



CODE OF ETHICS AND PROFESSIONAL RESPONSIBILITY

Introduction

The Code of Ethics and Professional Responsibility (Code) has been adopted by the Institute of Financial Planners of Hong Kong (IFPHK) to provide principles and rules to all persons.

Preamble and Applicability

The Code of Ethics and Professional Responsibility describes the minimum standards of acceptable professional conduct for financial planning professionals include but not limited to individuals authorized to use CFP trademarks (refer as “CFP certificants”), individuals authorized to use AFP trademarks (refer as “AFP certificants”) and candidates.

For purposes of this Code, a person recognized and certified by IFPHK to use the CFP trademark is called a CFP certificant, and a person recognized and certified by IFPHK to use the AFP trademark is called a AFP certificant. This Code applies to CFP/AFP certificants actively involved in the practice of financial planning, in other areas of financial services, in industry, in related professions, in government, in education or in any other professional activity in which the trademarks are used in the performance of their professional responsibilities. As part of the certification requirements, all CFP/AFP certificants have to abide by IFPHK’s Code of Ethics and Professional Responsibility. IFPHK relies on financial planning professionals’ professionalism and commitment to their clients in fostering the standards in this profession.

This Code also applies to candidates who are registered as such with IFPHK.

Composition and Scope

The Code consists of two parts: Part I – Ethical Principles and Part II – Rules of Conduct.



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Part I – Ethical Principles (Principles)

The Principles which are statements expressing in general terms the ethical standards that financial planning professionals should adhere to in their professional activities; the comments following each Principle further explain the intent of the Principle. The Principles are aspirational and are intended to provide guidance for financial planning professional on appropriate and acceptable professional behavior.

By adhering to the principles, financial planning professionals agree to provide financial planning in the interests of clients and with the highest ethical and professional standards, and agree to uphold and promote the interests of the financial planning profession for the benefit of society. As part of their professional commitment, financial planning professionals should provide appropriate disclosures and agree to be bound by ethical standards when delivering financial planning to clients.

The Principles reflects financial planning professionals' recognition of their responsibilities to the public, clients, colleagues and employers. The Principles guides the performance and activities of anyone involved in the practice of financial planning; the concept and intent of the principles are adapted and enforced on financial planning professionals by the Part II - Rules of Conduct.

Part II – Rules of Conduct (Rules)

The Rules establish standards for the level and type of conduct expected of financial planning professionals. The rules are not designed to be a basis for legal liability to any third party. The Rules serve as the enforcement mechanism for the Code of Ethics and Professional Responsibility. The Rules are binding on all financial planning professionals include individuals who have the right to use the CFP/AFP trademarks ("CFP/AFP certificants"). Financial planning professionals must be knowledgeable and aware of the Rules and must apply and abide by the Rules that are relevant to the financial planning professionals' activities.

Violations of the Rules may subject a financial planning professional to discipline by IFPHK. Because IFPHK is a professional body that require individuals to meet initial



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and ongoing certification requirements, discipline for violations of the Rules extend to the rights of individuals to use the CFP/AFP trademarks.

PART I – ETHICAL PRINCIPLES (PRINCIPLES)

Principle 1 – Best interest of clients

Act in the best interest of clients

Acting fairly, honestly and professionally in the best interest of the client is a hallmark of professionalism, requiring the financial planning professional to act honestly and not place personal gain or advantage before the client's best interest.

Principle 2 – Integrity

Provide professional services with integrity

Integrity requires honesty and candor in all professional matters. Financial planning professionals are placed in positions of trust by clients, and the ultimate sources of that trust is the financial planning professional's personal integrity. Allowance can be made for legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles. Integrity requires the financial planning professional to observe both the letter and the spirit of the Code.

Principle 3 – Objectivity

Provide professional services objectively

Objectivity requires intellectual honesty and impartiality. Regardless of the services delivered or the capacity in which a financial planning professional functions, objectivity requires financial planning professionals to ensure the integrity of their work, manage conflicts and exercise sound professional judgment.



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Principle 4 – Fairness

Be fair and reasonable in all professional relationships. Disclose and manage conflicts of interest

Fairness requires providing clients what they are due, owed or should expect from a professional relationship, and includes honesty and disclosure of material conflicts of interest. It involves managing one's own feelings, prejudices and desires to achieve a proper balance of interests. Fairness is treating others in the same manner that you would want to be treated.

Principle 5 – Professionalism

Act in a manner that demonstrates exemplary professional conduct

Professionalism requires behaving with dignity and showing respect and courtesy to clients, fellow professionals, and others in business-related activities, and complying with appropriate rules, regulations, and professional requirements. Professionalism requires the financial planning professional, individually and in cooperation with peers, to enhance and maintain the professional's public image and its ability to serve the public interest.

Principle 6 – Competence

Maintain the abilities, skills and knowledge necessary to provide professional services competently

Competence requires attaining and maintaining an adequate level of abilities, skills and knowledge in the provision of professional services. Competence also includes the wisdom to recognize one's own limitations and when consultation with other professionals is appropriate or referral to other professionals necessary. Competence requires the financial planning professionals to make a continuing commitment to learning and professional improvement.



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Principle 7 – Confidentiality

Protect the confidentiality of all client information

Confidentiality requires client information to be protected and maintained in such a manner that allows access only to those who are authorized. A relationship of trust and confidence with the client can only be built on the understanding that the client's information will not be disclosed inappropriately.

Principle 8 – Diligence

Provide professional services diligently

Diligence requires fulfilling professional commitments in a timely and thorough manner, and taking due care in planning, supervising and delivering professional services.

PART II - RULES OF CONDUCT (“RULES”)

1. A financial planning professional shall not communicate, directly or indirectly, to clients or any other parties any false or misleading information directly or indirectly related to the financial planning professional's qualifications or services.
2. A financial planning professional shall not mislead clients or any other parties about the potential benefits of the financial planning professional's service.
3. A financial planning professional shall disclose all relevant facts where the disclosure is necessary to avoid misleading clients or any other parties.
4. A financial planning professional shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to clients or any other parties.
5. A financial planning professional shall clearly identify with the client the assets, if any, over which the financial planning professional will take custody, exercise investment discretion, or exercise supervision.
6. A financial planning professional shall identify and keep updated records of all



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funds or other property of the client in the custody, or under the discretionary authority, of the financial planning professional.

7. A financial planning professional shall not commingle the client's property with the property of the financial planning professional, the financial planning professional's employer or with other clients' property unless the commingling is permitted by law, is explicitly authorized and defined in a written agreement between the parties, and the financial planning professional has sufficient record-keeping to track each client's assets accurately.
8. A financial planning professional shall at all times act honestly, fairly and professionally in the best interests of his or her clients and the integrity of the market.
9. A financial planning professional shall treat the client fairly and provide professional services with integrity and objectivity.
10. A financial planning professional shall ensure that his or her personal biases or interests do not adversely affect his or her services to clients
11. A financial planning professional shall make and/or implement only recommendations that are suitable for the client.
12. A financial planning professional shall offer advice to clients only in those areas in which he or she is competent. In areas where the financial planning professional is not competent, the financial planning professional shall seek the counsel of, and/or refer clients to, qualified professionals.
13. A financial planning professional shall maintain competence in all areas of his or her professional practice.
14. A financial planning professional shall keep informed about developments in



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financial planning and participate in continuing professional development.

15. If the services include financial planning or material elements of the financial planning process, a financial planning professional shall disclose the following information in writing to the client:
- a. An accurate and understandable description of the compensation arrangements being offered. This description must include information related to costs to the client and general form and source of compensation to the financial planning professional and/or the financial planning professional's employer; and terms under which the financial planning professional and/or the financial planning professional's employer may receive any other sources of compensation, and if so, what the sources of these payments are and on what they are based;
 - b. A general summary of likely conflicts of interest between the client and the financial planning professional, the financial planning professional's employer or any affiliates or third parties, including, but not limited to, information about any familial, contractual or agency relationship of the financial planning professional or the financial planning professional's employer that has a potential to materially affect the relationship with the client;
 - c. Any information about the financial planning professional and the financial planning professional's employer that could reasonably be expected to materially affect the client's decision to engage the financial planning professional;
 - d. Any information that the client might reasonably want to know in establishing the scope and nature of the relationship, including but not limited to information about the financial planning professional's areas of expertise; and



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e. Contact information for the financial planning professional and, if applicable, the financial planning professional's employer.

On an ongoing basis, the financial planning professional shall make timely disclosure to the client of any material changes to the above information.

16. A financial planning professional shall treat the client's information as confidential except as required in response to proper legal process or regulatory requirements; as necessitated by obligations to a financial planning professional's employer or partners; to defend against charges of wrongdoing; in connection with a civil dispute; or as needed to perform professional services on behalf of the client.
17. A financial planning professional shall take prudent steps to protect the security of the client's information and property, including the security of stored information, whether physically or electronically, that is within the financial planning professional's control.
18. A financial planning professional shall exercise reasonable and prudent professional judgment in providing professional services.
19. A financial planning professional shall be in compliance with all applicable legal and regulatory requirements governing professional services provided to the client.
20. A financial planning professional who is an employee/agent shall perform professional services with dedication to the lawful objectives of the employer/principal and in accordance with the IFPHK Code of Ethics and Professional Responsibility.



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21. A financial planning professional shall abide by the terms of all agreements with IFPHK, including, but not limited to, using the CFP/AFP trademarks properly and cooperating fully with IFPHK's professional review processes and requirements.
22. A financial planning professional shall meet all of the IFPHK's requirements, including continuing education requirements, to retain the right to use the CFP/AFP trademarks.
23. A financial planning professional shall notify IFPHK in writing of any conviction of a crime, or any professional suspension or revocation within 10 working days after the date on which the financial planning professional is notified of the conviction, suspension or revocation.
24. A financial planning professional shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP/AFP certificant, upon the CFP/AFP trademarks, or upon the financial planning profession.
25. A financial planning professional shall provide professional services in a timely and thorough manner.
26. Consistent with the scope of the engagement, a financial planning professional shall undertake a reasonable investigation of products and services to be recommended to clients. A financial planning professional may rely upon an investigation undertaken by a third party provided it is reasonable to place reliance on the quality of such investigation.
27. A financial planning professional shall provide reasonable and prudent professional supervision of, or direction to, any subordinate or third party to whom the financial planning professional assigns responsibility for any client services.



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28. A financial planning professional shall return the client's property upon request as soon as practicable or consistent with a time frame specified in an agreement with the client.
29. The financial planning professional and the client shall mutually agree upon the services to be provided by the financial planning professional.
30. If the services include financial planning or material elements of the financial planning process, prior to entering into an agreement, the financial planning professional shall provide written information and/or discuss with the client the following:
- a. The obligations and responsibilities of each party under the agreement with respect to defining the client's objective, needs and priorities; gathering and providing appropriate data; examining the result of the client's current course(s) of action without changes; the formulation of any recommended actions; implementation responsibilities for the financial planning recommendations; and responsibilities for reviewing for the financial planning recommendations;
 - b. Compensation that any party to the agreement or any affiliate to a party to the agreement will or could receive under the terms of the agreements; and factors or terms that determine costs to the client, how decisions benefit the financial planning professional and the relative benefit to the financial planning professional;
 - c. Terms under which the financial planning professional will utilize proprietary products;
 - d. Terms under which the financial planning professional will use other entities/professionals to meet any of the agreement's obligations;



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- e. The process for terminating the relationship; and
 - f. Procedures for resolution of client claims and complaints against the financial planning professional.
31. If the services include financial planning or material elements of the financial planning process, the financial planning professional or the financial planning professional'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 is able to terminate the Agreement; and
 - d. The services to be provided as part of the Agreement.
32. A financial planning professional shall take all reasonable steps to ensure the client understands the financial planning recommendation(s) to allow the client to make informed decisions.



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