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Standards of Professional Responsibility for CFP Professionals and FPSC Level 1 Certificants in Financial Planning Version 5


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Preface

Financial planning is the process of determining how individuals can meet their life goals through the proper management of their financial affairs.

Financial Planning Standards Council (FPSC) awards the internationally recognized CERTIFIED FINANCIAL PLANNER® marks in Canada to those who meet, on an ongoing basis, FPSC's requirements for CFP® certification. These individuals have been certified to use CFP, CERTIFIED FINANCIAL PLANNER and  certification trademarks (collectively, the CFP Marks). The CFP Marks are symbols of professional distinction entrusted to individuals who have successfully completed a specialized program of study, standardized national examinations and financial planning work experience.

FPSC also oversees the award of FPSC Level 1 Certification in Financial Planning throughout Canada. While a CFP professional has demonstrated the depth of knowledge, skills and abilities to provide financial plans that address client situations regardless of complexity, an FPSC Level 1 certificant is equipped to provide financial planning strategies and solutions for clients who have less complex financial planning needs.

CFP professionals and FPSC Level 1 certificants must abide by a set of professional standards—defined by the *Standards of Professional Responsibility for CFP Professionals and FPSC Level 1 Certificants in Financial Planning* (hereinafter referred to as the *Standards of Professional Responsibility*).

The *Standards of Professional Responsibility* represents the compilation of four sets of standards (FPSC® Code of Ethics, FPSC® Rules of Conduct, FPSC® Fitness Standards and FPSC® Financial Planning Practice Standards) to which CFP professionals and FPSC Level 1 certificants must adhere. Each set of standards serves its own distinct purpose and can be read and interpreted independently; however, since these standards represent the totality of professional responsibilities for financial planners, they are compiled in one document for ease of reference.

Throughout the *Standards of Professional Responsibility*, wherever “Certificant” is referred to, it should be taken to read “CFP professionals and FPSC Level 1 certificants”. The entirety of the *Standards of Professional Responsibility* applies to both FPSC Level 1 certificants and CFP professionals. Information on lodging a complaint against a CFP professional or FPSC Level 1 certificants, as well as information regarding procedures followed by FPSC with respect to complaints handling, investigations and hearings can be found at fpsc.ca.

To ensure you are reading the most current version of this document and each section, please visit fpsc.ca/planners-certificants/professional-standards and download the electronic copy.

FPSC[®] Code of Ethics

The FPSC[®] Code of Ethics (the Code) represents the moral mandate by which FPSC assesses the conduct of Certificants. The Code reflects the standards of ethical conduct that Certificants must demand of themselves and their peers.

Application of the Code

Each principle of the Code presents the expected behaviours of all Certificants. Each principle is followed by a directive and description that clearly defines the standards of appropriate conduct. The Code is designed to guide Certificants in their practice and to serve as a primary reference for FPSC in investigating complaints against Certificants. The Code does not undertake to define standards of professional conduct of Certificants for purposes of civil liability.

The Code represents the commitment of the Certificant to the public, the industry and the profession.

For the Public

A strong Code is first and foremost about serving the public. It is the Certificant's pledge to their clients. A client should view the Code as setting their expectations for how they will be treated by a Certificant. The Code should assure clients that they are working with a professional who is committed to ethically, competently and diligently helping them achieve their life goals.

For the Financial Services Industry

The CFP Marks and FPSC Level 1 Marks allow the financial services industry to easily identify a professional with a documented mastery of financial planning skills and a commitment to ethical practice.

For the Profession

The Code provides the cornerstone by which Certificants practise their profession. As a Certificant, you should expect adherence to the Code from yourself and your fellow Certificants. The integrity and future of the financial planning profession rests on the universal adherence to these principles.

Principles of the Code

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 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.

Principle 3: Objectivity

A Certificant shall be objective when providing advice and/or services to clients.

Objectivity requires intellectual honesty, impartiality and the exercise of sound judgment, regardless of the services delivered or the capacity in which a Certificant functions.

Principle 4: Competence

A Certificant shall develop and maintain the abilities, skills and knowledge necessary to competently provide advice and/or services to clients.

Competence requires attaining and maintaining a high level of knowledge and skill, and applying that knowledge effectively in providing advice and/or services to clients.

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 6: Confidentiality

A Certificant 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.

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.

Relationship to FPSC

31. A Certificant shall meet all FPSC requirements for continued certification, including:
- a) Making full and accurate Legal Declarations when completing their Annual Renewal Form. Reportable items are outlined in the “Declarations and Professional Obligations” section of the certification renewal form and include consumer proposals and bankruptcy; involvement in civil proceedings; criminal convictions; court orders; and investigations or decisions by professional bodies and regulatory/licensing bodies;
 - b) Advising FPSC, in writing, of any changes to prior Legal Declarations within 15 days of becoming aware of new information;
 - c) Using the Certification Marks in compliance with the rules and regulations of FPSC, as established and amended from time to time;
 - d) Complying with all continuing education/professional development requirements set by FPSC; and
 - e) Notifying FPSC of any changes to the Certificant’s employment and/or contact information.

Guidance

The certification marks provide assurance to the public regarding the qualifications and skills of Certificants and the standards to which they are held. All Certificants are expected to be familiar with and to comply with the Marks Use Guide published by FPSC. As the terms and conditions of use may change from time to time, Certificants should review the Marks Use Guide annually or as changes are communicated by FPSC.

FPSC encourages Certificants to report any suspected unauthorized use of the certification marks to FPSC. Such reporting serves to enhance public protection by ensuring that only those who are qualified and authorized to use the marks are doing so.

32. A Certificant shall comply with an order by the FPSC Disciplinary Hearing Panel and/or the FPSC Appeal Hearing Panel. This rule applies equally to current and former Certificants.
33. A Certificant shall reply promptly and completely to any communication from FPSC in which a response is requested.
34. A Certificant shall cooperate fully with an FPSC investigation of a complaint unless legally prevented from doing so. This rule applies equally to current and former Certificants.

Guidance

The obligation to respond to and cooperate with FPSC is more than an administrative requirement. It is an ethical duty owed by a member of a profession.

Cooperating with investigations into complaints ensures that members of the public have confidence that when they raise concerns about a Certificant’s conduct, those concerns can be reviewed and, where necessary, appropriate action taken in the public interest.

35. A Certificant shall not make any false or misleading statement to FPSC.

FPSC[®] Fitness Standards

As a professional oversight and standards-setting body working in the public interest, FPSC has an obligation to ensure that individuals certified by FPSC meet high standards of competence and professionalism and are fit for certification.

The FPSC[®] Fitness Standards (the Fitness Standards) reflect the good character standards for new and continued certification and define the character expectations that FPSC has for Certificants.

FPSC retains the right to decline certification where candidates for certification:

- Do not meet one or more of FPSC's application requirements; and/or
- Do not meet FPSC's fitness for certification requirements pursuant to the FPSC Fitness Standards and/or good character requirements.

Bars to Certification

All new applicants, Certificants applying for renewed certification and Certificants applying to reinstate their certification with FPSC must provide complete and accurate answers to the Declarations and Professional Obligations section of the New Applicant or Certification Renewal Form. Any changes to an earlier Declaration must be reported to FPSC within 15 days. Failure to disclose and/or the provision of inaccurate information is a breach of the *Standards of Professional Responsibility*.

Each of the below is a presumptive bar to new, continued or reinstated certification and may, following review, result in a finding that an individual should be denied new or continued certification by FPSC.

- Currently in personal bankruptcy proceedings;
- Business bankruptcy filed within the last five years;
- Revocation or suspension of one (1) year or longer, of a professional licence or credential (e.g., real estate, lawyer, accountant) by the licencing/credentialing body, unless the suspension/revocation is administrative in nature;
- Revocation or suspension of one (1) year or longer, of a financial services licence or registration (e.g. registered representative, broker/dealer, insurance, investment advisor), unless the suspension/revocation is administrative in nature;
- Pleading guilty, being found guilty or being convicted of a criminal offence (summary or indictable);
- Being found in breach of an Order of a superior or appellate court of a province or territory of Canada; or
- Being found by an FPSC-Approved Core Curriculum or FPSC-Approved Capstone Course provider to have breached the education provider's code of ethics or code of conduct, and/or to have engaged in academic misconduct.

Definitions

“Offence” includes but is not limited to an offence under:

1. The Criminal Code (Canada); and/or
2. Any other Act of the Legislature or a province or territory of Canada or an Act of Parliament, which includes allegations relating to:
 - fraud;
 - theft;
 - corruption;
 - breach of trust;
 - forgery;
 - perjury;
 - other activities involving deceit or dishonesty for personal gain or advantage; and
 - the sale or trade of financial products and services.

“Bankruptcy” means having declared bankruptcy, or having been petitioned into bankruptcy, made an assignment, proposal or plan (including any Notice of Intention thereof) under any bankruptcy or insolvency legislation, been subject to or instituted any proceedings, arrangements or compromise with creditors (including a consumer proposal) or had a receiver and/or receiver-manager appointed.

“Business” means any business over which the Certificant has (or had at the time of the bankruptcy) a significant influence. Significant influence may include being: a partner, officer, director or shareholder holding at least 10% of the voting shares of the business.

FPSC[®] Financial Planning Practice Standards

The FPSC[®] Financial Planning Practice Standards (the Practice Standards) provide guidance to Certificants when engaged in financial planning activities with clients.

By setting forth these Practice Standards, FPSC:

- Establishes the level of practice expected of a Certificant engaged in the delivery of financial planning services to a client;
- Establishes norms of professional practice to promote a consistent delivery of financial planning services by Certificants;
- Clarifies the respective roles and responsibilities of Certificants and their clients in financial planning engagements, protecting both the Certificant and the client from potential misunderstandings; and
- Serves FPSC's public interest mandate by defining a level of service that protects the interests of clients.

Application of the Practice Standards

The Practice Standards outline the process that must be followed in any client engagement where financial planning services are being offered, not just when delivering a comprehensive financial plan.

The order in which the Practice Standards appear is not prescriptive. It is at the professional discretion of the Certificant as to the precise order of events necessary to best meet the client's objectives.

In the unlikely event that a Practice Standard is in conflict with a legal obligation, the Certificant is expected to adhere to the legal obligation and seek guidance from FPSC. Where a Practice Standard is in conflict with an employer's expectation, the Certificant remains bound by the Practice Standards and may choose to seek guidance from FPSC regarding irreconcilable conflicts of interest.

Practice Standards

PS.1 Explain the Role of the Financial Planner and Value of the Financial Planning Process

Ensure the client understands the role of a financial planner and the value of the process of financial planning in identifying and meeting the client's personal goals, needs and priorities.

PS.2 Define the Terms of the Engagement

The Certificant will work with the client to define and agree on the scope of the financial planning engagement, whether an initial or review engagement.

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.

PS.7 Develop the Financial Planning Recommendations

Develop and prioritize recommendations to help meet the client's personal goals, needs and priorities and aim to optimize the client's financial position.

PS.8 Compile and Present the Financial Planning Recommendations and Supporting Rationale

Present the financial planning recommendations and supporting rationale in a way that allows the client to make an informed decision.

PS.9 Discuss Implementation Action, Responsibilities and Time Frames

Gain the client's agreement regarding implementation actions, responsibilities and time frames. Stress the importance of a review and ongoing monitoring of the client's situation relative to their personal goals, needs and priorities periodically and as needed based on material changes in personal or external circumstances.

PS.10 Implement the Financial Planning Recommendations

Complete the implementation actions for which the Certificant has assumed responsibility.

Glossary

ADVICE The provision of guidance and strategies that will propel the client toward their goals. Advice may be a verbal or written opinion.

CFP® PROFESSIONAL A person who holds the CFP designation from FPSC.

CLIENT The person (individual or legal entity) with whom the Certificant has the formal planner-client relationship.

COMPENSATION The monetary or non-monetary economic benefit received by a practitioner or a related party in exchange for professional services.

COMPREHENSIVE FINANCIAL PLANNING The process of developing strategies to assist clients in managing their financial affairs to meet life goals. The process integrates opportunities and constraints across all six areas of financial planning: Financial Management, Insurance and Risk Management, Investment Planning, Retirement Planning, Tax Planning, Estate Planning (including Legal Aspects).

CONFLICT OF INTEREST Circumstances, relationships or other facts about the Certificant's own financial business, property and/or personal interests that may, as it may appear to a reasonable observer, impair the Certificant's ability to render disinterested advice, recommendations or services.

CONTINGENCY FEE A fee that is contingent, in whole or in part, on the successful outcome or completion of agreed-to advice and or services by the practitioner.

CUSTODY Having another person's property in one's possession or control.

DISCRETIONARY AUTHORITY Authority that is granted to an individual or entity by a client to make decisions regarding transactions and other services without obtaining permission from the owner every time.

ENGAGEMENT A financial planning engagement exists when a Certificant performs any type of mutually agreed-upon financial service for a client or provides financial planning advice to a client.

FINANCIAL PLANNING Financial planning is a disciplined, multi-step process of assessing an individual's current financial and personal circumstances against their future desired state and developing strategies that help meet their personal goals, needs and priorities in a way that aims to optimize the allocation of their resources. Financial planning takes into account the interrelationships among relevant financial planning areas in formulating appropriate strategies. Financial planning areas include financial management, insurance and risk management, investment planning, retirement planning, tax planning, estate planning and legal aspects. Financial planning is an ongoing process involving regular monitoring of an individual's progress toward meeting their personal goals, needs and priorities, a re-evaluation of financial strategies in place and recommended revisions, where necessary.

FINANCIAL PLANNING PROCESS The process by which Certificants develop strategies to assist clients in managing their financial affairs to meet life goals. This process is defined by the FPSC® Financial Planning Practice Standards.

FPSC 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. FPSC ensures those it certifies—CERTIFIED FINANCIAL PLANNER professionals and FPSC Level 1 Certificants in Financial Planning—meet appropriate standards of competence and professionalism through rigorous requirements of education, examination, experience and ethics.

FPSC LEVEL 1 CERTIFICANT IN FINANCIAL PLANNING A person who holds the FPSC Level 1 certification from FPSC.

LETTER OF ENGAGEMENT A written document that sets out the scope of the professional services to be provided to the client and the compensation that has been agreed upon. The Letter of Engagement acts as a contractual agreement that should include details of each party's responsibilities, time frames of the engagement, compensation arrangements, disclosure of conflict of interest and the terms of termination of the agreement.

PRACTITIONER A person who provides financial advice or services to clients. The practitioner may be a CFP professional or an FPSC Level 1 certificant.

PRODUCT A tangible or intangible item of value including, but not limited to, a financial product such as a stock, bond, GIC, mutual fund, derivative; a legal structure such as a will or trust deed; a lending product such as a mortgage or loan; or an insurance policy or product such as life insurance or a segregated fund.

RECOMMENDATION The development and evaluation of strategies based on an assessment of information.

SERVICE The provision of financial advice, recommendations, and/or products

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