

**Readopt with amendment Ac 501.01,, effective 1/1/15 (Document #10746), cited and to read as follows:**

PART Ac 501 ACCOUNTABILITY

Ac 501.01 Ethical Standards for All Professional Services.

(a) The ethical standards that follow shall apply to all professional services performed by a licensee in the practice of public accounting except that a licensee who is practicing outside the United States shall not be subject to discipline for departing from any of the rules stated herein as long as the licensee's conduct is in accord with the rules of the organized accounting profession in the country in which they are practicing.

(b) Where a licensee's name is associated with financial statements [~~under circumstances that would entitle the reader to assume that~~] **that require** United States practices [~~were~~] **to be** followed, the licensee shall comply with the requirements of Ac 504.01 and Ac 504.02.

**Repeal Ac 501.02, effective 1/1/15 (Document #10746), to read as follows:**

~~[Ac 501.02 Violations of Rules Also an Act of Misconduct. The violation of any provision of Ac 300, Ac 400, or this chapter by a licensee shall be considered by the board to be an act of misconduct and shall subject the licensee to disciplinary action.]~~

**Readopt with amendment and renumber Ac 501.03 and Ac 501.04, effective 1/1/15 (Document #10746), Ac 501.02 and Ac 501.03, to read as follows:**

Ac 501.02 Licensee Responsibility for Associates. A licensee shall be held responsible for noncompliance with the rules by all persons associated with their practice of public accounting who are either under the licensee's supervision or are the licensee's partners or shareholders in the practice, if the licensee knew or should have known of such associated person's failure to comply with the rules.

Ac 501.03 Applicability to Indirect Services. A licensee shall not permit others to carry out on their behalf, either with or without compensation, acts which, if carried out by the licensee, would place the licensee in violation of the rules.

**Readopt with amendment Ac 502, effective 1/1/15 (Document #10746), to read as follows:**

PART Ac 502 INDEPENDENCE

Ac 502.01 Opinion on Financial Statements.

(a) An accountant or a firm of which they are a partner, shareholder, or member shall not express an opinion on financial statements of an enterprise unless the accountant and the accountant's firm are independent with respect to such enterprise.

(b) [~~Independence shall be considered to be impaired if, for example~~] **Instances where an accountant or their firm's independence shall be considered impaired include, but are not limited to:**

(1) [~~During the period of their~~] **Periods of there** professional engagement, or at the time of expressing their opinion, **when** the accountant or the accountant's firm:

- a. Had or was committed to acquire any direct or material indirect financial interest in the enterprise;
- b. Was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise;
- c. Had any joint closely-held business investment with the enterprise or any officer, director, or principal stockholder thereof which was material in relation to their or their firm's net worth; or
- d. Had any loan to or from the enterprise or any officer, director, or principal stockholder thereof, except for the following loans from a financial institution when made under normal lending procedures, terms, and requirements:
  1. Loans obtained by an accountant or the firm which are not material in relation to the net worth of such borrower;
  2. Home mortgages; and
  3. Other secured loans, except loans guaranteed by an accountant's firm which are otherwise unsecured; and

(2) [~~During the period~~] **Periods** covered by the financial statements, the time period of the professional engagement, or at the time of expressing an opinion, [~~the licensee~~] **when the accountant's** or firm:

- a. Was connected with the enterprise as a promoter, underwriter or voting trustee, a director or officer, or in any capacity equivalent to that of an accountant of management or of an employee; or
- b. Was a trustee for any pension or profit-sharing trust of the enterprise.

**Readopt with amendment Ac 503, effective 1/1/15 (Document #10746), to read as follows:**

**PART Ac 503 INDEPENDENCE, INTEGRITY, AND OBJECTIVITY**

Ac 503.01 Standards of Integrity and Objectivity. In the performance of any professional service, a licensee shall:

- (a) Maintain independence, objectivity, and integrity;
- (b) Be free of conflicts of interest; and
- (c) Not knowingly misrepresent facts or subordinate their judgment to others.

**Readopt with amendment Ac 505, effective 1/1/15 (Document #10746), to read as follows:**

PART Ac 505 CONFIDENTIAL CLIENT INFORMATION

Ac 505.01 Disclosure of Confidential Information.

(a) A licensee in public practice shall not disclose any confidential client information without the specific consent of the client.

(b) The requirement in (a) above shall not be construed:

(1) To relieve a licensee of their professional obligations under Ac 504.01 and Ac 504.02;

(2) To affect in any way the licensee's obligation to comply with a validly issued and enforceable subpoena or summons, or to prohibit a licensee's compliance with applicable laws and government regulations;

(3) To prohibit review of a licensee's professional practice under American Institute of Certified Public Accountants **Institute** or state **certified public accountant (CPA)** society or board of accountancy authorization; or

(4) To preclude a licensee from initiating a complaint with, or responding to any inquiry made by, the professional ethics division or trial board of the Institute or a duly constituted investigative or disciplinary body of a state CPA society or board of accountancy.

(c) Licensees of any of the bodies identified in (b)(4) above and licensees involved with professional practice reviews identified in (b)(3) above shall not use to their own advantage or disclose any licensee's confidential client information that comes to their attention in carrying out those activities. This prohibition shall not restrict licensees' exchange of information in connection with the investigative or disciplinary proceedings described in (b)(4) above or the professional practice reviews described in (b)(3) above.

Ac 505.02 Use of Third Party Service Providers.

(a) Before using a third party service provider, the licensee shall:

(1) Enter into a binding, enforceable contractual agreement with the third-party service provider to maintain the confidentiality of the information; and

(2) Receive reasonable assurances from the third-party service provider that it has appropriate procedures in place to prevent the unauthorized release of confidential information to others.

(b) The nature and extent of procedures necessary to obtain reasonable assurance shall depend on the facts and circumstances, including the extent of publicly available information on the third party service provider's controls and procedures to safeguard confidential client information.

(c) When a licensee has entered into a binding, enforceable contractual agreement with a third-party service provider, the licensee shall comply with Ac 404.02. Such disclosure shall not relieve the licensee of their obligations under these rules.

(d) A licensee shall not be required to inform the client when the licensee contracts with or uses a third party service provider to provide administrative support service to the licensee.

(e) A licensee shall provide a written disclosure to the client that the licensee is using a third-party provider to assist the licensee in providing any professional services to the client, excluding (d) above.

(f) A licensee outsourcing professional services to a third-party provider shall be responsible for [i]ensuring a third-party provider is and remains in compliance with all applicable provisions of Ac 500.

**Readopt with amendment Ac 506, effective 1/1/15 (Document #10746), to read as follows:**

PART Ac 506 CONTINGENT FEES

Ac 506.01 Prohibition.

(a) A licensee in public practice shall not:

(1) Perform, for a contingent fee, any professional services for, or receive such a fee from, a client for whom the licensee or the licensee’s firm performs:

- a. An audit or review of a financial statement;
- b. A compilation of a financial statement when the licensee’s compilation report does not disclose a lack of independence; or
- c. An examination of prospective financial information;

(2) Under any circumstances receive a contingent fee for the preparation of an audit, review, or compiled financial statement; or

(3) Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client, subject to Ac 506.02 and (c) below.

(b) The prohibition in (a)(1) above shall apply during the period in which the licensee or the licensee’s firm is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.

(c) The prohibition in (a)(3) above shall not apply to a contingent fee for preparation of an amended return or claim for refund if the licensee has a reasonable expectation that the amended return or claim for refund will be subject of a substantive review by the taxing authority.

Ac 506.02 “Contingent fee” means a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. The term does not include fees fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies.

Ac 506.03 Fees. A licensee’s fees may vary depending on the complexity of services rendered.

**Readopt with amendment Ac 507, effective 1/1/15 (Document #10746), to read as follows:**

PART Ac 507 ETHICS IN ADVERTISING

Ac 507.01 Advertising and Other Forms of Solicitation. A licensee in public practice shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading, or deceptive. Solicitation by the use of coercion, over-reaching, or harassing conduct shall be prohibited.

Ac 507.02 Commissions.

(a) A licensee in public practice shall not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive any other form of a commission when the licensee or the licensee's firm also performs for that client:

- (1) An audit or review of a financial statement;
- (2) A compilation of a financial statement when the member expects, or reasonably might expect, that a third party will use the financial statement and the member's compilation report does not disclose a lack of independence; or
- (3) An examination of prospective financial information.

(b) The prohibition in (a) above shall apply to the period in which the licensee is engaged to perform any of the services listed in (a)(1) – (3) above and to the period covered by any historical financial statements involved in such listed services.

(c) A licensee who is not prohibited by this section or RSA 309-B:14 from performing services for or receiving a commission and who is paid or expects to be paid a commission shall disclose that fact to any person or entity to whom the licensee recommends or refers a product or service to which the commission relates.

(d) This section shall not prohibit payments to individuals formerly engaged on the practice of public accounting, or payments to their heirs or estates.

Ac 507.03 Referral Fees. Any licensee who accepts a referral fee for recommending or referring any service of a licensee to any person or entity or who pays a referral fee to obtain a client shall disclose such acceptance or payment to the client.

Ac 507.04 Form of Practice and Name. A licensee shall not practice public accounting under a firm name that is misleading. Names of one or more past owners may be included in the firm name of a successor organization. An owner surviving the death or withdrawal of all other owners may continue to practice under a name which includes the name of past owners for up to 2 years after becoming a sole practitioner.

Ac 507.05 Registered Investment Advisors.

(a) A registered investment advisor shall not be deemed an incompatible occupation with that of a certified public accountant or a public accountant **(PA)**.

(b) CPAs and PAs who are registered investment advisors may be compensated on an hourly rate, fixed rate, or as a percentage of assets under management. However, CPAs and PAs shall not receive or accept commissions. A [~~certified public accountant~~] **CPA** or [~~public accountant~~] **PA** who simultaneously

practices as a registered investment advisor shall be subject to the standards of independence contained in Ac 502.

#### APPENDIX A

<b>Rule</b>	<b>Specific State Statute which the Rule Implements</b>
Ac 501	RSA 309-B:4, VI(d)
Ac 502	RSA 309-B:14, VIII
Ac 503	RSA 309-B:4, VI(d); RSA 309-B:14, XIII
Ac 505	RSA 309-B:8, VIII(d); RSA 309-B:18
Ac 506	RSA 309-B:14, XIV
Ac 507	RSA 309-B:4, VI(d)