

## CASE 1

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**Applicable Standards:** FP Canada Standards Council Code of Ethics: Principle 7  
FP Canada Standards Council Rules of Conduct: Rules 7, 22 and 23  
FP Canada Standards Council Financial Planning Practice Standards: 3, 4, 5, and 6

### **Background:**

FP Canada Standards Council™ (the “Standards Council”) commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following a complaint to FP Canada™ from the Certificant’s former client.

The Standards Council investigation revealed that the information provided to the client with regards to minimum fees was not accurate insofar as there was an inconsistency in the amount of the fees disclosed to her in two different sets of documents. In addition, the minimum fee which arose when the client decided to close her accounts was disproportionate compared to the funds which were required to be invested for a defined period of time. Further, the CFP professional may have failed to satisfy their obligations to diligently identify and evaluate their client’s financial situation by making assumptions about the client’s personal goals, needs and priorities instead of validating the assumptions directly with the client.

### **Conduct Review Panel’s Decision:**

The Conduct Review Panel (the “Panel”) directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant’s obligations pursuant to the Principles, Rules and Practice Standards in place at the time of their conduct. As of the date of the Guidance and Advice, the relevant Principles, Rules and Practice Standards were: Principle 7 of the *Code of Ethics*, Rules 7, 22, 23 of the *Rules of Conduct*, and Practice Standards 3, 4, 5, and 6, which provide:

**Principle 7 – Diligence:** A Certificant shall act diligently when providing advice and/or services to clients. Diligence is the degree of care and prudence expected from Certificants in the handling of their clients’ affairs. Diligence requires fulfilling professional commitments in a timely and thorough manner and taking due care in guiding, informing, planning, supervising, and delivering financial advice and/or services to clients.

**Rule 7:** A Certificant shall disclose the following information to the client in writing, with the exception of subsection (b) below. The information under subsection (b) below may be disclosed orally:

- a) An accurate and understandable description of the known costs of the services and products, to the client;
- b) When the services include financial planning or elements of the financial planning process, an accurate and understandable description of how the Certificant, the Certificant's firm are compensated for providing the products and services;
- c) Any contingency or referral fees received by the Certificant or the Certificant's firm, in relation to services provided to the client; ...

**Rule 22:** A Certificant shall make only those recommendations that are both prudent and appropriate for the client.

**Rule 23:** A Certificant shall implement only those strategies that are both prudent and appropriate for the client and that the Certificant reasonably believes will not materially and negatively impact the client's best interests.

**PS. 3 - Identify the Client's Goals, Needs and Priorities:** Discuss the client's personal goals, needs and priorities before identifying possible strategies or making recommendations.

**PS. 4 - Gather the Client's Information:** Gather sufficient quantitative and qualitative information relevant to the engagement before making and/or implementing any recommendations.

**PS. 5 - Assess the Client's Current Situation:** Identify and evaluate the strengths and weaknesses in the client's financial situation, perform required calculations, develop needed projections, and analyze and integrate the resulting information relative to the client's personal goals, needs and priorities.

**PS. 6 - Identify and Evaluate the Appropriate Financial Planning Strategies:** Identify and assess the possible financial planning strategies to achieve the client's personal goals, needs and priorities.

## CASE 2

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**Applicable Standards:** FP Canada Standards Council Rules of Conduct: Rules 7, 18, 24

### **Background:**

FP Canada Standards Council™ commenced an investigation into the conduct of the then CERTIFIED FINANCIAL PLANNER® professional following a self-report by the CFP professional that they were the subject of a review by a financial industry regulator, which reported findings of misconduct.

The Standard Council's investigation revealed that between July 15, 2014 and October 2016, the former CFP professional failed to ensure that their assistants or associates were maintaining the paperwork in the client files to support that appropriate disclosures were made regarding DSC fees, and in some cases, failed to ensure that client account forms that required changes were being appropriately initialed by the clients or that new forms were being completed.

In addition, although it appeared that appropriate oral disclosure was being made when processing purchases of mutual funds in the accounts of several clients which were subject to DSC fees, the former CFP professional failed to document, in writing, the details being disclosed.

### **Conduct Review Panel's Decision:**

The Conduct Review Panel (the "Panel") directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant's obligations pursuant to Rules 7, 18, 24 of the *Rules of Conduct*, which provide:

**Rule 7:** A Certificant shall disclose the following information to the client in writing, with the exception of subsection (b) below. The information under subsection (b) below may be disclosed orally:

- a) An accurate and understandable description of the known costs of the services and products, to the client;
- b) When the services include financial planning or elements of the financial planning process, an accurate and understandable description of how the Certificant, the Certificant's firm are compensated for providing the products and services;
- c) Any contingency or referral fees received by the Certificant or the Certificant's firm, in relation to services provided to the client;
- d) A general summary of potential conflicts of interest between the client and the Certificant, between the Certificant's clients in the case of a joint engagement, the Certificant's employer, or any affiliates or third parties, including, but not limited to, information about any familial, contractual or agency relationship

of the Certificant or the Certificant's employer that has a potential to materially affect the relationship with the client;

- e) The specific financial planning services the Certificant will perform for the client;
- f) Any information about the Certificant or the Certificant's employer that could reasonably be expected to materially affect the client relationship/engagement;
- g) Any information that the client might reasonably want to know in establishing the scope and nature of the relationship, including, but not limited to, information about the Certificant's areas of expertise; and
- h) Contact information for the Certificant and, if applicable, the Certificant's employer.

**Rule 18:** A Certificant shall provide reasonable and prudent professional supervision of any subordinate or third party to whom the Certificant assigns any work. A Certificant shall provide reasonable and prudent professional supervision of any individual whose work is subject to review or oversight by the Certificant.

**Rule 24:** A Certificant shall provide their professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council

## CASE 3

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### **Applicable Standards:**

FP Canada Standards Council Code of Ethics: Principles 2, 5, and 8

FP Canada Standards Council Rules of Conduct: Rules 2, 8, 10, 21 and 24

### **Background:**

FP Canada Standards Council™ commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following a self-report by the CFP professional that they were the subject of a review by a financial industry regulator, which reported findings of misconduct.

The Standards Council's investigation revealed that, between March 2008 and June 2017, the CFP professional borrowed \$150,000 from one client and \$25,000 from another client, which gave rise to a conflict or potential conflict of interest. The conflict of interest was not disclosed to the clients in writing, and the CFP professional failed to obtain the clients' written consent to continue despite the conflict.

The Standards Council's investigation did not reveal any evidence that the CFP professional engaged in or associated with conduct that involved dishonesty, fraud, deceit or misrepresentation, or knowingly made a false or misleading statement to clients. There was no evidence of client harm, and no complaints were filed with the Standards Council as a result of the conduct.

### **Conduct Review Panel's Decision:**

The Conduct Review Panel (the "Panel") directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant's obligations pursuant to Principles 2, 5 and 8 of the *Code of Ethics*, and Rules 2, 8, 10, 21 and 24 of the *Rules of Conduct*, which provide:

**Principle 2 - Integrity:** A Certificant shall always act with integrity. Integrity means rigorous adherence to the moral rules and duties imposed by honesty and justice. Integrity requires the Certificant to observe both the letter and the spirit of the Code of Ethics.

**Principle 5 - Fairness:** A Certificant shall be fair and open in all professional relationships. Fairness requires providing clients with what they should reasonably expect from a professional relationship, and includes honesty and disclosure of all relevant facts, including conflicts of interest.

**Principle 8 - Professionalism:** A Certificant shall act in a manner reflecting positively upon the profession. Professionalism refers to conduct that inspires confidence and respect from clients and the community, and embodies all of the other principles within the Code of Ethics.

**Rule 2:** A Certificant shall not engage in any conduct that reflects adversely on his or her integrity or fitness as a Certificant, the certification marks or the profession.

**Rule 8:** When the services include financial planning or material elements of the financial planning process:

- a) A Certificant shall not provide services to a client where there is an existing conflict of interest between the Certificant and the client unless, after full written disclosure of the existing conflict of interest, the client makes the informed decision to engage the Certificant notwithstanding the conflict. The Certificant shall obtain the client's written consent before providing services to the client. Such written consent shall include a description of the conflict of interest and confirmation of the client's decision to proceed.
- b) Where a conflict of interest arises during the course of an ongoing relationship with a client either between the client and the Certificant or between the Certificant's clients in the case of a joint engagement, a Certificant shall, immediately upon discovery of the conflict of interest, advise the client in writing of the conflict of interest. In such circumstances, a Certificant shall cease providing services (acting in accordance with the provisions of Rule 14) unless and until the client makes the informed decision to continue with the engagement. The Certificant shall obtain the client's written consent to continue. Such written consent shall include a description of the conflict of interest and confirmation of the client's decision to proceed.

**Rule 10:** A Certificant shall refrain from personally lending money to a client or personally borrowing money from a client. The prohibition on lending to and borrowing from a client, does not apply where the client is a member of the Certificant's immediate family.

**Rule 21:** A Certificant shall always exercise reasonable and prudent professional judgment.

**Rule 24:** A Certificant shall provide their professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council.

## CASE 4

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**Applicable Standards:** FP Canada Standards Council Code of Ethics: Principles 7 and 8

### **Background:**

The FP Canada Standards Council™ commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional, following receipt of a complaint to FP Canada™ from the Certificant's former client.

While the Standards Council's investigation did not reveal evidence to support all of the complainant's allegations, the Standards Council's investigation identified an issue relating to the CFP professional's lack of diligence when using financial planning software.

The Conduct Review Panel (the "Panel") was concerned with the lack of diligence in the handling of the client's matter, in that the CFP professional:

- failed to apply critical thinking when using financial planning software. Specifically, a data entry error was made that changed the client's retirement projections, and the CFP professional failed to recognize the error and inconsistency with all prior client projections; and
- despite the client asking for adjustments to the financial plan several times, failed to discover the error until months later.

Since the public relies and expects a CFP professional to be diligent in the handling of a client's affairs, the Panel was concerned that the delay in recognizing and discovering the error may reflect negatively on the profession.

### **Conduct Review Panel's Decision:**

Given the specific circumstances of this matter, the Panel directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant's obligations pursuant to Principles 7 and 8 of the *Code of Ethics*, which provide:

**Principle 7 - Diligence:** A Certificant shall act diligently when providing advice and/or services to clients. Diligence is the degree of care and prudence expected from Certificants in the handling of their clients' affairs. Diligence requires fulfilling professional commitments in a timely and thorough manner and taking due care in guiding, informing, planning, supervising, and delivering financial advice and/or services to clients.

**Principle 8 - Professionalism:** A Certificant shall act in a manner reflecting positively upon the profession. Professionalism refers to conduct that inspires confidence and respect from clients and the community, and embodies all of the other principles within the Code of Ethics.



## CASE 5

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**Applicable Standards:** FP Canada Standards Council Code of Ethics: Principles 6  
FP Canada Standards Council Rules of Conduct: Rule 30

### **Background:**

The FP Canada Standards Council™ commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following a self-report by the CFP professional that they were the subject to a review by a national regulatory organization.

The Standard Council's investigation revealed that in November 2015, while still employed by their current employer, the CFP professional provided their future employer with a detailed list of client names, addresses, account types and approximate account values, without obtaining written client consent. In addition, they backed up confidential client information to an unauthorized external cloud storage drive.

The Conduct Review Panel (the "Panel") noted that the CFP professional's actions were not driven by malicious intent, there was no evidence of client harm and the CFP took responsibility and admitted the error in judgement.

### **Conduct Review Panel's Decision:**

The Conduct Review Panel (the "Panel") directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant's obligations pursuant to the Principles and Rules in place at the time of their conduct. As of the date of the Guidance and Advice, the relevant Principles and Rules were: Principle 6 of the *Code of Ethics* and Rule 30 of the *Rules of Conduct*, which provide:

**Principle 6 – Confidentiality:** A CFP professional shall maintain confidentiality of all client information. Confidentiality requires that client information be secured, protected and maintained in a manner that allows access only to those who are authorized. A relationship of trust and confidence with the client can be built only on the understanding that personal and confidential information will be collected, used and disclosed only as authorized.

**Rule 30:** A Certificant shall not disclose a client's name to any other party without informed consent of the client, unless in response to proper legal, statutory or regulatory process under which the Certificant is obliged to do so, including cooperation with the FP Canada Standards Council investigation of a complaint.



## CASE 6

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**Applicable Standards:** FP Canada Standards Council Rules of Conduct: Rule 8

### **Background:**

The FP Canada Standards Council™ commenced an investigation into the conduct of the then CERTIFIED FINANCIAL PLANNER® professional following a self-report by the CFP professional that they were the subject to a Statement of Claim (SOC) commenced in December 2017.

The SOC was filed by a former client and included allegations that the former CFP professional made unsuitable recommendations, failed to take into consideration the client's investment objectives and risk tolerance level, acted in a conflict of interest and failed to disclose and adequately explain fees and compensation structures.

The Standard Council's investigation revealed that investments selected for this client were not inconsistent with their goals, needs and risk tolerances; and that the former CFP professional had adequately disclosed compensation structures to the client. The investigation did find; however, that the former CFP professional may have failed to disclose, in writing, a potential conflict of interest that arose from the fact they were acting as an advisor to a client when their father was acting as the Executor of the client's father's estate.

### **Conduct Review Panel's Decision:**

The Conduct Review Panel (the "Panel") directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant's obligations pursuant to Rule 8 of the *Rules of Conduct*, which provides:

**Rule 8:** When the services include financial planning or material elements of the financial planning process:

- a) A Certificant shall not provide services to a client where there is an existing conflict of interest between the Certificant and the client unless, after full written disclosure of the existing conflict of interest, the client makes the informed decision to engage the Certificant notwithstanding the conflict. The Certificant shall obtain the client's written consent before providing services to the client. Such written consent shall include a description of the conflict of interest and confirmation of the client's decision to proceed.
- b) Where a conflict of interest arises during the course of an ongoing relationship with a client either between the client and the Certificant or between the Certificant's clients in the case of a joint engagement, a Certificant shall, immediately upon discovery of the conflict of interest, advise the client in writing of the conflict of interest. In such circumstances, a Certificant shall cease

providing services (acting in accordance with the provisions of Rule 14) unless and until the client makes the informed decision to continue with the engagement. The Certificant shall obtain the client's written consent to continue. Such written consent shall include a description of the conflict of interest and confirmation of the client's decision to proceed.

## CASE 7

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**Applicable Standards:** FP Canada Standards Council Rules of Conduct: Rule 34

### **Background:**

The FP Canada Standards Council™ commenced an investigation into the conduct of the then CERTIFIED FINANCIAL PLANNER® professional following a self-report by the CFP professional that they were the subject to a Statement of Claim (SOC) in December 2017.

The SOC was filed by a former client and included allegations that the former CFP professional made unsuitable recommendations, failed to take into consideration the client's investment objectives and risk tolerance level, acted in a conflict of interest and failed to disclose and adequately explain fees and compensation structures.

The Standards Council instructed an investigation into the allegations set out in the Statement of Claim; however, the former CFP Professional did not cooperate with the investigation.

The investigation revealed; however, that the former CFP professional did not have primary responsibility for the client. They had very limited involvement with the client and the management of her investments, and all documents were executed by his brother, who was the primary investment advisor for the client. There was insufficient evidence to support allegations that the former CFP professional's conduct breached the *Standards of Professional Responsibility*.

### **Conduct Review Panel's Decision:**

The Conduct Review Panel (the "Panel") directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant's obligations pursuant to Rule 34 of the *Rules of Conduct*, which provides:

**Rule 34:** A Certificant shall cooperate fully with a FP Canada Standards Council investigation of a complaint unless legally prevented from doing so. This rule applies equally to current and former Certificants.

## CASE 8

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**Applicable Standards:** FP Canada Standards Council Rules of Conduct: Rule 24

### **Background:**

FP Canada Standards Council commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following a self-report by the CFP professional that they were the subject of a review by a financial industry regulator, which reported findings of misconduct.

The Standards Council investigation revealed that the certificant met with a representative of an investment firm to discuss marketing a book he had written, and possible insurance referrals. Subsequently, the certificant received a cheque for \$1700 from the firm to assist with publishing the book.

The investigation also revealed that the certificant failed to inform their employer that they had a limited involvement with an external entity without obtaining prior approval.

### **Conduct Review Panel's Decision:**

The Conduct Review Panel (the "Panel") directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant's obligations pursuant to Rule 24 of the *Rules of Conduct*, which provides:

**Rule 24:** A Certificant shall provide their professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council.

## CASE 9

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**Applicable Standards:** FP Canada Standards Council Code of Ethics: Principles 2 and 8

FP Canada Standards Council Rules of Conduct: Rules 2 and 24

### **Background:**

FP Canada Standards Council™ commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following a self-report by the CFP professional that they were the subject of a review by a financial industry regulator, which reported findings of misconduct.

The Standards Council's investigation revealed that, between December 2003 and January 2017, the CFP professional used 25 pre-signed forms with respect to 17 clients. Further, between November 2010 and March 2014, the CFP professional altered 14 account forms in respect of 10 clients. The investigation also revealed that, between October 2002 and August 2014, the CFP professional submitted 7 Letters of Direction directly to mutual fund companies to process transactions for 1 client, without the knowledge of approval of the CFP professional's employer.

The Standards Council's investigation did not reveal any evidence of client harm from the CFP professional's conduct, and all transactions were approved by the clients prior to any form being processed. With respect to the Letters of Direction, the investigation revealed that they properly reflected all client instructions.

There was no evidence of client harm, and no complaints were filed with the Standards Council as a result of the conduct.

### **Conduct Review Panel's Decision:**

The Conduct Review Panel (the "Panel") was concerned that the use of pre-signed and/or altered forms took place over a 15-year period, and was also concerned about the number of forms and affected clients at issue. The Panel directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant's obligations pursuant to Principles 2 and 8 of the *Code of Ethics*, and Rules 2 and 24 of the *Rules of Conduct*, which provide:

**Principle 2 - Integrity:** A Certificant shall always act with integrity. Integrity means rigorous adherence to the moral rules and duties imposed by honesty and justice. Integrity requires the Certificant to observe both the letter and the spirit of the Code of Ethics.

**Principle 8 - Professionalism:** A Certificant shall act in a manner reflecting positively upon the profession. Professionalism refers to conduct that inspires confidence and respect from clients and the community, and embodies all of the other principles within the Code of Ethics.

**Rule 2:** A Certificant shall not engage in any conduct that reflects adversely on his or her integrity or fitness as a Certificant, the certification marks or the profession.

**Rule 24:** A Certificant shall provide their professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council.

## CASE 10

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**Applicable Standards:** FP Canada Standards Council Code of Ethics: Principles 5 and 7  
FP Canada Standards Council Rules of Conduct: Rules 18 and 24

### **Background:**

FP Canada Standards Council™ (the “Standards Council”) commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following a self report by the CFP professional, disclosing a Compliance Order and Report from another oversight body.

The Standards Council investigation revealed that between 2010 and 2014, the CFP professional: failed to supervise a subordinate to ensure paperwork was being properly completed and consistent with applicable practices; relied on issuers to vet marketing materials, without independently vetting them to ensure claims were accurate, substantiated and balanced or retaining evidence of doing so; and failed to produce documentation to support that disclosure obligations relating to conflicts of interest were properly sent to clients (although the sample disclosure satisfied the Standards in place at the time). The investigation also revealed that there was a failure to comply with applicable rules, regulations, or other established policies of another oversight body.

### **Conduct Review Panel’s Decision:**

The Conduct Review Panel (the “Panel”) directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant’s obligations pursuant to the Principles, Rules and Practice Standards in place at the time of their conduct. As of the date of the Guidance and Advice, the relevant Principles, Rules and Practice Standards were: Principle 5, and 7, and Rules 18 and 24 which provide:

**Principle 5: Fairness:** A Certificant shall be fair and open in all professional relationships. Fairness requires providing the clients with what they should reasonably expect from a professional relationship, and includes honesty, and disclosure of all relevant facts, including conflicts of interest.

**Principle 7 – Diligence:** A Certificant shall act diligently when providing advice and/or services to clients. Diligence is the degree of care and prudence expected from Certificants in the handling of their clients’ affairs. Diligence requires fulfilling professional commitments in a timely and thorough manner and taking due care in guiding, informing, planning, supervising, and delivering financial advice and/or services to clients.



**Rule 18:** A Certificant shall provide reasonable and prudent professional supervision of any subordinate or third party to whom the Certificant assigns any work. A Certificant shall provide reasonable and prudent professional supervision of any individual whose work is subject to review or oversight by the Certificant.

**Rule 24:** A Certificant shall provide their professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council.

## CASE 11

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**Applicable Standards:** FP Canada Standards Council Code of Ethics: Principles 7 and 8

### **Background:**

FP Canada Standards Council™ (the “Standards Council”) commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following receipt of a public complaint.

The Standards Council investigation revealed that in 2014, the CFP mistakenly failed to offer the client all appropriate product options, notwithstanding that the clients qualified for a product with lower costs to them. Because the error was not detected until 2016, the CFP professional provided incorrect information to the clients on their investment options. The investigation also revealed that there was one transactional error attributable to the CFP professional, and some concerns about the CFP professional’s record keeping practices. The investigation, however, did not reveal that the underlying investment itself was inappropriate.

### **Conduct Review Panel’s Decision:**

The Conduct Review Panel (the “Panel”) directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant’s obligations pursuant to the Principles, Rules and Practice Standards in place at the time of their conduct. As of the date of the Guidance and Advice, the relevant Principles, Rules and Practice Standards were: Principle 7 and 8 which provide:

**Principle 7 – Diligence:** A Certificant shall act diligently when providing advice and/or services to clients. Diligence is the degree of care and prudence expected from Certificants in the handling of their clients’ affairs. Diligence requires fulfilling professional commitments in a timely and thorough manner and taking due care in guiding, informing, planning, supervising, and delivering financial advice and/or services to clients.

**Principle 8 - Professionalism:** A Certificant shall act in a manner reflecting positively upon the profession. Professionalism refers to conduct that inspires confidence and respect from clients and the community, and embodies all of the other principles within the Code of Ethics.

## CASE 12

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**Applicable Standards:** FP Canada Standards Council Code of Ethics: Principles 1, 5, and 7

FP Canada Standards Council Rules of Conduct: Rule 24

### **Background:**

FP Canada Standards Council™ (the “Standards Council”) commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following receipt of a public complaint.

The Standards Council investigation revealed that the CFP professional failed to: define the role and scope of services he/she would be providing or not providing with respect to a Syndicated Mortgages Investment (SMI) project; ensure that the referral was properly in place (including verifying that the client had met with a mortgage broker); and failed to disclose to the client the compensation arrangements (referral fees) he/she was receiving.

The investigation also revealed that the CFP was found to have been dealing in mortgages for remuneration without a mortgage broker or mortgage agent license by another regulatory oversight body.

### **Conduct Review Panel’s Decision:**

The Conduct Review Panel (the “Panel”) directed that the matter be closed with a Letter of Guidance and Advice. The Panel reminded the CFP professional of a Certificant’s obligations pursuant to the Principles, Rules and Practice Standards in place at the time of their conduct. As of the date of the Guidance and Advice, the relevant Principles, Rules and Practice Standards were: Principles 1, 5 and 7, and Rule 24 which provide:

**Principle 1: Duty of Loyalty to the Client:** The Duty of Loyalty encompasses:

- The duty to act in the client’s interest by placing the client’s interests first. Placing the client’s interests first requires the Certificant place the client’s interests ahead of their own and all other interests;
- The obligation to disclose conflicts of interest and to mitigate conflicts in the client’s favour; and
- The duty to act with the care, skill and diligence of a prudent professional.

**Principle 5: Fairness:** A Certificant shall be fair and open in all professional relationships. Fairness requires providing the clients with what they should reasonably expect from a professional relationship, and includes honesty, and disclosure of all relevant facts, including conflicts of interest.

**Principle 7 – Diligence:** A Certificant shall act diligently when providing advice and/or services to clients. Diligence is the degree of care and prudence expected from Certificants in the handling of their clients' affairs. Diligence requires fulfilling professional commitments in a timely and thorough manner and taking due care in guiding, informing, planning, supervising, and delivering financial advice and/or services to clients.

**Rule 24:** A Certificant shall provide their professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council.