

# Conflict of Interest Policy

## Definitions

- *Representative:* Any person on the International Association of Registered Financial Consultants (IARFC®) Board of Trustees, Chapter Boards, Certification Program Boards, Standing Committees, Task Forces, and Team Members.
- *Affiliate:* A person or entity with whom the IARFC is considering entering into any transaction. It also includes any other interest that may influence an IARFC representative.
- *Substantial influence over the IARFC:* The following persons are deemed to have substantial influence over the IARFC: each representative or affiliate, and such persons' spouse, ancestors, children, grandchildren, brothers, sisters and the spouses of the children, grandchildren, brothers and sisters; and an entity in which such persons hold more than 35% of the control.
- *Person or entity:* Any individual, trust, estate, partnership, association, company or corporation.
- *Appropriate Board:* Could refer to the Board of Trustees or any Chapter or Certification Board.

## Purpose

The IARFC encourages the active involvement of its representative(s) in the community. In order to deal openly and fairly with actual and potential conflicts of interest that may arise as a consequence of this involvement, the IARFC adopts the following Conflict of Interest Policy.

## Policy

Representative(s) are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the personal interests of a representative and those of the IARFC. Both the fact and the appearance of a conflict of interest should be avoided.

## Procedures

- **Duty to Disclose**  
Each representative and any other person with substantial influence over the IARFC shall disclose to the Chief Executive Officer through a signed affirmation and disclosure statement, all material facts regarding any transaction with an affiliate. Such disclosure shall be made promptly upon learning of the link between the affiliate and transactions.

If there is a question as to whether the Representative has substantial influence over the IARFC, the Chief Executive Officer shall present this issue to the respective Boards to resolve the matter.

Any conflicts of interest shall be disclosed at the respective Board meeting along with all material facts regarding the Representative's affiliation with any person or entity with whom they are considering entering into any transaction.

- **Outside Reporting of Conflicts**

The Association will accept written reports of both possible and actual conflicts of interest from any outside parties. A method of reporting will be developed by the Association and will be made available to members and the public at large to report on conflicts of interest as described in this document. These reports will be reviewed by the Chief Executive Office and resolved by the appropriate Board as required in the following subsection?

- **Determining Whether a Conflict of Interest Exists**

With regard to a Representative without substantial influence over the IARFC, the Chief Executive Officer shall determine whether a conflict of interest exists.

With regard to the Chief Executive Officer, or a person with substantial influence over the IARFC, the Board of Trustees shall determine if a conflict of interest exists.

After an affiliation disclosure by a Representative at the appropriate Board meeting, the representative shall leave the meeting while the implications of the affiliation are considered and voted upon. The remaining Board members shall determine if a conflict of interest exists.

- **Consequences of the Existence of a Conflict of Interest**

With regard to a Representative or affiliate without substantial influence over the IARFC, the Chief Executive Officer shall decide the appropriate response by the IARFC once a conflict of interest has been determined to exist. A representative may appeal any adverse determination to the appropriate Board.

With regard to the Chief Executive Officer or a person with substantial influence over the IARFC, the Board of Trustees shall follow the procedures set forth in Article V in order to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are reasonable.

### **Findings of the Board**

If the appropriate Board determines that a person with substantial influence over the IARFC (such person) has a conflict of interest with regard to a transaction of the IARFC, the IARFC may engage in the transaction only if the following conditions are met prior to the transaction:

- Such person shall disclose to the appropriate Board all material facts concerning the person's affiliation with the transaction.
- The appropriate Board shall review the material facts. The transaction may be approved only if a majority of the Board Members, not counting the vote of such person, concludes that:
  - The proposed transaction is fair and reasonable to the IARFC, and
  - The IARFC proposes to engage in this transaction for its own purposes and benefits and not for the benefit of such person, and



- The proposed transaction is the most beneficial arrangement which the IARFC could obtain in the circumstances with reasonable efforts.
- The minutes of any meeting at which such a decision is taken shall record the nature of the affiliation and the material facts disclosed by such person and reviewed by the Chair or President of the Appropriate Board.

### **Annual Statements**

Each person who is deemed to have substantial influence over the IARFC shall sign an Annual Disclosure Statement which affirms that the person has received a copy of this Conflict of Interest Policy, has read and understood the Policy, and has agreed to comply with the Policy, and discloses any direct or indirect affiliations.

All Annual Disclosure Statements shall be submitted to the Liaison of the appropriate Board of the IARFC and filed annually.

### **Remedies**

If a Representative or affiliate, who is deemed to have substantial influence over the IARFC, fails to comply with this Conflict of Interest Policy, they may be put on notice, terminated or removed from the appropriate Board, at the discretion of the appropriate Board.

### **Periodic Reviews**

To ensure that the IARFC operates in a manner consistent with its designated purposes and its status as an Association exempt from federal income tax, the Board of Trustees shall authorize and oversee a periodic review of the administration of this Conflict of Interest Policy. The review may be written or oral. The review shall consider the level of compliance with the Policy, the continuing suitability of the Policy, and whether the Policy should be modified and improved.