

## CASE 1

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**Applicable Standards:** FP Canada Standards Council Code of Ethics: Principles 1, 7 and 8

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 a News Release from a financial industry regulator which reported findings of misconduct, as well as a self-report by the CFP professional with respect to the above.

The Standards Council investigation revealed that between 2015 and 2016, the CFP professional: processed transactions in two client accounts without discussing the specific elements of the trades with the clients; processed trades in the accounts of one client based on the requests of their spouse and without the authorization of that client; submitted trades in four client accounts without maintaining sufficient evidence of client instructions; and made changes to Know-Your-Client (“KYC”) information in four client accounts without discussing or obtaining the authorization of the clients prior to making the changes. 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 Principles 1, 7 and 8 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 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.

**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.