

Guidance to CFP® professionals and QAFP® professionals

The Conduct Review Panel (CRP) is issuing this guidance to support FP Canada™ Certificants (CFP professionals and QAFP professionals) in understanding their obligations under the *FP Canada Standards Council™ Standards of Professional Responsibility* (the *Standards*) when withdrawing professional financial planning services, changing firms or employers and making referrals.

WITHDRAWING SERVICES

Certificants have specific professional obligations when withdrawing services from their clients. The nature and extent of these obligations will depend on *why* the planner-client relationship is ending.

The CRP is an independent panel of the FP Canada Standards Council (the “Standards Council”) and is composed of CFP professionals and public members. The CRP’s purpose is to support the fulfilment of the Standards Council’s professional-oversight mandate by reviewing staff reports and determining the appropriate disposition of complaints, in the public interest.

Scenario 1: The Certificant decides to end the relationship

When a Certificant no longer wishes to act for a client, they must inform the client of their intention to withdraw services as soon as possible. This notice must be made *in writing*. The Certificant must also take steps to ensure that any withdrawal of services or financial planning advice will not negatively impact the client. [See [Rule 15](#)].

By way of illustration, if a Certificant ends a client engagement and the client is subject to specific deadlines (e.g. RESP withdrawal timing), the Certificant should take steps to either assist the client with those time-sensitive matters prior to ending the engagement, or ensure the client is informed of the steps required to meet the deadlines and the consequences of not meeting them.

Where the decision to end the relationship is mutual, the Certificant is still expected to adhere to the above obligations.

Scenario 2: The planner-client relationship ends because the Certificant is leaving their current firm or changing roles

In situations where a Certificant decides to leave their firm or changes roles and this causes the financial planning relationship to end, the Certificant must take steps to ensure the client is properly informed.

- If the Certificant is allowed to inform the client directly, (i.e., they are not prevented from telling the client because of their work contract or company policy), the Certificant should notify the client.
- If a Certificant *cannot* notify the client directly, they must take appropriate steps to ensure the firm/employer informs the client of the end of the planner-client relationship and *reasonably believe* that a client has already been, or will be, informed that they have left the firm. For example, a Certificant is prevented by their contract from telling their clients that they will be leaving Firm A to join Firm B. The Certificant cannot inform the clients directly, but they still have a responsibility to confirm that Firm A will provide notice of their departure to their current clients. [See [Rule 16](#)].

Scenario 3: The Client decides to end the relationship

When a client makes the decision to end the financial planning relationship, the Certificant must take reasonable steps to assist them [See [Rule 17](#)]. For instance, if the client is moving to a new financial planning professional, the Certificant has an obligation to support a smooth transition. This may include obtaining the client's written and informed consent to forward a copy of existing projections, plans, or copies of documents contained in their client file to the new financial planner, and then taking the corresponding steps in a timely manner.

Confidentiality obligations at the end of the planner-client relationship

It is important to remember that the duty of confidentiality continues past the end of the client engagement. [Principle 6](#) and [Rule 31](#) set out a Certificant's duty to protect the personal and confidential information of prospective, current or *former* clients. A Certificant cannot disclose client information to anyone else without the client's written and informed consent (except in certain specific circumstances such as in a regulatory investigation or when required by law.)

For example, a Certificant is leaving Firm A and wants to refer their client to another colleague they believe will be a good fit for the client. The Certificant cannot simply forward the client's name to their colleague; they have to first obtain their client's express consent.

In a [case](#) considered by the Hearing Panel, a Certificant took a printout of client information from his previous firm and used the information to contact some of his former clients after leaving the firm, in an effort to retain them. The Certificant also demonstrated a lack of integrity by changing the contact information in his former firm's system for hundreds of clients in order to gain a competitive advantage. Amongst other penalties, the Certificant's CFP certification was suspended for six (6) months.

The CRP issued a [Letter of Guidance and Advice](#) to a Certificant who disclosed confidential client information when changing firms. The Certificant provided their future employer with a detailed list of client names, addresses, account types and approximate account values, without first obtaining written client consent, and backed up confidential client information to an unauthorized external cloud storage drive.

REFERRAL TO OTHER PROFESSIONALS

Where appropriate, Certificants may refer their clients or former clients to other professionals while maintaining their confidentiality obligations. Certificants should bear in mind the following relevant obligations:

Duty to only act where competent:

- A Certificant must be mindful of the limitations of their own knowledge and competence, and only provide advice in areas in which they are competent. Certificants may determine it is appropriate to refer the client to another professional (for example a lawyer, accountant or bookkeeper) [See [Rule 26](#)].

Duty to ensure appropriate qualifications:

- When a Certificant refers a client to another professional, the Certificant must take reasonable steps to ensure the other professional is appropriately qualified. [See [Rule 27](#)].

Conflicts of interest:

- Conflict of interest situations may arise in the context of professional referrals. For example, a Certificant who is retiring wants to refer his client to a colleague at his firm who is a skilled financial planning professional and also his good friend. The Certificant's duty to his client may be impacted (or may be perceived to be impacted) by his loyalty to his friend. The Certificant must disclose *in writing*, the potential conflict of interest to his client allowing the client to make an informed decision about the referral. [See [Rule 8](#)].
- The CRP has recently released [Practice Guidance](#) on Certificant's disclosure obligations after noting an increase in complaints over Certificants' failure to disclose conflicts of interest and compensation. The Standards Council also recently issued a [Rule Interpretation Bulletin outlining conflicts and potential conflicts of interest](#).

Referral fees:

- A Certificant must disclose *in writing* any referral fees or other compensation the Certificant or their firm will receive. A Certificant should take steps to ensure their client understands the disclosure they have provided. [See [Rule 7\(g\)](#)].

The CRP members hope that this Guidance will help you in understanding your obligations when withdrawing professional financial planning services, changing firms or employers or when making referrals.

Yours truly,



Jeff Cormier, CFP®

Chair, Conduct Review Panel