

**Financial Planning Standards Council
2016 ENFORCEMENT
AND DISCIPLINARY
REVIEW REPORT**



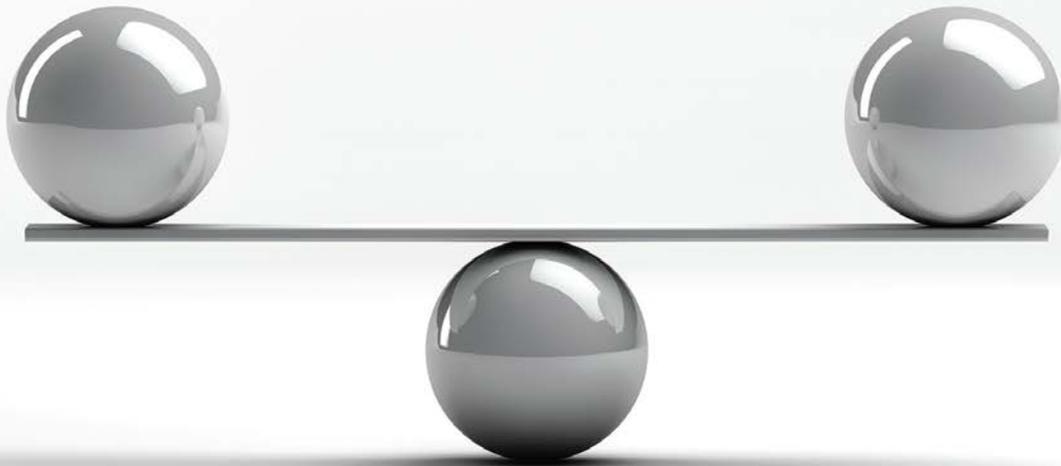


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Financial Planning Standards Council

Financial Planning Standards Council (FPSC) was incorporated in 1995 as a not-for-profit organization, setting the foundation for the establishment of uniform professional standards for financial planners in Canada.

As a professional standards-setting and certification body working in the public interest, FPSC's purpose is to drive value and instill confidence in financial planning, in Canada. To achieve this purpose, FPSC ensures those it certifies—CERTIFIED FINANCIAL PLANNER® professionals and FPSC Level 1® Certificants in Financial Planning (collectively “FPSC certificants”)—meet appropriate standards of competence and professionalism through rigorous requirements of education, examination, experience and ethics. More information is available at FPSC.ca and FinancialPlanningForCanadians.ca.

PURPOSE:
WE EXIST
TO DRIVE
VALUE
AND INSTILL
CONFIDENCE
IN **FINANCIAL**
PLANNING.

**WHY DOES
THAT MATTER?**

Because without sound financial planning from a qualified and trusted professional, the wellbeing of Canadians is at risk.

MANDATE:
We achieve our purpose by:

Defining financial planning

Developing and enforcing standards

Certifying financial planning professionals

Ensuring appropriate education of prospective and existing financial planning professionals

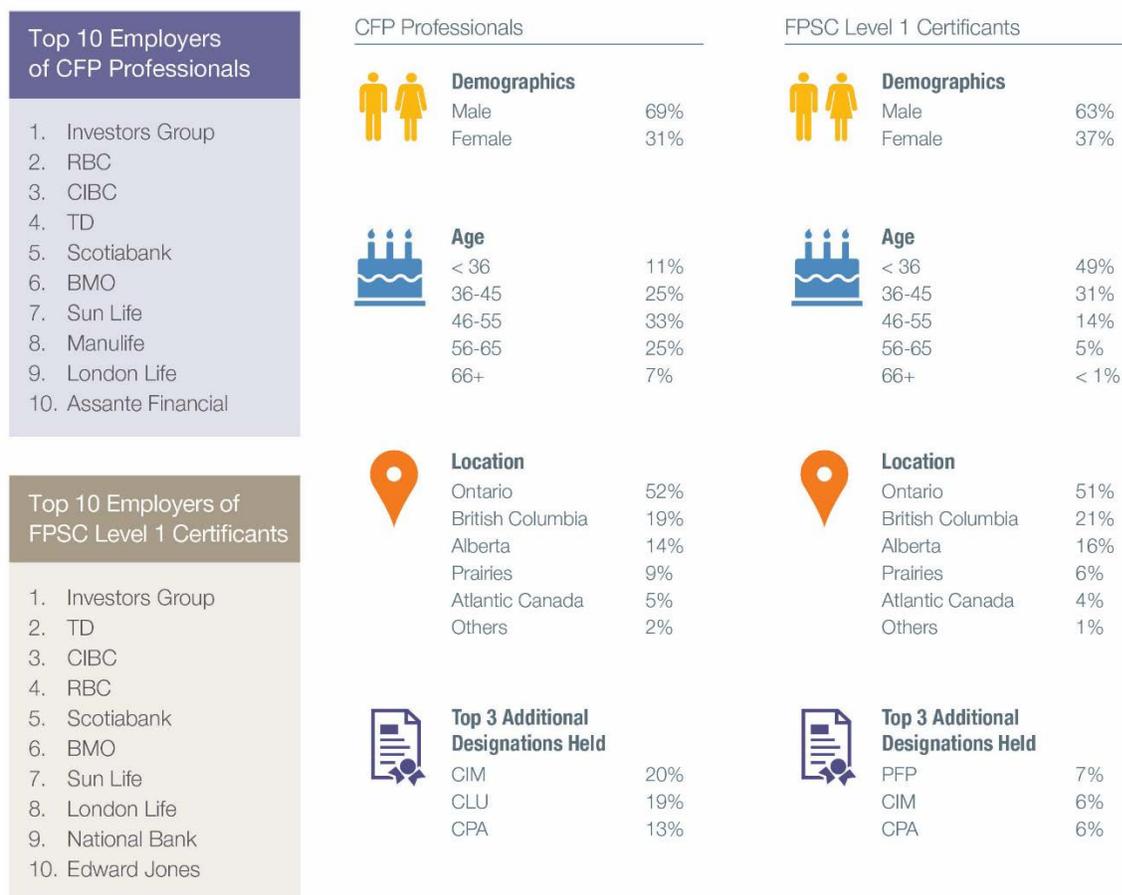
Promoting FPSC and CFP brands as synonymous with the financial planning profession

Profile of the Profession

The path to FPSC certification is a rigorous process. To obtain FPSC Level 1 Certification in Financial Planning, candidates must successfully complete an FPSC-Approved Core Curriculum program and pass the national FPSC Level 1 examination. To be eligible to apply for CFP® certification, candidates must have obtained FPSC Level 1 certification and successfully completed an FPSC-Approved Capstone Course and the national CFP examination. After completing these education and examination requirements, as well as three years of qualifying work experience, candidates can apply for CFP certification.

Engaging a professional certified by FPSC provides assurance to Canadians that the design of their financial future rests with an appropriately qualified professional who will put their client's interests above all others.

In 2016, there were 16,685 CFP certificants and 1,936 FPSC Level 1 certificants¹ across Canada. FPSC certificants are part of an international network of more than 170,000 CFP professionals in 26 territories around the world. In 2016, FPSC certified 511 new CFP professionals and 755 new FPSC Level 1 certificants.



¹ Data as at December 31, 2016. The certification term for CFP professionals is April 1 to March 31, with applications for renewal received by FPSC between January and June each year. The certification term for FPSC Level 1 certificants is August 1 to July 31, with applications for renewal received by FPSC between June and September.

Maintaining High Standards of Professional Competence

Continuing Education (CE) is a vital component of continuous professional development and is essential to ensuring that a professional's knowledge and competence remain current.

FPSC certificants are required to meet annual CE requirements to maintain certification. CFP professionals must complete 25 hours of CE activities annually; FPSC Level 1 certificants must complete 12 hours.² All FPSC certificants must complete a minimum of one (1) hour of CE annually in the Professional Responsibility category.³

FPSC certificants are subject to random audit by FPSC to ensure compliance with CE requirements and accuracy of reporting.

Professional Standards

Standards unify and elevate a profession and promote and guide best practices and behaviour. To be truly meaningful, standards must be actively adopted by the profession and they must be enforced.

The *Standards of Professional Responsibility for CFP Professionals and FPSC Level 1 Certificants in Financial Planning* (the "*Standards of Professional Responsibility*") define the ethical and professional responsibilities of those certified by FPSC.

FPSC® Code of Ethics

The Code of Ethics embodies the standard of ethical conduct to which all FPSC certificants must adhere.

FPSC® Rules of Conduct

The Rules of Conduct and incorporated Guidance provide specific guidance to FPSC certificants on expected practices.

FPSC® Fitness Standards

The Fitness Standards detail the good character requirements for new and continued certification.

FPSC® Financial Planning Practice Standards

The Practice Standards provide guidance to FPSC certificants when engaged in financial planning activities with clients.

Where an FPSC certificant is found to have breached the *Standards of Professional Responsibility*, discipline sanctions range from a letter of admonishment to suspension or revocation of certification by an FPSC Discipline Hearing Panel.

FPSC certificants are held to high standards of care including an obligation to act in their clients' best interests. Canadians reasonably expect and demand such care.

Under the *Standards of Professional Responsibility*, FPSC certificants have a professional obligation to:

- ✓ Place their clients' interests first
- ✓ Act with integrity
- ✓ Maintain objectivity
- ✓ Develop and maintain the professional skills and knowledge required to competently provide advice to clients
- ✓ Be fair and open in all professional relationships
- ✓ Maintain client confidentiality
- ✓ Act with diligence
- ✓ Demonstrate professionalism

² CE may be completed in the categories of: Financial Planning; Practice Management; Giving Back; Product Knowledge and/or Professional Responsibility.

³ Qualifying CE in the category of Professional Responsibility must include direct application of *the Standards of Professional Responsibility*

Independent Oversight of the Standards: *By the Profession, for the Profession*

Three independent panels play a direct role in setting the standards of the profession and enforcing those standards:

The Standards Panel oversees the standards of the profession including the *FPSC Competency Profile* and the *Standards of Professional Responsibility*. An independent standing committee of the FPSC Board of Directors composed of public members and financial planners, the panel's membership reflects significant diversity of experience as well as geographic diversity.

The Conduct Review Panel is an independent panel composed of CFP professionals and members of the public that reviews staff reports and directs the appropriate disposition of complaints, in the public interest. The panel's membership reflects significant diversity of experience as well as geographic diversity.

The Hearing Panel Roster is composed of CFP professionals and lawyers with diverse experience and national representation. These professionals, many whom bring compliance or experience in professional discipline, play a critical role in ensuring the integrity of the profession by enforcing the high professional and ethical standards embodied in the *Standards of Professional Responsibility*, as members of Discipline Hearing Panels and Appeal Hearing Panels.

Transparency and Fairness

All policies and procedures relevant to FPSC's complaint, review and discipline process are published on [FPSC's website](#) and accessible to certificants and members of the public.

FPSC is committed to maintaining a complaint intake, review and discipline process that is transparent, reflects fairness to the certificant whose conduct comes under review, protects the public interest, and ensures the financial planning profession continues to earn the public's trust and to be held in the highest regard.

Enforcement of the Standard

As a professional oversight body, FPSC ensures that certificants adhere to rigorous standards. Ensuring adherence to these standards protects both the Canadian public and the reputation of the financial planning profession.

Over the past three years, FPSC has made significant changes to its complaints, investigation and enforcement process, including the creation of the Conduct Review Panel, an arm's-length panel tasked with determining the appropriate disposition of complaints, in the public interest. In connection with the changes to its process and the increased rigour, FPSC has made a number of changes to its website, increasing public awareness of the professional standards to which FPSC certificants are held.

FPSC continues to work to ensure the public interest is protected and that all certificants meet or exceed the rigorous standards expected of them, ensuring the financial planning profession continues to earn the public's trust and to be held in the highest regard.



FPSC's Standards and Enforcement department is overseen by Joan Yudelson, CFP, Vice President, Professional Practice.

With over 20 years of experience in the financial services industry, Ms. Yudelson manages education strategy and requirements, as well as technical content development. She is also responsible for FPSC's financial planning standards and enforcement activities, overseeing investigation, prosecution and resolution of complaints against FPSC certificants.



Damienne Lebrun-Reid, LL.B., Director, Standards and Enforcement, oversees the intake, investigation and prosecution of complaints and manages the enforcement team.

Areas of Focus

FPSC's Enforcement Department continues to focus on ensuring certificants are aware of, and meeting, their professional obligations in the following key areas: client first obligations; disclosure obligations, including disclosure of potential conflicts of interest; and client confidentiality.

In support of this focus, FPSC's most recent Ethics Breakfasts, held during the 2016 Financial Planning Week and the 2017 Cross-Country Connection, included case studies focused in these areas.

CLIENT FIRST

FPSC certificants are required to place their clients' interests ahead of all others.

CONFLICTS OF INTEREST

FPSC certificants are required to disclose all potential and existing conflicts of interest, in writing, including conflicts of interest between clients in joint engagements.

CONFIDENTIALITY

FPSC certificants are obligated to maintain client confidentiality.

DISCLOSURE OBLIGATIONS

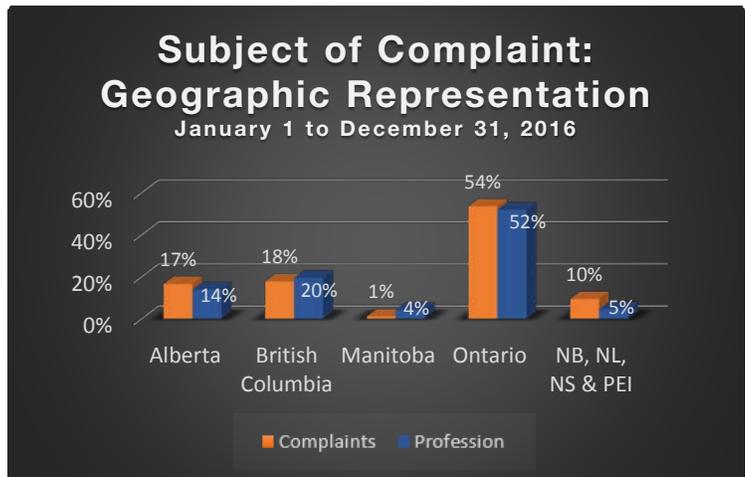
FPSC certificants must disclose, in writing, among other things: all sources of compensation including referral fees, area and scope of practice and potential conflicts of interest. FPSC's Rules of Conduct require full transparency and written disclosure.

FPSC's Enforcement Process involves these stages:

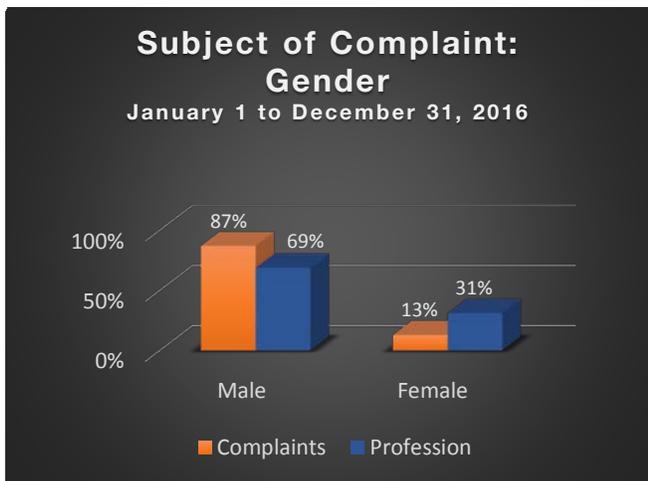
1. Intake and Initial Review:

All complaints are subject to an initial assessment to determine if the complaint raises allegations that may, if shown to be true, demonstrate a potential violation of the standards.

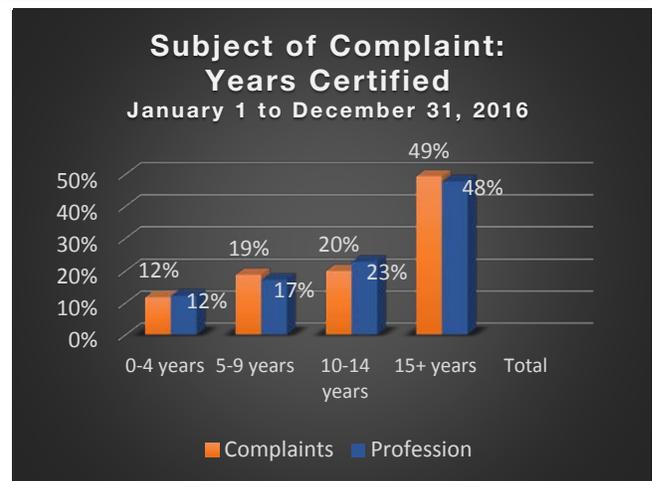
The purpose of this stage is to determine whether the issues raised fall within FPSC's jurisdiction (the allegations must relate to an individual who was an FPSC certificant at the relevant time) and whether the allegations raise a reasonable suspicion that the individual may have engaged in conduct that would breach the *Standards of Professional Responsibility*.



In 2016, the majority of complaints involved FPSC certificant practicing in Ontario, which is proportionate to the profile of the profession.



In 2016, FPSC received a disproportionately higher percentage of complaints involving male certificants, as compared to the overall number of male certificants practicing in Canada.



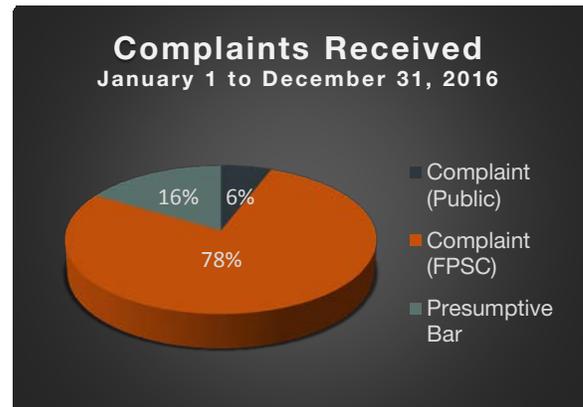
While FPSC did receive a higher percentage of complaints involving individuals who have been certified in excess of 15 years, the percentage of complaints received was proportionate given the profile of the profession.

2. Investigations

Investigations may be commenced:

1. By FPSC, as a result of an alleged breach of the Code of Ethics or Rules of Conduct;
2. By FPSC, as a result of presumptive bar under the Fitness Standards,⁴ or
3. As a result of a public complaint to FPSC.

The Director, Standards and Enforcement has the authority to initiate investigations when information comes to FPSC's attention that suggests that a certificant engaged in conduct that may breach the *Standards of Professional Responsibility*.



Where it is determined that there are sufficient grounds to commence an investigation, the certificant who is the subject of the complaint is notified and invited to respond to the allegations. All information and documentation provided by the certificant and the complainant is reviewed and considered. Additional information may also be obtained through interviews and from witnesses.

Exceptional Circumstances

Pursuant to the *Disclosure of Investigations and Interim Suspensions* policy, FPSC staff has the ability to obtain interim suspensions at the investigation stage, in exceptional circumstances and as necessary to protect the public.

In addition, where a certificant fails to respond to FPSC's communications or cooperate with an investigation, staff may refer the matter to a Hearing Panel. A Hearing Panel finding that the certificant failed to cooperate may result in a suspension of certification.

⁴ A presumptive bar to continued certification may come to FPSC staff attention as a result of a self-declaration by an FPSC certificant (in accordance with the professional obligations to report) or as a staff member proactively identifying a triggering circumstance. FPSC proactively monitors a number of regulatory feeds.

3. Review by the Conduct Review Panel

The Conduct Review Panel—an independent Panel composed of CFP professionals and members of the public—meets every three to four months, or as often as required, to determine the appropriate disposition of complaints, in the public interest.

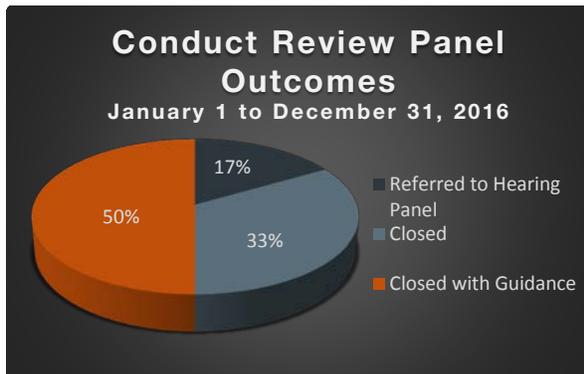
The Conduct Review Panel may in the case of an alleged breach of the Code of Ethics, Practice Standards and/or Rules of Conduct:

1. Dismiss the matter;
2. Dismiss the matter with a letter of Guidance and Advice; or
3. Refer the matter to a Hearing Panel.

In the case of an alleged breach of the Fitness Standards, the Conduct Review Panel may:

1. Allow the certification where it is determined the conduct is not a bar to certification and, where appropriate, recommend Guidance and Advice; or
2. Deny certification and refer the matter to a Hearing Panel.

Anonymized Letters of Guidance and Advice from the panel are published on FPSC’s website in and serve as notice to the public and FPSC certificants regarding the type of conduct that is of concern.



In 2016, Guidance was issued in the following areas:

- Integrity and academic conduct (Rules 1 & 2);
- Maintaining client confidentiality in a joint engagement (Principles 6 & 7);
- Compliance with regulatory rules relating to the use of blank pre-signed forms (Principles 2 & 8 and Rules 2, 12 and 18);
- Supervisory responsibility and duties (Rule 12); and
- Taking steps to ensure a full understanding of the recommended product/strategies before recommending it to a client and, when recommending it, ensuring accuracy in communications to clients (Rules 2, 16 & 17).

4. Disciplinary Hearings (as directed by the CRP)

FPSC Hearing Panels consist of three members of the Hearing Panel Roster and include, at a minimum, two CFP professionals.

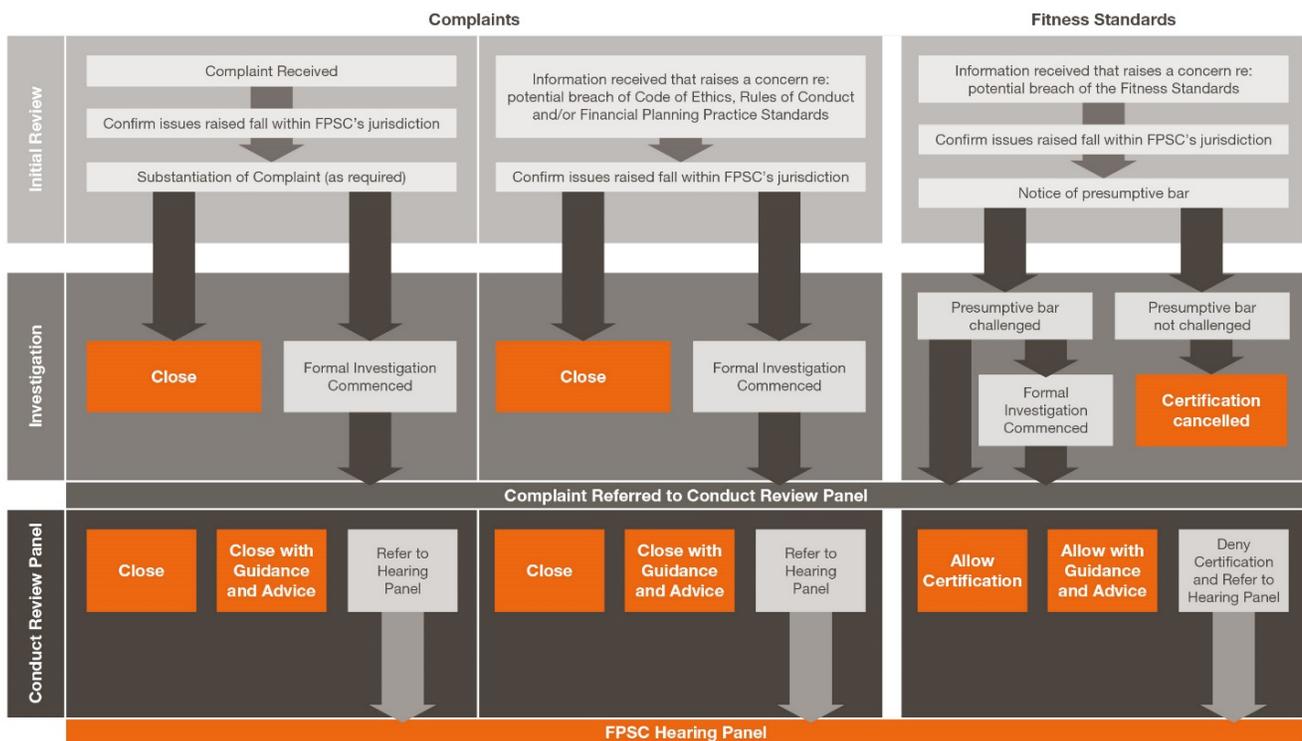
FPSC certificants are afforded a full opportunity to respond and participate in the hearing process. Certificants are afforded an opportunity to challenge the allegations before the Hearing Panel and to submit written and/or oral evidence to the Hearing Panel, either directly or with the assistance of counsel.

In accordance with FPSC's [Policy on the Publication of Disciplinary Information](#), all decisions issued by a Hearing or Appeal Panel are published on FPSC's website. A certificant's disciplinary history is linked to the [Find a Planner or Certificant](#) tool on FPSC's website and a publicly accessible, historically searchable database is maintained by FPSC.

Where there is a finding of misconduct, the Hearing Panel may:

- Issue a Letter of Admonishment
- Impose a remedial action plan
- Suspend FPSC certification
- Ban an individual from seeking renewal or reinstatement of certification
- Revoke FPSC certification
- Award costs against the certificant

Overview of FPSC's Enforcement Process



About FPSC

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