

## Section 220 Conflicts of interest

- 220.1 A member in practice shall take reasonable steps to identify circumstances that could pose a conflict of interest. Such circumstances may give rise to threats to compliance with the fundamental principles. For example, a threat to objectivity may be created when a member in practice competes directly with a client or has a joint venture or similar arrangement with a major competitor of a client. A threat to objectivity or confidentiality may also be created when a member in practice performs services for clients whose interests are in conflict or the clients are in dispute with each other in relation to the matter or transaction in question.
- 220.2 A member in practice shall evaluate the significance of any threats. Evaluation includes considering, before accepting or continuing a client relationship or specific engagement, whether the member in practice has any business interests, or relationships with the client or a third party that could give rise to threats. If threats are not clearly insignificant, safeguards must be considered and applied as necessary to eliminate them or reduce them to an acceptable level.
- 220.3 Depending upon the circumstances giving rise to the conflict, safeguards should ordinarily include the member in practice:
- (i) notifying the client of the firm's business interest or activities that may represent a conflict of interest, and obtaining their consent to act in such circumstances
  - (ii) notifying all known relevant parties that the member in practice is acting for two or more parties in respect of a matter where their respective interests are in conflict, and obtaining their consent to so act
  - (iii) notifying the client that the member in practice does not act exclusively for any one client in the provision of proposed services (for example, in a particular market sector or with respect to a specific service) and obtaining their consent to so act.
- 220.4 Each of the following additional safeguards should also be considered:
- (i) the use of separate engagement teams
  - (ii) procedures to prevent access to information (for example, strict physical separation of such teams, confidential and secure data filing)
  - (iii) clear code for members of the engagement team on issues of security and confidentiality
  - (iv) the use of confidentiality agreements signed by employees and partners of the firm
  - (v) regular review of the application of safeguards by a senior individual not involved with relevant client engagements.
- 220.5 Where a conflict of interest poses a threat to one or more of the fundamental principles, including objectivity, confidentiality or professional behaviour, that cannot be eliminated or reduced to an acceptable level through the application of safeguards, the member in practice shall conclude that it is not appropriate to accept a specific engagement or that resignation from one or more conflicting engagements is required.
- 220.6 Where a member in practice has requested consent from a client to act for another party (which may or may not be an existing client) in respect of a matter where the respective interests are in conflict and that consent has been refused by the client, then they shall not continue to act for one of the parties in the matter giving rise to the conflict of interest.