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PRACTICE ADVISORY

Impact of New Rule 216 Commission and other compensation arrangements

A new Rule 216 *Commission and other compensation arrangements* was approved by the Board of CPA Prince Edward Island on January 30, 2020, for inclusion in the CPA Code of Professional Conduct ("CPA Code"), effective July 1, 2020. Rule 216 *Payment or receipt of commissions,* will be repealed effective June 30, 2020.

The new Rule is based around the following framework:

- The requirements apply to all members and firms providing "professional services" as defined in the CPA Code.
- There continues to be a specific prohibition against a member and/or firm paying or receiving directly or indirectly compensation (as defined by the Rule) in respect of a client for whom the member or firm provides assurance services, even if the compensation relates to non-assurance services being provided to the assurance client.
- Otherwise, the forms of compensation outlined by the Rule, which include commissions and referral fees as well as other types of benefits, are allowed, provided a threats and safeguards approach is applied to identify and evaluate any threats, safeguards are applied to reduce any threats to an acceptable level, the client is informed about the safeguards applied, the compensation is disclosed to the client in writing, and the consent of the client is obtained prior to the payment or receipt of the compensation.

A number of questions and scenarios have been provided by CPA Ontario to illustrate the impact of the new Rule. These will be updated from time to time.

1. What are the major changes in the new Rule compared to the current requirements?

A comparison of the framework for the new Rule compared to the former Rule 216 of the CPA Code is provided below. Note that the new Rule has specific definitions for client, assurance client, and compensation.

New Rule	Comparison to former Rule
A new name ("*Commission or similar compensation arrangements*") reflects a broader scope in the forms of compensation covered by the Rule.	Former Rule 216 *Payment or receipt of commissions* was primarily focused on commissions and referral fees.
Applies to all members providing "professional services" (a term included in the general *Definitions* section of the CPA Code.)	Previously only applied to members or firms engaged or employed in the practice of public accounting (bylaw definitions of the "practice of public accounting" and "providing accounting services to the public")
Prohibits a member and/or firm paying or receiving this form of compensation either directly or indirectly in respect of obtaining an assurance client; the referral of an assurance client to others; the referral of products or services of others to an assurance client; or the provision of other professional services to an assurance client.	No change from former Rule
Applies a threats and safeguards approach in respect of non-assurance engagements, including compilation engagements, which includes: identifying and evaluating any threats; applying safeguards to reduce any threats to an acceptable level; informing the client about the safeguards applied; disclosing the compensation to the client in writing; and obtaining the consent of the client prior to the payment or receipt of the compensation.	New approach. Commissions would not have been allowed in these circumstances for those with public accounting firms. The former Rule did not place any restrictions on members who provide professional services.
Continues to allow for receiving or paying commissions and referral fees between members and firms in public accounting.	No change. Additional section added to cover purchase and sale of practices, as this could involve non-members.

2. **How does Rule 216 impact public accounting firms that provide accounting services to the public and assurance services that require a public accounting licence, as well as wealth management services that could be compensated for on a commission basis?**

The Rule maintains the current absolute prohibition against the acceptance of commission or referral fees by firms engaged in the provision of audit, assurance or other services [requiring a public accounting licence ("PAL")] in relation to wealth management or other services provided to clients receiving such PAL services. In order to provide such other services to PAL clients, the firm must develop compensation procedures for those services that do not involve receipt of commission or referral fees by the firm. For instance, the member or firm could bill the client directly for services provided on an hourly rate. In any case, the client, and not a third party, must bear ultimate responsibility for payment of the member or firm's bill.

In the case of clients who do not receive PAL services from the registrant, the registrant should adopt a threats and safeguards approach to the provision of services that would result in receipt of commission or referral fees. Please also review the Guidance to the Rule.

3. **How does the new Rule 216 impact a public accounting firm that does not provide assurance services, but does provide accounting services to the public, as well as wealth management or other commission based services?**

The provision of taxation or other regulated services (other than assurance services captured by the bylaw definition of "practice of public accounting"), in conjunction with wealth management or other commission- based services, requires that the member or firm (registrant) adopt a threats and safeguards approach to the provision of the services that would result in receipt of commission or referral fees.

Safeguards may include, without limitation:

- prior identification and discussion of alternative products or service providers, or alternative compensation structures with the client, allowing the client to make the final choice as to the products or services to be provided and the basis for compensation of the member or firm; and
- review of the proposed transaction by others such as the compliance department of the entity or firm.

4. **How does the new Rule 216 impact a public accounting firm that does not provide assurance services, but does provide accounting services to the public, and also recommends other products or services for purchase by certain clients?**

A firm that provides accounting services to the public, but not audit, assurance or other public accounting services for which a public accounting licence is required, may recommend other products or services to clients for purchase. An example of such would be where a firm that is providing accounting or bookkeeping services to a client recommends purchase by the client of particular accounting software to assist the firm in providing such services.

However, where the firm receives a commission or referral fee in respect of the sale of the recommended product, the transaction presents a threat to the objectivity of the firm.

Accordingly, the firm must apply the threats and safeguards approach. In such an instance, appropriate safeguards may include, without limitation:

- prior disclosure of the relationship between the accounting firm and the provider of the product or service;
- prior disclosure of the commission or referral fee, including any ongoing fees that may result to the firm after the initial purchase/referral;
- express consent by the client to receipt of commission or referral fees by the accounting firm;
- and, in appropriate circumstances, identification and discussion of alternative products or services with the client, allowing the client to make the final choice as to the products or services to be provided.

5. **Can members pay commissions to non-member brokers who help with the purchase or sale of public accounting practices?**

Rule 216 is not intended to impede certain business development or succession planning activities of members looking to enter or exit public accounting. Rule 216.4 clarifies that a member or firm is allowed to pay or accept compensation in connection with the sale and purchase of a public accounting practice.

6. **How does the new Rule 216 impact a member providing wealth management services, including incidental taxation advice?**

The wealth management services would likely be considered to be professional services, if there is reliance on the competencies of a member in providing these services. The provision of expert tax advice incidental to financial planning (e.g. other than “mechanical” processing of tax returns) would be considered to be “providing accounting services to the public”, an activity which requires a member to register a public accounting firm, with limited exceptions (see the Note), as well as a professional service.

Members who provide professional services, whether or not they are required to register a public accounting firm, are required to adopt the threats and safeguards approach discussed above in connection with the provision of services that could result in the receipt of commission or referral fees.

Note: Rule 409 "Practice of public accounting in corporate form" may provide relief from firm registration requirements where advice and certain services are provided on an incidental basis, provided certain conditions are met. These conditions are primarily applicable to members working for larger financial institutions, such as banks or investment dealers, provided such services are only a "small part" of the corporation's activities. In determining whether the taxation activities comprise a "small part" of the services provided, it is appropriate to consider the time spent and amount billed to the client in respect of taxation services, as against the totality of the work performed for and fees charged to the individual client.

7. A wealth manager has sent my firm a payment in respect of my referral to them of an assurance client, although I told them not to. What can I do?

In the event that the member or firm receives a commission or other compensation from a third party in connection with the sale of investment products or services to an assurance client, the full amount of the payment should be paid or credited to the client or returned to the wealth manager.

8. I have heard of members and firms in the practice of public accounting being paid directly by wealth managers for services that the members/firms have provided to assurance clients. Is this permitted?

No – subject to two exceptions:

1) a wealth management company may engage a member or public accounting firm to perform financial planning, taxation, estate planning and/or retirement planning services for its own clients. In this case, the wealth manager is itself the firm's client and will be invoiced by the firm and pay such invoices directly. The firm should consider whether it is more appropriate to contract directly with the individual client for these services; and, if in doubt, seek legal advice.
2) where a public accounting firm performs financial planning and/or counselling services for an assurance client and has also referred the assurance client to a wealth management company, the assurance client, for convenience and with the client's express consent, may direct the wealth management company to pay invoices received by the assurance client from the public accounting firm directly from the funds held in the client's account with the wealth manager. [August 31, 2016]

9. In situations where the receipt of compensation described by Rule 216 is not allowed, can I increase my hourly rate to reflect my special expertise?

Yes. In situations where the services provided involve special expertise, value billing is permitted. Note, however, that Rule 214 *Fee Quotations and billings* imposes additional requirements in these circumstances as it requires that a member or firm shall not quote a fee for any professional engagement unless adequate information about the engagement has been obtained. Members should also be aware of their responsibility to charge fees in a manner that maintains the good reputation of the profession (Rule 201). This Rule suggests that they should not bill for services for which sufficient value has not been provided.

10. Are there special considerations for compilation clients?

There is no longer a specific prohibition in Rule 216 in respect of compilation engagements (as long as assurance services are not also provided). The member or firm is still subject, however, to the requirements of Rule 204.10 *Disclosure of Impaired Independence*, and would be required to disclose "any influence, interest or relationship which, in respect of the professional service, would be seen by a reasonable observer to impair the member's or firm's independence."

11. If public accounting Firm ABC refers an entity (Widget Inc.) to public accounting Firm DEF, and Firm ABC does not otherwise provide any services to Widget Inc., does Widget Inc. become a client of Firm ABC for the purpose of the new Rule 216?

A scenario that could arise is that the Independence Rule prohibits Firm ABC from providing a certain service to Widget Inc. or they lack expertise in a certain area, so need to refer Widget Inc. to Firm DEF. Even though Widget Inc. is still considered to be a 'client' of Firm ABC for the purpose of this Rule, whether or not they are providing them services, Rule 216.3 would allow Firm DEF to pay, and Firm ABC to receive, a fee for the referral of Widget Inc. to Firm DEF.

12. The change in Rule 216 has me looking at the professional services I offer and how I charge for them. What else do I need to know?

You need to give careful consideration to other aspects of the CPA Code, such as the following. Please remember that each situation is different and that the following list of Rules is not all-inclusive. Note also that most of the Rules listed below have extensive guidance provided with the Rule to help you interpret how they apply to your situation.

- Rule 201 *Maintenance of the good reputation of the profession*: Are you acting in a manner that could harm the reputation of the profession? Are you complying with any licensing or other regulatory requirements for the services that you are providing?
- Rule 202 *Integrity and due care and Objectivity*: Are you acting with integrity, due care and objectivity?

- Rule 203 *Professional Competence*: Do you have the appropriate skills, competencies and training to provide the services you are offering? Are you current in your knowledge?
- Rule 204 *Independence*: If you provide assurance services, does Rule 204 contain prohibitions regarding what you are considering? For instance, Rule 204.4(33) *Provision of corporate finance and similar services* has a number of prohibitions regarding investment activities, such as making investment decisions and executing investment transactions. Similarly, Rule 204.4(39) *Gifts and hospitality* prohibits those on engagements teams for assurance clients from accepting gifts and hospitality that are other than insignificant.
- Rule 205 *False or misleading documents and oral representations*: Do you need to review your engagement letters and contracts with your clients/assurance clients to make sure that you have not made any false or misleading comments, and that you have provided adequate disclosure of any compensation? Also, have you informed the client of any safeguards you have applied to reduce threats to objectivity, if any, to an acceptable level?
- Rule 207 *Unauthorized benefits*: Have you received any benefits that your client or employer has not authorized?
- Rule 208 *Confidentiality*: Do you need to review the wording in contracts with third parties to see if changes are required to allow the disclosure of these forms of compensation to your clients/assurance clients?
- Rule 210 *Conflicts of interest*: Are there any conflicts of interest that could impact your ability to provide services, or that otherwise require disclosure and client consent?
- Rule 217 *Advertising, solicitation and endorsements*: Have you exercised the appropriate amount of due care before providing a referral?
- Rule 215 *Contingent Fees*: Are the fees you are charging really contingent fees? [See also Rule 204.4(36.1)]

13. How does this Rule apply in respect of compensation paid/received for the referral of services that will be provided to management or shareholders of my review engagement client?

a) The following scenario illustrates the application of the Rule :

Mr. Z is a 10% shareholder of ZZZ Inc. which is a review engagement client of AAA CPAs. AAA CPAs do not provide any other services to Mr Z. An investment dealer ("ID") has offered to pay AAA CPAs client referral fees if AAA CPAs refers to them individual clients, such as Mr. Z, with investment portfolio balances in excess of $100,000. Mr. Z has informally expressed some dissatisfaction to AAA CPAs about his investment manager and is wondering whether AAA CPAs can assist him in managing its investments or can refer him to another entity. What can AAA CPAs do in this scenario?

1. The first consideration is determining whether Mr. Z is a related party of ZZZ Inc. Rule 216 defines 'related entity' but not 'related party'. Other sources can assist with the interpretation, such as:

    - the guidance in Rule 204 Independence for the "related party" definition.
    - the guidance provided in the *CPA Canada Handbook – Accounting.* Section 3840 *Related Party Transactions in Part II Accounting Standards for Private Enterprises* lists a number of commonly encountered related parties of reporting entities. Ownership interests and degree of influence, as well as family relationships, are some of the factors that should be considered in determining whether someone or an entity is a related party.

2. If AAA CPAs concludes that Mr. Z is a related party of ZZZ Inc., then Mr. Z would be considered to be an assurance client, and AAA CPAs would not be able to receive any client referral fees if they referred Mr. Z to ID.

3. If AAA CPAs concludes that Mr. Z is not a related party, they need to evaluate the size of the threat to their objectivity. Some examples of factors to consider include:

    - How well do they know ID? How does the size of the referral fee compare to the size of their review engagement fee from ZZZ Inc., as well as their overall fee base?
    - How well do they know Mr. Z? Could a relationship that goes bad between Mr. Z and ID impact their relationship with ZZZ Inc.?

4. If the threat is evaluated as other than insignificant, then AAA CPAs need to apply safeguards to reduce the threat to an acceptable level.
    - AAA CPAs will likely need to discuss any information (including possible safeguards) that
    - must be disclosed to Mr. Z in advance with ID, and receive confirmation that they can provide this information to Mr. Z.
    - AAA CPAs will then need to make Mr. Z aware that they have been offered the referral fee by ID and get documented consent from Mr. Z before accepting the referral fee.
    - AAA CPAs also likely needs to disclose a certain amount of information to Mr. Z about the fee, such as the size, and whether or not it is a one-time fee or intended to continue throughout Mr. Z's relationship with ID.

b) Does the interpretation of the requirements change if Mr. Z is the CEO of ZZZ Inc.?

The factors to consider in making the determination whether Mr. Z is a related party of ZZZ Inc. will be different than those considered in step 1 of part a). Once that determination is made, the rest of the process outlined above in part a) will be similar.

c) Can AAA CPAs manage the investments of Mr. Z if they have a wealth management division as part of their firm?

AAA CPAs needs to consider whether Mr. Z is a related party of their assurance client, ZZZ Inc. If he is considered to be related, then AAA CPAs would not be able to provide wealth management services that are compensated as outlined in the definition of "compensation" in Rule 216. Another form of compensation, such as an hourly rate for advice provided, may be acceptable.

AAA CPAs also needs to look to other Rules, such as Rule 204.4(33) *Provision of corporate finance and similar services*, which has a number of prohibitions regarding investment activities, such as making investment decisions and executing investment transactions.
If AAA CPAs would like to provide wealth management services to ZZZ Inc., they may be prohibited from conducting the review engagement.

d) Could AAA CPAs refer Mr. Z to another wealth management service provider (WSP Co.) and receive a referral fee for doing so?

Even if AAA CPAs do not provide Mr. Z services of any kind and Mr. Z is instead receiving services from WSP Co. for the purpose of Rule 216:

- Mr. Z would be considered an "assurance client" of AAA CPAs if he is considered to be related to ZZZ Inc. Rule 216.2 would prohibit AAA CPAs from receiving the referral fee from WSP Co.
- Or if Mr. Z is not considered to be related to ZZZ Inc., he would still be considered a "client" of AAA CPAs. AAA CPAs could only receive the referral fee from WSP Co. if they complied with the requirements of Rule 216.1 (b).

e) If AAA CPAs decide that they would rather provide wealth management services to Mr. Z than retain the business of ZZZ Inc., could AAA CPAs receive a fee from another public accounting firm for referring ZZZ Inc.'s review engagement business to them?

Yes, Rule 216.3 allows the payment by one public accounting practice to another for the referral of an assurance client.

14. How can a public accounting firm be compensated for providing wealth management services to assurance clients?

The Rules do not prohibit billing clients based on the number of hours of service provided at a specified hourly rate.

If specialized knowledge is required in providing the service, value billing may be permitted. (See also Guidance in *Rule 214 Fee quotations and billings* and Rule 215 *Contingent fees*.)

In any case, fees should be billed by the firm to their clients/assurance clients and the clients/assurance clients should be ultimately responsible for ensuring that they are paid. Clients/assurance clients may arrange to have their professional money manager pay the firm's bill for the wealth management services from the client's account but such arrangements should be fully disclosed in the engagement letter and consented to by the client/assurance client.

15. If a CPA practitioner wants to get licensed to sell mutual funds while working full time in his public accounting practice, what does he have to do now to comply with Rule 216 and other requirements in the CPA Code?

The following is a list of some Rule-related and business considerations. This is only a starting point for the practitioner and his firm,and is not an all-inclusive checklist.

- Review the types of services provided to each client to determine whether there are any prohibitions with respect to providing the wealth management services to that particular client.
- Determine whether there are any restrictions on how he or she bills for the services provided. For instance, commissions are often associated with mutual funds, so *Rule 216 Commission and other forms of compensation* should be considered. Consider the impact of other Rules, as outlined in Question 12.
- Review and/or establish appropriate policies to be able to manage this service offering. For instance, he or she needs to consider the nature of the safeguards that will need to be put in place (and mentioned to the client), where forms of compensation other than hourly fees are allowed by Rule 216.
- Put in place the appropriate policies and procedures to meet whatever other standards that those who are licensed to sell mutual funds must meet; if their requirements are more stringent than the CPA Code, then the most stringent must be complied with.
- Create or amend contracts as required. For instance, there may be contracts with third-parties that need to be updated to allow disclosures as required by the various Rules. A template may be useful to document the necessary permissions from the client.
- Check the firm's insurance policy to make sure that there are no exclusions with respect to providing these types of services.

- Provide necessary communications and training to staff – at the start of the new venture and on an ongoing basis.

16. Can a member in the wealth management business now offer tax planning, advice and tax preparation services to clients to whom they sell life insurance products (which are typically commission based)?

The answer is not simple as there are a number of implications.

Implications of providing tax-related services

A member who wants to provide tax planning advice and tax preparation services, irrespective of whatever other services they are providing, first needs to be aware of the requirements to register a public accounting practice. Tax planning, advice and preparation services are considered to be "providing accounting services to the public". A member providing these services needs to register a practice with CPA Ontario. There are only very limited circumstances, as outlined by Rule 409 *Practice of public accounting in corporate form*, where registration of a practice may not be required. Note also that CPA Ontario requirements restrict practice structures to sole proprietorships, partnerships or professional corporations.

The member preparing the tax return may also be asked to complete a compilation engagement (also an activity considered to be "providing accounting services to the public"). Independence assessments need to completed, and impaired independence should be disclosed in the Notice to Reader (see Rule 204.10).

With practice registration comes a number of other requirements, such as having professional liability insurance that covers all of the services being provided; initial practice registration fees, payment of the Annual Practitioner Fee; and possibly periodic practice inspections where the services provided include compilation services.

Implications of providing wealth management services to clients receiving tax-related services

Rule 216 will allow commissions and similar forms of compensation to be paid to the member from third parties; however, the member needs to complete a number of steps first, such as:

- Assessing the threat: Is the amount of the commission significant? If so, the potential receipt of this form of compensation represents a threat to the fundamental principles, in particular, integrity and due care and objectivity (Rule 202). There is a conflict of interest (Rule 210) between accepting this compensation and providing a referral or facilitating the sale of products or provision of services.
- Assessing the safeguards to be applied: Have alternative products or service providers, or alternative compensation structures, been discussed with the client, allowing the client to make the final choice as to the products or services to be provided and the basis for compensation of the member or firm? Has the proposed transaction been reviewed by others such as the compliance department of the entity or firm?

Other

There are other Rules that also need to be considered, such as those outlined in Question 12.

17. I have hired an enthusiastic person to manage business development for my public accounting practice. She is not a CPA. How can I reward her for creating new business opportunities?

- Rule 216.3 allows you to pay commissions or other compensation to your employee for bringing in new clients or assurance clients.
- Rule 216.1 and 216.2 would apply in respect of any amounts that third parties would like to pay your employee or your firm in respect of the referral of their products or services to your clients or assurance clients.
- Rule 216.1 and 216.2 would apply in respect of any amounts you would like to pay third parties in respect of opportunities referred to you as a result of your new employee's business development activities.

18. May a member who is in the practice of public accounting provide wealth management services to clients on a contingent fee basis?

Rule 215 *Contingent fees* prohibits a member or firm engaged in the practice of public accounting or a related business from providing professional services requiring independence, as well as compilation engagements and the preparation of income tax returns, on a contingent fee basis. The member or firm may, however, charge contingent fees for other services, such as allowable wealth management services, provided the fee arrangement is not one that is viewed as impairing the objectivity (or perception of objectivity) of the firm and does not violate any other Rules. The client also needs to agree in writing to these terms.

Note that provision of non-assurance services on a contingent fee basis can also impact the firm's ability to provide assurance services to a client. For more information, refer to Rule 204.4(36.1) *Fees*, which is included in the specific prohibitions in the Independence Rule.

19. Can a member or firm in the practice of public accounting (or the spouses and/or minor children of members in public practice) own (wholly or in part) a business providing wealth management services to the clients of the member or firm?

It depends. The member or firm in public accounting would be receiving income indirectly from the wealth management business as a result of its ownership interest, and possibly also directly depending on the services provided to this business. As such, the method by which the wealth management firm is compensated for its services needs to meet the requirements of Rule 216.

The member or firm also needs to consider whether the wealth management firm is a "related" business, and/or whether their practice is associated with non-members. If so, the member or firm is also responsible for ensuring that these non-members are in compliance with the requirements of Rule 406 *Responsibility for a non-member* and Rule 408 *Association with a non-member in public practice* of the CPA Code.

20. May a member or firm who provides assurance services in the practice of public accounting (or the spouses and/or minor children of CPAs in public practice) own (wholly or in part) a business providing wealth management services (including the sale of investment products) to individuals who are not clients of the firm?

A separate business could be set up in this manner, with other family members being management and shareholders; however, the form of income earned by the wealth management business would likely be considered to be indirect (if not direct) income of the CPA firm and still needs to meet the requirements of Rule 216. Rule 216 needs to be considered when the wealth management business wants to offer services to the assurance clients of the member or firm in the practice of public accounting.

The wealth management firm may also be considered as a related business of the CPA firm, and as such, subject to the rules in the CPA Code that cover related businesses of public accounting firms. To minimize this risk, the CPA firm should not appear to be associated with the wealth management firm. Important dissociative elements include: dissimilar names, separate phone numbers and business premises, little or no sharing of support staff – in short, nothing that may lead clients of the wealth management business to believe that they are dealing with the member or the CPA firm.

21. I have a tax practice registered with CPA Ontario. I want to enter into a business development relationship with a local banker. We would be referring clients to each other. The banker expects to be able to make bonuses with the additional business he expects to generate; he says that he'll send my family on an all-expense paid trip to Hawaii if he does. Can I accept the holiday, and do I need to disclose this to specific clients once they become known?

The requirements of Rule 216 will apply in respect of any specific transactions with these clients, such as sales of products or services. You should always consider the application of Rule *210 Conflicts of Interest*, as well as other requirements in respect of integrity, due care and objectivity (Rule 202) if the receipt of this trip is likely to influence you in any way. You should also review Rule 217 *Advertising, Solicitation and Endorsements* as you could be considered to be endorsing the banker.

22. **A wealth management company wants to pay me a retainer so that I am available to provide their clients with tax planning advice. The clients would be separately engaging me. Can I accept the retainer?**

At the time you receive the retainer, specific clients have not been identified. Where these activities are not directly related to either party getting additional business, these benefits are not considered to be compensation for the purposes of this Rule. Members and firms are reminded of the likely application of Rule 210 *Conflicts of Interest* in these circumstances, as well as other requirements in respect of integrity, due care and objectivity (Rule 202).

23. **I work for a large bank. I sell investment funds and other wealth management products, also provide tax planning advice for free as part of that service. I proudly display my CPA designation as part of my credentials. I understand that CPA Ontario considers that I am providing "professional services" and as such am subject to the requirements of Rule 216. The catch is that I also need to comply with the policies and procedures of the bank, which do not allow me to disclose certain information that would be useful disclosures (and effective safeguards) for my more naïve investors (e.g. investment products of other investment managers with other commission rate structures; details of the commission calculation; etc.).**

How do I reconcile these two conflicting positions?

Your employer's policies do not provide you with an exemption from meeting the Rules of Professional Conduct. If you are selling products or services of third parties and earning compensation as describe by Rule 216, you are required to apply safeguards that reduce threats to an acceptable level. This may result in you putting in more effort to identify and put into place the appropriate safeguards. One of the safeguards you might consider is mentioning in writing to the client that as an employee of the bank the client is dealing with, you are not in a position to provide him or her with details of products and services of other organizations; and/or details of commission calculations. If you have not already done so, you may also want to discuss this conflict with your
managers, as they may be amenable to changing policies, particularly if they realize there are other potential benefits if the clients consider that transparency has improved.

Note that if you are selling investment funds and other wealth management products of your employer, and not third parties, such as other banks or financial institutions, Rule 216 would not apply to you. You still need to be aware of other requirements, such as Rule 210.

[Note also that if you are providing services, such as tax planning advice and/or preparation of tax returns as part of your value proposition, you may not only be providing professional services; you may be providing accounting services to the public that require you to register a practice with CPA Ontario, unless you are exempted from doing so under Rule 409.]

24. I am a CPA who provides professional services at a bank. Does the application of Rule 216 change if products/ services are sold by my employer instead of myself?

No. Rule 216 applies whether you are making the sale directly or indirectly (i.e. if the billings and documents refer only to your employer and not you), if you are selling the products or services of third parties.

Note, however, if you are only selling your employer's products and services, and receiving commission income from doing so, Rule 216 does not apply, but other rules of professional conduct need to be taken into consideration, such as Rule 210.

As no two situations are identical, CPA Ontario members are responsible for ensuring that their own situation complies with the CPA Code of Professional Conduct, By-law and Regulations.