

## Draft Regulations

### Draft Regulation

Professional Code  
(R.S.Q., c. C-26; 2001, c. 78)

#### Chartered Accountants

— Code of ethics  
— Replacement

Notice is hereby given in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1) that the Bureau of the Ordre des comptables agréés du Québec adopted the Code of Ethics of Chartered Accountants of Québec.

The Regulation, the text of which is attached below, will be examined by the Office des professions du Québec pursuant to section 95 of the Professional Code. It will then be submitted, with the recommendation of the Office, to the Government which may approve it with or without amendment, upon the expiry of 45 days following this publication.

According to the Ordre des comptables agréés du Québec, one of the purposes of this regulation is to harmonize some of its rules with those of the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company ;

The other amendments are intended to:

— clarify and improve certain rules, including those regarding duties and obligations towards the client, conflict of interest, the setting and payment of fees and more specifically the possibility of charging a contingent fee ;

— update certain provisions and harmonize them with the standards contained in the Canadian Institute of Chartered Accountants Handbook ;

— integrate and update the rules on advertising.

The Ordre will soon be making other changes to the Code of Ethics in matters relating to conflicts of interest, auditor independence rules and, as a result of amendments to the Professional Code, the disclosure of confidential information in order to ensure the protection of the public.

This regulation will have no impact on the economic burden of citizens and enterprises.

Further information may be obtained by contacting M<sup>re</sup> Christiane Brizard, lawyer, Director of Legal Affairs, Ordre des comptables agréés du Québec, 680, rue Sherbrooke Ouest, 18<sup>e</sup> étage, Montréal (Québec) H3A 2S3.

Any interested person having comments to make is requested to send them, before the expiry of the 45-day period, to the Chairman of the Office des professions du Québec, 800, place D'Youville, 10<sup>e</sup> étage, Québec (Québec) G1R 5Z3. These comments will be forwarded by the Office to the minister responsible for the administration of legislation respecting the professions. They may also be forwarded to the professional order that has adopted the regulation, as well as to the persons, departments and agencies concerned.

JEAN-K. SAMSON,  
*Chairman of the Office des  
professions du Québec*

### Code of Ethics of Chartered Accountants of Québec

Professional Code  
(R.S.Q., c. C-26, s. 87; 2001, c. 78, s. 6)

#### CHAPTER I DUTIES AND OBLIGATIONS TOWARDS THE PUBLIC

##### DIVISION I GENERAL PROVISIONS

**1.** Each member of the Ordre shall take reasonable measures to ensure that persons, employees, shareholders or partners who are involved with him in the practice of the profession, comply with the Chartered Accountants Act (R.S.Q., c. C-48), the Professional Code (R.S.Q., c. C-26) and the regulations thereunder. Each member practising the profession within a partnership or joint stock company within the meaning of the Civil Code of Québec or contemplated in chapter VI.3 of the Professional Code who is a partner, shareholder, director or officer of a partnership or company shall make sure that the partnership or company complies with the Chartered Accountants Act, the Professional Code and the regulations thereunder.

The practice of the profession includes, but is not limited to, the practice of public accounting and the following other functions when offered to the public :

(1) management consulting, including investigating and identifying management and business problems related to the policies, technical aspects, structure, operations, finances, systems, procedures, financing or administration of organizations and recommending appropriate solutions ;

(2) insolvency services, including receivership, trusteeship in bankruptcy and liquidation as well as the administration of bankrupt or insolvent partnerships, legal persons, trusts, any other enterprises or estates ;

(3) information processing, including manual record keeping and electronic data processing ;

(4) administratorship, insofar as it involves administering the property of others ;

(5) information technology consulting ;

(6) business brokerage, negotiating and advising on business acquisitions, sales, financing or mergers ;

(7) liquidation of successions and administering the property of successions ;

(8) insurance counselling ;

(9) valuation ;

(10) the preparation of personal tax and other returns or statutory documents, but excluding those set out in subparagraph (3) of the third paragraph of this section.

For the purposes of this Regulation, “public accounting” means the offering of services to the public to improve the quality of financial, accounting or decision-making information, or the context in which it is provided, for decision making. Without limiting the generality of the foregoing, such services shall include :

(1) accounting services, insofar as they involve synthesis, analysis, advice, counsel or interpretation, and compilation engagements, but excluding record keeping ;

(2) assurance services including audit and review engagements, derivative reports and specified auditing procedures engagements within the meaning of the Canadian Institute of Chartered Accountants Handbook ;

(3) taxation services, insofar as they involve advice, counsel or interpretation, including the preparation of tax returns and other statutory documents if required or connected with one of the public accounting services offered, but excluding personal income tax returns ;

(4) investigative and forensic accounting services, including financial investigation and financial litigation support ;

(5) financial planning services.

**2.** A member shall not permit others to carry out on his behalf acts which, if he carried them out himself, would place him in violation of the Chartered Accountants Act, the Professional Code or a regulation thereunder.

**3.** A member’s duties and obligations under the Chartered Accountants Act, the Professional Code and regulations thereunder are in no way changed or reduced by the fact that he practises the profession within a partnership or company.

**4.** A member shall ensure that his obligations towards the partnership or company of which he is a director or officer are not incompatible with his obligations towards his client or employer.

**5.** A member shall, at all times, act with dignity and avoid any method or attitude that is likely to damage the profession’s good reputation.

**6.** A member shall keep his knowledge current. He shall keep abreast of developments in the fields of practice of his profession whether or not he offers services to the public and maintain his competence in these fields.

**7.** A member shall have the personal charge and management of any place of business of a partnership or company holding itself out as a partnership or company of chartered accountants or within which one or more members offer assurance services.

**8.** A member shall not hold out or imply that he has a place of business in any place where he is in fact only represented by another person who is neither his partner nor a director nor a shareholder of the partnership or company. Conversely, a member who only so represents a member, partnership or company shall not hold out or imply that he maintains a place of business for such member, partnership or company.

**9.** A member who practises his profession within a general partnership of which not all partners are members of the Ordre is subject to the conditions set out in the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company except as regards the obligation to maintain security against professional liability.

**10.** A member shall not adopt any method of obtaining or attracting clients which tends to lower the standard of dignity of the profession and, in particular, he shall not urge anyone pressingly or repeatedly to retain his professional services.

## **DIVISION II** **DEROGATORY ACTS**

**11.** Shall be guilty of an act derogatory to the dignity of the profession, in addition to those mentioned in sections 57, 58, 59.1 and 59.2 of the Professional Code, any member of the Ordre who :

(1) is found guilty by a final judgment of a court of competent jurisdiction of an offence against any tax act or securities act in Canada or elsewhere ;

(2) makes an assignment of his property or against whom a receiving order is made, within the meaning of the Bankruptcy and Insolvency Act (R.S.C., 1985, c. B-3), or whose partnership or company, of which he is the sole director and shareholder, makes an assignment of its property or has a receiving order made against it, within the meaning of the Bankruptcy and Insolvency Act, by a final judgment of a court of competent jurisdiction ;

(3) having made an assignment of his property or having had a receiving order, as that term is used in the Bankruptcy and Insolvency Act, made against him by a final judgment of a court of competent jurisdiction, fails to inform the Ordre without delay ;

(4) fails to inform the Ordre that he has reason to believe that a member is practising his profession in a manner which is detrimental to his clients, his employer or the public, or has violated the Chartered Accountants Act, the Professional Code or the regulations thereunder, or that he is incompetent ;

(5) communicates with the plaintiff without the prior written permission of the Syndic or Assistant Syndic when he is informed by the Syndic or Assistant Syndic that an inquiry into his professional conduct or competence has been initiated by either of them or when he has been served notice of a complaint under section 132 of the Professional Code.

**12.** Shall also be guilty of an act derogatory to the dignity of the profession, any member who carries on his professional activities within a partnership or company :

(1) with persons who engage in acts that are derogatory to the honour or dignity of the chartered accountancy profession ;

(2) in which directors, shareholders, partners or employees practise a profession, carry on a trade, enterprise or business or hold an office or function that is inconsistent with the practice of the profession ;

(3) in which a person contemplated in paragraph 2(1) (a) of the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company, who holds partnership or company shares with voting rights or acts as a director or officer is struck off the roll of his professional order or has his professional permit revoked.

**13.** Notwithstanding section 12, a member is authorized to practise his profession within a partnership or company in which a person contemplated in subsection 12(3) is struck off the roll of his professional order or the equivalent, or has his professional permit revoked, provided the following conditions are satisfied :

(1) the said person ceases to be a director or officer of the partnership or company within 10 days from the date on which the penalty or measure imposed becomes executory or within any other additional timeframe authorized by the Bureau ;

(2) the said person ceases to attend all shareholder meetings and to exercise his right to vote within 10 days from the date on which the penalty or measure imposed becomes executory or within any other additional timeframe authorized by the Bureau ;

(3) the said person disposes of his partnership or company shares with voting rights within 180 days from the date on which the penalty or measure imposed becomes executory or within any other additional timeframe authorized by the Bureau.

**14.** Shall be guilty of an act derogatory to the dignity of the profession, any member who carries on his professional activities within a partnership or company that holds out or implies that it is a partnership or company governed by the Professional Code where such partnership or company does not comply with the requirements set out in the Professional Code or the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company.

**15.** Shall also be guilty of an act derogatory to the dignity of the profession, any member who concludes or allows to be concluded, within a partnership or company holding itself out to be a partnership or company of chartered accountants, or within which one or more members offer assurance services, any agreement, particularly a unanimous shareholders' agreement, that impairs the independence, objectivity and integrity necessary to provide assurance services or that could lead members to violate the Chartered Accountants Act, the Professional Code and the regulations thereunder.

## CHAPTER II DUTIES AND OBLIGATIONS TOWARDS THE CLIENT AND THE EMPLOYER

### DIVISION I GENERAL PROVISIONS

**16.** Whether his duties and obligations be towards the public, a client or an employer, a member shall, in all circumstances before entering into a contract relating to the practice of the profession, consider the extent of his proficiency, knowledge and the means at his disposal. He shall not, in particular, undertake work for which he is not sufficiently prepared without obtaining the necessary assistance.

**17.** A member shall abstain from practising in conditions likely to impair the quality of his services and the dignity of the profession.

**18.** A member shall abstain from intervening in the personal affairs of his client or employer on matters outside the scope of his contract.

**19.** A member shall, depending on the nature of the services provided, perform his contract in keeping with current professional accounting and assurance standards, with the other standards, guidance and guidelines set out in the Canadian Institute of Chartered Accountants Handbook and with current scientific knowledge.

**20.** A member shall promptly return to a client or, if so instructed by such client, to his successor, the records and documents belonging to the client, whether or not his fees have been paid.

**21.** A member who performs a contract, in whole or in part, in the practice of his profession, assumes full personal civil liability arising therefrom, regardless of his status within the partnership or company. He is forbidden to include in such contract any clause to the effect of directly or indirectly, fully or partially, excluding this liability. He may not invoke the liability of the partnership or company as a ground for excluding or limiting his own liability.

**22.** A member shall not prevent a client from consulting a member of the Ordre, a member of the Canadian Institute of Chartered Accountants, another professional of his choice or another person.

### DIVISION II INTEGRITY, INDEPENDENCE AND OBJECTIVITY

**23.** A member shall perform his professional duties with integrity, objectivity, due care, and with independence when required by professional standards and good practice.

**24.** A member shall avoid any misrepresentation with respect to his level of competence or the efficiency of his own services or the services generally performed by members of the profession. If the interest of a client so requires, he shall, with the authorization of such client, consult another member of the Ordre, a member of the Canadian Institute of Chartered Accountants, another professional or another competent person, or refer such client to one of these persons.

**25.** A member shall inform a client, as soon as possible, of the scope and terms and conditions of the contract entrusted to him by such client.

**26.** A member shall not place himself in a situation where his loyalty to his client or employer may be compromised.

**27.** A member who performs an assurance engagement or a specified auditing procedures engagement shall hold himself free of any influence, interest or relationship which, in respect to his engagement, may impair or be perceived as impairing his professional judgment or objectivity.

**28.** In particular, shall constitute an infraction of section 27 the fact for a member:

(1) to accept to perform an assurance engagement or a specified auditing procedures engagement for a client:

(a) where, in the case of a corporate client, he or any of the partners, shareholders, directors or officers of the partnership or company within which he practises his profession or his or their immediate families, directly or indirectly hold any investment in:

i. shares, bonds or debentures of the corporation or any associate thereof;

ii. mortgages of the corporation or any associate thereof;

iii. advances to the corporation or any associate thereof;

(b) where, in the case of a client who is not a corporation, he or any of the partners, shareholders, directors or officers of the partnership or company within which he practises his profession or his or their immediate families, directly or indirectly, hold any investment similar to those listed in paragraph *a* in the organization or any associate thereof;

(c) where he or any of the partners, shareholders, directors or officers of the partnership or company within which he practises his profession is a director, officer or employee of the client organization or of any associate thereof, or where a member of his or their immediate families is a director or officer of the client organization or of any associate thereof;

(2) to be or to practise within a partnership or company of which a partner, shareholder, director or officer is a member of a private mutual fund or of an investment club which holds any interest, as set out in paragraph 28(1) (*a*), in a client of the member or of the partnership or company. However, a member would not be in violation of the above rule if he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession invests in a public mutual fund not audited by the member or any partner, shareholder, director or officer of the partnership or company and which holds any interest in a client of the member or of the partnership or company. Nor would a member or any partner, shareholder, director or officer of the partnership or company within which he practises his profession be in violation for holding shares in a social club for which he performs an assurance engagement or a specified auditing procedures engagement where the shareholding is a prerequisite of membership;

(3) to accept to perform an assurance engagement or a specified auditing procedures engagement for a not-for-profit corporation or organization in which he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession is an officer or director or holds any other position where he has the right or responsibility to make decisions affecting the management of such corporation or organization;

(4) to perform an assurance engagement or a specified auditing procedures engagement for:

(a) a trust or estate in which he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, hold a position as executor or trustee;

(b) an organization in which such a trust or estate holds a material interest;

(c) a pension plan or a profit-sharing plan in which he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, hold a position as trustee;

(d) an organization in which a private charitable foundation holds an interest, where he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, hold a position as trustee in such charitable foundation.

For the purposes of this Regulation, the following words and expressions mean:

(1) “immediate family”: the spouse of a person, and any relative of that person or of his or her spouse, provided they have the same home as that person;

(2) “associate,” in relation to a corporate client:

(a) any affiliate thereof, within the meaning given to the term “affiliate” in the Canada Business Corporations Act (R.S.C., 1985, c. C-44), except that the meaning is extended to include any unincorporated body;

(b) any “investor” as that term is used in the Canadian Institute of Chartered Accountants Handbook, where the investor uses the equity method on the bases provided in the Handbook to account for its investment in the corporate client and where the amounts relating to the corporate client reflected in the financial statements of the investor constitute more than 5% of total assets or more than 5% of gross revenues of the investors;

(c) any “investee” as the term is used in the Canadian Institute of Chartered Accountants Handbook, in which the corporate client holds an investment that it accounts for using the equity method and where the materiality criteria outlined in paragraph *b* are met;

(3) “associate”: any person with whom a member is connected as partner, employer or employee for the practice of his profession, or any person who is a shareholder, partner, director, officer or employee of a partnership or company within which the member practises his profession, including the immediate family of such member or such person;

**29.** Notwithstanding sections 27 and 28, shall not constitute an infraction the fact for a member:

(1) to accept to perform an assurance engagement or a specified auditing procedures engagement for a chartered bank, trust company, finance or acceptance company, savings and loan institution, cooperative, caisse populaire or similar institution, from or in which he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, borrowed or deposited funds in the normal course of business, provided the amount borrowed or deposited is reasonable in relationship to the institution's assets, to the borrower's or depositor's income and net worth and that the transaction is of the sort that would be made with other customers of the institution in the normal course of business;

(2) to accept to perform an assurance engagement or a specified auditing procedures engagement for a client with whom he or any partner, shareholder, director or officer of the partnership or company within which he practises his profession, or his or their immediate families, carried out a commercial transaction, provided that the transaction was on the same terms and conditions as are normally allowed to other customers, in particular with respect to terms of payment;

(3) to hold a share in a savings and loan institution, cooperative or caisse populaire for which the partnership or company within which the member practises his profession performs an assurance engagement or a specified auditing procedures engagement, provided the member does not exercise his right to vote at general meetings.

**30.** Generally, a member is unable to give objective advice to two or more clients who are parties to the same transaction. In instances where a member feels that he is able to do so, he must inform each client in writing that he has been engaged by other parties and specify the nature of his engagement.

**31.** A member shall not accept nor let an associate accept an appointment for a client as trustee in bankruptcy or trustee under a proposal where he has been entrusted with an assurance engagement or performed an assurance engagement in the last two years for that client. Furthermore, where a member or his associate provides the client with any other services than assurance services, the member should accept an appointment as trustee only when he can act with objectivity.

**32.** Before accepting or letting an associate accept an assignment under the Bankruptcy and Insolvency Act, the member should be satisfied that his or his associates' relationship with any other clients having an interest in the bankrupt estate is not such as to impair his objectivity.

**33.** If a member, or his associate, who is performing or who has performed an assurance engagement or a specified auditing procedures engagement or who was a business advisor for an organization is asked by the shareholders or owners of such organization to act as administrator or liquidator, he may not accept the appointment if he finds himself in a conflict of interest or in a situation such that he would lose his professional independence.

In no case shall a member accept to act as administrator, agent, receiver or liquidator for a secured creditor of an organization for which he or his associate is performing or has performed an assurance engagement or whose assurance service contract for the said organization ended less than 2 years before. Anyone who accepts such a contract may not accept to perform an assurance engagement with respect to the same organization for any year during which he is acting or has acted as administrator, agent, receiver or liquidator.

**34.** Whether his duties and obligations be towards the public, a client or an employer, a member shall not, under any circumstances, even when subject to a disclaimer of responsibility, sign, prepare, produce or even associate himself with:

(1) any letter, report, statement, representation or financial statement which he knows, or should know, is false or misleading;

(2) any financial statement which he knows, or should know, has not been prepared in accordance with this Regulation.

**35.** Any assurance report prepared by one or more members shall indicate that it was prepared by one or more chartered accountants.

**36.** A member who performs an assurance engagement or a specified auditing procedures engagement shall:

(1) reveal any material fact known to him which is not disclosed in the financial statements or other subject matter of the engagement, the omission of which renders the financial statements misleading; and

(2) report any material misstatement known to him to be contained in the financial statements or other subject matter of the engagement.

**37.** A member shall inform his client or employer of any interests, business connections and affiliations of which the client or employer should normally be informed.

This does not necessarily include disclosure to his client of professional services that he may be rendering or proposing to render to other clients.

**38.** A member shall not, in connection with any matter involving a client or an employer, hold, receive, bargain for, become entitled to or acquire any fee, remuneration or benefit without the knowledge and consent of the client or employer.

**39.** Other than in relation to the sale and purchase of the clientele of a member or of a partnership or company, a member engaged in the practice of public accounting shall not directly or indirectly pay to any person who is not in the practice of public accounting a commission or other compensation to obtain a client, nor shall he accept directly or indirectly from any person who is not in the practice of public accounting a commission or other compensation for referring the products or services of such person to a client.

**40.** A member who receives, handles or holds money or other property as a trustee, guardian, administrator, agent or liquidator shall maintain such records as are necessary to properly account for his management, mandate or contract.

The money or other property thus received, handled or held shall be kept in a separate trust bank account or accounts.

Except when specifically authorized in writing by a client, a member shall not use, transfer, withdraw or otherwise employ such money or property as payment for his fees or for any other purpose not provided for in his contract.

**41.** A member shall not agree on a contingent fee, *i.e.* offer or undertake to perform a professional service for a fee payable only where there is a specified result of the service or determined by reference to the result of the service:

(1) for any professional act requiring the member to hold himself free of any influence, interest or relationship which, in respect to his contract, may impair or be perceived as impairing his professional judgment or objectivity;

(2) for a compilation engagement.

**42.** A member shall not agree on a contingent fee for a professional act when such an agreement is liable to:

(1) impair or be perceived as impairing his professional judgment or objectivity in the performance of a contract provided for under subsection 41(1);

(2) influence or be perceived as influencing the results of a compilation engagement.

**43.** Sections 41 and 42 do not apply in the case of a professional act provided for a fee established by a court or other public authority.

**44.** Notwithstanding the rule set out in section 42, a member may, in particular, agree on a contingent fee for the following professional acts:

(1) tax refund claims;

(2) assisting in tax appeals and preparing notices of objection to tax or tax assessments and reassessments;

(3) executive search services;

(4) personal financial planning services.

**45.** A member who charges a contingent fee shall have agreed with the client in writing to the basis for determining the fee before the start of the contract.

Even when the member has agreed on a contingent fee, if the nature of the contract changes while it is being carried out, the member shall reassess whether the conditions set out in sections 41 and 42 are still met and, where appropriate, make the necessary changes.

**46.** A member shall respect the right of his client, or of a representative of his client authorized to that effect, to take cognizance and obtain copy of any documents concerning the client in any file developed in connection with him in the performance of a contract. Particularly, a member shall, on request, hand to his client, or to a representative of his client authorized to that effect, copy of any documents which are part of the accounting records of his client.

**47.** A member shall handle with reasonable care any property entrusted to him by a client or employer.

**48.** A member is bound by professional secrecy and may not disclose confidential information revealed to him by reason of his profession, unless he is authorized to do so by the person who confided such information to him or by an express provision of law.

**49.** A member shall not make use of confidential information in a manner which may be prejudicial to a client or employer or with a view to obtaining directly or indirectly a benefit for himself or for another person.

### **DIVISION III** AVAILABILITY AND DILIGENCE

**50.** In the practice of his profession, a member shall display reasonable availability and diligence.

**51.** A member shall report to his client or employer when the client or employer so requests.

**52.** Unless for good and sufficient reason, a member may not cease to act on behalf of a client. The following shall, in particular, constitute good and sufficient reasons:

- (1) loss of the client's confidence;
- (2) the fact that the member is placed in a conflict of interest situation or in circumstances where his professional independence could be questioned;
- (3) inducement by the client to perform illegal, unjust or fraudulent acts.

**53.** Before ceasing to act on behalf of a client, a member shall give such client reasonable advance notice of withdrawal and shall make sure that such withdrawal will not prejudice the client.

### **DIVISION IV** SETTING AND PAYMENT OF FEES

**54.** A member shall charge just and reasonable fees. In determining his fees, he shall in particular take the following factors into account:

- (1) the time devoted to the performance of the professional service;
- (2) the difficulty and importance of such service;
- (3) the performance of unusual services or of services requiring exceptional competence or celerity;
- (4) his experience and expertise;
- (5) the importance of the responsibility assumed.

**55.** A member shall provide a client with all the explanations necessary to understand his account for fees and shall, in particular, ensure that the account is broken down so that the professional services performed can be identified.

**56.** A member shall not require full advance payment for his services.

**57.** A member shall make sure that his client is informed of the approximate and foreseeable cost of his services. A member shall inform his client without undue delay if he expects to exceed the approximate cost.

**58.** A member shall avoid setting his fees without obtaining all important information allowing him to establish such fees.

**59.** Where a member carries on his professional activities within a joint stock company, the revenue generated by the member while rendering professional services within and on behalf of the company belongs to the company, unless agreed to otherwise.

In such a case, the setting, billing and payment of fees are subject to the conditions set out in sections 54 to 58 and the member remains personally responsible for their application.

### **CHAPTER III** DUTIES AND OBLIGATIONS TOWARDS THE PROFESSION

**60.** A member shall cooperate with the Ordre or any person appointed to assist it and reply without undue delay to any letter from the Ordre or such person.

**61.** A member shall ensure that the information he provides to the Ordre is accurate.

**62.** Before opening any new place of business for the practice of the profession, a member shall notify the Ordre in writing and indicate the address of such office and the names of the members who will practise there.

A member shall notify the Secretary of the Ordre of any change with respect to his status as a member, his home address or work address or his relevant telephone numbers.

A post office box is not considered to be an address for the purposes of this section.

### **CHAPTER IV** DUTIES AND OBLIGATIONS TOWARDS PROFESSIONAL COLLEAGUES

**63.** Before accepting an engagement contemplated in subsection 2 of the second paragraph of section 1 or a compilation engagement where he is replacing another accountant, a member shall first communicate with such accountant and enquire whether there are any circumstances he should take into account which might influence his decision to accept or refuse the engagement.

**64.** Pursuant to section 63, if the accountant being replaced is another member, the latter shall respond on a timely basis to the requests of the member communicating with him.

**65.** A member who accepts a contract in public accounting or another function jointly with another member who practises within another partnership or company shall be solidarily liable for the entire contract; no member shall proceed in any matter relating to such contract without due notice to the other member.

**66.** When not limited or restricted in writing by the terms of his contract, a member engaged in the practice of public accounting shall, before commencing an engagement contemplated under subsection 2 of the second paragraph of section 1 for a client who has mandated another accountant to perform an assurance or compilation engagement, first notify the other accountant of his engagement.

**67.** A member shall not damage the reputation of the profession or of another member of the Ordre or of a member of the Canadian Institute of Chartered Accountants by denigrating the competence, knowledge or services of such members. In particular, a member shall not be guilty of breach of trust or disloyal practices towards such members.

**68.** A member acting as a training employer shall inform without delay any candidate for the practice of the profession who is serving a professional training period in accordance with the Regulation respecting the terms and conditions for the issue of a permit of the Ordre des comptables agréés du Québec approved by decree No. 679-93 dated May 12, 1993, when he is no longer approved as a training employer or when his partnership or company or, if such partnership or company has several offices, when the office within which the member practises his profession, is no longer approved as a training employer.

#### CHAPTER V PROVISIONS RESPECTING ADVERTISING

**69.** A member may not advertise, or have advertised, in any manner whatsoever, material that is false, misleading or incomplete, or that is derogatory to the honour or dignity of the profession.

**70.** A member may not, in his advertisements or in advertisements of the partnership or company within which he practises, confer upon himself or have conferred specific qualities or skills, in particular with respect to his level of competence or the extent or effectiveness of his services, unless they can be supported.

**71.** A member may not, in his advertisements, compare the quality of his services with that of services offered by other members.

**72.** A member who advertises the cost of his services shall provide such explanations and information that are necessary to appropriately inform a person with no specific knowledge of the field of practice about the professional services being offered and the cost of such services. The member shall in particular indicate whether additional services may be required that are not included in the cost.

All costs for services shall remain in effect for a reasonable period of time after they were last issued or published.

**73.** A member may not allow the partnership or company within which he practises to advertise assurance services or imply that it is a partnership or company of chartered accountants unless such partnership or company complies with the requirements set out in the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company and section 9 of this Regulation.

**74.** A member shall keep a complete copy of all advertising material in its original form for a period of 12 months following its last issue or publication. Upon request, this copy shall be handed over to the Syndic or Assistant Syndic, the Professional Inspection Committee or an inspector.

#### CHAPTER VI ORDRE GRAPHIC SYMBOL

**75.** The Ordre des comptables agréés du Québec is represented by a graphic symbol, which is an official mark of the Canadian Institute of Chartered Accountants.

A member may use the Ordre graphic symbol in advertisements, provided the symbol does not imply that the advertisements originate from the Ordre des comptables agréés du Québec or the Canadian Institute of Chartered Accountants.

A member may not allow a partnership or company that does not comply with the requirements of the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company to use the Ordre's graphic symbol.

## CHAPTER VII FIRM NAME

**76.** A member shall not carry on his profession within a partnership or company under a firm name or any other name or designation which is misleading, derogatory to the honour or dignity of the profession or is a numbered name.

A member may consult an advisor designated for this purpose by the Ordre to determine whether the use of a name or designation is in keeping with the honour or dignity of the profession.

## CHAPTER VIII FINAL PROVISIONS

**77.** This Regulation replaces the Code of Ethics of Chartered Accountants (R.R.Q., 1981, c. C-48, r.2) and the Chartered Accountants (Advertising) Regulation approved by decree No. 2408-84 dated October 31, 1984.

**78.** This Regulation comes into force on the fifteenth day following its publication in the *Gazette officielle du Québec*.

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## Draft Regulation

Professional Code  
(R.S.Q., c. C-26)

### Chartered Accountants — Practice of the profession within a partnership or a joint stock company

Notice is hereby given in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1) that the the Bureau of the Ordre des comptables agréés du Québec adopted the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint stock company.

The Regulation, the text of which is attached below, will be examined by the Office des professions du Québec pursuant to section 95 of the Professional Code. It will then be submitted, with the recommendation of the Office, to the Government which may approve it with or without amendment, upon the expiry of 45 days following this publication.

The main purpose of this regulation is to set out the terms, conditions and restrictions under which members of the Ordre may practise their profession within a joint stock company or limited liability partnership.

This new regulation contains specific provisions respecting the management of the partnership or company and the holding of partnership or company shares. Specific rules are established for a partnership or company holding itself out as a partnership or company of chartered accountants or within which one or more members offer assurance services.

According to Chapter VI.3 of the Professional Code, the conditions also include the obligation to take out insurance to cover the partnership's or company's liability arising from fault or negligence on the part of members in the practice of the profession within such partnership or company. Furthermore, members will be required to provide the Ordre, and to keep up to date, information concerning the partnership or company as well as the partners, directors and shareholders as the case may be.

This Regulation will have no impact on enterprises.

Further information may be obtained by contacting M<sup>e</sup> Christiane Brizard, lawyer, Director of Legal Affairs, Ordre des comptables agréés du Québec, 680, rue Sherbrooke Ouest, 18<sup>e</sup> étage, Montréal (Québec) H3A 2S3.

Any interested person having comments to make is requested to send them, before the expiry of the 45-day period, to the Chairman of the Office des professions du Québec, 800, place D'Youville, 10<sup>e</sup> étage, Québec (Québec) G1R 5Z3. These comments will be forwarded by the Office to the minister responsible for the administration of legislation respecting the professions. They may also be forwarded to the professional order that has adopted the regulation, as well as to the persons, departments and agencies concerned.

JEAN-K. SAMSON,  
*Chairman of the Office des  
professions du Québec*

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