

CFP BOARD

ETHICS CE: CFP BOARD'S REVISED *CODE AND STANDARDS*

MARGUERITA CHENG, CFP®
BLUE OCEAN GLOBAL WEALTH
JUNE 7, 2023

The content of this program is based on CFP Board's *Code of Ethics and Standards of Conduct (Code and Standards)*, which became effective on October 1, 2019.

CFP Board created and provided this slide deck to the CE Sponsor for presentation. The presenter's opinions do not necessarily represent those of CFP Board.

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“Ask The Right Questions” PSA

CFP BOARD



Marguerita Cheng, CFP® CEO, Blue Ocean Global Wealth

- Marguerita is a past spokesperson for the AARP Financial Freedom Campaign and a regular columnist for Kiplinger, US News & World Report & MarketWatch
- As a Certified Financial Planner Board of Standards (CFP Board) Ambassador, Marguerita helps educate the public, policy makers, and media about the benefits of competent, ethical financial planning.
- In 2022, she was named the #4 Most Influential Financial Advisor in Investopedia Top 100. In 2017, she was named a Woman to Watch by InvestmentNews.



1. Understand the structure and content of the revised *Code and Standards*, including significant changes from prior rules.
2. Describe CFP Board's Fiduciary Duty.
3. Identify Material Conflicts of Interest and How to Avoid, or Fully Disclose, Obtain Informed Consent, and Manage Them.
4. Understand the Duty to Report to CFP Board and the Duty to Cooperate.
5. Identify the *Practice Standards* When Providing Financial Advice that Requires Financial Planning or Financial Planning.
6. Understand the Duty to Provide Information to Clients When Providing Financial Advice and/or Financial Planning.

CFP Ethics Presentation

QUIZZ

Feel free to type in the link or use the Quizizz app!



End session

To play this game

1. Use any device to open

joinmyquiz.com/pro

2. Enter game code

or share via...

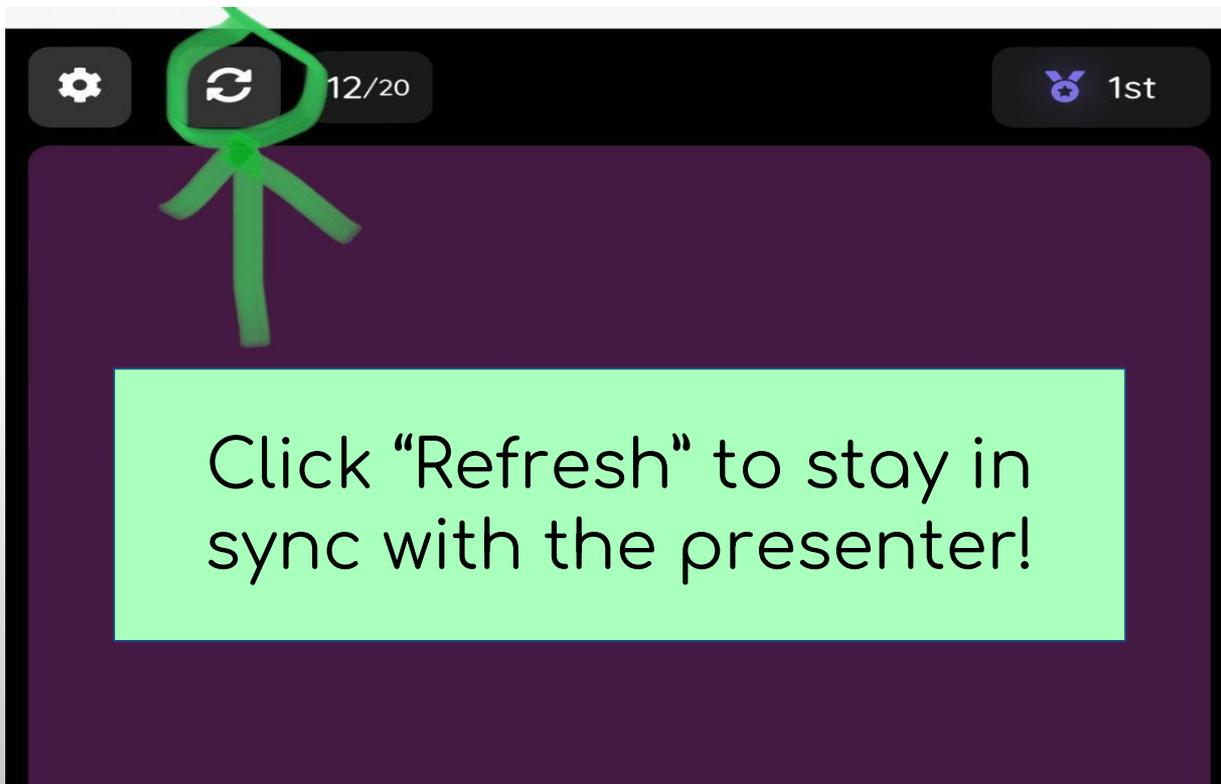


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START

No participants have joined. Ask them to join using the instructions above.

Download the Quizizz app!



My favorite music streaming service is ...

- Spotify
- Apple Music
- Amazon Music
- Pandora Premium
- YouTube Music

My ideal day is ...

- Day at the beach
- Day on the slopes
- Day on the golf course
- Day at the spa
- Day on the coach

LEARNING OBJECTIVE 1

UNDERSTAND THE STRUCTURE AND CONTENT OF THE REVISED *CODE AND STANDARDS*, INCLUDING SIGNIFICANT CHANGES FROM PRIOR RULES.

- New Structure and Organization
- Overview of the Duties of a CFP® Professional
- Introduction to Significant Changes to Content
 - Fiduciary Duty
 - Conflicts of Interest
 - Duty to Report and Duty to Cooperate

CFP Board's *Code of Ethics and Standards of Conduct* reflects the commitment that all CFP® professionals make to high standards of competency and ethics. CFP Board's *Code and Standards* benefits and protects the public, provides standards for delivering financial planning, and advances financial planning as a distinct and valuable profession. Compliance with the *Code and Standards* is a requirement of CFP® certification that is critical to the integrity of the CFP® marks. Violations of the *Code and Standards* may subject a CFP® professional to discipline.

A CFP® professional must:

Act with honesty, integrity, competence, and diligence.

Act in the client's best interests.

Exercise due care.

Avoid or disclose and manage conflicts of interest.

Maintain the confidentiality and protect the privacy of client information.

Act in a manner that reflects positively on the financial planning profession and CFP® certification.

A.
Duties Owed to Clients

D.
Duties Owed to Firms and Subordinates

B.
Financial Planning and Application of the Practice Standards for the Financial Planning Process

E.
Duties Owed to CFP Board

C.
Practice Standards for the Financial Planning Process

F.
Prohibition on Circumvention

The Practice Standards for the Financial Planning Process



Definition:

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.

GLOSSARY

CFP® Professional's Firm(s). Any entity on behalf of which a CFP® professional provides Professional Services to a Client, and that has the authority to exercise control over the CFP® professional's activities, including the CFP® professional's employer, broker-dealer, registered investment adviser, insurance company, and insurance agency.

Client. Any person, including a natural person, business organization, or legal entity, to whom the CFP® professional provides or agrees to provide Professional Services pursuant to an Engagement.

Conflict of Interest.

- a. When a CFP® professional's interests (including the interests of the CFP® Professional's Firm) are adverse to the CFP® professional's duties to a Client, or
- b. When a CFP® professional has duties to one Client that are adverse to another Client.

Control. The power, directly or indirectly, to direct the management or policies of the entity at the relevant time, through ownership, by contract, or otherwise.

Control Person. A person who has Control.

Engagement. An oral or written agreement, arrangement, or understanding.

STANDARD A.1: FIDUCIARY DUTY

**STANDARD A.5: CONFLICTS OF
INTEREST**

STANDARD E.3: DUTY TO REPORT

DUTIES of a CFP[®] Professional

Duties of a CFP® Professional

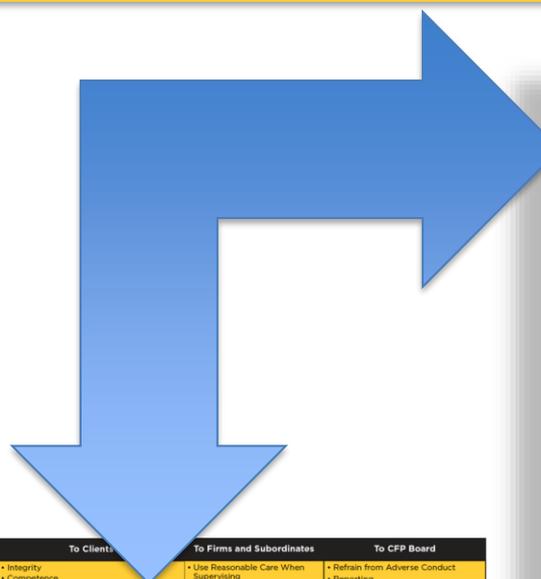
CFP Board's *Code of Ethics and Standards of Conduct* reflects the commitment that all CFP® professionals make to high standards of competency and ethics.

	To Clients	To Firms and Subordinates	To CFP Board
At All Times	<ul style="list-style-type: none"> • Integrity • Competence • Diligence • Sound and Objective Professional Judgment • Professionalism • Comply with the Law • Confidentiality and Privacy • Duties When Communicating with a Client • Duties When Representing Compensation Method • Duties When Selecting, Using, and Recommending Technology • Refrain from Borrowing or Lending Money and Commingling Financial Assets 	<ul style="list-style-type: none"> • Use Reasonable Care When Supervising • Comply with Lawful Objectives of CFP® Professional's Firm • Provide Notice of Public Discipline 	<ul style="list-style-type: none"> • Refrain from Adverse Conduct • Reporting • Provide Narrative Statement • Cooperation • Compliance with <i>Terms and Conditions of Certification and Trademark License</i>
Financial Advice	<ul style="list-style-type: none"> • The Duties That Apply At All Times (see above) • Fiduciary Duty • Disclose and Manage Conflicts of Interest • Provide Information to a Client • Duties When Recommending, Engaging, and Working with Additional Persons 		
Financial Planning	<ul style="list-style-type: none"> • The Duties That Apply When Providing Financial Advice (see above) • The Practice Standards for the Financial Planning Process • Information to a Client in Writing 		

A CFP® Professional Has Duties That Apply:



Duties of a CFP® Professional: To Clients



To Clients	
<p>At All Times</p>	<ul style="list-style-type: none"> • Integrity • Competence • Diligence • Sound and Objective Professional Judgment • Professionalism • Comply with the Law • Confidentiality and Privacy • Duties When Communicating with a Client • Duties When Representing Compensation Method • Duties When Selecting, Using, and Recommending Technology • Refrain from Borrowing or Lending Money and Commingling Financial Assets

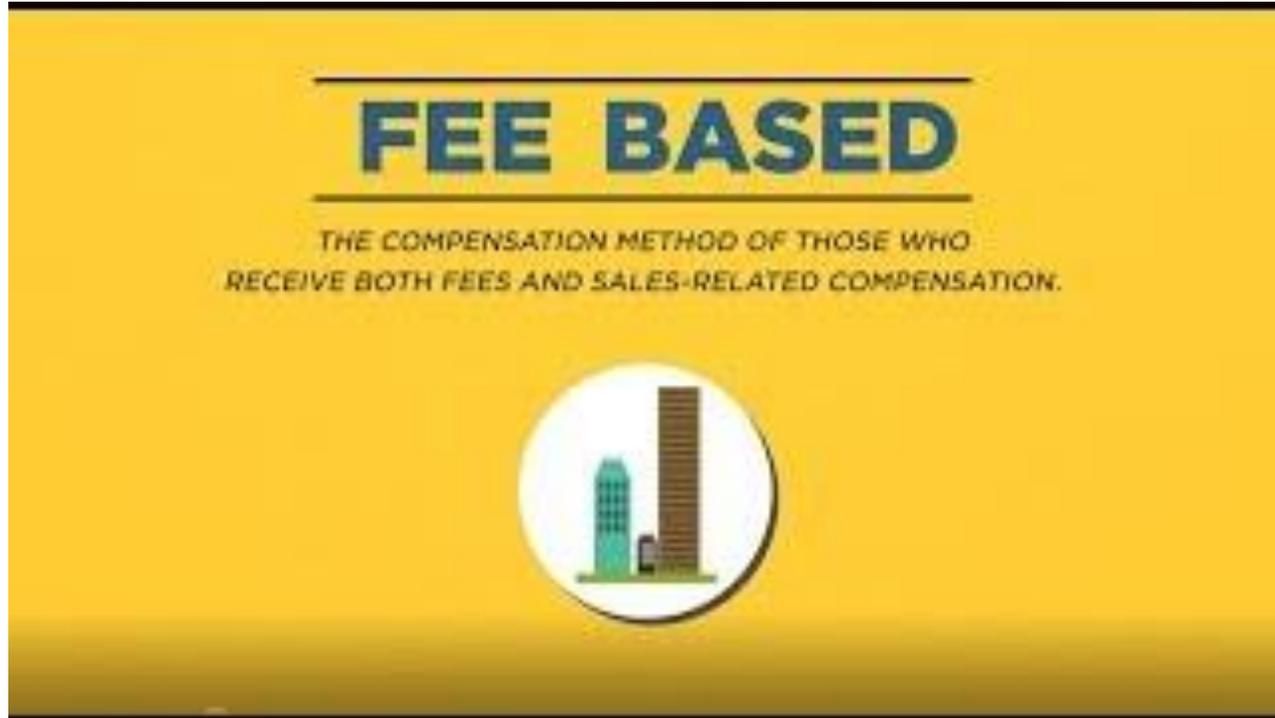
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Clients & Prospects understand the difference between Fee-only and Fee-Based?

- True
- False
- Not Sure

The video below is found in the Compliance Resources.



To Clients

At All Times

- Integrity
- Competence
- Diligence
- Sound and Objective Professional Judgment
- Professionalism
- Comply with the Law
- Confidentiality and Privacy
- Duties When Communicating with a Client
- **Duties When Representing Compensation Method**
- Duties When Selecting, Using, and Recommending Technology
- Refrain from Borrowing or Lending Money and Commingling Financial Assets

**Are you
Fee Only?**

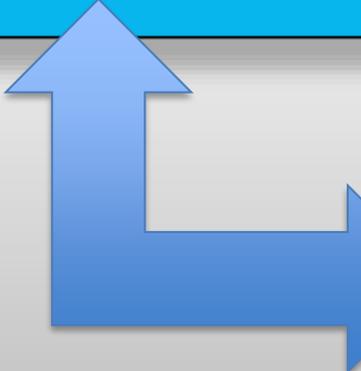
Mildred is a CFP® professional employed by Alpha Advisory Services, Inc (“Alpha”), a registered investment adviser. Mildred tells Thomas, a client of Alpha, that her compensation method is “fee-only”. Thomas asks Mildred for investment recommendations. Mildred gathers the information that she needs, conducts an appropriate analysis, and recommends that Thomas invest in an Alpha-approved family of mutual funds after making the required disclosures. Thomas is pleased with Mildred’s recommendation and directs her to make the investment.

The only compensation that Mildred receives is a salary from Alpha. Mildred does not receive any compensation when Thomas invests in the mutual fund. Although her firm discloses the information to Clients, Mildred does not realize that Alpha receives revenue sharing payments from the mutual funds she recommends, including the Alpha-approved family of mutual funds in which Thomas has invested.

Has Mildred Complied with the Duties When Representing Compensation Method?

- A. Yes, Mildred accurately informed Thomas that she is “fee-only” because her only source of compensation is her salary and she does not receive any additional compensation when Thomas invests in the mutual fund.
- B. No, Mildred may not refer to her compensation method as “fee-only” because her firm, Alpha, receives revenue sharing payments from mutual funds.
- C. Yes, Mildred may refer to her compensation method as “fee-only” because she is not aware that Alpha receives revenue sharing payments from mutual funds, and thus she has no incentive to recommend the mutual funds to Clients.

<h2>Financial Advice</h2>	<ul style="list-style-type: none">• The Duties That Apply At All Times (see above)• Fiduciary Duty• Disclose and Manage Conflicts of Interest• Provide Information to a Client• Duties When Recommending, Engaging, and Working with Additional Persons
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	To Clients	To Firms and Subordinates	To CFP Board
At All Times	<ul style="list-style-type: none">• Integrity• Competence• Diligence• Sound and Objective Professional Judgment• Professionalism• Comply with the Law• Confidentiality and Privacy• Duties When Communicating with a Client• Duties When Representing Compensation Method• Duties When Selecting, Using, and Recommending Technology• Refrain from Borrowing or Lending Money and Commingling Financial Assets	<ul style="list-style-type: none">• Use Reasonable Care When Supervising• Comply with Lawful Objectives of CFP® Professional's Firm• Provide Notice of Public Discipline	<ul style="list-style-type: none">• Refrain from Adverse Conduct• Reporting• Provide Narrative Statement• Cooperation• Compliance with Terms and Conditions of Certification and Trademark License
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A CFP® Professional Has Duties That Apply:

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graph TD; A[AT ALL TIMES] --- B[WHEN PROVIDING FINANCIAL ADVICE]; B --- C[WHEN PROVIDING FINANCIAL PLANNING];
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CFP BOARD

DETAILS OF SIGNIFICANT CHANGES

LEARNING OBJECTIVES 2 TO 4

LEARNING OBJECTIVE 2

DESCRIBE CFP BOARD'S FIDUCIARY DUTY

The video below is found in the Compliance Resources.



The cornerstone of the *Code and Standards* is the 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.

What does it mean to act as a fiduciary and, therefore, act in the best interests of the Client? A CFP® professional must fulfill the following duties:

FIDUCIARY DUTY



The song that best describes how I feel about cryptocurrency & digital assets?

- “Suspicious Minds” by Elvis Presley
- “Complicated” by Avril Lavigne
- “Try Everything” by Shakira
- “Danger Zone” by Kenny Loggins
- “The Gambler” by Kenny Rogers

Which city has the best pizza?

- New York
- Chicago
- Ethical Dilemma

Holly, a CFP® professional has an Engagement with Pat to provide Financial Advice addressing long-term investing for retirement and other needs later in life. Pat indicates that he is socially conscious and would be interested in investing in companies that are consistent with his views. Holly tells Pat that there are environmental, social and corporate governance (“ESG”) mutual funds that are consistent with Pat’s goals. Pat responds that he would like to see what those funds look like.

Holly collects information about Pat's goals, risk tolerance, objectives, and financial and personal circumstances. She then develops an appropriate asset allocation and begins reviewing ESG investments that would fill the allocations for the asset classes. As she does that work, Holly discovers that, in two of the asset classes, while ESG funds are available, the ESG funds for those asset classes are not funds that Holly, based on her analysis, believes are the best available options for Pat.

What should Holly do to fulfill her Fiduciary Duty?

- A. Recommend ESG funds for those two asset classes because Pat had indicated that he was interested in ESG funds.
- A. Review her conclusions with Pat, explain the reasons why she would not recommend the funds, and ask Pat whether he would be interested in considering non-ESG investments.
- A. Inform Pat that she cannot proceed with the Engagement because the only ESG funds that are available in the relevant asset classes are ESG funds that she normally would not recommend.

Urwa is a CFP® professional who provides asset management services to several Clients. Urwa manages assets in accordance with a standard investment management agreement that she tailors to meet each Client's investment needs. The agreement gives Urwa discretionary authority to buy or sell securities and to select broker-dealers to execute transactions. Urwa's firm charges each Client an advisory fee based on the average value of assets held in the account each quarter.

Urwa receives a call from one of her Clients, Joe, who is a novice investor. Joe tells Urwa that he wants to help advance his sister Susan's career, and he asks Urwa to begin using Susan's firm to execute trades for his non-qualified investment account. Urwa investigates and has concerns that Susan's firm may not provide Joe with the best execution because the cost of execution using Susan's firm is higher than other firms where Urwa typically executes trades, and Urwa does not identify an off-setting benefit from using Susan's firm that would justify the higher fee.

How Should Urwa proceed?

- A. Tell Joe that she cannot use Susan's firm to execute trades because it would Violate Urwa's Fiduciary Duty to Joe, which requires Urwa to seek the best execution of Joe's transactions.
- A. Agree to Joe's reasonable and lawful direction, which Urwa has an obligation to follow.
- A. Inform Joe that using Susan's firm to execute transactions may increase transaction costs or otherwise not be advantageous, and thus adversely affect Joe's investment returns. However, if after receiving this information Joe still wants to make the change, Urwa should begin to direct transactions for his account to Susan's firm.

LEARNING OBJECTIVE 3

IDENTIFY MATERIAL CONFLICTS OF INTEREST AND HOW TO AVOID, OR FULLY DISCLOSE, OBTAIN INFORMED CONSENT, AND MANAGE THEM.

A CFP® professional must avoid or disclose, obtain informed consent and manage material conflicts of interest.

- **Material:**
 - When a reasonable Client or prospective Client would consider the Conflict of Interest important in making a decision

A “Conflict of Interest” arises when:

- A CFP® professional’s interests (including the interests of the CFP® Professional’s Firm) are adverse to the CFP® professional’s duties to a Client; or
- A CFP® professional has duties to one Client that are adverse to another Client.

- Compensation and Incentives
- Acting for Multiple Clients
- 401k Rollover
- Affiliate Products
 - Higher commission

I "....." using social media for my business.

- Enjoy
- Avoid
- Dislike

Frank, a CFP® professional, has a client Margaret, a single parent of two young Children who is in her early 30s and works full time. Margaret became Frank's client after they met while serving together on the Board of Trustees at the school their Children attend. Margaret tells Frank that she needs life insurance to protect her children and she wants advice on how to save for retirement and her children's college education. Frank agrees to provide Financial Advice on these issues.

Frank is an insurance agent for Old Jersey Life who is only licensed to sell life Insurance and fixed annuity products. Under his agent agreement with Old Jersey, Frank is required only to offer Old Jersey products. Old Jersey offers a variety of the Insurance products, including term and permanent life insurance. Permanent life insurance accumulates cash value over time that the policy owner may use to fund a lifetime death benefit or for other purposes, such as supplemental retirement income.

Term insurance provides a death benefit only for a defined period. Premiums are usually higher for permanent life insurance than for term insurance.

Frank receives commissions and certain employment benefits from Old Jersey. Frank earns commissions from selling insurance products that are based on a percentage of the premium that the Client pays. Frank receives a commission that is a higher percentage of the premium that the Clients pays for some Old Jersey products than other Old Jersey products. Frank conducts a careful analysis of the Client's needs and the available Old Jersey products and recommends a product that is in Margaret's best interests. Assume that Frank fulfilled his Duty of Care and Duty of Loyalty in making his recommendation.

Which of the following is **not** a *Material Conflict of Interest* under the *Code and Standards*?

- A. Frank's contract with Old Jersey requires Frank exclusively to offer Old Jersey products to his Clients.
- B. Frank and Margaret met while serving on the Board of Directors of their children's school.
- C. Frank receives compensation only for providing Financial Advice on the sale of Insurance products.
- D. The premiums of permanent life insurance are higher than the premium for term Insurance, which means that Frank receives more compensation when he sells a Client permanent life insurance than when he sells a Client term life insurance.

Olivia, a CFP® professional, identifies three single premium annuities that will best meet the needs of her Client, Michael. One of the three annuities Olivia identified is Issued by a life insurance company (DEF Mutual, Inc.) that is affiliated with Olivia's Firm (DEF Advisers, Inc.). While Olivia will receive the same compensation if Michael purchases any of the three annuities, her firm and her firm's affiliate will Receive an additional economic benefit if Michael purchases the DEF Mutual annuity.

How should Olivia proceed?

- A. Olivia should disclose to Michael that one of the insurance companies is affiliated with her firm and that if Michael purchases an annuity from that insurance company, Olivia's firm and an affiliate of Olivia's firm will receive an additional economic benefit on that transaction.

- B. Olivia should assume that, because the insurance company and Olivia's firm have the same name, Michael recognizes that they are affiliated and that Olivia's firm or The affiliate will receive an additional economic benefit, with the result that no further disclosure is required.

- C. Olivia should avoid recommending annuity contracts that are issued by the affiliated Company.

Bruce, a CFP® professional, is a representative of XYZ Advisors, Inc., a Registered investment adviser. XYZ does not permit its investment adviser representatives to charge a fee for managing assets in a 401(k) plan. Bruce is engaged by Heather, who is retiring, to provide Financial Planning. After obtaining information about and understanding Heather's personal and financial circumstances, Bruce helps Heather develop a goal of having adequate income during her retirement. Bruce analyzes Heather's existing account in the 401(k) plan and the plan's investment options, fees and expenses, services, and other features. Bruce concludes that the management fees Heather will pay if she rolls over the assets into an individual retirement account ("IRA") will be higher than if she leaves the assets in the 401(k) plan.

Nevertheless, based on his review of Heather's circumstances and analysis of the relevant factors, Bruce determines that such a rollover is in Heather's best interest. Bruce presents that recommendation to Heather and tells Heather that he would receive an ongoing fee for managing the assets in the IRA. Bruce does not tell Heather that she would not have to pay Bruce a fee if she continues to invest her assets in the account in the 401(k) plan, as he would not be advising on those assets.

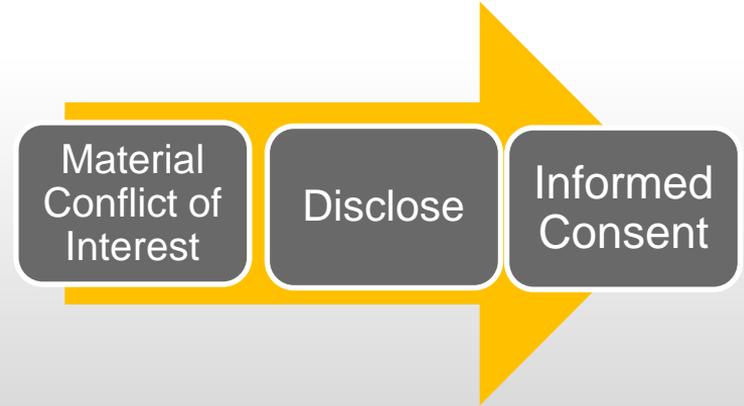
With respect to Bruce's Duty to Disclose and Manage Conflicts of Interest, which of the following is the best response?

- A. Bruce has no Material Conflict of Interest because Heather understands that Bruce will be paid for his services.
- A. Bruce satisfied his disclosure obligation when he disclosed his fee for managing the IRA.
- A. Bruce did not fully disclose to Heather the Material Conflict of Interest that his recommendation presented.
- A. Since Bruce sincerely believed that his recommendation was in Heather's best Interest, he was excused from making full disclosure to Heather.

For Material Conflicts that are not avoided:

- Provide Full Disclosure;
- Obtain Client's Informed Consent; and
- Properly Manage the Conflict.

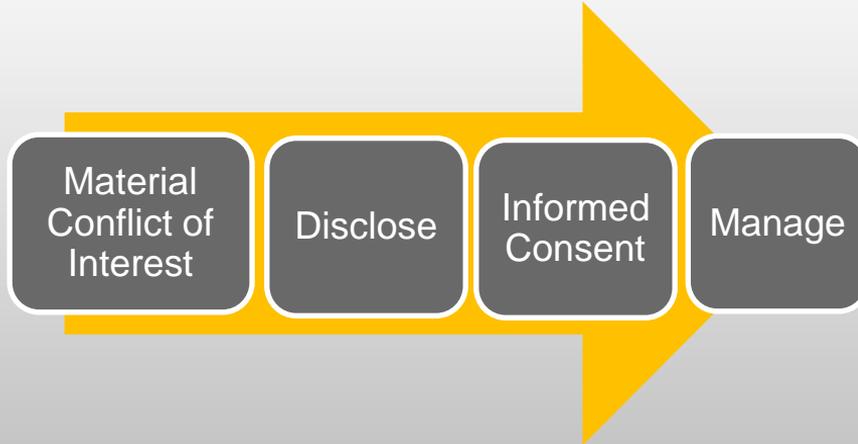
- **Disclose “Sufficiently Specific Facts”**
 - Would a reasonable Client understand the conflict and how it could affect the advice?
 - Ambiguity interpreted in favor of the Client
- **Delivery**
 - Written disclosure is not required
 - Oral disclosure weighed as CFP Board deems appropriate
- **Obtain Informed Consent**
 - Written consent is not required
 - When will consent be inferred?



- The client must not only receive the information related to the conflict of interest, but a determination must be made that the client actually understands the facts and circumstances and accepts the consequences of their decision to proceed.
- The CFP® professional must not only provide disclosures, but also document that the disclosures were received, reviewed & discussed with the client.

Management of Conflicts

- Must adopt and follow business practices reasonably designed to prevent Material Conflicts from compromising the CFP[®] professional's ability to act in the Client's best interests.

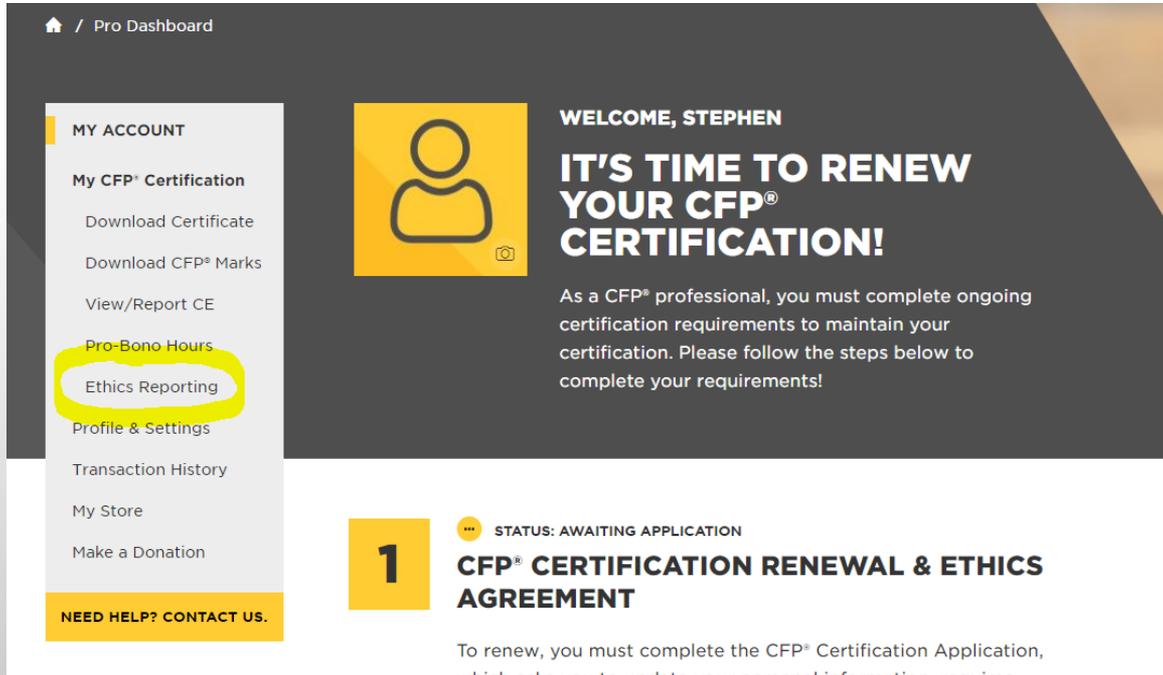


LEARNING OBJECTIVE 4

**UNDERSTAND THE DUTY TO REPORT TO CFP BOARD AND
THE DUTY TO COOPERATE.**

- The Duty to Report and the Duty to Cooperate are key elements of an enforcement program that seeks to detect potential misconduct. A significant component of the value of CFP® certification is derived from the fact that CFP Board enforces the *Code and Standards*.
- A CFP® professional's failure to report the required information to CFP Board constitutes a violation of the *Code and Standards*, even if the matter that the CFP® professional was required to report does not reveal misconduct.
- Effective January 2024, the sanction guideline for a violation of the Duty to Report will be a public censure.

- Applies at the initiation and the conclusion of the reportable matter.
- The information must be reported within 30 days.
- Must include a narrative statement that describes the material facts and the outcome or status of the reportable matter.
- Online reporting form that is located at [CFP.net/ethics/reporting](https://www.cfp.net/ethics/reporting).
- Contact CFP Board if you have questions. You may seek guidance on the Duty to Report at compliance@cfpboard.org.



Home / Pro Dashboard

MY ACCOUNT

- My CFP® Certification
 - Download Certificate
 - Download CFP® Marks
 - View/Report CE
 - Pro-Bono Hours
 - Ethics Reporting**
 - Profile & Settings
 - Transaction History
- My Store
- Make a Donation

NEED HELP? CONTACT US.

WELCOME, STEPHEN

IT'S TIME TO RENEW YOUR CFP® CERTIFICATION!

As a CFP® professional, you must complete ongoing certification requirements to maintain your certification. Please follow the steps below to complete your requirements!

1 STATUS: AWAITING APPLICATION

CFP® CERTIFICATION RENEWAL & ETHICS AGREEMENT

To renew, you must complete the CFP® Certification Application, which asks you to update your personal information, require...

- Easily accessible from Dashboard
- Always available
- Reports stored in permanent record

You Are Required to Report:

Felonies &
Misdemeanors

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**.

Initiation of Regulatory
Investigations/Actions

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**.

Findings in Regulatory
Action

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).

Initiation of a Lawsuit
or Arbitration
Alleging Professional
Misconduct

Had conduct mentioned adversely in a **Civil Action** alleging failure to comply with the laws, rules, or regulations governing **Professional Services**.

You Are Required to Report

Resolutions of Lawsuit or Arbitration Alleging Professional Misconduct	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.
Initiation of Lawsuit or Arbitration Alleging Dishonest Conduct	Had conduct mentioned adversely in a Civil Action alleging fraud, theft, misrepresentation, or other dishonest conduct.
Findings of Dishonest Conduct	Been the subject of a Finding of fraud, theft, misrepresentation, or other dishonest conduct in a Regulatory Action or Civil Action .
Adverse Award or Judgment	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.

You Are Required to Report

Adverse impact on License, Certification or Membership

Had a professional license, certification, or membership suspended, revoked, or materially restricted because of a violation of rules or standards of conduct.

Termination

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.

Customer Complaint

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.

You Are Required to Report

Bankruptcy	Filed for or been the subject of a personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person .
Federal Tax Lien	Received notice of a federal tax lien on property owned by the CFP® professional.
Non- Federal Tax Lien, Judgment Lien or Civil Judgment	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.

The *Code and Standards* (Standard E.5.) also expands upon a CFP® professional's Duty to Cooperate.

- 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 also must cooperate fully with CFP Board's requests, investigations, disciplinary proceedings, and disciplinary decisions.
- As described more fully in CFP Board's *Procedural Rules* (Article 1.3), cooperation includes providing documents and information, admitting or denying facts, appearing for oral examination, and using reasonable efforts to obtain documents, information, and witness appearances from third parties.

REQUIRED: Please open the document, identify the different sections, and identify the different categories listed in the document.

Duty to Report Information to CFP Board

Duty to Cooperate with CFP Board Investigations

My favorite Era of Music ...

- 60's
- 70's
- 80's
- 90's
- 2000's

LEARNING OBJECTIVE 5

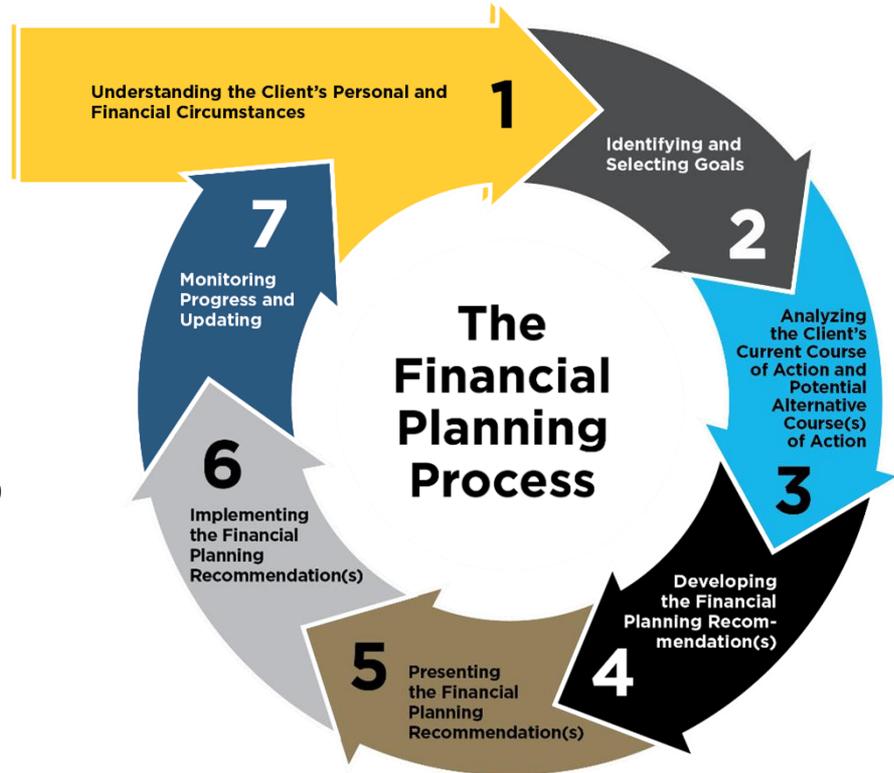
IDENTIFY THE *PRACTICE STANDARDS* WHEN PROVIDING FINANCIAL ADVICE THAT REQUIRES FINANCIAL PLANNING OR FINANCIAL PLANNING

What is financial planning?



The *Practice Standards* Apply When:

- The CFP® professional:
 - agrees to provide or provides Financial Planning
 - agrees to provide or provides Financial Advice that requires integration of relevant elements to act in Client's best interests
- The Client has a reasonable basis to believe the CFP® professional will provide or has provided Financial Planning



Integration Factors



If a CFP® professional otherwise must comply with the *Practice Standards*, but the Client does not agree to engage for Financial Planning, a CFP® professional must either:

- Not enter into the Engagement
- Limit the scope to services that do not require Financial Planning
- Provide the requested service but explain how Financial Planning will benefit the Client and how not providing Financial Planning will limit the Financial Advice
- Terminate the Engagement

When to Document:

A CFP® professional must act prudently in documenting information, as the facts and circumstances require, taking into account:

- The significance of the information;
- The need to preserve the information in writing;
- The obligation to act in the Client's best interest; and
- The Firm's policies and procedures.

Acceptable Documentation:

- CRM software;
- Handwritten notes; or
- Emails

WHEN IN DOUBT, DOCUMENT

My risk assessment software is ...

- Riskalyze
- Tifin Wealth
- FinaMetrica
- Tolerisk
- Orion Risk Intelligence (HiddenLevers)

Financial Planning Process: Steps 4-5



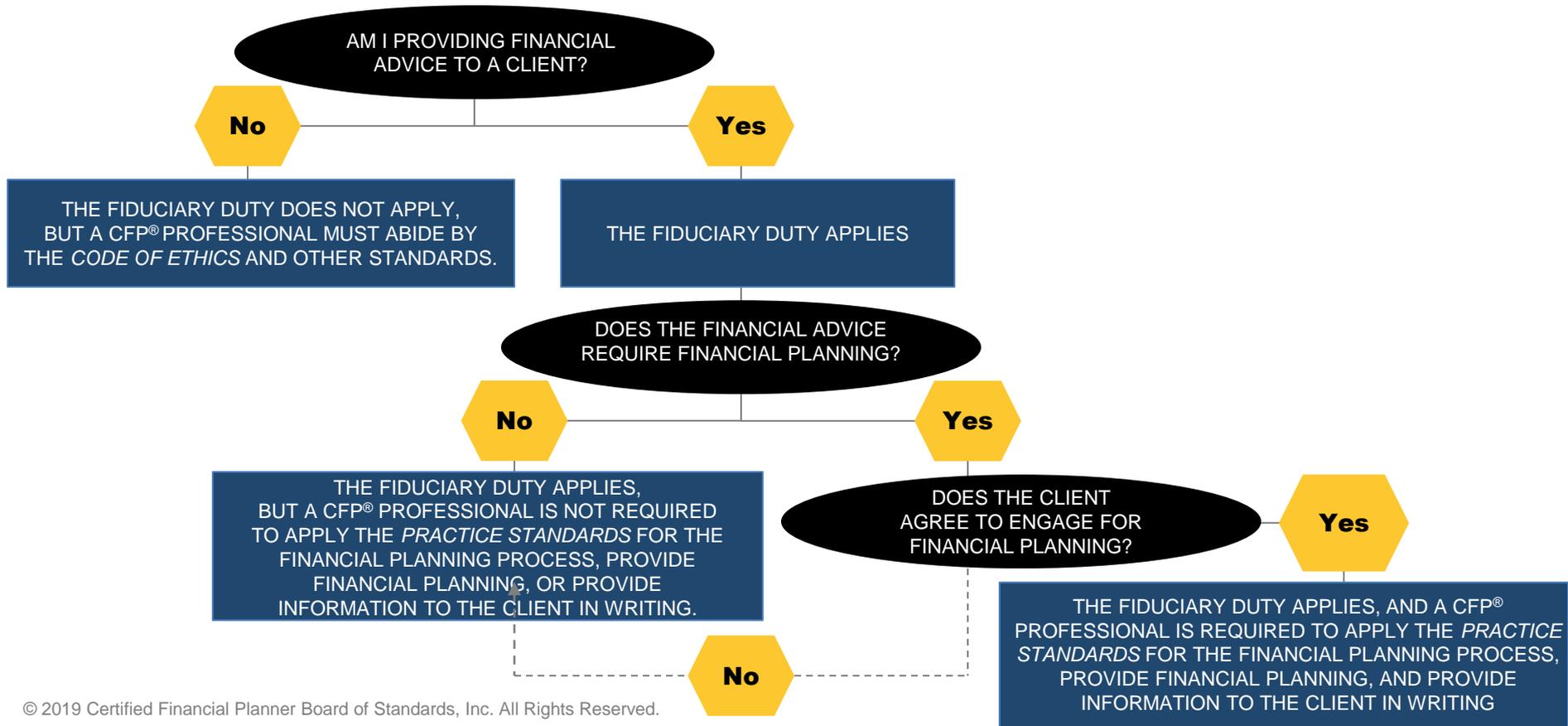
Financial Planning Process: 6-7



LEARNING OBJECTIVE 6

UNDERSTAND THE DUTY TO PROVIDE INFORMATION TO CLIENTS WHEN PROVIDING FINANCIAL ADVICE AND/OR FINANCIAL PLANNING.

The Financial Advice Framework



WHAT IS FINANCIAL ADVICE?

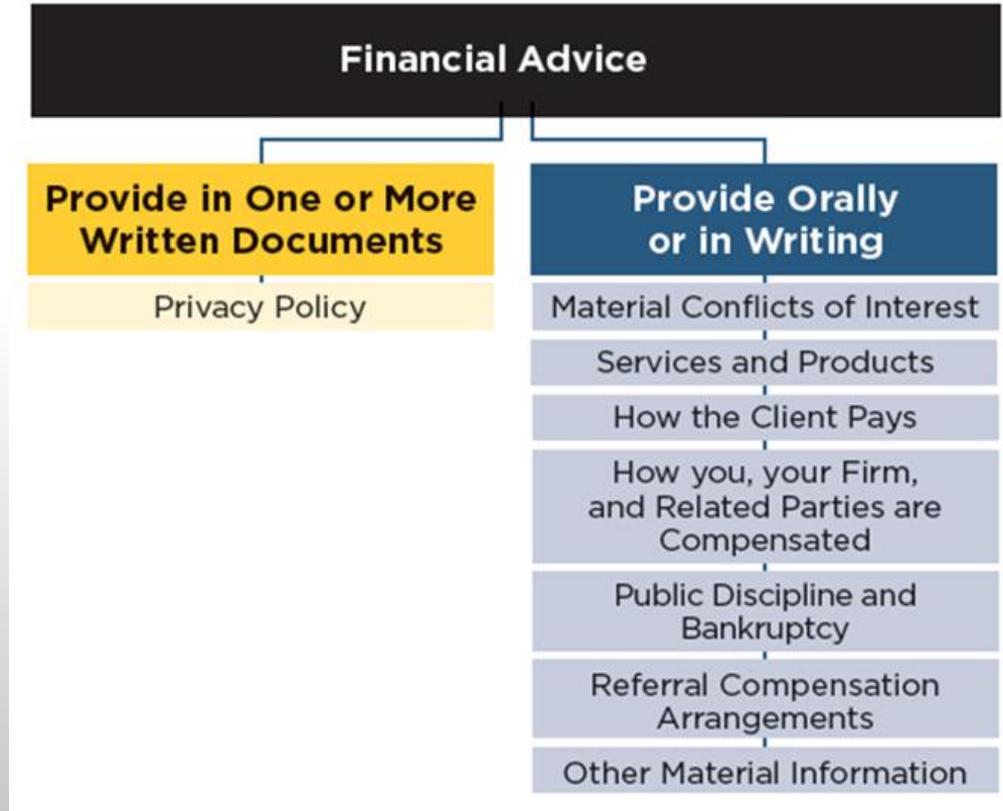
- A communication that, based on its content, context, and presentation, would reasonably be viewed as a recommendation that the Client take or refrain from taking a particular course of action with respect to:
 - The development or implementation of a Financial Plan;
 - The value of or the advisability of investing in, purchasing, holding, gifting, or selling Financial Assets;
 - Investment policies or strategies, portfolio composition, the management of Financial Assets, or other financial matters; or
 - The selection and retention of other persons to provide financial or Professional Services to the Client; or
- The exercise of discretionary authority over the Financial Assets of a Client.

WHAT IS NOT FINANCIAL ADVICE?

- A communication that, based on its content, context, and presentation, would not reasonably be viewed as a recommendation;
- Responses to directed orders; and
- The following, if a reasonable CFP® professional would not view it as Financial Advice:
 - Marketing Materials;
 - General Financial Education; and
 - General Financial Communications.

Is this statement true? "I have discretionary authority over clients' investment portfolios."

- Yes
 - No
-



Meghan is a CFP® professional who is a registered representative of a Broker-dealer. Ted, a longtime Client, asks Meghan for information about a Specific stock he is considering purchasing. Meghan provides Ted a research report on the stock that her firm prepared. The research report states that the stock is undervalued. Meghan tells Ted that she has not analyzed whether the stock is a good investment for him. Ted reviews the research report and then directs Meghan to purchase the stock for him.

Which of the following best describes Meghan's duty?

- A. Meghan does not have a Fiduciary Duty because Ted identified the specific stock at issue.
- B. Meghan does not have a Fiduciary Duty because she did not provide Financial Advice when she communicated with Ted regarding the advisability of purchasing the stock.
- C. Meghan has a Fiduciary Duty because Meghan effected the transaction for Ted.

Am I Providing Financial Planning?

Have I agreed to provide or have I provided Financial Planning?

YES **NO**

Does the Financial Advice I agreed to provide require integration of relevant elements of the Client's personal and/or financial circumstances in order to act in the Client's best interests, taking into account the Integration Factors set forth to the right?

YES **NO**

Does the Client have a reasonable basis to believe that I will provide or have provided Financial Planning?

YES

NO

Integration Factors:

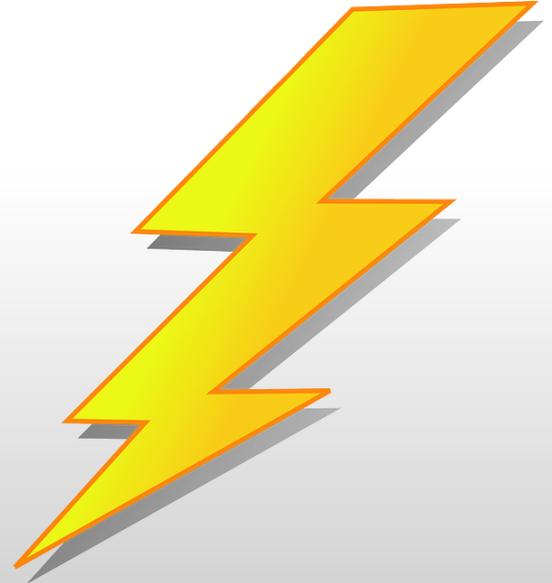
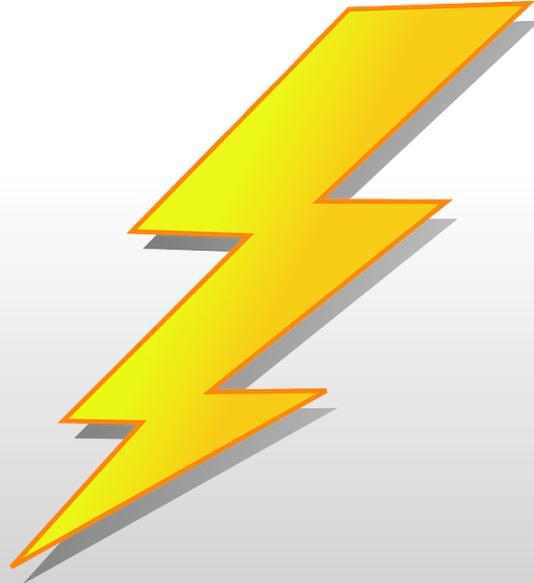
- The number of relevant elements of the Client's personal and financial circumstances that the Financial Advice may affect;
- The portion and amount of the Client's Financial Assets that the Financial Advice may affect;
- The length of time the Client's personal and financial circumstances may be affected by the Financial Advice;
- The effect on the Client's overall exposure to risk if the Client implements the Financial Advice; and
- The barriers to modifying the actions taken to implement the Financial Advice.



- **Timing** -The required information must be provided prior to or at the time of the Engagement.
- **Delivery** - Does not require the information be provided to the Client in writing when the CFP[®] professional is only providing Financial Advice. However, a CFP[®] professional must document the fact that the information was provided to the Client.
- **Updating** A CFP[®] professional has an ongoing obligation to provide to the Client any information that is a Material change or update to the information required to be provided to the Client.

Many resources related to the Ethics CE program can be found at: <https://www.cfp.net/ethics/compliance-resources>

Additionally, more general information about the CFP Board *Code of Ethics* and *Standards of Conduct* can be found on this page: <https://www.cfp.net/ethics/our-commitment>



Q1: In order for there to be Financial Advice, there must be compensation.

- True
- False
- I'm guessing

Q2: How many steps are now in the Financial Planning Process?

- Six
- Seven
- Five
- Eight

Q3: A CFP® professional who provides marketing materials and general financial education materials is “Providing Financial Advice”.

- True
- False
- Help! Can I call a friend?

Q4: The Professional Services to be provided pursuant to an Engagement is defined as the Scope of _____.

- Engagement
- Responsibility
- Authority
- Planning

Q5: There is a(n) _____ when a CFP® professional has duties to one client that are adverse to another.

- Conflict
- Advantage
- Opportunity
- Collusion

Q6: To understand the Client's Personal and Financial Circumstances, a CFP® professional must analyze both quantitative and qualitative information.

- True
- False
- I'm guessing

Q7: A sincere belief by a CFP® professional with a Material Conflict of Interest that he/she/they is acting in the best interests of the Client is sufficient to excuse the CFP® professional's failure to make full disclosure of the Material Conflict of Interest.

- True
- False
- I'm guessing

Q8: A CFP® professional must act as a _____ at all times when providing financial advice to a client.

- Investor
- Fiduciary
- Planner
- Client

Q9: A CFP® professional cannot tell a client that they are Responsible for implementing their financial plan.

- True
- False
- I'm guessing

Q10: As of 04/01/2023, the number of CFP® professionals in the United States is

- 77,792
- 94,908
- 88,726
- 97,455

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The best part of this CFP Ethics presentation was.....

- A. The Content
 - B. The Polling Questions & Prizes
 - C. The Instructor - Marguerita 😊
 - D. It's over!
 - E. All of the above
-

THANK YOU.

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