



**GLOBAL PERSPECTIVES**



Regulation and Oversight of the  
Financial Planning Profession





## MISSION

Financial Planning Standards Board Ltd. benefits the clients and potential clients of financial planners by establishing, upholding and promoting worldwide professional standards in financial planning.

e [info@fpsb.org](mailto:info@fpsb.org)  
w [www.fpsb.org](http://www.fpsb.org)

Financial Planning Standards Board Ltd. (FPSB) owns the CFP, CERTIFIED FINANCIAL PLANNER and  marks outside the United States, and permits qualified individuals to use these marks to indicate that such individuals have met FPSB's initial and ongoing certification requirements.

Copyright © 2010. Financial Planning Standards Board Ltd. All rights reserved. Any redistribution or reproduction of part or all of the contents of this document is prohibited other than reprinting extracts for personal, non-commercial use or for educational or nonprofit purposes, subject to FPSB permission and use of appropriate copyright notices.



## Executive Summary

While financial planning emerged in the United States over 40 years ago, it has developed as an area of practice in some territories during the past one or two decades, and in others only within the past few years.

Financial planning is embraced as a concept to varying degrees around the world, based on a number of factors. The levels of openness and sophistication of the financial services marketplace, the readiness of the public for financial planning, the development of a culture of financial planning professionalism, the flexibility of licensing schemes, and the integration of financial services regulatory authorities and oversight mechanisms all impact the evolution of financial planning, yet these factors vary significantly around the world.

Consequently, no one financial planning regulatory or oversight scheme likely exists that will fit all markets.

This position paper lays out Financial Planning Standards Board's (FPSB) recommendations for regulation of, and an oversight model for, the financial planning profession. The paper seeks to discuss the substantive elements of financial planning that lend themselves to regulation and oversight, as an activity separate from other forms of financial services, particularly product-based financial advice.

### TABLE OF CONTENTS

Introduction . . . . .	2
Why Regulate Financial Planning? . . . .	5
Tenets for Effective Financial Planning Oversight . . . . .	8
Characteristics of a Professional Financial Planning Body . . . . .	13
Financial Planning Oversight in Practice . . . . .	15
The Role of FPSB . . . . .	16
Conclusion . . . . .	18



## Introduction

Financial planning is 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.

The 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.

In its December 2009 position paper, *The State of the Financial Planning Profession in the "Post-Trust" Era*, FPSB reviewed the characteristics of a profession, and evaluated whether financial planning could be considered a professional practice.

FPSB concluded that the framework within which financial planning is delivered may not meet the strictest interpretation of the characteristics of a profession, as defined by Cutlip, Center and Broom (1994).<sup>1</sup> However, many who hold themselves out as financial planners behave professionally and have embraced the concepts of professional autonomy, adherence to a code of ethics, placing public service over private interests and maintaining high standards of performance and conduct.

---

<sup>1</sup> Cutlip, S., Center, A., and Broom, G. (1994), *Effective Public Relations*, (New Jersey, Prentice-Hall, Inc.)



FPSB welcomes enforcement of appropriate standards for the financial planning profession, and believes that regulators should recognize financial planning as a distinct, professional practice.

FPSB, through its global membership of 23 professional financial planning bodies, is active in developing professional frameworks, standards and certification requirements to support the emergence of financial planning as a profession around the world. Over 126,000 CERTIFIED FINANCIAL PLANNER professionals adhere to FPSB's standards and practice professionalism, even though financial planning itself has not been formally recognized as a distinct profession in most territories.

As a result of the Global Financial Crisis, governments are moving to regulate the activities of individuals offering financial advice and products. Given governments' responsibility to protect the public by establishing threshold

Marketplace participants need to recognize their role in supporting governments' efforts to regulate and oversee the financial planning profession for the benefit of consumers.

standards for those offering financial advice or products, and governments' traditional focus on product-based regulation, qualification and licensing requirements tend to be positioned at an entry, rather than professional, level. Furthermore, governments make little or no distinction among the activities and oversight of those who provide limited advice (financial advisers) and those capable of offering comprehensive financial planning (financial planners).

FPSB welcomes enforcement of appropriate standards for the financial planning profession, and believes that regulators should recognize financial planning as a distinct, professional practice. FPSB also believes that financial planning should be regulated in a manner consistent with established professions, such as medicine, law and accounting. And marketplace participants need to recognize their role in supporting governments' efforts to regulate and oversee the financial planning profession for the benefit of consumers.

Governments should recognize that financial planning is still a new and emerging professional practice in many territories around the world. Any regulatory or oversight models that are developed

need to ensure the opportunity for growth of, and innovation within, the sector to better serve the public's needs. Consequently, governments and key marketplace players need to foster flexibility and engagement, to ensure consumers are protected and the financial planning profession has the opportunity to establish itself in a territory.

Legislative solutions that support an “accountable governance<sup>2</sup>” model of regulation would enable governments and regulated communities to negotiate regulatory approaches that lead to better consumer, industry and territory outcomes. Accountable governance encourages the development of regulations that focus the attention of regulatory participants (financial planners, corporations, regulators, professional bodies, etc.) on the areas each is most directly able to influence. This would ensure governments are not solely responsible for marketplace change and consumer protection, and that all participants in the system would play their part.

Effective regulation of professional services such as financial planning is best achieved through a collaborative effort among governments and professional bodies, where governments set the regulatory expectations of practice, market integrity and consumer protection, and professional bodies determine professional norms, conduct expectations and education and certification requirements that foster consumer and government confidence in the profession.

Professional financial planning bodies have a key role to play in the regulation and oversight of financial planning and supporting governments to

Effective regulation of professional services such as financial planning is best achieved through a collaborative effort among governments and professional bodies.

achieve their regulatory goals by relying on global best practices for financial planning regulation and certification. Collaboration among governments, regulators and professional bodies encourages the alignment of public and professional interests to create better regulatory and consumer outcomes.

---

<sup>2</sup> Financial Planning Association of Australia (2010), Regulation of Adviser Conduct, Evidence for Professional Standards Oversight and Models for an Expert Advisory Committee.



## Why Regulate Financial Planning?

Financial scandals and the collapse of large financial services institutions, like Australia-based Storm Financial Ltd., investment bank Lehman Brothers Inc., and brokerage Merrill Lynch & Co., Inc., have driven calls for increased regulation of financial services firms and advisers.

Regulators, seeking to rebuild the public's trust and confidence in the financial services industry, are examining a variety of factors that contribute to the financial wellbeing of consumers, including professional standards, the role of financial advisers, remuneration structures, marketing, and the financial literacy of consumers.

Those who hold themselves out as financial planners work in many areas of financial services, including banking, securities, insurance, law, real estate and tax preparation. Their work includes client advising, back office support, academia, research and human resource functions. In addition to providing professional financial planning services (which could include advice related to a client's legal, insurance or tax positions), financial planners may sell products for their employers, or recommend a variety of products from different companies based on the financial planning needs of their clients.

In the vast majority of jurisdictions globally, no legal definition exists for the term "financial planner" or for many other titles related to financial advising (such as financial consultant, financial adviser, wealth manager, etc.). No one can say for sure how many people worldwide hold themselves out as financial planners, but FPSB is aware that many who do hold no formal training or qualifications and do not engage in financial planning with clients.

FPSB's framework for financial planner professionalism integrates competency, ethics and professional practice standards along with certification requirements in education, assessment, experience and continuing professional development.

FPSB's Financial Planner Competency Profile<sup>3</sup> describes the abilities, skills, attitudes, judgments and knowledge a financial planner needs to possess when working with clients.

FPSB's Code of Ethics and Professional Responsibility<sup>4</sup> reflects financial planning professionals responsibilities to the public, clients, colleagues and employers.

---

<sup>3</sup> Financial Planning Standards Board Ltd. (2007), Financial Planner Competency Profile.

<sup>4</sup> Financial Planning Standards Board Ltd. (2008-2009), Financial Planner Code of Ethics and Professional Responsibility.



The definition and development of knowledge, skills and abilities that support the professional practice of financial planning lie within the purview of professional financial planning bodies.

FPSB's Financial Planner Practice Standards<sup>5</sup> establish the level of practice expected of a financial planning professional engaged in the delivery of financial planning to a client; establish norms of professional practice and allow for consistent delivery of financial planning by financial planning professionals; clarify the respective roles and responsibilities of financial planning professionals and their clients in financial planning engagements; and enhance the value of the financial planning process.

FPSB, through its member organizations, has certified over 126,000 individuals as competent to practice financial planning and use the CFP and CERTIFIED FINANCIAL PLANNER marks. CFP professionals are required to complete continuing professional development and adhere to conduct and practice standards while certified. However,

Financial planning is still a new and emerging professional practice in many territories.

this group represents a small portion of the total global population of those using the term "financial planner."

In most countries, governments do not regulate financial planners as financial planners *per se*, with some notable exceptions.<sup>6</sup> Typically, governments regulate financial advisers based on their ability to advise and sell various products or within the framework of a financial services firm-licensing scheme. Consequently, people with little or no formal training or competency in the practice of financial planning can hold themselves out to the public as qualified financial planners. In some countries, common law provides a framework within which certain aspects of professionalism are "regulated." However, as common law is generally not codified, courts have to interpret the law and its potential application on a case-by-case basis, thereby creating the potential for inconsistent decisions and uncertainty for consumers and the marketplace.

<sup>5</sup> Financial Planning Standards Board Ltd. (2008-2009), Financial Planning Practice Standards.

<sup>6</sup> Malaysia, New Zealand and the Canadian Province of Quebec restrict use of the term financial planner (or Planification Financiere).



Regulators can provide assurance to consumers that those identifying themselves as financial planners are competent, qualified and have met and continue to maintain appropriate ethical and professional standards, by clearly differentiating between limited product advising and comprehensive financial planning. Regulators can support an oversight model that establishes and enforces prerequisites for those seeking to hold themselves out as financial planners and introduces and enforces practice requirements, norms of conduct, and initial and ongoing competency requirements.

However, the depth and breadth of the knowledge, professional skills and abilities that support the professional practice of financial planning is significant and continually evolving, and the definition and development of these clearly lie within the purview of professional financial planning bodies rather than regulators.

FPSB believes efforts to reform the financial services industry should recognize programs and entities engaged in the professional

regulation of financial planners that enable consumers to make informed decisions about who is appropriately qualified to provide them with financial planning advice.

FPSB proposes an approach to positioning financial planning oversight and models of professionalism within, or adjacent to, existing or proposed regulatory frameworks, whereby regulators and professional financial planning bodies work together to protect and benefit consumers.

FPSB recommends that the following tenets guide efforts to oversee and regulate the financial planning profession in a territory.

FPSB proposes an approach to positioning financial planning oversight and models of professionalism within, or adjacent to, existing or proposed regulatory frameworks.



## Tenets for Effective Financial Planning Oversight

### 1. Use of the title “Financial Planner” should be protected in law or regulation.

In most parts of the world, people can hold themselves out as financial planners without having to meet any standards or achieve any special qualification to do so. The result for consumers is, at best, confusion and, at worst, bad advice that can damage or destroy the ability of individuals and households to secure their future financial wellbeing.

At present, what constitutes a “financial planner” or the professional practice of financial planning is loosely defined and regulated around the world. More than 75 percent of the territories in which FPSB has a member organization do not regulate the term “financial planner.” Instead, those territories have tended to regulate financial advisers based on the products they advise on or sell.<sup>7</sup>

While financial planners frequently offer product-related advice as part of the financial planning process, and many planners are licensed to provide products to clients, the process of financial planning is distinct from product-related advice and services. Some financial planners have chosen to let their licenses to advise on or sell products lapse

in favor of focusing exclusively on identifying and evaluating strategies and delivering viable financial planning recommendations to clients.

While established professions such as medicine, law and accounting have created a clear distinction between the advice component of the practice of a profession and the products or ancillary services that result from a professional’s recommendations, financial planning is still emerging as a profession within the context of a larger financial services system that is driven mainly by product sales.

---

<sup>7</sup> Financial Planning Standards Board. (July 2009) Regulatory Environment Comparison Table, [www.fpsb.org](http://www.fpsb.org).

Territories have tended to regulate financial advisers based on the products they advise on or sell.



The title “financial planner” needs to be protected, either by laws or regulations related to the delivery of financial advice or by laws or regulations associated with the practice of a profession.

The public-interest nature of the financial planning profession, the need to adhere to the principle of “client first” and to have the consumer’s objectives, needs and priorities drive the recommendations being made, and the asymmetry of information between the consumer and the financial planner, need to be accommodated through regulatory means.

To ensure that consumers are able to identify individuals with appropriate financial planning knowledge, skills and abilities, and who meet appropriate conduct and ethical standards when delivering financial planning, the title “financial planner” needs to be protected, either by laws or regulations related to the delivery of financial advice or by laws or regulations associated with the practice of a profession.

Regulators could develop legislation in conjunction with FPSB, its member organizations and other professional financial planning bodies that captures the following concept:

If you:

- Call yourself a financial planner; or
- Claim to offer financial planning services; or
- Claim to prepare financial plans;

Then:

- You will be required to be a member of/subject to the oversight of a professional financial planning body; and
- You will be subject to the laws or regulations related to the practice of a profession.

## **2. Financial planners should be held to a fiduciary standard of care in law or regulation.**

The first principle in FPSB’s Financial Planner Code of Ethics and Professional Responsibility is “Client First.” This ethical principle calls for financial planners to place the client’s interests first during financial planning engagements (a hallmark of professionalism), requiring the financial planner to act honestly and not place personal gain or advantage before the client’s interests.

FPSB recognizes that different views exist about the application of the term “fiduciary” around the world, and that governments may enforce fiduciary obligations differently based on the employment situation, the nature of the client relationship or the services provided. Regardless, FPSB believes that the notion of fiduciary should at least embrace the following principles:

- Put the client's interest first;
- Act with the skill, care, diligence and good judgment of a professional;
- Do not mislead clients – provide conspicuous, full and fair disclosure of all important facts;
- Avoid conflicts of interest; and
- Fully disclose and fairly manage – in the client's favor – unavoidable conflicts.

FPSB believes consumers expect (often mistakenly) that they will receive a fiduciary standard of care when working with financial advisers and can feel misled by those holding themselves out as financial planners who do not act as fiduciaries. In relation to the sale of financial products, when given a choice between which standard of care to provide, financial services firms and advisers often opt for the less onerous requirement of suitability.

Regulations in the United Kingdom have introduced a requirement that advice and products must be suitable for the individual circumstances of each consumer, while givers of advice must be “fit and proper.” In South Africa, regulations also require the giver of the advice (i.e. the financial planner) to be “fit and proper.” The office of the South African Financial Advisory and Intermediary Services Ombud has, in its determinations, placed greater focus on the duty of financial planners to act with due care and diligence than on compliance with procedure. The 1940 Investment Advisers Act in the United States has been interpreted by the courts to impose a fiduciary standard on investment advisers, and the same expectations apply in Australia. Recently passed financial reform legislation in the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act, requires a

Without legislation that clearly defines who is appropriately qualified to hold themselves out as financial planners, advisers will be able to avoid the fiduciary standard of care by describing themselves with a title that requires a lower standard of care.

government study of the need for financial planner regulation. It also requires the U.S. Securities and Exchange Commission (SEC) to conduct a study on extending the fiduciary standard of care to broker-dealers who provide personalized investment advice to retail clients and authorizes the SEC to promulgate a rule consistent with the findings of the study. Regulation for financial advisers in Australia will likely codify a fiduciary standard of care starting in 2012.

However, without legislation that clearly defines who is appropriately qualified to hold themselves out as financial planners, advisers may seek to avoid the fiduciary standard of care by describing themselves with a title that requires a lower standard of care or by limiting the duties owed to clients through contract.



By establishing, upholding and promoting professional standards in financial planning, FPSB contributes to the public interest and will continue to do so as the regulatory environment for financial advisers changes.

The cases of consumers being misled by such practices are contributing factors behind recent regulatory efforts in Australia and the United States to address the need for financial planner regulation and to consider imposing the fiduciary standard of care on all who hold themselves out as financial planners. In the UK, regulators are clarifying the nature of the duty of care owed by independent financial advisers to clients.

### **3. Use of related titles should be covered in law or regulation.**

To avoid the ability of financial advisers to self-select the standard of care that they will provide to consumers during what is communicated as being financial planning engagements, titles that advisers frequently use to communicate that they are doing

more than limited product advising – such as financial consultant, financial counselor, life planner, etc. – should ideally be included in the same law or regulation that defines who is qualified to hold themselves out as financial planners and engage in the professional practice of financial planning.

### **4. Oversight of financial planners should be undertaken by a professional financial planning body.**

FPSB believes that, regardless of any other source of regulation that may be applied to financial planners, the financial planning profession has a continuing responsibility to regulate itself.

An obligation to serve the public interest is inherent in all professions, and is upheld by professional bodies. Harvey and Mason<sup>8</sup> said professional bodies are entrusted with ensuring the public interest in the absence of any effective checks on the activities of the professional through the operation of the market.

An obligation to serve the public interest is inherent in all professions.

<sup>8</sup> Harvey, L., Mason, S. with Ward, R. (1995), The Role of Professional Bodies in Higher Education Quality Monitoring.

FPSB, through its member organizations, plays an active role in establishing standards for the global financial planning profession, and regulates CFP professionals through enforcement of those standards. By establishing, upholding and promoting professional standards in financial planning, FPSB contributes to the public interest and will continue to do so as the regulatory environment for financial advisers changes.

Professional financial planning bodies, acting with legal recognition by governments or in cooperation with regulators, can help mitigate the cost of regulation by providing a specialized body of knowledge that has evolved within the profession. In discussing the argument for self-regulation, Randall<sup>9</sup> states that because of the specialized knowledge of a profession, it would be difficult and expensive for a government to determine and monitor standards of practice.

Professional financial planning bodies have a solid understanding of how financial planning is delivered in a variety of settings, and are best qualified to understand how changes in regulation can affect financial planning professionals. With the experience of their members or those whom they have certified, professional bodies can anticipate trends in the profession and consumer needs and drive changes that will benefit society.

FPSB believes professional financial planning bodies have an obligation to help governments design regulation and professional oversight models in the public interest. Professional bodies are experts in the professional practice of financial planning, and FPSB's global network includes

regulatory, legal and certification experts who can use their understanding of the financial planning process and its delivery in local markets to assist governments in creating and implementing quality regulation. In addition to standards setting, education and certification, the financial planning profession must accept responsibility for regulating the conduct and activities of its own members.

To serve the public interest and engender public trust, professional financial planning bodies need to ensure that members, or those who are certified by the professional body, meet and continue to maintain appropriate standards and uphold the reputation of the profession to engender public trust.

Increased globalization has driven interest in, and demand for, financial planning and the services of competent and ethical financial planners who can serve consumers across borders. Effective regulation needs to take into account the global nature of consumer needs, and be consistent and fair while not limiting competition.

---

<sup>9</sup> Randall, G. (n.d.), Understanding Professional Self-Regulation, [www.oavt.org/self\\_regulation/docs/about\\_selfreg\\_randall.pdf](http://www.oavt.org/self_regulation/docs/about_selfreg_randall.pdf).



## Characteristics of a Professional Financial Planning Body

To be recognized as a professional financial planning body<sup>10</sup>, FPSB believes that an organization needs to:

- ⚡ Represent a recognized community of expert practitioners that embraces the public interest role of the financial planning profession and acts accordingly;
- ⚡ Work in the public interest so that its activities, and those of its members or those it has certified, contribute to raising consumer confidence and trust in the financial planning sector;
- ⚡ Have legal recognition for its role as a professional financial planning body, with an agreed upon set of roles and responsibilities;
- ⚡ Be a legally-registered nonprofit organization or its equivalent, governed by a board comprised of people of good repute who represent the interests of members or those it has certified, and the public;
- ⚡ Have access to adequate human and financial resources to carry out its functions;
- ⚡ Undergo an annual external audit that results in a favorable opinion of the organization's financial position and internal systems and controls;
- ⚡ Work with government, members and other stakeholders in an open and transparent manner to assist government with regulating the profession and to build and maintain the reputation of the financial planning profession;
- ⚡ Lead the development of, and promote standards of professionalism for financial planning, including competency (addressing the knowledge, skills and abilities required of financial planners), ethics and professional practice standards;



---

<sup>10</sup> FPSB's criteria were developed based on the criteria for professional bodies outlined in the UK Financial Services Authority's consultation paper CP09/31 Retail Distribution Review: Professionalism (December 2009).



A professional financial planning body needs to develop and enforce a disciplinary program that takes action against those who fail to meet their professional obligations.

- ⚡ Develop and award a professional certification(s), with a set of certification requirements and standards that address market needs, existing regulations and international best practices and that include: an initial educational requirement, a valid and reliable assessment scheme, practice requirements, ethical and conduct standards, and a requirement to maintain competency through continuing professional development;
- ⚡ Support members or those it has certified in meeting professional standards and ensuring the quality of services offered by those providing financial planning;
- ⚡ Monitor members' compliance with the organization's standards and certification requirements;
- ⚡ Undergo an external review of its professional standards and certification systems and processes on a regular basis, relying on appropriately qualified standards-setting and certification experts;
- ⚡ Develop and enforce a disciplinary program that takes action against members or those it has certified who fail to meet their professional obligations and that handles complaints and appeals in a fair and efficient manner;
- ⚡ Cooperate with government with regard to developing standards for the financial planning profession and complaints against members or those it has certified; and
- ⚡ Promote appropriate levels of *pro bono* work amongst its members or those it has certified, thus enabling a broader base of consumers to access financial planning skills.





## Financial Planning Oversight in Practice

In a December 2007 policy position on the regulation of the accountancy profession, the International Federation of Accountants (IFAC)<sup>11</sup> suggested two primary models for regulation of a profession: self-regulation and external regulation.

IFAC stated that under a self-regulation approach, the professional body is recognized by the government and the government delegates responsibility for regulating the profession to the professional body. In the case of external regulation, the profession is regulated by the government either through a government agency or an independent agency, which has been created by, and has received delegated regulatory powers from, the government. IFAC refers to “government” as all branches of government, including actions of the legislature (in establishing legislation) and the executive (in monitoring and enforcing compliance with legislation and regulations).

A third option IFAC suggests for regulating a profession is to combine the two primary models of self-regulation and external regulation in a manner that reinforces both forms of oversight while avoiding competition.

Whichever regulatory model emerges in a territory, and any of the three could be viable, FPSB believes that a key player is the professional financial planning body acting in cooperation with the government and meeting the characteristics of a professional body described in this paper.

Regulations and professional oversight mechanisms should be developed in a manner that reduces unnecessary costs for practitioners and consumers. Governments should have a clear regulatory agenda, and proactively seek the perspectives of professional financial planning bodies at the national and international level when developing financial planning regulation or oversight models. Given the impact of the Global Financial Crisis, governments need to consider the global nature of financial planning, and the impact that regulation and professional oversight could have on the delivery of financial planning in cross-border situations.

---

<sup>11</sup> International Federation of Accountants (December 2007), Regulation of the Accountancy Profession, [www.ifac.org](http://www.ifac.org).



## The Role of FPSB

FPSB is the preeminent international standards-setting authority for competent and ethical financial planners, and benefits the public by creating and upholding rigorous professional standards for the financial planning profession globally. FPSB's vision is to have financial planning recognized as a distinct professional practice around the world.

FPSB works through its member organizations to create and maintain internationally relevant professional standards for financial planning practitioners so that the public can identify qualified financial planners; practitioners can distinguish themselves as trusted financial planning professionals; and consumers and regulators can have confidence in the financial planning profession and recognize the benefits that financial planning offers.

FPSB's vision is to have financial planning recognized as a distinct professional practice around the world.

FPSB and its member organizations have extensive experience and knowledge in the delivery of financial planning around the world, and can serve as resources for regulators and professional financial planning bodies seeking to establish recognition for, and regulation or professional oversight of, financial planners.

FPSB applauds the efforts of regulators who have sought to create clarity about the competencies and qualifications individuals should possess to engage in the practice of financial planning. Similarly, FPSB supports regulatory efforts to establish an appropriate duty of care between financial advisers and their clients, and to reduce the potential for conflicts of interest in a financial advisory engagement in the area of remuneration.

In some jurisdictions, efforts are underway to ban commissions or load fees related to the sale of financial products resulting from the delivery of financial advice to clients. FPSB's Financial Planner Code of Ethics and Professional Responsibility encourages financial planners to "be fair and reasonable in all professional relationships," and to "disclose and manage conflicts of interest." According to FPSB's Code of Ethics, fairness requires providing clients what they are due, owed or should expect from a professional.



FPSB supports regulatory efforts to establish an appropriate duty of care between financial advisers and their clients, and to reduce the potential for conflicts of interest in a financial advisory engagement.

FPSB recognizes that varying business models in jurisdictions around the world may indicate a need for more than one type of remuneration structure for financial planners. However, appropriate disclosure by financial planners can help consumers understand their options and charges. FPSB will review financial planner remuneration and conflicts of interest in the coming year, and produce a position paper to guide professional bodies in overseeing the professional practices of their members or those they have certified.

Central to FPSB's position on financial planner remuneration will be the notion that fees and related charges should be clearly identified and communicated to clients, charges for advice should be separable from charges for products, and that any potential for bias in the delivery of advice should be controlled, and ideally removed.

FPSB's vision is to benefit the public by establishing, upholding and promoting professional standards for financial planners. FPSB regularly assesses the CFP certification programs administered by its

member organizations to ensure the quality and relevance of the global CFP certification program.

FPSB and its global network of subject-matter experts can assist governments in developing oversight models for financial planning that reflect global best practices. FPSB can also support governments in building confidence in the financial planning profession through its assessment program that ensures FPSB member organizations meet their obligations to oversee CFP professionals in their territories.



## Conclusion

Financial planning should be recognized as a distinct professional practice, and clearly distinguished from product-related advice. FPSB supports including protection of the title “financial planner” and related titles in regulation or law related either to the delivery of financial advice or the practice of a profession; holding financial planners to a fiduciary standard; and relying on professional bodies to play a leading role in the oversight of the financial planning profession.

While FPSB acknowledges that many jurisdictions may not be ready to protect the title “financial planner” in professional practice or financial services law or regulation in the near or medium term, FPSB’s commitment to gaining recognition for financial planning as a distinct professional practice includes working with regulators and other key stakeholders to ensure that consumers benefit from increased financial planner professionalism, through the development, enforcement and

The financial planning profession has a continuing responsibility to regulate itself, regardless of any other source of regulation that may be applied to financial planners.

promotion of competency, ethics and practice standards for financial planners.

FPSB and its nonprofit member organizations share a public-interest mission with governments, and are ready to cooperate with governments to design appropriate regulation, oversight models and standards for the financial planning profession.

The financial planning profession has a continuing responsibility to regulate itself, regardless of any other source of regulation that may be applied to financial planners. FPSB calls upon financial planners to embrace professionalism by upholding the standards developed by FPSB and its member organizations.

Models for oversight of the financial planning profession include self-regulation, external regulation, or various combinations of the two approaches. FPSB’s position on financial planning regulation is one in which professional financial planning bodies in a country or territory actively engage with their government to determine a model that ensures the profession serves the public interest while upholding high-quality and consistent standards developed through the specialized knowledge of the professional body.



As the international standards-setting authority for financial planning, FPSB is ready to work with governments to develop financial planning regulation and financial planner assessment frameworks that facilitate cooperation, fairness, transparency and support the interests of the public.

Effective regulation of professional services such as financial planning is best achieved through a collaborative effort among governments and professional bodies, where governments set the regulatory expectations of practice, market integrity and consumer protection, and professional bodies determine professional norms, conduct expectations and education and certification requirements that foster consumer and government confidence in the profession.

As the international standards-setting authority for financial planning, FPSB is ready to work with governments to develop financial planning regulation and financial planner assessment frameworks that facilitate cooperation, fairness, transparency and support the interests of the public.



**FINANCIAL PLANNING STANDARDS BOARD**

e. [info@fpsb.org](mailto:info@fpsb.org)

w. [www.fpsb.org](http://www.fpsb.org)



**CERTIFIED FINANCIAL PLANNER | CFP**

Financial Planning Standards Board Ltd. owns the CFP, CERTIFIED FINANCIAL PLANNER and CFP Logo marks outside the U.S., and permits qualified individuals to use these marks to indicate they have met FPSB's initial and ongoing certification requirements.