

May 6, 2016

Lisa A. Snyder  
Director of the Professional Ethics Division  
AICPA  
1211 Avenue of the Americas  
New York, NY 10036

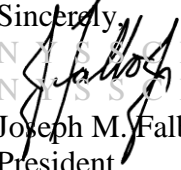
By email: [lsnyder@aicpa.org](mailto:lsnyder@aicpa.org)

**Re: Exposure Draft, AICPA Professional Ethics Division – *Omnibus Proposal*,  
November 25, 2015**

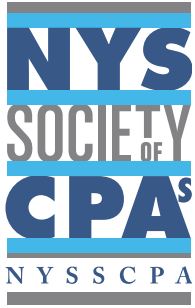
Dear Ms. Snyder:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Professional Ethics Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact Renee Rampulla, Chair of the Professional Ethics Committee at (212) 719-8361, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,  
  
Joseph M. Falbo, Jr.  
President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**EXPOSURE DRAFT, AICPA PROFESSIONAL ETHICS DIVISION, OMNIBUS  
PROPOSAL, NOVEMBER 25, 2015**

**May 6, 2016**

**Principal Drafters**

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Victoria L. Pitkin  
Renee Rampulla**

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**NYSSCPA Staff**

Ernest J. Markezin

William R. Lalli

## **New York State Society of Certified Public Accountants**

### **Comments on**

### **Exposure Draft, AICPA Professional Ethics Division – *Omnibus Proposal*, November 25, 2015**

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide comments on the AICPA's Professional Ethics Executive Committee (PEEC) proposed interpretations enumerated in the Omnibus Proposal, November 25, 2015 (the Proposal). Our comments on each of the proposed interpretations follow.

#### **Transfer of Files and Return of Client Records in Sale, Transfer or Discontinuance of Member's Practice**

The proposed interpretation allows the client 90 days to respond to the member's written notification of the sale or transfer of the member's practice. The NYSSCPA believes that a second notification should be sent to clients who do not respond except in those circumstances in which the initial notification was undeliverable. We realize that the addition of such a requirement would extend the member's uncertainty as to what to do with the records to six months. We do not believe that this is reasonable. Therefore, we suggest that the PEEC consider reducing the timeframe to 45 days with the additional requirement of sending a second notification at the end of that period, except as described above. We believe that 45 days is consistent with the requirements of Section 1.400.200 *Records Requests* of the *Code of Professional Conduct* and is a reasonable period of time for the client to respond.

As to the form of the written notice, we believe that this requirement should include the use of email communication. While people may move, they tend not to change their email accounts. Allowing the use of email communication may reduce the number of notices that are unable to be delivered.

The NYSSCPA generally agrees that a member should maintain, in a confidential manner, any client files that are not transferred or are unable to be returned to the client in accordance with their firm's record retention policy and applicable legal or regulatory requirements, but requests that the PEEC perhaps give consideration to potential impracticalities caused by extraordinary unforeseen circumstances such as a catastrophic illness.

In addition, we suggest that the phrase "whichever is longer" in paragraphs 1.400.205.01 and 1.400.205.02 be changed to "for the longer of the time periods specified therein."

Finally, The NYSSCPA believes that the effective date of the proposed interpretation should be deferred for three months after the end of the month in which the Interpretation appears in the *Journal of Accountancy* to allow members time to establish firm policies in order to comply with the interpretations.

### **Disclosing Client Information in Connection with a Review or Acquisition of the Member's Practice**

The NYSSCPA believes that this area is covered sufficiently in Section 1.700.001 *Confidential Client Information Rule* and extant Interpretation 1.700.050 *Disclosing Client Information in Connection with a Review of the Member's Practice*. When a member or firm obtains a client's files through the acquisition of another member's practice, the client becomes a client of the successor member or firm. The member or members of that firm are bound thereafter by the requirements of Rule 1.700.001. We do not believe that this requires additional clarification.

### **Disclosure of a Commission and Referral Fee**

The NYSSCPA is in agreement with the PEEC that this disclosure should be in writing. However, to be consistent with Section 1.520.001 *Commissions and Referral Fees Rule*, we believe that the title of the interpretation should be changed to *Disclosure of Commissions and Referral Fees*.

In addition, and for the reasons stated above, we believe that the effective date should be deferred for three months after the end of the month in which the Interpretation appears in the *Journal of Accountancy*.

We appreciate the PEEC's consideration of our comments.