

# AICPA ETHICS RULINGS AND INTERPRETATIONS.

## **AICPA Ruling No. 25 Under Rule 302 and No. 192 Under Rule 503: Commission and Contingent Fee Arrangements with Nonattest Clients.**

192. Commission and Contingent Fee Arrangements With Nonattest Client

<http://www.wiley.com/college/kieso/0471363049/dt/protocol/Ethics/aicpa/et591.htm#192>

**.383 Question**—A member or member's firm (member) provides for a contingent fee investment advisory services, or refers for a commission products or services of a nonclient or a nonattest client, to the owners, officers, or employees of an attest client or to a nonattest client employee benefit plan sponsored by an attest client. Would the member be considered to be in violation of either rule 302 [ET section 302.01] or rule 503 [ET section 503.01]?

**.384 Answer**—No. The member would not be in violation of either rule 302 [ET section 302.01] or rule 503 [ET section 503.01] provided that, with respect to rule 503 [ET section 503.01], the member discloses the commission to the owners, officers, or employees or to the employee benefit plan. The member should also consider the applicability of interpretation 102-2, Conflicts of Interest [ET section 102.03], and his or her professional responsibility to clients under Rule 301, Confidential Client Information [ET section 301.01].

25. Commission and Contingent Fee Arrangements With Nonattest Client

<http://www.wiley.com/college/kieso/0471363049/dt/protocol/Ethics/aicpa/et391.htm>

**.049 Question**—A member or member's firm (member) provides for a contingent fee investment advisory services, or refers for a commission products or services of a nonclient or a nonattest client, to the owners, officers, or employees of an attest client or to a nonattest client employee benefit plan sponsored by an attest client. Would the member be considered to be in violation of either rule 302 [ET section 302.01] or rule 503 [ET section 503.01]?

**.050 Answer**—No. The member would not be in violation of either rule 302 [ET section 302.01] or rule 503 [ET section 503.01] provided that, with respect to rule 503 [ET section 503.01], the member discloses the commission to the owners, officers, or employees or to the employee benefit plan. The member should also consider the applicability of interpretation 102-2, Conflicts of Interest [ET section 102.03], and his or her professional responsibility to clients under Rule 301, Confidential Client Information [ET section 301.01].

The above identifies three separate clients:

1. The attest client
2. The owners, officers, and employees of the attest client
3. The “nonattest” employee benefit plan sponsored by the attest client.

**CPAs cannot accept a commission on an attest client.** However, the CPA can work with and accept a commission and/or a contingent fee with the owners, officers, and employees of the attest client and the nonattest employee benefit plan sponsored by the attest client.

Note: In our opinion, the profession is moving away from written mandated ethics toward self-regulating ethics. It will be the responsibility of the CPA to do what is ethical.

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