



FCSI® ETHICAL MISCONDUCT DISCIPLINARY PROCESS

I.O FCSI® ETHICS COMMITTEE

1.1 Purpose of the FCSI Ethics Committee

All FCSIs agree to comply with and abide by the responsibilities and ethical standards established in the FCSI Code of Ethics. If a complaint is made against an FCSI, the complaint is referred to the FCSI Ethics Committee. The FCSI Ethics Committee considers any alleged violation of the FCSI Code of Ethics, determines whether the FCSI Code of Ethics has been breached and, if so, decides on an appropriate penalty. The FCSI Ethics Committee was established to ensure all complaints are heard promptly and fairly.

1.2 Composition of the FCSI Ethics Committee

Members of the FCSI Ethics Committee are appointed by the FCSI National Council. The FCSI National Council also appoints a Chairperson, who must be approved by the President of CSI. The FCSI Ethics Committee consists of between five and eight members:

- Who have earned the FCSI credential; and
- Who are members of the FCSI National Council or are CSI employees holding a minimum position of Director.

No member who participates in the investigation of the allegation against the FCSI may sit on the FCSI Ethics Committee. No person may sit on both the FCSI Ethics Committee and the FCSI Appeals Committee.

1.3 How the FCSI Ethics Committee Functions

A minimum of three members of the FCSI Ethics Committee must be present to adjudicate a complaint. CSI provides each member of the FCSI Ethics Committee with a copy of the case file. At the FCSI Ethics Committee meeting, the CSI Ethics Investigator presents the case and answers any questions. The FCSI Ethics Committee hears all the evidence presented, including any written explanations submitted by the FCSI. The FCSI Ethics Committee decides, through a majority vote, if a violation of the FCSI Code of Ethics has occurred. If it is decided by the FCSI Ethics Committee that a violation has occurred, the members of the FCSI Ethics Committee also decide on a penalty.

If the FCSI is already under external investigation or subject to external proceedings, the FCSI Ethics Committee may delay an investigation until the external investigation or proceedings are concluded.

If external findings result in disciplinary action, the findings are forwarded to the FCSI Ethics Committee to proceed with the steps outlined in Section 1.4.1.

1.4 Complaint Process

When a suspected violation of the FCSI Code of Ethics is brought to CSI's attention by an external party (including, but not limited to, client,





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colleague, member of the public, regulator) or by the FCSI, the matter is referred to the FCSI Ethics Committee. The complaint process is as follows:

1.4.1 **When the Allegation is Brought to CSI's Attention by an External Party**

The party making the allegation must send the complaint to CSI in writing. The complaint must outline which section(s) of the FCSI Code of Ethics the FCSI allegedly breached. The complaint must also include details of the allegation as well as any supporting documentation. When CSI receives the complaint, it will be scanned and emailed directly to the FCSI Ethics Committee.

The FCSI Ethics Committee reviews the allegation to determine if it is within the scope of the FCSI Code of Ethics. If the FCSI Ethics Committee determines the allegation is not within the scope of the FCSI Code of Ethics, CSI sends a letter to the party alleging the violation, explaining why.

If the FCSI Ethics Committee determines the allegation is within the scope of the FCSI Code of Ethics, the FCSI Ethics Committee refers the case back to CSI, where an Ethics Investigator is appointed. The CSI Ethics Investigator will:

- Write a letter to the party making the allegation to advise the party of process and timing.
- Collect additional information and/or evidence regarding the alleged violation.
- Write a letter to the FCSI to advise him or her of the complaint and request a written response from the FCSI within 20 business days. The letter outlines the section(s) of the FCSI Code of Ethics the FCSI allegedly violated and describes how the alleged violation occurred. The notice also states the date the FCSI Ethics Committee will meet to consider the violation and the date by which a response must be received from the FCSI. The FCSI may respond to the complaint in writing only. This response must be received by the deadline in order to be considered. The deadline for response is 48 hours prior to the FCSI Ethics Committee meeting.
- Prepare a written summary, which includes detailed information about the complaint, evidence and any explanations of defense by the FCSI. The written summary is forwarded by the CSI Investigator to the FCSI Ethics Committee.

The FCSI Ethics Committee meets to review the case and make a decision. The FCSI is not entitled to be present at the adjudication, nor can the FCSI submit oral arguments.

1.4.2 **When the Allegation is Brought to CSI's Attention by the FCSI During the Annual FCSI Membership Renewal Process**

CSI will not process the FCSI's renewal until the FCSI sends to CSI the paperwork relating to the allegation. When CSI receives the paperwork,



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CSI forwards it to the FCSI Ethics Committee for consideration.

The FCSI Ethics Committee decides one of the following:

- The FCSI's renewal should be processed as long as the FCSI agrees to keep CSI informed of all developments relating to the allegation.
- The FCSI's renewal should not be processed until the external investigation(s) or proceedings are complete.
- The FCSI's renewal should not be processed until the allegation is investigated by CSI and adjudicated by the FCSI Ethics Committee.

1.5 **Types of Penalties Imposed**

If, after considering the evidence of the alleged violation and any explanations made by the FCSI, the FCSI Ethics Committee is of the opinion that the FCSI has violated the FCSI Code of Ethics, the FCSI Ethics Committee may impose one or more penalties. The FCSI Ethics Committee responds to each case on an individual basis and imposes the most appropriate penalty. The penalties may include the following:

- A written reprimand from the President of CSI and the Chair of the FCSI Council.
- Notifying IIROC or another regulatory body for possible further investigation.
- Publicizing the violation in the FCSI newsletter.
- Recording the violation in the FCSI's student record.
- Requiring the FCSI to complete a supplementary ethics course(s).
- Requiring the FCSI to complete an additional professional development course(s).
- Suspending the FCSI's membership and use of the FCSI trademarks:
 - ♦ For a specified period;
 - ♦ Indefinitely, specifying conditions for reinstatement; or
 - ♦ Permanently.
- Imposing other measures deemed appropriate by the FCSI Ethics Committee.

1.6 **FCSI Ethics Committee Decision**

The CSI Ethics Investigator sends a registered letter to the FCSI within 20 business days of the FCSI Ethics Committee making the decision. This letter states the decision of the FCSI Ethics Committee and the penalty imposed, if any. The letter is kept on file indefinitely and a notice is attached to the FCSI's student record.

1.7 **Appeals to the FCSI Appeals Committee**

An FCSI who is found by the FCSI Ethics Committee to have breached the FCSI Code of Ethics has the right to appeal the decision to an FCSI Appeals Committee. The process for this appeal is described in Section 2.3. A request for an appeal should be sent to the FCSI National Council in writing within 20 business days from the date the notice of the FCSI Ethics Committee decision is mailed to the FCSI. Any penalties are not enforced until the FCSI Appeals Committee makes a decision.

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2.0 FCSI® APPEALS COMMITTEE

This FCSI Appeals Committee is formed only when an appeal is requested by an FCSI.

2.1 **Composition of the FCSI Appeals Committee**

Members of the FCSI Appeals Committee are appointed by the President of CSI. The FCSI Appeals Committee consists of between five and eight members who are:

- Employees of CSI (maximum of one person);
- Employees of IIROC or an IIROC-member firm;
- Employees of a Canadian stock or derivatives exchange;
- Members of the FCSI Council; or
- Other appropriate individuals.

Neither the FCSI Ethics Investigator nor the person who presents the case may sit on the FCSI Appeals Committee. No person may sit on both the FCSI Ethics Committee and the FCSI Appeals Committee.

2.2 **How the FCSI Appeals Committee Functions**

A minimum of three of the members of the FCSI Appeals Committee must be present to hear any case. One of the members present is appointed as Chairperson. Each member votes on a decision and the decision is based on the majority vote. The Chairperson only votes when there is a tie vote.

2.3 **Appeals Process**

An FCSI who is found guilty of a violation of the FCSI Code of Ethics has 20 business days from the date the notice of the FCSI Ethics Committee decision is mailed to request an appeal to the FCSI Council.

Once the FCSI appeals the decision, an FCSI Appeals Committee is formed. The FCSI requesting the appeal is given at least 20 business days' notice in writing of the time, date and place of the appeal hearing. This notice provides the details of the alleged violation and the original decision of the FCSI Ethics Committee.

No penalties decided upon by the FCSI Ethics Committee are imposed until the FCSI Appeals Committee makes its decision.

A representative of the FCSI Ethics Committee presents the evidence upon which the FCSI Ethics Committee bases its decision. The FCSI and his or her representative can be present at this hearing. Either the FCSI or his or her representative may call, examine and cross-examine witnesses. No one other than the members of the FCSI Appeals Committee, the FCSI Ethics Committee representative presenting the case, the FCSI and his or her representative, and any witnesses may attend. All proceedings are confidential. Proceedings of the FCSI Appeals Committee are held by telephone conference.

2.4 **FCSI Appeals Committee Decision**

After listening to both sides of the case, the FCSI Appeals Committee either confirms or varies the decision of the FCSI Ethics Committee. The FCSI Appeals Committee may impose any penalties permitted by the FCSI Ethics Committee, or any other penalty they feel is appropriate. The decision of the FCSI Appeals Committee is final and there are no further appeals or reviews of the decision.



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All decisions of the FCSI Appeals Committee are in writing. Copies of the decision and the reasons for the decision are sent to CSI and to the FCSI National Council by registered mail within 10 business days of the date of the decision. This letter is kept on file indefinitely and a notice is attached to the FCSI's record.

