

## Code of Professional Conduct and Explanatory Notes

### **Preamble:**

The Institute Code of Professional Conduct (CPC) sets out a list of principles that an Institute designation holder is expected to abide by in his or her business activities and in his or her liaison between clients and suppliers of insurance and/or other financial products and services.

These Explanatory Notes provide neither an exclusive nor exhaustive definition of the principles in the CPC. Any principle may be subject to interpretation as part of the peer review Disciplinary Procedures that are in place to uphold the CPC.

An important function for The Institute, as a voluntary standards-setting and designation body, is the self-disciplinary role necessary to ensure that an Institute designation holder conducts his or her actions in accordance with the CPC. In abiding by the CPC, an Institute designation holder is also expected to report to The Institute any breach or possible breach of the CPC by any other Institute designation holder.

Disciplinary sanctions may be imposed against an Institute designation holder for any action that is found to violate the letter and spirit of this Code.

### **Principle 1 – Priority of Client's Interests**

*An Institute designation holder shall act in a client's best interests.*

- An Institute designation holder shall act in a manner that places the client's interests above an Institute designation holder's own interests.
- An Institute designation holder shall be objective in serving a client's interests.
- An Institute designation holder shall identify relevant particulars of a client's circumstance prior to recommending a suitable product or service.
- An Institute designation holder shall only recommend products they fully understand.
- An Institute designation holder shall ensure the client fully understands all relevant product benefits and risks in accordance with the client's level of financial literacy.

### **Principle 2 – Integrity**

*An Institute designation holder shall act with integrity.*

- An Institute designation holder shall act with integrity as integrity is the foundation for public trust in the Institute designation holder.
- An Institute designation holder shall act with honesty, trustworthiness and put the best interest of their clients first.

- An Institute designation holder shall not compromise their integrity for personal gain or advantage understanding that with the principle of integrity, allowance can be made for innocent error and legitimate difference of opinion.
- An Institute designation holder shall report any breach or possible breach of The Institute Code of Professional Conduct.

### **Principle 3 – Competence**

*An Institute designation holder shall act competently.*

- An Institute designation holder shall exhibit their competence through the effective application of both skill and knowledge when providing products and services.
- An Institute designation holder shall maintain their competence through appropriate education, training and work experience, as demonstrated by a commitment to continuous learning.
- An Institute designation holder shall recognize the limits of his or her competence by seeking relevant consultation or client referral as appropriate.

### **Principle 4 – Diligence**

*An Institute designation holder shall act diligently.*

- An Institute designation holder shall show their diligence through the degree of attention or care exercised when advising clients and providing advice.
- An Institute designation holder shall provide products and services promptly and efficiently, taking care to be accurate and thorough.
- An Institute designation holder shall properly supervise any employee who is providing services to clients, where appropriate.

### **Principle 5 – Disclosure**

*An Institute designation holder shall act transparently.*

- An Institute designation holder shall avoid any conflict of interest in providing products and services and where such conflicts of interest do occur an Institute designation holder shall provide full disclosure.
- An Institute designation holder shall disclose any relationship or non-confidential information, past or present, which may be seen to affect an Institute designation holder's judgment in providing products and services.
- An Institute designation holder shall disclose method(s) of compensation related to the products and services being provided.

## **Principle 6 – Professionalism**

*An Institute designation holder shall act in a manner that reflects positively upon all other Institute designation holders.*

- An Institute designation holder's conduct shall inspire confidence, respect and trust of clients and the community.
- An Institute designation holder shall treat other Institute designation holders fairly and respectfully as a professional courtesy.
- An Institute designation holder shall uphold the professional image of The Institute and its members.
- An Institute designation holder shall formalize and document all referrals made and partnerships formed for the purpose of providing products and services.
- An Institute designation holder acting in a leadership capacity shall not use or condone any method of recruiting or contracting financial advisors that detracts from the professional image of The Institute or its members.

## **Principle 7 – Confidentiality**

*An Institute designation holder shall respect and protect the privacy of others and the confidentiality of client information.*

- An Institute designation holder shall hold in strict confidence client information obtained in the conduct of an Institute designation holder's activities, except where legally compelled to divulge such information.
- An Institute designation holder shall collect, use and disclose client information only for the purposes for which it was obtained and only with a client's consent.
- An Institute designation holder shall not sell information to any third party.
- An Institute designation holder shall make reasonable commercial effort to design and manage procedures and systems to protect confidential information from error, loss and unauthorized access.
- An Institute designation holder shall comply with privacy legislation.

## **Principle 8 – Respect for the Law**

*An Institute designation holder shall act in accordance with the spirit and principles of the law.*

- An Institute designation holder shall comply with all relevant laws, regulations and standards of any governmental or other professional bodies with jurisdiction.
- An Institute designation holder shall remain knowledgeable of the laws and regulations that apply at any time to the products and services that he or she is authorized and competent to provide.
- An Institute designation holder shall disclose to The Institute any transgression of laws or regulations by a member.
- An Institute designation holder shall follow industry Best Practices as a guideline to meet the principles of the regulatory environment.