

NOTICE REGARDING BANKRUPTCY STANDARD AND PROCEDURES

CFP Board has revised the standard and procedure for addressing a personal or business bankruptcy filing by a CFP® professional or an individual seeking CFP® certification, including three important changes:

1. A bankruptcy is grounds for sanction unless the CFP® professional can rebut the presumption that the bankruptcy demonstrates an inability to manage responsibly the CFP® professional's or the business's financial affairs. The *Sanction Guideline* for one bankruptcy is a Public Censure.
2. CFP Board will use a streamlined adjudication procedure to determine whether a single bankruptcy reflects adversely on a CFP® professional's integrity or fitness, upon the CFP® marks, or upon the profession.
3. A CFP® professional is required (a) to inform the Client of the existence of any bankruptcy and (b) to report a bankruptcy filing to CFP Board within 30 calendar days.

CFP Board's *Code of Ethics and Standards of Conduct* and *Procedural Rules* set forth the revised bankruptcy standards and procedures. You can find a detailed summary below.

Bankruptcy Disclosure Procedures No Longer in Effect	The <i>Bankruptcy Disclosure Procedures</i> , implemented in July 2012, are no longer in effect. Under these procedures, when CFP Board learned of a single bankruptcy CFP Board disclosed the bankruptcy publicly on CFP Board's website and in a press release. This disclosure was not a sanction but had the effect of a public censure.
New Bankruptcy Standard	A filing or adjudication of a personal bankruptcy or a business bankruptcy where the CFP® professional was a Control Person (a person with the power, directly or indirectly, to direct the management or policies of the entity at the relevant time, through ownership, by contract, or otherwise) of the business constitutes grounds for sanction unless the CFP® professional can rebut the presumption that the bankruptcy demonstrates an inability to manage responsibly the CFP® professional's or the business's financial affairs. (Standard E.2. of the <i>Code and Standards</i> .)
Bankruptcy Reporting to CFP Board	A CFP® professional has a Duty to Report to CFP Board, within 30 calendar days, a personal bankruptcy or business bankruptcy filing or adjudication where the CFP® professional was a Control Person of the business. (Standard E.3. of the <i>Code and Standards</i> .)
Bankruptcy Disclosure to Clients	A CFP® professional, when providing Financial Advice, has a Duty to Inform the Client of the (1) existence of any bankruptcy and (2) location(s) of the webpages of all relevant public websites of any governmental authority, self-regulatory organization, or professional organization that sets forth the CFP® professional's personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person. Material changes and updates to bankruptcy information must be disclosed to a Client within ninety (90) days, together with the location(s) of the relevant webpages. (Standard A.10. of <i>Code and Standards</i> .)
Streamlined Adjudication Procedure	The <i>Procedural Rules</i> provides a streamlined procedure for adjudicating a bankruptcy filing or adjudication. A CFP® professional with a single bankruptcy may accept a public censure without incurring a hearing fee. Otherwise, CFP Board will issue a streamlined complaint, impose a hearing fee, and follow an expedited adjudication procedure. When a CFP® professional has multiple bankruptcies, CFP Board will continue to follow its normal disciplinary procedure for adjudicating complaints.
Bankruptcy Involving Individuals Seeking CFP® Certification	Individuals seeking CFP® certification continue to be subject to the <i>Fitness Standards for Candidates and Professionals Eligible for Reinstatement</i> and may petition the Disciplinary and Ethics Commission for a fitness determination if: (1) CFP Board determines a single bankruptcy reflects adversely upon the individual's integrity or fitness, the profession, or the CFP® certification marks; or (2) the individual has two or more bankruptcies.