

# CODE OF ETHICS

## The International Association of Registered Financial Consultants

The International Association of Registered Financial Consultants (IARFC) is the sole body designated to award and support the Association's designations and membership. The IARFC designations and memberships are widely recognized and bestow a recognized level of competence in the field. Part of that competence relates to an understanding that the designee and/or member will abide by the Code of Ethics and Practice Standards, thereby protecting the public they are called to serve. All designees and members must agree to uphold, abide by, and practice in accordance with this Code of Ethics in order to protect the value of the designation and provide assurance to all members of the public, most importantly those who are served by the designee or member.

The Code consists of three parts: The Canons, The Principles and The Rules. The Principles embody the ethical and professional standards expected of IARFC designees and members. These principles address the "substance" and not merely the "form" of service to the clients and the employer. The Principles are the guidelines of professional conduct, the same conduct that any client would expect of any professional on whom they rely—an attorney, a CPA or a physician. The Rules serve as a description of best-practice or IARFC Standards, and outline how the Principles must be implemented in specific circumstances.

## **The Canons of Ethical Behavior**

The International Association of Registered Financial Consultants™ hereby establishes these **Canons of Ethical Behavior** stating that all designees and members are bound to:

- I.** Put their client's interest above their own at all times.
- II.** Maintain proficiency in their work through continuing education.
- III.** Charge a fair and reasonable fee based on the amount of time and skill required to complete the financial planning process.
- IV.** Abide by both the spirit and the letter of the laws and regulations applicable to financial planning services.
- V.** Give their clients the same service they would provide to themselves in the same circumstances.

# The Principles

**Principle 1. Competence:** The Designee or member shall provide services to clients in a manner that demonstrates competency. Competency must be maintained through participation in recertification activities that demonstrate that the designee or member has maintained currency in the necessary knowledge and skills required in the role of the designation or membership they hold.

Competence is defined as having adequate levels of knowledge and skill to provide appropriate advice as judged by one's peers. Competence includes the recognition when one is involved in matters beyond one's competence that one must withdraw or seek appropriate professional assistance. Competence also includes maintaining one's level of knowledge through continuing education/recertification.

**Principle 2. Confidentiality:** An IARFC designee or member shall not disclose any confidential client information without the specific consent of the client unless the disclosure is made in response to a legal proceeding, to defend against charges of wrong doing by the designee or member or in connection with a civil dispute between the designee or member and a claimant.

Confidentiality is a fundamental aspect of trust on which the professional-client relationship is based.

**Principle 3. Professionalism:** A designee's or member's conduct in all matters shall reflect professionalism and good character, as expected by the Association. Because of the critical nature of the professional services rendered by designees and members and the sensitivity of the financial affairs of their clients, designees and members are held responsible for their behavior not only to clients, but also prospective clients, other professionals and members of the public. A designee or member is representing the Association and may not behave in any manner that would discredit the Association.

**Principle 4. Fairness and Integrity:** An IARFC designee or member shall perform professional services in a manner that is fair and reasonable to clients, prospective clients, colleagues, and employers, and the designee or member shall disclose any conflicts of interest associated with providing such services. Fairness includes subordinating one's own personal interest when it conflicts with the client's interests and when such conflicts are unclear, attempting to balance the interests of all parties equitably. The designee or member must demonstrate integrity by living according to high moral principles, and serving the public with steadfast adherence to the IARFC Code of Ethics Rules and Principles, and the policies and procedures of the IARFC.

**Principle 5. Diligence:** An IARFC designee or member shall remain organized regarding client's records and affairs, shall respond to client concerns and communications in a timely manner, and shall properly plan and provide appropriate follow-up on services or products delivered.

**Principle 6. Objectivity:** An IARFC designee or member shall be objective in providing professional services to clients. Services must be provided without the influence of personal opinions, unsubstantiated forecasts, and unfounded assumptions. Recommendations to clients must be based upon available facts, and a proper balancing of those facts.

# The Rules

## Rules that Relate to the Principle of Competence

**Rule 101:** An IARFC designee or member shall keep informed of developments in his/her area of activity and participate in continuing education throughout his/her professional career in order to improve professional competence in all fields in which the designee or member is involved. The IARFC designee or member shall satisfy all minimum continuing education requirements established by his/her licensing authorities and regulatory organizations and the IARFC.

**Rule 102:** A designee or member shall offer advice only in those areas that the designee or member has competence. In those areas that the designee or member is not professionally competent, he/she shall seek the counsel of qualified individuals and/or refer clients to such persons or withdraw from providing advice or assistance.

## Rules that Relate to Confidentiality

**Rule 201:** A designee or member shall not reveal or use for his/her 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 that disclosure or use is reasonably necessary:

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

For the purposes of this rule, the proscribed use of client information is improper, regardless of whether it actually causes harm to the client.

**Rule 202:** A designee or member shall maintain the same standards of confidentiality to employers as to clients.

**Rule 203:** A designee or member doing business as a partner or principal of a firm owes to his/her partners or co-owners a responsibility to act in good faith. Good faith 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 301:** A designee or member shall use the designation or membership in compliance with the current rules and regulations of the IARFC, as established and amended.

**Rule 302:** A designee or member shall show respect for other professionals and related occupational groups by engaging in fair and honorable competitive practices.

**Rule 303:** A designee or member who has been or is the subject of disciplinary action or review by a regulating agency shall notify the IARFC of such action immediately upon learning of the action. Designees or members who fail to follow this rule are subject to revocation of their membership on a permanent basis.

**Rule 304:** A designee or member who has knowledge that another designee or member has committed a violation of this Code shall promptly notify the IARFC Disciplinary and Appeals Committee. A violation would be any act that raises substantial questions as to another designee's or member's honesty, integrity, competence, trustworthiness or fitness to practice. For the purposes of this Rule, knowledge means no substantial doubt.

**Rule 305:** A designee or member who has knowledge that raises a substantial question of legally actionable, unprofessional, fraudulent or illegal conduct by an IARFC designee, member or other person — shall promptly inform the appropriate regulatory and/or professional disciplinary body, as well as the Disciplinary and Appeals Committee. For purposes of this Rule, knowledge means no substantial doubt.

**Rule 306:** A designee or member who has reason to suspect illegal conduct within the designee's or member's organization shall make timely disclosure of the available evidence to the designee's or member's immediate supervisor and/or partners or co-owners. If the designee or member is convinced that illegal conduct exists within the designee's or member's organization, and that appropriate measures are not being taken to remedy the problem, the designee or member shall, where appropriate, alert the proper regulatory authorities, and the Disciplinary and Appeals Committee.

**Rule 307:** In all professional activities, a designee or member 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 the Disciplinary and Appeals Committee.

**Rule 308:** A designee or member shall not engage in any conduct that reflects adversely on his/her integrity or fitness to practice.

**Rule 309:** A designee or member shall return a client's original records in a timely manner when the client requests them.

**Rule 310:** A designee or member shall exercise reasonable and prudent professional judgment in providing professional services.

**Rule 311:** A designee or member shall always act in the best interest of the client or prospective client.

## **Rules that Relate to Fairness and Integrity**

**Rule 401:** A designee or member shall, in rendering services to a client, disclose:

(a) All material information relevant to the professional relationship, including but not limited to conflict(s) of interest(s), changes in the designee's or member's business affiliation, address, telephone number, credentials, qualifications, licenses, and agency relationships, as well as the designee's or member's scope of authority within the agency.

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

**Rule 402:** A designee or member who practices financial planning shall make timely written disclosure of all material information relative to the professional relationship, including conflict(s) of interest(s) and sources and amount of compensation, as well as the following:

(a) A statement setting forth the philosophy of the designee or member (or his/her firm) in working with clients, and

(b) Resumes of principals and employees of the firm who are expected to provide services to the client, as well as a description of those services.

**Rule 403:** A designee's or member's compensation shall be fair, reasonable, and the method of compensation clearly disclosed.

**Rule 404:** A designee or member who is an employee shall perform professional services with dedication to the lawful objectives of the employer and in accordance with this Code.

**Rule 405:** Prior to establishing a professional relationship, a designee or member may provide the prospective client with professional references and recommendations from present or former clients, provided that such references and recommendations do not violate the confidentiality provisions of the Code.

**Rule 406:** A designee or member shall not solicit clients through false or misleading communications or advertisements, either written or oral.

**Rule 407:** A designee or member shall not, during the course of rendering professional services, engage in conduct that involves 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 408:** A designee or member shall not give the impression to a client or prospective client that the designee or member is representing the views of the International Association of Registered Financial Consultants<sup>TM</sup> or any other group, unless the designee or member has been expressly authorized to do so.

**Rule 409:** A designee or member is prohibited from the unauthorized or misleading use of the IARFC credentials. If the designee's or member's renewal date has passed and they have not fulfilled requirements to maintain membership, the membership may not be used until the designee or member meets all requirements

and pays all outstanding fees and fines. Additionally, designees and members are prohibited from using the designation or membership to represent that he/she is a specialist in a particular product or service, has specific knowledge that he/she does not possess or use the designation or membership in any way to mislead a prospect or client about his/her expertise or breadth of experience or knowledge.

**Rule 410:** A designee or member shall conduct him/herself with honor and dignity.

### **Rules that Relate to Diligence**

**Rule 501:** A designee or member shall act promptly when serving clients, employers, principals, and other users of the designee's or member's services.

**Rule 502:** A designee or member shall carefully evaluate a client's circumstances prior to making a recommendation and the designee or member shall make and/or implement only those recommendations that are appropriate for the client.

**Rule 503:** A designee or member shall properly supervise subordinates with regard to their delivery of services to the client, and the designee or member shall not accept or otherwise condone any subordinate's conduct that is in violation of this Code.

**Rule 504:** A designee shall use the designation only when the designee is in good standing with the Certification Board and the Disciplinary and Appeals Committee. Good standing shall be interpreted to mean recertification currency, Code of Ethics reaffirmation affidavit currency, and IARFC annual renewal fee currency.

**Rule 505:** A member shall use the membership only when the member is in good standing with the IARFC and the Disciplinary and Appeals Committee. Good standing shall be interpreted to mean membership currency, Code of Ethics reaffirmation affidavit currency, and IARFC annual renewal fee currency.

### **Rules that Relate to Objectivity**

**Rule 601:** A designee or member shall employ objective standards in providing professional services or recommending products and not be influenced by biases, assumptions, hearsay, public opinion or other information which cannot be substantiated or which has no foundation.

### **Violation of the Code of Ethics:**

Designees or members who violate the Code of Ethics shall be subject to disciplinary actions. The Disciplinary Policy and Procedures may be found on the IARFC website at [www.iarfc.org](http://www.iarfc.org)