



Approved Prep  
Provider



CFA Institute

## Level III - Ethical and Professional Standards

### Code of Ethics and Standards of Professional Conduct

2020 Exam

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# Contents

- CFA Institute Professional Conduct Program
- Code of Ethics
- Standards of Professional Conduct

# CFA Institute Professional Conduct Program

- All CFA Institute members and candidates enrolled in the CFA Program are required to comply with the Code and Standards.
- Professional Conduct Program (PCP), in conjunction with the Disciplinary Review Committee (DRC), is responsible for enforcement of the Code and Standards.
- The DRC is a volunteer committee of CFA charterholders who serve on panels to review conduct and partner with Professional Conduct staff to establish and review professional conduct policies.
- The CFA Institute Bylaws and Rules of Procedure for Professional Conduct (Rules of Procedure) form the basic structure for enforcing the Code and Standards.

# CFA Institute Professional Conduct Program

- **Inquiry** can be prompted by: 1) self-disclosure, 2) written complaints, 3) evidence of misconduct, 4) report by a CFA exam proctor. CFA Institute may conduct analyses of scores and exam materials after the exam, as well as monitor online and social media to detect disclosure of confidential exam information.



- **Investigation:** If the Professional Conduct staff believes a violation of the Code and Standards or testing policies has occurred, the member or candidate has the opportunity to reject or accept any charges and the proposed sanctions.

*Member/candidate does not accept*

- Matter referred to **DRC** which review materials and presentations from Professional Conduct staff and from the member or candidate. The panel's task is to determine whether a violation of the Code and Standards or testing policies occurred and, if so, what sanction should be imposed.

*Member/candidate accepts*

- **Sanctions** include: public censure, suspension of membership and use of the CFA designation, and revocation of the CFA charter. Candidates may be suspended or prohibited from further participation in the CFA Program.

Violation

# Code of Ethics

Members of CFA Institute (including CFA charterholders) and candidates for the CFA designation (“Members and Candidates”) must:

- Act with integrity, competence, diligence, and respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

# Standards of Professional Conduct

- I. Professionalism
- II. Integrity of Capital Markets
- III. Duties to Clients
- IV. Duties to Employers
- V. Investment Analysis, Recommendations and Actions
- VI. Conflicts of Interest
- VII. Responsibilities as a CFA Institute Member or CFA Candidate

# I. PROFESSIONALISM

- A. Knowledge of the Law
- B. Independence and Objectivity
- C. Misrepresentation
- D. Misconduct

## II. INTEGRITY OF CAPITAL MARKETS

A. Material Nonpublic Information

B. Market Manipulation



# III. DUTIES TO CLIENTS

- A. Loyalty, Prudence, and Care
- B. Fair Dealing
- C. Suitability
- D. Performance Presentation
- E. Preservation of Confidentiality

## IV. DUTIES TO EMPLOYERS

A. Loyalty

B. Additional Compensation Arrangements

C. Responsibilities of Supervisors

# V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

- A. Diligence and Reasonable Basis
- B. Communication with Clients and Prospective Clients
- C. Record Retention

# VI. CONFLICTS OF INTEREST

A. Disclosure of Conflicts

B. Priority of Transactions

C. Referral Fees

# VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE

- A. Conduct as Participants in CFA Institute Programs
- B. Reference to CFA Institute, the CFA Designation, and the CFA Program

End



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