

CFP Board's Enforcement Efforts and Initiatives

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CFP Board

Mission: To benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for personal financial planning.

Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and federally registered CFP (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

Duty of Care Standard

■ Rule 1.4

■ A certificant shall at all times place the interest of the client ahead of his or her own. [Baseline Standard of Care] When the certificant provides financial planning or material elements of financial planning, the certificant owes to the client the duty of care of a fiduciary as defined by CFP Board. [Fiduciary Standard]

■ "Fiduciary" defined:

■ One who acts in utmost good faith, in a manner he or she reasonably believes to be in the best interest of the client

Making “Best” Recommendations

CFP Board expects CFP® professionals to:

- Recommend what they reasonably believe to be the best possible options *available to their clients within the business and regulatory setting in which they practice.*
- Disclose the limitations placed on the CFP® certificant by those business or regulatory requirements.

Written Documentation

- When services include financial planning or material elements of financial planning, written documentation is required:
 - Rule 1.2
 - Requires written disclosures about scope of engagement to clients and prospective clients
 - Rule 1.3
 - Requires written agreement
 - Rule 2.2
 - Requires written disclosures about compensation costs and conflicts

Current Ethics Questions

Since signing CFP Board's Declaration and Agreement or the last Terms and Conditions of Certification statement on your last renewal form, have you been:

- A. A defendant or respondent in any criminal proceeding?
- B. A defendant or respondent in any governmental agency or self regulatory organization proceeding or the subject of a governmental agency or self-regulatory organization inquiry or investigation?
- C. A defendant or respondent in a civil action, which includes, but is not limited to, a lawsuit, arbitration or mediation, relating to your professional or business conduct?

Revised Ethics Questions

Have you ever been (check Yes or No for each question):

1. Have you ever been charged with or convicted of a felony?
2. Have you been charged with or convicted of a misdemeanor (other than minor traffic violations) within the last five years?
3. Have you ever had a revocation or suspension of a professional license?
4. Have you, a spouse, or an organization in which you had material participation, ever filed a petition for bankruptcy? (For Renewals, the question should read "Since agreeing to CFP Board's Declaration and Agreement or the last Terms and Conditions of Certification statement, have you been...") This is the language that is currently in place on Renewal Declarations.

5. Have you ever had a civil judgment entered against you?
6. Have you ever been a defendant or respondent in a civil action including, but not limited to, a lawsuit, arbitration or mediation?
7. Have you ever been a defendant or respondent in any governmental agency or self-regulatory organization proceeding?
8. Have you ever been the subject of a governmental agency or self-regulatory organization inquiry or investigation?

Anonymous Case Histories Project

- What is an Anonymous Case History (ACH)?
 - An ACH is a summary of a decision by CFP Board's Disciplinary and Ethics Commission (DEC).

Anonymous Case Histories Project

- Why have Anonymous Case Histories?
 - An ACH serves as a guide to Respondents before their case is heard by the DEC. With an ACH, a Respondent can:
 - Read about cases similar to his or her own that have been heard by the DEC in the past;
 - Be informed of the decision that was made in that case; and
 - Understand the DEC's reasoning in making that decision.
 - Establishes CFP Board case law that any member of the public can review.

Anonymous Case Histories Project

- What did an Anonymous Case History look like in the past (prior to November 2007)?
 - Old format:
 - One paragraph in length;
 - One or two sentences reciting the facts;
 - Identification of *Code of Ethics* rule violations; and
 - Identification of the DEC's decision.

Anonymous Case Histories Project

- What does an Anonymous Case History look like now (since November 2007)?
 - New format:
 - Inclusion of the main issue(s) in the case;
 - More details about the relevant facts;
 - Includes reasoning of the DEC in finding rule violations; and
 - Inclusion of the DEC's rationale in reaching its decision.

Anonymous Case Histories Project

- Anticipated release of new format:
 - CFP Board plans to make the ACHs available to the public on its Web site, www.CFP.net
 - ACHs completed for the following decisions:
 - February 2009
 - November 2008
 - ACHs in progress:
 - July 2009
 - July 2008
 - March 2008
 - November 2007

■ *Questions?*

Thank you.
