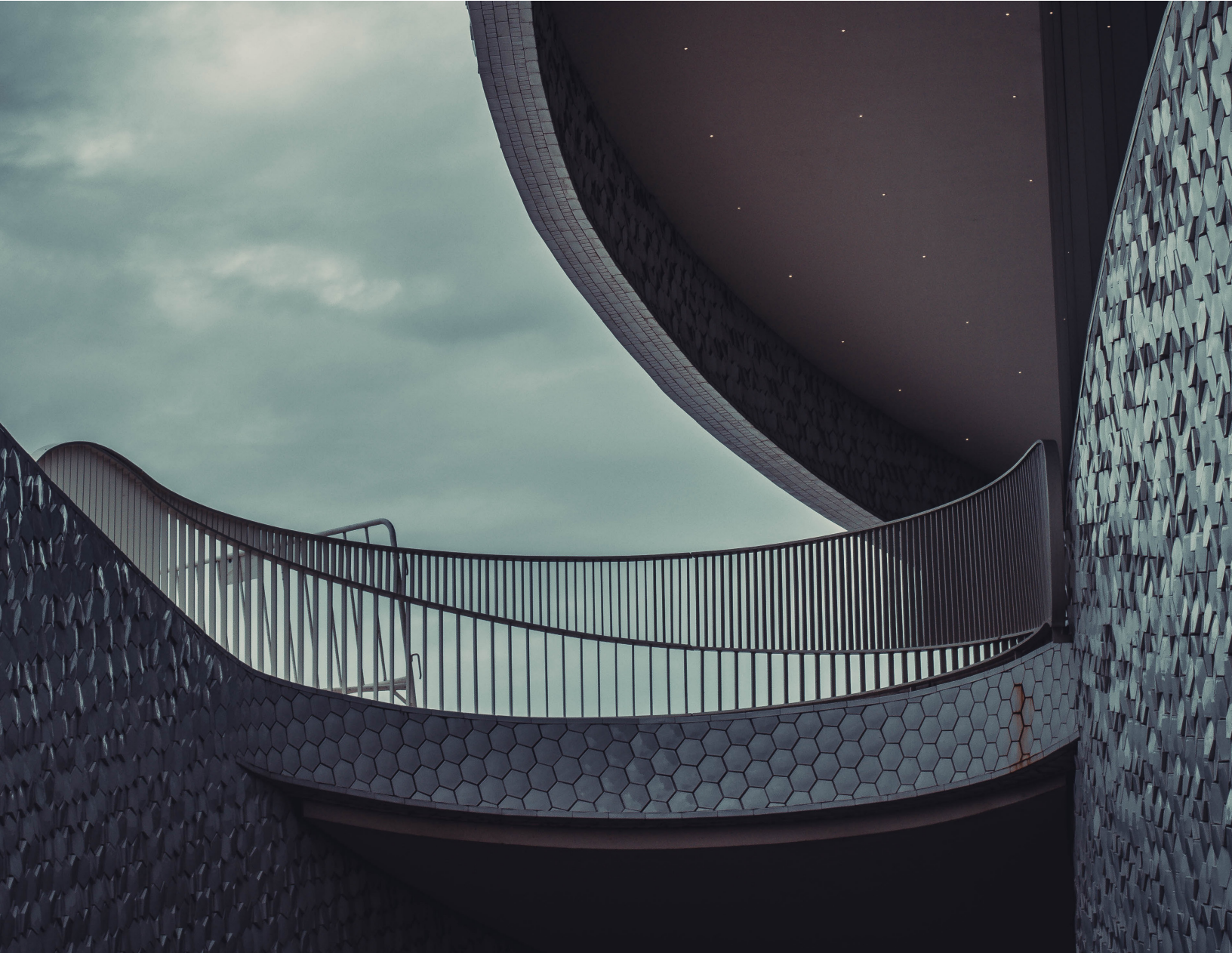




**FP Canada**  
Standards Council™



FP CANADA  
STANDARDS COUNCIL™  
2018 ANNUAL REPORT



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# FP CANADA™

A national professional body working in the public interest, FP Canada (formerly known as Financial Planning Standards Council) is dedicated to fostering better financial health for Canadians by certifying professional financial planners and leading the advancement of professional financial planning in Canada. There are approximately 18,500 professional financial planners in Canada who have met, and continue to meet, FP Canada's standards. There are two divisions under FP Canada, the FP Canada Institute™ and the FP Canada Standards Council™.

## PURPOSE

Foster Better Financial Health for Canadians

## MANDATE

Lead the Advancement of Professional Financial Planning.

### Strategic Partnership with the Institut québécois de planification financière

In September 2018, the Institut québécois de planification financière (IQPF) and Financial Planning Standards Council (FPSC), now FP Canada, announced a new strategic partnership that will lay the groundwork for creating a unified Canada-wide financial planning profession. Under the agreement, with IQPF as a Proud Partner of FP Canada, the two organizations will be able to achieve a common goal of advancing professional financial planning for the benefit of all Canadians, in all provinces.

# FP CANADA STANDARDS COUNCIL™

A division of FP Canada, the FP Canada Standards Council (the Standards Council) establishes and enforces financial planning standards, sets the certification requirements for professional financial planners and develops and delivers certification examinations. The Standards Council ensures FP Canada certificants—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.

## MANDATE

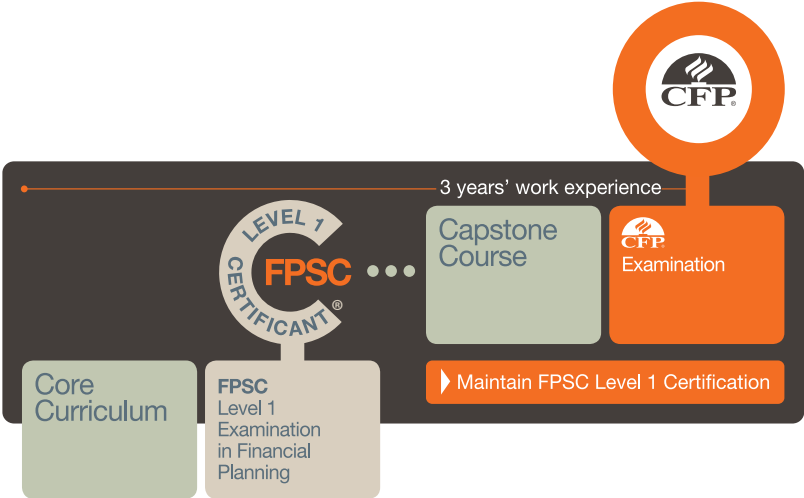
Establish and enforce certification requirements and financial planning standards for professional financial planners, deliver certification examinations and certify financial planners.

# OBTAINING FP CANADA CERTIFICATION

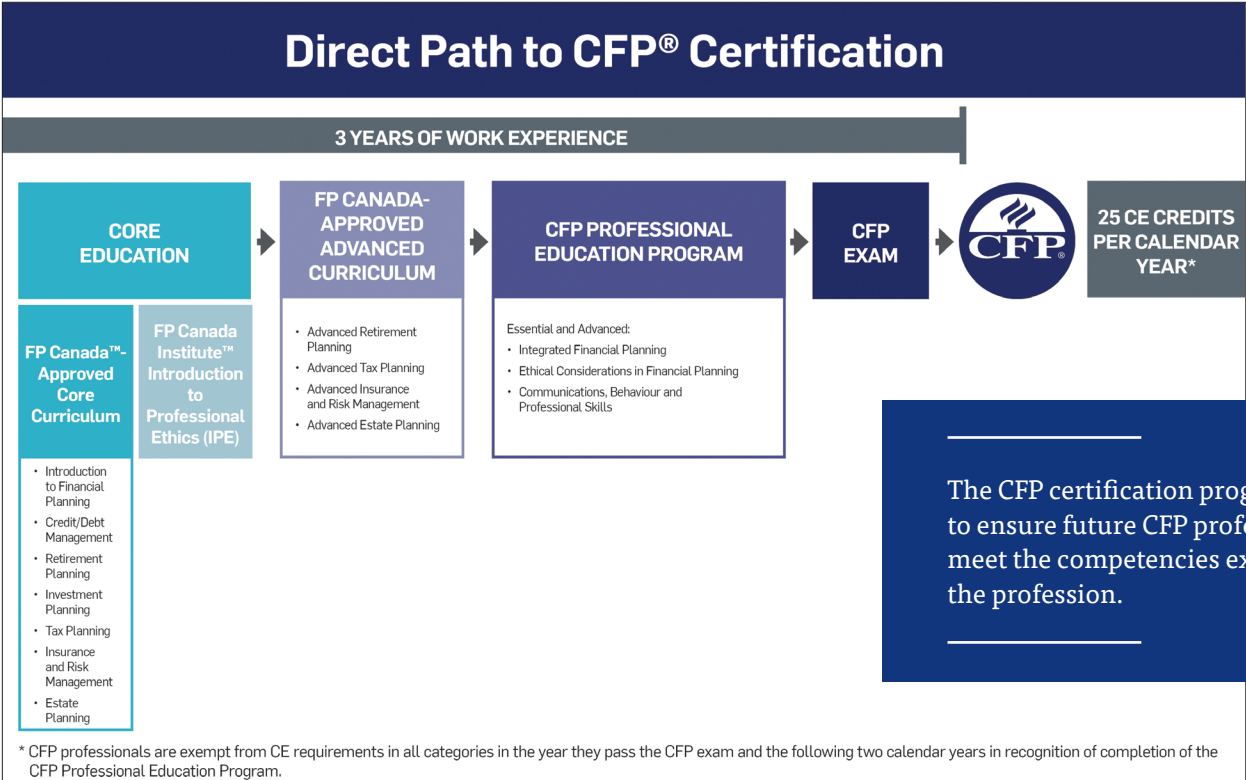
## Path to Certification – In Effect Until December 2019

To obtain FPSC Level 1 Certification in Financial Planning, candidates must successfully complete an FP Canada-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 FP Canada-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 may apply for CFP certification.



## New Path to Certification – Taking Effect In January 2020



The Direct Path to CFP Certification begins after enrolling in an FP Canada-Approved Core Curriculum Program or Introduction to Professional Ethics. Upon successful completion of both of these programs, you may enrol in an FP Canada-Approved Advanced Curriculum Program. After completing Advanced Curriculum, you may proceed to participate in the CFP Professional Education Program. Upon completion, you will then be eligible to write the CFP examination. Upon successfully completing the CFP examination and earning three years of qualifying work experience, you may then be eligible for CFP certification.

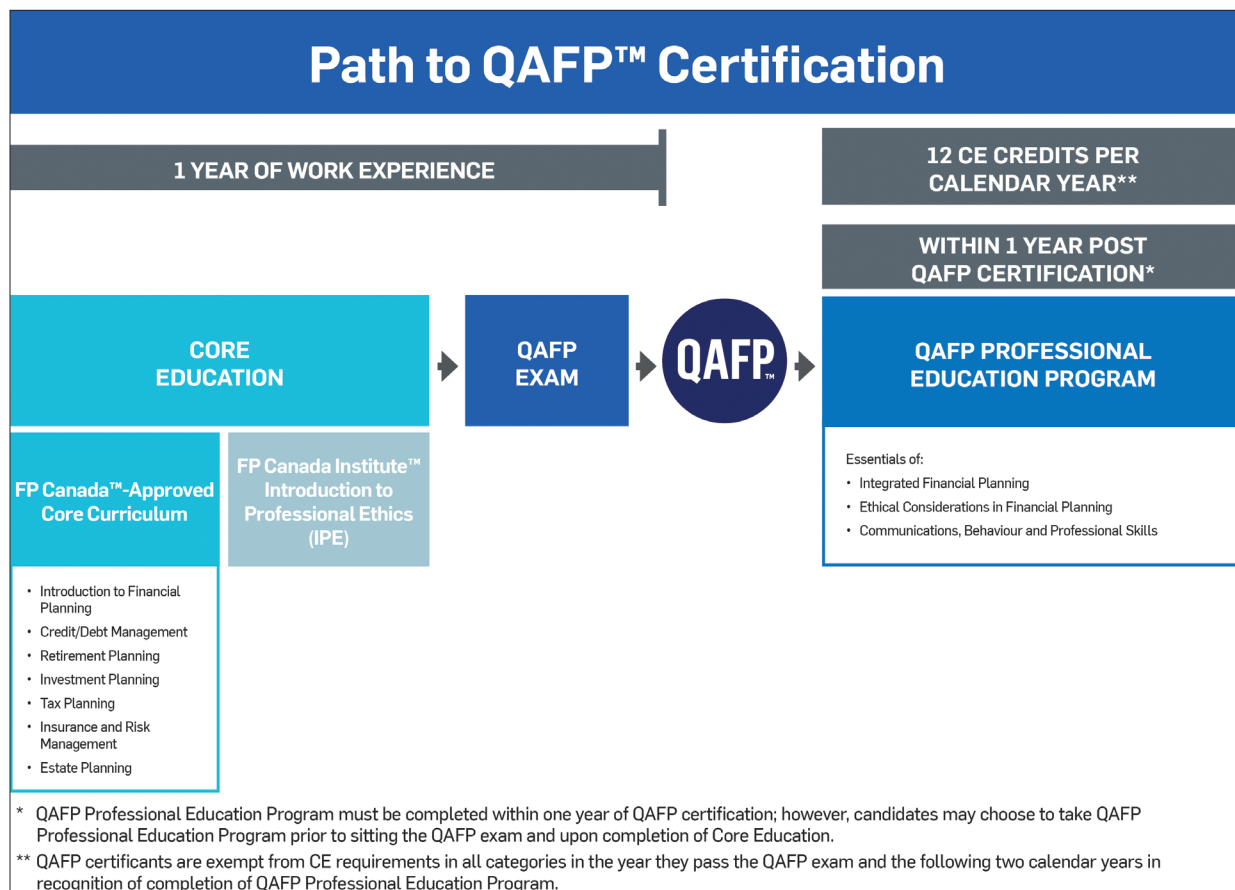
In addition to the two primary paths to CFP certification, FP Canada will offer alternate paths to CFP certification to candidates with the following qualifying credentials:

- a. Relevant Professional Qualifications
- b. Pl. Fin
- c. Foreign CFP professionals

## Qualified Associate Financial Planner™

On January 1, 2020, FP Canada will launch the QUALIFIED ASSOCIATE FINANCIAL PLANNER designation. QAFP™ certification, which will replace FPSC Level 1 certification, is a new designation designed to demonstrate that a financial planner has the knowledge, skills, experience and ethics to provide holistic financial planning strategies and solutions for clients with less complex financial planning needs.

Current FPSC Level 1 certificants in good standing automatically become QAFP professionals on January 1, 2020.





# MAINTAINING HIGH STANDARDS OF PROFESSIONAL COMPETENCE

## Continuing Education Requirements

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.

FP Canada 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. All FP Canada certificants must complete a minimum of one hour of CE annually in the Professional Responsibility category.

Effective January 1, 2020, CFP professionals will be required to complete two hours of CE in the category of Professional Responsibility annually (a change from the current one-hour annual requirement).

To ensure that FP Canada certificants receive CE of the highest quality, FP Canada approves, develops and directly delivers CE in the category of Professional Responsibility, including a 90-minute ethics session delivered each November during Financial Planning Week, in both Toronto and Vancouver.

The 2018 Ethics Breakfast included a thought-provoking panel discussion focused on interactions with clients experiencing mental health challenges. The session included practical advice to financial planners to support clients dealing with such challenging situations.

CFP Professionals			
Verifiable Credits Required (January 1 to December 31)	25		
Breakdown by Category	Minimum Annual Credits	Maximum Annual Credits	Carry-Over Permitted to Next Calendar Year
Financial Planning	10	Unlimited	25
Professional Responsibility	1	Unlimited	No
Practice Management	No minimum	5	No
Product Knowledge	No minimum	5	No
Giving Back	No minimum	5	No

FPSC Level 1 Certificants			
Verifiable Credits Required (January 1 to December 31)	12		
Breakdown by Category	Minimum Annual Credits	Maximum Annual Credits	Carry-Over Permitted to Next Calendar Year
Financial Planning	7	Unlimited	12
Professional Responsibility	1	Unlimited	No
Practice Management	No minimum	5 combined for all three categories	No
Product Knowledge	No minimum		No
Giving Back	No minimum		No

If more than 1 credit in Professional Responsibility is obtained, the additional credit(s) may be applied under the Financial Planning category. If more than 1 credit in Professional Responsibility is obtained, the additional credit(s) may be applied under the Financial Planning category.

# FP CANADA AUDITS

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

FP Canada certificants who do not meet the CE requirements may be denied renewal of their certification with FP Canada, pending proof that they have completed any outstanding CE requirements.

### CE Audit Results

70% of CFP professionals selected for audit met or exceeded their CE Requirements in 2018.

Of the 30% that did not meet their requirements, almost half (12% overall) failed to meet their CE requirements as a result of failing to take the required FP Canada-Approved CE™ in the category of Professional Responsibility.

# PROFESSIONAL STANDARDS

The Standards Panel is responsible for the maintenance of the standards for the financial planning profession, including the *Standards of Professional Responsibility*, which define the ethical and professional responsibilities of FP Canada certificants. The *Standards of Professional Responsibility* include the: *Code of Ethics*; *Rules of Conduct*; *Fitness Standards*; and *Practice Standards*.

### Professional Standards Upheld by the FP Canada Standards Council

FP Canada certificants are required to adhere to rigorous standards that are set and enforced by the FP Canada Standards Council. These standards are maintained by the Standards Panel—an independent panel composed of financial planners and members of the public. They are regularly reviewed to ensure their relevance in meeting the needs of Canadians and to keep pace with changes in the financial planning profession.

Where an FP Canada 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 FP Canada Standards Council Discipline Hearing Panel.

<p><b>Code of Ethics</b></p> <p><i>The Code of Ethics embodies the standard of ethical conduct to which all FP Canada certificants must adhere.</i></p>	<p><b>Fitness Standards</b></p> <p><i>The Fitness Standards detail the good character requirements for new and continued certification.</i></p>
<p><b>Rules of Conduct</b></p> <p><i>The Rules of Conduct and incorporated Guidance provide specific guidance to FP Canada certificants on expected practice.</i></p>	<p><b>Practice Standards</b></p> <p><i>The Practice Standards provide guidance to FP Canada certificants when engaged in financial planning activities with clients.</i></p>



## Updated *Standards of Professional Responsibility*

In January 2019, the Standards Panel approved amendments to the *Standards of Professional Responsibility*.

The changes were implemented following review by a working group composed of CFP professionals from across Canada with diverse practice backgrounds. Between August 9 and September 14, 2018, the Standards Panel engaged in a public consultation process, which resulted in numerous comments and feedback on the proposed amendments. In October 2018, the Standards Panel met to carefully consider the feedback and input received. The Standards Panel finalized the revised *Standards of Professional Responsibility*, which came into force on January 1, 2019.

The revised *Standards of Professional Responsibility* include the introduction of a “Duty of Loyalty” in the *Code of Ethics*, which replaces the existing “Client First” principle. The Duty of Loyalty enhances the duty requiring FP Canada certificants to place the client’s interests first by encompassing specific obligations, including the duty to act with honesty, integrity, competence and diligence; to disclose and mitigate conflicts of interest in the client’s favour; and to act with the care, skill and diligence of a prudent professional.

Other amendments, such as a prohibition on lending to clients and borrowing from clients, new obligations to prospective clients and changes to compensation disclosure obligations, among others, are intended to ensure financial planners certified by FP Canada are held to appropriately high professional standards expected by the public. Further rules were added to clarify a certificant’s obligations to FP Canada.

The following table highlights key amendments:

### New Principle 1 – Duty of Loyalty

The Duty of Loyalty encompasses:

- The duty to act in the client’s interest by placing the client’s interest 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.

### New Rule 7 (Previously Rule 8)

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 of referral fees received by the Certificant or the Certificant’s firm, in relation to services provided to the client;

## New Rule 7 (Previously Rule 8)

- 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.

## New Rule

**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 11:** A Certificant shall comply with the established terms of engagement (oral or written).

**Rule 13:** A Certificant shall fulfil their professional commitments in a timely and thorough manner.

**Rule 15:** Where a Certificant leaves a firm/employer and that departure has the effect of ending a client relationship, the Certificant shall either:

- Directly notify the client of the change in relationship where such notice is allowed and is not a breach of a contractual or other obligation the Certificant owes to the firm/employer; or
- Where the Certificant is not able to notify the client directly, take appropriate steps to ensure the client is notified of the Certificant's departure from the firm/employer.

**Rule 16:** Where a client ends the engagement, the Certificant shall take reasonable steps to assist the client including, as directed by the client, ensuring a smooth transition to a new financial planner.

**Rule 20:** A Certificant shall provide prospective clients\* with:

- a. A description of the services the Certificant will provide to the client;
- b. An accurate and understandable description of: (i) any costs payable by the client; (ii) how the client will pay for the services provided; and (iii) how the Certificant and the Certificant's firm are compensated for providing the services and associated products; and
- c. Any information about the Certificant that could reasonably be expected to materially affect the prospective client's decision to engage the Certificant.

\*A prospective client is an individual whom the Certificant reasonably believes or anticipates will engage their services and may become a client.

**Rule 26:** Where a Certificant refers a client to a third party, the Certificant has an obligation to take reasonable steps to ensure the third party to whom the client is referred to has the appropriate qualifications to provide the services for which the referral is made.

# 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 *CFP Professional Competency Profile* and the *Standards of Professional Responsibility*. An independent Panel appointed by FP Canada's 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 of whom bring compliance or experience in professional discipline, play a critical role as members of Discipline Hearing Panels and Appeal Hearing Panels, ensuring the integrity of the profession by enforcing the high professional and ethical standards embodied in the *Standards of Professional Responsibility*.



# ENFORCING PROFESSIONAL STANDARDS

As a professional oversight body, the Standards Council 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.

The Standards Council 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.

## 2018 AT A GLANCE

**89** Complaints Received  
**29** Formal Investigations Instructed  
**13** Discipline Hearings Held

### Guiding Principles

1. Fairness
2. Effectiveness
3. Objectivity
4. Transparency
5. Consistency
6. Timeliness

### Transparency and Fairness

All policies and procedures relevant to the Standards Council's complaint, review and discipline process are published and accessible to certificants and members of the public on FP Canada's website. The Standards Council is committed to maintaining a complaint intake, review and discipline process that is transparent and reflects fairness to the certificant whose conduct comes under review. It also serves to protect the public interest and ensures the financial planning profession continues to earn the public's trust and to ensure that it is held to the highest regard.

### Guiding Principles of the FP Canada Standards Council's Complaint Review and Enforcement Process

To be fair and to be seen to be fair by ensuring open, transparent, consistent processes aimed at promoting and enforcing high standards of professionalism by FP Canada certificants.

To employ a principled, competent and effective complaint, investigation and enforcement process with a view to protecting the public interest and increasing public confidence in the profession.



# AREAS OF FOCUS

FP Canada Standards Council continues to focus on ensuring certificants are aware of, and are meeting, their professional obligations in the following key areas:

- Duty of loyalty;
- Disclosure obligations;
- Managing conflicts of interest;
- Holistic financial planning; and
- Discovery of key client-specific information.

## Duty of Loyalty to the Client

Certificants are required to act in the client's interest by placing the client's interests first. The duty of loyalty also encompasses the obligation to disclose conflicts of interest, mitigate conflicts of interest in the client's favour and act with the care, skill and diligence of a prudent professional.

## Conflicts of Interest

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

Complaints involving conflicts of interest received in 2018 included:

- Managing instructions and information flow in a joint engagement;
- Complaints involving spouses where instructions were taken from one spouse to the detriment of the other spouse; and
- Acting as Estate Executor or Power of Attorney for Property while providing financial planning services.

## Discovery of Key Client information

FP Canada certificants should meet with their clients on a regular basis to identify changes in clients' personal and financial circumstances that may impact recommendations and financial planning strategies.

## Disclosure Obligations

FP Canada certificants must disclose in writing, among other things, all sources of compensation including referral fees, area and scope of practice and the specific financial planning services the Certificant will perform for the client.

Complaints received in 2018 relating to disclosure included:

- Compensation model;
- A failure to clearly communicate the scope of the engagement including details of the financial planning services that would not be provided under the terms of the engagement; and
- Failure to disclose potential conflicts of interest.

## Financial Planning Services

Complaints received in 2018 relating to financial planning services included:

- Failure to advise clients of capital gains tax implications (particularly when transferring a portfolio in cash to a new financial planner); and
- Failure to consider or evaluate various tax planning strategies (income splitting, commuted values of pension plans, etc.) when providing financial advice and projections to clients.

# COMPLAINT STATISTICS

**89** Complaints Received

**21** Public Complaints

**49** Complaints Initiated by the Standards Council

**25** Presumptive Bar / Fitness For Certification Complaints

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**43** Complaints Referred to Conduct Review Panel

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**7** Complaints Referred to Hearing Panel

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**13** Discipline Hearings Held

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The number of complaints that the Standards Council received in 2018 increased by 17% compared to 2017, rising from 76 to 89. The number of public complaints the Standards Council received in 2018 increased by 31% compared to 2017, rising from 16 to 21.

A total of 43 complaints were referred to the Conduct Review Panel in 2018, an increase of 5 (10%) compared to 2017.

In 2018, the Standards Council referred 7 complaints to its Disciplinary Hearing Panel and 13 Discipline Hearings were held.

## 2018 COMPLAINT ALLEGATIONS

Forgery/Falsification	16.9%
Client Service Failure	13.1%
Suitability	11.9%
Integrity	10%
Financial Planning Advice	10%
Conflict of Interest	6.9%
Disclosure	6.3%
Client First	6.3%
Bankruptcy	6.3%
Criminal Offence	3.8%
Diligence	3.1%
Discretionary Trading	1.4%
Academic Misconduct	1.3%
Misleading	0.6%
Insurance Risk Management	0.6%
Borrowing To Invest	0.6%
Advertising	0.6%

Top 5 Public Complaint Allegations		Top 5 Complaint Allegations Initiated by the Standards Council	
2017	2018	2017	2018
Client Service Failure (20%)	Client Service Failure (26%)	Client Service Failure (44%)	Forgery/Falsification (27%)
Conflict of Interest (20%)	Integrity (16%)	Client First (16%)	Suitability (13%)
Financial Planning Advice (20%)	Financial Planning Advice (14%)	Financial Planning Advice (15%)	Client Service Failure (10%)
Disclosure (20%)	Suitability (14%)	Suitability (8%)	Financial Planning Advice (10%)
Integrity (10%)	Client First (7%)	Conflict of Interest (8%)	Integrity (9%)

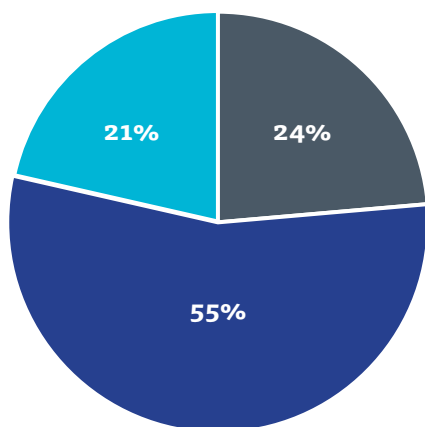
In 2018, the Standards Council saw an increase in public and Standards Council-initiated complaints regarding prudent and appropriate investment recommendations and prudent investment strategies being recommended by FP Canada certificants as part of their financial planning advice.

In 2018, 43% (compared to 53% in 2017) of the public complaints received by the Standards Council were reported to the Standards Council alone, not to another regulatory body or self-regulatory organization. In contrast, 57% of complaints were concurrently reported, by the complainant, to the Standards Council and another self-regulatory body.

Of the total investigations commenced in 2018, 17% included allegations of a failure to report to the Standards Council.

## Complaints Received

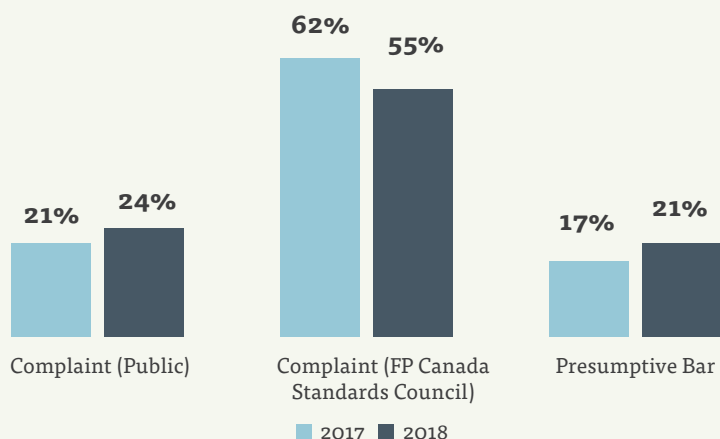
January 1 to December 31, 2018



- Complaint (Public)
- Complaint (FP Canada Standards Council)
- Presumptive Bar

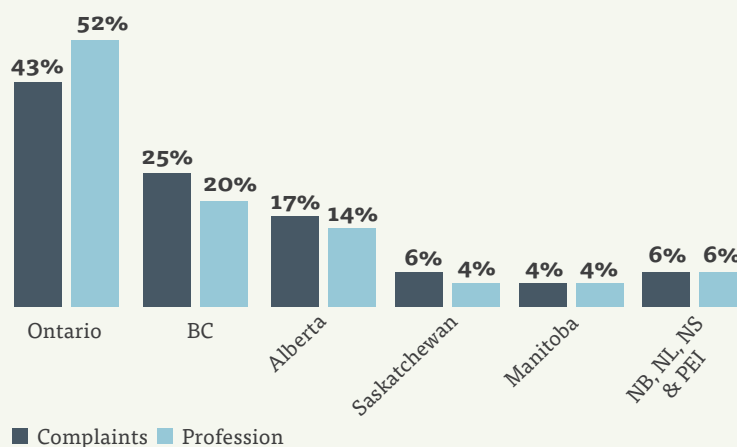
While the Standards Council did receive a higher percentage of complaints involving individuals who have been certified in excess of 15 years, the percentage of complaints received was proportionate to the ratio of individuals who have been certified for this length of time.

## Comparison of Complaints Received 2017 vs. 2018



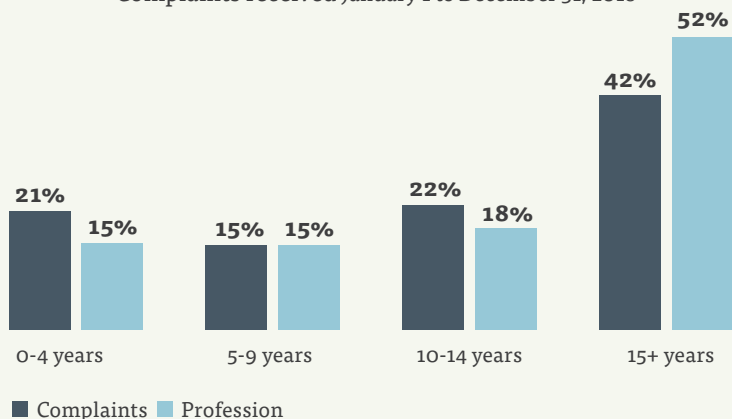
## Subject of Complaint: Geographic Region

Complaints received January 1 to December 31, 2018



## Subject of Complaint: Years Certified

Complaints received January 1 to December 31, 2018





# ENFORCEMENT PROCESS

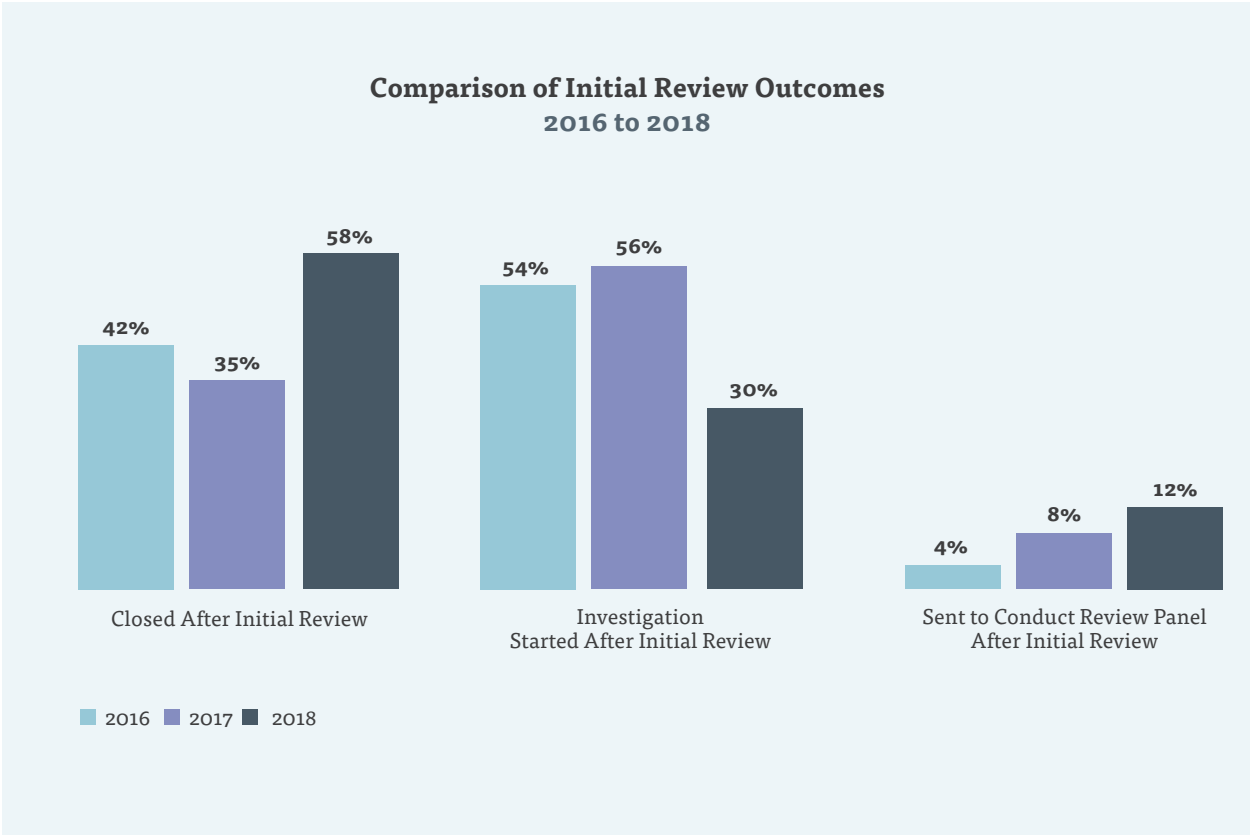
## 1. Intake and Initial Review

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 of Professional Responsibility*.

The purpose of this stage is to:

- Determine whether the issues fall within the Standards Council’s jurisdiction (the allegations must relate to an individual who was an FP Canada certificant at the relevant time);
- Evaluate the level of potential risk to the public;
- Substantiate the complaint;
- Assess whether the complaint may be suitable for early resolution; and
- Determine whether a formal investigation is warranted.

The Standards Council receives and initiates complaints from a number of sources including: complaints directly from the public, attestations and self-reports from FP Canada certificants, regulatory notices/agreements with regulatory bodies; and from media news releases.



## 2. Investigations

### Investigations may be commenced:

1. By the FP Canada Standards Council, as a result of an alleged breach of the FP Canada Standards Council *Code of Ethics or Rules of Conduct*;
2. By the FP Canada Standards Council, as a result of a presumptive bar under the FP Canada Standards Council *Fitness Standards*<sup>2</sup>; or
3. As a result of a public complaint to the FP Canada Standards Council.

The Executive Director has the authority to initiate investigations where after an initial review is conducted it is determined that a certificant may have engaged in conduct that may breach the *Standards of Professional Responsibility*.

Investigations may be initiated on the basis of:

- Any acts or omissions that may violate the provisions of the *Code of Ethics; Rules of Conduct; Fitness Standards and/or Practice Standards*; or
- Any acts or omissions amounting to significant misconduct or that have the possibility to bring the reputation of FP Canada or the Certification Marks into question.

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. Additional information may also be obtained through interviews and from witnesses.

All information and documentation provided by the certificant and the complainant is reviewed and considered.

### Investigations Instructed: Allegations

<b>Forgery/Falsification</b>	<b>15.5%</b>
<b>Suitability</b>	<b>15.5%</b>
<b>Financial Planning Advice</b>	<b>15.5%</b>
<b>Disclosure</b>	<b>12.7%</b>
<b>Conflict of Interest</b>	<b>9.9%</b>
<b>Integrity</b>	<b>8.5%</b>
<b>Client Service Failure</b>	<b>8.5%</b>
<b>Client First</b>	<b>7%</b>
<b>Discretionary Trading</b>	<b>2.8%</b>
<b>Insurance Risk Management</b>	<b>1.4%</b>
<b>Diligence</b>	<b>1.4%</b>
<b>Advertising</b>	<b>1.4%</b>

<sup>2</sup> A presumptive bar to continued certification may come to the attention of FP Canada staff as a result of a self-declaration by an FP Canada certificant (in accordance with the professional obligations to report) or as a staff member proactively identifying a triggering circumstance. FP Canada proactively monitors a number of regulatory feeds.

### Exceptional Circumstances

Pursuant to the FP Canada Standards Council Policy on the *Disclosure of Investigations and Interim Suspensions*, the Standards Council staff have the ability to obtain interim suspensions at the investigation stage, in exceptional circumstances and as necessary to protect the public. Any certificant that has been placed under an interim suspension is designated as such on FP Canada’s website under the “Find A Planner Tool” and is noted as such for public protection.

In addition, where a certificant fails to respond to the Standards Council’s communications or cooperate with an investigation, staff may refer the matter to a Hearing Panel for consideration of the allegation that the certificant has contravened Rule 33 and/or Rule 34 of the Rules of Conduct, for failure to cooperate. A Hearing Panel finding that the certificant failed to cooperate may result in a permanent suspension of certification.

**Rule 33**

An FP Canada certificant shall reply promptly and completely to any communication from FP Canada or the FP Canada Standards Council in which a response is requested.

**Rule 34**

An FP Canada certificant shall cooperate fully with an FP Canada Standards Council investigation of a complaint unless legally prevented from doing so. This rule applies equally to current or former Certificants.

### 3. Review by the Conduct Review Panel

The Conduct Review Panel—an independent Panel composed of CFP professionals and members of the public—meets approximately every two months to determine the appropriate disposition of complaints, in the public interest.

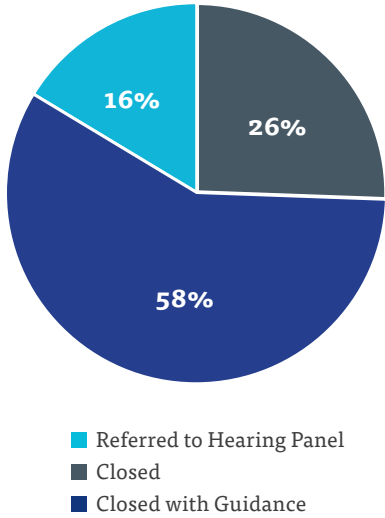
The Conduct Review Panel (the “CRP”) may in the case of an alleged breach of the Code of Ethics, Practice Standards and/or Rules of Conduct:

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

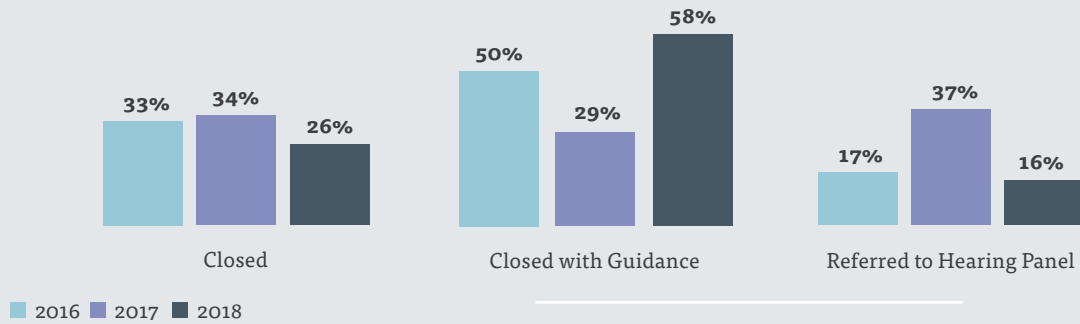
In the case of an alleged breach of the Fitness Standards, the Conduct Review Panel may:

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.

**Conduct Review Panel Outcomes 2018**



### Conduct Review Panel Outcomes 2016 to 2018



Since 2016, the number of complaints the Conduct Review Panel has reviewed has increased every year, from 18 in 2016 to 38 in 2017 and 43 in 2018.

Anonymized Guidance and Advice letters are published on FP Canada's website and serve as notice to the public and a reminder to certificants of the expected level of professional conduct.

In December 2018, the Conduct Review Panel published a notice titled *Taking Instructions from a Third Party*, to remind FP Canada certificants of their professional obligations and provide additional guidance on how to appropriately handle individual and joint client relationships.

In 2018, the CRP received a number of cases involving complaints against CFP professionals who took instructions from a client's spouse or family member and did not confirm those instructions with the client directly or have evidence that the client authorized the transactions. Given the amount of cases, the CRP felt it was important to provide additional guidance and to remind FP Canada certificants of their professional obligations, specifically relating to:

- Acting in their client's best interests;
- Identifying the client's goals, needs and priorities;
- Taking due care in delivering financial advice and/or services to clients;
- Taking steps to verify the identity of their clients, especially when instructions are received through a written format such as e-mail;
- Declining instructions from anyone other than the client or a lawful substitute decision maker;
- In the instance where the client acts as a corporation, taking appropriate measures to ensure that the individual giving instructions has the authority to do so and keeping adequate notes or written directive in the client file for any actions taken on the account; and
- Ensuring that the consent of all clients is obtained for joint accounts and any recommendations provided or financial planning strategies implemented, are in each of the clients' best interests.



## In 2018, Guidance was issued in the following areas:

- Conflicts of interest;
- Failure to perform due diligence;
- Failure to make adequate inquiries of a POA regarding withdrawals;
- Signature falsification;
- Inaccurate and misleading product recommendations or advice;
- Compliance with regulatory rules relating to the use of blank pre-signed forms; and
- Failure to act with integrity.

## 4. Disciplinary Hearings (as directed by the CRP)

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

- Issue a Letter of Admonishment
- Impose a remedial action plan
- Temporarily suspend the right to use the Certification Marks
- Issue a temporary or permanent ban from seeking renewal or reinstatement of certification
- Permanently revoke FP Canada certification and the right to use the Certification Marks; and
- Award costs of the proceeding against the certificant.

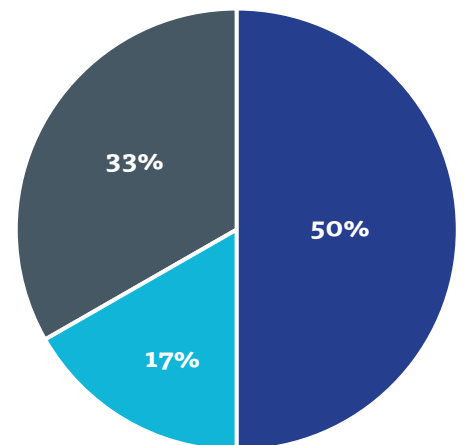
FP Canada Hearing Panels consist of three members of the Hearing Panel Roster and include, at a minimum, two CFP professionals.

FP Canada 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 the FP Canada Standards Council *Policy on the Publication of Disciplinary Information*, all decisions issued by a Hearing or Appeal Panel are published on FP Canada's website. A certificant's disciplinary history is also linked to the Find a Planner or Certificant tool on FP Canada's website and a publicly accessible, historically searchable database is maintained by FP Canada.

In 2018, 50% of certificants were represented by counsel at the hearing stage.

**Hearing Panel Penalty Decisions Issued in 2018**



- Suspension
- Letter of Admonishment
- Prohibition on Recertification or Renewal

## Key Hearing Panel Decisions in 2018

### Conduct that resulted in Letters of Admonishment:

- Misleading the Standards Council on a Renewal Application Form;
- Failure to adequately explain the risks associated with a proposed investment;
- Academic misconduct on the path to CFP certification; and
- Processing redemptions based on instructions from someone other than the client and absent the client's authorization.

### Conduct that resulted in suspension of certification:

- Failure to meet disclosure obligations to the Standards Council over several years;
- Failure to have any direct discussions with a client and processing transactions based on instructions from a spouse, and absent the client's authorization or knowledge;
- Falsifying client signatures and directing an assistant to do the same; and
- Failure to exercise reasonable and prudent professional judgment in providing financial planning by failing to consider tax implications of a recommended strategy.

### Conduct that resulted in a Prohibition on Recertification or Renewal:

- Conduct involving misappropriation, breaching their obligation as an Estate executor and trustee; and
- Failure to establish that the client would benefit from a leveraged donation and that the risks of the strategy were understood by the client. Failure to implement only those recommendations that were suitable for the client.





# PARTNERSHIPS IN THE PUBLIC INTEREST

Because FP Canada certificants often hold more than one credential, or at least one financial services license, FP Canada works closely with other certifying, licensing and regulatory organizations, where appropriate. Cooperative enforcement practices and information sharing agreements assist the public by supporting seamless enforcement across various bodies.

In addition to the agreements with regulatory bodies highlighted below, FP Canada has entered into information sharing agreements with various education providers who offer FP Canada-Approved Education Programs.

FP Canada has signed information-sharing agreements with certain financial industry regulatory bodies, enabling more effective oversight and stronger consumer protection.

- **Ontario Securities Commission (OSC)**

Under a Memorandum of Understanding (MOU) between FP Canada and the OSC, the two organizations share relevant information and undertake joint education and advocacy activities. The MOU supports a framework for cooperation between FP Canada and the OSC that will assist in the effective delivery of each organization's respective mandate.

- **Insurance Council of British Columbia (ICBC)**

In October 2017, the Ontario Minister of Finance approved a Memorandum of Understanding (MOU) Under an MOU between FP Canada and the ICBC, the two organizations share information about complaints, disciplinary activities and other relevant developments. Among other collaborative actions, ICBC reports trademark violations to FP Canada, as well as insurance license suspensions, which constitute a presumptive bar to continued or new certification from FP Canada.



**FP Canada**  
Standards Council™

**FP CANADA STANDARDS COUNCIL™**


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