

**CFP BOARD**

# **SANCTION GUIDELINES**

(AS REVISED, EFFECTIVE JUNE 30, 2020)

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# INTRODUCTION TO SANCTION GUIDELINES

## PURPOSE OF THE SANCTION GUIDELINES

The mission of Certified Financial Planner Board of Standards, Inc. (CFP Board) is to benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for competent and ethical personal financial planning. CFP Board's *Procedural Rules* outline procedures for investigating alleged misconduct and enforcing CFP Board's *Code of Ethics and Standard of Conduct (Code and Standards)*, which reflects the commitment that all CFP® professionals make to high standards of competency and ethics. A violation of the *Code and Standards* or the *Pathway to Certification Agreement* constitutes grounds for sanction. In cases where grounds for sanction are proven, CFP Board may impose a sanction ranging from a private censure, a public censure, a suspension, or a revocation of the right to use the CFP® marks.

CFP Board developed these Sanction Guidelines to provide guidance on the sanction that might apply to particular violations and to promote consistency in the imposition of sanctions for similar offenses. The Disciplinary and Ethics Commission (DEC or Commission), which is charged with adjudicating alleged violations and issuing sanctions, and the Appeals Committee of the Board of Directors, which reviews and decides all appeals of DEC decisions, consider the Sanction Guidelines in issuing their decisions.

The Sanction Guidelines are not binding on the DEC or the Appeals Committee; the Sanction Guidelines are intended to serve as guidance only. Deviation from the Sanction Guidelines by the DEC and/or the Appeals Committee is not in and of itself clear error as defined in the *Procedural Rules*. It is CFP Board's intent that publication of these Sanction Guidelines will provide notice to CFP® professionals and others of the types of sanctions that might follow from specific types of misconduct. The Sanction Guidelines may also be used in presenting settlement offers to the DEC.

## **PRINCIPAL CONSIDERATIONS**

CFP Board has adopted the following list of factors to assist the DEC and the Appeals Committee in evaluation of whether sanction is warranted. These factors are not absolute and are meant to serve as guidance. The DEC and the Appeals Committee may consider other factors in addition to the factors listed below. The Sanction Guidelines contain additional factors that the DEC and the Appeals Committee should consider when making an evaluation. Although a factor listed below may be an “aggravating factor,” the absence of that factor does not necessarily lead to an inference of mitigation. The DEC and the Appeals Committee have discretion to determine the relevancy of the factors listed below and will evaluate each matter on a case-by-case basis taking into consideration the facts and circumstances of the particular case. For violations that are not addressed within the Sanction Guidelines, the DEC and Appeals Committee are encouraged to look to the Sanction Guidelines for comparable violations.

The following factors may serve as either aggravating or mitigating factors:

1. Did the CFP® professional have a prior sanction? If yes, what is the nature of the prior sanction?
2. Did the CFP® professional acknowledge the conduct and the harm that resulted from that conduct?
3. Has the CFP® professional exhibited exemplary conduct since the violation?
4. Did the CFP® professional attempt to remedy or rectify the misconduct prior to detection?
5. Did the conduct occur more than 5 years ago?
6. Did the CFP® professional reasonably rely on the assistance of counsel or the assistance of an accountant?
7. Was there a pattern of misconduct?
8. Were there numerous violations?
9. Did the CFP® professional engage in the conduct over an extended period of time?
10. Did the CFP® professional attempt to conceal his or her misconduct?
11. What was the mental state (i.e., negligent, reckless, or intentional) of the CFP® professional?
12. Did the CFP® professional’s misconduct result in direct or indirect harm or injury to the client? If yes, what was the nature and extent of the harm or injury?
13. Did the CFP® professional provide extraordinary cooperation with CFP Board?
14. Did the CFP® professional intentionally fail to cooperate with CFP Board?
15. What was the level of sophistication of the injured or affected client(s)?
16. Has the CFP® professional filed for bankruptcy?

The following factors should not be considered aggravating or mitigating:

1. The CFP® professional was forced or compelled to pay restitution.
2. The CFP® professional agreed to the client’s demand for certain improper behavior or settled a lawsuit.
3. A complaint or lawsuit against the CFP® professional was withdrawn.

## **AMENDMENTS TO THE SANCTION GUIDELINES**

The Sanction Guidelines may be amended from time to time. CFP Board will publish for comment any material changes to the Sanction Guidelines prior to implementation.

# SANCTION GUIDELINES

The effective date of the *Code and Standards* is October 1, 2019, and the enforcement date is June 30, 2020. The *Code and Standards* supersedes the *Terminology, Code of Ethics and Professional Responsibility, Rules of Conduct*, and *Financial Planning Practice Standards* set forth in the previous *Standards of Professional Conduct (Standards)* and applies to conduct occurring on or after June 30, 2020. The *Standards* applies to conduct that occurred from January 1, 2009 to June 29, 2020. The *Code of Ethics* Rules (with three digits and no decimal) and Principles (with a single digit) refer to a previous version of the Standards and apply to conduct occurring before January 1, 2009.

## Conduct / Underlying Rule Violation

### 1. BANKRUPTCY

A personal bankruptcy is a Chapter 7 or Chapter 13 bankruptcy. If a bankruptcy is converted from a Chapter 7 to a Chapter 13 bankruptcy or vice versa, it shall be counted as one. A business bankruptcy is a Chapter 11 bankruptcy.

#### a) One Personal or Business Bankruptcy

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

**Procedural Rules Article 3.4.c.:** If Respondent has no other Bankruptcy Matter and admits that the Bankruptcy Matter demonstrates an inability to manage responsibly the Respondent's or the business's financial affairs, then Respondent may accept an Order of Public Censure, in which case CFP Board Counsel will deliver to Respondent an Order of Public Censure, the DEC will not hold a hearing, and CFP Board will not charge Respondent the hearing fee. CFP Board publishes an Order of Public Censure in accordance with Article 17.7.

**Procedural Rules Article 3.4.d.:** If Respondent has no other Bankruptcy Matter and denies that the Bankruptcy Matter demonstrates an inability to manage responsibly the Respondent's or the business's financial affairs, then Respondent must provide the factual basis for Respondent's denial in the Bankruptcy Answer. In this circumstance, the Complaint for Single Bankruptcy will proceed to a hearing as set forth in Article 10, CFP Board will charge Respondent the hearing fee, and CFP Board Counsel may file a written statement, no later than 30 calendar days prior to the Hearing, setting forth CFP Board's position concerning Respondent's denial.

## Sanction Guideline

Public Censure

## Policy Notes

**b) Two or More Personal or Business Bankruptcies**

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

Revocation

**2. BOOKS AND RECORDS VIOLATION**

**Standard A.8.a.:** A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

**Code of Ethics Rule 103(b):** A CFP Board designee has the following responsibilities regarding funds and/or property of client: A CFP Board designee shall identify and keep complete records of all funds or other property of a client in the custody, or under the discretionary authority, of the CFP Board designee.

**Rules of Conduct Rule 3.5:** A certificant shall identify and keep complete records of all funds or other property of a client in the custody, or under the discretionary authority, of the certificant.

Private Censure

**3. BORROWING FROM CLIENT**

**Standard A.15.a.:** A CFP® professional may not, directly or indirectly, borrow money from or lend money to a Client unless: i. The Client is a member of the CFP® professional’s Family; or ii. The lender is a business organization or legal entity in the business of lending money.

**Code of Ethics Rule 202:** A financial planning practitioner shall act in the interest of the client.

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 3.6:** A certificant shall not borrow money from a client. Exceptions to this Rule include: a. The client is a member of the certificant’s immediate family, or b. The client is an institution in the business of lending money and the borrowing is unrelated to the professional services performed by the certificant.

**Advisory Opinion 2001-1:** Loans between CFP Board designees and their clients should be avoided in the client-planner relationship.

Public Censure

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) Was this an isolated incident?
- (2) Was there informed consent?
- (3) Was there a pre-existing relationship?
- (4) Was there harm to the client?
- (5) Did the CFP® professional profit from the incident?

#### 4. BREACH OF CONTRACT

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

The minimum sanction imposed for breach of a contract that relates to a financial planning engagement should be:

Public Censure

The minimum sanction imposed for breach of a contract that involves financial services but does not relate to a financial planning engagement should be:

Private Censure

Generally, if the alleged breach of contract relates to a contract not involving financial services and this is the only conduct at issue, the conduct will not be considered.

See also failure to pay back a loan to the firm.

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) What was the nature of the breach?
- (2) Was there harm to the client?
- (3) Did the CFP® professional profit from the incident?
- (4) Was the CFP® professional reckless?
- (5) Was the CFP® professional negligent?

#### 5. BREACH OF FIDUCIARY DUTY

**Standard A.1.:** 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.

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Rules of Conduct Rule 1.4:** A certificant shall at all times place the interest of the client ahead of his or her own. When the certificant provides financial planning or material elements of financial planning, the certificant owes to the client the duty of care of a fiduciary as defined by CFP Board.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

Suspension for at least one year and one day

The following should be considered aggravating and mitigating factors:

- (1) What was the materiality of the breach?
- (2) Was it intentional or inadvertent?
- (3) What was the relative harm to the client?

## 6. COMMINGLING

**Standard A.15.b.:** A CFP® professional may not commingle a Client's Financial Assets with the Financial Assets of the CFP® professional or the CFP® Professional's Firm.

**Code of Ethics Rule 103(d):** A CFP Board designee shall not commingle client funds or other property with a CFP Board designee's personal funds and/or other property or the funds and/or other property of a CFP Board designee's firm. Commingling one or more clients' funds or other property together is permitted, subject to compliance with applicable legal requirements and provided accurate records are maintained for each client's funds or other property.

**Rules of Conduct Rule 3.8:** A certificant shall not commingle a client's property with the property of the certificant or the certificant's employer, unless the commingling is permitted by law or is explicitly authorized and defined in a written agreement between the parties.

**Rules of Conduct Rule 3.9:** A certificant shall not commingle a client's property with other clients' property unless the commingling is permitted by law or the certificant has both explicit written authorizations to do so from each client involved and sufficient record-keeping to track each client's assets accurately.

Suspension for at least  
one year and one day



## 7. CONFLICT OF INTEREST

**Standard A.5.:** a. When providing Financial Advice, a CFP® professional must make full disclosure of all Material Conflicts of Interest with the CFP® professional's Client that could affect the professional relationship. ... i. A CFP® professional must make full disclosure and obtain the consent of the Client before providing any Financial Advice regarding which the CFP® professional has a Material Conflict of Interest. ... b. A CFP® professional must adopt and follow business practices reasonably designed to prevent Material Conflicts of Interest from compromising the CFP® professional's ability to act in the Client's best interests.

**Principle 4 - Fairness:** Be fair and reasonable in all professional relationships. Disclose conflicts of interest. Fairness requires impartiality, intellectual honesty and disclosure of material conflicts of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated.

**Code of Ethics Rule 401(a):** In rendering professional services, a CFP Board designee shall disclose to the client: (a) Material information relevant to the professional relationship, including, conflict(s) of interest, the CFP Board designee's business affiliation, address, telephone number, credentials, qualifications, licenses, compensation structure and any agency relationships, and the scope of the CFP Board designee's authority in that capacity.

**Rules of Conduct Rule 2.2(b):** A certificant shall disclose to a prospective client or client the following information: A general summary of likely conflicts of interest between the client and the certificant, the certificant's employer or any affiliates or third parties, including, but not limited to, information about any familial, contractual or agency relationship of the certificant or the certificant's employer that has a potential to materially affect the relationship.

**Practice Standards 100-1:** Disclosing the practitioner's material conflict(s) of interest.

## Public Censure

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) Was it a foreseeable conflict?
- (2) Was there harm or potential harm to the client?
- (3) Was the CFP® professional reckless?
- (4) Was the CFP® professional negligent?
- (5) Was it an isolated incident?

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction when a conflict exists between two clients:

- (1) Did the CFP® professional approach the conflicting parties in order to implement a solution that was agreeable to both parties?
- (2) Did the CFP® professional approach his or her compliance department for advice on dealing with the conflict?

## 8. CONTINUING EDUCATION VIOLATION

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Standard E.5.:** A CFP® professional may not make false or misleading representations to CFP Board or obstruct CFP Board in the performance of its duties.

**Standard E.6.:** A CFP® professional must comply with the *Terms and Conditions of Certification and Trademark License*.

**Principle 3 - Competence:** Maintain the knowledge and skill necessary to provide professional services competently. Competence means attaining and maintaining an adequate level of knowledge and skill, and application of that knowledge and skill in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Certificants make a continuing commitment to learning and professional improvement.

**Code of Ethics Rule 612:** A CFP Board designee shall comply with all applicable renewal requirements established by CFP Board including, but not limited to, payment of the biennial CFP Board designee fee as well as signing and returning the *Terms and Conditions of Certification* in connection with the certification renewal process.

**Rule of Conduct Rule 6.2:** A certificant shall meet all CFP Board requirements, including continuing education requirements, to retain the right to use the CFP® marks.

## Private Censure

A continuing education violation includes, but is not limited to, misrepresenting that Respondent completed the continuing education, allowing another individual to complete the continuing education and/or a failure to complete continuing education required by order of the Commission. The sanction imposed must be higher than Private Censure if the Commission determines that the Respondent intended to deceive CFP Board.

## 9. CONVICTION WITHIN THE LAST 10 YEARS OF A FELONY OR ANY RELEVANT MISDEMEANOR INVOLVING A JAIL SENTENCE

**Standard E.2.a.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession. Such conduct includes, but is not limited to, conduct that results in:  
a. A Felony or Relevant Misdemeanor conviction, or admission into a program that defers or withholds the entry of a judgment of conviction for a Felony or Relevant Misdemeanor.

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rule of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

**Disciplinary Rules Article 3(c):** Grounds For Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (c) Any act or omission which violates the criminal laws of any State or of the United States or of any province, territory or jurisdiction of any other country, provided however, that conviction thereof in a criminal proceeding shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that acquittal in a criminal proceeding shall not bar a disciplinary action.

Suspension for at least one year and one day

A felony conviction for:

- 1) theft, embezzlement, or other financially-based crimes;
- 2) any violent crime;
- 3) murder or rape; and
- 4) tax fraud or other tax-related crimes should result in a Revocation or Bar.

**10. CONVICTION WITHIN THE LAST 10 YEARS OF A FELONY OR ANY RELEVANT MISDEMEANOR INVOLVING PROBATION ONLY**

Public Censure

**Standard E.2.a.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession. Such conduct includes, but is not limited to, conduct that results in:  
a. A Felony or Relevant Misdemeanor conviction, or admission into a program that defers or withholds the entry of a judgment of conviction for a Felony or Relevant Misdemeanor.

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rule of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

**Disciplinary Rules Article 3(c):** Grounds For Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (c) Any act or omission which violates the criminal laws of any State or of the United States or of any province, territory or jurisdiction of any other country, provided however, that conviction thereof in a criminal proceeding shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that acquittal in a criminal proceeding shall not bar a disciplinary action.

**11. DILIGENCE**

Private Censure

**Standard A.4.:** A CFP® professional must provide Professional Services, including responding to reasonable Client inquiries, in a timely and thorough manner.

**Principle 7:** Diligence: Provide professional services diligently. Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

**Code of Ethics Rule 701:** A CFP Board designee shall provide services diligently.

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) What was the harm to the client?
- (2) Was it an isolated instance?
- (3) Was the CFP® professional negligent?
- (4) Was the CFP® professional reckless?

## 12. EMPLOYER POLICIES VIOLATION

**Standard D.2.a.:** A CFP® professional: a. Will be subject to discipline by CFP Board for violating policies and procedures of the CFP® Professional's Firm that do not conflict with these Standards.

**Code of Ethics Rule 406:** A CFP Board designee who is an employee shall perform professional services with dedication to the lawful objectives of the employer and in accordance with this *Code of Ethics*.

**Rule of Conduct Rule 5.1:** A certificant who is an employee/agent shall perform professional services with dedication to the lawful objectives of the employer/principal and in accordance with CFP Board's *Code of Ethics*.

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## 13. FAILURE TO ACT IN CLIENT'S INTEREST OUTSIDE OF A FINANCIAL PLANNING RELATIONSHIP

**Standard A.1.:** 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.

**Rule of Conduct Rule 1.4:** A certificant shall at all times place the interest of the client ahead of his or her own. When the certificant provides financial planning or material elements of financial planning, the certificant owes to the client the duty of care of a fiduciary as defined by CFP Board.

Private Censure

If the Firm terminated the Respondent due to the violation, the termination should be considered as an aggravating factor.

Public Censure

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) What was the harm to the client?
- (2) Was it an isolated instance?
- (3) Was the CFP® professional negligent?
- (4) Was the CFP® professional reckless?

## 14. FAILURE TO DISCLOSE

### a) Failure to Disclose to CFP Board

**Standard E.3.:** A CFP® professional must provide written notice to CFP Board within thirty (30) calendar days after the CFP® professional, or an entity over which the CFP® professional was a Control Person, has:

- a. Been charged with, convicted of, or admitted into a program that defers or withholds the entry of a judgment or conviction for, a Felony or Relevant Misdemeanor;
- b. Been named as a subject of, or whose conduct is mentioned adversely in, a Regulatory Investigation or Regulatory Action alleging failure to comply with the laws, rules, or regulations governing Professional Services;
- c. Had conduct mentioned adversely in a Finding in a Regulatory Action involving failure to comply with the laws, rules, or regulations governing Professional Services (except a Regulatory Action involving a Minor Rule Violation in a Regulatory Action brought by a self-regulatory organization);
- d. Had conduct mentioned adversely in a Civil Action alleging failure to comply with the laws, rules, or regulations governing Professional Services;
- e. Become aware of an adverse arbitration award or civil judgment, or a settlement agreement, in a Civil Action alleging failure to comply with the laws, rules, or regulations governing Professional Services, where the conduct of the CFP® professional, or an entity over which the CFP® professional was a Control Person, was mentioned adversely, other than a settlement for an amount less than \$15,000;
- f. Had conduct mentioned adversely in a Civil Action alleging fraud, theft, misrepresentation, or other dishonest conduct;
- f. Been the subject of a Finding of fraud, theft, misrepresentation, or other dishonest conduct in a Regulatory Action or Civil Action;
- g. Become aware of an adverse arbitration award or civil judgment, or a settlement agreement in a Civil Action alleging fraud, theft, misrepresentation, or other dishonest conduct, where the conduct of the CFP® professional, or an entity over which the CFP® professional was a Control Person, was mentioned adversely;
- h. Had a professional license, certification, or membership suspended, revoked, or materially restricted because of a violation of rules or standards of conduct;

### Private Censure

The sanction imposed may be higher than Private Censure if it is determined that the Respondent's failure to disclose was intentional.

- i. Been terminated for cause from employment or permitted to resign in lieu of termination when the cause of the termination or resignation involved allegations of dishonesty, unethical conduct, or compliance failures;
- j. Been named as the subject of, or been identified as the broker/adviser of record in, any written, customer-initiated complaint that alleged the CFP® professional was involved in:
  - i. Forgery, theft, misappropriation, or conversion of Financial Assets;
  - ii. Sales practice violations and contained a claim for compensation of \$5,000 or more; or
  - iii. Sales practice violations and settled for an amount of \$15,000 or more.
- k. Filed for or been the subject of a personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person;
- l. Received notice of a federal tax lien on property owned by the CFP® professional; or
- m. Failed to satisfy a non-federal tax lien, judgment lien, or civil judgment within one year of its date of entry, unless payment arrangements have been agreed upon by all parties.

**Rule of Conduct Rule 6.4:** A certificant shall notify CFP Board in writing of any conviction of a crime, except misdemeanor traffic offenses or traffic ordinance violations unless such offense involves the use of alcohol or drugs, or of any professional suspension or bar within 30 calendar days after the date on which the certificant is notified of the conviction, suspension or bar.

**Disciplinary Rules Article 3(g):** Grounds for Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (g) Any false or misleading statement made to CFP Board.

## b) Failure to Disclose Required Information to Client

## Public Censure

**Standard 10.a.:** When providing or agreeing to provide Financial Advice that does not require Financial Planning in accordance with the *Practice Standards*, a CFP® professional must provide the following information to the Client, prior to or at the time of the Engagement, and document that the information has been provided to the Client:

- I. A description of the services and products to be provided;
- II. How the Client pays for the products and services, and a description of the additional types of costs that the Client may incur, including product management fees, surrender charges, and sales loads;
- III. How the CFP® professional, the CFP® Professional's Firm, and any Related Party are compensated for providing the products and services;
- IV. The existence of any public discipline or bankruptcy, and the location(s), if any, of the webpages of all relevant public websites of any governmental authority, self-regulatory organization, or professional organization that sets forth the CFP® professional's public disciplinary history or any personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person;
- V. The information required under Section A.5.a. (Conflict of Interest Disclosure);
- VI. The information required under Section A.9.d. (Written Notice Regarding Non-Public Personal Information);
- VII. The information required under Section A.13.a.ii. (Disclosure of Economic Benefit for Referral or Engagement of Additional Persons); and
- VIII. Any other information about the CFP® professional or the CFP® Professional's Firm that is Material to a Client's decision to engage or continue to engage the CFP® professional or the CFP® Professional's Firm.



**Standard 10.b.:** When providing or required to provide Financial Planning in accordance with the *Practice Standards*, a CFP® professional must provide the following information to the Client, prior to or at the time of the Engagement, in one or more written documents:

- I. The information required to be provided in Sections A.10.a.i.-iv. and vi.-viii.; and
- II. The terms of the Engagement between the Client and the CFP® professional or the CFP® Professional's Firm, including the Scope of Engagement and any limitations, the period(s) during which the services will be provided, and the Client's responsibilities. A CFP® professional is responsible for implementing, monitoring, and updating the Financial Planning recommendation(s) unless specifically excluded from the Scope of Engagement.

**Rule of Conduct Rule 2.1:** A certificant shall not communicate, directly or indirectly, to clients or prospective clients any false or misleading information directly or indirectly related to the certificant's professional qualifications or services. A certificant shall not mislead any parties about the potential benefits of the certificant's service. A certificant shall not fail to disclose or otherwise omit facts where that disclosure is necessary to avoid misleading clients.

**Practice Standards 100-1:** Defining the scope of the engagement:

- Disclosing the practitioner's material conflict(s) of interest;
- Disclosing the practitioner's compensation arrangement(s)

**Practice Standards 400-3:** Presenting the Financial Planning Recommendation(s):

The financial planning practitioner shall communicate the recommendation(s) in a manner and to an extent reasonably necessary to assist the client in making an informed decision.

## 15. FAILURE TO PAY BACK LOAN TO FIRM

**Standard D.2.a.:** A CFP® professional: a. Will be subject to discipline by CFP Board for violating policies and procedures of the CFP® Professional’s Firm that do not conflict with these Standards.

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Rules of Conduct Rule 5.1:** A certificant who is an employee/agent shall perform professional services with dedication to the lawful objectives of the employer/principal and in accordance with CFP Board’s *Code of Ethics*.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

Private Censure

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## 16. FAILURE TO ENTER INTO A WRITTEN FINANCIAL PLANNING AGREEMENT OR PROVIDE THE TERMS OF THE ENGAGEMENT WHILE IN A FINANCIAL PLANNING ENGAGEMENT

Public Censure

**Standard A.10.b.:** When providing or required to provide Financial Planning in accordance with the *Practice Standards*, a CFP® professional must provide the following information to the Client, prior to or at the time of the Engagement, in one or more written documents. . . The terms of the Engagement between the Client and the CFP® professional or the CFP® Professional’s Firm, including the Scope of Engagement and any limitations, the period(s) during which the services will be provided, and the Client’s responsibilities.

**Rules of Conduct Rule 1.3:** If the services include financial planning or material elements of financial planning, the certificant or the certificant’s employer shall enter into a written agreement governing the financial planning services (“Agreement”). The Agreement shall specify:

- a. The parties to the Agreement,
- b. The date of the Agreement and its duration,
- c. How and on what terms each party can terminate the Agreement, and
- d. The services to be provided as part of the Agreement.

The Agreement may consist of multiple written documents. Written documentation that includes the items above and is used by a certificant or certificant’s employer in compliance with state or federal law, or the rules or regulations of any applicable self-regulatory organization, such as the Securities and Exchange Commission’s Form ADV or other disclosure documents, shall satisfy the requirements of this Rule.

## 17. FAILURE TO RESPOND TO A CFP BOARD REQUEST FOR INFORMATION OR NOTICE OF INVESTIGATION

**Standard E.5.:** Cooperation. A CFP® professional may not make false or misleading representations to CFP Board or obstruct CFP Board in the performance of its duties. A CFP® professional must satisfy the cooperation requirements set forth in CFP Board's *Procedural Rules*, including by cooperating fully with CFP Board's requests, investigations, disciplinary proceedings, and disciplinary decisions.

**Standard E.6.:** A CFP® professional must comply with the *Terms and Conditions of Certification and Trademark License*.

**Procedural Rules Article 1.1:** CFP Board Counsel has the authority to investigate a Respondent. CFP Board Counsel may deliver to Respondent a written Notice of Investigation stating that Respondent is under investigation, identifying the general nature of the allegations, and providing Respondent the email address and mailing address to use for delivery and filing in accordance with Article 16. Respondent must deliver to CFP Board Counsel a document acknowledging receipt of the Notice of Investigation within 30 calendar days from delivery to Respondent of the Notice of Investigation. If Respondent fails to deliver a timely acknowledgement of receipt, CFP Board Counsel must re-deliver the Notice of Investigation via certified mail or overnight mail using the mailing address Respondent provided to CFP Board, or such other address that CFP Board reasonably believes to be Respondent's current mailing address. If Respondent fails to deliver to CFP Board a document acknowledging receipt of the Notice of Investigation within 30 calendar days of delivery of the second Notice of Investigation, Respondent is in default and CFP Board may take action in accordance with Article 4.1.

**Procedural Rules Article 4.1:** Respondent is in default if Respondent fails to: a. Acknowledge receipt of a Notice of Investigation pursuant to Article 1.1.

**Rules of Conduct Rule 6.1:** A certificant shall abide by the terms of all agreements with CFP Board, including, but not limited to, using the CFP® marks properly and cooperating fully with CFP Board's trademark and professional review operations and requirements.

**Disciplinary Rules Article 3(f):** Grounds for Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (f) Failure to respond to a request by the Commission, without good cause shown, or obstruction of the Commission, or any panel or board thereof, or CFP Board staff in the performance of its or their duties. Good cause includes, without limitation, an assertion that a response would violate a certificant's or registrant's constitutional privilege against self-incrimination.

**18. FAILURE TO SUPERVISE**

**Standard D.1.:** A CFP® professional must exercise reasonable care when supervising persons acting under the CFP® professional's direction, including employees and other persons over whom the CFP® professional has responsibility, with a view toward preventing violations of applicable laws, rules, regulations, and these Standards.

**Code of Ethics Rule 705:** A CFP Board designee shall properly supervise subordinates with regard to their delivery of financial planning services, and shall not accept or condone conduct in violation of this *Code of Ethics*.

**Rules of Conduct Rule 4.6:** A certificant shall provide reasonable and prudent professional supervision or direction to any subordinate or third party to whom the certificant assigns responsibility for any client services.

**19. FORGERY**

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Code of Ethics Rule 102:** In the course of professional activities, a CFP Board designee shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to a client, employer, employee, professional colleague, governmental or other regulatory body or official, or any other person or entity.

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

Private Censure

Suspension for at least one year and one day

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) What is the nature of the documents that were either forged or falsified?
- (2) Did the CFP® professional mistakenly believe he or she had implied authority?
- (3) What was the CFP® professional's intent?

## 20. FRAUD, MISREPRESENTATION OR DECEIT

**Standard A.2.b.:** A CFP® professional may not, directly or indirectly, in the conduct of Professional Services: i. Employ any device, scheme, or artifice to defraud; ii. Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or iii. Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

**Standard A.7.:** A CFP® professional must treat Clients, prospective Clients, fellow professionals, and others with dignity, courtesy, and respect.

**Standard A.8.a.:** A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

**Standard A.11.:** A CFP® professional must provide a Client with accurate information, in accordance with the Engagement, and in response to reasonable Client requests, in a manner and format that a Client reasonably may be expected to understand.

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Code of Ethics Rule 102:** In the course of professional activities, a CFP Board designee shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to a client, employer, employee, professional colleague, governmental or other regulatory body or official, or any other person or entity.

**Rules of Conduct Rule 2.1:** A certificant shall not communicate, directly or indirectly, to clients or prospective clients any false or misleading information directly or indirectly related to the certificant's professional qualifications or services. A certificant shall not mislead any parties about the potential benefits of the certificant's service. A certificant shall not fail to disclose or otherwise omit facts where that disclosure is necessary to avoid misleading clients.

**Rules of Conduct Rule 4.1:** A certificant shall treat prospective clients and clients fairly and provide professional services with integrity and objectivity.

**Rules of Conduct Rule 4.3:** A certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

Fraud is a finding by the Commission that a Respondent knowingly or recklessly misrepresented or concealed a material fact to induce another to act to his or her detriment.

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) What was the nature of the conduct?
- (2) Was there harm to the client or a prospective client?
- (3) Was the CFP® professional negligent?
- (4) Was the CFP® professional reckless?
- (5) Was this an isolated incident?

Examples of Conduct:

**(a) Fraud Involving Professional Activities**

**(b) “Holding Out” as a Financial Planner to a Client, Then Not Providing Financial Planning Services to that Client**

**(c) Misrepresentation to Non-Clients**

**(d) Misrepresentation to Clients and Prospective Clients**

**21. JUDGMENT**

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

Suspension for at least one year and one day

Public Censure

Private Censure

Public Censure

Public Censure

“Holding Out” appears in Rule 203(b)(3)-1(c) of the Investment Advisers Act of 1940 (“Advisers Act”). Though not defined in the Advisers Act, it essentially means representing oneself to a prospective client or client as a financial planner.

Note: An investment-only relationship does not require a written financial planning agreement.

Only applies when there are two or more judgments not identified in a bankruptcy filing.

## 22. INAPPROPRIATE RELATIONSHIP WITH CLIENT

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

Public Censure

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) Was this an isolated incident?
- (2) Was there informed consent?
- (3) Was there a pre-existing relationship?
- (4) Was there harm to the client?
- (5) Did the CFP® professional profit from the incident?

## 23. LOANING MONEY TO CLIENT

**Standard A.15.a.:** A CFP® professional may not, directly or indirectly, borrow money from or lend money to a Client unless: i. The Client is a member of the CFP® professional's Family; or ii. The lender is a business organization or legal entity in the business of lending money.

**Code of Ethics Rules 202:** A financial planning practitioner shall act in the interest of the client.

**Code of Ethics Rules 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 3.7:** A certificant shall not lend money to a client. Exceptions to this Rule include: a. The client is a member of the certificant's immediate family, or b. The certificant is an employee of an institution in the business of lending money and the money lent is that of the institution, not the certificant.

**Advisory Opinion 2001-1:** Loans between CFP Board designees and their clients should be avoided in the client-planner relationship.

Public Censure

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) Was this an isolated incident?
- (2) Was there informed consent?
- (3) Was there a pre-existing relationship?
- (4) Was there harm to the client?
- (5) Did the CFP® professional profit from the incident?

## 24. RELEVANT MISDEMEANOR CRIMINAL CONVICTIONS

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession. Such conduct includes, but is not limited to, conduct that results in: a. A Felony or Relevant Misdemeanor conviction, or admission into a program that defers or withholds the entry of a judgment of conviction for a Felony or Relevant Misdemeanor.

**Code of Ethics Rules 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

**Disciplinary Rules Article 3(c):** Grounds For Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (c) Any act or omission which violates the criminal laws of any State or of the United States or of any province, territory or jurisdiction of any other country, provided however, that conviction thereof in a criminal proceeding shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that acquittal in a criminal proceeding shall not bar a disciplinary action.

### Private Censure

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) Were there multiple charges relating to the same incident?
- (2) What was the degree of the misdemeanor offense?
- (3) Did the offense involve criminal sexual activity?
- (4) Has the certificant or registrant been convicted of other misdemeanor crimes not identified as serious crimes in the *Disciplinary Rules* (see Article 12.5)
- (5) Did the number of misdemeanor crimes reveal that there was a pattern of misconduct? Over what period of time? How long ago?

Note: Misdemeanor criminal convictions that do not involve criminal sexual activity, physical abuse or an extreme pattern of misconduct will not be considered. Higher sanctions will be considered for misdemeanor criminal convictions that involve criminal sexual activity related to minors.



## 25. MISUSE OF THE CFP® MARKS

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Standard E.6.:** A CFP® professional must comply with the *Terms and Conditions of Certification and Trademark License*.

**Code of Ethics Rule 601:** A CFP Board designee shall use the marks in compliance with the rules and regulations of CFP Board, as established and amended from time to time.

**Rules of Conduct Rule 6.1:** A certificant shall abide by the terms of all agreements with CFP Board, including, but not limited to, using the CFP® marks properly and cooperating fully with CFP Board's trademark and professional review operations and requirements.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

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## 26. PONZI SCHEME

**Standard A.2.b.:** A CFP® professional may not, directly or indirectly, in the conduct of Professional Services:

- Employ any device, scheme, or artifice to defraud;
- Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Code of Ethics Rule 102:** In the course of professional activities, a CFP Board designee shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to a client, employer, employee, professional colleague, governmental or other regulatory body or official, or any other person or entity.

**Rules of Conduct Rule 2.1:** A certificant shall not communicate, directly or indirectly, to clients or prospective clients any false or misleading information directly or indirectly related to the certificant's professional qualifications or services. A certificant shall not mislead any parties about the potential benefits of the certificant's service. A certificant shall not fail to disclose or otherwise omit facts where that disclosure is necessary to avoid misleading clients.

Private Censure

Revocation

Must have regulatory finding.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

**Disciplinary Rules Article 3(c):** Grounds For Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (c) Any act or omission which violates the criminal laws of any State or of the United States or of any province, territory or jurisdiction of any other country, provided however, that conviction thereof in a criminal proceeding shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that acquittal in a criminal proceeding shall not bar a disciplinary action.

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## **27. PRACTICING WITHOUT A PROFESSIONAL LICENSE**

**Standard A.8.a.:** A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

**Code of Ethics Rule 609:** A CFP Board designee shall not practice any other profession or offer to provide such services unless the CFP Board designee is qualified to practice in those fields and is licensed as required by state law.

**Rules of Conduct Rule 4.3:** A certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client.

Public Censure

This finding must be made by the appropriate regulatory licensing agency.

**28. REVOCATION OF A FINANCIAL PROFESSIONAL LICENSE (E.G. REGISTERED SECURITIES REPRESENTATIVE, BROKER/DEALER, INSURANCE, ACCOUNTANT, OR INVESTMENT ADVISOR), UNLESS THE REVOCATION IS ADMINISTRATIVE IN NATURE, I.E. THE RESULT OF THE INDIVIDUAL'S DETERMINING NOT TO RENEW THE LICENSE BY NOT PAYING THE REQUIRED FEES**

**Standard A.8.a.:** A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

**Code of Ethics Rule 606(a):** In all professional activities a CFP Board designee shall perform services in accordance with Applicable laws, rules and regulations of governmental agencies and other applicable authorities

**Rules of Conduct Rule 4.3:** A certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client.

**Procedural Rules Article 7.2:** A record from a (a) federal, state, local, or foreign governmental agency, (b) self-regulatory organization, or (c) other regulatory authority imposing discipline upon Respondent ("Professional Discipline") is conclusive proof of the existence of such Professional Discipline and the facts and violations that serve as the basis for such Professional Discipline. The fact that Respondent has not admitted or denied the findings contained in the record does not affect the conclusiveness of the proof. Professional Discipline includes a censure, injunction, undertaking, order to cease and desist, fine, suspension, bar, or revocation, the surrender of a professional license or certification in response to a Regulatory action or Regulatory investigation, and statutory disqualification. A record of Professional Discipline includes a settlement agreement, order, consent order, and Letter of Acceptance, Waiver, and Consent ("AWC").

**Disciplinary Rules Article 3(d):** Grounds For Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (d) Any act which is the proper basis for professional suspension, as defined herein, provided professional suspension shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that dismissal of charges in a professional suspension proceeding shall not necessarily bar a disciplinary action.

**Disciplinary Rules Article 13.1:** Proof of Conviction or Professional Discipline: Except as otherwise provided in these *Disciplinary Rules*, a certificate from the clerk of any court of criminal jurisdiction indicating that

a Respondent has been convicted of a crime in that court or a letter or other writing from a governmental or industry self-regulatory authority to the effect that a Respondent has been the subject of an order of professional discipline (as hereinafter defined) by such authority, shall conclusively establish the existence of such conviction or such professional discipline for purposes of disciplinary proceedings and shall be conclusive proof of the commission of that crime or of the basis for such suspension, by the Respondent.

**29. REVOCATION OR SUSPENSION OF A NON-FINANCIAL PROFESSIONAL LICENSE (E.G. REAL ESTATE, ATTORNEY) OR CERTIFICATION, UNLESS THE REVOCATION IS ADMINISTRATIVE IN NATURE, I.E. THE RESULT OF THE INDIVIDUAL'S DETERMINING NOT TO RENEW THE LICENSE BY NOT PAYING THE REQUIRED FEES**

**Standard A.8.a.:** A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

**Code of Ethics Rule 606(a):** In all professional activities a CFP Board designee shall perform services in accordance with Applicable laws, rules and regulations of governmental agencies and other applicable authorities

**Rules of Conduct Rule 4.3:** A certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client.

**Procedural Rules Article 7.2:** A record from a (a) federal, state, local, or foreign governmental agency, (b) self-regulatory organization, or (c) other regulatory authority imposing discipline upon Respondent (“Professional Discipline”) is conclusive proof of the existence of such Professional Discipline and the facts and violations that serve as the basis for such Professional Discipline. The fact that Respondent has not admitted or denied the findings contained in the record does not affect the conclusiveness of the proof. Professional Discipline includes a censure, injunction, undertaking, order to cease and desist, fine, suspension, bar, or revocation, the surrender of a professional license or certification in response to a Regulatory action or Regulatory investigation, and statutory disqualification. A record of Professional Discipline includes a settlement agreement, order, consent order, and Letter of Acceptance, Waiver, and Consent (“AWC”).

**Disciplinary Rules Article 3(d):** Grounds For Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (d) Any act which is the proper basis for professional

Revocation

Bar or Revocation of a CFP® certification only applies when the revocation or suspension of a non-financial professional license involves one or more of the “financial planning subject areas” (see Terminology, *Standards of Professional Conduct*, rev. Jan 2010)

Public Censure

Public Censure of a CFP® certification applies when the revocation or suspension of a non-financial professional license does not involve any of the “financial planning subject areas.”

suspension, as defined herein, provided professional suspension shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that dismissal of charges in a professional suspension proceeding shall not necessarily bar a disciplinary action.

**Disciplinary Rules Article 13.1:** Proof of Conviction or Professional Discipline: Except as otherwise provided in these *Disciplinary Rules*, a certificate from the clerk of any court of criminal jurisdiction indicating that a Respondent has been convicted of a crime in that court or a letter or other writing from a governmental or industry self-regulatory authority to the effect that a Respondent has been the subject of an order of professional discipline (as hereinafter defined) by such authority, shall conclusively establish the existence of such conviction or such professional discipline for purposes of disciplinary proceedings and shall be conclusive proof of the commission of that crime or of the basis for such suspension, by the Respondent.

### 30. SECURITIES LAW VIOLATION

**Standard A.8.a.:** A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Code of Ethics Rule 606(a):** In all professional activities a CFP Board designee shall perform services in accordance with Applicable laws, rules and regulations of governmental agencies and other applicable authorities

**Code of Ethics Rule 607:** A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

**Rules of Conduct Rule 4.3:** A certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

**Procedural Rules Article 7.2:** A record from a (a) federal, state, local, or foreign governmental agency, (b) self-regulatory organization, or (c) other regulatory authority imposing discipline upon Respondent (“Professional Discipline”) is conclusive proof of the existence of such Professional Discipline and the facts and violations that serve as the basis for such Professional Discipline. The fact that Respondent

### Public Censure

Inquire whether the CFP® professional knowingly violated the securities laws or whether it was his/her negligence that led to a violation of securities laws. Intentional acts should be treated more seriously than negligent acts.

“Private securities transaction” means any securities transaction outside the regular course or scope of an associated person’s employment with a member, including, though not limited to, new offerings of securities which are not registered with the SEC, provided however that transactions subject to FINRA notification requirements, transactions among immediate family members, for which no associated person receives any selling compensation, and personal transactions in investment company and variable annuity securities, shall be excluded.

has not admitted or denied the findings contained in the record does not affect the conclusiveness of the proof. Professional Discipline includes a censure, injunction, undertaking, order to cease and desist, fine, suspension, bar, or revocation, the surrender of a professional license or certification in response to a Regulatory action or Regulatory investigation, and statutory disqualification. A record of Professional Discipline includes a settlement agreement, order, consent order, and Letter of Acceptance, Waiver, and Consent (“AWC”).

**Disciplinary Rules Article 13.1:** Proof of Conviction or Professional Discipline: Except as otherwise provided in these *Disciplinary Rules*, a certificate from the clerk of any court of criminal jurisdiction indicating that a Respondent has been convicted of a crime in that court or a letter or other writing from a governmental or industry self-regulatory authority to the effect that a Respondent has been the subject of an order of professional discipline (as hereinafter defined) by such authority, shall conclusively establish the existence of such conviction or such professional discipline for purposes of disciplinary proceedings and shall be conclusive proof of the commission of that crime or of the basis for such suspension, by the Respondent.

Examples of Violations:

- Best Execution
- Churning or Excessive Trading
- Conversion
- Fair Dealing
- Fraudulent, Deceptive or Manipulative Practices
- Free-riding and Withholding Violations
- Front-running
- Insider Trading
- Outside Business Activities
- Selling Away (Private Securities Transactions)
- Settlement – Unreported Private Settlement of Client Complaints
- Trading Ahead
- Transactions with Associated Persons/Related Persons
- Unauthorized transactions
- Unlawful Credit Extension
- Unregistered Securities – Sale of

### 31. SUITABILITY VIOLATION

**Standard A.1.:** 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.

**Code of Ethics Rule 703:** A financial planning practitioner shall make and/or implement only recommendations which are suitable for the client.

**Rules of Conduct Rule 4.5:** In addition to the requirements of Rule 1.4, a certificant shall make and/or implement only recommendations that are suitable for the client.

Suspension for one year

The following should be considered additional aggravating or mitigating factors in determining the appropriate sanction:

- (1) What was the extent of the fact-finding done by the CFP® professional?
- (2) What was the CFP® professional's level of experience at the time of the recommendation?
- (3) What was the CFP® professional's intent when making the recommendation?

In cases where there are significant aggravating factors, consider a suspension for up to five years.

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### 32. PROFESSIONAL DISCIPLINE AS DEFINED IN ARTICLE 7.2 INVOLVING A SUSPENSION (OR A SIMILAR TYPE OF PROFESSIONAL DISCIPLINE) FOR UP TO ONE CALENDAR MONTH (30 DAYS)

**Standard A.8.a.:** A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

**Code of Ethics Rule 606(a):** In all professional activities a CFP Board designee shall perform services in accordance with Applicable laws, rules and regulations of governmental agencies and other applicable authorities

**Rules of Conduct Rule 4.3:** A certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client.

**Disciplinary Rules Article 3(d):** Grounds For Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (d) Any act which is the proper basis for professional suspension, as defined herein, provided professional suspension shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that dismissal of charges in a professional suspension proceeding shall not necessarily bar a disciplinary action.

Public Censure

**Procedural Rules Article 7.2:** A record from a (a) federal, state, local, or foreign governmental agency, (b) self-regulatory organization, or (c) other regulatory authority imposing discipline upon Respondent (“Professional Discipline”) is conclusive proof of the existence of such Professional Discipline and the facts and violations that serve as the basis for such Professional Discipline. The fact that Respondent has not admitted or denied the findings contained in the record does not affect the conclusiveness of the proof. Professional Discipline includes a censure, injunction, undertaking, order to cease and desist, fine, suspension, bar, or revocation, the surrender of a professional license or certification in response to a Regulatory action or Regulatory investigation, and statutory disqualification. A record of Professional Discipline includes a settlement agreement, order, consent order, and Letter of Acceptance, Waiver, and Consent (“AWC”).

**Disciplinary Rules Article 13.1:** Proof of Conviction or Professional Discipline: Except as otherwise provided in these *Disciplinary Rules*, a certificate from the clerk of any court of criminal jurisdiction indicating that a Respondent has been convicted of a crime in that court or a letter or other writing from a governmental or industry self-regulatory authority to the effect that a Respondent has been the subject of an order of professional discipline (as hereinafter defined) by such authority, shall conclusively establish the existence of such conviction or such professional discipline for purposes of disciplinary proceedings and shall be conclusive proof of the commission of that crime or of the basis for such suspension, by the Respondent.

**33. PROFESSIONAL DISCIPLINE AS DEFINED IN ARTICLE 7.2 INVOLVING A SUSPENSION (OR A SIMILAR TYPE OF PROFESSIONAL DISCIPLINE) FOR MORE THAN ONE CALENDAR MONTH (30 DAYS) AND LESS THAN THREE CALENDAR MONTHS (90 DAYS)**

**Standard A.8.a.:** A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

**Code of Ethics Rule 606(a):** In all professional activities a CFP Board designee shall perform services in accordance with Applicable laws, rules and regulations of governmental agencies and other applicable authorities

**Rules of Conduct Rule 4.3:** A certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client.

Suspension for at least an equal length, up to one year



**Procedural Rules Article 7.2:** A record from a (a) federal, state, local, or foreign governmental agency, (b) self-regulatory organization, or (c) other regulatory authority imposing discipline upon Respondent (“Professional Discipline”) is conclusive proof of the existence of such Professional Discipline and the facts and violations that serve as the basis for such Professional Discipline. The fact that Respondent has not admitted or denied the findings contained in the record does not affect the conclusiveness of the proof. Professional Discipline includes a censure, injunction, undertaking, order to cease and desist, fine, suspension, bar, or revocation, the surrender of a professional license or certification in response to a Regulatory action or Regulatory investigation, and statutory disqualification. A record of Professional Discipline includes a settlement agreement, order, consent order, and Letter of Acceptance, Waiver, and Consent (“AWC”).

**Disciplinary Rules Article 3(d):** Grounds For Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (d) Any act which is the proper basis for professional suspension, as defined herein, provided professional suspension shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that dismissal of charges in a professional suspension proceeding shall not necessarily bar a disciplinary action.

**Disciplinary Rules Article 13.1:** Proof of Conviction or Professional Discipline: Except as otherwise provided in these *Disciplinary Rules*, a certificate from the clerk of any court of criminal jurisdiction indicating that a Respondent has been convicted of a crime in that court or a letter or other writing from a governmental or industry self-regulatory authority to the effect that a Respondent has been the subject of an order of professional discipline (as hereinafter defined) by such authority, shall conclusively establish the existence of such conviction or such professional discipline for purposes of disciplinary proceedings and shall be conclusive proof of the commission of that crime or of the basis for such suspension, by the Respondent.

**34. PROFESSIONAL DISCIPLINE AS DEFINED IN ARTICLE 17.2 INVOLVING A SUSPENSION (OR A SIMILAR TYPE OF PROFESSIONAL DISCIPLINE) FOR MORE THAN THREE MONTHS (90 DAYS)**

**Standard A.8.a.:** A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

**Code of Ethics Rule 606(a):** In all professional activities a CFP Board designee shall perform services in accordance with Applicable laws, rules and regulations of governmental agencies and other applicable authorities

**Rules of Conduct Rule 4.3:** A certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client.

**Procedural Rules Article 7.2:** A record from a (a) federal, state, local, or foreign governmental agency, (b) self-regulatory organization, or (c) other regulatory authority imposing discipline upon Respondent (“Professional Discipline”) is conclusive proof of the existence of such Professional Discipline and the facts and violations that serve as the basis for such Professional Discipline. The fact that Respondent has not admitted or denied the findings contained in the record does not affect the conclusiveness of the proof. Professional Discipline includes a censure, injunction, undertaking, order to cease and desist, fine, suspension, bar, or revocation, the surrender of a professional license or certification in response to a Regulatory action or Regulatory investigation, and statutory disqualification. A record of Professional Discipline includes a settlement agreement, order, consent order, and Letter of Acceptance, Waiver, and Consent (“AWC”).

**Disciplinary Rules Article 3(d):** Grounds For Discipline: Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (d) Any act which is the proper basis for professional suspension, as defined herein, provided professional suspension shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that dismissal of charges in a professional suspension proceeding shall not necessarily bar a disciplinary action.

Suspension for at least one year and one day

**Disciplinary Rules Article 13.1:** Proof of Conviction or Professional Suspension: Except as otherwise provided in these Procedures, a certificate from the clerk of any court of criminal jurisdiction indicating that a certificant or registrant has been convicted of a crime in that court or a letter or other writing from a governmental or industry self-regulatory authority to the effect that a certificant or registrant has been the subject of an order of professional suspension (as hereinafter defined) by such authority, shall conclusively establish the existence of such conviction or such professional suspension for purposes of disciplinary proceedings and shall be conclusive proof of the commission of that crime or of the basis for such suspension, by the certificant or registrant.

**35. UNAUTHORIZED USE OF DESIGNATIONS**

Public Censure

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Rules of Conduct Rule 6.5:** A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

**36. UNAUTHORIZED USE OF THE CFP® MARKS**

Public Censure

**Standard E.2.:** A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession.

**Standard E.6.:** A CFP® professional must comply with the *Terms and Conditions of Certification and Trademark License*.

**Code of Ethics Rule 601:** A CFP Board designee shall use the marks in compliance with the rules and regulations of CFP Board, as established and amended from time to time.

**Rules of Conduct Rule 6.1:** A certificant shall abide by the terms of all agreements with CFP Board, including, but not limited to, using the CFP® marks properly and cooperating fully with CFP Board's trademark and professional review operations and requirements.



**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.**

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