

HISTORY OF CFP BOARD'S FIDUCIARY STANDARD:

BENEFITING THE
PUBLIC BY SETTING
THE STANDARD FOR
FINANCIAL ADVICE

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FOREWORD

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When CFP Board first set out to establish a fiduciary standard for CFP® professionals, the vision was clear: to provide consumers with confidence that the financial planning advice they receive is in their best interest. This vision has become a core principle that continues to guide CFP Board and differentiate CFP® professionals from others in the field. Today, the fiduciary standard is a cornerstone of CFP® certification and has helped elevate the entire financial planning profession.

The evolution of the fiduciary standard and CFP Board's role in shaping its development reflect a broader cultural shift toward accountability, integrity and transparency in financial services. Whether clients are individuals planning for retirement or families navigating complex financial situations, we aim for CFP® professionals to provide the best possible advice.

These pages capture that journey and provide critical context for understanding how the fiduciary standard for financial advice came to be, how it continues to evolve, and why it is essential for the continued growth and success of the profession. From its earliest days, the story of the fiduciary standard is not just a history of a rule or principle. It is a story of the impact CFP® professionals have on the lives of those they serve.

As clients' needs continue to grow and the financial planning profession matures, the fiduciary standard is more relevant today than ever. It is a living, breathing testament to the value of trust and integrity in financial advice. As you read, I encourage you to reflect on how you can continue to build on this foundation so that financial planning remains a profession rooted in service, responsibility and commitment to the best interest of the investing public.

CFP Board's certification standards are not just about creating better financial planners. They are about creating better outcomes for those who rely on our profession. I hope this history inspires you, educates you and reinforces the profound impact that each CFP® professional has in helping people achieve their financial goals with confidence.



Kevin R. Keller, CAE
Chief Executive Officer
CFP Board

INTRODUCTION

CFP BOARD'S FIDUCIARY STANDARD

All CFP® certificants make a commitment to uphold the standards of competency and ethics laid out in CFP Board's *Code of Ethics and Standards of Conduct*. The *Code of Ethics* sets forth principles that guide CFP® professionals' behavior. The *Standards of Conduct* contain the duties that certificants commit to CFP Board to uphold. The *Code and Standards* requires every CFP® certificant to act as a fiduciary, in the best interests of the client, at all times when providing financial advice.

1. Fiduciary Duty

At all times when providing Financial Advice to a Client, a CFP® professional must act as a fiduciary, and therefore, act in the best interests of the Client. The following duties must be fulfilled:



A. Duty of Loyalty.

A CFP® professional must:

- i. Place the interests of the Client above the interests of the CFP® professional and the CFP® Professional's Firm;
- ii. Avoid Conflicts of Interest, or fully disclose Material Conflicts of Interest to the Client, obtain the Client's informed consent, and properly manage the conflict; and
- iii. Act without regard to the financial or other interests of the CFP® professional, the CFP® Professional's Firm, or any individual or entity other than the Client, which means that a CFP® professional acting under a Conflict of Interest continues to have a duty to act in the best interests of the Client and place the Client's interests above the CFP® professional's.



B. Duty of Care.

A CFP® professional must act with the care, skill, prudence and diligence that a prudent professional would exercise in light of the Client's goals, risk tolerance, objectives, and financial and personal circumstances.



C. Duty to Follow Client Instructions.

A CFP® professional must comply with all objectives, policies, restrictions and other terms of the Engagement and all reasonable and lawful directions of the Client.

WHY THE FIDUCIARY STANDARD IS IMPORTANT



The analogy I would use is that of a doctor. Can you imagine a doctor not putting the patient's interest first by recommending a drug they are getting paid to recommend even though it may not be the best for the patient? The same is true for an advisor. The fiduciary standard requires the advisor to put their client's interest above their own, always doing what's best for the client.

Bob Glovsky | 2010 CFP Board Chair

The fiduciary standard is something that consumers want but do not understand enough to recognize and demand. Although everyone providing financial advice tells their clients that they will work in their best interest not everyone does. Yet, when asked what they want, consumers describe advice that is always in their interest from knowledgeable professionals that they trust. They want to work with a fiduciary.

Dan Candura | Past Chair of CFP Board's Board of Professional Review and member of CFP Board's Board of Directors (2004-2008)

Law and society have established the fiduciary standard as the essential code of conduct for those entrusted to care for the property of others. Historians trace fiduciary principles back to one of the first written codes of law — the Code of Hammurabi in Babylon (ca. 1790 BC).

For literally thousands of years, society has recognized that we must rely on people who have the time, resources, inclination and talent to achieve professional competence. Additionally, we occasionally must place our affairs or assets under the control of professionals to manage on our behalf. These professionals are close confidants uniquely qualified to act as stewards or trustees whom we engage to protect and capably manage that which we have entrusted to them.

In the evolution of law from Roman times through the present, the fiduciary standard has embodied the core duties of loyalty (placing "trustors" interests first), due care (prudence and competence) and good faith (honest intentions, full disclosure and applied diligence).

Blaine Aikin | 2017 CFP Board Chair, 2018-2019 Chair of CFP Board's Standards Resource Commission

If financial planning is to achieve its full potential as a client-centered, helping profession, nothing short of the fiduciary standard will do. Among the hallmarks of any true profession are altruism, public responsibility and a belief in a higher calling. Putting clients' interests first, the heart of the fiduciary standard, is congruent with those values.

Dave Yeske | 2003 FPA President, 2004 FPA Chair

The fiduciary standard helps differentiate financial planners who look out for a client's best interest. A suitability standard just measures whether a product or advice is okay for the client instead of what is best for the client. A fiduciary standard helps reduce greed and focus the advisor on truly serving the client.

David Strege | 2008 CFP Board Chair

The fiduciary standard is more important today than ever before. Americans increasingly are responsible for funding their own retirement. In addition, financial services has become much more complicated, with the result that consumers increasingly need to rely upon trusted professionals to determine what best fits their financial and personal circumstances. These are high stakes that require strong ethical standards.

Leo Rydzewski | CFP Board General Counsel and Staff Liaison to CFP Board's Commission on Standards and Standards Resource Commission

The public needs to have trust and confidence in the care and services provided by financial advisors. A regulatory standard has the best chance of securing fair and consistent care and transparency.

Elizabeth Jetton | 2004 FPA President, 2005 FPA Chair

The financial services industry has evolved over many years, with a combination of state and federal regulations focusing mostly on investment products. Many of the state and federal regulations have not kept up with the myriad of financial products and services that are now consumed by the public. In addition, these products and services are complex, and the fees and commissions are not always transparent to the client, particularly around when certain standards apply for their situation (e.g., brokerage, advisory or insurance). This is especially important when the advice the professional provides may have conflicts of interest that can have significant financial ramifications for the client's financial future. As a result, financial services firms have had low trust from the public for many years. For all these reasons, a fiduciary standard is the only way to 'level the playing field' between a financial advisor and their client.

Joe Maugeri | Retired CFP Board Managing Director, Corporate Relations

The public has more responsibility than ever for their financial well-being. More investment and insurance vehicles are available than ever before. I believe they are in search of financial planners who believe in the Platinum Rule, which is 'Do unto others as they would want done unto themselves.' Each person or couple is unique and has different needs, goals and perspectives. They are looking for someone who will assist them in planning and will act in their best interests. That is someone who acts as a fiduciary. A fiduciary needs to act in their best interest by putting the client's interest above their own at all times, disclose any conflicts of interest, and provide full and fair disclosure of all material facts, to name a few of their responsibilities to the relationship. Without that, they are exposed to those who do not have to act in that manner, potentially putting them in a buyer-beware position or having to wonder if the advice they receive is in their best interests.

Nick Nicolette | 2007 FPA President, 2008 FPA Chair

The public should expect that anyone giving advice is doing so in their best interest. To be a 'professional,' you must have a code of ethics, standards, do no harm and always do what is in the client's best interest. Without these basic principles, calling yourself a professional is very hollow.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards

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Leo Rydzewski

The fiduciary standard is important because about 92% of Americans believe that when they work with a financial advisor, the advisor is acting in their best interest. Most Americans believe we all work under the fiduciary standard, but a lot of advisors do not operate under the fiduciary standard, and this creates a disconnect. Many people are working with advisors they trust with their retirement assets and life savings and believe their advisor is providing them with beneficial advice, but this is not always the case. This is particularly true with the evolution of retirement savings, and people who no longer have access to pensions with a guaranteed monthly retirement income. Now it is about your ability to contribute in order to receive an employer retirement matching contribution. Choosing good investments is one of the largest determining factors of retirement success. Many people do not know how to allocate and manage their financial accounts, and they trust us to do it. Unfortunately, there are still advisors that are not subject to a fiduciary standard who are directing consumers into investments and products that are not very beneficial for consumers in the long term.

Kamila Elliott | 2022 CFP Board Chair

The fiduciary standard is important from a consumer protection standpoint. It stems from the concept that one cannot serve two masters, the client and oneself, simultaneously. Individuals should be able to trust that the financial advice they receive is aligned with their best interests. When the person giving the advice has a higher level of expertise than the person receiving the advice, the situation is ripe for manipulation. People giving financial advice need to be held to a standard that deters potential manipulation from manifesting and harming the potential client.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

During my tenure at the National Association of Personal Financial Advisors, we officially adopted a fiduciary oath to act in the client's best interest at all times, which was very unique for the industry at the time. The message resonated with potential clients because they understood that personal gain was not influencing your recommendations as their advisor. Because of this, NAPFA had a presence in the press that was remarkable for the size of the organization.

Susan John | 2019 CFP Board Chair

The fiduciary standard is important because we are not going to be a profession that can help people make smart money decisions if we are constantly compromised by decisions that might benefit us, the advisors, more than the clients. We need to be a profession, and we need to be distinctly different from a salesperson or somebody who can just answer questions factually.

Karen Schaeffer | 2007 CFP Board Chair

Fiduciary-level financial advice is critical for the financial well-being of American families, which is a major contributor to overall life satisfaction. Most professionals who provide advice (e.g., doctors, lawyers, accountants, therapists, etc.) are required by law, or at a minimum their professional codes of conduct, to provide advice that is in their patients' or their clients' best interests. Financial advisors are subject to a patchwork of legal, regulatory and professional requirements and are not uniformly required to provide advice in their clients' best interests. Many consumers of financial advice are generally unaware that they are not receiving financial advice that is in their best interest.

Marilyn Mohrman-Gillis | 2008-2016 CFP Board Managing Director, Public Policy & Communications

The importance of the fiduciary standard comes down to how professions get regulated. Typically, professions have a principles-based standard as opposed to a rules-based standard, whether they be medicine, law, accounting, etc. I was involved in leadership in the profession for a long time before I was Chair of CFP Board. I was the National President of the FPA [Financial Planning Association], and we were lobbying for the same thing during the Great Recession with Congress to get appropriate regulation and process of financial planning, not just the product sales that go along with financial planning. The consumer deserves to have their best interest put first, and that is what a fiduciary does.

Richard Salmen | 2018 CFP Board Chair

In any profession, there is an inequity of knowledge between the professional and the client. This disparity creates an opportunity for the person with more knowledge to take advantage of the person with less knowledge. The fiduciary standard concept comes from common law, emphasizing the importance of putting the client's best interest first and not taking advantage of the disparity in knowledge.

Kevin Keller | CFP Board CEO

When I started in the financial services industry in the 1970s, the industry was all about selling products. Period. In 1982, I became a CFP® certificant, and CFP Board encouraged certificants to take a different approach. Instead of trying to sell a stock, bond, mutual fund or insurance policy, CFP® certificants were equipped to take a holistic approach. We needed to understand the client's needs, goals, resources — and their particular financial issues and beliefs. In the same vein, the fiduciary standard is important because it prioritizes what is best for the client instead of promoting the firm's or the advisor's own goals.

Marilyn Capelli Dimitroff | 2009 CFP Board Chair

THE MOVEMENT TOWARD FIDUCIARY FINANCIAL PLANNING

FIDUCIARY DUTY IN THE FINANCIAL SERVICES INDUSTRY



Professional standards must be no lower than legal obligations and typically are higher, creating pressure on professionals to go beyond what may be the norm. Those who choose to be a CFP® professional embrace high standards willingly and the public benefits from their commitment.

Blaine Aikin | 2017 CFP Board Chair, 2018-2019 Chair of CFP Board's Standards Resource Commission

The financial services industry includes many different types of firms and services and is regulated by several different regulatory bodies. Regulatory jurisdiction depends on the type of firm and the service provided. Most financial advisors are either registered investment advisers (RIAs) or registered representatives of broker-dealers. Historically, RIAs had been subject to a fiduciary standard while broker-dealers had been regulated as product salespeople and held to different standards, specifically standards of fair dealing, best execution and suitability. The lines between the functions of RIAs and broker-dealers in the retail market have blurred as a result of both regulatory and market changes.

RIAs are financial firms that provide advice on securities investments and may manage a client's investment portfolio. Small RIAs are regulated by state securities regulators, and RIAs with more than \$100 million in assets under management (AUM) are regulated by the Securities and Exchange Commission (SEC). The SEC was created by the Securities Exchange Act of 1934. The SEC is a U.S. government agency with enforcement, examination and regulatory authority over the securities markets to protect investors; maintain fair, orderly and efficient markets; and facilitate capital formation.

The Investment Advisers Act of 1940 (the Advisers Act) regulates investment advisers and requires investment advisers to register with the SEC or one of the states. The Advisers Act did not explicitly include a fiduciary duty. In 1963, the Supreme Court determined that the anti-fraud provisions of the Advisers Act reflected congressional intent to establish a fiduciary duty between an investment adviser and clients in its seminal *SEC v. Capital Gains Research Bureau, Inc.* decision. The Supreme Court noted the delicate fiduciary nature that exists in the relationship between adviser and client. The Supreme Court's decision is the reason that RIAs are deemed to have a fiduciary duty to their clients.

The fiduciary duty imposes on RIAs several obligations to clients, which the SEC re-affirmed and clarified in 2019. They have the obligation to fulfill the duty of care, which includes a duty to provide advice in the best interests of the client, to seek best execution and provide monitoring over the course of the relationship. They also have a duty of loyalty, which requires an adviser not to subordinate its clients' interests to its own and to eliminate, or at least expose through full and fair disclosure, conflicts of interest. Disclosure must be sufficient for the client to provide informed consent. Additionally, if an RIA has delegated authority to vote client proxies, the adviser has a fiduciary duty to vote in the best interest of the client.

A broker-dealer buys or sells securities on behalf of its clients, on behalf of itself, or on behalf of both itself and its clients. Broker-dealers must register with the SEC and be members of the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization that operates as a not-for-profit entity under the oversight of the SEC. FINRA is authorized by Congress to regulate stockbrokers and brokerage firms to ensure they are operating fairly and honestly to protect investors.

Many broker-dealers have historically provided recommendations concerning securities they buy and sell. The Investment Advisers Act includes an exclusion from the definition of investment adviser for broker-dealers that provide advice when the advice solely is incidental to the broker-dealer's regular business as a broker-dealer and when the broker-dealer receives no special compensation. Before the SEC adopted Regulation Best Interest (Reg BI), the main source of rules governing the conduct of broker-dealers when providing recommendations were rules promulgated by FINRA and its predecessors. In particular, FINRA Rule 2111 (Suitability) requires that advisors have a reasonable basis to believe that a recommendation is suitable for their client. The Rule requires broker-dealers to provide three main suitability obligations to their clients. Broker-dealers must have a reasonable basis to believe a recommendation is suitable for the client based on reasonable diligence (reasonable-basis suitability) and based on the client's particular investment profile (customer-specific suitability). Broker-dealers must also have a reasonable basis to believe that a series of recommended transactions is not excessive or unsuitable in light of the client's investment profile (quantitative suitability). FINRA Rule 2111 no longer applies to recommendations to retail customers, which fall under Reg BI.

In 2020, Reg BI became effective. Reg BI requires broker-dealers to make securities recommendations that are in the best interest of their clients. The SEC stated that Reg BI was adopted to enhance the standards of conduct applying to broker-dealers and align them with the reasonable expectations of retail investors. Specifically, Reg BI established a general obligation for broker-dealers to act in the best interest of their clients when providing recommendations concerning securities, including component obligations concerning disclosure, care, conflicts of interest and compliance. Reg BI only applies when broker-dealers are making securities recommendations as opposed to the Advisers Act fiduciary standard, which applies to the entirety of the adviser-client relationship; however, the SEC stated Reg BI is drawn from fiduciary principles and is a higher level of care than the suitability standard.

In addition to securities laws and regulations, other areas of law are relevant to financial advice. Insurance companies and their products, including annuities, are regulated by the states. State legislatures are the public policymakers that establish broad policy, and typically state insurance commissioners, as regulators, oversee and enforce those laws. Variable life insurance products, including variable annuities, are also regulated by the SEC because these annuities typically have an investment account component attached to the product. The National Association of Insurance Commissioners (NAIC) plays an important role in insurance policy, including through the creation of model rules and regulations. For the sale of annuities, the NAIC's *Suitability in Annuity Transactions Model Regulation* (#275) serves as the regulatory framework for most states. The standards and procedures it sets forth do not establish a fiduciary standard and also generally has less stringent obligations than Reg BI.

As discussed further below, under the Employee Retirement Income Security Act (ERISA), the U.S. Department of Labor requires certain people and entities to act as fiduciaries for retirement plans. An ERISA fiduciary must act with the care, skill, prudence and diligence under the circumstances then prevailing that a reasonably prudent person acting in a like capacity and familiar with such matters would use. Additionally, ERISA prohibits conflicts of interest between plan fiduciaries and their clients absent a regulatory exemption.

For the CFP® mark to be the standard, we began the discussion about which standard should apply to those holding the CFP® mark. We wanted a high standard. The challenge was some financial services companies that didn't want their CFP® certificant employees to be subject to such a high standard. Their fear of litigation instead of their focus on clients' best interest is a solid defining line in the industry.

David Strege | 2008 CFP Board Chair

Within this complex and confusing regulatory landscape where different standards apply at different times to different people, CFP Board took the bold step of requiring CFP® professionals to commit to CFP Board, as part of their certification, to act as a fiduciary at all times when providing financial advice to a client. This standard applies regardless of the type of financial advice they are providing and regardless of the business model of their firm.

When I started with CFP Board in 2008 as Managing Director of Public Policy, the Board had two legislative priorities: regulation of financial planning and requiring that all financial advice be delivered under a fiduciary standard. This advocacy position paralleled the Board's own efforts to incorporate the fiduciary standard as a certification requirement.

Marilyn Mohrman-Gillis | 2008-2016 CFP Board Managing Director, Public Policy & Communications

The idea that the fiduciary standard is the appropriate standard for financial planning long preceded the actual implementation. It was first officially applied to financial planning around 2007-2008 under the leadership of Marilyn Dimitroff as Chair of CFP Board. The idea has existed since the start of this profession, but it took time for enough people to agree it should be the standard. It is evident that CFP Board's fiduciary standard has created momentum in the field. When I first got my certification, there were about 30,000 CFP® practitioners. Now, there are over 100,000 CFP® certificants. Good people are attracted to high standards.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

CLIENT-FOCUSED NATURE OF FINANCIAL PLANNING

The early days of the financial planning profession were largely defined by product sales. In 1969, Loren Dunton brought together a group made up of mostly life insurance and mutual fund salesmen to conceptualize how to move financial advice beyond a purely product sales model. Subsequently, the College for Financial Planning was created and began offering a “CFP” curriculum, the starting point for CFP Board’s certification curriculum and CFP® mark that exists today. The financial planning profession was created in search of a better way to serve the customers of the financial services industry. Although some aspects of the profession have evolved over time, clients are still at the core of every aspect of the financial planning process.

The first step in the financial planning process laid out by CFP Board is understanding the client’s personal and financial circumstances — understanding the client’s quantitative and qualitative information — essentially, who the client is and what is important to them. Additionally, the client and the client’s information are involved in each subsequent step in the financial planning process.



The fiduciary standard is putting the client first. One of the essential parts of any financial plan is knowing your client before you start giving advice. We are talking to and planning for human beings. Our clients need to feel good about their decisions, and it is incumbent on us as their financial planners to learn how to motivate them and help them make good financial decisions.

Karen Schaeffer | 2007 CFP Board Chair

Financial planning is truly a subset of financial advice. Financial advice is broadly defined as a communication that, based on its content, context and presentation, would reasonably be viewed as a recommendation. Financial advice needs to be tailored to the individual client. There must be a client in order to provide financial advice, and the CFP® professional providing the financial advice must put the client’s needs first.

Folks who spend time, money and significant effort to become CFP® certificants are people who view things holistically and are very client focused. CFP Board took a bold step when it implemented the fiduciary standard for certificants.

Marilyn Capelli Dimitroff | 2009 CFP Board Chair

FIDUCIARY DUTY AS AN ELEMENT OF A RECOGNIZED PROFESSION



The public believes, and it should be required, that a professional will act as a fiduciary. A client is seeking counsel and advice for which they do not have expertise, and they expect said professional to serve their needs and not their own. In addition to CFP® practitioners, doctors, lawyers, trustees and guardians are fiduciaries.

Nick Nicolette | 2007 FPA President, 2008 FPA Chair

There are five generally accepted characteristics of a recognized profession:

1. *Public service orientation;*
2. *Standard of care that places the client's interests first (i.e., a fiduciary standard of care);*
3. *Complex body of knowledge;*
4. *Recognized pathway to the profession (education, experience, examination, etc.); and*
5. *Acknowledged sanctioning authority.*

In recognized professions, there is a knowledge gap (also known as information asymmetry) between the professional (who acts in a role like that of a trustee) and the client (the trustor). That knowledge gap places the client in a vulnerable position that relies upon the professional's fulfillment of the defining duties of the fiduciary standard — loyalty, due care and good faith.

CFP Board's work is central to fulfillment of all five of these attributes of a profession through its two affiliated entities. CFP Board of Standards sets and enforces the Code and Standards. The Center for Financial Planning serves as an academic home to the financial planning body of knowledge.

Blaine Aikin | 2017 CFP Board Chair, 2018-2019 Chair of CFP Board's Standards Resource Commission

In recognized professions, there is a knowledge gap (also known as information asymmetry) between the professional (who acts in a role like that of a trustee) and the client (the trustor). That knowledge gap places the client in a vulnerable position that relies upon the professional's fulfillment of the defining duties of the fiduciary standard — loyalty, due care and good faith.

Blaine Aikin

Over the last five decades, financial planning has made progress toward being recognized as a profession. Financial planning has been public-service oriented since its inception in the early 1970s. Financial planners have always needed a complex body of knowledge in order to advise clients, and the body of knowledge continues to expand, most recently with the addition of the Psychology of Financial Planning as the newest Principal Knowledge Domain. CFP Board serves as an acknowledged sanctioning authority, upholding and enforcing the *Code and Standards*. CFP Board also created a recognized pathway to the profession by making certificants complete certain education, examination and experience requirements to be eligible for

certification. For a long time, the standard that places the client's interests first was the only missing element preventing financial planning from becoming a recognized profession. CFP Board took the first bold step forward by adopting a fiduciary standard for financial planning and material elements of financial planning. In 2018, CFP Board expanded the fiduciary duty to apply at all times when providing financial advice.

True professions deal with some of the most powerful forces in clients' lives, and this is no less true of financial planning than any other. Financial planners, after all, help clients plan for some of their most important life goals, like educating children, caring for aging parents and achieving a comfortable retirement. Wielding such power is a sacred trust that requires a commitment to always putting clients' interests first.

Dave Yeske | 2003 FPA President, 2004 FPA Chair

As the late Richard Wagner, JD, CFP® suggests, a true profession is identified as having a garden of specific knowledge, ethical standards, practice standards, meaningful regulation, engaged professional membership organizations, public recognition and accountability to the public, a strong sense of calling, altruism and fiduciary responsibility. Trust is at the core of a profession's ability to serve the public. The standards are core aspects of enabling trust.

Elizabeth Jetton | 2004 FPA President, 2005 FPA Chair

CFP BOARD INTRODUCES FIDUCIARY STANDARD FOR FINANCIAL PLANNING

HISTORIC BACKDROP

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The SEC had promulgated a proposed regulation (Rule 202) called, “Certain Broker-Dealers Deemed Not to Be Investment Advisers,” or, informally, “The Merrill Lynch Rule” or the “Broker-Dealer Exemption” that would allow broker-dealers to offer fee-based investment accounts without being subject to the rules of the 1940 Investment Advisers Act, which otherwise required anyone offering fee-based investment advice to register with the SEC and adhere to a fiduciary standard. The FPA board concluded that the exemption would create confusion among consumers who would find it harder to differentiate between fiduciary and non-fiduciary advisors. In addition to sowing confusion and making it harder to distinguish true professionals from salespeople, the FPA board believed that the Broker-Dealer Exemption would result in actual harm to the public. For example, non-fiduciary broker-dealers would not be required to disclose conflicts of interest, such as when they sold securities from their inventory to the fee-based accounts they were managing for clients. And if clients were harmed as a consequence of such conflicts, the opprobrium might fall equally on fiduciary advisors in a regulatory landscape in which the public struggled to distinguish between the two.

Dave Yeske | 2003 FPA President, 2004 FPA Chair

Several changes to the financial markets, generally beginning in the late 1970s and early '80s, resulted in changes to the types of services that brokerages provided. With these changes came concerns about compensation structures that incentivized harmful sales practices, including excessive trading, or “churning.”

Consequently, in May 1994, the SEC formed a “Committee on Compensation Practices” led by the chairman and CEO of Merrill Lynch, Daniel Tully. The committee was tasked with reviewing industry compensation practices for registered representatives and branch managers, identifying actual and perceived conflicts of interest, and identifying best practices used in the industry to eliminate, reduce or mitigate these conflicts. On April 10, 1995, the committee delivered its report to the SEC. The report noted that some brokers were using fee-based accounts, and that this could be a way to minimize conflicts by allowing the broker to be compensated based on a portion of client assets regardless of transaction activity, because it would allow the broker to be compensated even if they advised the client not to make any trades.

In the late '90s, the Tully report came out, which stated the obvious — when people are compensated based on commissions for transactions, there is an incentive for there to be more transactions than necessary. Therefore, the SEC wanted to promote fee-based compensation versus transactional compensation. To encourage fee-based compensation, the SEC intended to allow brokers to create fee-based accounts that are similar to what most RIAs use today, but they would be brokerage accounts instead of advisory accounts. This meant no fiduciary duty. It would certainly take away some incentive to churn an account; however, it created brokerage accounts that looked and felt identical to an advisory account where the party delivering advice on the advisory account would be held to fiduciary standard. We believed it was giving a ‘wolves in sheep’s clothing’ feeling and was overall confusing to the public. Because of this, FPA sued the SEC and ultimately won the lawsuit.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

In 1999, the SEC proposed a rule called “Certain Broker-Dealers Deemed Not to Be Investment Advisers,” which informally became known as the Merrill Lynch Rule (or the Broker Dealer-Exemption). The proposed rule provided that broker-dealers charging an asset-based or fixed fee could rely on the broker-dealer exclusion in the Advisers Act if the account was non-discretionary, the broker’s advice was “solely incidental” to the sale of investment products and the broker disclosed to the customer that the accounts they provided were brokerage accounts. Essentially, the proposed rule would allow broker-dealers to collect a fee for providing investment advice without being subject to the Advisers Act.

As part of the proposed rule, the SEC provided “no action” relief in the proposed rule, stating it would not bring enforcement actions against broker-dealers relying on the provisions of the proposed rule. This relief resulted in more broker-dealers rolling out fee-based brokerage accounts based on the proposed rule. The SEC adopted the rule in 2005 with some modifications.

The Financial Planning Association (FPA) filed a lawsuit challenging the final rule. FPA was the product of a January 1, 2000, merger between the International Association for Financial Planning (IAFP) and the Institute for Certified Financial Planners (ICFP). In the Memorandum of Intent for the merger, they stated that the new organization would “create an environment where financial planners hold the CFP [Board] license and will encourage and facilitate attainment of the CFP® mark by financial planning professionals so that ultimately the CFP® mark is synonymous with financial planner.”

Because the Broker-Dealer Exemption was a proposed rule, and the SEC had told firms they could operate ‘as if’ the rule had been adopted, FPA’s lawsuit averred that the SEC should not allow firms to operate indefinitely under a rule that had not been fully adopted, with all the public scrutiny that goes along with that. On March 30, 2007, the D.C. courts agreed and struck down the proposed exemption. The SEC had until May 12 of that same year to appeal the ruling and, in the end, chose not to do so.

Dave Yeske | 2003 FPA President, 2004 FPA Chair

As a membership organization, the FPA spent many years discussing how to best serve its CFP® practitioners and others who hold themselves out as financial planners. FPA saw a significant issue with the SEC’s position on exceptions to the fiduciary standard in the ‘Broker-Dealer Rule.’ It created confusion and different standards that the public might very well not see or understand. We decided that the only way to best serve the public and the profession was to sue the SEC. It was not a decision made lightly. Discussions were held for a couple of years, and many surveys and conversations were conducted among members and at the board level. It was clear it was prudent in advocating for our members as we moved the profession forward.

Nick Nicolette | 2007 FPA President, 2008 FPA Chair

FPA’s claim stated you cannot call the financial advice incidental if you are selling it as advice. One organization actually called their program ‘advised investing’ and still claimed their advice was incidental, which seemed nonsensical to us. In order for a brokerage account to be exempt from a fiduciary duty and the Advisers Act, the SEC required a disclosure that said, ‘This is a brokerage account, and the duties differ from an advisory account. Ask your financial service provider to explain the differences to you.’ This did not seem logical because a disclosure is supposed to tell the consumer what the differences are and why they matter.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

FPA decided to continue pursuing the lawsuit, focusing on the distinction between the services offered by RIAs and broker-dealers.

I believe approximately \$300 billion had gone under these exempt-fee accounts prior to and during the lawsuit, and they had to be converted back to normal brokerage accounts. I cannot imagine how many trillions of dollars would be in those fee-based brokerage accounts had we not won that suit. We were fighting for consumer protection and staking a claim about the importance of a fiduciary duty for people who give advice because this was strictly an investment advice issue.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

In 2007, the lawsuit was decided in favor of the FPA by the D.C. Circuit Court of Appeals in a divided opinion in the case of *Financial Planning Association v. SEC*. The decision vacated the Merrill Lynch Rule, removing the exception that allowed broker-dealers to offer fee-based brokerage accounts without being subject to the Advisers Act.

There was a mixed response to the SEC lawsuit. The firms used fear-based tactics to insinuate that the lawsuit would have terrible outcomes for their representatives. FPA membership was largely supportive of the lawsuit because they believe in financial planning as a profession. Membership numbers climbed as the lawsuit continued and peaked after we won the lawsuit in 2007. We were galvanizing the profession behind a cause they felt was right. Of course, there were mixed sentiments amongst the FPA membership, but the majority were happy and proud that their association stood up to stake a claim.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

We took the position that as a professional association, FPA served not only our members, but the public as well; that we were obligated to do what was in the interest of the public, as a part of the mission to bring purpose, recognition and sustainability to our members and their businesses. The 'Merrill Lynch Rule' allowed for exceptions to the fiduciary standard for brokerage firms that were using the language of planning and fiduciary care but were selling brokerage services under the lesser suitability standard. FPA sued the SEC and took financial risk to take a stand that we believed essential to our purpose and integrity. The lawsuit brought surprising amounts of positive consumer media attention. We ultimately won the suit in 2007. It did result in some meaningful changes but not to the extent we would have wanted or still seek today.

Elizabeth Jetton | 2004 FPA President, 2005 FPA Chair

We were successful in our challenge to the Securities and Exchange Commission's Broker-Dealer Rule. The Court ruled in our favor, and we were pleased that the SEC decided not to appeal the Court's decision. FPA chose to take on this issue to help create a world in which professionals who deliver financial planning and advisory services can do so with trust, respect and full disclosure, living by the same rules and with the intent of serving the best interests of their clients. I believe our message found its way into some of the work around fiduciary standards by the Department of Labor and many state securities bureaus that followed the lawsuit.

Nick Nicolette | 2007 FPA President, 2008 FPA Chair

LIMITED FIDUCIARY DUTY IN OLD CODE OF ETHICS AND PROFESSIONAL RESPONSIBILITY

CFP Board's first *Code of Ethics* had been introduced in 1985 by CFP Board's predecessor organization, the International Board of Standards and Practices for Certified Financial Planners (IBCFP). It required a CFP® professional to "exercise reasonable and appropriate professional judgment in the best interests of his/her client" and to "perform his/her services to the best of his/her ability in the best interests of clients."

Over time, the name and content of CFP Board's ethical standard evolved to include *Disciplinary Rules and Procedures* and *Practice Standards*. By no later than the mid '90s, heading into the new millennium, the fiduciary duty had been an important topic of discussion in the profession, contributing to FPA's decision to bring its lawsuit against the SEC.



CFP Board's timeline for introducing the fiduciary standard for financial planning coincided with FPA winning its lawsuit against the SEC trying to fortify a fiduciary standard for certain types of investment accounts. The fiduciary standard had been at the forefront of the conversation during the early 2000s. We were all willing to be held accountable for these standards, and we felt that anybody else giving advice to the public should have been held to a fiduciary standard as well.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

PROPOSED (OPTIONAL) FIDUCIARY STANDARD FOR FINANCIAL PLANNING

In 2005, CFP Board began a review of its ethics-related functions. The *Code of Ethics* had changed very little since its introduction, but the *Practice Standards* had evolved significantly. CFP Board realized that the *Code of Ethics and Professional Responsibility* would need to be reviewed and updated for consistency with the *Practice Standards*.



CFP Board had discussed introducing a fiduciary standard for financial planning for several years before it was officially proposed. We were conscious of the risk to certificants, particularly since the financial industry was becoming increasingly litigious. No one at CFP Board felt that we didn't want to put the client first, but we did want to create the standard in such a way that would be good for both the client and the certificant. For this reason, the conversation about whether or not to introduce the fiduciary standard for financial planning took some time because we really didn't want to hurt the people who were already trying to do a good job for their clients. We did not want to create a standard that was good for the client but bad for the advisors.

Karen Schaeffer | 2007 CFP Board Chair

The initial review of the ethical standards commenced in 2003 when a committee of CFP® certificants, charged with reviewing the effectiveness of CFP Board's ethical standards, proposed changes. The Board of Professional Review had reported challenges in applying the *Practice Standards* in some circumstances.

Sarah Teslik was CEO when CFP Board initially introduced the fiduciary standard. She drafted some changes to the existing Code of Ethics and rules. She asked a small group of individuals who had been active on the Board of Professional Review to look at them and offer suggestions. I was part of that group.

When we focused on the standard of care in existence at the time, it was that a CFP® professional was to act in the interest of the client. The group agreed that this did not go far enough. It was not enough to just act in the interest, but rather we wanted professionals to act in the BEST interest of the client. Once we agreed on that, we recognized that it was in fact asking CFP® professionals to agree to comply with a fiduciary standard, because that is what fiduciaries do. At that time, there was great concern that using the term fiduciary would increase chances of litigation. Firms were concerned that this litigation would not involve just the advisor but also their firm.

Our small group was adamant that a fiduciary standard was a necessary requirement in delivering quality financial planning. Since CFP Board was the greatest proponent of financial planning in the profession, it stood to reason that CFP Board's standards for financial planning should be a fiduciary one. Our group was unsure how to extend that to financial advice that didn't require financial planning. We knew this was a bold step that would receive, potentially, a lot of negative feedback. That feedback could lead some individuals and organizations to drop the use of the CFP® mark at a time when CFP Board was trying to grow the number of certificants. However, the group felt it was important enough to take that risk. The Board of Directors of CFP Board felt so, too.

Dan Candura | Past Chair of CFP Board's Board of Professional Review and member of CFP Board's Board of Directors (2004-2008)

Several ways that the ethical standards could be improved were identified and included in the first Exposure Draft released for public comment revisions on July 24, 2006, and are listed below:

- Clearing up repetitive and conflicting language.
- Closing a loophole making the *Practice Standards* hard for CFP Board to enforce. This loophole existed because most of the *Practice Standards* applied only to conduct labeled as “financial planning.” The revision adjusted the language to clarify that the ethical standards applied to anyone authorized to use the CFP® mark regardless of whether they were providing “financial planning” under a particular engagement or not.
- Clarifying that the *Code* is aspirational, while the *Rules of Conduct* are binding.
- Reordering the content to track the process that certificants and clients typically follow.
- Making all the ethical standards apply to all individuals — and only individuals — who are certified and granted the right to use the marks. (CFP Board clarified its ethical standards did not apply to other individuals or entities, including candidates, other professionals and employers of certificants.)
- Changing the name of the ethical standards to the more accurate title, *Rules of Conduct*.

The rollout of the fiduciary standard was not smooth. There were no previews. There was no seeking of input from professionals or anyone other than our small steering committee. There was simply an announcement of the changes. Needless to say, this did not go over well with certificants. CFP® professionals needed time to evaluate the changes and to offer suggestions about how to implement them. They needed to know what the change meant to their business. It was important for CFP Board to hear that feedback as CFP Board had a prior history of not listening to their certificants. There was great distrust of CFP Board and its motivation. There was also a lack of understanding by CFP® professionals of the true nature of CFP Board. Many thought it was a membership organization when in fact, it was a certifying body committed to serving the public interest. That was a key roadblock in the adoption of a fiduciary standard.

To move forward, CFP Board made changes in the language used, and the application of the fiduciary standard and clarification about when it would apply. CFP Board also drafted the members of our small group to speak at conferences and other gatherings to describe the changes and answer questions about how it would work. Some of those meetings were contentious. CFP Board continued to gather feedback and put together a revised rollout plan that gave financial advisors the opportunity to understand the changes and implement them. This became a key learning for CFP Board. Although not a membership organization, CFP® professionals are key stakeholders who should be listened to, and their input should be sought.

Dan Candura | Past Chair of CFP Board's Board of Professional Review and member of CFP Board's Board of Directors (2004-2008)

A particularly noteworthy new provision in the draft *Rules of Conduct* required certificants to indicate what legal standard would govern the agreement between themselves and their clients. If the certificant did not specify a legal standard, the default standard would be a fiduciary duty of care.

Many firms, particularly brokerage and insurance firms, who were not required by law or regulation to provide financial advice under a fiduciary standard, initially objected to CFP Board's efforts to require CFP® professionals to commit to a fiduciary standard. Consequently, CFP Board moved cautiously and incrementally as it transitioned to a stronger ethical standard. Its early attempts to adopt a fiduciary standard resulted in initial versions of the rule that contained loopholes that allowed advisors to avoid the fiduciary standard.

Marilyn Mohrman-Gillis | 2008-2016 CFP Board Managing Director, Public Policy & Communications

CFP Board specified that the default was designed to impose the fiduciary standard “where it was most needed” while avoiding “imposing it where it is either not needed or inappropriate” in circumstances where certificants might be academics, government employees, media commentators or in some other similar role. It also allowed individuals the freedom to create contracts that specified different legal standards for different services. The consequence of the language used in the draft *Rules of Conduct* was that a certificant would either commit to CFP Board to abide by a fiduciary duty or they would need to reveal in writing to the client that a different standard applied to their contract. The contractual engagement was required to be in writing, but the draft *Rules of Conduct* did not specify what the writing needed to look like or that the writing was signed by the certificant.

At the initial rollout, some thought that the standards were not clear enough and allowed for too much interpretation by individual financial professionals to represent a true standard. Some prominent spokespeople in the profession offered a view that CFP Board was putting up a soft standard, but it was never intended to be optional. Given the feedback, CFP Board reacted by being more explicit about the requirement when doing financial planning or material elements of financial planning.

Dan Candura | Past Chair of CFP Board's Board of Professional Review and member of CFP Board's Board of Directors (2004-2008)

CFP Board held a public discussion on the Exposure Draft at its Board meeting in Santa Monica, Calif., on Aug. 5, 2006, before the first comment period ended on Sept. 25, 2006. CFP Board received more than 300 comments, mostly focused on terms such as fee-only, the requirements surrounding written agreements and the fiduciary standard.

Among the letters received was a formal comment letter from FPA detailing the organization's concerns that the proposed changes would weaken consumer protections rather than strengthen them. They pointed out that the proposal had been developed without stakeholder input and should be withdrawn pending further discussion. The letter specifically pointed to the proposed revision that would set the default standard to a fiduciary standard unless a different legal standard was designated. Then president of the FPA, Dan Moisan argued that clients would need to read the fine print of their engagement letter in order to determine whether a fiduciary standard applied. FPA also objected to CFP Board removing the Practice Standards from the proposed revisions and called for them to be maintained. Feedback received in other comment letters broadly echoed FPA's sentiments.

The financial services industry has inconsistencies in its standards of conduct for the public. The idea to impose a fiduciary standard on CFP® certificants started before I began my tenure as CEO of CFP Board; there was a feeling that the public deserves to work with a financial planner who has committed to acting as a fiduciary. There was an initial, controversial proposal that would allow certificants to disclaim the commitment to a fiduciary standard. This proposal caused an uproar, and Dan Moisan, CFP® stood up at an FPA conference and criticized CFP Board for not being bold enough. Members of the Board of Directors, including Karen Schaeffer, CFP® and Marilyn Capelli Dimitroff, proposed a second draft. Ultimately, they raised the bar on CFP Board's standard and adopted a fiduciary standard that applied when providing financial planning or material elements of the financial planning process. This was the standard from 2007 until new standards were issued in 2018, which imposed a fiduciary standard for all financial advice.

Kevin Keller | CFP Board CEO

PROPOSED RULES INTRODUCE FIDUCIARY STANDARD FOR FINANCIAL PLANNING

An Ethics Task Force, chaired by Marilyn Capelli Dimitroff, was appointed to review the comments received from the public and recommend a course of action on the revisions. At its January 2007 meeting, the Board reviewed the feedback and the task force's report and discussed whether to release a second Exposure Draft for public comment.

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I headed the task force that proposed adoption of this standard. It was scary because we expected significant pushback from firms and a possible reduction in the number of CFP® certificants. But we felt strongly that we had made the right decision. Prior to adoption and after confirmation, we met with the major financial firms and showed them how relationships with clients is much stronger and deeper than a sales culture under fiduciary standard. Most began to agree and to implement changes.

Marilyn Capelli Dimitroff

2009 CFP Board Chair

Ultimately, the Board felt that the significant and valuable feedback from stakeholders warranted releasing a revised Exposure Draft. As the policy-setting body of CFP Board, the Board of Directors had the authority to approve changes to the *Standards of Professional Conduct* without a public comment period, but the Board felt strongly that the changes were of a nature that should include input from all interested parties. The second Exposure Draft was released for comment on March 9, 2007, for a 45-day comment period that closed on April 25, 2007.

In the second draft, key existing standards were strengthened, and no standard was weakened. For example, the task force revised Rule 1.1(e) of the previous Exposure Draft, creating new Rule 1.4, which strengthened the default duty of care for those holding CFP® certification by raising the “reasonable and prudent professional judgment” standard to a requirement that a CFP® professional “shall at all times place the interest of the client ahead of his or her own.” For CFP® professionals providing financial planning services, the duty of care was raised from the current duty to “act in the interest of the client” to the “duty of care of a fiduciary,” which was partly defined as acting “in the best interest of the client.” This rule officially introduced the fiduciary standard for financial planning or material elements of financial planning.

The fiduciary standard did not apply to all financial advice when it was first officially enacted by CFP Board in 2007–2008. It applied only in a planning engagement. Observing the fiduciary standard initially generated a lot of controversy, but most people came to realize it is not difficult to comply with the heightened level of responsibility to your client if you are doing financial planning the right way. Gather all the correct information, avoid hiding your compensation from your client, and inform the client of what you are and are not doing. All the best business practices you can come up with align beautifully with the fiduciary standard.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

Requirements for disclosures to clients and documentation of the relationship with a client were also strengthened. It also clarified that the disclosure requirements that CFP® professionals agreed to abide by applied to prospective clients as well as clients. Financial planning services were required to be accompanied by a simple written agreement that identified 1) the parties to the agreement, 2) the date of the agreement and its duration, 3) the procedure and terms for terminating the agreement, and 4) a description of the services to be provided as part of the agreement.

In 2007, the CFP Board voted unanimously to implement the fiduciary standard requirement for all CFP® certificants.

Marilyn Capelli Dimitroff | 2009 CFP Board Chair

CFP Board reviewed the comments about the second Exposure Draft at its May 2007 meeting. On May 31, 2007, CFP Board announced that it had adopted the revised version of its *Standards of Professional Conduct*. In the press release, CFP Board emphasized that CFP® professionals were making this commitment to CFP Board, and those CFP Board found to be in violation of CFP Board's ethical standards could be subject to public discipline, up to a permanent revocation of the right to use the CFP® marks. They also announced a campaign to educate CFP® professionals and financial planning educators about the impact of the revised standards. CFP Board issued written guidance documents and held webinars, workshops, in-person meetings and teleconferences to provide assistance in implementing and complying with the *Standards*.

The adoption of the fiduciary standard was a critical event. Major firms had concerns. Essentially, we had to ask them, 'So, you want us to say to the public that your advisor puts his/her firm ahead of your interests?' Of course, the firms denied this implication, and I think they began to understand the landscape was moving from product sales to client needs. The leadership of CFP Board was worried that imposing this standard would cause a steep reduction in the number of certificants, but we made the decision to implement the fiduciary standard anyway. I believe this decision changed the whole space of financial advice for the public.

Marilyn Capelli Dimitroff | 2009 CFP Board Chair

The adoption of strengthened, client-centered *Standards* raised the bar for professionalism in financial services and created broad public interest in CFP Board's ethical standards. The revised *Standards* went into effect on July 1, 2008, and initial enforcement was set for the same date. However, after a readiness-to-comply survey of firms associated with large numbers of CFP® certificants, CFP Board announced a six-month grace period to allow certificants and firms time to fine-tune processes to be able to be in compliance with the revised *Standards*. CFP Board set the enforcement date for Jan. 1, 2009.

The Board of Directors voted to adopt the fiduciary standard in 2007, and the announcement was made a few weeks before I started my role as CEO. Marilyn Capelli Dimitroff spearheaded the effort to meet with firm representatives from compliance departments. We listened to the firms' feedback and, relatively early in the process, we created the Business Model Council with the explicit charter of advising CFP Board about how our standards affect firms that have various business models. The Business Model Council has created an ongoing dialogue between firms, the certificants employed by the firms and CFP Board.

Kevin Keller | CFP Board CEO

WHY THE FIDUCIARY STANDARD IS IMPORTANT FOR CFP BOARD

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Our mission is to serve and protect the public. Anything less than a fiduciary standard comes up short of that mission.

Bob Glovsky | 2010 CFP Board Chair

It is a key differentiator in the profession. The compensation systems used in financial services reward volume rather than quality. As a result, financial advisors are often placed in a difficult situation, balancing their own benefit with that of their client. A fiduciary standard helps to shift that balance back toward the consumer. Since CFP Board's primary obligation is to the consumer, a fiduciary standard becomes a key element to fulfill the promise of ethical and competent advice.

Dan Candura | Past Chair of CFP Board's Board of Professional Review and member of CFP Board's Board of Directors (2004-2008)

Throughout its history, CFP Board has been at the forefront of the quest to establish financial planning as a well-recognized profession serving the financial needs of the public. One of the key attributes of a true profession is that practitioners are held to a standard of conduct that places clients' best interests first. CFP Board's Code of Ethics and Standards of Conduct incorporate requirements for CFP® professionals to act in the best interests of clients. The commitment that CFP® professionals make to CFP Board has evolved with regulatory obligations and now includes the professional obligation to act as a fiduciary at all times when providing advice to a client.

Blaine Aikin | 2017 CFP Board Chair, 2018-2019 Chair of CFP Board's Standards Resource Commission

CFP Board is charged with setting and enforcing the standards by which CFP® certificants commit to practice, so if we're going to build a true profession around one mark of competence and ethics, the CFP® mark, it is crucial that CFP Board set appropriately high standards, including a commitment to CFP Board to always acting as a fiduciary when advising clients.

Dave Yeske | 2003 FPA President, 2004 FPA Chair

As a professional body for financial planners, CFP Board has a responsibility to stand for and uphold this minimum standard of care for those who call themselves CERTIFIED FINANCIAL PLANNER® professionals.

Elizabeth Jetton | 2004 FPA President, 2005 FPA Chair

Since CFP Board's primary obligation is to the consumer, a fiduciary standard becomes a key element to fulfill the promise of ethical and competent advice.

Dan Candura

For the financial services industry, financial planning is seen as a process; CFP Board and CFP® professionals view it as a profession — one that aspires to be at the same level as the medical or law profession. That requires high standards around competency and ethics. It should be noted that CFP Board has had a fiduciary standard since 2008, but it only applied to engagements where financial planning was being delivered. In 2018, CFP Board decided to eliminate the different standards between advice that is delivered outside of a financial planning engagement and advice delivered within a financial planning engagement.

Joe Maugeri | Retired CFP Board Managing Director, Corporate Relations

As the credentialing body of CFP® professionals and acting for the benefit of the public, CFP Board has a responsibility to the public to represent their best interests. As such, during my service on the FPA board, we felt that the only way for the public to be best served was for CFP® practitioners to be subject to high standards. We were fully supportive of CFP Board embracing the fiduciary standard. This aligns with their responsibility to act on behalf of the public with the majority of CFP® practitioners.

Nick Nicolette | 2007 FPA President, 2008 FPA Chair

The CFP® designation has become the standard amongst an alphabet soup of designations. The only way CFP Board could fulfill its mission to the public was to take this bold step to require CFP® professionals to commit to CFP Board, as part of their certification, to comply with a fiduciary standard when providing financial advice.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards

The fiduciary standard is important for CFP Board because we have been leading the charge. In 2018, CFP Board adopted a broader fiduciary standard. One aspect of CFP Board's mission is to credential financial planners so that the American public may have access to competent, ethical financial planning. I believe it is about ethics, and the fiduciary standard is the ethical standard. CFP Board believes that every American should have access to competent, ethical financial advice, regardless of whether they choose to work with a CFP® professional. As it turns out, only one in every three financial advisors is a CFP® professional, so CFP Board does not have standards for the other two-thirds of advisors. For these reasons, CFP Board continues to provide significant support for the fiduciary standard and invest in expanding the number of CFP® certificants.

Kamila Elliott | 2022 CFP Board Chair

CFP Board's mission is to benefit the public. There is no better way for a financial professional to benefit the public than by delivering financial advice under a fiduciary standard. Therefore, the fiduciary standard goes to the very core of the reason for CFP Board's existence.

David Strege | 2008 CFP Board Chair

CFP Board believes financial planning should be viewed as a true profession by the public and the regulators of the world. Because a fiduciary standard cuts right to the heart of what professional advice entails, you cannot possibly build a credible profession on anything less. It is about truly serving the intended recipient of a service.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

CFP Board adopted a fiduciary standard because it was the right thing to do. The CFP® certification aspired to be THE credential in financial planning and falling short of fiduciary duty would not have been in the spirit of 'benefiting the public,' which is the basis for the Board's existence. When CFP Board first enacted a fiduciary standard, it only applied to financial planning and substantial elements of financial planning, and not to investment advice. That specific language caused a lot of problems. CFP Board received a lot of bad press for requiring that CFP® certificants adhere to a fiduciary standard when providing financial planning; there were predictions the credential would become less popular. But over the years, the mark blossomed and became even more significant. Then we thought, 'why not require CFP® certificants to commit to CFP Board to adhere to a fiduciary standard at all times?'

Susan John | 2019 CFP Board Chair

It was critical for CFP Board to take the stand to hold our certificants to a fiduciary standard. In the early days, we were fighting for big ideas like comprehensive advice being far superior to siloed advice and good financial advice needing to be accessible to everyone. We needed to take a further step and become the voice in the profession advocating for a fiduciary standard.

Karen Schaeffer | 2007 CFP Board Chair

There is no regulation specifically for financial planning. The SEC regulates the RIA space depending on whether the firm has over \$100 million assets under management (AUM), but that is really about investment advice and not financial planning. FINRA regulates the sale of products, which is also some of the implementation pieces of the financial planning process, but not the process itself. CFP Board took the first step back in 2008 to implement a fiduciary standard when doing financial planning. It was an important step, but it did not go far enough. At the time, there was a common term called hat switching where one could commit to being a fiduciary doing planning at one time and then take off their fiduciary hat and put on their non-fiduciary hat when implementing the sale of products. Now, CFP Board has put a stake in the ground that says when you are giving advice, you must commit to CFP Board to act as a fiduciary at all times.

Richard Salmen | 2018 CFP Board Chair

Anyone who is now or is becoming a CFP® certificant has an interest in looking holistically at someone's financial situation. The shift from a sales culture to a problem-solving, client-focused culture was a big deal. I believe CFP Board played a significant role in this change in the financial services industry and profession over time.

Marilyn Capelli Dimitroff | 2009 CFP Board Chair

THE PROFESSION IMPLEMENTS FIDUCIARY FINANCIAL PLANNING

RELUCTANT ACCEPTANCE BY LARGE FIRMS

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Some firms initially threatened to make their employees who were CFP® certificants relinquish their marks but discovered that some of these employees would leave their firm rather than give up certification. Overall, financial firms ended up accepting or embracing the concept that a CFP® professional could commit to CFP Board that they would put the client's interest first, ahead of the firm's interests. As a result, firms largely embraced certification.

Marilyn Capelli Dimitroff | 2009 CFP Board Chair

There was a mixed response from firms that employed CFP® professionals to CFP Board's fiduciary standard for financial planning. RIAs and smaller firms were largely in support of increasing the standards. However, the largest employers of CFP® professionals were mostly opposed to the implementation of the fiduciary standard for financial planning. The firms felt that the higher standards could create potential liabilities that would not exist if CFP Board were to have a lower standard. There was also concern about increased compliance costs.

At times, employees of firms and the firms themselves have viewed the fiduciary standard differently. As a firm owner myself, I understand it is essential to ensure employees are not subjecting the organization to liabilities that the firm itself does not embrace. Most financial planners are in the profession for the right reason: to help people make better financial decisions. However, many financial planners were upset with their employers who resisted the fiduciary standard to put the client's needs first. The firms' resistance to the fiduciary standard always puzzled me because if a firm is already putting their clients' needs first as they claim, then an employee committing to put the clients' needs first should not be a burden. Firms have also claimed that a fiduciary standard would reduce the number of sources from which a potential client can receive financial advice. But I do not know any rational person who would deliberately seek conflicted advice while simultaneously not knowing what they are paying for the advice. Fortunately, many employees within these organizations seek and maintain their CFP® certification and choose to uphold the fiduciary standard, which is a great thing for the public.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

Representatives from these large firms threatened consequences if the fiduciary standard for financial planning was implemented. Some firms said they would no longer support their employees pursuing CFP® certification and would not allow their employees who were already CFP® professionals to use the mark on their business cards. There were even threats that employees would potentially have to relinquish the certification altogether to remain employed at these large firms.

There was great fear that the firms would push back on the call for a fiduciary standard for CFP® professionals. Many of them were not subject to the high level of duty and care associated with fiduciary. There was a business concern that many of the firms that had the most CFP® professionals would not only stop sending advisors through the process but make them drop the designation. But as I said throughout, 'there is no wrong time to do the right thing.' Following the decision to move forward, history has shown that most of the firms wanted to do the right thing. I only know of one who required their agents to drop the designation.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards

CFP Board met with these large firms to determine what steps needed to be taken to gain their support. As a result of these conversations, CFP Board extended the enforcement date for the fiduciary standard for financial planning, which gave the firms additional time to consider their response.

Many of the large firms, especially the insurance companies, were furious that we wanted to implement a fiduciary standard for financial planning. One firm made threats that they were going to start a competing designation, and another firm would not allow their employee certificants to put their marks on their business cards. Marilyn Capelli Dimitroff and I held meetings with some of the largest firms to find out what we needed to do to solve some of the problems and address the concerns. Ultimately, we were able to address many of their concerns and give more time for CFP® professionals to comply. I like to think that the firms also realized that their employees were largely in favor of CFP Board's movement to a fiduciary standard for financial planning. They realized their employees had a choice about where they work, and they wanted to retain their valuable certificant employees.

Karen Schaeffer | 2007 CFP Board Chair

Ultimately, only one large insurance company had instructed its agents to relinquish their CFP® certification voluntarily. The company informed its employees that they were expected to relinquish the marks by Dec. 31, 2008, and they would no longer be able to utilize the certification for marketing or for their business cards. The firm stated that a fiduciary standard was not conducive to their business model. At the time, there was much speculation that other firms would follow suit, but none did despite their vocal opposition to the fiduciary standard.

Firms questioned the compatibility of their business models with a fiduciary standard (covering all engagements not just advisory). This resistance from firms caused some business models — particularly insurance broker-dealers — to discourage, or even not allow advisors to become certified. This resistance also came from large financial services firms that did brokerage and advisory business, some being owned by large national banks. Much of their lobbying came through their membership organizations, such as SIFMA and FSI. This resistance continued through the DOL's first attempt at a fiduciary standard in 2015, and then reached its maximum when CFP Board proposed a fiduciary standard for both financial advice and financial planning in 2018–2019.

Joe Maugeri | Retired CFP Board Managing Director, Corporate Relations

Despite large firms' reluctant acceptance of the fiduciary standard for financial planning, CFP Board made enforcement one of its six "pillars," dedicating significant resources to this key area of focus.

Having a fiduciary standard and enforcing a fiduciary standard are two different things. There was a turning point for CFP Board with the hiring of Kevin Keller as CEO. CFP Board now had an executive officer who understood that enforcing a fiduciary standard would differentiate CFP Board with regulators, consumers and potential CFP® professionals. Although many organizations have codes of ethics, very few enforce them. They are window dressing and aspirational in nature. Kevin Keller understood that for CFP Board this needed to be more than aspirational. It needed robust implementation and enforcement. Organizational change requires top-down leadership. The fiduciary standard has had that during Keller's tenure. The fiduciary standard transformed CFP Board from being merely one of many designations used by financial advisors to an authentic certification that mattered to both consumers and advisors.

Dan Candura | Past Chair of CFP Board's Board of Professional Review and member of CFP Board's Board of Directors (2004-2008)

CFP BOARD'S FIDUCIARY STANDARD POSITIONS ORGANIZATION AND PROFESSION AS ADVOCATE FOR INVESTOR PROTECTIONS

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CFP Board has long advocated on behalf of the consumer. As an organization originally formed as a 501(c)(3), CFP Board focused on serving the public, and our advocacy work certainly accomplished much of this.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards

Kevin Keller's arrival as CFP Board's new CEO in 2007 occurred during a tumultuous time. CFP Board had experienced tremendous turnover in leadership in the preceding years, and the organization had several challenges that needed to be addressed. Additionally, the global financial crisis began to unfold in 2007, marking a challenging time for the public and the financial professionals that served them. The first 18 months of Keller's tenure was focused on aligning CFP Board's vision and direction with available staff resources. At the end of 2008 in his CEO Annual Progress Report, Keller shared that CFP Board was in a position to turn its focus to raising awareness of the CFP® certification brand with the public, differentiating CFP® certification from its less-meaningful competitors, and influencing and shaping public policy in support of the public and the mark holders.

Regulation of financial planning was a key investor protection initiative. We advocated for the recognition, by the federal government, of financial planners as a regulated profession. We advocated that CFP® certification or similar standards be incorporated as a requirement for those holding themselves out to consumers as financial planners. This would establish financial planners as a recognized profession, akin to lawyers and accountants. This would benefit the public by allowing the public to easily identify and utilize competent and ethical financial advisors. It would also benefit CFP® professionals by preventing non-qualified advisors from promoting themselves as financial planners and recognizing financial planners as trusted financial professionals. The fiduciary standard was a key component of the proposed regulation.

Marilyn Mohrman-Gillis | 2008-2016 CFP Board Managing Director, Public Policy & Communications

In his CEO Annual Progress Report 2008, Kevin Keller wrote, "CFP Board's work in support of wise public policy is the strongest possible vindication of our mission. Our ability to be on the scene, and to have access to committee hearings when policy is made in Washington, is an enormous boost to our effectiveness and prestige. The public profile of CFP Board is especially enhanced when we undertake activities that protect the most vulnerable in society, such as fighting financial exploitation of the elderly or pushing for financial literacy programs. Our nonprofit status and our inherent responsibility that our public policy activities benefit the public, combined with the evident rigor of CFP® certification — especially the client-centered ethical standards — are allowing us to make positive and confident first steps into policy circles."

In 2008, CFP Board hired a Managing Director of Public Policy and established a Public Policy Council to support CFP Board's input into policymaking. The Public Policy Council's membership included CFP® certificants and public members with expertise in public affairs, legislation, regulation, taxation/ERISA and consumer advocacy. CFP Board also began establishing a strong framework of relationships with key policymakers and strategic partners with the intention of participating in policy discussions addressing

regulatory failures and other causes of the financial crisis.

Having positioned itself to pursue public policy advocacy, CFP Board began working on investor protection issues, such as target date fund titling. In June 2009, CFP Board Chair Marilyn Capelli Dimitroff outlined CFP Board's proposal to enhance consumer safeguards for investors using target date funds at an SEC and Department of Labor (DOL) hearing. CFP Board testified that many target date fund titles were misleading to the public because the funds were permitted to be managed in ways that were inconsistent with reasonable expectations based on how the funds were named. CFP Board further testified that disclosures were inadequate to counteract investors' reasonable expectations created by the target date funds' names because investors rarely read disclosures and disclosures can be challenging to fully comprehend. CFP Board recommended that the SEC require target date funds' names to consistently fall within an acceptable range of asset allocations that would be consistent with investors' expectations based on the fund's name.

During my year as CFP Board Chair in 2009, I regularly spoke around the country at conferences and at media events. I met with firm leaders, certificants and with the SEC. I testified at state and federal hearings. Following my Board Chairmanship — and because of my role in promoting adoption of the fiduciary standard — I eventually got to ring the opening bell of the New York Stock Exchange. My introduction centered on the fiduciary requirement, which was set to impact financial services. I was pleased at the timely opportunity to reach the broader financial community. Many participants were still wrestling with the serious conversation and implications about fiduciary. I spent much of the year meeting with bankers, insurance companies, brokers and CPAs to communicate what financial planning really meant for CFP® certificants. We conversed with financial firms who felt they could not support their certificant employees committing to a fiduciary standard. I hardly had any time for my own business. And the 2009 financial crisis added to the stress! There was apprehension on the part of major firms. But fortunately, many of the firms' decision-makers agreed that working on the client's behalf was crucial to long-term relationships. Most professionals want the best for their clients, so the fiduciary requirement fits with their underlying purposes and values. Ultimately, most firms understood that the fiduciary standard for CFP® certification is a good thing.

Marilyn Capelli Dimitroff | 2009 CFP Board Chair

Over the course of the next two years, CFP Board also took formal positions on a range of other regulatory issues affecting financial planners and their clients, including mutual fund 12b-1 fees, lifetime income options, a new IRS registration requirement for paid income tax preparers, core competencies for financial education, equity indexed annuities and senior investor protections.

FINANCIAL PLANNING COALITION

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The fiduciary standard was the reason the Financial Planning Coalition was established. It was 2008, and CFP Board had just moved to Washington. The stock market and the economy were crashing down around us. Ron Rhoades, CFP® and Tom Orecchio, CFP® came to visit me. NAPFA has always had a fiduciary standard. FPA had recently endorsed it, and CFP Board had just implemented its fiduciary standard. Ron and Tom and others said, ‘We cannot all be going to Capitol Hill policymakers on our own. We should go together.’ We agreed immediately and created the coalition with NAPFA and FPA, because I know one cannot get something done with just one small voice in this town. That was the catalyst for pushing the fiduciary standard forward. The three leading financial planning organizations came together to use their collective power to advocate for the fiduciary standard, as well as the recognition and regulation of financial planners. I believe the coalition was needed before it was created, it was needed when we created it, and it is needed now. The coalition was born of necessity and opportunity.

Kevin Keller | CFP Board CEO

It was a total team effort. The primary member of the FPA is the CFP® professional, and its leadership past and present was favorable to the fiduciary standard. Like myself, many of us had served both the FPA and CFP Board. There was also cross leadership with the National Association of Personal Financial Advisors (NAPFA), which had long favored a fiduciary model. Together, we were an unstoppable force.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board’s Commission on Standards

To further strengthen its position for public policy advocacy, CFP Board joined the Financial Planning Association (FPA) and the National Association of Personal Financial Advisors (NAPFA) in creating a coalition of financial planning organizations called the Financial Planning Coalition. This coalition was created to discuss the potential for a unified response to widely expected reform by Congress of the delivery of financial services in response to the financial crisis. The coalition agreed to a joint Statement of Understanding in December 2008, pledging to work together to create a strong and clear voice for regulatory reform that recognized the public benefits of a financial planning profession united in its support of a fiduciary standard for clients. At each step of the policy development process, CFP Board reached out to the CFP® certificant community to solicit their views.

The coalition was extremely active between 2007 and 2018 when CFP Board enacted the fiduciary standard. The Consumer Federation of America joined the coalition in the fight and were united in trying to develop a way to explain and illustrate how a fiduciary standard could operate within different business models.

Susan John | 2019 CFP Board Chair

Throughout 2009, the Financial Planning Coalition worked closely with a broad coalition of consumer, state regulator and industry organizations to advocate the extension of the principles-based Advisers Act fiduciary standard to broker-dealers providing investment advice.

DODD-FRANK ADVOCACY



In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The legislation was passed, in part, because of the global financial crisis with the intention of reducing the risk in the banking system and decreasing the likelihood of further private sector bailouts. The Dodd-Frank Act aimed to reduce risk in the financial system, increase accountability and regulation of financial products, and protect consumers.

In collaboration with the Financial Planning Coalition, CFP Board developed and advocated a legislative proposal setting forth a clear position on regulation of financial planning as a distinct profession, based on extensive research and input from the CFP® professional community. The coalition called for a national oversight board for financial planners, and it successfully secured a provision in the Dodd-Frank Act requiring the U.S. Government Accountability Office (GAO) to conduct a study examining the need for regulation of financial planning, which the GAO published in 2011. The GAO report stated that an additional layer of regulation specific to financial planners did not appear to be warranted at the time of publication.

I established the Financial Planning Coalition to work collaboratively toward this investor protection initiative. We were successful in getting a provision to regulate financial planners in the House version of the Dodd-Frank bill, but it was removed in the final legislation. Subsequently, we developed a comprehensive state advocacy plan to pursue regulation of financial planning on a state-by-state level. However, CFP Board's Board of Directors decided not to pursue this initiative.

Marilyn Mohrman-Gillis | 2008-2016 CFP Board Managing Director, Public Policy & Communications

Despite significant opposition from influential segments of the financial services industry, the Financial Planning Coalition, in collaboration with public interest, state and industry organizations, successfully secured a second provision in the Dodd-Frank Act giving the SEC authorization to promulgate a fiduciary standard for broker-dealers and RIAs that is no less stringent than the fiduciary standard under the Advisers Act. Following a six-month study, the SEC would have authority to extend the fiduciary standard to brokers or dealers giving investment advice to retail customers. CFP Board advocated for the SEC to exercise its permissive authority to extend the fiduciary standard to broker-dealers.

CFP Board was deeply involved in trying to create a fiduciary standard in Dodd-Frank. Unfortunately, there were many corporate voices that opposed such a standard.

Bob Glovsky | 2010 CFP Board Chair

Despite publishing the mandated study, which recommended that the SEC adopt a uniform fiduciary standard for broker-dealers and RIAs when providing personalized investment advice to retail customers within the deadline mandated by the Dodd-Frank Act, the SEC did not move forward in proposing a uniform fiduciary standard. The coalition delivered a petition to the SEC signed by more than 5,400 financial planners urging the SEC to move forward in extending the fiduciary standard. On Sept. 13, 2011, the Financial Planning Coalition delivered a prepared statement for the record before the House Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises. The statement advocated for bipartisan support of the investor protection provisions of the Dodd-Frank Act, including Sections 913 and 914, and urged Congress to provide the SEC with necessary resources to fulfill its

regulatory mandate. The coalition also expressed a desire to collaborate with the subcommittee members to address the issues identified by GAO's study on financial planning.

It is important to understand the background of CFP Board's public policy initiatives, which was one of the reasons [the Board] moved from Denver to Washington, D.C., in 2007. In 2008, the Financial Planning Coalition was formed (FPA, CFP Board and NAPFA) to better educate the public and influence financial planning regulation. Following the passage of Dodd-Frank after the financial crisis, the coalition became active in promoting policy changes. The financial services industry pushed back heavily on these changes and saw them as a threat to their businesses. I was hired in March 2011 while hearings were still being held on the proposals, and we started to get feedback from firms that our public policy positions were in conflict with their industry positions. Firms felt they were already sufficiently regulated (many said 'overregulated' pointing to state, federal, SEC, FINRA, OCC regulations, etc.) and that CFP Board was overstepping in going beyond its role as a certifying body.

Joe Maugeri | Retired CFP Board Managing Director, Corporate Relations

Movement on the issue stalled. In March 2013, the SEC released a Request for Information on the issue, sparking concerns that this signaled the SEC was backing away from requiring a fiduciary standard for broker-dealers. CFP Board, AARP, American Institute of Certified Public Accountants, Consumer Federation of America, Financial Planning Association, Fund Democracy, Investment Adviser Association, National Association of Personal Financial Advisors and the North American Securities Administrators Association wrote a letter to the new SEC chairman supporting a uniform fiduciary standard consistent with the Dodd-Frank Act.

A parallel advocacy effort was promoting a requirement that all financial advice be delivered under a fiduciary standard. I formed the Friends of Fiduciary (FOF) to advance this goal. The most prominent members were CFP Board, FPA, NAPFA, the Investment Adviser Association and the Consumer Federation of America. We were able to secure language in the Dodd-Frank Act, which provided guidance for a Federal Communications Commission (FCC) rulemaking, and we participated in the FCC proposed rules in support of the fiduciary standard.

Marilyn Mohrman-Gillis | 2008-2016 CFP Board Managing Director, Public Policy & Communications

In 2014, the U.S. House of Representatives approved an amendment to the 2015 fiscal year budget prohibiting the SEC from using the appropriated funding to adopt a fiduciary standard. The Financial Planning Coalition urged the Senate to reject the budget amendment, and ultimately the amendment was not adopted. Despite the SEC's lack of action, CFP Board continued to pursue the issue, meeting with SEC senior staff in 2015 in support of a strong fiduciary standard for investment advisors and broker-dealers under Section 913 in the Dodd-Frank Act.

CFP BOARD EXTENDS FIDUCIARY STANDARD TO ALL FINANCIAL ADVICE TO A CLIENT

CFP BOARD ESTABLISHES A COMMISSION ON STANDARDS

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We formed a Commission on Standards to recommend to the Board of Directors the next generation of ethical standards for CFP® certification. There was no preordained outcome, but we knew that one of the key issues was the scope of CFP Board's fiduciary duty.

Leo Rydzewski | CFP Board General Counsel and Staff Liaison to CFP Board's Commission on Standards and Standards Resource Commission

At the end of 2015, CFP Board established a Commission on Standards to review and recommend proposed changes to the *Standards of Professional Conduct*. The Commission was charged with working with and through CFP Board's General Counsel, Leo Rydzewski, to review and recommend to the Board proposed changes to four sections of the *Standards*: *Terminology*, *Code of Ethics and Professional Responsibility*, *Rules of Conduct*, and *Financial Planning Practice Standards*.

We had three charges: 1) Rewrite the Code of Ethics; 2) rewrite the Standards of Conduct; and 3) rewrite the Practice Standards.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards

CFP Board had been preparing for the launch of the Commission on Standards for several years. Years earlier, in discussing the role that the Commission would play, the Board considered whether to exclude Rule 1.4, the fiduciary duty section, from their review of the *Standards*. Ultimately, the Board decided against excluding any sections of the *Standards* from the Commission's review.

I started my term on the Board of Directors on Jan. 1, 2015. The Board approved the creation of the Commission on Standards in its Fall meeting in 2015 to research and analyze the current landscape and come back to the Board with a recommendation about updating the ethical standards. The Commission did their work in 2016 and 2017, and the Board ratified their work in 2018, the year I was chair. I was able to see the full gamut of this effort during my tenure on the Board.

Richard Salmen | 2018 CFP Board Chair

Members of the commission were CFP® professionals and other members of the financial services industry representing various business and compensation models. There were also regulatory experts, a consumer advocate and a representative of the public. Ray Ferrara, the immediate past Chair of the Board of Directors was the Chair of the Commission on Standards. The other members of the commission were Chris Beard, Allison Bishop, David Foegal, Diahann Lassus, Linda Leitz, Terry Lister, Sue Meisinger, Matt Murphy, Robert Plaze, Christopher Rand, Peter Richardson, Barbara Roper and Jeffrey Sills. CFP Board's

General Counsel, Leo Rydzewski, was the staff liaison, and he was assisted by Adam Zajac, the Managing Director of Adjudication.

In late 2015, Kevin Keller reached out to me and asked if I would Chair the Commission on Standards. Since 2009, CFP Board's fiduciary standard applied when doing a financial plan or when essentially doing the elements of a financial plan just in case someone didn't choose to call what they were doing 'financial planning.' Early on, it was clear to many of us that the next step needed to be taken. It was a function of how far we were willing to go. The debate within the Commission was spirited yet civil. One of the big hang-ups was how to define when the fiduciary standard applied. Should it be 'at all times'? If not, why not? For instance, if a CFP® professional was acting as a pure stockbroker who was simply taking an order from a client without providing advice, should that be under a fiduciary standard? Or, what if they were performing some other service like doing taxes, maybe legal advice if a lawyer, should they be held to our fiduciary standard? We came to a point where we decided that a CFP® professional should commit to acting as a fiduciary at all times when providing 'financial advice.' It then became apparent that we would have to define 'financial advice,' which we managed to do very broadly. We needed to cast a wide net without loopholes.


Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards


FINANCIAL PLANNING


Financial Planning is a collaborative process that helps maximize a Client's potential for meeting life goals through Financial Advice that integrates relevant elements of the Client's personal and financial circumstances.


FINANCIAL ADVICE

1 A communication that, based on its content, context and presentation, would reasonably be viewed as a recommendation that the Client take or refrain from taking a particular course of action with respect to:

-  **A** The development or implementation of a financial plan;

-  **B** The value of or the advisability of investing in, purchasing, holding, gifting or selling Financial Assets;

-  **C** Investment policies or strategies, portfolio composition, the management of Financial Assets or other financial matters; or

-  **D** The selection and retention of other persons to provide financial or Professional Services to the Client; or

2 The exercise of discretionary authority over the Financial Assets of a Client.

We realized as a Board that it was time to take the fiduciary standard to a higher level within the CFP® certification, but we also knew we needed to follow a good process and not just put out an edict. It was a representative group across the profession. Every single word was scrutinized by a good group of people passionate about coming to the right conclusion. To their credit, I believe they succeeded. To summarize, the standards say that if your client is asking you for advice, then you are committing to CFP Board, as part of your certification, to comply with a fiduciary standard, which is as it should be. To be clear, if somebody walks into a company and says they want to buy 100 shares of IBM, they are not requesting advice. Therefore, it is just a direct order, and there is absolutely nothing wrong with people buying what they want. Had they come in and asked if they should buy 100 shares of IBM, that is requesting advice, and that advice should be held to a fiduciary standard.

Richard Salmen | 2018 CFP Board Chair

PROPOSED CODE OF ETHICS AND STANDARDS OF CONDUCT INTRODUCES FIDUCIARY STANDARD FOR FINANCIAL ADVICE

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The Board of Directors concluded that we could adopt a fiduciary standard that applied at all times. It took three years for the work to be done, and the new proposed Code of Ethics and Standards of Conduct were finalized in 2019. We felt it was important for the Code and Standards to be principles based and not rules based. There is always a way around a rule, but when a concept is based on principles, you need to follow the intent of the principle, which is more difficult to circumvent. Some firms have found it challenging to adapt to principles-based standards. On a personal level, advisors can struggle with this as well. The intention is to deliver advice in a prudent and consistent manner using appropriate assumptions and techniques for each client because the facts, circumstances and psychology of each client are different. Personally, I am very proud of having served on CFP Board during this important change.

Susan John | 2019 CFP Board Chair

During January and February of 2016, before the Commission held its first meeting, CFP Board's General Counsel began the process by organizing public forums to solicit feedback from the CFP® certificant community to assist the commission with its decision-making. The public forums were held in Philadelphia, New York, Boston, Miami, Houston, Chicago, Los Angeles, San Francisco and Denver. CFP Board also met with its Disciplinary and Ethics Commission, the CFP Board Business Model Council, the Financial Planning Association, and the National Association of Personal Financial Advisors. In these forums, CFP Board met with more than 500 individuals to obtain their input before the Commission held its first meeting.

A significant majority of attendees were in support of CFP Board imposing a higher standard than was in effect at that time. Many attendees thought CFP Board should implement a fiduciary duty that applied at all times to all business models. These attendees believed that having two standards (one that applied when a professional was providing financial planning, and another that applied when the professional was not providing financial planning) impacted CFP Board's credibility. They felt that CFP® professionals always should operate at a fiduciary level. Several of these attendees asserted that CFP® professionals operating under any business model could still satisfy their fiduciary requirements by offering to provide their clients with fiduciary-level care and service. Even if the clients rejected the offer, these attendees would contend that all fiduciary obligations had been satisfied.

We wanted to hear from CFP® professionals, so Ray Ferrara, Leo Rydzewski and I traveled across the country on a listening tour. We structured the conversation to obtain meaningful input on key issues we knew that the Commission would face. A large number of CFP® professionals engaged with us, and we learned a lot. It was encouraging to see the passion, energy and deep commitment to developing the financial planning profession.

Blaine Aikin | 2017 CFP Board Chair, 2018-2019 Chair of CFP Board's Standards Resource Commission

A minority of attendees expressed strong opposition to CFP Board applying a higher standard than the law would otherwise require. They contended that CFP Board was “essentially an educational organization” that helped to train financial planners, and that CFP Board had no business setting up ethical standards and rules that imposed a fiduciary duty on its certificants. These attendees felt that CFP Board was subjecting them to additional legal risk. They claimed that they frequently engaged in “non-fiduciary” activities with clients. Many of these attendees insisted that they were already sufficiently regulated by state, federal and self-regulatory authorities, and that CFP Board would only make things more confusing if it tried to enact additional standards. If CFP Board applied a standard that was higher than required by law, these attendees insisted that CFP Board would be placing them in direct conflict with their employers.

Before the new standard became finalized, firms engaged with us and made it clear that they may consider forcing relinquishments from their CFP® professionals, or at a minimum, not allowing them to display the marks. Many firms immediately began to suspend efforts to get their advisors certified. Their reasoning was that their compliance oversight was structured to clearly align their programs, products and advice with their regulatory oversight (i.e., FINRA and the SEC). They said CFP Board’s fiduciary standard would cause confusion on what compliance rules were in place in their advisor engagements. Many meetings were held with senior executives at firms, that included myself, Kevin Keller and Leo Rydzewski, our General Counsel.

Joe Maugeri | Retired CFP Board Managing Director, Corporate Relations

Despite the comments in opposition to expanding CFP Board’s fiduciary standard, a majority of attendees contended that CFP Board should implement a fiduciary standard of care that would apply at all times and under all circumstances. These attendees wanted CFP Board to focus on what the client was expecting when he or she elected to work with a financial services professional. In their view, clients naturally assume that they are being “protected” by the fiduciary standard, and that a financial professional is always looking out for their clients’ best interests. Many attendees insisted that a move to a fiduciary standard that was “applicable at all times” was critical because it would help distinguish CFP® professionals from salespersons and promote financial planning being recognized as a true “profession.” These individuals strongly encouraged CFP Board to act as a leader in the move toward a stronger, broader fiduciary standard. Several attendees referenced doctors and lawyers as examples of professions where there was no question about what duty the professional owes to the client. Many attendees acknowledged that adopting a fiduciary standard that applied at all times would impact business models, such as captive insurance agents and those working at broker-dealers; nevertheless, the majority were undeterred in their support of expanding the fiduciary standard.

Most CFP® professionals strongly supported CFP Board adopting a fiduciary standard that applied at all times when providing financial advice. The large financial services firms offered a different perspective. These firms told CFP Board that they might require the CFP® professionals at their firms to relinquish their certification if CFP Board made this change. At one Business Model Council meeting, I led a discussion with more than 50 representatives of these large firms. Their feedback was both direct and negative.

Leo Rydzewski | CFP Board General Counsel and Staff Liaison to CFP Board’s Commission on Standards and Standards Resource Commission

When CFP® professionals at the public forums offered their support for an expanded scope of the fiduciary standard, CFP Board leadership asked the audience if their view would change if this were to cause the number of CFP® professionals to decrease by 5,000, by 10,000 or by an even larger quantity. Few indicated that this outcome would change their view. The majority of attendees indicated, by a show of hands and otherwise, that CFP Board should proceed with enhancing the fiduciary duty.

After the public forums, the Commission met to review the initial input from the public and to determine what modifications they would recommend to the *Code and Standards*. The entire project was a mammoth

undertaking. The Commission (and CFP Board staff) held six in-person two-day Commission meetings and nearly 100 subcommittee meetings. The Commission parsed through and deliberated every word. It was in one of the early Commission meetings that the Commission decided to tackle the biggest issue first: fiduciary. This proved to be much easier than anyone anticipated, because it did not take long for the Commission to unanimously agree to recommend a fiduciary-at-all-times standard.

In reporting to the Board on the recommendation of the Commission on Standards, CFP Board General Counsel Leo Rydzewski wrote, “This is an important time in CFP Board’s history. The commission has recommended a substantial revision to the *Standards*, the cornerstone of which is the requirement that a CFP® professional ‘must at all times act as a fiduciary when providing financial advice to a Client, and therefore, act in the best interest of the Client.’”

Under the expanded fiduciary standard, CFP® professionals were committing to a fiduciary standard when providing financial advice, not just when providing financial planning, as required under the previous standard. The practical implication of the new standard was that the conduct of a large quantity of CFP® professionals who were providing brokerage or insurance services would now be subject to CFP Board’s fiduciary obligation.

This was a welcome development for organizations such as FPA and NAPFA who had asked CFP Board to adopt a “fiduciary all the time” standard, but it was less welcomed by the larger firms who had expressed concern over potential increased liability risks. Yet, the entire Commission supported the proposed revised fiduciary standard, as did the members of the Disciplinary and Ethics Commission, a group that CFP Board convened to review an initial draft of the proposal, and the vast majority of those who attended public forums at the outset of the standards-setting process.

The Board of Directors weighed the fact that an expansion in the delivery of financial advice under a fiduciary standard would advance CFP Board’s mission to benefit and protect the public, but the proposed revised fiduciary standard also presented a threat to CFP Board’s long-standing desire to grow the number of CFP® professionals. There was a clear risk that CFP Board could lose thousands of CFP® professionals and experience a significant decline in revenues if the Board adopted the Commission’s recommendations.

In my report to the Board, I concluded that ‘the Commission’s recommendation strikes a proper balance. In the short term, some firms may decide not to allow their CFP® professionals to use the CFP® marks, limit the positions that CFP® professionals may hold, or stop promoting CFP® certification or reimbursing CFP® certification fees. Firms are less likely, however, to publicly oppose or entirely ban the certification. In the long term, CFP Board’s embracement of the fiduciary standard will cement its leadership position and stave off challenges to its legitimacy. The industry is moving, at an uneven pace, toward a fiduciary standard, and if CFP Board is not in front of this evolution, it risks being left behind.’

Leo Rydzewski | CFP Board General Counsel and Staff Liaison to CFP Board’s Commission on Standards and Standards Resource Commission

CFP Board issued its initial proposal on June 20, 2017, for a 60-day comment period. The initial proposal expanded the scope of the fiduciary standard to apply at all times when CFP® certificants provide financial advice. The Board of Directors had held its ground.

CFP Board is very process oriented. In addition to soliciting participation from the insurance industry, brokerage firms and the coalition, we also published the proposed Code and Standards for public comment. We took the public’s consideration very seriously and met with several commenters. The public comment period was long, but it had good results and enabled us to craft the Code and Standards optimally for the profession and the public.

Susan John | 2019 CFP Board Chair

As the Chair of the Commission on Standards in 2016-2017, in addition to our concern about the firms' reaction, there was a greater concern about the CFP® professionals themselves. Given the work that was done by CFP Board prior to forming the commission, there was a general thought that almost universally it would be welcomed, and it was. When we traveled around the country to introduce the new work and to listen to comments, the vast majority were in support.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards

CFP Board held additional public forums to gain input and received more than 1,300 written comments. Meanwhile, CFP Board promoted the revised *Code and Standards* to the public. After a host of consumer advocates submitted comment letters celebrating the strong fiduciary stance that CFP Board had taken in the proposed revised *Code and Standards*, CFP Board took out a full-page advertisement (see page 42) in the *Wall Street Journal* on December 22, 2017, to announce revisions to the *Code and Standards* and promote the benefit to the public.

When the comment period ended, the Commission on Standards spent time evaluating the feedback and then made some changes. Most significantly, CFP Board eliminated a pre-engagement disclosure requirement and the presumption that all engagements were financial planning engagements. In other words, CFP Board wanted the conversation to focus on fiduciary. If a firm were to reduce or end support for CFP® certification, it must be because they opposed a client-first standard, and not because of some disclosure requirement.

CFP Board then issued a revised proposal for additional public comment. In January 2018, CFP Board opened a new 30-day comment period for the revised proposal based on feedback received. In response, many of the same firms that had objected to the original proposal restated their strong opposition to the expanded scope of the fiduciary standard.

Ultimately, the Board of Directors unanimously decided to adopt the revised *Code and Standards* as recommended by the Commission on Standards. Despite the revenue risk to CFP Board, each member of the Board of Directors showed great courage in expanding the fiduciary standard. The Board felt strongly that expanding the standard was the right thing for the profession and thus the right thing to do for the organization in the long run, even if there were short-term consequences.

On March 28, 2018, after a deliberative, inclusive and transparent two-year process, CFP Board announced the adoption of the new *Code and Standards*. The new *Code and Standards* became effective on Oct. 1, 2019. In July 2019, CFP Board announced that the new *Code and Standards* would not be enforced until June 30, 2020, giving certificants and their firms a significant amount of time to adjust.

Have you been in the middle of something when at the time, the decision seemed very difficult, but in hindsight, it was actually very easy? That is what the Board went through with setting the fiduciary standard. We had to think of all the unintended consequences and take each deliberation very seriously. On top of that, we delayed enforcement after implementation to give individuals and firms time to comply, which is just standard operating procedure under the SEC and DOL. It was more important to slowly implement the standard smoothly than get there fast, and I think implementation worked fairly well.

Richard Salmen | 2018 CFP Board Chair

This was a defining moment in CFP Board's history. The risk was real, but the Board of Directors never blinked. They knew — both individually and collectively — that this was the right decision for CFP Board, CFP® certification and the financial planning profession. More importantly, they also knew that this would support CFP Board's mission to benefit the public — the people who CFP® professionals serve.

Leo Rydzewski | CFP Board General Counsel and Staff Liaison to CFP Board's Commission on Standards and Standards Resource Commission

We're raising the bar on ethics. **But don't take our word for it, take theirs.**

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CFP Board has been a pioneer in establishing and promoting professional, competent, and ethical financial planning services. AARP strongly agrees with the CFP Board's broadening of the fiduciary standards for CFP® professionals and requiring them to put a client's best interest first at all times.

AARP

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These revisions will provide enhanced protections for investors who turn to CFP® professionals for financial advice, ensuring that investors receive advice that is in their best interest at all times during the relationship.

Consumer Federation of America

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It is a comfort to investors to know that the highest standard of investor advice and duty of care will be upheld by CFP® professionals.

Consumer Action

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We are firm believers in the need for investor protections. We support these proposed Revisions because they offer expanded protections to investors seeking financial planning guidance that is in their best interest.

National Consumers League

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The financial world has never been as complicated as it is today. More and more, people are demanding that the financial professional they choose to work with put their best interest above all else. That's been a given at CFP Board for years. However, in view of today's financial climate, we're developing a *Revised Code of Ethics and Standards of Conduct*.

These consumer advocates recognize that raising the standards for those who provide financial advice is an important step forward for consumers and for the financial profession as a whole.

CFP Board has always taken our role of benefiting the public with the utmost seriousness. We know that we are dealing with far more than numbers and dividends. We are dealing with people's lives and the lives of their families. There is no greater responsibility.



CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

To find a CFP® professional, visit letsmakeaplan.org

Wall Street Journal ad from December 2017

FIRM RESPONSES AND CONTINUED GROWTH OF CFP® PROFESSIONAL COMMUNITY



Responses to the introduction of the fiduciary standard at all times for advice was overwhelmingly positive.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards

The Board of Directors, CFP Board leadership and the Commission on Standards had taken a bold step in expanding the fiduciary duty from applying only to financial planning and material elements of financial planning to all financial advice. They recognized there was significant risk in adopting higher standards, and it was possible that a significant number of CFP® professionals working at firms who did not want to comply with the expanded fiduciary duty would relinquish their marks.

Many firms were unhappy with CFP Board's decision. We worked to address their concerns and reinforce the value of CFP® certification. Meanwhile, changes in the financial advice ecosystem, including in particular the SEC's issuance of Reg BI, helped firms to accept our standards.

Susan John | 2019 CFP Board Chair

To mitigate the risk to the organization, CFP Board CEO Kevin Keller organized the "Standards Promotion and Integration Team" (SPIT). SPIT was created to promote the proposed revised *Code and Standards* to external audiences and to integrate the *Code and Standards* across programs and functions within CFP Board. Members of SPIT included the General Counsel, COO, and representatives from legal, professional standards, professional practice, media relations, corporate relations, advertising, consumer/regulatory outreach, stakeholder communications, finance, IT and the executive office. The team divided responsibilities across key functions and initiatives, with each team member being assigned to a specific function with responsibilities for generating initiatives in that area to promote support for the *Code and Standards* and CFP® certification. The team held regular meetings and developed and implemented strategies to engage firms, CFP® professionals, registered programs and consumer/investor groups with outreach to assist these groups in understanding and adopting the new standards.

A cross-department working group was formed to create materials to enable CFP® professionals and firms to better comply with the new standards. It had an acronym — SPIT — and it met weekly to deliver these materials by the enforcement effective date of the standards in July 2020.

Joe Maugeri | Retired CFP Board Managing Director, Corporate Relations

In preparation for the possibility of a significant reduction in the number of CFP® certificants, the CFO of CFP Board prepared a contingency budget for 2018 that included possible cost-cutting measures necessitated by the impact of a drop in the number of CFP® professionals.

We did some internal planning within the Board for our assumed worst-case scenario of losing 20% of our CFP® professionals. I remember Kevin and I had to make calls to several high-up people in multiple organizations that we knew were not going to be happy with us ultimately deciding on a fiduciary standard when delivering advice. But six years later, the number of CFP® certificants has grown by 20-25%. I believe the bottom line is the market spoke. We counted on the idea that certificants who wanted to be held to a fiduciary standard would find a new firm if their employer wanted them to relinquish their marks. I believe there was too much market risk for anybody to come out and say they didn't want to look out for the best interest of the public.

Richard Salmen | 2018 CFP Board Chair

Fortunately, the threatened decline did not come to fruition. In 2018, the number of CFP® professionals increased from 80,035 to 83,106, and 8,561 individuals sat for the CFP® exam, which at the time was the highest number since 2011. At the end of 2018, CFP Board leadership believed that the SPIT strategy was working, and most firms were demonstrating partial or complete acceptance of the new *Code and Standards*, though the acceptance was still reluctant.

When CFP Board implemented the current fiduciary standard in 2018, there was no strong, public, negative outcry from the firms or anyone else. There were many unhappy, private conversations between us and the firms who expressed concerns. At the same time, there was enthusiasm on the part of the certificants that we had taken this step.

Richard Salmen | 2018 CFP Board Chair

CFP BOARD DEVELOPS THE COMPLIANCE RESOURCE LIBRARY



When the Board of Directors passed its most recent significant changes to our definition of fiduciary and the requirements to uphold a fiduciary standard at all times, we were emphatic that we did not want to make a rule without offering substantial guidance. As a result, CFP Board staff has created, and continues to create, a variety of resources in different mediums compiled in the Compliance Resource Library.

Kevin Keller | CFP Board CEO

As a Board, one of the most important things was to avoid the perception or reality that the new fiduciary standard would create 'gotcha' moments for the certificant community. CFP Board's goal was not to catch people doing things wrong. CFP Board's goal is for all CFP® certificants to follow the Code and Standards, and the best way to do that is to educate the professionals about the right way to do things. After the new standard was passed, we redeveloped the ethics education around the new standard. Ethics instructors were given tight parameters around how to deliver the education, and we made sure the ethics instructors truly understood what the new standards meant and how to appropriately comply with them. We also developed a resource library for the certificant community. It was a huge step for CFP Board to have a resource for CFP® certificants to find answers to their questions.

Richard Salmen | 2018 CFP Board Chair

Doug King, a member of the Board of Directors, pointed his finger at me and told me that if he agreed to sign the resolution adopting the Code and Standards, he expected me to publish resources explaining to CFP® professionals what they had to do to comply. I respected and agreed with him. To help prepare these materials, we formed a Standards Resource Commission and recruited Blaine Aikin as Chair. We also recruited an incredibly talented group of thought leaders to work with us. We then proceeded to develop a treasure trove of guidance resources that help CFP® professionals "live in" to the Code and Standards. Doug set the stage for that work, Kevin supported it, and the Standards Resource Commission (with staff support) has done a great job of delivering on the promise.

Leo Rydzewski | CFP Board General Counsel and Staff Liaison to CFP Board's Commission on Standards and Standards Resource Commission

In June 2018, CFP Board announced the creation of the Standards Resource Commission. The commission was charged with developing resources to provide guidance on CFP Board's *Code of Ethics and Standards of Conduct* to CFP® professionals and their firms.

The Standards Resource Commission was formed to help develop resources that provide guidance to CFP® professionals and their firms on CFP Board's Code of Ethics and Standards of Conduct, which became effective Oct. 1, 2019. The commission, made up of individuals from financial services firms and members of the public, has helped develop materials such as the Roadmap to the Code and Standards, FAQs, case studies, practice guides and other documents.

Blaine Aikin | 2017 CFP Board Chair, 2018-2019 Chair of CFP Board's Standards Resource Commission

The commission included well-respected individuals from all financial services business models and members of the public. CFP Board provided the commission with questions and concerns raised by the certificant and firm community that were pertinent to the development of clarifying information and guidance materials.

I want to stress the quality of the people who have served and are serving on the Standards Resource Commission. These dedicated volunteers play a key role in protecting the public and advancing the financial planning profession.

Blaine Aikin | 2017 CFP Board Chair, 2018-2019 Chair of CFP Board's Standards Resource Commission

The commission quickly released a Commentary to the *Code and Standards* and a Frequently Asked Questions (FAQ) document. The commission also developed scenarios discussing the fiduciary duty, conflicts of interest, compensation representation, disclosures, and the practice standards and their application

When the Standards Resource Commission was established, our highest priority was to select extraordinary individuals from financial services firms and stakeholders representing the public to serve on the commission. We quickly and successfully assembled an outstanding group who then went to work on 1) developing guidance materials (FAQs, case studies, practice guides, etc.) and 2) delivering regional presentations to CFP® professionals about the Code and Standards and gathering direct feedback from attendees.

Blaine Aikin | 2017 CFP Board Chair, 2018-2019 Chair of CFP Board's Standards Resource Commission

The commission developed an extremely useful document entitled *Roadmap to the Code of Ethics & Standards of Conduct* that CFP Board published on Oct. 1, 2019. The *Roadmap* is a convenient, easy-to-read guide developed with graphics and images to help CFP® professionals and their firms gain a practical understanding of the *Code and Standards*. Over time, the Compliance Resource Library has grown to include more than 100 different resources for certificants and their firms.

The commission developed guidance resources with painstaking detail, poring over every word. The vetting process was extensive and ended only when we all agreed that no more could be done. This commitment to excellence brought a new culture. CFP Board is not a regulator, but in this area, CFP Board needed to develop work product that rivaled those that a regulator would issue. The feedback from the professional community was that our guidance resources had hit that mark.

Leo Rydzewski | CFP Board General Counsel and Staff Liaison to CFP Board's Commission on Standards and Standards Resource Commission

The Compliance Resource Library also contains FAQs to help address specific questions about the new *Code and Standards*. Numerous case studies have been developed to illustrate how the *Code and Standards* apply to practical, "real world" situations. Additionally, there are many checklists, guides, videos and webinars to address day-to-day client interactions and other topics of interest.

The Compliance Resource Library was created to help certificants understand, interpret and follow the new principles-based Code and Standards. It provides certificants with a variety of types of resources so they can choose the resources that will be most helpful to them. We hope it will provide the certificant community security and confidence that they are guided by and following the Code and Standards.

Susan John | 2019 CFP Board Chair

THE FINANCIAL PLANNING PROFESSION'S IMPACT ON THE EXPANSION OF FIDUCIARY FINANCIAL ADVICE

SEC'S REGULATION BEST INTEREST

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The financial crisis in 2008 created an environment for financial advice reform, but those reforms did not occur. After the financial crisis, the SEC was encouraged to move brokers to a standard at least as stringent as the Advisers Act, and Reg BI has emerged over time from this effort. Unfortunately, Reg BI is not as strict as the Advisers Act. You know what is as stringent as the fiduciary standard? The fiduciary standard. The trend in financial advice has been moving unequivocally toward fiduciary services. More and more clients are asking their advisors if they are fiduciaries. More and more assets are being managed under the Advisers Act in a fiduciary capacity instead of under a brokerage type of arrangement. There is no doubt that consumers are becoming more educated and aware of fiduciary services. Amidst the pressure of more consumers asking for fiduciary services and as the number of CFP® certificants continues to grow, these large organizations may slowly shift toward fiduciary advice.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

More and more assets are being managed under the Advisers Act in a fiduciary capacity instead of under a brokerage type of arrangement. There is no doubt that consumers are becoming more educated and aware of fiduciary services.

Dan Moisand

The adoption of the new *Code and Standards* raised the profile of CFP® certification within the financial services industry, consumer groups and the public. Additionally, it provided a framework to respond to DOL and SEC rulemaking on standards for investment advice. Concurrent to revising the *Code and Standards*, CFP Board continued its advocacy efforts in support of the DOL fiduciary rule. CFP Board developed the new *Code and Standards* intending to use it as the basis for advocating for future financial advice regulation benefiting the public.

Amidst the ongoing conversation about a fiduciary standard in the financial services industry, the SEC decided to implement a new rule for broker-dealers. The SEC recognized that there was still significant confusion amongst consumers about the differences between broker-dealers and investment advisors and their obligations to their customers.

In 2018, the SEC proposed a regulatory package concerning standards of conduct: 1) Reg BI, 2) a proposed rule mandating that RIAs and broker-dealers provide certain disclosures to retail clients and customers (Form CRS), and 3) a proposed interpretation clarifying and reaffirming the fiduciary standard under the Advisers Act.

The SEC's Regulation Best Interest is woefully inadequate from a consumer protection standpoint and probably more harmful than anything. The requirements and the language used are almost identical to the old suitability standard. Essentially, it rebrands the suitability standard and uses language contradictory to its purpose. It does not make sense to me or the average American to create a policy called 'Regulation Best Interest' that is not a fiduciary standard.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

During the rulemaking process, CFP Board appeared as a witness at the June 2018 meeting of the SEC's Investor Advisory Committee and testified on the SEC's proposed Reg BI using the framework of the new *Code and Standards* as the measure by which to evaluate the proposed rule package. CFP Board also met with SEC staff members to discuss the Financial Planning Coalition's perspective on the proposed rule and organized discussions about the rule proposal with the Friends of Fiduciary group. The Financial Planning Coalition submitted comment letters to the SEC addressing Reg BI, the proposed investment advisor interpretive guidance, and the proposed Form CRS (a brief relationship summary document containing key disclosures as required by Reg BI).

CFP Board testified before the House Financial Services Subcommittee on Investor Protection, Entrepreneurship and Capital Markets about the organization's concern that Reg BI offered the appearance but not the reality of increased investor protections. CFP Board advocated for the rules to be strengthened and pointed to the clear and unambiguous fiduciary duty laid out in the newly enacted *Code and Standards* as an example. The organization determined that certain components of proposed Reg BI were not well defined and relied excessively on disclosures that are often not read or fully understood by investors.

I believe 'best interest' has always been the shorthand explanation for what the fiduciary duty is. It is the duty of one person to act in the best interest of somebody who is in their care. When Reg BI was implemented, SEC Chairman [Jay] Clayton was very adamant that Reg BI is not a fiduciary standard, and he is correct because it essentially just changed a few words in the suitability standard language. I believe it largely remains to be seen whether Reg BI is going to have any effect. So far, there have only been a few enforcement actions on it, so I am not certain how much behavior change it can produce. If it does affect behavior and broker-dealers start acting more like fiduciaries even though they are not held to a fiduciary standard, then it could be a good thing. However, the jury is still out on that and that isn't as effective as actually holding them to a fiduciary standard.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

Susan John, then Chair of the Board of Directors, testified before the House subcommittee that Reg BI differed from the *Standards* in three important ways. First, Reg BI did not define "best interest" in the rule; the *Standards* defined best interest as a fiduciary duty. Second, Reg BI did not include a specifically defined duty of loyalty; the *Standards* contained a distinct, prominent duty of loyalty. Third, Reg BI distinguished between different types of conflicts and had disparate ways of handling them; the *Standards* described a straight-forward, consistent process for dealing with any conflict of interest, regardless of how it originated.

On June 5, 2019, the SEC voted to adopt Reg BI and the other proposals, and Reg BI became effective in June 2020. Although the final rule did not address the weaknesses pointed out in Susan John's testimony, CFP Board's outreach to SEC commissioners and staff did not go unnoticed. Commissioner Robert Jackson Jr. referenced the revised *Code and Standards* in his dissent on Reg BI.

The final rule required broker-dealers to act in the best interest of their retail customers when recommending securities transactions or investment strategies involving securities, but it did not define the "best interest" standard as a fiduciary standard. Reg BI also required broker-dealers to disclose conflicts of interests and

their financial incentives when making recommendations, and also required mitigation of conflicts of interest related to incentives of associated persons. A detailed analysis of the similarities and differences can be found in CFP Board's guide entitled "Comparing CFP Board's *Code of Ethics and Standards of Conduct* to the SEC's Regulation Best Interest." This document and other resources for CFP® certificants who are registered representatives of broker-dealers who are subject to both the *Code and Standards* and Reg BI are located in the Compliance Resource Library.

Although some were concerned that Reg BI created more confusion for consumers about the standards their financial advisors were being held to, Reg BI helped to diminish some of the reluctance by large firms to adopt the revised *Code and Standards*. Firms recognized that Reg BI had forced them to raise their standards; although Reg BI fell short of a universal fiduciary standard, it did partially bridge the gap between the fiduciary standard for investment advisors and the suitability standard for broker-dealers.

Two actions ultimately allowed CFP Board to avoid having large firms abandon CFP® certification for their advisors. First, by clarifying the contractual relationship between CFP Board and the certificant, it helped firms, especially large brokerage firms, to get comfortable with allowing the marks for their advisors. In short, we mitigated possible confusion by explaining that CFP Board's fiduciary standard is a contractual duty of the certificant to CFP Board. There was no requirement to disclose this to their clients. More importantly, it did not change the regulatory relationship between the firm and its clients. We followed up by adding an FAQ to our compliance resource documents that stated this more explicitly. We also stated that we knew of no case where breach of CFP Board's fiduciary duty was cause for a court or arbitration action against a CFP® professional. Our FAQs stated that the fiduciary duty could not be used as part of a complaint.

Secondly, the passage of Regulation Best Interest during the same time period sent a message to firms that the regulatory bar had been raised for financial advisors. As one firm said, 'We do not see much delta between your standards and Reg BI.' Since CFP Board aligned enforcement of the Standards with the effective date of Reg BI (June 30, 2020), it provided additional support since many of the firm changes for Reg BI would also allow their CFP® professionals to better comply with the new standards.

Joe Maugeri | Retired CFP Board Managing Director, Corporate Relations

DOL FIDUCIARY RULEMAKINGS

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If you are a registered investment adviser (RIA) under the SEC, you are a fiduciary. There is also the concept of being dually registered as a RIA under the SEC and a broker-dealer that is regulated under FINRA. Therefore, if you are not a CFP® professional and you are a representative of one of these companies, you can still use the dual-hat strategy: You can put on your fiduciary hat when you are creating a plan for a client, and your non-fiduciary hat when you are selling the products to implement the plan. My perception is that DOL didn't feel like SEC went far enough with Reg BI. I don't think there would be a problem if the SEC required anyone calling themselves an adviser (or an advisor) to be a fiduciary. There needs to be a clear delineation, so the public knows if they are working with someone under the fiduciary standard. The line has been intentionally muddled over decades, but I do believe this will get resolved over time.

Richard Salmen | 2018 CFP Board Chair

In April 2015, the Department of Labor proposed a new rule intended to mitigate conflicts of interest in the retirement investment marketplace, issuing the final rule in 2016. The Financial Planning Coalition testified before the House Subcommittee on Health, Employment, Labor & Pensions urging Congress to not block the DOL from promulgating a final rule requiring fiduciary-level advice for all Americans' retirement assets under ERISA.

The FOF was also a key advocate for the Department of Labor fiduciary rule that sought to strengthen a DOL requirement under ERISA for fiduciary-level advice for defined benefit plans. I testified before Congress in support of the rule. A key contribution that CFP Board was able to make in the debate was the fact that our certificants were able to provide fiduciary-level advice across business models. This was a key point to counter the brokerage and insurance companies' arguments that a rule would deprive defined benefit plans of their services.

Marilyn Mohrman-Gillis | 2008-2016 CFP Board Managing Director, Public Policy & Communications

The final DOL Fiduciary Rule redefined the term “investment advice” and thus expanded the fiduciary obligation to activities that occur within retirement plans and accounts that were not previously deemed to be fiduciary investment advice under ERISA, specifically advice to plan participants and to investors in IRAs. The DOL also issued a prohibited transactions exemption that would have required financial professionals receiving commissions and third-party payments to execute a Best Interest Contract with the customer. The final rule was issued on April 8, 2016. The Obama Administration promoted the new DOL rule in a special White House event, and a representative from CFP Board was invited to attend.

As the Chair of CFP Board in 2014 and a huge advocate for fiduciary, I had the honor of speaking in favor of the fiduciary standard before the Department of Labor when it was considering the fiduciary standard being required when giving advice for retirement planning. Unfortunately, a 'universal' fiduciary standard as simple as it should be is not, as many people want to slice and dice the concept for their own benefit. Some want exceptions that might weaken such a standard, while others want a standard that isn't practical as a business model. Suffice it to say that if you simply follow the Golden Rule then it is hard to be off track from where you should be.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards

In 2016, the DOL tried to finalize their retirement security rule, but it was struck down in court. The opposition to the rule proved to the court that their representatives were not advisors, they were salespeople. Problematically, they were being marketed as advisors, which is fundamentally incongruent when they are being held to a standard lower than the fiduciary standard. CFP Board wants the fiduciary standard to apply at all times when a person is receiving financial advice. Most people's largest financial account is their retirement account, and they deserve advice about their retirement assets that is truly in their best interest.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

Dan Moisand, 2023 Chair of CFP Board, testified at the DOL hearing, expressing CFP Board's support for the retirement security rule. He testified that the rule "makes clear that the definition of fiduciary, and the obligations that flow from it, apply where investors reasonably believe advice is being provided in their best interests" and that it was important for the fiduciary duty to cover one-time advice.

The government does not require a fiduciary duty at all times when giving financial advice, so there are plenty of circumstances under which an advisor can give advice without being held to a fiduciary standard. The DOL's retirement security rule is designed to close loopholes in the fiduciary standard for advice on retirement accounts under the Employee Retirement Income Security Act (ERISA). For example, money in a 401(k) is subject to ERISA's fiduciary safeguards, but these rules no longer apply when funds are rolled into an IRA. The DOL's rule is designed to try to carry that fiduciary duty over to those rollover recommendations.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

On March 15, 2018, before the rule could be implemented, the Fifth Circuit Court of Appeals vacated the DOL rule after various business interests brought a lawsuit against the DOL. The court ruled that the DOL had exceeded its statutory authority under ERISA.

The DOL proposed a new retirement security rule on Oct. 31, 2023. The 2022 Chair of CFP Board, Kamila Elliott, testified in her personal capacity in support of the retirement security rule at a DOL hearing on the rule in December 2023. Her testimony emphasized that requiring financial professionals to provide advice that is in their clients' best interest would not prevent firms from serving moderate-income American households. Elliott also testified in support of the rule before the House Financial Services Subcommittee on Capital Markets in January 2024. She highlighted that CFP® professionals work for many different types of financial services firms, and they have demonstrated that any professional can act in their client's best interest.

Opponents of the retirement security rule argue that it will cause firms to institute asset minimums that will exclude many people of color. But history does not support this argument. In 2018, when CFP Board implemented the fiduciary standard at all times when providing financial advice, I would estimate about 90% of CFP® certificants did not increase their asset minimums. I do feel that people of color, because they typically do not have significant assets, will sometimes go to certain financial professionals who are not properly licensed or certified and therefore receive more predatory advice because their financial professional knows they do not have sufficient assets for advisors that charge a 1% AUM fee. These predatory advisors try to maximize their compensation in every engagement, often working in their own best interest instead of the client's best interest. For example, I recently met with a traveling nurse who was advised to contribute to an indexed universal life insurance policy instead of her 401(k) plan that offers an employer match because the advisor told her 401(k)s are a scam.

Kamila Elliott | 2022 CFP Board Chair

The retirement security rule and related prohibited transaction amendments (the final rule) were published in the Federal Register on April 25, 2024. Under the rule, a financial services professional would be considered a fiduciary when providing recommendations to a retirement investor made under circumstances that they may be relied upon by the retirement investor as intended to advance the retirement investor's best interest. Those deemed fiduciaries would have to:

1. Meet a professional standard of care when making recommendations;
2. Never put their financial interests ahead of the retirement investor's when making recommendations;
3. Avoid misleading statements about conflicts of interest, fees and investments;
4. Charge no more than what is reasonable for their services; and
5. Give the retirement investor basic information about the advisor's conflicts of interest.

The regulation was designed to address the concerns that were raised in the Fifth Circuit court decision that struck down the 2016 fiduciary rule. The regulation also sought to protect retirement investors by addressing gaps in the current regulations including requiring that one-time advice, such as recommending that a workplace 401(k) be rolled over into an IRA, be subject to a fiduciary standard.

The DOL's retirement security rule is designed to close existing regulatory gaps. The first large gap is that one-time advice is not regulated. The SEC and Reg BI only cover ongoing advice. However, many Americans do not want, do not need or cannot afford ongoing financial advice. For example, employees may set up their 401(k) under the impression that the professionals helping them are held to some best interest standard, but they are not. The second large gap is 401(k) administration. I have had the pleasure of analyzing many different 401(k) plans, and many are decent plans, especially plans offered by large firms. [The] 401(k) plans offered by smaller companies with fewer than 100 employees can be more inconsistent. The fiduciary rule would help to ensure that individual advisors and recordkeepers are acting in a fiduciary capacity — that they are offering their best funds and managing costs and making sure fees are not significantly eroding the assets of the participants.

Kamila Elliott | 2022 CFP Board Chair

In the release accompanying the final rule, the DOL relied upon several categories of CFP Board materials. The DOL cited a guide that CFP Board developed comparing CFP Board's *Code and Standards* to the NAIC Model Regulation, which states, among other things, that the NAIC Model Regulation appears to provide a care obligation that does not rise to the level of a "prudent professional standard" and that the NAIC Model Regulation does not effectively require the client's interests to come first. The DOL also referred to a CFP Board survey finding that most CFP® professionals' ability and willingness to serve their clients was not impacted by the adoption of SEC's Regulation Best Interest. Moreover, DOL noted that after CFP Board adopted a broad fiduciary standard, CFP Board saw no evidence that CFP® professionals stopped providing advice to moderate-income clients, and that CFP Board also has seen no evidence to suggest that the proposed rule would restrict access to advice, particularly for moderate-income Americans. Finally, in addressing concerns that the proposal would limit moderate-income earners' access to advice, the DOL noted that after CFP Board adopted the *Code and Standards*, only a small number of CFP® professionals raised required asset minimums or terminated client services, and the new standards did not discourage entry of new financial professionals, as CFP Board experienced a record number of new CFP® professionals in 2023.

CFP Board was a strong supporter of the retirement security rule. We acted quickly to conduct consumer and CFP® professional research that we knew would help DOL. Members of our Board testified before Congress about their experiences and met informally with congressional leaders to share similar messages. CFP Board also served as a thought leader, providing extensive reports debunking the NAIC Model Regulation, which was being offered as a reason the rule was not needed, and showing how DOL's proposal was merely imposing on insurance agents the same requirements that Reg BI imposes on brokers.

Leo Rydzewski | CFP Board General Counsel and Staff Liaison to CFP Board's Commission on Standards and Standards Resource Commission

CFP Board applauded the release of the final rule, particularly the expansion of the definition of fiduciary advice under ERISA. Representatives of CFP Board attended the White House ceremony where Acting Secretary of Labor Julie Su officially presented the final rule.

The final retirement security rule was set to take effect on Sept. 23, 2024. Before the final rule could take effect, on July 25, 2024, a federal judge in the Eastern District of Texas issued a stay halting the implementation of the final rule. The next day, a judge in the Northern District of Texas also issued a stay based on a separate case filed before it. Both judges issued their decisions based on the belief that the plaintiffs in the lawsuit were likely to succeed on the merits of their claims. CFP Board had filed amicus briefs for both cases in support of the DOL's final rule.

Based on the results of the November 2024 presidential election, in which the Republican party won control of the White House, Senate and House of Representatives, the retirement security rule is not likely to go into effect.

People are inherently afraid of more regulatory control through government intervention, which I understand. It is process, and it requires more compliance. I want to make clear I am never implying that those who oppose the DOL fiduciary rule do not care about Americans. The question is, 'How do we get to the same place?' 'How do we get to a place where people are acting as fiduciaries, and it is structured in a way that everyone feels comfortable?' At the end of the day, I feel we all believe financial advisors should act in the best interests of Americans, it is a matter of how we get to a place where they are always held to this standard.

Kamila Elliott | 2022 CFP Board Chair

*At the end of the day,
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financial advisors should
act in the best interests
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matter of how we get
to a place where they
are always held to
this standard.*

Kamila Elliott

UPHOLDING THE FIDUCIARY STANDARD TODAY

CFP® certification stands out amid the alphabet soup of acronyms that has proliferated across the financial services ecosystem for several reasons. Near the top of that list of reasons are the high ethical standards and CFP Board's program to enforce those standards.

Our first goal is prevention. CFP Board is committed to developing guidance resources that educate CFP® professionals and firms on how to comply with the *Code and Standards* and thereby prevent misconduct from occurring. For similar reasons, CFP Board works with partner organizations to provide an ethics continuing education program for CFP® professionals, which they must complete every two years to maintain their certification.

CFP Board does not guarantee a CFP® professional's performance — the Board knows that some CFP® professionals will violate the standards. Therefore, CFP Board has invested significant resources — both financially and operationally — to maintain an effective enforcement program that protects the integrity of the CFP® certification marks and upholds the certification's value for both practitioners and the public.

CFP Board has developed *Sanction Guidelines, Fitness Standards and Procedural Rules* that reflect the input of the CFP® professional community. When CFP Board learns of potential misconduct, CFP Board enforces the *Code and Standards* through a peer-review disciplinary process that is credible to the public and fair to those whose conduct CFP Board is evaluating. The enforcement process includes detection, investigation, complaint (or settlement), hearing and appeal. CFP Board's Disciplinary and Ethics Commission (DEC), a peer-review professional body, has the authority to decide whether a CFP® professional has engaged in misconduct, and if so, the appropriate sanction. A breach of fiduciary duty has the highest possible sanction guideline: revocation of CFP® certification, with potential mitigation to a lower sanction based upon application of the aggravating and mitigating factors.

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We have been committed and have a whole team of people that help us uphold CFP Board's ethical standards. If you go to the FINRA website, there are about 250 designations and certifications in financial services. More than 100 of them start with the letter 'C' and are made up of three or four letters. I can assure you that every one of those designations and certifications has some kind of code of ethics. What makes the CFP® certification unique is not only the thoughtful development of the standard, but also our willingness to uphold that standard. Occasionally someone does not live up to the standard, and we have an investigation and adjudication process involving a thorough peer review. If it is determined the certificant did not live up to the standard, then the certificant may receive public discipline up to, and including, revocation of their marks. When you look at the 250 designations, we can only find evidence that there are four to five designations (CFP®, CPA, CFA® and CIMA®/CPWA®) that inform the public of those who have run afoul of their standards. When surveyed, 96% of CFP® certificants stated it is very important that CFP Board uphold the high standards of CFP® certification.

Kevin Keller | CFP Board CEO

Per the new sanction guidelines, the starting point for violating or failing to meet your fiduciary duty is revocation of the marks. If you can demonstrate why you should be able to retain the marks to the Disciplinary and Ethics Commission (DEC), they may reduce the penalty from revocation. The DEC is a peer-review body of CFP® certificants evaluating other certificants. CFP Board is not a governmental regulator; it operates a voluntary certification program, and the DEC enforces the fiduciary standard. If you do not maintain the standards, and CFP Board finds out and takes action, then you may not remain certified, and the revocation of your marks will be made public.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

After the Wall Street Journal published an article highlighting some deficiencies in CFP Board's enforcement program, CFP Board convened an Independent Task Force on Enforcement. The Task Force identified opportunities to strengthen CFP Board's enforcement program. With their recommendations, we engaged in governance reforms, significantly increased resources devoted to enforcement, and developed and implemented a multi-year plan for enhancing our enforcement of the Code and Standards. Our enforcement program now has never been stronger.

Kevin Keller | CFP Board CEO

LOOKING FORWARD

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CFP Board is the one organization promulgating a real fiduciary standard. We have committed resources to provide guidance for CFP® certificants to comply with the fiduciary standard, and we have an enforcement process in place for those who may not have upheld the standard. I am proud to work with so many volunteers who are so committed to doing the right thing.

Kevin Keller | CFP Board CEO

CFP Board plays a key role in the financial advice ecosystem by setting and upholding a fiduciary duty for CFP® professionals. CFP Board will continue to prioritize issuing guidance to help CFP® professionals comply with the *Code and Standards*. CFP Board's enforcement team stands ready to act when CFP Board learns of potential misconduct.

Most importantly, CFP Board will continue to be unwavering in its support for, and commitment to, a fiduciary standard that applies whenever a financial professional provides financial advice.

With over 100,000 CFP® certificants now, a very significant proportion of financial planners within the profession are CERTIFIED FINANCIAL PLANNER® professionals. We know CFP® professionals are the most valuable planners and advisors in a firm by every advisor metric. People tell us they are more successful, profitable, have a larger share of the wallet, stickier clients and fewer compliance problems. A firm is not going to have two sets of new client documents: one set for clients of their CFP® certificants, and one set for advisors who are not CFP® certificants. Therefore, CFP Board's influence goes well beyond those we certify.

Kevin Keller | CFP Board CEO

WHY THE FIDUCIARY STANDARD IS IMPORTANT FOR THE PUBLIC



The public needs to know that their advisor is always looking out for their interests.

Bob Glovsky | 2010 CFP Board Chair

It is very difficult for the public to determine who is a fiduciary and who is not. There are several large marketing campaigns that boast of the fiduciary status of their advisors, but regulators define fiduciary differently. There are several different fiduciary standards, depending on the profession, whether it be law, risk management or investment advice. As a certifying body of more than 100,000 financial professionals, CFP Board has an opportunity to make a real difference in the perception of what a fiduciary duty means.

Dan Candura | Past Chair of CFP Board's Board of Professional Review and member of CFP Board's Board of Directors (2004-2008)

The more personally invested you are in a relationship with someone, the more you are likely to trust them. The more you trust someone, the more you can be hurt by them — emotionally, physically, financially, etc. We are vulnerable to those we trust.

When we go to a doctor, lawyer or financial advisor, we make ourselves vulnerable by sharing our most personal information and ceding a level of control to them so they can fully apply their special skills on our behalf. Failures by professionals through negligence or exploitation can have disastrous consequences to our health, freedom or our financial security. The fiduciary standard holds professionals to a high standard of accountability.

Blaine Aikin | 2017 CFP Board Chair, 2018-2019 Chair of CFP Board's Standards Resource Commission

The public is best served by financial planners who put their client's interest first at all times.

Dave Yeske | 2003 FPA President, 2004 FPA Chair

When you are hiring any person to do work for you — a doctor, a plumber, a Realtor, an architect, etc. — you want to know two things: 1) that they are qualified and 2) they have integrity. That is what the fiduciary duty requires.

Joe Maugeri | Retired CFP Board Managing Director, Corporate Relations

It was a courageous move in the environment at the time for CFP Board to implement the fiduciary standard, which FPA made known during the comment period. Some organizations were opposed to the standard as it conflicted with their business models. It was the right choice at the right time.

Nick Nicolette | 2007 FPA President, 2008 FPA Chair

The public has a right to competent and ethical financial planners. Most members of the public assume that their advisor is always doing what is in their best interest, but the reality is most are not required to do so. The public is now understanding this phenomenon and are actually asking the question of their potential or current advisor.

Ray Ferrara | 2014 CFP Board Chair, Chair of CFP Board's Commission on Standards

Most consumers do not have the specialized knowledge and skill they need to make financial decisions in their own best interests. They turn to financial professionals for help and expect for the professional to act prudently and recommend decisions that are in the client's best interests. Unfortunately, that is not always the case. Some financial professionals take advantage of their clients and look out for themselves instead. A financial professional who complies with a fiduciary standard acts as the client wants, expects and deserves — in the client's best interests.

Leo Rydzewski | CFP Board General Counsel and Staff Liaison to CFP Board's Commission on Standards and Standards Resource Commission

Individuals should have advice that minimizes conflict. While nothing will be completely free of conflict due to inherent biases and behaviors, we should do our best to actively minimize conflict for Americans. At our recent conference with the Department of Labor, we spoke about the downstream effect of Americans not having retirement security and how that impacts everything from our medical system to our Social Security and government benefits. How can people retire successfully if they do not have a good retirement income stream? We are currently educating this first generation without access to defined benefit plans that they will be expected to have generated more retirement income in the years they work going forward. As such, they will require the right advice, right allocation and the ability to sustain that level of longevity in order to have a comfortable retirement. This is why we need individuals who are working hard on the American people's best financial interests.

Kamila Elliott | 2022 CFP Board Chair

The SEC enforces a fiduciary standard with respect to investment advice, but there is no entity other than CFP Board that has standards that apply specifically to planners. There is nothing inherently wrong with sales; I buy from people who work on commission all the time. But when it comes to creating a personalized financial plan, it is critical for financial planners to be held to a fiduciary standard.

Dan Moisand | 2005 FPA President, 2006 FPA Chair, 2023 CFP Board Chair

The whole mission of CFP Board is to benefit the public, and the public deserves to have a competent and ethical advisor who is focused on their best interest. Anything else would be a disservice.

Susan John | 2019 CFP Board Chair

The fiduciary standard is important for the public because our profession grew out of security sales, insurance sales and tax advice. There have always been great people giving great advice when providing these services, but there have also been many conflicts that were not managed and did hurt the public. So, CFP Board took a stand in favor of the public.

Karen Schaeffer | 2007 CFP Board Chair

Non-fiduciary advice can rob consumers of hard-earned retirement savings. Part of what fueled my passion for fighting for the fiduciary standard was the experience of my parents. They entrusted their life savings, which was more than enough for a comfortable retirement, to a non-fiduciary, commission-based broker who churned through their portfolio by buying products with high upfront commissions. As a result, they were required to make significant financial compromises in their final years with constant fears that they would outlive their retirement income.

Marilyn Mohrman-Gillis | 2008-2016 CFP Board Managing Director, Public Policy & Communications

The public has always expected that they are receiving fiduciary advice, but they did not know this is a dangerous assumption to make. My two favorite questions are, 'are you a fiduciary?' and 'are you a fiduciary all the time?' The fact that prospects are now informed enough to ask these two questions shows clear progress in educating the public.

Richard Salmen | 2018 CFP Board Chair

We want to be unambiguous in how we describe the requirements for CFP® certification. Since our early drafts of the fiduciary standard, we have persistently continued to raise the standard in order to do what is in the best interest of the public.

Kevin Keller | CFP Board CEO

In general, the public is made up of folks who are employed in other professions and industries, who have not studied every area of financial planning and financial resources. A professional who satisfies a fiduciary duty helps the public to identify and meet their needs and goals. This is important for the culture and financial well-being of the country.

Marilyn Capelli Dimitroff | 2009 CFP Board Chair

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