

CASE 1

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.

CASE 2

Applicable Standards: FP Canada Standards Council Code of Ethics: Principles 1 and 7
FP Canada Standards Council Rules of Conduct: Rules 7, 21, 22 and 23

Background:

FP Canada Standards Council™ (the “Standards Council”) commenced investigations into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following four separate complaints to FP Canada™ from the Certificant’s former clients.

The Standards Council’s investigations revealed that the CFP professional may have failed to place the clients’ interests first, in that: the CFP professional recommended leveraged loans which may not have been suitable given, amongst other things, the clients’ incomes, loan to net worth ratios, and/or life circumstances; and the CFP professional may not have sufficiently discussed the risks of leveraging and resulting tax implications with the clients.

Conduct Review Panel’s Decision:

The Conduct Review Panel (the “Panel”) directed that the above-noted matters be closed with a Letter of Guidance and Advice with respect to all four complaints. 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 and 7 and Rule 7, 21, 22 and 23, 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.

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 21 – A Certificant shall always exercise reasonable and prudent professional judgment.

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.

CASE 3

Applicable Standards: FP Canada Standards Council Code of Ethics: Principle 7
FP Canada Standards Council Rules of Conduct: Rule 15

Background:

The FP Canada Standards Council™ (Standards Council) commenced an investigation into the conduct of this CERTIFIED FINANCIAL PLANNER® professional following a self-report that they were the subject of a complaint from a beneficiary of one of their former client's estate.

The Standards Council investigation revealed that the certificant relied on the client's appearance, representations, and optimism about the client's own life expectancy rather than applying her professional judgment based on objective and unbiased life expectancy guidelines, to assess a reasonable life expectancy projection for the client when making recommendations.

When assessing client life expectancy, it is important to consider objective, unbiased life expectancy guidelines when making recommendations or implementing strategies to ensure the certificant is making a reasonable recommendation to a client. There are several sources of such information, including, as one example, the [Projection Assumption Guidelines](#) jointly published by FP Canada and IQPF.

Conduct Review Panel's Decision:

In May 2021, the Conduct Review Panel (the "Panel") directed that the matter be closed with a Letter of Guidance and Advice. To support the Certificant in their future conduct, the Panel reminded the CFP professional that the relevant Principles, Rules and Practice Standard applicable to their conduct are Principles 7 and Rule 15, 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 15 – A CFP Professional shall exercise reasonable and prudent professional judgment in providing financial planning.

CASE 4

Applicable Standards: FP Canada Standards Council Code of Ethics: Principle 2 and 5
 FP Canada Standards Council Rules of Conduct: Rule 2

Background:

The FP Canada Standards Council™ (Standards Council) commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following a self-report that they were terminated with cause by their former employer and that their conduct was under review by both the Mutual Fund Dealers Association of Canada and the Alberta Securities Commission.

The Standards Council's investigation revealed that the certificant was removed from a client's account as a result of identified conflicts of interest. Three years later, the certificant sought their new Branch Manager's approval to re-engage the client but was not forthright and failed to share all of the reasons for their prior removal from the client's account. It is important to ensure as certificants that you are honest and open and disclose all relevant facts in all professional relationships.

Conduct Review Panel's Decision:

In May 2021, the Conduct Review Panel (the "Panel") directed that the matter be closed with a Letter of Guidance and Advice. To support the Certificant in their future conduct, the Panel reminded the CFP professional that the relevant Principles, Rules and Practice Standards applicable to their conduct are Principles 2, 5 and Rule 2, 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.

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.

CASE 5

Applicable Standards: FP Canada Standards Council Code of Ethics: Principle 1 and 7
FP Canada Standards Council Rules of Conduct: Rule 21, 22 and 23
FP Canada Standards Council Financial Planning Practice Standards: 9

Background:

The FP Canada Standards Council™ (the “Standards Council”) commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following a self-report that they were the subject of five (5) complaints from seven (7) clients or former clients.

The Standards Council’s investigations revealed that leveraged investments recommended by the CFP® professional may not have been suitable for certain of the clients given, amongst other things, applicable leverage suitability guidelines, their incomes and loan to net worth ratios. Further, the CFP professional may have failed to satisfy their obligations to act with diligence, place their clients’ interests first and review and monitor their clients’ financial situations on an ongoing basis relative to their goals, needs and priorities.

Conduct Review Panel’s Decision:

In May 2021, the Conduct Review Panel (the “Panel”) directed that the matter be closed with a Letter of Guidance and Advice, given among other things, the specific facts in this case and the fact that the initial recommendations at issue, were made between 2006 and 2008. To support the Certificant in their future conduct, the Panel reminded the CFP professional that the relevant Principles, Rules and Practice Standards applicable to their conduct are Principles 1 and 7, Rule 21, 22 and 23 and Practice Standard 9, 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.

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

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 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.

CASE 6

Applicable Standards:

FP Canada Standards Council Code of Ethics: Principles 2, 5, 7 and 8

FP Canada Standards Council Rules of Conduct: Rules 1, 2, 21, 22, 23

Background:

The FP Canada Standards Council™ (the “Standards Council”) commenced an investigation into the conduct of the CERTIFIED FINANCIAL PLANNER® professional following a self-report that they were the subject of a complaint from two (2) clients, a married couple. The Standards Council’s investigations revealed the following:

- The leveraged investments recommended, and maintained by the CFP® professional, may not have been suitable, given that there was a change in the clients’ circumstances;
- When the clients sought clarification about Deferred Sales Charges (DSCs), the CFP professional was not candid and may have misled the clients.
- The CFP professional had a number of practice management issues, including that they: failed to document all discussions; failed to have ongoing discussions about load options for ongoing contributions; failed to review and monitor the clients’ financial situation on an ongoing basis relative to their goals, needs and priorities; failed to ensure the investments were consistent with the Know Your Client information on file for one (1) account; and failed to follow client instructions in one (1) instance.

Conduct Review Panel’s Decision:

In July 2021, the Conduct Review Panel (the “Panel”) directed that the matter be closed with a Letter of Guidance and Advice, given among other things, the specific facts in this case and the fact that there did not seem to be a pattern of conduct. To support the Certificant in their future conduct, the Panel recommended that the CFP professional take a practice management course, and reminded the CFP professional that the relevant Principles, and Rules applicable to their conduct are Principles 2, 5, 7 and 8 and Rules 1, 2, 21, 22 and 23 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 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 1 – A Certificant shall not engage in or associate with individuals engaged in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to clients or any other parties.

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 21 - A Certificant shall always exercise reasonable and prudent professional judgment.

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.