

CFP BOARD REPORT

News From Financial Planning's Professional Regulatory Organization

JANUARY 9, 2008

FOCUS ON ETHICS:

“OBLIGATIONS TO CFP BOARD”

CFP Board's revised *Standards of Professional Conduct*, which becomes effective July 1, 2008, naturally focuses on the obligations that individual CFP® professionals have toward their clients. The updated *Standards* also describe certain obligations certificants hold to their employers and principals (see “Focus on Ethics: Obligations to Employers and Principals” in the December 2007 edition of *CFP Board Report*) and obligations certificants have to CFP Board. The final section of the *Rules of Conduct* sets forth five Rules that describe a certificant's obligations to CFP Board.

The first two of these Rules identify important aspects related to the basic terms under which CFP Board awards CFP® certification. Rule 6.1 requires certificants to abide by the terms of their agreements with CFP Board. This includes the agreement to use the CFP® certification marks properly, following the guidelines established in CFP Board's *Guide to Use of the CFP® Certification Marks*, and the agreement to cooperate during any trademark-related reviews that may be conducted by CFP Board. It also includes the agreement to cooperate with CFP Board during the course of any inquiries or proceedings that CFP Board may undertake pursuant to CFP Board's *Disciplinary Rules and Procedures*. Rule 6.2 restates the terms under which CFP Board grants CFP® certification only to those who meet initial and ongoing requirements: “A certificant shall meet all CFP Board requirements, including continuing education requirements, to retain the right to use the CFP® marks.”

While the obligations stated in Rules 6.1 and 6.2 are not new to the requirements for CFP® professionals, Rule 6.3 introduces a new requirement: “A certificant shall notify CFP Board of changes to contact information, including, but not limited to, e-mail address, telephone number(s) and physical address, within forty five (45) days.” It is important for CFP Board to have updated contact information for all certificants so policy updates and other important information may be communicated in a timely manner.

It is also important for certificants to communicate other information to CFP Board in a timely manner, especially when that information relates to matters that may involve potential violations of the *Standards of Professional Conduct*. Rule 6.4 identifies certain serious matters that must be disclosed to CFP Board within ten calendar days:

A certificant shall notify CFP Board in writing of any conviction of a crime, except misdemeanor traffic offenses or traffic ordinance violations unless such offense involves the use of alcohol or drugs, or of any professional suspension or bar within

ten (10) calendar days after the date on which the certificant is notified of the conviction, suspension or bar.

The immediate disclosure of these serious matters allows CFP Board’s enforcement process to investigate in a timely manner situations where a certificant’s actions may pose a danger to the public. While criminal convictions and professional suspensions and bars must be disclosed quickly to CFP Board, notification of additional matters – including arbitrations, civil lawsuits, regulatory inquiries and investigations and criminal proceedings brought against a certificant – is required during the certification renewal process.

The final Rule of the *Rules of Conduct* states perhaps one of the broadest and most important obligations CFP® professionals hold to CFP Board, as well as to their colleagues. Rule 6.5 states, “A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.” CFP® certification is increasingly singled out as an important credential the public should look for when seeking financial planning services. That reputation has been built over many years through the diligent work of thousands of CFP® professionals across the country. It is important for all CFP® professionals to take personal responsibility to ensure that their actions reflect the Principles of the *Code of Ethics and Professional Responsibility* – Integrity, Objectivity, Competence, Fairness, Confidentiality, Professionalism and Diligence – for their own sake as well as the reputation of their peers and the entire financial planning profession.

If you have questions about the revised *Standards*, please contact CFP Board at standards@CFPBoard.org.

About the Revised *Standards of Professional Conduct*:

On May 31, 2007, CFP Board’s Board of Directors announced the adoption of a revised version of CFP Board’s *Standards of Professional Conduct*, which sets forth the ethical standards for CERTIFIED FINANCIAL PLANNER™ professionals. The revised standards are available online at www.CFP.net/aboutus/Standards.asp. They become effective July 1, 2008 and apply to the more than 56,000 financial planners in the U.S. who are authorized by CFP Board to use the CFP® certification marks. Questions about the revised Standards may be sent to mail@CFPBoard.org. CFP Board encourages CFP® professionals to begin applying the revised *Standards* to their daily practice well in advance of the July 1, 2008 effective date.



CERTIFIED FINANCIAL PLANNER™

CFP®

Certified Financial Planner Board of Standards Inc. owns these certification marks in the U.S., which it awards to individuals who successfully complete CFP Board’s initial and ongoing certification requirements.