting to have expertise in accounting and  
27 reporting, auditing, tax, or management services; or

28 ~~(iv) providing instruction in accounting courses; or~~

29 (iv) ~~(v)~~ for purposes of making a determination as to whether the licensee fits one of the  
30 categories listed in this clause and clauses (i) – ~~(iii)~~ (iv) of this subparagraph, the  
31 questions shall be resolved in favor of including the work as having an association with  
32 accounting.

1 (C) a licensee not residing in Texas, who submits an affidavit to the board that the  
2 licensee does not serve Texas clients from out of state;  
3 (D) a licensee shows reasons of health, certified by a medical doctor, that prevent  
4 compliance with the CPE requirement. A licensee must petition the board for the  
5 exemption and provide documentation that clearly establishes the period of disability  
6 and the resulting physical limitations;  
7 (E) a licensee who is a military service member during the period for which the  
8 exemption is requested, and files a copy of orders to active military duty with the board;  
9 or  
10 (F) a licensee shows reason which prevents compliance that is acceptable to the board.  
11 (2) A licensee who has been granted the retired or disability status under §515.8 of this  
12 title (relating to Retired or Disability Status) is not required to report any CPE credits.  
13 (3) A licensee who no longer meets the eligibility requirements for an exemption under  
14 this section or no longer qualifies for retired or disability status under §515.8 of this title  
15 shall be required to report sufficient CPE credits to be in compliance with §523.112 of  
16 this chapter (relating to Required CPE Participation). CPE credits shall be earned in the  
17 technical area as described in §523.102 of this chapter (relating to CPE Purpose and  
18 Definitions) and §523.130 of this chapter (relating to Ethics Course Requirements).  
19 **(G) ~~Interpretive comment:~~ A a faculty member of an educational institution may be**  
20 **exempt from CPE only when offering except where that faculty member offers**  
21 **accounting services as a faculty member other than providing instruction in**  
22 **accounting courses.**



1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE § 523.114 Disciplinary Actions Relating to CPE  
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6 The board shall not issue or renew a license to an individual who has not earned the

7 (a) A licensee who fails to comply with the provisions of §523.130 of this chapter  
8 (relating to Ethics Course Requirements), §523.111 of this chapter (relating to Required  
9 CPE Reporting) or §523.112 of this chapter (relating to Required CPE Participation)  
10 may be subject to disciplinary action under the Act, for a violation of the Rules of  
11 Professional Conduct, §501.94 of this title (relating to Mandatory Continuing  
12 Professional Education), which requires compliance with §523.130 of this chapter,  
13 §523.111 of this chapter, and §523.112 of this chapter.

14 (b) A licensee who fails to report the minimum required CPE credits will be subject to  
15 suspension and his certificate may be revoked for failing to report the minimum required  
16 CPE credits for three consecutive years.

17 (c) The board may initiate disciplinary action as authorized in the Act if it finds evidence  
18 of falsification, fraud, or deceit in CPE documentation.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE § 523.115 Credits for Instructors and Discussion Leaders  
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6 (a) When an instructor or discussion leader serves at a program for which participants  
7 receive credit and at a level that increases the instructor's or discussion leader's  
8 professional competence, credit may be given for preparation and presentation time  
9 measured in terms of CPE credits.

10 (b) For the first time a program is presented, an instructor may receive up to three times  
11 the number of CPE credits approved for the program.

12 (c) For repetitious presentations, the instructor may receive credit only if it can be  
13 demonstrated that the subject matter involved was changed sufficiently to require  
14 significant additional study or research.

15 (d) The maximum credit for preparation and presentation in any one-year reporting  
16 period cannot exceed 20 CPE credits.

17 (e) Multiple instructors shall receive proportional CPE credit.

18 (f) An instructor cannot claim credit for teaching courses which are determined  
19 introductory level by the college or university.

20 (g) If claiming CPE credit under this section, 50 percent of the CPE credits reported  
21 must be as a participant in a qualified CPE program in any three-year reporting period.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE § 523.116 Authors of Published Articles and Books  
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- 6 (a) Authors and reviewers of published articles and books may claim CPE credits  
7 provided they increase the professional competence of the author or reviewer.  
8 (b) Up to 10 CPE credits in any one-year reporting period may be claimed for  
9 preparation or review of such publications.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE § 523.118 Limitations of Courses  
5

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6 (a) A licensee may not claim more than 50 percent of the total CPE credits required  
7 from the non-technical area in a three-year reporting period.

8 (b) A licensee may not claim more than 50 percent of the total CPE credits required in a  
9 three-year reporting period from nano-learning programs.

10 (c) A licensee may **claim up to 20 CPE credits for** ~~not claim more than 50 percent of~~  
11 ~~the total CPE credits required in a three-year reporting period from~~ the successful  
12 completion of a certification **program** ~~programs~~, such as a Certified Financial Planner,  
13 Certified Internal Auditor, Certified Fraud Examiner, other related financial certifications,  
14 and/or related financial securities licenses.

15 **(d) A licensee may claim no more than 50 percent of the total CPE credits**  
16 **required in a three-year reporting period from the successful completion of**  
17 **certification programs.**

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER B CONTINUING PROFESSIONAL EDUCATION RULES FOR  
3 INDIVIDUALS  
4 RULE § 523.119 Alternative Sources of CPE  
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6 (a) CPE credits earned from sources other than registered sponsors should be reported  
7 on the appropriate form, "Claiming Continuing Professional Education Credit from a  
8 Non-Registered Sponsor," justifying the reason the CPE credits are being claimed.

9 (b) Licensees may not claim more than 50 percent of the total CPE credits from non-  
10 registered sponsors in any three-year reporting period.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER C ETHICS RULES: INDIVIDUALS AND SPONSORS  
3 RULE § 523.130 Ethics Course Requirements  
4

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5 (a) A licensee must complete a board-approved four CPE credit ethics course, as  
6 required by §523.131 of this chapter (relating to Board Approval of Ethics Course  
7 Content), beginning two years following the expiration of initial licensure. This four CPE  
8 credit ethics course is designed to thoroughly familiarize the licensee with the board's  
9 Rules of Professional Conduct. Proof of completion of this course must be submitted  
10 with the license renewal notice.

11 (b) A licensee must take the four CPE credit ethics course required by §523.131 of this  
12 chapter and as defined in §523.102 of this chapter (relating to CPE Purpose and  
13 Definitions) every two years, and shall report completion of the course on the annual  
14 license renewal notice at least every second year.

15 (c) A licensee granted retired, permanent disability, or other exempt status is not  
16 required to complete the ethics course during the licensee's exempt status. If the  
17 exempt status is no longer applicable, the licensee must complete an ethics course  
18 approved by the board and report it on the annual license renewal notice.

19 (d) A licensee who does not reside in the state of Texas, who has no clients within this  
20 state, and who is current with the ethics course requirements of his state of residence is  
21 not required to take the mandated ethics course. A licensee meeting these  
22 requirements may claim an exemption pursuant to §523.113 of this chapter (relating to  
23 Exemptions from CPE).

CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
SUBCHAPTER C ETHICS RULES: INDIVIDUALS AND SPONSORS  
RULE § 523.131 Board Approval of Ethics Course Content

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(a) The content of an ethics course designed to satisfy the four CPE credit ethics CPE requirements of §523.130 of this chapter (relating to Ethics Course Requirements) must be submitted to the CPE committee of the board for initial approval and upon request thereafter. The primary objectives of the ethics course shall be to:

(1) encourage the licensee to become educated in the ethics of the profession;  
(2) convey the intent of the board's Rules of Professional Conduct in the licensee's performance of professional accounting services, and not mere technical compliance;  
(3) apply ethical judgment in interpreting the rules and provide for a clear understanding of the public interest. The public interest shall be placed ahead of self-interest, even if it means a loss of job or client;

(4) emphasize the ethical standards of the profession, as described in this section; and

(5) review and discuss the board's Rules of Professional Conduct and their implications for persons in a variety of practices, including at least one example from subparagraph (A) of this paragraph and at least one example from either subparagraph (B) or (C) of this paragraph:

(A) a licensee engaged in the client practice of public accountancy who performs attest and non-attest services, as defined in §501.52 of this title (relating to Definitions); and

(B) a licensee employed in industry who provides internal accounting and auditing services; or

(C) a licensee employed in education or in government accounting or auditing.

(b) To meet the objectives of subsection (a) of this section, a course must be four hours in length and its components should be approximately:

(1) 25% on ethical principles and values;

(2) 25% on ethical reasoning and dilemmas;

(3) 15% on the board's Rules of Professional Conduct with special focus on recent changes in those rules and including information on the peer assistance available to Texas CPAs, CPA candidates and accounting students with alcohol or other substance abuse, depression, stress or other mental health issues through the Accountants Confidential Assistance Network (ACAN); and

(4) 35% on case studies that require application of ethical principles, values, and ethical reasoning within the context of the board's Rules of Professional Conduct.

(c) Course content shall be approved only after demonstrating, either in a live instructor format, a blended program format, or interactive (computer based) format, as defined in §523.102(c)(1) of this chapter (relating to CPE Purpose and Definitions), that the course contains the underlying intent established in the following criteria:

(1) the course shall be designed to teach CPAs to achieve and maintain the highest standards of ethical conduct through ethical reasoning and the core values of the profession: integrity, objectivity, and independence, as ethical principles in addition to rules of conduct;

(2) the course shall address ethical considerations and the application of the board's Rules of Professional Conduct to all aspects of the professional accounting work whether performed by CPAs in client practice or CPAs who are not in client practice; and

(3) the course shall convey the spirit and intent of the board's Rules of Professional Conduct in the licensee's performance of accounting services, and not mere technical compliance.

(d) Live ethics courses must be taught in one single four-hour session, including one 10-minute break each hour or its equivalent.

(e) Ethics courses may be reevaluated every three years or as required by the CPE committee. Updated versions of the course and any other course materials, such as course evaluations, shall be provided when requested by the committee for the course to be continued as an approved course.

(f) At the conclusion of each self-study course, the sponsor shall administer a test to determine whether the program participants have obtained a basic understanding of the course content, including the need for a high level of ethical standards in the accounting profession.

(g) A sponsor of an ethics course approved by the board pursuant to this section shall comply with the board's rules concerning sponsors of CPE and shall provide its advertising materials to the board's CPE committee for approval. Such advertisements shall:

(1) avoid commercial exploitation;



- 1 (2) identify the primary focus of the course; and
- 2 (3) be professionally presented and consistent with the intent of §501.82 of this title
- 3 (relating to Advertising).

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER C ETHICS RULES: INDIVIDUALS AND SPONSORS  
3 RULE § 523.132 Board Authorized Ethics Instructors  
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5 (a) The board may authorize any instructor wishing to offer an ethics course approved  
6 by the board pursuant to §523.131 of this chapter (relating to Board Approval of Ethics  
7 Course Content) who can demonstrate that:

8 (1) the instructor is a CPA licensed in Texas or that the instructor is team teaching with  
9 a CPA licensed in Texas;

10 (2) the instructor has never been disciplined for a violation of the board's Rules of  
11 Professional Conduct unless waived by the board; and

12 (3) the instructor is qualified to teach ethical reasoning because he has:

13 (A) experience in the study and teaching of ethical reasoning; and

14 (B) formal training in organizational or ethical behavior instruction.

15 (b) An instructor demonstrates that he is qualified to teach ethical reasoning upon  
16 evidence that he has:

17 (1) at the time of his application obtained sufficient education in ethics substantially  
18 equivalent to a minimum of six hours of credit from a university, college or community  
19 college, of which at least three credit hours must be in organizational ethics or other  
20 education as approved by the board;

21 (2) teaching experience that is substantially equivalent to two or more full time  
22 semesters teaching experience at a university, college or community college, or other  
23 experience as approved by the board;

24 (3) spent at least 10 years performing accountancy related activities as a licensed CPA;

25 (4) no record of discipline for violation of the rules of professional conduct of the AICPA,  
26 the TXCPA or other national or state accountancy organization recognized by the  
27 board; and

28 (5) goals and interests consistent with the board's purpose of protecting the public  
29 interest pursuant to the provisions of the Act.

30 (c) The board may cancel an authorization of any instructor who no longer meets the  
31 requirements of this section or has engaged in conduct rendering that instructor  
32 unsuitable for teaching ethics.

33 (d) An instructor must submit a current resume at the request of the board.

1 (e) Interpretive comments: To have goals and interests consistent with the board's  
2 purpose of protecting the public interest pursuant to the provisions of the Act, an  
3 instructor must refrain from using the instruction of an ethics course as a marketing tool  
4 for other products and services offered by the instructor. An instructor must be free from  
5 conflicts of interest with the board in both fact and appearance. Representation of a  
6 respondent or a complainant in a disciplinary proceeding pending before the board  
7 creates the appearance of a conflict of interest.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE § 523.140 Program Standards  
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6 (a) Potential participants should be informed in advance of course content, learning  
7 objectives, prerequisites, and recommended credits so they can determine whether they  
8 are qualified to participate in and benefit from the program. The stated learning  
9 objectives should clearly communicate the specific areas of knowledge that will be  
10 covered. If there are no prerequisites for the course, a statement to this effect must be  
11 made.

12 (b) The program developer must organize the program around the stated learning  
13 objectives and must retain a copy of the final program, including electronic media, in  
14 accordance with §523.143(b) of this chapter (relating to Sponsor's Record). The final  
15 program must contain sufficient documentation to support the number of CPE credits  
16 granted. The course materials must be periodically reviewed to assure that they are  
17 accurate and consistent with currently accepted standards relating to the program's  
18 subject matter. The program developer should provide the instructor with separate  
19 materials that emphasize sections of the course that need reinforcement, if appropriate.

20 (c) Instructors must be qualified both with respect to program content and teaching  
21 methods used. Sponsors shall evaluate the performance of instructors at the conclusion  
22 of each program to determine their suitability for continuing to serve as instructors.

23 (d) All programs must provide for some means to evaluate both the competence of the  
24 instructor and the course material. Refer to §523.141 of this chapter (relating to  
25 Evaluation).

26 (e) Self-study programs must conform to the requirements outlined in §523.102(c)(2) of  
27 this chapter (relating to CPE Purpose and Definitions).

28 (1) Program must include at least three review questions for each learning objective to  
29 allow the participant the opportunity to understand the material. Evaluative feedback  
30 must be provided for each incorrect response.

31 (2) To provide evidence of satisfactory completion of the course, CPE sponsors must  
32 require participants to successfully complete a final exam with a passing grade of at

1 least 70%. The final exam must have at least five questions for each CPE credit granted  
2 and no more than 25% of the questions be "true/false" in nature.

3 (3) Program or course expiration date. Course documentation must include an  
4 expiration date (the time by which the participant must complete the final exam). The  
5 expiration date should be no longer than one year from the date of purchase.

6 (f) Nano programs must use instructional methods that clearly define a minimum of one  
7 learning objective, guide the participant through a program of learning, and provide  
8 evidence of a participant's satisfactory completion of the program. Satisfactory  
9 completion of the program must be confirmed at the conclusion of the program by  
10 passing a final exam.

11 (1) To provide evidence of satisfactory completion of the course, CPE sponsors must  
12 require participants to successfully complete a final exam with a passing grade of 100  
13 percent before issuing CPE credit for the course. The final exam may contain questions  
14 of varying format (for example, multiple choice, rank order, and matching). Only two  
15 questions must be included on the final exam. "True or false" questions are not  
16 permissible on the final exam. If the participant fails the final exam CPE credit will not be  
17 granted. The participant may re-take the program and the number of re-takes permitted  
18 is at the sponsor's discretion.

19 (2) Program or course expiration date. Course documentation must include an  
20 expiration date. The expiration date is no longer than one year from the date of  
21 purchase.

22 (3) Based on materials developed for instructional use, Nano programs must be based  
23 on materials specifically developed for instructional use and not on third-party materials.  
24 Nano learning programs requiring only the reading of general professional literature,  
25 IRS publications, or reference manuals followed by an assessment will not be  
26 acceptable.

27 (g) Blended programs must use instructional methods that clearly define learning  
28 objectives and guide the participant through a program of learning. Pre-program, post-  
29 program, and homework assignments should enhance the learning program experience  
30 and must relate to the defined learning objectives of the program.

31 (1) Blended programs include different learning or instructional methods (for example,  
32 lectures, discussion, guided practice, reading, games, case studies, and simulation);

1 different delivery methods (group live, group Internet based, nano learning, or self  
2 study); and/or different levels of guidance (for example, individual, instructor or subject  
3 matter expert led, or group and social learning). To guide participants through the  
4 learning process, CPE program sponsors must provide clear instructions and  
5 information to participants that summarize the different components of the program and  
6 what must be completed or achieved during each component in order to qualify for CPE  
7 credits. The CPE program sponsor must document the process and components of the  
8 course progression and completion of components by the participants.

9 (2) To provide evidence of satisfactory completion of sections of the course that are not  
10 "live" (such as nano or self-study) CPE sponsors must require participants to  
11 successfully complete an exam with a passing grade appropriate to the delivery method  
12 (i.e. 70% for self-study, 100% for nano).

13 (h) Sponsors are responsible for ensuring the participants register their attendance  
14 during the program. Sponsors are responsible for assigning the appropriate number of  
15 CPE credits for participants, including reduced CPE credits for those participants who  
16 arrive late or leave early. Refer to §523.142 of this chapter (relating to Program Time  
17 Credit Measurement for Sponsors).

18 (i) Sponsors must comply with all CPE rules including §523.143 of this chapter.

19 (j) Sponsors awarding CPE credit for a board authorized ethics course defined in  
20 §523.131 of this chapter (relating to Board Approval of Ethics Course Content) must do  
21 so through a board authorized instructor as defined in §523.132 of this chapter (relating  
22 to Board Authorized Ethics Instructors).

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE § 523.141 Evaluation  
5

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6 (a) All programs shall include a process for evaluating quality by participants to  
7 determine whether:

8 (1) objectives have been met;

9 (2) prerequisites were necessary or desirable;

10 (3) facilities were satisfactory;

11 (4) the instructor(s) was effective. If multiple instructors taught the course each must be  
12 evaluated for effectiveness;

13 (5) the program content was timely and effective; and

14 (6) time allotted to the program was adequate.

15 (b) Evaluations shall consist of evaluation forms or questionnaires upon completion of  
16 the program.

17 (c) Instructors shall be informed of their performance, and sponsors should  
18 systematically review the evaluation process to ensure its effectiveness.

19 (d) Sponsors are responsible for collecting evaluation forms from CPA participants.

CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
EDUCATION PROGRAMS AND RULES FOR SPONSORS  
RULE § 523.142 Program Time Credit Measurement for Sponsors

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(a) Sponsored learning activities are measured by actual program length, with one 50-minute period equal to one CPE credit. Sponsors may recommend CPE credits under the following scenarios:

(1) Live and blended learning programs--A minimum of one full credit must be awarded initially, but after the first credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (1.0, x.2, x.4, x.5, x.6, x.8, and so on).

(2) Self-study--A minimum of one-half credit must be awarded initially, but after the first full credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (0.5, 1.0, x.2, x.4, x.5, x.6, x.8, and so on).

(3) Nano learning--Credits must be awarded only as one-fifth credit (0.2 credit). A 20-minute program would have to be produced as two stand-alone nano learning programs.

(b) Self-study programs shall be pre-tested to determine average completion time. A minimum of three pre-testers must be used to determine the CPE credits for the course.

(c) The total CPE credits for a continuous program cannot exceed the actual time spent in the program. Continuous conferences and conventions, when individual segments are less than 50 minutes, should be combined and counted as one total program. For example, five 30-minute presentations would equal 150 minutes and should be counted as three CPE credits.

(d) Sponsors may round down CPE credits awarded to the nearest one-fifth, one-half, or whole credit at their discretion and as appropriate for the instructional delivery method.

(e) Only learning content portions of programs (including pre-program, post-program, and homework assignments, when incorporated into a blended learning program) qualify toward eligible credit amounts. Time for activities outside of actual learning content, including, for example, excessive welcome and introductions, housekeeping instructions, and breaks are not accepted toward credit.

(f) For programs with individual segments that are less than 50 minutes, the sum of the segments would be considered one total program. For example, five 30-minute



1 presentations would equal 150 minutes and would be counted as three CPE credits.  
2 When the total minutes of a sponsored program are greater than 50, but not equally  
3 divisible by 50, the CPE credits granted must be rounded down to the nearest credit  
4 basis depending on the instructional delivery method of the program. For example, a  
5 group live program must be rounded down to the nearest one-fifth, one-half, or whole  
6 credit. Thus, programs with segments totaling 140 minutes would be granted two and  
7 four-fifths CPE credits if using one-fifth increments and two and one-half credits if using  
8 one-half increments.

9 (g) The CPE sponsor is responsible for monitoring attendance. While it is the  
10 participant's responsibility to report the appropriate number of credits earned, CPE  
11 program sponsors must maintain a process to monitor individual attendance at group  
12 programs to assign the correct number of CPE credits. A participant's self-certification of  
13 attendance alone is not sufficient.

14 (h) Monitoring mechanism for group Internet based programs. In addition to meeting all  
15 other applicable group program standards and requirements, group Internet based  
16 programs must employ some type of real time monitoring mechanism to verify that  
17 participants are participating during the course. The monitoring mechanism must be of  
18 sufficient frequency and lack predictability to ensure that participants have been  
19 engaged throughout the program. The monitoring mechanism must employ at least  
20 three instances of interactivity completed by the participant per CPE credit.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE § 523.143 Sponsor's Record  
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6 (a) In order to support the reports required of participants, the sponsor of group live, or  
7 self-study, nano, or blended programs shall retain the following records:

8 (1) record of participation, e.g., sign-in sheet reflecting the CPE credits earned by each  
9 participant including those who arrive late or leave early;

10 (2) course program, including electronic media, as required by §523.140(b) of this  
11 chapter (relating to Program Standards);

12 (3) all promotional materials, including date(s) and location;

13 (4) instructor's resume or biography;

14 (5) evaluation of program as directed in §523.141(b) of this chapter (relating to  
15 Evaluation);

16 (6) pre-test data for self-study courses; and

17 (7) all final exams completed by participants for self-study courses.

18 (b) Documentation shall be retained for five years from the date the program is  
19 completed.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE § 523.144 Board Registered CPE Sponsors  
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6 (a) The board may enter into an agreement with any sponsor of CPE programs to  
7 become a board registered CPE sponsor where the sponsor, in the opinion of the  
8 board, demonstrates that it will comply with its obligations to the board and that its  
9 programs will conform to the board's standards as outlined in:

- 10 (1) §523.115 of this chapter (relating to Credits for Instructors and Discussion Leaders);  
11 (2) §523.130 of this chapter (relating to Ethics Course Requirements), (if applicable);  
12 (3) §523.140 of this chapter (relating to Program Standards);  
13 (4) §523.141 of this chapter (relating to Evaluation); and  
14 (5) §523.142 of this chapter (relating to Program Time Credit Measurement for  
15 Sponsors).

16 (b) The board will also require that each organization applying to become a board  
17 registered CPE sponsor agrees that in the conduct of its business it will:

- 18 (1) Not commit fraud, deceit or engage in fiscal dishonesty of any kind;  
19 (2) Not misrepresent facts or make false or misleading statements;  
20 (3) Not make false statements to the board or to the board's agents; and  
21 (4) Comply with the laws of the United States and the State of Texas.

22 (c) Each organization applying to become a board registered CPE sponsor must submit  
23 an application on registration forms provided by the board. The application must be  
24 complete in all respects and must be accompanied with payment of a non-refundable  
25 registration fee unless the sponsor is exempt from paying the fee in accordance with  
26 this rule. Sponsors that offer regularly scheduled course titles that are at least one hour  
27 and up to four hours in length may accumulate these course titles into an eight-hour  
28 course block when determining fees. A maximum of 24 hours may be accumulated into  
29 three eight-hour course blocks. Refer to interpretative comment in subsection (j) of this  
30 section for explanation. The registration fee is based on the number of course titles  
31 offered and is identified in the following chart:

32 200703166-1.html

33 (d) To qualify for an exemption from the annual registration fee a sponsor must be:

(1) a state, federal or other governmental agency that provides CPE for its employees and others at no charge;

(2) a sponsor registered and in good standing with NASBA's National Registry of CPE Sponsors;

(3) an institution of higher education whose courses are accepted for transfer credit by the reporting institution in the State of Texas. Other than courses acceptable for transfer credit, continuing education does not qualify for the exemption whether offered through an institute of higher education or through an educational foundation operating within such an institution; or

(4) subject to the board's discretion, sponsors' courses that are subject to review by another entity may apply for an exemption from fees.

(e) Sponsors that are exempt from paying the registration fee shall annually register with the board.

(f) The board will not prorate the registration payment for an organization for less than one year. Upon renewal in the second and succeeding years, the registration amount may be increased to cover the costs of review of sponsors and individual courses.

(g) Board staff will review each application and notify the sponsor of its acceptance or rejection. Accepted sponsors will be assigned a sponsor number and can represent that they are a board registered CPE sponsor. An acceptance in any given year shall not bind the board to accept a sponsor in any future year.

(h) After the registration has been accepted, the board, in its sole and exclusive discretion, may determine that a registered sponsor is not in compliance with the registration requirements, CPE standards or applicable board rules. The board will provide the registered sponsor reasonable notice of such a determination and shall provide the registered sponsor a reasonable opportunity to become compliant. If the board determines the sponsor is not in compliance, the board may request that the sponsor make changes or the board may terminate the sponsor's registration. A sponsor that has had its registration terminated or has voluntarily surrendered its registration may apply for reinstatement after the first anniversary of the date of termination. The registration fee shall not be prorated or refunded if the registration is terminated.

- (i) A sponsor that requests reinstatement may do so by submitting a completed application and paying the fee provided for in subsection (c) of this section. The application for reinstatement must be accompanied with a list of the course(s) proposed to be offered. From that list the board will select one or more courses that must successfully pass the review pursuant to §523.147 of this chapter (relating to Sponsor Review Program), before any course can be offered.
- (j) A CPE sponsor registration is renewable annually by submitting a renewal application and paying the registration fee unless stated in subsection (d) of this section.
- (k) Interpretive Comment: In applying the fee structure to courses, it is deemed that small practice groups and sponsors that provide lectures and seminars on a regular basis are allowed to accumulate course titles that are at least one hour and up to four hours in length into one eight-hour course block. The maximum number of groupings of courses is limited to three eight-hour course blocks of 24 hours of qualified courses.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE § 523.145 Obligations of the Sponsor  
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6 (a) Sponsors shall comply with the program standards as stated in §523.140 of this  
7 chapter (relating to Program Standards).

8 (b) In consideration for registering as a CPE sponsor each organization shall certify in  
9 writing, to the following:

10 (1) "We understand that after acceptance of the application or reapplication for a  
11 registration by the board we may advise prospective attendees of the program sponsor  
12 registration, our sponsor number, and the number of CPE credits recommended. We  
13 further agree that if we notify licensees of this registration we shall do so by use of the  
14 following language, 'We are registered with the Texas State Board of Public  
15 Accountancy as a CPE sponsor. This registration does not constitute an endorsement  
16 by the board as to the quality of our CPE program.'"

17 (2) "We understand that our advertising shall not be false or misleading, nor will our  
18 conduct in an effort to promote our services be coercive, overreaching, vexatious or  
19 harassing. We understand it is a violation of these rules for us to persist in contacting a  
20 licensee when the licensee has made known to us, or we should have known, the  
21 licensee's desire not to be contacted by us or our representative."

22 (3) "We agree that parties designated by the board may inspect our facilities, examine  
23 our records, attend our courses or seminars at no charge, and review our program to  
24 determine compliance with the sponsor registration requirements, CPE standards and  
25 applicable board rules."

26 (4) "We understand and agree that if we fail to comply with the registration requirements  
27 or fail to meet acceptable standards in our programs, the sponsor registration may be  
28 terminated at any time by the board, the sponsor registration or renewal application may  
29 be denied, and notice of such termination or denial may be provided to licensees by the  
30 board."

31 (c) Every board registered CPE sponsor shall cooperate fully with the board's sponsor  
32 review program. At least every three years a sponsor shall undergo a sponsor review.  
33 This cooperation shall include, but not be limited to providing information, records and

- 1 access to programs and instructors as requested. Failure to cooperate with the program
- 2 shall be grounds for terminating the registration.

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE § 523.146 Registry of NASBA CPE Sponsors  
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6 (a) The board shall accept courses offered by sponsors shown as being in good  
7 standing on the NASBA's National Registry of CPE Sponsors; however, organizations  
8 that wish to offer CPE courses to Texas CPAs are not required to register with NASBA.

9 (b) Sponsors registered with NASBA's National Registry of CPE Sponsors ("NASBA  
10 CPE sponsors") shall annually register with the board. NASBA CPE Sponsors are  
11 exempt from the board's registration fee but may be subject to a review by the board.

12 (c) NASBA CPE sponsors registered with the board shall:

13 (1) comply with all board standards for CPE sponsors; and

14 (2) cooperate with the board's sponsor review program.

15 (d) The board may revoke the registration of any NASBA CPE sponsor registered under  
16 this section for failure to comply with the registration requirements, CPE standards or  
17 applicable board rules.



1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE § 523.147 Sponsor Review Program  
5

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6 (a) A sponsor review program is established for the purpose of monitoring the  
7 compliance by board registered CPE sponsors and the courses they offer with the  
8 registration requirements, CPE standards and/or applicable board rules. The program  
9 shall emphasize high quality education and compliance with professional standards. In  
10 the event a sponsor does not comply with the registration requirements, CPE standards,  
11 or applicable board rules, the board shall take appropriate action.

12 (b) The presiding officer shall appoint three members who shall be either board  
13 members or advisory members to the Sponsor Review Program Committee (SRPC).

14 The SRPC's duties are to:

15 (1) monitor the sponsor review program to provide assurance to the CPE committee  
16 that the CPE sponsors are being reviewed and that the reviews are conducted and  
17 reported in accordance with established CPE program standards;

18 (2) serve as mediators between the reviewers and sponsors whose courses are being  
19 reviewed; and

20 (3) report to the CPE committee as requested and make recommendations as  
21 appropriate.

22 (c) The board shall contract with qualified persons selected by the CPE committee to  
23 review the courses of sponsors ("reviewers"). The board will compensate reviewers  
24 from revenue received from sponsors' registration fees.

25 (1) If the reviewer is a CPA, the reviewer must be in good standing with the licensing  
26 board.

27 (2) A reviewer must recuse himself from service if the reviewer has an interest in the  
28 sponsoring organization under review or if the reviewer believes he cannot be impartial  
29 or objective.

30 (3) A reviewer may not concurrently serve as a member of the board or one of its  
31 committees.

32 (d) The reviewers shall:

(1) assess board-registered sponsors of CPE to provide reasonable assurance that quality CPE is being offered in accordance with registration requirement, CPE standards, or applicable board rules;

(2) review the policies and procedures of board registered CPE sponsors as to their conformity with the rules;

(3) when necessary, prescribe actions designed to assure correction of the deficiencies in the program or CPE;

(4) report to the SRPC as required:

(A) problems experienced with sponsor compliance; and

(B) problems experienced in the implementation of the review program.

(e) The procedures used by the reviewers in monitoring of sponsors of CPE may include, but not be limited to:

(1) random visits of sponsors as deemed appropriate, and review of course materials;

(2) meetings with the sponsor;

(3) reviewing educational materials and record keeping documents;

(4) reviewing the sponsor's educational philosophy;

(5) reviewing, on the basis of a random selection, the course evaluations from licensees to determine whether the materials have received adverse comments;

(6) expanding the review of records if significant deficiencies, problems, or inconsistencies are encountered during the review of the materials; and

(7) determining that courses offered by board-registered CPE sponsors comply with all applicable board rules including §523.102 of this chapter (relating to CPE Purpose and Definitions) and this subchapter and provide that:

(A) educational content meets the course objectives;

(B) course material is up-to-date and relevant; and

(C) adequate documentation procedures are in place;

(8) other procedures as deemed necessary by the board so that the CPE sponsor is in compliance with the registration requirements, CPE standards and applicable board rules.

**Agenda Item V**  
**Rules Committee Agenda**  
**July 9, 2025**  
**1:30 p.m.**

- F. Discussion, consideration, and possible action on Board *Rules* related to *Chapter 511*.

**DISCUSSION:** The *Chapter 511* rules are being updated to address the revisions to the *Public Accountancy Act* as a result of recent legislative action during the last legislative session, clarify existing language and remove no longer needed language.

**RECOMMENDATION:** The staff recommends that the Rules Committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment.

**SUGGESTED MOTION:** Move that this committee recommend to the Board that it authorize the executive director to publish the proposed revisions to the rules as proposed in the *Texas Register* for public comment.

**Agenda Item V**  
**Rules Committee Agenda**  
**July 9, 2025**  
**1:30 p.m.**

G. Schedule next meeting.