AMENDING SECTIONS 10 AND 20 OF THE CODE OF ETHICS FOR CERTIFIED PUBLIC ACCOUNTANTS (CPAS) (RE: RULES ON ADVERTISING AND SOLICITATION)

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WHEREAS, Certified Public Accountants (CPAs) are expected to be in the forefront of the developments in information technology because of their key role in business which the Philippine government had given much emphasis on to the extent that it is planning to; liberalize the practice of accountancy ahead of the other professions;

WHEREAS, the Board of Accountancy had promulgated a Code of Ethics for CPAs in March 1978, which provides, among others, rules on advertising and solicitation;

WHEREAS, the Board of Accountancy recognized the need for Filipino CPAs to prepare for the aforesaid liberalization such that in November 1999 it resolved to allow CPAs to develop and maintain a web site in the internet but limited it to two (2) pages with a specified font, and to contain only individual or firm name, address, phone, fax, and/or e-mail address, and name of partners/principals without any self-laudatory statements designed to solicit clients, provided that the rules prohibiting any form of advertising in print and broadcast media shall continue to be observed except those allowed under the provisions of PRC Resolution No. 96-432 dated June 7, 1996;

WHEREAS, the Board of Accountancy continued to study this matter more critically and in its subsequent meetings in December 1999 and January, February, and March 2000, it deliberated at great length on the advantages and disadvantages of these restrictions, and after careful and due consideration, the Board agreed that it is not necessary to impose any restriction on the length, font, and content of the web site for CPAs, provided it does not contain self-laudatory statements designed to solicit clients, and provided that the rules prohibiting any form of advertising in print and broadcast media shall continue to be observed except those allowed under the provisions of PRC Resolution No. 96-432 dated June 7, 1996;

NOW, THEREFORE, the Board RESOLVED as it hereby RESOLVES to amend Section 10 and Section 20 of the Code of Ethics of CPAs which was promulgated in March 1978 to read, respectively, as follows:

> “Section 10. Advertising
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> A CPA shall not advertise, or cause or allow to be advertised, his professional attainments or services, except in stating qualifications in applications for employment. However, publication of authorship of books, technical reports and studies, lectures or papers delivered in conferences and seminars, and similar activities which are beneficial to the profession as a whole are not considered advertising. Moreover, development and maintenance of a web site in the Internet, as provided for in Section 20, shall not be considered as advertising either.
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> “Section 20. Solicitation and Advertising
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> “A CPA in public accounting shall not seek to obtain clients by solicitation.

"Advertising is a form of solicitation. Publication of an announcement is permitted only for opening of a new office, change in partners, change in office location or telephone number(s), or reorganization of firm or practice; provided it contains basic information essential to the announcement and is of reasonable size.

"Announcement of any of the above information may also be made to clients and to individuals other than clients with whom professional contacts are maintained.

"Listing of firm name in lobby directory of an office building and entrance door solely for the purpose of enabling interested parties to locate an office is permissible but must be in good taste and modest in size.

"The stationery of firm should be in keeping with the dignity of the profession and should not mention any specialty. It may include the firm name, address, telephone number, tax account number, names of partners, and membership in professional societies.

"Listing in a telephone, business, or other directory may appear in the alphabetic section and/or in the business (yellow page) section under the CPA classification. It shall not be in bold type or in box or other display form.

"Firm publication or brochures may be distributed to clients and to individuals other than clients with whom professional contacts are maintained.

"A CPA's press and other media releases or announcements or newspaper supplements, or other similar publications, or other commemorative media, or the holding of media covered events undertaken only to commemorate their anniversaries in public practice by informing the public of their achievements or accomplishments in contributing towards nation building and in international understanding, goodwill, or relationship or enhancing the image or standards of the accounting profession is not violative of the foregoing rules on advertising and solicitation provided that such announcements or undertakings contains only factual matters without detailed listing of services provided further that such undertaking is done only every five years of celebration.

"A CPA may develop and maintain a web site in the Internet in such suitable length and style which may also include any or all of the foregoing announcements, press releases, publications and such other necessary and factual information like firm's name, partners/principal's name and brief description of their educational attainment, brief listing of services, postal address, telephone, fax and e-mail addresses, and such web site is not violative of the foregoing rules on advertising and solicitation provided it does not contain self-laudatory statements designed to solicit clients.

"A CPA in public accounting must display in conspicuous space in its main office, in all its branches and in its web site the Certificate of the Securities and Exchange Commission registering its Article of Partnership, the current Certificate of the Department of Trade and Industry registering the name of the partnership or the firm the current Certificate of the Board of Accountancy and the Professional Regulation Commission accrediting the partnership of the firms, the current Certificate of the Board of Accountancy and the Professional Regulation Commission accrediting the partnership or the firm and all the other licenses, permits, or certificates hereinafter required by law, rules or regulations on a CPA in public accounting."

This Resolution shall take effect after fifteen (15) days following its publication in the Official Gazette or in a newspaper of general circulation in the Philippines, whichever comes earlier.

Adopted: 19 July 2000

(SGD.) ANTONIETA FORTUNA-IBE
Chairman

(SGD.) EUGENE T. MATEO
Vice-Chairman

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