

CODE OF ETHICS & STANDARDS OF PROFESSIONAL CONDUCT

The IFB Code of Ethics & Standards of Professional Conduct (“the Code”) applies to all members, without regard to the product, type of intermediary, or means by which the advice, product or service is transacted. IFB members must agree to be bound by the Code upon joining and, thereafter, annually at renewal. IFB reserves the right to reprimand a member, or refuse or revoke membership for non-compliance.

Membership in IFB signals to clients and others, your commitment to your profession and to exercise the utmost care when dealing with the trust clients place in you.

This Code sets out the standards expected of an IFB member in their professional practice and conduct. At all times, IFB members are expected to act with integrity, competence, and due care in respect of their profession and in their dealings with clients.

The Code should be considered in conjunction with any applicable legislation and regulations, or other professional standards that may apply to you. This Code does not purport to replace legal advice or provide legal guidance. If any principle or practice in the Code is inconsistent with a provision of an applicable law or regulation, the applicable law or regulation will take precedence.



1. PARAMOUNTCY OF THE CLIENT'S INTERESTS -

An IFB member shall place the interests of his/her client first, ahead of all other interests, and setting aside any personal motivations and beliefs.

Practice Standard:

Before acting for a client, or undertaking a recommendation or transaction, an IFB member must consider whether any conflict of interest is present which may affect the member's ability to act in an impartial or objective manner. The IFB member must take steps to mitigate the conflict in favour of the client by thoroughly explaining the actual or potential conflict, and then providing the client with the opportunity to provide his/her informed, written consent to:

- i) halt the transaction,
- ii) seek additional professional advice, or
- iii) complete the transaction.

For some IFB members, written disclosure of conflicts of interest may be a legal requirement.

An IFB member must not recommend the replacement of any insurance policy, or any investment, or any purchase of a financial product unless he/she believes that such a replacement, investment, or purchase is in the best interest of the client. Any such recommendation must be explained to the client, and documented.

2. CONFIDENTIALITY OF CLIENT INFORMATION -

An IFB member shall protect the privacy and confidentiality of information entrusted to him/her, including a client's personal and financial information.

Practice Standard:

An IFB member shall comply with applicable privacy and breach notification legislation.

A member shall disclose client information only when required or allowed by law to do so, or when clients have provided their express, written consent to the disclosure.

A member shall take steps to safeguard client information, whether the information is kept in paper format, or electronically stored or transmitted.

3. UNDERSTANDING THE CLIENT'S NEEDS & ESTABLISHING SUITABILITY -

Before giving advice or making a recommendation, an IFB member shall make a diligent effort to learn the client's needs, objectives and circumstances, and only then offer advice, products or services which are suitable to that client.

Practice Standard:

A member shall document the client's needs, objectives, risk tolerance, and personal/ financial circumstances, and the analysis the member conducted to determine a suitable recommendation. This should be updated on a regular basis, as required, to reflect any changes to the client's circumstances.

The client should be provided with a thorough explanation of the steps taken, and why the advice, product or service is being recommended. If the client consents, the agreement should be documented in writing. If the client does not consent, the member should document the client's decision to decline the advice provided, and retain the document in the client's file.



4. LEGITIMACY OF CLIENT AND TRANSACTION –

An IFB member shall collect appropriate information about the client and the proposed transaction to reasonably determine the identity of the client and that the transaction is lawful.

Practice Standard:

An IFB member must not act on behalf of a client when the client's identity cannot be verified or if there are reasonable grounds to believe that the transaction is of an unlawful nature. A member shall comply with applicable legislation and regulations to establish valid client identification and transaction information, including those under Canada's Proceeds of Crime (Anti-Money Laundering) and Terrorist Financing Act.

A member must not knowingly submit information on an application for any financial product or service to a company that is inaccurate or misleading.

5. PROFESSIONAL COMPETENCE –

An IFB member shall possess an appropriate level of knowledge relating to his/her particular business and meet high standards of professional ethics, including acting with honesty, integrity, fairness, due diligence and skill.

Practice Standard:

An IFB member must understand and comply with the regulatory standards and expectations applicable to his/her business. For example, those related to professional liability insurance, trust accounts, deposits, or other fiduciary measures to ensure the client's interests are protected.

An IFB member should pursue ongoing education and training as a means of keeping skill and knowledge levels current, and at all times meet any regulatory requirements to do so, including proof of compliance.

A member should keep clients informed throughout the life cycle of the product, until the member's obligations to the client have been satisfied.

A member must ensure that any financial records and obligations are properly maintained and follow sound business practices, up to and including the member's exit from the business.

6. DISCLOSURE TO CLIENTS -

An IFB member shall provide written disclosure to clients describing the member's licensing/registration, services provided, companies represented, and such other information, as required by the member's appropriate regulatory body(ies). This disclosure should be clear, fair and not misleading.

Practice Standard:

A member may not be misleading when communicating to clients the relevant facts, terms, costs, benefits, or risks of any proposed course of action.

In addition to clearly describing the product or service for the client, the member must disclose any important assumptions underlying any illustrations or examples that have been provided to the client, as well as the fact that actual results may differ significantly from those shown. The member should avoid using examples or illustrations which he or she knows, or ought to know, are based on unusual results or a period that generated much better than normally anticipated performance.

A member must deliver all policies, amendments, and other documents, in a timely manner and must advise the client, in writing, if an issued policy or product is materially different from the policy applied for or product purchased.



7. PROFESSIONAL BEHAVIOUR –

An IFB member must act in good faith at all times, and meet high standards of professional ethics, including acting with honesty, integrity, fairness, due diligence, and skill.

An IFB member may not engage in behaviour detrimental to the public professional image of IFB, the financial services industry, or other financial professionals.

Practice Standard:

An IFB member must deal directly with all formal and informal complaints or disputes, or refer them to the appropriate person or process, in a timely and forthright manner. Complaints, or incidents which may give rise to a claim, must be reported to the errors and omissions insurer as soon as the member has knowledge of them.

An IFB member must not misrepresent his/her education, qualifications, or experience, and should inform the client of the business licenses and registrations held, as well as the business name(s) of firm(s) under which he or she is licensed to operate. All references to the member's business activities, services, and products should be clear, descriptive, and not misleading.

8. INDEPENDENCE –

An IFB voting member must maintain his/her independence in accordance with IFB membership requirements.



STATEMENT OF PRINCIPLES

Independent Financial Brokers of Canada (IFB) is a national, not for profit, professional association created to represent licensed financial advisors who are not employees or career advisors of a financial institution. IFB's purpose is to preserve freedom of choice for advisors and consumers in how financial products and services are delivered.

IFB membership provides a forum for members to develop policy positions, recommendations and programs specifically designed to support the delivery of independent advice.

IFB seeks to foster a co-operative relationship with the public, federal and provincial authorities and all other organizations associated with the provision of financial products and financial planning.

IFB supports high professional standards for those operating within the financial services industry in Canada, to further financial literacy and consumer protection.

IFB'S CORE PRINCIPLES ARE AS FOLLOWS:

- 1** IFB supports a neutral law controlling differing systems of distribution, excluding none.
- 2** IFB supports a regime in which participants of all financial distribution systems are licensed and subject to appropriate regulatory controls.
- 3** IFB affirms that its members are able to undertake another occupation, within the requirements of the financial licenses held.
- 4** Within the limits allowed by law, IFB members are required to maintain an arm's length relationship with all financial product providers with whom they are contracted.
- 5** IFB supports the fair treatment of customers, and in particular, expects its members to provide advice only after taking steps to understand the client's needs, objectives and circumstances. IFB members are expected to be thoroughly proficient, trained and knowledgeable in the financial products and services they provide to consumers.
- 6** IFB believes that all financial advisors in Canada should be subject to a code of conduct, and in particular, expects its members to adhere to IFB's Code of Ethics.
- 7** IFB supports the promotion and preservation of the common and specific interests of Association members as a professional body, with full support for the principle of freedom in their business operations.

