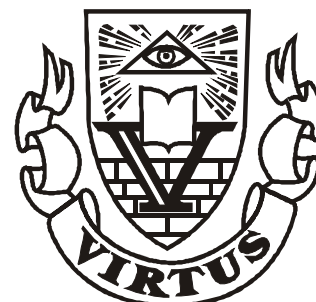


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In a current regulation draft of 2011, the European Commission (EC) plans the mandatory audit firm rotation principally after six years and with regard to a cooling off period of four years to increase auditor independence. This could complement the internal mandatory rotation (auditor rotation) by the 8th EC directive. The present paper gives a state of the art analysis of the empirical research results with regard to auditor and audit firm rotation. In contrast to the perception of the EC, the majority of the empirical results doesn't find evidence for increased financial accounting and audit quality by audit firm rotation. Furthermore, the positive effects of the internal rotation period of seven years and the cooling off period of two years by the 8th EC directive are not empirically proved yet.

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