

# CODE OF ETHICAL BUSINESS CONDUCT

## I. Preface

The Code of Ethics of the RESP Dealers Association of Canada (RESPDAC) has been developed and adopted unanimously by the Members. Members have agreed to abide by this Code in conducting themselves as a firm and to ensure that their Sales Representatives and other employees and agents also are aware of, and abide by the Code.

This Code reflects the commitment of RESPDAC and its Members to ensure that:

- a culture of compliance, fair competition and mutual cooperation exists within each Member;
- Products and services are advertised in a clear and straightforward manner;
- Illustrations of prices, values and benefits are clear and contain all appropriate disclosures;
- each Member upholds the rules and regulations established by Federal and Provincial Regulators; and
- each Member is dedicated to serving its subscribers and their families in the most positive and ethical way

## II. Definitions

“The Association” and “RESPDAC” mean the RESP Dealers Association of Canada.

“RESP” and “Scholarship Plan” refers to Registered Education Savings Plans, administered, marketed and sold by Members of RESPDAC.

“Member” means a member firm of the Association, and includes its employees, client service personnel and Sales Representatives across Canada.

“Client” means an existing subscriber (planholder).

“Prospect” means a potential Client, generally identified and initially contacted by a Member’s Sales Representative.

### III. Guiding Principles

All Members, their employees, agents and Sales Representatives are committed to conducting their business in accordance with the following guiding principles:

- **Members will at all times deal fairly, honestly and in good faith with Clients, Prospects and the public. This includes that:**
  - ✓ Sales Representatives will provide objective and impartial information to Clients and Prospects to enable them to make informed decisions about investing in RESPs and will make recommendations to Clients and Prospects objectively, impartially and in a professional manner, without considering their own personal interest in any proposed investment, including remuneration that may result from completion of the transaction;
  - ✓ Members will seek to avoid any conflict of interest arising between the interests of the Member or its Sales Representative, and the interests of a Client or Prospect. However, if and when a Member or a Sales Representative becomes aware of any conflict or potential conflict of interest, he or she will immediately disclose such conflict or potential conflict of interest to the appropriate supervisor or senior management of the Member, and the Member will take appropriate action to manage such conflict in the Client's or Prospect's interest;
  - ✓ Any conflict or potential conflict of interest that arises will be disclosed in writing to a Client or Prospect by the Member, or by the Sales Representative as directed by the Member, as soon as practically possible and in any event, prior to the Member or Sales Representative proceeding with any proposed transaction involving the Client or the Prospect;
  - ✓ Members will provide full, true and plain disclosure to Clients and Prospects in presenting information about RESPs at all times. Disclosure will be consistent with the information contained in the Member's most recent financial statements, Management Reports of Fund Performance and the prospectus of the applicable RESP;
  - ✓ Members will accurately and completely describe the fees that are payable by the Client before the Client completes his or her contract to invest in an RESP. In particular, the enrolment fees will be brought to the attention of the Client, along with the implications for the Client if he or she prematurely terminates the contract; and
  - ✓ Members and their Sales Representatives will not encourage the transfer of a Client's business from one Member to another Member. Should a Client decide to transfer, the receiving Member will require the Client to

acknowledge in writing the financial implications of such transfer, using the Plan Transfer Disclosure Form endorsed by RESPDAC, a signed copy of which will be provided to the sending Member. In addition, the receiving Member will ensure that the Client fully understands the implications and costs of such transfer before entering into an agreement to so transfer.

- **Members' advertising and promotional statements will be clear, truthful and accurate. This means that:**
  - ✓ All representations made in Members' advertisements will be truthful, balanced, clearly written and not misleading. The factual basis for claims, including performance claims, will be made available to the Client or Prospect upon request. All claims will be based on supportable facts and consistent with the disclosure contained in the prospectus of the particular Plan; and
  - ✓ No advertisement will contain false or exaggerated statements or misrepresentations. No advertisement will contain guarantees regarding income, yield, investment returns, risk or future values. Past performance of a Plan will be calculated in accordance with applicable securities regulatory requirements. Members will not, in the course of a sales presentation, or completion of the sales contract with any Client or Prospect, make any statement or take any measures which, directly or by implication, omission, ambiguity or exaggeration, would have the reasonable potential of misleading the Client or Prospect about the terms of the investment. A Sales Representative will not commit to a future value for the Plan being invested in, nor hold out enticements, which may cause a Client or Prospect to invest beyond their financial capability.
  
- **Members will at all times act fairly, cooperatively and responsibly with other Members of the Association, competitors in the financial services sector, regulatory agencies and other stakeholders in the RESP industry. Especially:**
  - ✓ Members and their Sales Representatives will not, directly or indirectly, make comments of any kind which are false, misleading, inaccurate or incomplete about another Sales Representative, another Member or any other organization, product, or service;
  - ✓ Members will be objective and fair and present balanced, accurate and complete information in any discussion of any competitors, their Sales Representatives or their competing products, and will not make derogatory statements; and
  - ✓ Sales Representatives will only use written product information published or approved by the Member, when discussing the RESPs of the Member or of any competitor.

- **Members will strive at all times to manage their businesses in compliance with all legislation, regulations, policies and guidelines governing their business in each jurisdiction in which they operate. In particular:**
  - ✓ Sales Representatives will be registered, properly trained and in good standing with appropriate regulatory bodies, prior to interacting with Clients or Prospects.
- **Members will comply with all training and examination requirements mandated by RESPDAC, including those mandated for Sales Representatives.**
  - ✓ Sales Representatives will complete internal training, and study and pass the RESPDAC Dealing Representative Proficiency Course, before being registered for trading in Scholarship Plans. Sales Representatives will also ensure that they are up to date on product knowledge, and current market and regulatory requirements.

## IV. Failure To Comply With This Code

### Responsibility

All employees, Sales Representatives or officers of a Member have a duty to report to the Member's Compliance Department any contravention of this Code of which they become aware, and to co-operate with senior management of the Member in the investigation of possible breaches of the Code.

Any perceived breaches of this Code, together with all supporting information, will be reported to the Chief Compliance Officer of the Member. Members in breach will rectify breaches of this Code as quickly as possible, and where required or appropriate, notify any organization to which it reported such breach, about the action taken as appropriate.

### Consequences

The failure of a Member or any of its employees or Sales Representatives to comply with this Code may result in the Company's suspension or expulsion from the Association. Failure to comply with certain sections of this Code may also be a violation of securities laws and may subject the Member and its Sales Representatives to applicable enforcement action and penalties.

**It is expected, however, that no serious breaches of this Code will occur that would warrant suspension or expulsion, and that the collegial and cooperative manner that has been the hallmark of RESPDAC will continue to be applied to all matters of mutual interest, competition and/or disagreement.**

*This Code of Ethics has been approved by the RESPDAC Board of Directors on December 14, 2016.*