

May 15, 2016

Ms. Lisa A. Snyder, Director  
AICPA Professional Ethics Division  
1211 Avenue of the Americas, 19th Floor  
New York, NY 10036-8775

**Re: November 25, 2015 PEEC Exposure Draft (ED) of an Omnibus Proposal of:**

- **Proposed Interpretation: *Transfer of Files and Return of Client Records in Sale, Transfer or Discontinuance of Member's Practice;***
- **Proposed Revised Interpretation: *Disclosing Client Information in Connection With a Review or Acquisition of the Member's Practice;***
- **Proposed Interpretation: *Disclosure of a Commission and Referral Fee***

Dear Ms. Snyder:

The American Institute of CPAs (AICPA) is the world's largest member association representing the accounting profession, with more than 412,000 members in 144 countries, and a history of serving the public interest since 1887. One of the objectives that the Council of the AICPA established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective.

TIC has reviewed the ED and is providing the following comments for your consideration.

### **GENERAL COMMENTS**

TIC is supportive of the Omnibus proposal but is recommending additional guidance for transfers of a practice caused by the death or disability of a sole practitioner.

TIC also recommends that PEEC consider a delayed effective date for the final interpretation on the disclosure of commissions and referral fees.

### **SPECIFIC COMMENTS**

#### **Disclosing client information regarding a transfer of practice**

TIC believes it is reasonable to presume client consent to transfer records when the predecessor member does not receive a client response within 90 days. However, TIC anticipates an issue for sole practitioners and their clients when practice continuation

events are triggered by death or disability. In these cases, the member may be incapable of providing written notice to his/her clients.

Under these conditions, the acquiring member may need to be the person to contact the acquired firm's clients, or a surviving representative (such as a non-CPA spouse or attorney) or agent of the disabled or deceased member may have to provide such notice. TIC recommends additional guidance in the final interpretation to address a member's inability to provide notice due to death or disability. The proposed guidance currently requires the member to provide the notice and does not allow for an agent of the member to do so in extenuating circumstances.

**Disclosing client information in connection with a review or acquisition of the member's practice**

TIC believes it is reasonable to expand the existing confidentiality of client information interpretation to require members who obtain client files as a result of acquiring all or part of a member's practice to not disclose any confidential client information contained in those files.

**Disclosure of commissions and referral fees**

TIC believes it is reasonable to require permitted commissions and referral fees in writing, as it is already required in many states.

*Exposure Draft Question for Respondents: Do you believe that a delayed effective date is necessary for the final interpretation on the disclosure of commissions and referrals fees?*

Yes, TIC believes a delayed effective date may be necessary, as it may take one CPE cycle for a member to learn about the new written disclosure requirement of commission and referral fee arrangements in the states that currently permit verbal disclosure. In addition, some states may want or need to update their administrative code to reflect the written requirement.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,



Michael A. Westervelt, Chair  
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committees