



# CODE OF ETHICS



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## **PREAMBLE**

The Code of Ethics of The Canadian Institute of Chartered Business Valuators (the “Institute”) provides the essential principles and enduring ethical standards by which Members of the Institute are expected to discharge their professional responsibilities to, and conduct their relationships with, other Members, other professionals, the Institute and the public.

The Code of Ethics represents the fundamental ethical principles of practice for Members and is distinct from the Practice Standards of the Institute, which reflect the current best practice in conducting valuation and expert work. Ethical principles are enduring and only rarely subject to change, whereas the Practice Standards may adapt as the body of knowledge and practice methods within the business valuation community evolve.

Being a Member carries the highest level of responsibility for maintaining and enhancing the regard in which the Institute and its Members are held by fellow Members, other professionals and the public, through a commitment to a high standard of behaviour, honesty, prudence, competence, objectivity, truthfulness and impartiality. The Institute and the public will refer to the Code of Ethics as a benchmark in the measurement of a Member’s professional behaviour.

The Code of Ethics has two components – a statement of Ethical Principles and the Rules of Professional Conduct.

The Institute issues Practice Guidelines to assist Members in understanding the Code of Ethics. These Practice Guidelines are intended to provide a general indication of the Institute’s interpretation of the meaning to be applied or implied to the Code of Ethics. The Practice Guidelines follow the section of the Rules of Professional Conduct to which they relate, and are denoted by the letter “G” preceding their numeric reference. The Practice Guidelines are general in nature and are not intended to cover all situations.

## **ETHICAL PRINCIPLES**

The Rules of Professional Conduct centre on a number of Ethical Principles which are the fundamental statements of acceptable professional conduct. These Ethical Principles are summarized below:

A Member of the Institute shall:

1. Conduct himself/herself at all times in a manner which will maintain the good reputation and integrity of the profession and the Institute and their ability to serve the public interest;
2. Not engage in conduct or perform any act that, having regard to all of the circumstances, would reasonably be regarded as disgraceful, dishonourable or unprofessional;
3. Perform his/her professional services with integrity, good faith and due care, and sustain and maintain his/her professional competence by keeping informed of, and complying with, the Institute's By-Laws, Code of Ethics and Practice Standards;
4. Hold himself/herself free of any influence in respect of, or interest in, a client's affairs which may impair, or reasonably be seen to impair, his/her professional judgement or objectivity, except as specifically provided in The Rules of Professional Conduct;
5. Hold confidential the affairs of any client or former client and not disclose information obtained in the course of his/her duties, except as specifically provided in The Rules of Professional Conduct, or otherwise exploit any such information; and
6. Treat other Members with professional courtesy and consideration.

## RULES OF PROFESSIONAL CONDUCT

### 100 Maintain the Good Reputation and Integrity of the Profession

#### 101 Compliance with By-Law, Code of Ethics and Standards

101.1 Members shall comply with the By-Laws, Code of Ethics and Practice Standards of the Institute, as they may be constituted from time to time, and with any order or resolution of the Board of Directors of the Institute issued in pursuance of the objects of the Institute, the By-laws or applicable law.

*G101.1 Members should not undertake any engagement where he/she is not expected to abide by the By-Laws, Code of Ethics and Practice Standards. Members cannot avoid their responsibilities under the By-Laws, Code of Ethics or Practice Standards simply by not appending or referring to the “CBV” or “EEE” designations or otherwise purporting to not act as a Member in the provision of their professional services.*

101.2 A Member who employs or retains and/or directly supervises non-members, including Registered Students but excluding other professional firms, entities or individuals providing services in the ordinary course of their profession shall ensure that those non-members are informed of and shall make reasonable efforts to ensure that the non-member abides by the By-Laws, Code of Ethics and Practice Standards of the Institute when working on assignments on behalf of the Member.

101.3 For the purposes of paragraph 101.2, the reference to “other professional firms, entities or individuals providing services in the ordinary course of their profession” includes professionals, firms, entities and individuals providing services subject to the professional rules and standards of another profession.

*G101.3 The obligations of a Member to ensure that non-members are informed of and to make reasonable efforts to ensure that the non-member abides by the By-Laws, Code of Ethics and Practice Standards of the Institute does not apply to the practice of other professionals, such as appraisers, lawyers and accountants, who are bound by their own rules of professional conduct and professional standards, who are providing services in the ordinary course of their profession.*

#### 102 Maintaining professional competence

102.1 A Member shall maintain his/her professional competence and shall keep informed of, and comply with, the By-Laws, Code of Ethics and Practice Standards of the Institute.

102.2 A Member shall only undertake to provide professional services which he/she is competent to provide by virtue of training or experience, or is able to become competent in without undue delay, risk or expense to the client.

### 103 Advertising and Endorsements

A Member shall not advertise or solicit professional engagements, directly or indirectly, in any manner which:

- (i) Contravenes professional good taste or fails to uphold an acceptable level of professional courtesy;
- (ii) Reflects unfavourably on the competence or integrity of the profession, the Institute or any Member (including comparing services or charges); or
- (iii) Involves a statement which is inaccurate, false or misleading at the time the statement is made.

### 104 Withdrawal/Termination of Services

104.1 A Member shall not withdraw his/her services from a client except for good cause and upon such notice appropriate in the circumstances.

104.2 The Member shall cooperate with reasonable requests of any successor on the engagement where a Member has withdrawn or been terminated from an engagement.

### 105 Use of Designations

105.1 The designations "Chartered Business Valuator", "CBV", "Expert en évaluation d'entreprises" and "EEE" (and any successor designations issued by the Institute from time to time) attach to an individual Member and not to a partnership or corporation. A Member may use these designations including on letterhead, business cards, reports, articles or other promotional and advertising material, only in connection with his/her name.

105.2 The designations "FCBV" and "FEEE" attach to an individual Member and not to a partnership or corporation. A Member who has been elected a Fellow of the Institute may use the designation "FCBV" and "FEEE" including on letterhead, business cards, reports, articles or other promotional and advertising material, only in connection with his/her name.

105.3 Where the Institute has entered into strategic alliances with other professional institutes and bodies, when approved by the Board of Directors of the Institute, Members may use designations which combine the designations of such other

institutes and bodies with the CBV or EEE designation, including on letterhead, business cards, reports, articles or other promotional and advertising material, only in connection with his/her name.

105.4 A Member or Members who are partners and wish to use the designation “Chartered Business Valuators” and/or “Experts en évaluation d’entreprises” in conjunction with the firm name of their partnership shall apply to the Institute for such permission. Permission will be granted only if (and for so long as) all of the following criteria are met:

- (i) Where the partnership name is comprised of names of individuals currently or formerly practising with that partnership, the name must include only the names of active Members in good standing with the Institute and deceased or retired Members who were in good standing at the time of their death or retirement;
- (ii) The majority of partners must be Members in good standing; and,
- (iii) All reports prepared in accordance with the Practice Standards and issued after such permission is granted must be signed by a Member.

105.5 A Member or Members who are shareholders of a corporation and wish to use the designation “Chartered Business Valuators” and/or “Experts en évaluation d’entreprises” in conjunction with the corporation name shall apply to the Institute for such permission. Permission will be granted only if (and for so long as) all of the following criteria are met:

- (i) Where the corporation name is comprised of names of individuals currently or formerly practising with that corporation, the name must include only the names of active Members in good standing with the Institute and deceased or retired Members who were in good standing at the time of their death or retirement;
- (ii) The majority of officers and directors of the corporation must be Members in good standing;
- (iii) The corporation must be a private corporation in which the majority of the voting shares and equity are held by Members (non-voting shares may be held by Members and/or non-members); and,
- (iv) All reports prepared in accordance with the Practice Standards and issued in the name of the corporation after such permission is granted must be signed by a Member.

105.6 Each Member who is a partner or shareholder of any partnership or corporation referred to in 105.4 or 105.5 shall ensure that a statement, signed by a Member, that the partnership or corporation has complied with the requirements of 105.4 or 105.5 as applicable, is filed with the Institute annually.

105.7 A Member who is a member of another professional organization governing business valuations may make reference to any designation issued by that other organization, provided that such reference shall be to the specific designation and not an altered version thereof. Where a Member is a partner in a partnership or a shareholder in a corporation and other partners or shareholders hold designations granted by such other organizations, such corporation and/or partnership shall be entitled to refer to such specific designations (and not an altered version thereof) and the Member shall be entitled to make reference to such designations (subject to the applicable rules of the other organizations).

## 200 Abide by Code

### 201 False or Misleading Documents and Oral Representations

A member shall not:

- (i) Sign or associate himself/herself with any letter, report, statement or representation which he/she knows, or should know, is false or misleading;
- (ii) Make any oral report, statement or representation which he/she knows, or should know, is false or misleading.

### 202 Duty to Report

A Member shall notify the Institute, in writing, of any apparent breach of the By-Laws, Code of Ethics or Practice Standards of the Institute by a Member, provided that this shall not apply to:

- (i) A trivial (*inconsequential or nominal*) matter; or
- (ii) A Member who is under a specific legal requirement imposed by law or any order of a court or other authority which would preclude reporting of the breach; or
- (iii) Matters which are known by the Member to already be under review by the Conduct and Discipline Committee.

*G202.1 If a Member (the "Reviewing Member"), upon reviewing the work of another Member, is of the opinion that the other Member has not abided by the By-Laws, Code of Ethics or Practice Standards of the Institute, paragraph 202.1 of the Code of Ethics places an obligation on the Reviewing Member to report this failure to the Conduct and Discipline Committee as a complaint. In such circumstances the Reviewing Member should consider the following:*

- (i) If the client (itself or by its legal counsel) advises the Reviewing Member in writing that filing the complaint may be prejudicial to the client's interests, the Reviewing Member may file the complaint with the Institute with a request that the Conduct and Discipline Committee delay processing the complaint until the matter of the engagement is resolved, either by*

*settlement or through a substantive decision from the Arbitrator or the Court hearing the matter.*

- (ii) *It is in the discretion of the Conduct and Discipline Committee to delay processing such complaint for any period of time that the Committee considers appropriate having regard that such delay may be prejudicial to the Member against whom the complaint is made and the public interest generally.*

## **300 Provision of Professional Services**

### **301 Issuance of Reports and Joint Reports**

301.1 A member shall not:

- (i) Append to a report prepared in accordance with the Practice Standards a name or a signature of any Member who neither did the work himself/herself, nor had the work done under his/her supervision;
- (ii) Omit any dissenting opinions or reference thereto in a joint report prepared in accordance with the Practice Standards; or
- (iii) Issue a separate report prepared in accordance with the Practice Standards where two or more Members have collaborated in an assignment to prepare a joint report, except where such separate report is a dissenting opinion.

301.2 Two or more Members engaged by a single client to provide separate reports on the same subject shall not collaborate or consult with one another, or make use of another's findings, without the written consent of the client. Any such reports based on collaboration or consultation, or which make use of another valuator's findings, shall disclose the nature and extent of such collaboration, consultation or use.

## **400 Independence, Fees and Conflict of Interest**

### **401 Independence**

401.1 A Member shall be entitled to accept an engagement to provide professional services under circumstances where the Member performs the work on an independent or non-independent basis in accordance with the Practice Standards.

401.2 A Member providing independent professional services shall, in respect of the particular engagement, be and remain free of any influence, interest or relationship which, in respect of the engagement, impairs the professional judgement or objectivity of the Member or which, in the view of a reasonable observer, would impair the professional judgement or objectivity of the Member.

401.3 As a minimum, when providing professional services on an independent basis, a Member shall not:

- (i) Hold any financial or other interest which may affect directly or indirectly the ability or reasonably perceived ability of the Member to provide such services in an independent manner;

- (ii) Contract for or accept a contingent fee or a fee based on the outcome of the matter with regard to which the Member has been engaged;
- (iii) Contract for or accept compensation for services in the form of a commission, rebate, division of brokerage commissions, or any similar form; or
- (iv) Receive any finder's or referral fees.

*G401.3 It is impossible to enumerate, and therefore paragraph 401.3 of the Code of Ethics does not attempt to enumerate, all of the circumstances, or relationships that raise independence concerns. The factors listed are not exhaustive, and are general guidance only; their application may depend on particular facts and circumstances. A Member should also consider other factors that would impair his/her independence with respect to a particular engagement.*

## 402 Fees and Remuneration

402.1 A member shall not hold, receive, bargain for, become entitled to or to acquire any fee, remuneration or benefit related to a specific client without the client's knowledge and consent.

## 403 Conflict of Interest

403.1 A Member shall not provide professional services, on an independent basis, in circumstances which result in, or could reasonably be perceived to result in, a conflict of interest between the interests of the client and the interests of the Member, his/her immediate family and any partnership or corporation of which he/she is a partner or shareholder or employee.

*G403.1 As part of their considerations in respect of the existence of conflict of interest or if there could reasonably be a perception of a conflict of interest in respect of a particular engagement, Members should consider the following matters:*

- (i) The determination of a conflict may include consideration of the direct and indirect financial and other interests of the individual Member, his or her immediate family, and any firm in which the Member is a partner, shareholder or employee.
- (ii) In circumstances where a Member has been approached by more than one potential client with interests similar to those of an existing client seeking to engage the Member with respect to all or substantially all of the same assets or same legal action, the Member is encouraged to ensure that he/she has made adequate disclosure to, and obtained the written consent of all such clients. In such circumstances, Members should consider resigning from the engagement in the matter in the event that the clients' interests become adversarial and to advise all such clients that he/she may be required to resign in any such circumstances.
- (iii) In circumstances where a Member has been approached to provide professional services to a new client whose interests may conflict with the

interests of a former or existing client (or which conflict with the interests of persons who were involved in, or associated with the former or existing client), the Member should make adequate disclosure to, and obtain the written consent from the former or existing client and the potential new client.

- (iv) In circumstances where a Member has been approached to provide professional services to a new client whose interests conflict with the interests of a former or existing client of the Member (or which conflict with the interests of persons who were involved in, or associated with the former or existing client in the matter) in an independent matter wholly unrelated to any services the Member has previously provided or is then providing for the former or existing client, Members should ensure that there is no conflicting interest that would adversely affect the Member's judgement on behalf of, or loyalty to the new client, or where the Member might be prompted to prefer the interests of the new client to those of the former or existing client.
- (v) In circumstances where a Member has been approached to provide professional services to a new client in a particular matter whose interests conflict with the interests of a former or existing client for whom the Member or an affiliated professional practice provides other professional services wholly unrelated to the professional services to be provided by the Member (such as auditing services), Members should ensure that there is no conflicting interest that would adversely affect the Member's judgement on behalf of, or loyalty to the new client, or where the Member might be prompted to prefer the interests of the new client to those of the former or existing client.
- (vi) In circumstances where a Member has been approached to provide professional services to a client for whom the Member or an affiliated practice provides other professional services wholly unrelated to the professional services to be provided by the Member (such as auditing services), Members should ensure that there is no conflicting interest that would adversely affect the Member's judgement.

403.2 A member shall inform his/her client of any relevant business connections, affiliations, or interest of the Member, his/her immediate family and of any partnership or corporation in which he/she has an interest or by which he/she is employed, of which the client might reasonably expect to be informed or which might bear upon the matter of a conflict.

403.3 For purposes of paragraphs 403.1 and 403.2 the reference to "client" shall be considered to be a reference to both the ultimate client (and its related entities), and to any agent or intermediary (such as a law firm acting on behalf of its client) which retains the member.

## 500 Privacy and Confidentiality

### 501 Confidentiality of Information

- 501.1 A Member shall hold in strict confidence all confidential information concerning the business and affairs of a client or former client, acquired in the course of the professional relationship. No such confidential information shall be disclosed to others except with the consent of such client or where required by law to do so. In addition, such confidential information shall not be used by the Member for personal advantage or the advantage of any other person.
- 501.2 Where a Member transfers from one firm to another, the Member shall ensure that he/she does not disclose confidential information regarding a former client and the Member shall not use such information to the detriment of the former client.
- 501.3 Notwithstanding paragraph 501.1, a Member shall be entitled to disclose information which is confidential to the client in the following specific circumstances, but only to the extent necessary for such purpose:
- (i) To meet the peer review requirements of a professional practice as required either by legislation or by membership in the profession and where such peer reviewers appointed by such other body have accepted such appointment under terms which confirm the continued confidentiality of the client's information;
  - (ii) In order to defend the Member and/or his/her associates, partners or employees against alleged professional misconduct;
  - (iii) In any legal proceeding for recovery of unpaid professional fees and disbursements; or
  - (iv) Upon order or subpoena of a court of competent jurisdiction.
1. The obligations of a Member under section 500 generally shall not apply to a disclosure of confidential information among clients which have jointly engaged the Member in a matter, where the clients' have jointly agreed that such information can be disclosed to the other parties to the engagement.

## **600 Relations with Other Members**

### **601 False or Malicious Statements**

601.1 A member shall not defame, slander, injure or attempt to injure by false or malicious statements, or by innuendo, the professional reputation or prospects of any other Member or other professional providing similar services.

### **602 Criticism of a Member**

602.1 Interaction among Members shall be conducted in a professional and non-confrontational manner. If a Member is retained to analyze, review, or critique the work or views of another Member, such work shall be done in a professional, objective, and non-confrontational manner.

## **700 Registered Students**

### **701 Application to Registered Students**

701.1 All provisions in the Code of Ethics shall be applicable to Registered Students of the Institute, and all references to Members shall apply to Registered Students.

### **702 Reference to Affiliation**

702.1 Registered Students of the Institute may make reference to their student affiliation with the Institute, but shall at all times distinguish clearly between student affiliation and membership status with the Institute.

*G702.1 Registered Students should disclose their affiliation with the Institute by stating that they are a Registered Student of the Institute.*

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