INTRODUCTION

The *Code of Ethics and Professional Responsibility* describes the minimum standards of acceptable professional conduct for individuals authorized to use IFPHK’s CFP certification marks.

As part of the certification requirements, all CFP certificants have to abide by IFPHK’s *Code of Ethics and Professional Responsibility*. We rely on your professionalism and commitment to your clients in fostering the standards in this profession. If by any chance you are aware of any misuses of marks or violations of the Code, you should immediately report the cases to us as we will enforce the Code through due process described in our Disciplinary Rules and Procedures.

Preamble and Applicability

The Code of Ethics and Professional Responsibility (Code) has been adopted by the Institution of Financial Planners of Hong Kong (IFPHK) to provide principles and rules to all persons whom it has recognized and certified to use the CFP certification marks CFP^{CM}, and CERTIFIED FINANCIAL PLANNER^{CM} (collectively “the marks”).

For purposes of this Code, a person recognized and certified by IFPHK to use the marks is called a CFP^{CM} certificant or CERTIFIED FINANCIAL PLANNER^{CM} certificant. This Code applies to CFP certificants actively involved in the practice of personal 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 marks are used in the performance of their professional responsibilities. This Code also applies to candidates for the CFP^{CM} certification who are registered as such with IFPHK. For purposes of this Code, the term CFP certificant shall be deemed to include candidates for the CFP^{CM} certification.

Composition and Scope

The Code consists of two parts: Part I - Principles and Part II - Rules. The Principles are statements expressing in general terms the ethical and professional ideals expected of CFP certificants and which they should strive to display in their professional activities. As such, the Principles are aspirational in character but are intended to provide a source of guidance for a CFP certificant. The comments following each Principle further explain the meaning of the Principle. The Rules provide practical guidelines derived from the tenets embodied in the Principles. As such, the Rules set forth the standards of ethical and professionally responsible conduct expected to be followed in particular situations. This Code does not undertake to define standards of professional conduct of CFP certificants for purposes of civil liability.

Due to the nature of a CFP certificant’s particular field of endeavor, certain Rules may not be applicable to that CFP certificant’s activities. A CFP certificant is obligated to determine what responsibilities the CFP certificant has in each professional relationship including, for example, duties that arise in particular circumstances from a position of trust or confidence that a CFP certificant may have. The CFP certificant is obligated to meet those responsibilities.

IFPHK has the authority to add, amend or vary the Code in any manner as may be decided by IFPHK in such manner as it deem fit.

Compliance

IFPHK requires adherence to this Code by all those it recognizes and certifies to use the marks. Compliance with the Code, individually and by the profession as a whole, depends on each CFP certificant’s knowledge of and voluntary compliance with the Principles and applicable Rules, on the influence of fellow professionals and public opinion, and on disciplinary proceedings, when necessary, involving CFP certificants who fail to comply with the applicable provisions of the Code.

PART I – PRINCIPLES

Introduction

These Principles of the Code express the profession’s recognition of its responsibilities to the public, to clients, to colleagues, and to employers. They apply to all CFP certificants and provide guidance to them in the performance of their professional services.

Principle 1 – Integrity

A CFP certificant shall offer and provide professional services with integrity.

As discussed in Composition and Scope, CFP certificants may be placed by clients in positions of trust and confidence. The ultimate source of such public trust is the CFP certificant’s personal integrity. In deciding what is right and just, a CFP certificant should rely on his or her integrity as the appropriate touchstone. Integrity demands honesty and candour which must not be subordinated to personal gain and advantage. Within the characteristic of integrity, allowance can be made for innocent error and legitimate difference of opinion; but integrity cannot co-exist with deceit or subordination of one’s principles. Integrity requires a CFP certificant to observe not only the letter but also the spirit of this Code.

Principle 2 – Objectivity

A CFP certificant shall be objective in providing professional services to clients.

Objectivity requires intellectual honesty and impartiality. It is an essential quality for any professional. Regardless of the particular service rendered or the capacity in which a CFP certificant functions, a CFP certificant should protect the integrity of his or her work, maintain objectivity, and avoid subordination of his or her judgment that would be in violation of this Code.

Principle 3 – Competence

A CFP certificant shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which the certificant is engaged.

One is competent only when he or she has attained and maintained an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation or client referral is appropriate. A CFP certificant, by virtue of having earned the CFP certification, is deemed to be qualified to practice financial planning. However, in addition to assimilating the common body of knowledge required and acquiring the necessary experience for certification, a CFP certificant shall make a continuing commitment to learning and professional improvement.

Principle 4 – Fairness

A CFP certificant shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers and shall disclose conflict(s) of interest(s) in providing such services.

Fairness requires impartiality, intellectual honesty, and disclosure of conflict(s) of interest(s). 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 and is an essential trait of any professional.

Principle 5 – Confidentiality

A CFP certificant shall not disclose any confidential client information without the specific consent of the client unless in response to proper legal process, to defend against charges of wrongdoing by the CFP certificant or in connection with a civil dispute between the CFP certificant and client.

A client, by seeking the services of a CFP certificant, may be interested in creating a relationship of personal trust and confidence with the CFP certificant. This type of relationship can only be built upon the understanding that information supplied to the CFP certificant or other information will be confidential. In order to provide the contemplated services effectively and to protect the client's privacy, the CFP certificant shall safeguard the confidentiality of such information.

Principle 6 – Professionalism

A CFP certificant's conduct in all matters shall reflect credit upon the profession.

Because of the importance of the professional services rendered by CFP certificants, there are attendant responsibilities to behave with dignity and courtesy to all those who use those services, fellow professionals, and those in related professions. A CFP certificant also has an obligation to cooperate with fellow CFP certificants to enhance and maintain the profession's public image and to work jointly with other CFP certificants to improve the quality of services. It is only through the combined efforts of all CFP certificants in cooperation with other professionals, that this vision can be realized.

Principle 7 – Diligence

A CFP certificant shall act diligently in providing professional services.

Diligence is the provision of services in a reasonably prompt and thorough manner. Diligence also includes proper planning for and supervision of the rendering of professional services.

PART II – RULES

Introduction

As stated in Part I – Principles, the Principles apply to all CFP certificants. However, due to the nature of a CFP certificant's particular field of endeavour, certain Rules may not be applicable to that CFP certificant's activities. The universe of activities by CFP certificants is indeed diverse and a particular CFP certificant may be performing all, some or none of the typical services provided by financial planning professionals. As a result, in considering the Rules in Part II, a CFP certificant must first recognize what specific services he or she is rendering and then determine whether or not a specific Rule is applicable to those services. To assist the CFP certificant in making these determinations, this Code includes a series of definitions of terminology used throughout the Code. Based upon these definitions, a CFP certificant should be able to determine which services he or she provides and, therefore, which Rules are applicable to those services.

Rules that Relate to the Principle of Integrity

Rule 101

A CFP certificant shall not solicit clients through false or misleading communications or advertisements:

(a) Misleading Advertising: A CFP certificant shall not make a false or misleading communication about the size, scope or areas of competence of the CFP certificant's practice or of any organization with which the CFP certificant is associated; and

(b) Promotional Activities: In promotional activities, a CFP certificant shall not make materially false or misleading communications to the public or create unjustified expectations regarding matters relating to financial planning or the professional activities and competence of the CFP certificant. The term "Promotional activities" includes, but is not limited to, speeches, interviews, books and/or printed publications, seminars, radio and television shows, video cassettes, CD-ROMs, VCD and DVD; and

(c) Representation of Authority: A CFP certificant shall not give the impression that a CFP certificant is representing the views of the IFPHK or any other group unless the CFP certificant has been authorized to do so. Personal opinions shall be clearly identified as such.

Rule 102

In the course of professional activities, a CFP certificant 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.

Rule 103

A CFP certificant has the following responsibilities regarding funds and/or other property of clients:

(a) In exercising custody of or discretionary authority over client funds or other property, a CFP certificant shall act only in accordance with the authority set forth in the governing legal instrument (e.g., special power of attorney, trust, letters testamentary, etc.); and

(b) A CFP certificant shall identify and keep complete records of all funds or other property of a client in the custody of or under the discretionary authority of the CFP certificant; and

(c) Upon receiving funds or other property of a client, a CFP certificant shall promptly or as otherwise permitted by law or provided by agreement with the client, deliver to the client or third party any funds or other property which the client or third party is entitled to receive and, upon request by the client, render a full accounting regarding such funds or other property; and

(d) A CFP certificant shall not commingle client funds or other property with a CFP certificant's personal funds and/or other property or the funds and/or other property of a CFP certificant’s firm. Commingling one or more client’s 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; and

(e) A CFP certificant who takes custody of all or any part of a client’s assets for investment purposes, shall do so with the care required of a fiduciary.

Rules that Relate to the Principle of Objectivity

Rule 201

A CFP certificant shall exercise reasonable and prudent professional judgment in providing professional services.

Rule 202

A financial planning practitioner shall act in the interest of the client.

Rules that Relate to the Principle of Competence

Rule 301

A CFP certificant shall keep informed of developments in the field of financial planning and participate in continuing education throughout the CFP certificant’s professional career in order to improve professional competence in all areas in which the CFP certificant is engaged. As a distinct part of this requirement, a CFP certificant shall satisfy all minimum continuing education requirements established for CFP certificants by the IFPHK.

Rule 302

A CFP certificant shall offer advice only in those areas in which the CFP certificant has competence. In areas where the CFP certificant is not professionally competent, the CFP certificant shall seek the counsel of qualified individuals and/or refer clients to such parties.

Rules that Relate to the Principle of Fairness

Rule 401

In rendering professional services, a CFP certificant shall disclose to the client:

(a) Material information relevant to the professional relationship, including but not limited to conflict(s) of interest(s), changes in the CFP certificant’s business affiliation, address, telephone number, fax number, e-mail address, credentials, qualifications, licenses, compensation structure and any agency relationships, and the scope of the CFP certificant’s authority in that capacity.

(b) The information required by all laws applicable to the relationship in a manner complying with such laws.

Rule 402

A financial planning practitioner shall make timely written disclosure of all material information relative to the professional relationship. In all circumstances such disclosure shall include conflict(s) of interest(s) and sources of compensation. Written disclosures that include the following information are considered to be in compliance with this Rule:

(a) A statement of the basic philosophy of the CFP certificant (or firm) in working with clients. The disclosure shall include the philosophy, theory and/or principles of financial planning which will be utilized by the CFP certificant; and

(b) Resumes of principals and employees of a firm who are expected to provide financial planning services to the client and a description of those services are to be provided to the client upon request. Such disclosures shall include educational background, professional/employment history, professional certifications and licenses held, and areas of competence and specialization; and

(c) Source of compensation ; and
(d) A statement indicating whether the CFP certificant’s compensation arrangements involve fee- only, commission-only, or fee and commission. A CFP certificant shall not hold out as a fee-only financial planning practitioner if the CFP certificant receives commissions or other forms of economic benefit from related parties; and
(e) A statement describing material agency or employment relationships a CFP certificant (or firm) has with third parties and the fees or commissions resulting from such relationships; and
(f) A statement identifying conflict(s) of interest(s).

Rule 403

A CFP certificant providing financial planning shall disclose in writing, prior to establishing a client relationship, relationships which reasonably may compromise the CFP certificant’s objectivity or independence.

Rule 404

Should conflict(s) of interest(s) develop after a professional relationship has been commenced, but before the services contemplated by that relationship have been completed, a CFP certificant shall promptly disclose the conflict(s) of interest(s) to the client or other necessary persons.

Rule 405

A CFP certificant’s compensation shall be fair and reasonable.

Rule 406

Prior to establishing a client relationship, and consistent with the confidentiality requirements of Rule 501, a CFP certificant may provide references which may include recommendations from present and/or former clients.

Rule 407

When acting as an agent for a principal, a CFP certificant shall assure that the scope of his or her authority is clearly defined and properly documented.

Rule 408

Whether a CFP certificant is employed by a financial planning firm, an investment institution, or serves as an agent for such an organization, or is self-employed, all CFP certificants shall adhere to the same standards of disclosure and service.

Rule 409

A CFP certificant who is an employee shall perform professional services with dedication to the lawful objectives of the employer and in accordance with this Code.

Rule 410

A CFP certificant shall:
(a) Advise the CFP certificant’s employer of outside affiliations which reasonably may compromise service to an employer; and
(b) Provide timely notice to the employer and clients, unless precluded by contractual obligation, in the event of change of employment or IFPHK licensing status.

Rule 411

A CFP certificant doing business as a partner or principal of a financial services firm owes to the CFP certificant’s partners or co-owners a responsibility to act in good faith. This includes, but is not limited to, disclosure of relevant and material financial information while in business together.

Rule 412

A CFP certificant shall join a financial planning firm as a partner or principal only on the basis of mutual disclosure of relevant and material information regarding credentials, competence, experience, licensing and/or legal status, and financial stability of the parties involved.

Rule 413

A CFP certificant who is a partner or co-owner of a financial services firm who elects to withdraw from the firm shall do so in compliance with any applicable agreement, and shall deal with his or her business interest in a fair and equitable manner.

Rule 414

A CFP certificant shall inform his or her employer, partners or co-owners of compensation or other benefit arrangements in connection with his or her services to clients which are in addition to compensation from the employer, partners or co-owners for such services.

Rule 415

If a CFP certificant enters into a business transaction with a client, the transaction shall be on terms which are fair and reasonable to the client and the CFP certificant shall disclose the risks of the transaction, conflict(s) of interest(s) of the CFP certificant, and other relevant information, if any, necessary to make the transaction fair to the client.

Rules that Relate to the Principle of Confidentiality

Rule 501

A CFP certificant shall not reveal-or use for his or her own benefit without the client’s consent, any personally identifiable information relating to the client relationship or the affairs of the client, except and to the extent disclosure or use is reasonably necessary:

(a) To establish an advisory or brokerage account, to effect a transaction for the client, or as otherwise impliedly authorized in order to carry out the client engagement; or
(b) To comply with legal requirements or legal process; or
(c) To defend the CFP certificant against charges of wrongdoing; or
(d) In connection with a civil dispute between the CFP certificant and the client.

For purposes of this rule, the proscribed use of client information is improper whether or not it actually causes harm to the client.

Rule 502

A CFP certificant shall maintain the same standards of confidentiality to employers as to clients.

Rule 503

A CFP certificant doing business as a partner or principal of a financial services firm owes to the CFP certificant’s partners or co-owners a responsibility to act in good faith. This includes, but is not limited to, adherence to reasonable expectations of confidentiality both while in business together and thereafter.

Rules that Relate to the Principle of Professionalism

Rule 601

A CFP certificant shall use the marks in compliance with the rules and regulations of the IFPHK, as established and amended from time to time.

Rule 602

A CFP certificant shall show respect for other financial planning professionals, and related occupational groups, by engaging in fair and honorable competitive practices. Collegiality among CFP certificants shall not, however, impede enforcement of this Code.

Rule 603

A CFP certificant who has knowledge, which is not required to be kept confidential under this Code, that another CFP certificant has committed a violation of this Code which raises substantial questions as to the certificant's honesty, trustworthiness or fitness as a CFP certificant in other respects, shall promptly inform IFPHK. This rule does not require disclosure of information or reporting based on knowledge gained as a consultant or expert witness in anticipation of or related to litigation or other dispute resolution mechanisms. For purposes of this rule, knowledge means no substantial doubt.

Rule 604

A CFP certificant who has knowledge, which is not required under this Code to be kept confidential, and which raises a substantial question of unprofessional, fraudulent or illegal conduct by a CFP certificant or other financial professional, shall promptly inform the appropriate regulatory and/or professional disciplinary body. This rule does not require disclosure or reporting of information gained as a consultant or expert witness in anticipation of or related to litigation or other dispute resolution mechanisms. For purposes of this Rule, knowledge means no substantial doubt.

Rule 605

A CFP certificant who has reason to suspect illegal conduct within the CFP certificant's organization shall make timely disclosure of the available evidence to the CFP certificant's immediate supervisor and/or partners or co-owners. If the CFP certificant is convinced that illegal conduct exists within the CFP certificant's organization, and that appropriate measures are not taken to remedy the situation, the CFP certificant shall, where appropriate, alert the appropriate regulatory authorities including IFPHK in a timely manner.

Rule 606

In all professional activities a CFP certificant shall perform services in accordance with:

(a) Applicable laws, rules, and regulations of governmental agencies and other applicable authorities; and

(b) Applicable rules, regulations, and other established policies of IFPHK.

Rule 607

A CFP certificant shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP certificant, upon the marks, or upon the profession.

Rule 608

The Securities and Futures Ordinance requires registration of investment advisers with the Hong Kong Securities and Futures Commission. CFP certificants shall disclose to clients their firm's status as registered investment advisers. Under present standards of acceptable business conduct, it is proper to use registered investment adviser if the CFP certificant is registered individually. If the CFP certificant is registered through his or her firm, then the CFP certificant is not a registered investment adviser but a person associated with an investment adviser.

Rule 609

A CFP certificant shall not practice any other profession or offer to provide such services unless the CFP certificant is qualified to practice in those fields and is licensed as required by law.

Rule 610

A CFP certificant shall return the client's original records in a timely manner after their return has been requested by a client.

Rule 611

A CFP certificant shall not bring or threaten to bring a disciplinary proceeding under this Code, or report or threaten to report information to IFPHK pursuant to Rules 603 and/or 604, or make or threaten to make use of this Code for no substantial purpose other than to harass, maliciously injure, embarrass and/or unfairly burden another CFP certificant.

Rule 612

A CFP certificant shall comply with all applicable post-certification requirements established by IFPHK including, but not limited to, payment of the annual CFP certificant fee as well as signing and returning the licensee’s Statement annually in connection with the certification renewal process.

Rules that Relate to the Principle of Diligence

Rule 701

A CFP certificant shall provide services diligently.

Rule 702

A financial planning practitioner shall enter into an engagement only after securing sufficient information to satisfy the CFP certificant that:

(a) The relationship is warranted by the individual’s needs and objectives; and

(b) The CFP certificant has the ability to either provide requisite competent services or to involve other professionals who can provide such services.

Rule 703

A financial planning practitioner shall make and/or implement only recommendations that are suitable for the client.

Rule 704

Consistent with the nature and scope of the engagement, a CFP certificant shall make a reasonable investigation regarding the financial products recommended to clients. Such an investigation may be made by the CFP certificant or by others provided the CFP certificant acts reasonably in relying upon such investigation.

Rule 705

A CFP certificant 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.