



FINANCIAL PLANNING STANDARDS BOARD INDIA

Financial Planning Standards Board India
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FPSB India's Rules of Conduct



Financial Planning's Highest Global Standard

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Statement of Purpose: Rules of Conduct for the CFP^{CM} Professional

FPSB India's Rules of Conduct establish standards for the level and type of conduct expected of CFP^{CM} professionals. The Rules are not designed to be a basis for legal liability to any third party.

Applicability of Rules of Conduct

FPSB India's Rules of Conduct reflect financial planning professionals' recognition of their responsibilities to the public, clients, colleagues and employers. They guide the performance and activities of anyone involved in the practice of financial planning; however these Rules are binding on all individuals who have the right to use the CFP^{CM} marks in India, whether or not the individuals are using the marks. CFP^{CM} professionals must be knowledgeable and aware of FPSB India's Rules of Conduct and must apply and abide by rules that are relevant to the CFP^{CM} professionals' activities. These Rules of Conduct also serve as the enforcement mechanism for the FPSB India's Financial Planner Code of Ethics and Professional Responsibility, and FPSB India's Financial Planning Practice Standards.

Violations of these Rules may subject a CFP^{CM} professional to discipline by FPSB India. Because FPSB Ltd, US and FPSB India are financial planning certification and standards-setting bodies that require individuals to meet initial and ongoing certification requirements, discipline for violations of the Rules of Conduct extends to the rights of Individuals to use the CFP^{CM} marks in India.

Rules of Conduct for CFP Professionals

1. A CFP^{CM} professional shall not communicate, directly or indirectly, to clients or any other parties, any false or misleading information directly or indirectly related to the CFP^{CM} professional's qualifications or services.
2. A CFP^{CM} professional shall not mislead clients or any other party(ies) about the potential benefits of the CFP^{CM} professional's service.
3. A CFP^{CM} professional shall disclose all relevant facts where the disclosure is necessary to avoid misleading clients or any other parties.
4. A CFP^{CM} 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 CFP^{CM} professional shall clearly identify with the client the assets, if any, over which the CFP^{CM} professional will take custody, exercise investment discretion, or exercise supervision.
6. A CFP^{CM} professional shall identify and keep updated records of all funds or other property of the client in the custody, or under the discretionary authority, of the CFP^{CM} professional.
7. A CFP^{CM} professional shall not commingle the client's property with the property of the CFP professional, the CFP^{CM} 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 CFP^{CM} professional has sufficient record-keeping to track each client's assets accurately.
8. A CFP^{CM} professional shall at all times place the interest of the client first.
9. A CFP^{CM} professional shall treat the client fairly and provide professional services with integrity and objectivity.

10. A CFP^{CM} professional shall ensure that his or her personal biases or interests do not adversely affect his or her services to clients.
11. A CFP^{CM} professional shall make and/or implement only recommendations that are suitable for the client.
12. A CFP^{CM} professional shall offer advice to clients only in those areas in which he or she is competent. In areas where the CFP^{CM} professional is not competent, the CFP^{CM} professional shall seek the counsel of, and/or refer clients to, qualified professionals.
13. A CFP^{CM} professional shall maintain competence in all areas of his or her professional practice.
14. A CFP^{CM} professional shall keep informed about developments in financial planning and participate in continuing professional development.
15. If the services include financial planning or material elements of the financial planning process, a CFP^{CM} 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 CFP^{CM} professional and/or the CFP^{CM} professional's employer; and terms under which the CFP^{CM} professional and/or the CFP^{CM} 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 CFP^{CM} professional, the CFP^{CM} professional's employer or any affiliates or third parties, including, but not limited to, information about any familial, contractual or agency relationship of the CFP^{CM} professional or the CFP^{CM} professional's employer that has a potential to materially affect the relationship with the client;

- c. Any information about the CFP^{CM} professional or the CFP^{CM} professional's employer that could reasonably be expected to materially affect the client's decision to engage the CFP^{CM} 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 CFP^{CM} professional's areas of expertise; and
- e. Contact information for the CFP^{CM} professional and, if applicable, the CFP^{CM} professional's employer.

On an ongoing basis, the CFP^{CM} professional shall make timely disclosure to the client of any material changes to the above information.

- 16. A CFP^{CM} professional shall not borrow money from a client. This Rule does not apply when:
 - a. The client is a member of the CFP^{CM} professional's immediate family;
 - b. The client is an institution in the business of lending money and the borrowing is unrelated to the professional services performed by the CFP^{CM} professional.
- 17. A CFP^{CM} professional shall not lend money to a client. This Rule does not apply when:
 - a. The client is a member of the CFP^{CM} professional's immediate family;
 - b. The CFP^{CM} professional is an employee of an institution in the business of lending money and the money lent is that of the institution, not the CFP^{CM} professional.
- 18. A CFP^{CM} 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 CFP^{CM} 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.

19. A CFP^{CM} 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 CFP^{CM} professional's control.
20. A CFP^{CM} professional shall exercise reasonable and prudent professional judgment in providing professional services.
21. A CFP^{CM} professional shall be in compliance with all applicable legal and regulatory requirements governing professional services provided to the client.
22. A CFP^{CM} 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 FPSB India's Code of Ethics and Professional Responsibility.
23. A CFP^{CM} professional shall abide by the terms of all agreements with the FPSB India, including, but not limited to, using the CFP^{CM} marks properly and cooperating fully with the FPSB India's trademark and professional review processes and requirements.
24. A CFP^{CM} professional shall meet all of the FPSB India's requirements, including continuing professional development requirements, to retain the right to use the CFP^{CM} marks.
25. A CFP^{CM} professional shall notify FPSB India in writing of any conviction of a crime (as defined in Disciplinary Policies Procedures), or any professional suspension or revocation within the time specified by the FPSB India after the date on which the CFP^{CM} professional is notified of the conviction, suspension or revocation.
26. A CFP^{CM} professional shall notify FPSB India of changes to contact information, including e-mail address, telephone number(s) and physical address, within the time specified by FPSB India of the change.
27. A CFP^{CM} professional shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP^{CM} professional, upon the CFP^{CM} marks, or upon the financial planning profession.

28. A CFP^{CM} professional shall provide professional services in a timely and thorough manner.
29. Consistent with the scope of the engagement, a CFP^{CM} professional shall undertake a reasonable investigation of the products and services to be recommended to clients. A CFP^{CM} professional may rely upon an investigation undertaken by a third party provided it is reasonable to place reliance on the quality of such investigation.
30. A CFP^{CM} professional shall provide reasonable and prudent professional supervision of, or direction to, any subordinate or third party to whom the CFP^{CM} professional assigns responsibility for any client services.
31. A CFP^{CM} 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.
32. The CFP^{CM} professional and the client shall mutually agree upon the services to be provided by the CFP^{CM} professional.
33. If the services include financial planning or material elements of the financial planning process, prior to entering into an agreement, the CFP^{CM} 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 objectives, 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 agreement; and factors or terms that determine costs to the client, how decisions benefit the CFP^{CM} professional and the relative benefit to the CFP^{CM} professional;

- c. Terms under which the CFP^{CM} professional will use proprietary products;
 - d. Terms under which the CFP^{CM} professional will use other entities/ professionals to meet any of the agreement's obligations;
 - e. The process for terminating the relationship; and
 - f. Procedures for resolution of client claims and complaints against the CFP^{CM} professional.
34. If the services include financial planning or material elements of the financial planning process, the CFP^{CM} professional or the CFP^{CM} 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.
35. A CFP^{CM} professional shall take all reasonable steps to ensure the client understands the financial planning recommendation(s) to allow the client to make informed decisions.
36. A CFP^{CM} professional shall know and reasonably apply the Financial Planning Practice Standards that are relevant to the scope of the engagement with the client.
37. A CFP^{CM} professional shall know and apply the Financial Planner Code of Ethics and Professional Responsibility in his or her professional activities.

Appendix: Terminology in FPSB India's Rules of Conduct document

Client denotes a person, persons, or entity with whom the CFP^{CM} Practitioner has a formal planner–client relationship. For purposes of this definition, a practitioner is engaged when an individual, based upon the relevant facts and circumstances, reasonably relies upon information or service provided by that practitioner. Where the services of the practitioner are provided to an entity (corporation, trust, partnership, estate, etc.), the agreement is entered by its legally authorized representative.

Financial Planning denotes the process of developing strategies to assist consumers in managing their financial affairs to meet life goals. The process of financial planning involves reviewing all relevant aspects of an individual's situation across a large breadth of financial planning activities, including inter–relationships among often conflicting objectives.

Financial Planning Process denotes process of financial planning typically involves some or all of the following steps:

1. *establishing* and defining the relationship with the client, including an evaluation of the financial planner's ability to serve the client;
2. *collecting* qualitative and quantitative client information;
3. *analyzing* and *assessing* the client's information, objectives, needs and priorities;
4. *identifying* and *evaluating* strategies and developing recommendations and presenting them to the client;
5. *implementing* the recommendations, which requires reaching agreement with the client on responsibilities and having appropriate licenses to deliver financial products and services; and
6. *reviewing* the client's situation on an ongoing basis to ensure the recommendations continue to be appropriate in changing market environments or client situations.

CFP^{CM} professional or CFP^{CM} practitioner denotes a person who has been rigorously tested on the criteria of Education, Examination, Financial Plan construction, verified with respect to the required valid Experience, agreed to abide by the Code of Ethics, and is in good standing with FPSB India by maintaining ongoing competency and criteria for usage of CFP^{CM} marks.