



Setting the global standard for investment professionals

## CODE OF CONDUCT FOR CFA INSTITUTE GOVERNORS

### I. Guiding Principles

The Board of Governors of CFA Institute has adopted the following Code of Conduct for Governors of CFA Institute. The purpose of the Code is to highlight the duties and responsibilities of Governors on areas of ethical risk, guide Governors to recognize and deal with ethical issues, and provide methods to report unethical conduct, all with the goal of fostering a culture of honesty, trust and accountability. Each Governor must comply with both the letter and the spirit of this Code.

As representatives of CFA Institute and its mission, and as persons at the highest levels of responsibility and trust, Governors are expected to set a “tone at the top” of high ethics and proper behavior and serve as individual examples to the public and the investment community of CFA Institute ethics and principles.

Since no code or policy can anticipate every situation that may arise, this Code serves as a source of guiding principles. Governors are encouraged to bring questions or concerns about particular circumstances to the attention of the Chair of CFA Institute and to its General Counsel. When in doubt, a Governor should act according to the spirit of this Code and CFA Institute principles.

### II. Scope of Authority

The CFA Institute Board of Governors is a collegial body. The Board may act and give directions to CFA Institute management and employees only through official actions as a result of Board meetings held with proper notice and a quorum. A Governor’s authority is limited to those actions taken during a Board meeting. A Governor may not act in an official capacity except in the context of a meeting of the Board unless specifically empowered to do so at a proper meeting of the Board.

A Governor’s primary obligation is to participate in the governance and policy making process of CFA Institute and not to participate in its operations to further those policies. A Governor does not have any individual authority to waive compliance with any policy of the Board nor to create any policy on behalf of the Board. Governors do not represent any constituency or group with their service on the Board; they perform their duties on behalf of the interests of CFA Institute as a whole.

### III. Standards of Conduct

Each Governor is elected to contribute to the achievement of the mission of CFA Institute in the best interest of its membership, the investment community and the investing public. Each Governor’s contribution shall be made with respect for the law and with honesty, loyalty, prudence, diligence and fairness. Governors shall act in good faith in the best interest of CFA Institute and shall exercise their duty to provide policy guidance and leadership to the management, employees and membership of CFA Institute.

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Governors shall comply with and satisfy themselves that appropriate procedures and policies are in place for compliance by Governors and employees of CFA Institute with rules, laws and regulations applicable to CFA Institute. Governors may not engage in any conduct or activity that is inconsistent with the best interests of CFA Institute or that disrupts or impairs the business relationships CFA Institute.

A Governor shall not conduct personal business at a meeting of the Board nor advance their personal interests at the expense of CFA Institute. A Governor shall, while encouraged to state his views on all matters under discussion by the Board, at all times act with dignity and treat fellow Governors and employees of CFA Institute with respect and courtesy. Disagreements should be directed to the issue and not to the individual who raises an opposing point of view.

All Governors shall conduct their professional life in a manner that befits the dignity of a Governor of CFA Institute and befits their obligation to provide leadership by example to others.

**A. Public Statements**

Each Governor may speak on behalf of CFA Institute only as specifically authorized by the Board through its policy making role. Governors must be careful that any public statements made should be identified as personal opinion if there is any reasonable expectation that the statements may be interpreted as being made on behalf of CFA Institute.

**B. Political Activity**

A Governor is free to engage in individual political activity but such activity must be completely disassociated from their position as a Governor of CFA Institute. A Governor must not use their status to further any political goal unless authorized by the Board to further the interests of CFA Institute.

**C. Use of CFA Institute Property**

Except for items of nominal value, a Governor may use CFA Institute property only in furtherance of the interests of CFA Institute and the Board; not for personal gain.

**D. Confidentiality**

Governors shall maintain the confidentiality of information entrusted to them by CFA Institute and any other confidential information about CFA Institute that comes to them from whatever source in their capacity as a Governor, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information relating to CFA Institute and shall not be disclosed to third-parties, including members of CFA Institute, except as duly authorized by CFA Institute.

**E. Nonpublic Information**

Any nonpublic investment information that a Governor may learn on account of the Governor's position on the Board or at any meeting held by or for CFA Institute shall be treated confidentially and the Governor shall deal with the information consistent with law and the CFA Institute Code of Ethics and Standards of Professional Conduct.



#### **F. Corporate Opportunities**

Governors may not take for themselves business or other opportunities relating to the business of CFA Institute or compete with CFA Institute for business opportunities, without the express approval of the Governors who are disinterested in the transaction.

### **IV. Conflicts of Interest**

A Governor's paramount interest must be to promote and preserve the interests of CFA Institute. However, Governors may have board, employment, investment, personal and other relationships that could conflict to some degree or have the appearance of a conflict with the interests of CFA Institute. Conflicts may also arise when a Governor receives improper benefits, or takes action or has interests that may make it difficult to serve objectively and effectively. Conflicts may arise indirectly, such as when a Governor holds a material position in another organization that is affected by the Governor's action as a member of the Board of CFA Institute, for example, a CFA Institute member society.

Such conflicts and interests must be disclosed to CFA Institute when the Governor joins the Board and whenever they develop. Governors should avoid to the extent possible any conflict between themselves, their other responsibilities, and CFA Institute.

Governors are expected to use sound judgment and good faith in identifying actual and potential conflicts of interest with the objective of disclosing any position or activity that may give rise to a conflict or the appearance of a conflict.

#### **1. Gifts and Entertainment**

No Governor shall solicit for their or their family's benefit any gift or entertainment from any organization or person on account of their position as a Governor of CFA Institute. Governors and members of their family may not accept gifts from persons or entities who deal with CFA Institute where the gift has more than a nominal value or where the receipt of the gift may create the appearance of a conflict. Gifts of cash, stocks, loans or similar items must not be accepted at any time and should be returned immediately. In some countries, gift giving is an accepted business custom and the refusal of a gift may not be in the best interests of CFA Institute. In such circumstances the Governor may accept the gift; the gift must be disclosed and become the property of CFA Institute.

Reasonable entertainment in order to foster CFA Institute business, professional and investment industry relationships is permissible so long as it does not create the appearance of an obligation of the Governor to the person or organization providing the entertainment. Lavish or extravagant entertainment, or entertainment provided solely to a Governor or their family without the presence of the person or organization financing the entertainment, is not permitted.

#### **2. Handling of Conflicts**

Not all conflicts can be avoided in advance, and conflicts may arise or be discovered in the course of the Governor's work on the Board. Each Governor is expected, upon learning of a conflict, to disclose the conflict to the Chair of CFA Institute and to the General Counsel. The Chair of CFA



Institute must disclose a conflict to the Chair of the Audit and Risk Committee and to the General Counsel. When in doubt, a Governor should err in favor of disclosure.

Upon disclosure the Chair shall determine the proper handling of the conflict in consultation with the Board and the General Counsel. The conflict may be handled by making a full disclosure to the Board, recusal from discussion or voting on the matter, absence of the Governor from the meeting discussing the matter, or such other means or combination of means as determined by the remaining disinterested Governors.

### **3. Reporting of Conflicts**

Each Governor shall provide an annual statement to CFA Institute attesting to any conflict of interest identified by the Governor or the absence of any conflict of interest to the best of knowledge of the Governor.

Each Governor shall provide CFA Institute a statement of: (i) each organization for which the Governor is a director or executive (or holds an equivalent position) or by which the Governor is employed; and (ii) each investment, interest, volunteer activity, membership or other matter that may conflict or interfere with the Governor's position on the Board or that may cause a conflict of interest between the Governor's duty to CFA Institute and the investment, interest, activity, membership or matter.

In making such statements to CFA Institute, a Governor shall report in good faith and consistent with the letter and spirit of this policy. Reporting a conflict under this provision is in addition to, and not a replacement for, a Governor's obligation to report the conflict when taking action as a member of the Board.

## **V. Compliance, Reporting and Sanctions**

Governors should ensure that CFA Institute encourages employees to seek advice about ethical decisions and to report suspected violations, and assures employees that there will not be retaliation for reporting violations.

Governors should report any suspected violations of this Code promptly to the Chair of CFA Institute, the Chair of the Audit and Risk Committee, the General Counsel or any combination of the above. Alleged violations will be investigated by the Board or by persons designated by the Board and appropriate action taken in the event of a violation.

Appropriate sanctions may be imposed for violations of this Code. Sanctions may include cautionary admonition, private censure, request for remedial action, public censure, request for resignation, removal from office (by action of the membership), or such other action as the Board shall deem suitable.