

CODE OF PROFESSIONAL CONDUCT

EXPLANATORY NOTES

P R E A M B L E

The Advocis Code of Professional Conduct sets out a list of principles that an Advocis Member 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 Code. Any principle may be subject to interpretation as part of the peer review Disciplinary Procedures that are in place to uphold the Code.

An important function for Advocis, as a voluntary professional association, is the self-disciplinary role necessary to ensure that an Advocis Member conducts his or her actions in accordance with the Code. In abiding by the Code, an Advocis Member is also expected to report to Advocis any breach or possible breach of the Code by any other Advocis Member.

Disciplinary sanctions may be imposed against an Advocis Member for any action that is found to violate the letter and spirit of the Code.

Principle 1 – Priority of Client’s Interests

An Advocis Member shall act in a client’s best interests.

- An Advocis Member shall act in a manner that places the client’s interests above an Advocis Member’s own interests.
- An Advocis Member shall be objective in serving a client’s interests.
- An Advocis Member shall identify relevant particulars of a client’s circumstance prior to recommending a suitable product or service.
- An Advocis Member shall only recommend products they fully understand.
- An Advocis Member 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 Advocis Member shall act with integrity.

- An Advocis Member shall act with integrity as integrity is the foundation for public trust in the Advocis Member.
- An Advocis Member shall act with honesty, trustworthiness and put the best interest of their clients first.
- An Advocis Member 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 Advocis Member shall report any breach or possible breach of the Advocis Code of Professional Conduct.

Principle 3 – Competence

An Advocis Member shall act competently.

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

Principle 4 - Diligence

An Advocis Member shall act diligently.

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

Principle 5 - Disclosure

An Advocis Member shall act transparently.

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

Principle 6 - Professionalism

An Advocis Member shall act in a manner that reflects positively upon all other Advocis Members.

- An Advocis Member's conduct shall inspire confidence, respect and trust of clients and the community.
- An Advocis Member shall treat other Advocis Members fairly and respectfully as a professional courtesy.
- An Advocis Member shall uphold the professional image of Advocis and its members.
- An Advocis Member shall formalize and document all referrals made and partnerships formed for the purpose of providing products and services.
- An Advocis Member 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 Advocis or its members.

Principle 7 – Confidentiality

An Advocis Member shall respect and protect the privacy of others and the confidentiality of client information.

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

Principle 8 – Respect for the Law

An Advocis Member shall act in accordance with the spirit and principles of the law.

- An Advocis Member shall comply with all relevant laws, regulations and standards of any governmental or other professional bodies with jurisdiction.
- An Advocis Member 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 Advocis Member shall disclose to Advocis any transgression of laws or regulations by a member.
- An Advocis Member shall follow industry Best Practices as a guideline to meet the principles of the regulatory environment.