

## **OMNIBUS EXPOSURE DRAFT OF THE PROFESSIONAL ETHICS DIVISION**

The Professional Ethics Executive Committee has issued an exposure draft, dated April 4, 2011, which contains three new proposed ethics interpretations under Rule 501, *Acts Discreditable*, of the AICPA Code of Professional Conduct and one new proposed definition under ET section 92, *Definitions* (AICPA, *Professional Standards*). All proposals in this exposure draft apply to members in business and industry. As provided in the proposed definition, a member in business and industry would include members employed or engaged on a contractual basis or volunteer basis in an executive, staff, or administrative capacity in such areas as industry, the public sector, education, the not-for-profit sector, regulatory bodies, or professional bodies.

One of the proposed interpretations is applicable to all members. Specifically, proposed Interpretation No. 501-9, “Confidential information obtained from employment,” provides guidance to all members on maintaining confidentiality of an employer’s confidential information and, therefore, would apply to a member in public practice relative to confidential information of their firm. The proposed interpretation states that a member would be considered to have committed an act discreditable if the member uses any confidential information acquired as a result of employment relationships without the proper authority or specific consent of the employer unless there is a legal or professional responsibility to use or disclose such information.

Two of the new proposed interpretations are only applicable to members in business and industry. The first, Interpretation No. 501-10, “Financial interests,” addresses threats to integrity and objectivity that a member in business and industry may face due to the member or his or her family member’s financial interest in or other relationship with the employer. The proposed interpretation is not intended to create new requirements or bar members in business and industry from having financial interests in an employer, but rather, to provide guidance to members in business and industry on evaluating potential threats to their integrity and objectivity and apply appropriate safeguards, when necessary. The other proposed interpretation is Interpretation No. 501-11, “False, misleading, or deceptive acts in promoting or marketing professional services,” which addresses false, misleading, or deceptive claims that a member in business and industry may make about the member’s qualifications. The interpretation states that a member in business and industry would be considered to have committed an act discreditable if the member promotes or markets his or her abilities to provide professional services or makes claims about his or her experience or qualifications in a manner that is false,

misleading, or deceptive.

The purpose of this notice is to solicit comments on the exposure draft from key stakeholders and other interested parties. All comments are due by June 5, 2011. To download the executive summary and exposure draft, go to

[Download Now](#)