

RULES OF PROFESSIONAL CONDUCT

Rule 13 A member shall comply with the procedures set out in Annotation 13-1 if the member becomes aware of any apparent material noncompliance by another member with the Rules or with the standards of practice.

Annotation 13-1

1. The procedures set out below are those which a member is required to follow, unless the member is exempted pursuant to 4. below, in the event the member becomes aware of an apparent material noncompliance by another member with the Rules or the standards of practice of the Institute. A member who has a question about the spirit and intent of the Rules or the standards in a particular case may consult in confidence with the chairperson (or vice-chairperson) of the appropriate practice committee, or of the Committee on Rules of Professional Conduct, or of the Practice Standards Council.

2. The member who has become aware of an apparent material noncompliance is required, unless the member is exempted pursuant to 4. below, to discuss the situation with the other member promptly, and, if necessary, reach agreement on action to be taken to ensure that the noncompliance is rectified. The member should use best efforts to ensure that all of the following three conditions are met:

- i. In the opinion of the member who has become aware of the apparent material noncompliance, the member who was not in compliance with the Rules or standards has agreed that a noncompliance has occurred and is unlikely to repeat the violation in the future.
- ii. Rectification begins immediately and includes immediate notification to all users of the work in question.
- iii. Rectification is carried out by the member who was not in compliance with the Rules or standards.

In the case where the member who was not in compliance with the Rules or standards is unable personally to perform the rectification due to a change in employment or a change in client relationship, condition iii. above may be waived as long as the member who was not in compliance makes every effort to assist whoever is actually undertaking the rectification.

3. If, in spite of the efforts of the member who has become aware of the apparent material noncompliance, as set forth in 2. above, the conditions are not met or the member is unable to determine if they have been met, the member is required to bring the apparent material noncompliance to the attention of:

- i. the Committee on Application of Rules and Standards, if the member became aware of the apparent material noncompliance in the member's capacity as a reviewer in the context of a review engagement pursuant to section 1640 of the Standards of Practice; or

- ii. the Committee on Professional Conduct, if the member became aware of the apparent material noncompliance in any other capacity or in any other context,

unless the member is exempted pursuant to 4. below.

4. Situations in which a member, who is aware of an apparent material noncompliance by another member, is exempted from the requirement to follow the procedures set forth in 2. and 3. above, or only from the procedures set forth in 3. above where specifically stipulated, are as follows:

- i. when the member is prohibited by law from following the procedures, for example, when the member is employed by a government authority which is under a requirement, imposed by statute, to maintain the confidentiality of information obtained in the course of the member's employment;
- ii. while the member is acting in an adversarial environment involving the other member, for as long as the adversarial environment continues. Once the adversarial environment ends, the member is required to follow the steps set forth in 2. and 3. above in respect of the apparent material noncompliance of which the member became aware while acting in an adversarial environment. Some examples of adversarial environments are:
 - (a) when the member and the other member are serving as expert witnesses on opposing sides before a court or other tribunal;
 - (b) when the member and the other member are advising opposing parties in labour negotiations; or
 - (c) when the member and the other member are working for or advising the different parties involved in merger or acquisition activities;
- iii. when the member, in the capacity of president or president-elect, or as a member of a practice committee, or of the Committee on Professional Conduct, or of the Committee on Rules of Professional Conduct, or of the Practice Standards Council, is requested to provide confidential advice or opinion, or is required by the standards of practice to receive disclosure, or in the capacity of a member of the Committee on Application of Rules and Standards is exempted from the procedures set forth in section 3. only, or in the capacity of other positions within the Institute designated by the Board from time to time by resolution as being exempted from all or parts of these procedures;¹
- iv. when a member is acting as an employee of, or a consultant to, an entity designated by the Board from time to time by resolution as one for which such exemption is necessary, except that the member may be required by the Board from time to time by resolution to follow parts of these procedures².

¹ Note: References to exemptions created by the Board will be included in this footnote prior to publication.

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