




FINANCIAL PLANNING STANDARDS BOARD



## Model Rules of Conduct for CFP Professionals

## **MISSION STATEMENT**

Financial Planning Standards Board Ltd. (FPSB) benefits the clients and potential clients of financial planners by establishing, upholding and promoting worldwide professional standards in financial planning. FPSB's commitment to excellence is represented by the marks of professional distinction – CFP, CERTIFIED FINANCIAL PLANNER and  CFP.

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## **FPSB'S MODEL RULES OF CONDUCT FOR CFP PROFESSIONALS**

FPSB's Model Rules of Conduct establish standards for the level and type of conduct expected of CFP professionals. The Rules are not designed to be a basis for legal liability to any third party.

Once adapted and applied by an FPSB Member, the Rules of Conduct serve as the enforcement mechanism for the Code of Ethics and Financial Planning Practice Standards. An FPSB Member's Rules of Conduct are binding on all individuals who have the right to use the CFP marks in a territory, whether or not the individuals are using the marks. CFP professionals must be knowledgeable and aware of all territory-specific Rules of Conduct and must apply and abide by rules that are relevant to the CFP professionals' activities.

Violations of the Rules of Conduct may subject a CFP professional to discipline by an FPSB Member. Because FPSB and FPSB Members are financial planning certification and standards-setting bodies that require individuals to meet initial and ongoing certification requirements, discipline for violations of the Rules of Conduct extends to the rights of individuals to use the CFP marks in a territory.

FPSB expects each FPSB Member to adopt territory-specific conduct rules which reflect the scope and intent of FPSB's Model Rules of Conduct, adapted and augmented to ensure appropriate definition and coverage of professional conduct requirements in a given territory.

### **Rules of Conduct for CFP Professionals**

1. A CFP professional shall not communicate, directly or indirectly, to clients or any other parties, any false or misleading information directly or indirectly related to the CFP professional's qualifications or services.
2. A CFP professional shall not mislead clients or any other parties about the potential benefits of the CFP professional's service.
3. A CFP professional shall disclose all relevant facts where the disclosure is necessary to avoid misleading clients or any other parties.
4. A CFP professional shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to clients or any other parties.
5. A CFP professional shall clearly identify with the client the assets, if any, over which the CFP professional will take custody, exercise investment discretion, or exercise supervision.
6. A CFP professional shall identify and keep updated records of all funds or other property of the client in the custody, or under the discretionary authority, of the CFP professional.
7. A CFP professional shall not commingle the client's property with the property of the CFP professional, the CFP professional's employer, or with other clients' property unless the commingling is permitted by law, is explicitly authorized and defined in a written agreement between the parties, and the CFP professional has sufficient record-keeping to track each client's assets accurately.
8. A CFP professional shall at all times place the interest of the client first.
9. A CFP professional shall treat the client fairly and provide professional services with integrity and objectivity.
10. A CFP professional shall ensure that his or her personal biases or interests do not adversely affect his or her services to clients.
11. A CFP professional shall make and/or implement only recommendations that are suitable for the client.

12. A CFP professional shall offer advice to clients only in those areas in which he or she is competent. In areas where the CFP professional is not competent, the CFP professional shall seek the counsel of, and/or refer clients to, qualified professionals.
13. A CFP professional shall maintain competence in all areas of his or her professional practice.
14. A CFP professional shall keep informed about developments in financial planning and participate in continuing professional development.
15. If the services include financial planning or material elements of the financial planning process, a CFP professional shall disclose the following information in writing to the client:
  - a. An accurate and understandable description of the compensation arrangements being offered. This description must include information related to costs to the client and general form and source of compensation to the CFP professional and/or the CFP professional's employer; and terms under which the CFP professional and/or the CFP professional's employer may receive any other sources of compensation, and if so, what the sources of these payments are and on what they are based;
  - b. A general summary of likely conflicts of interest between the client and the CFP professional, the CFP professional's employer or any affiliates or third parties, including, but not limited to, information about any familial, contractual or agency relationship of the CFP professional or the CFP professional's employer that has a potential to materially affect the relationship with the client;
  - c. Any information about the CFP professional or the CFP professional's employer that could reasonably be expected to materially affect the client's decision to engage the CFP professional;
  - d. 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 CFP professional's areas of expertise; and
  - e. Contact information for the CFP professional and, if applicable, the CFP professional's employer.

On an ongoing basis, the CFP professional shall make timely disclosure to the client of any material changes to the above information.

16. A CFP professional shall not borrow money from a client. This Rule does not apply when:
  - a. The client is a member of the CFP professional's immediate family;
  - b. The client is an institution in the business of lending money and the borrowing is unrelated to the professional services performed by the CFP professional.
17. A CFP professional shall not lend money to a client. This Rule does not apply when:
  - a. The client is a member of the CFP professional's immediate family;
  - b. The CFP professional is an employee of an institution in the business of lending money and the money lent is that of the institution, not the CFP professional.
18. A CFP professional shall treat the client's information as confidential except as required in response to proper legal process or regulatory requirements; as necessitated by obligations to a CFP professional's employer or partners; to defend against charges of wrongdoing; in connection with a civil dispute; or as needed to perform professional services on behalf of the client.
19. A CFP professional shall take prudent steps to protect the security of the client's information and property, including the security of stored information, whether physically or electronically, that is within the CFP professional's control.
20. A CFP professional shall exercise reasonable and prudent professional judgment in providing professional services.
21. A CFP professional shall be in compliance with all applicable legal and regulatory requirements governing professional services provided to the client.

22. A CFP professional who is an employee/agent shall perform professional services with dedication to the lawful objectives of the employer/principal and in accordance with the FPSB Member's Code of Ethics.
23. A CFP professional shall abide by the terms of all agreements with the FPSB Member, including, but not limited to, using the CFP marks properly and cooperating fully with the FPSB Member's trademark and professional review processes and requirements.
24. A CFP professional shall meet all of the FPSB Member's requirements, including continuing professional development requirements, to retain the right to use the CFP marks.
25. A CFP professional shall notify the FPSB Member in writing of any conviction of a crime (as defined by the Member), or any professional suspension or revocation within the time specified by the FPSB Member after the date on which the CFP professional is notified of the conviction, suspension or revocation.
26. A CFP professional shall notify the FPSB Member of changes to contact information, including e-mail address, telephone number(s) and physical address, within the time specified by the FPSB Member of the change.
27. A CFP professional shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP professional, upon the CFP marks, or upon the financial planning profession.
28. A CFP professional shall provide professional services in a timely and thorough manner.
29. Consistent with the scope of the engagement, a CFP professional shall undertake a reasonable investigation of the products and services to be recommended to clients. A CFP professional may rely upon an investigation undertaken by a third party provided it is reasonable to place reliance on the quality of such investigation.
30. A CFP professional shall provide reasonable and prudent professional supervision of, or direction to, any subordinate or third party to whom the CFP professional assigns responsibility for any client services.
31. A CFP professional shall return the client's property upon request as soon as practicable or consistent with a time frame specified in an agreement with the client.
32. The CFP professional and the client shall mutually agree upon the services to be provided by the CFP professional.
33. If the services include financial planning or material elements of the financial planning process, prior to entering into an agreement, the CFP professional shall provide written information and/or discuss with the client the following:
  - a. The obligations and responsibilities of each party under the agreement with respect to defining the client's objectives, needs and priorities; gathering and providing appropriate data; examining the result of the client's current course(s) of action without changes; the formulation of any recommended actions; implementation responsibilities for the financial planning recommendations; and responsibilities for reviewing for the financial planning recommendations;
  - b. Compensation that any party to the agreement or any affiliate to a party to the agreement will or could receive under the terms of the agreement; and factors or terms that determine costs to the client, how decisions benefit the CFP professional and the relative benefit to the CFP professional;
  - c. Terms under which the CFP professional will use proprietary products;
  - d. Terms under which the CFP professional will use other entities/professionals to meet any of the agreement's obligations;
  - e. The process for terminating the relationship; and
  - f. Procedures for resolution of client claims and complaints against the CFP professional.

34. If the services include financial planning or material elements of the financial planning process, the CFP professional or the CFP professional's employer shall enter into a written agreement governing the financial planning services ("Agreement"). The Agreement shall specify:
  - a. The parties to the Agreement;
  - b. The date of the Agreement and its duration;
  - c. How and on what terms each party is able to terminate the Agreement; and
  - d. The services to be provided as part of the Agreement.
35. A CFP professional shall take all reasonable steps to ensure the client understands the financial planning recommendation(s) to allow the client to make informed decisions.
36. A CFP professional shall know and reasonably apply the Financial Planning Practice Standards that are relevant to the scope of the engagement with the client.
37. A CFP professional shall know and apply the Financial Planner Code of Ethics and Professional Responsibility in his or her professional activities.



The global symbol  
of achievement



The global symbol of excellence  
in financial planning

CFP certification is the only globally recognized mark of professionalism for financial planners. When seeking objective, expert and trusted financial planning advice, you should always look for the CFP mark.

To achieve the best financial planning results, call a CFP professional.

For more information on finding a CFP professional near you, visit [www.fpsb.org](http://www.fpsb.org).

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Financial Planning Standards Board Ltd. owns the CFP, CERTIFIED FINANCIAL PLANNER and CFP Logo marks outside the U.S. and permits qualified individuals to use these marks to indicate that they have met FPSB's initial and ongoing certification requirements.



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