

EMBARGOED UNTIL 11 A.M. EDT, APRIL 5, 2012



CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

NEWS RELEASE

CFP Board Announces Changes to Experience Requirement, New Procedures for Addressing Bankruptcy Filings, Amended Disciplinary Rules and Procedures

Intended to Strengthen the CFP® Designation, Provide Clarification

Washington, D.C., April 5, 2012 – Certified Financial Planner Board of Standards, Inc. today announced changes approved by its Board of Directors that strengthen the CFP® certification, enhance public disclosure and provide clarity to its disciplinary rules and procedures.

“As part of our mission to benefit the public, we must continue to re-examine and improve upon the CFP® certification and our processes to enforce its high standards,” said Board of Directors Chair Alan Goldfarb, CFP®. “The changes approved by the Board of Directors further support our mission and reinforce the CFP® certification’s status as the standard for ethical and competent personal financial planning.”

These changes affect CFP Board’s experience requirement for CFP® certification, the way CFP Board addresses a single bankruptcy filed by a CFP® professional or candidate for certification within the previous five years and certain provisions of CFP Board’s *Disciplinary Rules and Procedures (Disciplinary Rules)*. The Board of Directors approved the changes following careful and thoughtful review of feedback received from stakeholders during comment periods related to each change.

The following is an overview of the changes.

Experience Requirement

Individuals seeking to attain CFP® certification must complete CFP Board’s education, examination, experience and ethics requirements. Under the current experience requirement, those wanting to become certified must have three (3) years of relevant financial planning experience. There are six (6) different categories for which someone can acquire experience – personal delivery of financial planning, supervision, direct support, teaching, internships and residency programs. In addition, individuals must successfully complete a course of study addressing a required financial planning curriculum, pass the comprehensive CFP® exam, pass a background check and agree to CFP Board’s *Code of Ethics and Professional Responsibility, Rules of Conduct* and *Financial Planning Practice Standards*.

EMBARGOED UNTIL 11 A.M. EDT, APRIL 5, 2012

In 2011, CFP Board completed a comprehensive review of the experience requirement in accordance with best practices for professional certification organizations, including CFP Board's accrediting organization, National Commission on Certifying Agencies. Following a public comment period, the Board of Directors adopted several changes to the experience requirement consistent with CFP Board's mission.

Key Changes:

- Recognizing two (2) years of full-time experience, or its part-time equivalent, as a way to fulfill the experience requirement when three very rigorous requirements are met and documented:
 - The individual is working under the direct supervision of a CFP® professional;
 - The individual is providing direct financial planning services to clients; and
 - The individual has documented in writing performance of all six (6) steps of financial planning process.
- Eliminating the requirement that individuals applying for CFP® certification must have six (6) months of experience gained within twelve (12) months of reporting the experience. The requirement that experience must occur within ten (10) years before or five (5) years after the successful exam completion still applies.
- Providing an option for individuals to submit experience to CFP Board for review prior to passing the CFP® exam. This will provide those contemplating CFP® certification the assurance that their experience will meet CFP Board requirements prior to them pursuing the education or examination requirements. Credit will be granted only for experience completed within ten (10) years before and five (5) years after successful completion of the CFP® exam.

“While there are six ways to gain qualifying experience, the Board believes that providing direct financial planning services to clients should be weighted more heavily than the other five,” said Goldfarb. “We recognize this is the best form of experience for candidates to develop expertise and sharpen the skills needed to deliver personal financial planning services independently as a CFP® professional.”

These changes are effective September 1, 2012. More information about the changes to the experience requirement can be found [here](#).

Bankruptcy Disclosure Procedure

Candidates for CFP® certification are asked on the Initial Application whether they have filed for bankruptcy. Once an individual attains CFP® certification, the same question is asked on the Renewal Application.

Currently, CFP Board subjects CFP® professionals and candidates for CFP® certification who have filed a single bankruptcy within the previous five years to its disciplinary process, which has resulted in some outcomes that are not available to the public.

Following a public comment period, the Board of Directors adopted a new procedure for addressing those individuals who have filed a single bankruptcy within the previous five years

EMBARGOED UNTIL 11 A.M. EDT, APRIL 5, 2012

and are not under investigation by CFP Board for any other conduct. These are known as "bankruptcy-only cases."

Under CFP Board's new procedure, CFP Board will disclose all such bankruptcy filings to the public. This procedure is consistent with CFP Board's mission to benefit the public and with a CFP® professional's obligation under CFP Board's *Rules of Conduct* to disclose any information about the CFP® professional that could reasonably be expected to materially affect the client's decision to engage the certificant, including a bankruptcy filing.

Key Changes:

- Eliminating the process where CFP Board investigates – and the Disciplinary and Ethics Commission adjudicates – bankruptcy-only cases.
- Implementing a new procedure for addressing bankruptcy-only cases that involves:
 - Verifying the bankruptcy filing by checking publicly available court records and confirming with the CFP® professional or candidate for certification;
 - Noting the bankruptcy filing on the CFP® professional's public profile, which is available through the search functions on CFP Board's website (www.CFP.net); and
 - Issuing a news release no less than four times each year to identify CFP® professionals who have filed bankruptcy within the previous five years.

The changes are effective July 1, 2012. More information about the new bankruptcy disclosure procedure can be found [here](#).

Amendments to Disciplinary Rules

Through its *Disciplinary Rules*, CFP Board enforces the *Code of Ethics and Professional Responsibility*, *Rules of Conduct* and *Financial Planning Practice Standards* and establishes a process for applying the *Standards of Professional Conduct* to actual professional activities.

Following a public comment period, the Board of Directors adopted a series of amendments to the *Disciplinary Rules* intended to clarify ambiguities, eliminate inconsistencies and strengthen, in particular, the interim suspension procedures of the *Disciplinary Rules*.

Key Changes:

- Treating an individual's failure to respond to a request for information deriving from an investigation as having admitted to the allegations in the complaint.
- CFP Board is now permitted to immediately issue an interim suspension without a hearing in instances where it receives evidence of a conviction or professional suspension.
- CFP Board may now share investigative information with government regulators and industry self-regulatory organizations (SROs).

These amendments are effective June 1, 2012. More information about amendments to the *Disciplinary Rules* can be found [here](#).

ABOUT CFP BOARD

EMBARGOED UNTIL 11 A.M. EDT, APRIL 5, 2012

The mission of Certified Financial Planner Board of Standards, Inc. is to benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for competent and ethical personal financial planning. The Board of Directors, in furthering CFP Board's mission, acts on behalf of the public, CFP® professionals and other stakeholders. CFP Board owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, CFP® (with plaque design) and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements. CFP Board currently authorizes more than 65,000 individuals to use these marks in the U.S.

CONTACT: Dan Drummond, Director of Public Relations P: 202-379-2252 M: 202-550-4372 E: ddrummond@cfpboard.org Twitter: @cfpboardmedia

###