



## CODE OF CONDUCT FOR ADVISORS

This code of conduct is designed to help regulate the conduct of advisors, in their business relationships with insurance companies, clients, applicants and the general public as well as regulators, other Supervisory bodies and Qualified Financial Services.

IN THIS CODE:

**“The Company”** means Qualified Financial Services and its affiliates, as well as companies with which Qualified Financial Services is contracted.

**“ Agreement”** means any contract or document or amendments thereto, under which any person is authorized to promote, sell, or service the products or services of the companies with which Qualified Financial Services is contracted.

**“Advisor”** means a person who has entered into or is operating under an Agreement with Qualified Financial Services

**“Client”** means current or prospective applicants, beneficiaries, clients, or any person who is currently engaging the Advisor in their capacity as an Advisor, or where applicable, members of the Public.

### OBLIGATIONS OF AN ADVISOR

The authority and obligations of an Advisor are defined by the Agreement. This Code forms part of the Agreement. However, if there is an inconsistency between this Code and the Agreement, the Agreement governs, to the extent of the inconsistency.

Compliance with the Agreement means that the Advisor must know, understand and adhere to:

- the Agreement,
- this Code,
- industry codes or guidelines that apply to Advisors,
- the Company's Code of Business Conduct as it applies to Advisors and,
- any rules, policies or directives communicated by the Company from time to time.

Each of the general principles below is followed by a series of related standards. In some cases, specific examples are included to clarify the application of a standard. Omission of a particular standard or example should not imply that it is not important or applicable. Advisors should always consult the additional resources made available by the Company if questions arise.

## **RELATIONSHIPS WITH CLIENTS AND THE PUBLIC**

Advisors shall act in the best interest of clients, and deal with them honestly, fairly and professionally.

An Advisor shall:

### *Competence and Professionalism*

1. Meet and maintain industry standards of proficiency.
2. Meet any certification requirements of the Company.

### *Priority of Client's Interest*

3. Always put the interests of the client before their own, Therefore, an Advisor must:
  - Not replace, or induce the lapse, transfer, redemption or surrender of any existing or pending business without conducting a complete analysis, disclosing all costs and proposed benefits to ensure that the proposed transaction is in the client's best interest. Any replacement, redemption or transfer of business shall conform to all regulatory and Company requirements and guidelines.
  - Not allow themselves to be placed in a conflict of interest position. All conflicts of interest or apparent conflicts of interest must be disclosed to the client. The Advisor should decline to act if a reasonable person would conclude that the conflict of interest compromises their objectivity.

For example, Advisors must not:

- accept an appointment as Trustee, Executor or Attorney under Power of Attorney for a client, other than in accordance with the policies of the Company;
- enter into a debtor/creditor relationship with their client;
- assume ownership of a client's policies or accounts.

### *Make Appropriate Recommendations*

4. Exercise due to care and thoroughness in making recommendations and when discussing material changes with clients.
5. Ensure that they have made a diligent and business-like effort to collect and analyze information relating to the client's needs, objectives and financial circumstances. The information should be updated as necessary.

6. Not make a recommendation unless it has been determined that it is appropriate in light of the client's needs, objectives, financial situation, and experience, and is in the client's overall best interest.
7. Not make a recommendation or transact any business unless they have the appropriate proficiency, registration or licensing to do so.
8. Make a reasonable and diligent effort to ensure that the client understands the nature and purpose of the recommended transaction, including the associated benefits, risks, costs, charges and restrictions.
9. Not exercise discretionary authority over a client account, nor solicit or accept any document, instruction, or direction in which the client gives the Advisor such authority, except those limited authorizations which are explicitly permitted by the Company's policies and procedures.
10. Maintain sufficient information in the client files to demonstrate the appropriateness of any sale or any advice given and retain all material information, which was utilized in the negotiation, continuance, or maintenance of a policy or contract.
11. Make reasonable and diligent efforts to avoid any misrepresentation in any recommendation. Advisors who use their own illustrations or presentations in addition to those provided by the Company should have them reviewed by Compliance before presenting them to a client.

#### *Proper Disclosure and Delivery*

12. Not make any misrepresentation or false or misleading statements.
13. Ensure fair and adequate disclosure of all facts reasonably available and necessary to enable clients to make an informed purchase or decision. This includes but is not limited to:
  - Information about the Advisor (e.g. holding out requirements, licensing or registration.)
  - Information about the Advisor's relationship with the Company (e.g. title, compensation)
  - Information about the products and services offered as an Advisor of the Company (e.g. type, benefits, risks, costs, assumptions, illustrations, tax implications, conditions, etc.).
  - Disclosure of when the Advisor is or is not acting on behalf of the Company.
  - Disclosure of information required by the Company, by law or by regulation.
  - Invitation to the client to the client to ask for more information
14. Ensure that the client obtains all required point of sale documents or supplementary Information, including summary information folders, illustrations, disclosure documents, and client copies of application forms or other collateral materials.

#### *Client Service*

15. Provide service promptly, accurately, and thoroughly.
16. Properly supervise any employee who is providing services to clients.

17. Provide conscientious service after a sale, including:

- The prompt
  - I. Delivery of all policies and account documentation to the client
  - II. Return of all required documentation to the Company
  - III. Completion of any requests to provide additional information required by the Company, and
- Periodic review of the client accounts, to ensure that their needs continue to be met.

#### Collection and Protection of Client's Personal Information

18. Comply with privacy legislation, and adhere to the Company's Privacy and Confidentiality Code and Privacy Policies.

19. Obtain only such information or documentation that is required to:

- Determine the identity of clients
- Make appropriate recommendations
- Complete applications or other forms
- Provide client Service

20. Collect, use and disclose information only for the purposes for which it was obtained Only with a client's consent, except where disclosure is authorized by law, or the Agreement.

21. Ensure that confidential information is properly disposed of, where no longer required.

22. Make a reasonable effort to design and manage procedures and systems to protect confidential information from error, loss and unauthorized access or disclosure.

23. Promptly return documents or other property including policy and account documents, belong to the client.

#### **RELATIONSHIPS WITH REGULATORS**

Advisors must know, understand and abide by the letter and spirit of Federal and Provincial laws and regulations that govern their activities. This means an Advisor shall:

1. Understand and comply with all applicable laws, rules, and regulations of any government, governmental agency, regulatory organization, licensing agency, or industry or professional association governing their professional activities or the industry in general.
2. Not knowingly condone, participate in, or assist any violation of any laws, rules, regulations, or Company policies.
3. Not engage in any conduct involving dishonesty, fraud, deceit, misrepresentation, unfair or deceptive acts or practices, or commit any act prohibited by law, regulation, or the company.
4. Co-operate fully with regulators in any investigations or disciplinary hearings.

## **RELATIONSHIPS WITH THE COMPANY**

The Company must be able to rely on the accuracy and authenticity of information and documentation provided by the Advisors.

Advisors must understand and abide by the obligations and limits of their authority to act on behalf of the Company. For example, Advisors are not authorized to accept risks, amend policies or accounts, waive policy or account provisions, incur debts or contractually bind the Company in any manner.

An Advisor Shall:

### *Representation of and to the Company*

1. Act with utmost good faith, in all dealings with the Company.
2. Immediately notify the Company in writing of any of the following:
  - any interaction with regulators that is outside the ordinary course of business.
  - Any material changes in their circumstances that may impact their suitability as an Advisor (e.g. criminal charges or convictions; insolvency issues such as bankruptcies, debt consolidations or consumer proposal agreements; license lapsing; E&O insurance lapsing; etc.)
  - Any actual or threatened client complaints, claims, or other enforcement action or legal proceedings.
  - Any regulatory inquiries, regulatory investigations and disciplinary decisions.
3. Co-operate with and be responsive to requests from the Company, including but not limited to, investigations relating to their business practices or conduct.

### *Practice Management*

4. Make adequate arrangements to ensure that staff are suitable, adequately trained, supervised, and that well-defined compliance procedures are in place.
5. Organize and control their business practice in a responsible manner by keeping records, and in such a manner to enable the Company to have access to these records at all times.

### *Privileged Information*

6. Not represent the Company to the media unless express authorization is obtained from the Company.
7. Not disclose or misuse proprietary, sensitive or confidential information about the Company, its products, services or procedures. This includes copyrighted materials, Software, online information etc. (e.g. the use of the Company's logo on personal Documentation, or the statement of representation of the Company on a website, is strictly prohibited).
8. Guard against the inappropriate use of any information (e.g. insider trading).

### *Duties with Respect to the Sale of Products*

9. Make appropriate product recommendations to the client.

10. Provide proper disclosures and documentation to the client.
11. Remit to the Company promptly all premiums, or funds collected from clients on behalf of the Company, for the purchase or servicing of products offered for sale by Company. Advisors must ensure that all cheques and money orders are made Payable to the company, which sell the product being purchased or serviced.
12. Fully disclose to the Company any new information regarding an application or claim, which is obtained after the sale and prior to delivery and acceptance by the client (e.g. a change in the medical history of the applicant).
13. Take appropriate steps to conserve existing business, except where it is not in the client's best interest.

#### *Authenticity of Documents and Instructions*

14. Not sign, or knowingly permit someone else to sign for, represent, or authorize any transaction in the name of any other person, even with the consent of that person, except where such authorizations are exercised using a valid Power of Attorney or other permitted client authorization.
15. Not sign as a witness, or knowingly permit another person to sign as a witness, unless the Advisor or other person is physically present when the document is signed and has confirmed the identity of the person signing the document.
16. Not ask a client to sign blank forms. Advisors must always ensure that all material parts of forms and applications are fully completed before they are presented to the client to be signed.
17. Not process or submit to the Company under the Advisor's name, business which was actually sold or transacted by a person other than that Advisor, whether or not the person is licensed or is an Advisor of the Company. This activity is referred to as fronting.
18. Not offer or provide rebates or inducements to insure, where this is prohibited by law. This includes waiving fees or returning a fee if a sale is completed.
19. Not engage in "twisting" which is the unethical act of persuading a policy holder to drop a policy solely for the purpose of selling another policy, without regard to possible disadvantages to the client.
20. Not churn clients' accounts by making excessive or unnecessary changes to Insurance or investment contracts that result in generating commissions but have no discernible benefit to the client.
21. Not enter into a viatical settlement agreement. Qualified Financial Services does not support viatical settlements.
22. Not make the purchase of one product conditional upon the purchase of another Product. Imposing conditions on clients is prohibited, This activity is referred to as tied Selling.

23. Not record false or misleading information on any form or application, or allow a form to be submitted that they know or ought to know contains false or misleading information. For example, where the Company's rules permit Advisors to verify client instructions by means other than a personal visit, the Advisor must record the date and actual time of contact.
24. Not submit a transaction unless they have made a reasonable and diligent effort to ensure that the client understand the nature and purpose of the recommended transaction, including the associated benefits, risks, costs, charges and restrictions and the client has explicitly authorized the transaction. Supplementary documentation should be retained in the client file.

#### **EFFECT OF NON-COMPLIANCE WITH THIS CODE**

In order to protect its reputation, that of its Advisors, and the best interests of the public, the Company will take appropriate action against any Advisor(s) who have been found to have violated this Code. This may include filing a report of unsuitability with industry or regulatory bodies, contract termination with or without cause, filing a complaint with the police, or litigation against the offending Advisor(s) where the Company has incurred losses caused or contributed to by the Advisor.