



## **Guidance note on changes in professional appointment**

This Guidance Statement is available to all member firms and employees of member firms but they can choose, at their discretion, whether or not to adopt any or all parts.

Member firms and their staff are reminded of the Code of Ethics and Professional Conduct when dealing with the matters set out below, which they may wish to refer to.

### **Introduction**

1.1 All Clients have the right to choose their compliance consultant and to change their compliance consultant if they so desire at any time, subject to their individual contracts with the retained consultant.

Member firms have the right to choose for whom they act.

1.2 It is in the interest of all stakeholders, that a member firm which is asked to act by a prospective client in respect of recurring work is aware of and appreciates the background and reasons for the change, so that he can then make an informed decision as to whether to accept the appointment. Communication between the prospective and the existing compliance consultant may help to achieve this.

1.3 Communication might help to ensure that all relevant facts are known to the member who, having considered them, can decide whether or not to act for the client.

### **Procedure on Appointment**

2.1 The appropriate guidance for any member firm who is invited to act in succession to, jointly with, or in addition to another and who believes further information to be necessary, whether the change is at the insistence of the client or of the existing compliance consultant, is to:

- explain to the prospective client that as a matter of good practice, he would like to communicate with the existing compliance consultant but that any information provided by the existing compliance consultant would ordinarily be treated in confidence.
- request the client to (i) confirm the proposed change in compliance consultant to the existing compliance consultant and (ii) to authorise the existing compliance consultant to co-operate with the prospective compliance consultant.
- write to the existing compliance consultant regarding his involvement with the client and request disclosure of any relevant issue or relevant circumstance which might be relevant to the successor's decision to accept or decline the appointment (making oral enquiry, if considered necessary or if no written reply is forthcoming, it is felt appropriate).



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- 2.2 The appropriate procedure for any member or member firm who receives any communication, whether from another member firm or a non-member compliance consultant, in terms of paragraph 2.1 above, whether or not he is still in office, is to:
- answer promptly any communication from his potential successor about his client's relevant regulatory affairs;
  - provide an update on the regulatory affairs which in his opinion, his potential successor ought to know, in an accurate and fair manner
- 2.4 It is good practice for the prospective compliance consultant and the existing compliance consultant to record in writing such discussions as are referred to at paragraphs 2.1. and 2.2 above.
- 2.5 If the client fails or refuses to grant the existing compliance consultant permission to discuss the client's affairs with the proposed successor, the prospective compliance consultant should consider carefully the reason for such failure or refusal when determining whether or not to accept nomination/appointment

### **Succession following vacancy**

- 5.1 A member or member firm invited to accept nomination on the death of a sole practitioner may wish to consider whether it is appropriate to obtain such information as may be needed from the latter's agent or (where appropriate), the administrators / executors of the estate, or other source.

### **Co-operation with a Successor**

- 6.1 An existing compliance consultant should deal promptly with any reasonable request from a client for the transfer of records and may have the right of particular lien if there are unpaid fees.
- 6.2 The incoming compliance consultant may need to ask his predecessor for information as to the client's regulatory affairs which the client is unable to provide and lack of which might prejudice the client's interests. On receipt of appropriate authority from the client, such information should be promptly given, and unless there is good reason to the contrary, such as a significant amount of work involved, consider providing the information without charge.