

# STANDARDS OF PROFESSIONAL RESPONSIBILITY

In Effect from June 1, 2024



**QAFP**

# TABLE OF CONTENTS


- PREFACE ..... 2
- CODE OF ETHICS..... 4
  - Application of the Code of Ethics..... 4
    - For the Public ..... 4
    - For the Financial Services Industry ..... 4
    - For the Profession ..... 4
  - Principles of the Code of Ethics..... 5
- RULES OF CONDUCT..... 6
  - Application of the Rules ..... 6
  - Rules of Conduct ..... 6
  - Discretionary Authority – Professional Obligations to the Client..... 8
  - Disclosure Requirements ..... 9
    - General Information ..... 9
    - Compensation, Costs and Fees..... 9
    - Conflicts of Interest..... 10
  - Client Relations ..... 12
  - Withdrawal of Services ..... 14
  - Client Property ..... 14
  - Professional Oversight and Supervision of Others ..... 15
  - Duties to Prospective Clients ..... 15
  - Financial Planning Services ..... 16
  - Use of Technology..... 18
  - Duty of Confidentiality ..... 20
  - Relationship to FP Canada ..... 22
- FITNESS STANDARDS..... 24
  - Bars to Certification ..... 24
- PRACTICE STANDARDS..... 26
  - Application of the Practice Standards..... 26
  - Practice Standards..... 26

## PREFACE

FP Canada defines financial planning as a disciplined, multi-step process of assessing a person's current financial and personal circumstances against their future goals, and developing strategies that help meet those goals by optimizing the allocation of financial resources. Financial planning is an ongoing process that involves regularly monitoring a client's progress toward meeting goals, needs, and priorities, a re-evaluation of financial strategies in place and recommended revisions, where and when necessary.

Financial planning areas include financial management, investment planning, insurance and risk management, retirement planning, tax planning, estate planning and law for financial planning. Understanding the interrelationships among these areas is also an important aspect of financial planning.

FP Canada™ is a national not for profit education, certification and professional oversight organization working in the public interest. FP Canada is dedicated to championing better financial wellness for all Canadians by leading the advancement of professional financial planning in Canada.

FP Canada grants the rights to use the internationally recognized CERTIFIED FINANCIAL PLANNER® marks in Canada to those who meet, on an ongoing basis, FP Canada'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.

FP Canada also grants the rights to use the QAFP®, QUALIFIED ASSOCIATE FINANCIAL PLANNER™ and **QAFP** marks (the QAFP Marks) and certification in Canada. QAFP professionals are equipped to provide financial planning strategies and solutions for clients who have less complex financial planning needs.

A division of FP Canada, the FP Canada 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 QUALIFIED ASSOCIATE FINANCIAL PLANNER™ professionals — meet appropriate standards of competence and professionalism through rigorous requirements of education, examination, experience and ethics.

CFP professionals and QAFP professionals must abide by the *FP Canada Standards Council™ Standards of Professional Responsibility* (hereinafter referred to as the *Standards of Professional Responsibility*).

The *Standards of Professional Responsibility* represents the compilation of four sets of standards (FP Canada Standards Council Code of Ethics, FP Canada Standards Council Rules of Conduct, FP Canada Standards Council Fitness Standards and FP Canada Standards Council Financial Planning Practice Standards) to which FP Canada certificants must adhere. Each set of standards serves its own distinct purpose; however, since these standards represent the totality of professional responsibilities for financial planners, they should be read and interpreted together.

Throughout the *Standards of Professional Responsibility*, wherever "Certificant" is referred to, it should be taken to read "CFP professionals and QAFP professionals". The *Standards of Professional Responsibility* apply to both CFP professionals and QAFP professionals.

Information on lodging a complaint against a CFP professional or QAFP professional, as well as information regarding procedures followed by the FP Canada Standards Council with respect to complaints handling, investigations and hearings can be found at [Make a Complaint \(fpcanada.ca\)](https://www.fpcanada.ca/make-a-complaint).

To ensure you are reading the most current version of this document and each section, please visit [fpcanada.ca/resources/fp-canada-standards-council-policies-procedures](https://www.fpcanada.ca/resources/fp-canada-standards-council-policies-procedures) and download the electronic copy.

# CODE OF ETHICS

FP Canada Standards Council Code of Ethics (the Code of Ethics) represents the moral mandate by which the FP Canada Standards Council (the Standards Council) assesses the conduct of Certificants. The Code of Ethics reflects the standards of ethical conduct that Certificants must demand of themselves and their peers.

## Application of the Code of Ethics

Each principle of the Code of Ethics 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 of Ethics is designed to guide Certificants in their practice and to serve as a primary reference for the Standards Council in investigating complaints against Certificants. The Code of Ethics does not undertake to define standards of professional conduct of Certificants for purposes of civil liability.

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

### FOR THE PUBLIC

A strong Code of Ethics is first and foremost about serving the public. It is the Certificant's pledge to their clients. A client should view the Code of Ethics as setting their expectations for how they will be treated by a Certificant. The Code of Ethics 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

Certificants in good standing with FP Canada are entitled to use the CFP Marks or QAFP Marks (the FP Canada Certification Marks). The FP Canada Certification 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 of Ethics provides the cornerstone by which Certificants practice their profession. As a Certificant, you should expect adherence to the Code of Ethics 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 of Ethics

### 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 of Ethics.

### 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 professional advice and/or services.

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

# RULES OF CONDUCT

## Application of the Rules

The FP Canada Standards Council Rules of Conduct (the Rules of Conduct) reflect the standards of conduct that Certificants must demand of themselves and of their peers. The Rules of Conduct also reflect the standard of professional conduct clients and members of the public can expect from Certificants.

The Rules of Conduct anticipate a broad spectrum of financial planning practices and govern a Certificant's conduct, regardless of the nature of any specific engagement and/or the structure of the Certificant's practice.

Conduct that contravenes the Rules of Conduct is subject to disciplinary action by the FP Canada Standards Council.

## Rules of Conduct

- (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 individuals.

### Guidance

This Rule applies where a Certificant knows or ought to know, through appropriate inquiries, that they are associating with individuals engaged in dishonest conduct.

Certificants must guard against becoming involved with, facilitating or assisting individuals engaged in dishonest conduct.

Where Certificants are involved in any capacity with unregulated products, solutions or strategies, they have a greater obligation to make appropriate inquiries regarding the parties involved. Unregulated products/solutions may include, among others, tax shelters and exempt securities.

- (2) A Certificant shall not engage in any conduct, including conduct outside of their practice, that reflects adversely on their integrity or fitness as a Certificant, the FP Canada Certification Marks or the profession.

### Guidance

Integrity is a fundamental quality in a professional. A Certificant's private or professional conduct that reflects negatively on their integrity may negatively impact the public's view of the Certificant, the FP Canada Certification Marks and the profession overall. While the Standards Council has jurisdiction over a Certificant's conduct outside practice if the conduct reflects adversely on their integrity, fitness or the financial planning profession; Certificants should be clear when they are not acting in their professional capacity and where they are providing a personal opinion (including, for example, when engaged with discussions in social settings, in media or on social media platforms).

In their professional practice, Certificants must treat colleagues, clients, employees and all others fairly, respectfully and in a manner that garners trust. This includes in all spoken,

written and digital communication (including social media and networking sites). All communications, in any format, should adhere to the provisions and spirit of the Code of Ethics, Rules of Conduct and Practice Standards.

While the Standards Council is generally not concerned with the private activities of Certificants, conduct that is likely to impair client trust or reflect negatively on the integrity of the profession generally may be concerning to the Standards Council and may result in disciplinary action, in the public interest. Such conduct may include but is not limited to behaving deceitfully or dishonestly and/or failing to treat colleagues, employees and members of the public fairly.

- (3)** A Certificant shall not impugn the reputation of another Certificant to either clients or the public. Any concerns regarding the unprofessional conduct of a Certificant shall be referred to the Standards Council for review in accordance with the provisions of Rule 4 below, unless prevented by law or confidentiality requirements.

**Guidance**

Launching personal or professional attacks, including through social media and networking sites, or discrediting a fellow Certificant to clients or members of the public is unprofessional. Certificants should avoid criticizing—either directly or indirectly—the competence, conduct or practices of their fellow Certificants to clients or members of the public. Where a Certificant has direct knowledge that another Certificant has engaged in professional misconduct, such conduct must be reported to the Standards Council in accordance with Rule 4.

- (4)** A Certificant shall promptly inform the Standards Council where they have knowledge that another Certificant has engaged in conduct that raises substantial questions as to the Certificant’s integrity, honesty, trustworthiness or fitness as a Certificant. This Rule does not require disclosure of information or reporting based on knowledge gained as a consultant or expert witness in anticipation of or related to litigation or other dispute resolution mechanisms.

**Guidance**

For the purposes of this Rule, “knowledge” means “no substantial doubt.”

Examples of conduct that must be reported include, but are not limited to, fraudulent activities; theft; forgery; perjury; deceit or dishonesty; conduct that causes material financial or other harm to a client; acting where there is a material conflict of interest or conduct that calls the integrity of the Certificant into question.

Certificants with direct knowledge of such conduct by another Certificant must report the conduct to the Standards Council as soon as possible.

Where the misconduct involves a client, the Certificant should encourage the client to report the misconduct to the Standards Council directly and may assist the client in filing a report with the Standards Council.

Reporting misconduct at an early stage may help prevent loss or damage to clients and/or damage to the reputation of the profession. It is therefore imperative and in the public interest for Certificants to report misconduct to the Standards Council. If a Certificant is in



doubt about whether particular conduct should be reported, they may seek advice from the Standards Council directly.

- (5) A Certificant who has knowledge that raises a substantial question of illegal conduct related to financial advice and/or services by another Certificant or other financial professional shall promptly inform the appropriate regulatory and/or professional disciplinary body, unless prevented by law or confidentiality requirements. This Rule does not require disclosure or reporting of information gained as a consultant or expert witness in anticipation of or related to litigation or other dispute resolution mechanisms.

**Guidance**

For the purposes of this Rule, “knowledge” means “no substantial doubt.”

## Discretionary Authority – Professional Obligations to the Client

- (6) When a Certificant has legal or discretionary authority over the funds and/or property of a client, they have the following responsibilities:
- a) A Certificant who takes custody of all or any part of a client’s assets for investment purposes shall do so with the care required of a fiduciary;
  - b) In exercising custody of or discretionary authority over client funds or other property, a Certificant shall act only in accordance with the authority set forth in the governing legal instrument (e.g., special power of attorney, trust deed, letters testamentary);
  - c) A Certificant shall identify and keep complete records of all funds or other property of a client in the custody or under the discretionary authority of the Certificant;
  - d) Upon receiving funds or other property of a client, a Certificant shall promptly or as otherwise permitted by law or provided by agreement with the client deliver to the client or third party any funds or other property that the client or third party is entitled to receive and, upon request by the client or any person duly authorized, render a full accounting regarding such funds or other property;
  - e) A Certificant shall not commingle client funds or other property with a Certificant’s personal funds and/or other property or the funds and/or other property of a Certificant’s firm. Commingling one or more clients’ funds or other property together is permitted, subject to compliance with applicable legal requirements and provided accurate records are maintained for each client’s funds or other property; and
  - f) A Certificant shall not use, transfer, withdraw or otherwise employ funds or property for their fees, or for any other purpose not provided for in the engagement, except when authorized in writing by the client.

**Guidance**

All Certificants have a professional obligation to place their clients’ interests ahead of all others. The Duty of Loyalty (Principle 1 of the Code of Ethics) is fulfilled by putting their clients’ interests before all others; acting with the skill, care, diligence and good judgment of a professional; providing full and fair disclosure of all important facts; and fully disclosing and fairly managing unavoidable conflicts of interest.

Certificants who have discretionary authority over their clients' investments are subject to a fiduciary duty that similarly requires acting solely in their clients' interests.

Certificants should be aware that Canadian courts have found that financial advisors stand in a common law fiduciary relationship to their clients in certain circumstances and have identified five interrelated factors that may trigger such a relationship. Namely: (1) client vulnerability; (2) trust (the degree of trust between the client and the advisor); (3) reliance (the extent to which the client relies on the advisor); (4) discretion (the extent to which the advisor has power or discretion over the client's account or investments); and (5) professional rules or codes of conduct (the duties of the advisor and the standards to which the advisor is held). Similarly, Courts may also deem a relationship to be fiduciary in nature in other circumstances involving elevated levels of trust and reliance, such as, but not limited to, acting as an Attorney or Trustee.

## Disclosure Requirements

(7) A Certificant shall disclose the following information to the client in writing:

### GENERAL INFORMATION

- a) The specific financial planning services the Certificant will perform for the client;
- b) Any information about the Certificant or the Certificant's employer that could reasonably be expected to materially affect the client relationship/engagement;
- c) 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
- d) Contact information for the Certificant and, if applicable, the Certificant's employer.

### COMPENSATION, COSTS AND FEES

- e) An accurate and understandable description of the known costs of the services and products, to the client;
- f) An accurate and understandable description of how the Certificant, and/or the Certificant's firm are compensated for providing the products and services; and
- g) Any contingency or referral fees received by the Certificant or the Certificant's firm, in relation to services provided to the client.

### Guidance

This Rule details a Certificant's disclosure obligations relevant to compensation arrangements, information relevant to the Certificant's practice and services and any other information the client may reasonably want to know when establishing a relationship.

Such disclosure includes information about the Certificant or their employer that could impact the client's decision to engage the Certificant, such as the Certificant's areas of expertise and the services they are able to offer by virtue of their expertise and/or relationship with their employer.

With respect to disclosure of fees and costs, the costs could include but are not limited to, trading fees, trailing commissions, switch fees, management expense ratio (MER), sales charge load options and associated percentage for each option, deferred sales charge (DSC) fees and portfolio management fees.

Certificants should make inquiries to ensure that their clients understand the disclosure that is being provided to them. It is important that Certificants fulfil their disclosure and other professional commitments in an accessible, timely, understandable and thorough manner.

## CONFLICTS OF INTEREST

(8)

- a) A Certificant shall disclose to the client, in writing, 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;
- b) A Certificant shall not provide services to a client where there is an existing conflict of interest between the Certificant and the client unless, after full written disclosure of the existing conflict of interest, the client makes the informed decision to engage the Certificant notwithstanding the conflict. The Certificant shall obtain the client's written consent before providing services to the client. Such written consent shall include a description of the conflict of interest and confirmation of the client's decision to proceed.
- c) Where a conflict of interest arises during the course of an ongoing relationship with a client either between the client and the Certificant or between the Certificant's clients in the case of a joint engagement, a Certificant shall, immediately upon discovery of the conflict of interest, advise the client in writing of the conflict of interest. In such circumstances, a Certificant shall cease providing services (acting in accordance with the provisions of Rule 15) unless and until the client makes the informed decision to continue with the engagement. The Certificant shall obtain the client's written consent to continue. Such written consent shall include a description of the conflict of interest and confirmation of the client's decision to proceed.

### Guidance

A conflict of interest means an interest that may adversely affect a Certificant's judgment and/or obligations to a client. A conflict of interest exists where the duties a Certificant owes to their client are in conflict with, or impacted by, their own interests or the loyalties they owe to a third party.

A potential conflict of interest exists where the duties and loyalties a Certificant owes to their clients may, in the foreseeable future, be impacted (or there may be a perceived impact) by the duties or loyalty owed by the Certificant to a third party or with their own interests. For example, without limiting the generality of the above, where the client is a friend, spouse, family member, business partner, debtor or investor. In such situations, the

Certificant's relationship with the client may interfere with the Certificant's ability to provide objective advice to the client and/or put the client's interests first.

An "informed decision" is a decision based on complete disclosure of all information known to the Certificant that the client requires to make a decision regarding whether or not the client will engage or continue to engage the Certificant. A general or generic statement that there may be a conflict is not sufficient to satisfy the disclosure/notice obligation under this rule. A Certificant must advise the client, in writing, of the conflict and explain the conflict and its potential impact on the professional relationship.

As a matter of best practice, Certificants should adopt and follow business practices reasonably designed to prevent material conflicts of interest from compromising their ability to act in the client's best interests.

Also as a matter of best practice, Certificants should advise their clients that they may not be able to continue in a professional relationship if a conflict materializes in the future. Providing such guidance to clients at an early stage in the professional relationship will increase the level of trust and respect between the client and Certificant. As a matter of best practice, where there is an existing conflict of interest or where a conflict of interest is likely to materialize that cannot be mitigated, Certificants should decline to enter into a professional relationship with the client.

Conflicts of interest may arise between clients in joint engagements. When acting for two or more clients in a joint engagement, a Certificant should be watchful for conflicts of interest that may develop among the clients themselves and may impact the Certificant's ability to provide services to one or more of the clients. Situations in which a conflict of interest between clients may develop include, for example, joint engagements involving spouses, members of the same family or business partners.

- (9) On an ongoing basis, the Certificant shall make timely disclosure to the client of any material changes to the above information, in accordance with the provisions of Rules 7 and 8.

**Guidance**

For the purpose of this Rule, "timely" means as soon as possible.

- (10) A Certificant shall not:

- a. accept an appointment or act as an estate trustee or executor;
- b. accept an appointment as or serve as a power of attorney for property; and/or
- c. knowingly be named as beneficiary;

for a client while providing financial planning advice or services in respect of any financial planning area.

If a Certificant accepts or agrees to act in any of these capacities for a client who is not an immediate family member, the Certificant must advise the client in writing, in accordance with

the provisions of Rule 15, that they are no longer able to provide financial planning advice or services.

The prohibition from acting in any of these capacities, does not apply where the client is a member of the Certificant's immediate family, or where the Certificant works for a trust company or entity, in the capacity as trustee or power of attorney for property. If a Certificant accepts or agrees to act for an immediate family member who is also a client, in any of the above capacities, the conflict of interest must be disclosed in accordance with the provisions of Rule 8.

#### **Guidance**

FP Canada will presume knowledge where the Certificant knew or ought to have known, or could have reasonably discovered, the appointment or being named.

In the event the Certificant receives notice that they have been appointed as an estate trustee or executor, or as a power of attorney for property, at any point in time when the client is incapacitated or deceased, and the Certificant accepts the appointment, the Certificant shall cease providing financial planning advice or services to the estate.

For the purposes of Rules 10 and 11 "immediate family" means individuals connected by blood relationship, marriage or common-law partnership or adoption, and would include the Certificant's: spouse or common law partner; children and grandchildren; parents and grandparents; siblings; spouses and common-law spouses of the above (as applicable); and in-laws.

- (11)** 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.

#### **Guidance**

For the purpose of this Rule "immediate family" means individuals connected by blood relationship, marriage or common-law partnership or adoption, and would include the Certificant's: spouse or common law partner; children and grandchildren; parents and grandparents; siblings; spouses and common-law spouses of the above (as applicable); and in-laws. Certificants should actively avoid situations that give rise to conflicts of interest including but not limited to personal loans to a client or becoming involved as an investor or creditor in a client's business.

A Certificant may not solicit or accept any gift, benefit or other consideration that could impair, or reasonably be seen to impair, the Certificant's ability to place their client's interests first.

## **Client Relations**

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

#### **Guidance**

Where a Terms of Engagement document is not provided in writing, it is important to note that Certificants are still required to meet their disclosure obligations set out in Rules 7 and 8 above. The use of a Terms of Engagement document, while not mandatory, is considered

best practice and may help ensure that Certificants are compliant with their disclosure obligations and avoid any misunderstandings between Certificants and clients.

- (13) Where there is a material change in circumstances that arises subsequent to the original engagement that has or may have an impact on the professional relationship or services to be rendered, a Certificant shall take all reasonable steps to ensure that the client is informed in a timely manner. Such changes may include, but are not limited to:
- a) New potential or actual conflicts of interest;
  - b) The Certificant’s business affiliation;
  - c) Any changes to the services or products the Certificant can advise the client on and/or is authorized to support;
  - d) Compensation structures affecting the professional services to be rendered; and
  - e) New or changed agency relationships.

**Guidance**

Disclosure of material changes shall be made in writing, as set out in Rules 7 and 8, and as soon as possible. In addition, the Certificant should ensure the client is fully informed and understands the changes contained in any disclosure.

- (14) A Certificant shall fulfil their professional commitments in an accessible, understandable, timely, and thorough manner.

**Guidance**

Certificants should strive to ensure their practice and communications are barrier-free for persons with disabilities or who require accommodation and should strive to foster an accessible and inclusive environment with, and for, persons with disabilities and persons requiring accommodation. This includes, providing information in a manner that is accessible to the client receiving it. For example, if a client proposes to use a language of their choice, and the Certificant is not competent in that language to provide the required services, the Certificant should not undertake the matter unless they are otherwise able to competently provide those services and the client consents in writing.

For the purpose of this Rule, “timely” means in accordance with the mutually agreed timelines or, in the absence of an agreement regarding the timeline, as soon as possible. Where appropriate, a Certificant should clearly communicate to the client—ideally in writing—the timeline for completion of a specific task or service. This will support a mutual understanding and assist in ensuring the client’s expectations align with the Certificant’s intentions.

For the purpose of this Rule, “thorough” means complete with regard to every appropriate detail; not superficial or partial.

## Withdrawal of Services

- (15) Where a Certificant determines that they no longer wish to act for a client, such Certificant shall ensure that the client receives timely written notice of the Certificant's intent and shall make sure the withdrawal of financial advice and/or services will not prejudice the client.

**Guidance**

For the purpose of this Rule, "timely" means as soon as possible.

- (16) 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.

**Guidance**

For the purpose of this Rule, the Certificant's obligations are met where the Certificant reasonably believes the client has been, or will be, notified of the Certificant's departure.

- (17) 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.

## Client Property

- (18) A Certificant shall promptly return the client's original records upon request by the client.

**Guidance**

Original client records may include documents provided by the client at the commencement of or during the course of the engagement; wills; powers of attorney; mortgage documents and title deeds; insurance policies; investment statements; Canada Revenue Agency (CRA) forms or documents; client corporate records including articles of incorporation and minute books; and original contracts, including loan documentation.

As a matter of best practice, rather than retain original client documents/records, Certificants should take a copy and return the original to the client. Certificants should comply with any policies and procedures relating to document retention in place at their Firm or established by their employer and should be aware of applicable legal retention obligations, for example, record keeping requirements with respect to taxation documents and records in the *Income Tax Act*.

## Professional Oversight and Supervision of Others

- (19) A Certificant shall provide reasonable and prudent professional supervision of any subordinate or third party to whom the Certificant assigns any work or who acts under the Certificant's direction. A Certificant shall provide reasonable and prudent professional supervision of any individual whose work is subject to review or oversight by the Certificant.

### Guidance

Where assigned work is subject to the Certificant's review or oversight in their capacity as a Certificant, such as where they have a team practice, the Certificant remains ultimately responsible for the work performed. Where work is transferred to another professional with specialized expertise (an accountant, lawyer, etc.), the Certificant may rely on that individual's professional expertise.

## Duties to Prospective Clients

- (20) A Certificant shall not adopt any method, including marketing or other promotional methods, of obtaining or retaining clients that lowers the standard of dignity of the profession. For greater certainty:
- a) A Certificant shall not market or promote their services in a manner that is misleading, confusing, or deceptive;
  - b) A Certificant shall not make a false or misleading communication about the size, scope or areas of competence of their practice or of any organization with which the Certificant is associated;
  - c) A Certificant shall not make false or misleading communications to the public or create unverifiable expectations regarding matters relating to financial planning or competence of the Certificant; and
  - d) A Certificant shall not give the impression that they are representing the views of FP Canada, or the FP Canada Standards Council unless the Certificant has been authorized to do so.

### Guidance

Certificants should advertise, market and promote their services in a manner that is true, accurate and verifiable. The marketing/promotion should be in the best interests of the public and be consistent with a high standard of professionalism set out in the Code of Ethics, Rules of Conduct and Practice Standards.

- (21) 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.



**Guidance**

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

A prospective client must be provided with sufficient information about the Certificant, the scope of services available to the prospective client and the applicable compensation model—including how the client pays for the Certificant’s services and the cost of such services—in order to make an informed decision to engage the Certificant.

In accordance with Rule 31 below, personal (non-public) information disclosed by a prospective client shall be held in strict confidence by the Certificant even if the prospective client ultimately decides not to engage the Certificant’s services.

## Financial Planning Services

- (22) A Certificant shall always exercise reasonable and prudent professional judgment.

**Guidance**

In providing financial planning advice, professional judgment requires appropriate consideration of the client’s full financial picture and personal circumstances (the client’s goals, needs and priorities) and the interdependencies and interrelationships among them.

Financial planning varies in scope and complexity, ranging from advice that is relatively straightforward and narrow to more complex engagements. Financial planning areas include financial management, investment planning, insurance and risk management, retirement planning, tax planning, estate planning and law for financial planning.

- (23) A Certificant shall make only those recommendations that are both prudent and appropriate for the client.

**Guidance**

Prudent strategies and recommendations will take into consideration, among other factors, the client’s current situation, goals, needs, priorities, risk tolerances and time horizons. Certificants should also take into consideration the client’s values, attitudes and beliefs when determining whether a strategy is prudent and appropriate.

Where Certificants recommend exempt or unregulated products or strategies to clients, the expectation to conduct appropriate due diligence is heightened.

Documenting strategies and recommendations for example, while not mandatory, is considered best practice and may help avoid misunderstandings between Certificants and clients. The documentation record may be created and maintained in a client file (paper or electronic) and/or a customer relationship management (CRM) tool, among other places.

- (24) 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.

**Guidance**

Having regard to the factors detailed in the Guidance to Rule 23, Certificants must decline to implement strategies that are neither prudent nor appropriate where such strategies will materially and negatively impact the client's best interests. A client's request for a strategy or action cannot override the Certificant's obligation under this Rule.

This Rule is not intended to impact a client's right to withdraw their funds.

Documenting client instructions, for example, while not mandatory, is recommended and may help avoid misunderstandings between Certificants and clients.

- (25) 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.

**Guidance**

A Certificant may not do indirectly, or through or by another person or entity, any act or thing that the Certificant is prohibited from doing directly. A Certificant may also not intentionally or recklessly participate or assist in another person's violation of these Standards or the laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council.

- (26) A Certificant shall offer advice only in those areas in which the Certificant is competent. Competence includes recognizing one's own limitations and/or authority to handle a matter and taking steps to ensure the client's needs are appropriately served by consulting with other professionals or, after completing appropriate due diligence, referring the client to another professional for advice or assistance in a particular area.

**Guidance**

Certificants have a professional obligation to keep their knowledge and skill current. Competence requires the financial planning professional to make a continuing commitment to learning and professional improvement.

Competence requires the application of relevant knowledge, skills and abilities in a manner appropriate to each matter undertaken on behalf a client.

When consulting with other professionals or referring the client to another professional for advice or assistance in a particular area, at all times, Certificants must comply with their confidentiality obligations.

- (27) 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 has the appropriate qualifications to provide the services for which the referral is made.

**Guidance**

In referring a client to a third party, the Certificant must comply with Rules 20 and 21.

Where appropriate, a Certificant should obtain a written acknowledgement from the client that the referral has been made on the client's behalf and that the client consented to the Certificant disclosing the client's name, contact information and other details as appropriate.

In accordance with Rule 7, a Certificant must disclose all sources of compensation, including referral fees.

- (28)** A Certificant shall refrain from intervening in client matters outside the scope of the engagement.

**Guidance**

Defining the scope of the engagement establishes realistic expectations and mutual understanding for both the client and Certificant of the services to be provided. Should the scope of a professional engagement change, the Certificant and client should meet to reconfirm or update the scope of the engagement, thereby ensuring a continued mutual understanding and shared expectations.

## Use of Technology

- (29)** When selecting, relying on, recommending, or using technology in the financial planning process, a Certificant:

- a) Must take reasonable proactive steps to gain a general understanding of the methodologies underlying the technology that have a direct impact on financial planning projections and recommendations;
- b) Must have an understanding of the financial assumptions underlying the technology that have a direct impact on financial planning projections and recommendations;
- c) Must validate that the inputs and assumptions used are reasonable and appropriate based on the client's circumstances; and
- d) Must validate that the outputs generated are reasonable and appropriate for the client before relying on them, or presenting the final recommendations or strategies to the client.

**Guidance**

For the purpose of Rules 29 and 30, methodologies means the embedded logic, factors and workflow principles used by the digital tool or technology. Methodologies may include, but are not limited to: calculation logic used within scenario analyses; the timing of contributions and withdrawals; tax calculation; plan year vs. calendar year and withdrawal order. Examples of reasonable steps may include, but are not limited to: making inquiries of the software provider and staying current with software updates, making internal inquiries with one's employer/dealer/firm, using help functions and/or user guides, and attending training seminars.

For the purpose of Rules 29 and 30, financial assumptions are the factors used in the digital tool or technology that influence the planning outcomes. Financial assumptions may be embedded (prepopulated) in the tool or technology or may require input by the financial

planner. Financial assumptions may include, but are not limited to: marginal/average tax rates; rates of return; benchmarks used as proxies, the rate of interest to be charged on debt; the client’s anticipated life expectancy; the client’s anticipated retirement age; inflation; government benefit entitlement and planning priorities.

Technology includes any digital tool used or relied on when providing financial planning services to clients including, without limitation, online discovery tools, financial projection and planning software/tools, portfolio management software/tools, other digital software/tools and digital advice platforms. This would also include technology provided or mandated by a Certificant’s firm.

In accordance with this Rule, FP Canada™ Certificants are required to review and assess the correctness of the inputs used, including any inputs entered by the client directly, as well as validating the reasonability of the output produced. The requirement relating to validating outputs serves, in part, to ensure that any errors that might have occurred when inputting the data are captured by the Certificant. For example, should a Certificant enter a change to pension income when updating inputs, but instead of replacing old pension income inadvertently records the new pension income as an additional entry, the output will reveal a significant increase in revenue that could lead to unsuitable financial planning decisions if the mistake is not caught. In this case, the output shows what it is “supposed” to show based on the inputs, but it is by validating the output that the planner will find the mistake made in input. The Rule requires that FP Canada Certificants understand not only what the output states, but where the outcome comes from.

Technology is widely used in the provision of financial planning services and Certificants have multiple digital options to support their clients. If financial planning services are offered digitally, the same level of transparency and disclosure should be applied as with traditional mediums. Certificants should make inquiries to ensure an understanding of their client’s comfort with financial tools and technologies and take the client’s level of comfort into consideration when providing financial planning recommendations.

- (30)** In all cases, irrespective of the data used, the material assumptions used as well as the rationale must be documented, and clearly communicated to clients.

**Guidance**

Certificants may use client specific data, assumptions and projections provided by their firm/dealer, their own experience, or a combination of these inputs when modifying assumptions and using digital tools. In all instances and circumstances, the expectation is that the material assumptions and rationale are documented. Assumptions should be discussed with clients to ensure they understand them and are comfortable with their use, and may be included in the financial plan document or otherwise communicated, in writing, to the client.

The use of the Projection Assumption Guidelines (the “PAG”), published jointly by the Institute of Financial Planning (IPF) and FP Canada, while not mandatory, is beneficial for both the financial planning professional and the client. Use of the PAG for long term projections provides a level of protection for financial planners as they provide rates of return that are transparent, objective and based on reliable sources. There may be

instances when it is appropriate to deviate from the rates of return provided in the PAG. Regardless of the underlying data source, the financial planner should document the rates used and the rationale to ensure the assumptions are both sound and supported.

## Duty of Confidentiality

- (31)** A Certificant shall not disclose or use any personal or confidential information pertaining to a prospective client, a client or a former client without the written and informed consent of the client, unless in response to proper legal, statutory or regulatory process under which the Certificant is obliged to do so, which may include cooperation with an FP Canada Standards Council inquiry, initial review and/or investigation of a complaint.

### Guidance

Client information must be kept strictly confidential.

The duty of confidentiality survives the termination of the client engagement.

Certificants must be aware of their surroundings and refrain from discussing or disclosing personal client information in public spaces or on social media. Situations that may pose a risk to client confidentiality include but are not limited to client meetings in public spaces (e.g., coffee shops) and discussions in common locations within the office/firm (e.g., reception areas and elevators). Certificants are responsible for confidentiality breaches of their staff and should have a process in place that regularly brings their staff's attention to their confidentiality policies and obligations.

Certificants must be careful not to presume they have client consent to disclose confidential or personal information in any situation, including where a client may bring a family member, spouse, common-law partner or third party to a meeting. Consent to disclose confidential client information must be expressly and explicitly provided by the client prior to any such disclosure.

Provision of confidential information in response to an FP Canada Standards Council inquiry, initial review and/or investigation does not constitute a waiver of any privilege or confidentiality for any other purpose other than the inquiry, initial review and/or investigation.

- (32)** A Certificant who provides financial planning advice or services in respect of any financial planning area shall inform the client of the value of identifying a Trusted Contact Person (TCP) and shall record, in writing, the client's decision with respect to naming a TCP. Where a TCP is named, the Certificant shall obtain from the client: the name and contact information of the TCP and the consent of the client to contact the TCP to confirm or make inquiries about any of the following:
- a. concerns about possible financial exploitation of the client;
  - b. concerns about the client's mental capacity as it relates to the ability of the client to make decisions involving financial matters;
  - c. the name and contact information of a legal representative of the client, if any; and

d. if the client cannot be reached, the client's current contact information.

**Guidance**

A TCP is an individual the client (or clients, in the case of a joint engagement), has authorized the Certificant to contact and share personal confidential information with, in the event the Certificant has concerns about the client's wellbeing or to protect a client's financial interests.

A Certificant should consider including the name and contact information for a TCP in an engagement letter, and in any event, the TCP's name and contact information should be documented in writing. Certificants should take reasonable steps to keep the client's TCP and TCP's information current. Where a client decides not to identify a TCP or provide the associated consent, the Certificant should reengage in the discussion with the client regarding the value of a TCP on a periodic basis.

A TCP does not have decision making power or authority to effect changes to a client's account(s) or change financial planning strategies or client instructions. A TCP is a complement to, and not a substitute for, a Power of Attorney for Property. Unlike a Power of Attorney for Property, a TCP does not have authority to make financial decisions for the client. Having a TCP in place provides the Certificant with express consent to contact the TCP and share confidential information in agreed upon circumstances.

A Certificant also should be aware of and understand their employer's requirements with respect to obtaining and documenting TCP information, and comply with any other applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities.

- (33)** A Certificant shall take prudent steps to protect the security of information and property, whether physically or electronically.

**Guidance**

Certificants must ensure proper internal controls are in place to secure the safe and confidential storage of client information. Examples of such measures include locking filing cabinets containing hard-copy documents; ensuring shared networks are accessible only with a password; and that client documents are not left unsecured and accessible by third parties. Certificants are responsible for being aware of all applicable privacy laws in their jurisdiction.

- (34)** A Certificant shall not disclose a client's name to any other party without informed consent of the client, unless in response to proper legal, statutory or regulatory process under which the Certificant is obliged to do so, which may include cooperation with an FP Canada Standards Council inquiry, initial review and/or investigation of a complaint.

**Guidance**

Certificants must guard against inadvertent disclosure. The following may give rise to disclosure of client information: sign-in books that identify client names and are visible to

others; electronic distribution lists that identify client names and contact information to others; identifying clients on the telephone in public or open areas.

As a matter of best practice, Certificants should obtain or confirm (where initially obtained orally) consent to disclose, in writing.

Provision of confidential information in response to an FP Canada Standards Council inquiry, initial review and/or investigation does not constitute a waiver of any privilege or confidentiality for any other purpose other than the inquiry, initial review and/or investigation.

## Relationship to FP Canada

**(35)** A Certificant shall meet all FP Canada 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 bankruptcies; involvement in civil proceedings; criminal convictions; court orders; and investigations or decisions by professional bodies and regulatory/licensing bodies;
- b) Advising FP Canada, in writing, of any changes to prior Legal Declarations as soon as possible but no later than within 30 days of becoming aware of new information;
- c) Using the FP Canada Certification Marks in compliance with the rules and regulations of FP Canada, as established and amended from time to time;
- d) Complying with all continuing education/professional development requirements set by FP Canada; and
- e) Notifying FP Canada of any changes to the Certificant’s legal name, employment and/or contact information.

### Guidance

The FP Canada 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 FP Canada. 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 FP Canada.

FP Canada encourages Certificants to report any suspected unauthorized use of the FP Canada Certification Marks to the Standards Council. Such reporting serves to enhance public protection by ensuring that only those who are qualified and authorized to use the FP Canada Certification Marks are doing so.

**(36)** A Certificant shall comply with an order by the FP Canada Standards Council Disciplinary Hearing Panel and/or the FP Canada Standards Council Appeal Hearing Panel. This Rule applies equally to current and former Certificants.

- (37) A Certificant shall reply promptly and completely to any communication from FP Canada, the FP Canada Standards Council or any other department or division of FP Canada in which a response is requested.
- (38) A Certificant shall cooperate fully with an FP Canada Standards Council inquiry, initial review and/or investigation of a complaint unless legally prevented from doing so.

**Guidance**

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

Cooperating with inquiries, initial reviews and/or 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.

- (39) A Certificant shall not make any false or misleading statement to FP Canada, the FP Canada Standards Council or any other department or division of FP Canada.



## FITNESS STANDARDS

The FP Canada Standards Council sets certification standards to ensure that individuals certified by FP Canada meet high standards of competence and professionalism and are fit for certification.

The FP Canada Standards Council Fitness Standards (the Fitness Standards) reflect the good character standards for new and continued certification and define the character expectations of all current and prospective FP Canada Certificants.

FP Canada retains the right to decline certification where candidates for certification:

- Do not meet one or more of FP Canada's application requirements; and/or
- Do not meet the Fitness Standards below, which reflect good character requirements for new, continued or reinstated certification.

### Bars to Certification

All new applicants, Certificants applying for renewed certification and Certificants applying to reinstate their certification with FP Canada must provide complete and accurate answers to the Declarations and Professional Obligations section of the New Applicant, Reinstatement Application or Certification Renewal Form. Any changes to an earlier Declaration must be reported to FP Canada within 30 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 FP Canada.

- Currently in personal Bankruptcy proceedings or subject to a Consumer Proposal;
- Business Bankruptcy filed within the last five years;
- Revocation, ban or suspension of one (1) year or longer, of a professional licence or credential, or a financial services licence or registration, by the licencing/credentialing body, unless the suspension/revocation is administrative in nature;
- Being denied registration of a professional license or credential, or a financial services license or registration, by a licencing/credentialing body, unless the basis for the denial was administrative in nature;
- Pleading guilty, being found guilty, being convicted or found to have committed an Offence, as defined below;
- Being found in breach of an Order of a federal, superior or appellate court of a province or territory of Canada; or
- Being found by the FP Canada Institute™ or an FP Canada-Approved education provider to have breached their code of ethics, code of conduct or Student Handbook, and/or to have engaged in academic misconduct.

## Definitions

“Offence” means:

1. A summary or indictable offence under 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 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.

“Consumer Proposal” means an offer made by a debtor under the *Bankruptcy and Insolvency Act* to modify their payment to a creditor. Such a proposal must be completed within five years.

# PRACTICE STANDARDS

The FP Canada Standards Council Financial Planning Practice Standards (the Practice Standards) provide guidance to Certificants when providing financial planning services to clients.

By setting forth these Practice Standards, the FP Canada Standards Council™ (the Standards Council):

- 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 FP Canada'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. In some instances, multiple Practice Standards may apply concurrently; for example, identifying a client's goals, needs and priorities (PS.3) may be completed while gathering their information (PS.4). In addition, it may be necessary to complete a Practice Standard step more than one time in each engagement; for example, a change in assumption or new client information may result in a need to revisit recommendations and re-assess the client's situation (repeating PS.5 and PS.6). 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 conflicts with a legal obligation, the Certificant should adhere to the legal obligation and seek guidance from the Standards Council. Where a Practice Standard conflicts with an employer's expectation, the Certificant remains bound by the Practice Standards and may choose to seek guidance from the Standards Council regarding irreconcilable conflicts.

## Practice Standards

### **PS.1 Explain the Role of a Financial Planner and the Value of Financial Planning**

Ensure the client understands your role, including the scope of services you can provide and the value of engaging in the financial planning process. This process includes identifying and developing recommendations for implementation and monitoring and updating the financial plan on an ongoing basis, to meet the client's personal goals, needs and priorities.

### **PS.2 Define the Terms of the Engagement**

Work collaboratively with the client to define and agree on the scope of the financial planning engagement and services to be provided. For example: whether this is a continuing or time-limited

engagement, your role as the financial planner, the client's roles and responsibilities, and your level of involvement in implementing recommendations, monitoring, and the involvement of other professionals. The creation of a formal Terms of Engagement Document is considered best practice.

### **PS.3 Identify the Client's Goals, Needs and Priorities**

Discuss and document the client's goals, needs and priorities before identifying possible strategies or making recommendations.

### **PS.4 Gather the Client's Information**

Gather qualitative and quantitative information relevant to the engagement. Identify and resolve any gaps in the information required before assessing the client's current situation and making recommendations.

Qualitative information helps a financial planning professional understand who the client is, what is important to them, and why. It helps financial planning professionals understand the client's goals, needs, and priorities, and includes information such as the client's attitudes, beliefs, biases, experiences, motivations, and values. Quantitative information helps a financial planning professional understand the client's current financial situation and analyze the client's ability to achieve their goals, needs and priorities.

### **PS.5 Assess the Client's Current Situation**

Identify, document, and evaluate the strengths and weaknesses in the client's current financial situation, including material assumptions that are being used. When assessing the client's current situation, the financial planning professional should consider the client's: financial position, ability to manage financial emergencies, ability to meet their financial obligations, and their projected ability to meet their goals, needs and priorities.

Perform required calculations, develop needed projections, and analyze and integrate the resulting information relative to the client's personal goals, needs and priorities. The results of such calculations, projections, and analysis should be documented.

### **PS.6 Identify and Evaluate the Appropriate Financial Planning Strategies**

Identify and assess the possible financial planning strategies to help achieve the client's goals, needs and priorities. Identify and document any gaps or impediments to realizing the client's goals. Develop options and potential solutions to achieving the client's goals, needs and priorities, recognizing any personal biases, and focusing on the client's best interests.

### **PS.7 Develop the Financial Planning Recommendations**

Develop and document recommendations to help the client achieve their goals, needs and priorities, including recommended timing, priorities, and interrelationships of recommendations. Any new potential or actual conflicts of interest that may arise specific to the recommendations should be considered and addressed.

### **PS.8 Compile and Present the Financial Planning Assumptions, Recommendations and Supporting Rationale**

Document and present the financial planning assumptions, recommendations, and supporting rationale in a way that supports the client's engagement and informed decision making. Communications to the client should be accessible, timely, understandable, and thorough to ensure the client understands the benefits as well as the risks and costs of the recommendations.

As a matter of best practice, recommendations to the client and the client's decision and instructions to proceed should be obtained in writing. If provided orally, the recommendations should be confirmed, in writing, to the client as soon as possible. All pertinent information, including agreed to and refused recommendations should be documented.

### **PS.9 Discuss Implementation Action, Responsibilities and Time Frames**

Gain and document the client's decision and instructions regarding implementation actions, responsibilities, sequencing, and timing. If implementation involves other professionals or is not included in the scope of engagement, discuss, confirm, and document next steps. Any referrals to other professionals must be made in accordance with the Disclosure Requirements and Financial Planning Services rules in the Rules of Conduct.

### **PS.10 Implement the Financial Planning Recommendations**

Complete the implementation actions for which you have assumed responsibility as part of the financial planning engagement. For direct referrals to other professionals or service providers, follow-up should be conducted, with the client's consent, to ensure completion of the referred action. For tasks for which the client has assumed direct responsibility, monitor the client's progress and actions towards implementation and, where necessary, ensure the client understands the impact of failing to implement.

### **PS.11 Monitor and Review**

Where the engagement is continuing and/or includes monitoring and review, the client should be made aware of the importance of the review and ongoing monitoring of their situation relative to their goals, needs and priorities. You should review the client's financial plan periodically and may establish a review schedule (for example, annual reviews) with the client. In addition to this regular review, plans should be reviewed when there are material changes in the client's personal circumstances or goals, or material changes to the assumptions underlying the plan.

Monitoring and review may include: updating or redefining the scope of the engagement; discovery; analysis; documenting new or revised assumptions and recommendations; and identifying implementation actions. Where a financial plan document was provided to the client, an updated plan should be prepared and provided to the client.

## 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 FP Canada.

**CLIENT** The person (individual or legal entity) with whom the FP Canada Certificant has a planner-client relationship and/or to whom the Certificant provides financial planning services, advice and/or recommendations, whether modular or holistic.

**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 planning areas include financial management, investment planning, insurance and risk management, retirement planning, tax planning, estate planning and law for financial planning.

**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, adversely affect a Certificant's judgment and/or obligations to a client when providing 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 client every time.

**DOCUMENT** To document is to create a written or electronic record. A variety of media may be used to store the record. For example, the record may be created and maintained in a client file (paper or electronic), a customer relationship management (CRM) tool and/or a digital cyber vault.

**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 PLAN** A financial plan is a written report that addresses an individual's personal goals, needs and priorities. It takes into account relevant financial planning areas and the interrelationships among them. A plan includes the personal information and financial assumptions on which it is based. It also includes a disclaimer noting its reliance on information provided by the individual and assumptions made. A plan may provide a list of action steps, including what needs to be done, by whom and when.

**FINANCIAL PLANNING** Financial planning is a disciplined, multi-step process of assessing an individual's current financial and personal circumstances against their future goals and developing strategies that help meet those goals by optimizing the allocation of financial resources. Financial planning takes into account the interrelationships among relevant financial planning areas in formulating appropriate strategies. Financial planning areas include financial management, investment planning, insurance and risk management, retirement planning, tax planning, estate planning and law

for financial planning. 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 Financial Planning Practice Standards.

**FP Canada™** is a national not for profit education, certification and professional oversight organization working in the public interest. FP Canada is dedicated to championing better financial wellness for all Canadians by leading the advancement of professional financial planning in Canada.

**FP CANADA STANDARDS COUNCIL™** A division of FP Canada™, the FP Canada Standards Council™ establishes and enforces financial planning standards, sets the certification requirements for professional financial planners and develops and delivers certification examinations. The FP Canada Standards Council ensures FP Canada certificants—CERTIFIED FINANCIAL PLANNER® professionals and QUALIFIED ASSOCIATE FINANCIAL PLANNER™ professionals—meet appropriate standards of competence and professionalism through rigorous requirements of education, examination, experience and ethics.

**MATERIAL** Information is material when a reasonable person would consider the information important in making a decision.

**TERMS OF ENGAGEMENT DOCUMENT**  
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 Terms of Engagement Document 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 a QAFP professional.

**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.

**QUALIFIED ASSOCIATE FINANCIAL PLANNER™ professional** A person who holds the QAFP certification from FP Canada.

**QUALITATIVE INFORMATION** helps a financial planning professional understand who the client is, what is important to them, and why. It helps financial planning professionals understand the client's goals, needs, and priorities, and includes information such as the client's attitudes, beliefs, biases, experiences, motivations, and values related to such actions as spending, borrowing, saving, investing, and taking risk – everything that may influence their behaviour. Qualitative information may include but is not limited to: health, needs, priorities, risk tolerances, sophistication, financial experiences and literacy, earning potential and time horizon, values, attitudes and beliefs.

**QUANTITATIVE INFORMATION** helps a financial planning professional understand the client's current financial situation and analyze the client's ability to achieve their goals, needs and priorities. Quantitative information may include but is not limited to: age, dependent(s), cash-flow, income, assets, liabilities, employee or government benefits, time-horizon, planning goals, capacity for risk, existing relationship with other professional advisors (i.e.,

accountant, lawyer, insurance advisor, etc.)  
and/or existing planning documents (i.e., Power  
of Attorney for Property, wills, etc.).

**RECOMMENDATION** The development,  
evaluation and communication of strategies  
and actions that will help the client meet their  
goals, based on a holistic assessment of all  
relevant information.

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