



# Changes to the Code of Ethics and Standards of Professional Conduct

*Effective 1 January 2024*

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# Standards of Practice Council

CFA Charterholder volunteers

## **Mission:**

Foster the integrity of investment professionals and the capital markets by developing and maintaining the CFA Institute Code of Ethics and Standards of Professional Conduct

Recommendations to the Board of Governors

# Code and Standards Update Process

- Code and Standards revised periodically
- Initial input from members, candidates, volunteers, CFA Institute staff
- SPC considers changes, solicits comment
- Final recommendations to the Board of Governors
- Updates become effective for Members; incorporated into the CFA Program curriculum

# Code and Standards Update Process

- Review by outside experts comparing the Code and Standards to the professional conduct requirements in the APAC, EMEA, and North American markets,
- Benchmarking study comparing the Code and Standards with the conduct requirements of over 20 global financial industry organizations,
- Continuous consultation with internal stakeholders who use the Code and Standards, particularly the Disciplinary Review Committee and Professional Conduct team, and
- Two rounds of public comment from CFA Institute members, societies, and investment professionals.

# Revisions to the Standards Of Professional Conduct

# New Competence Standard

## I. PROFESSIONALISM

### E. Competence

Members and Candidates must act with and maintain the competence necessary to fulfill their professional responsibilities.

## Key Guidance Points

- Sufficient knowledge, skills, and abilities to work in a specific role with success
- Different measurement criteria depending on particular professional responsibilities
- Not just achieve but also maintain competence
- Not limited to an examination of the education level of a member
- An unsuccessful or a negative outcome does not necessarily equate to incompetence
- Does not require participation in a specific continuing education program



## Key Guidance Points

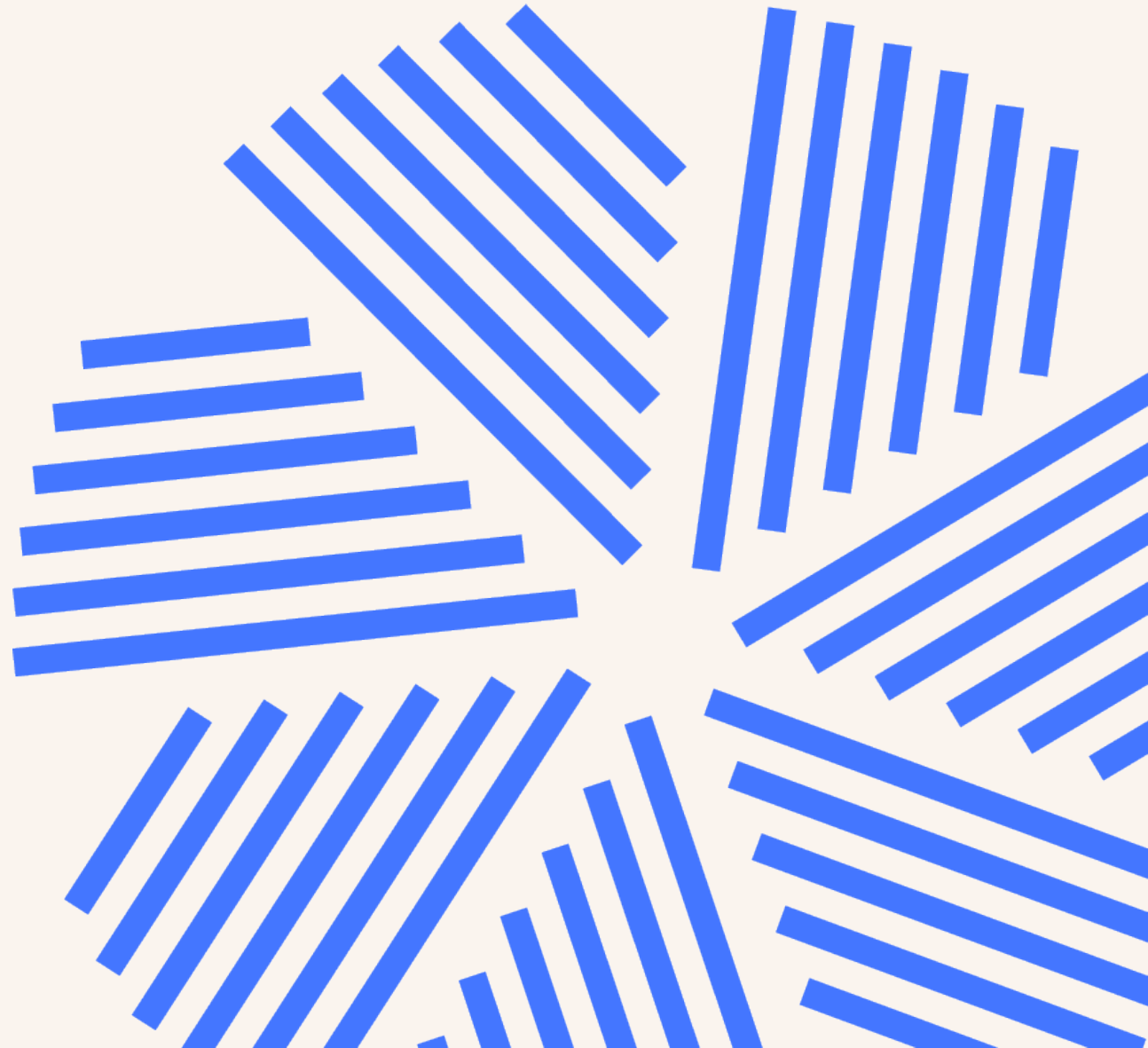
- Regularly engage in a professional development or continuing education program
- Study for or earn professional certifications or designations
- Attend conferences, seminars, or webinars
- Regularly participate in training offered by your employer
- Diligently engage in informal continuing education or self-study
- Participate in expert groups or organizations
- Become proficient with any new skill or knowledge

## Sample Public Comment

“[The standard] will bring more clarity to the concept and make competency element more explicit and enhance professionalism” ~ *India*

“[This] further strengthens the commitment of members and candidates to continue keeping up with knowledge and skills needed to do their jobs well.” ~ *Singapore*

“[The standard] helps encourage members and candidates to personally reflect if he/she is progressing and holding themselves accountable to the professional designation that should serve as a symbol for high standards.”  
~ *Canada*



# New Disclosure of Nature of Services and Costs

## **V(B) Communication with Clients and Prospective Clients**

Members and Candidates must:

1. Disclose to clients and prospective clients the nature of the services provided, along with information about the costs to the client associated with those services.

## Key Guidance Points

- Disclose at the outset of the relationship
- Manner of disclosure left to member's discretion
- The standard does not require disclosure of specific monetary amounts
- Disclosure encompasses costs of all services
- Members can tailor information to the sophistication level of the client
- Supplement firm disclosures when necessary
- The standard generally affects client facing members

## Sample Public Comment

“[A] comprehensive and transparent communication with clients and prospective clients should include the nature of the services, along with their associated costs and fees.”

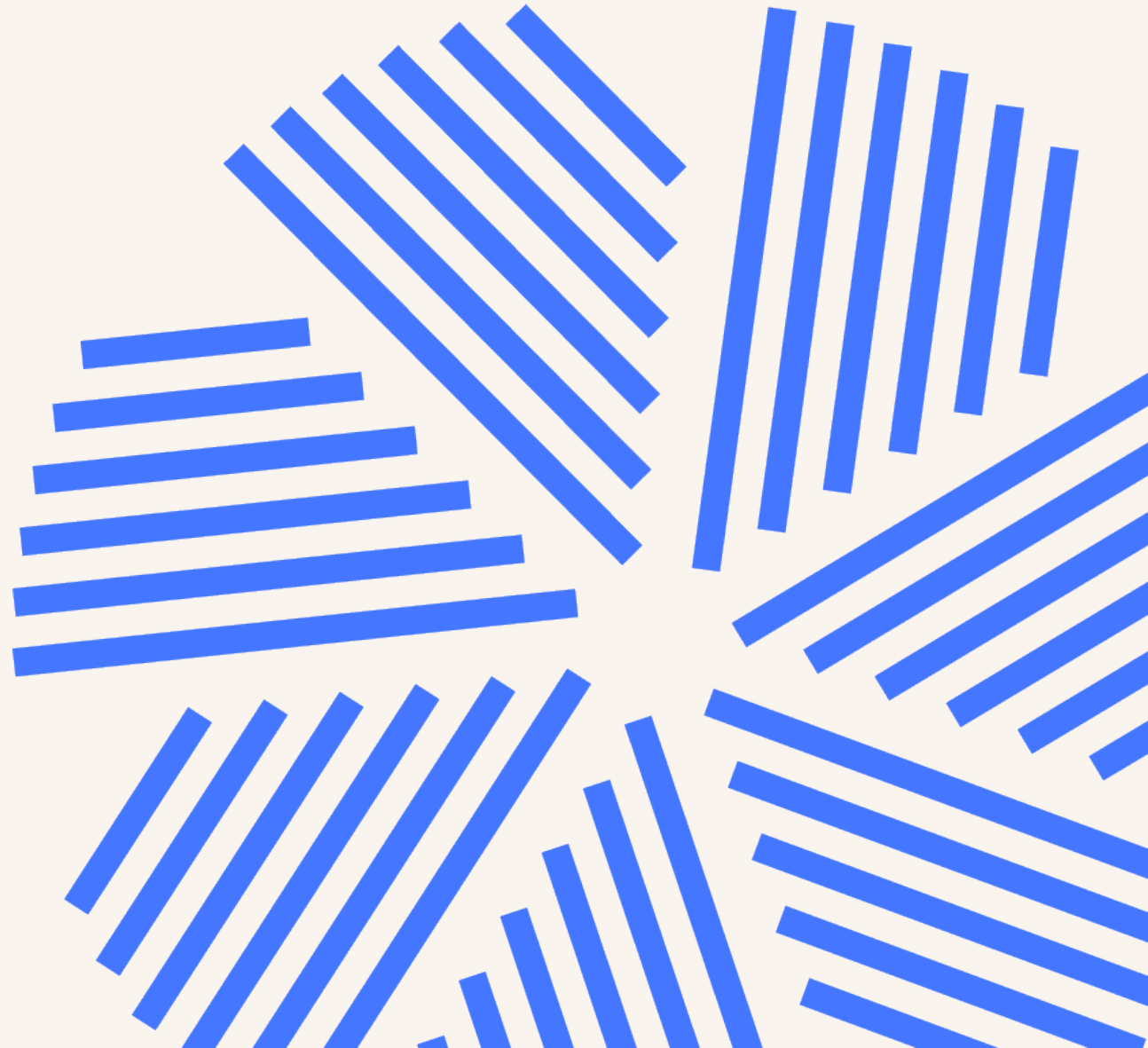
~ *Spain*

“[M]any individual investors, in particular, would benefit from more fully understanding the nature of the services provided to them and the costs and fees they pay for those services.”

~ *South Africa*

““This [provision] provides more transparency to clients and clarifies the focus of this standard as a whole.” ~ *USA*

“Complete transparency in services and associated fees is important to build trust.” ~ *UK*



# Revised Conflicts of Interest Standard

## VI. CONFLICTS OF INTEREST

### A. Avoid or Disclose Conflicts

Members and Candidates must **avoid or** make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity and interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.

## Key Guidance Points

- Best practice is to avoid conflicts
- If conflict is not avoided, then disclosure of the conflict is required
- Manner and timing of disclosure is left to member's discretion
- Disclosures must be prominent, in plain language, and effective
- Update disclosures when conflict changes materially

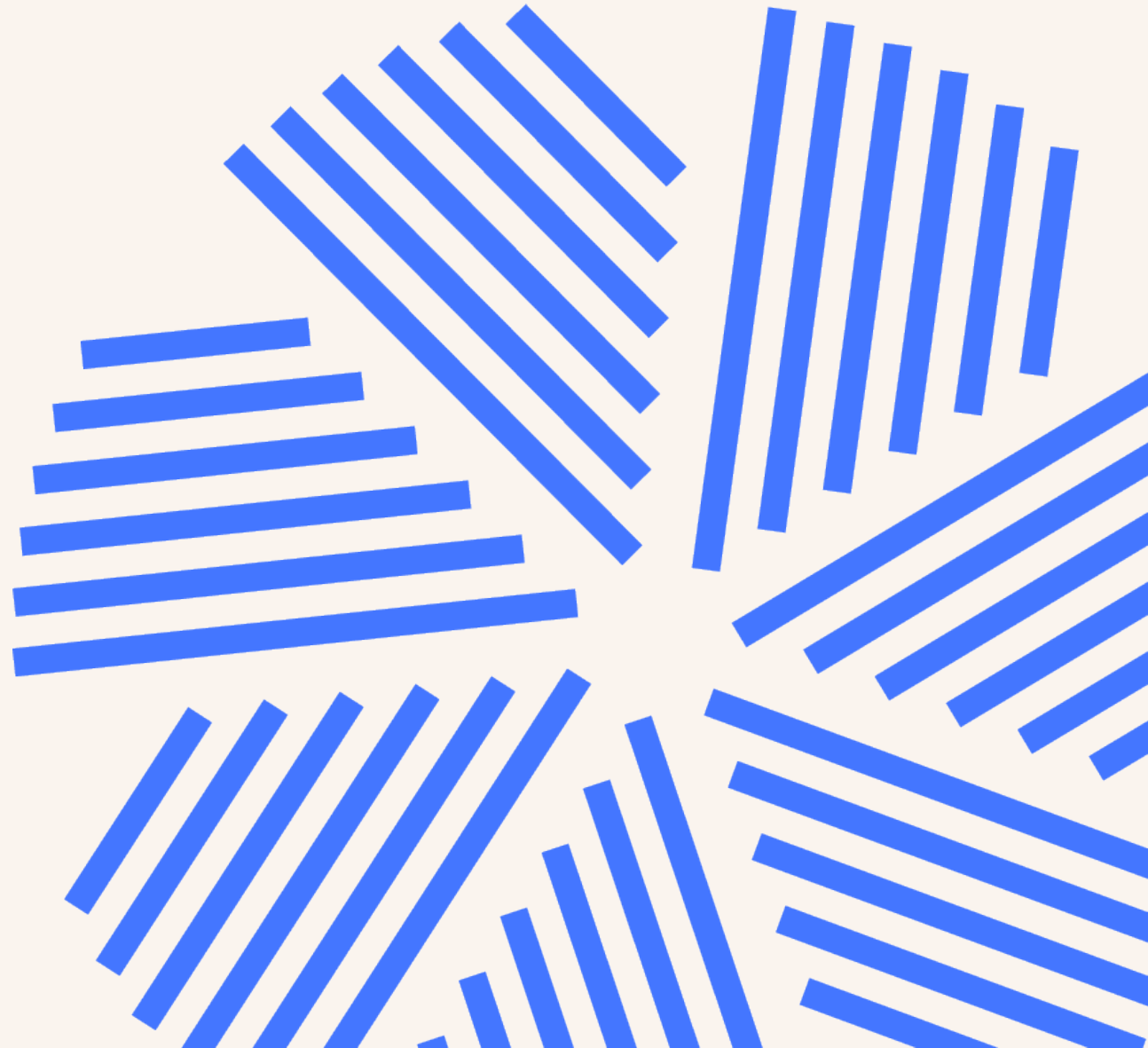
## Sample Public Comment

“[T]he new standard puts more emphasis on actively avoiding situations where conflicts of interest may arise and full disclosure of those conflicts that cannot be avoided.” ~ *South Africa*

“[A]voidance is more powerful than disclosure alone” ~ *USA*

“If someone is in a situation where the conflict of interest can be avoided entirely that is better than simply disclosing.” ~ *USA*

“[I]t is a good idea to remind members that they should avoid conflicts of interest wherever possible, and that it is not always enough just to disclose them.” ~ *USA*





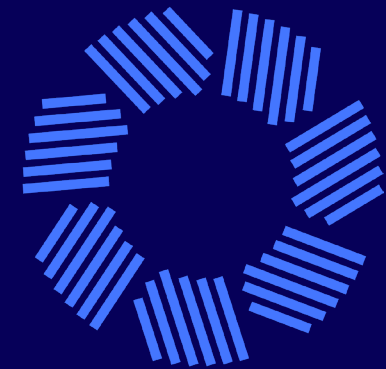
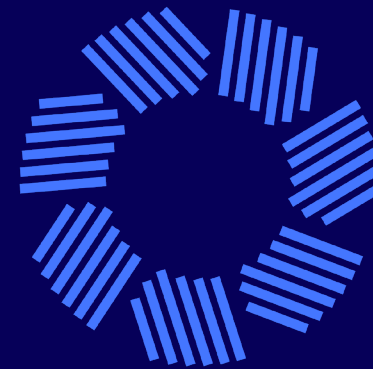
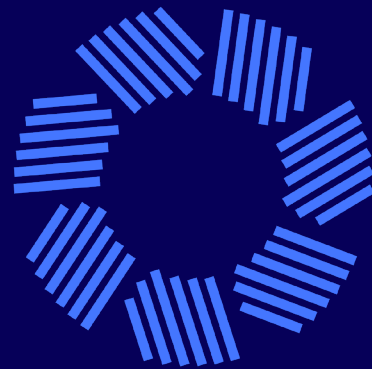
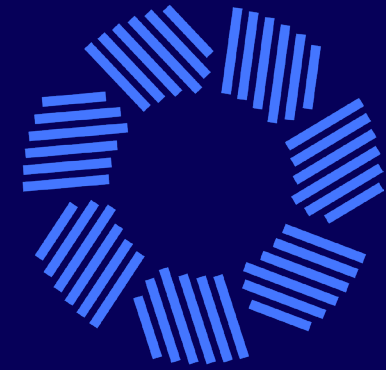
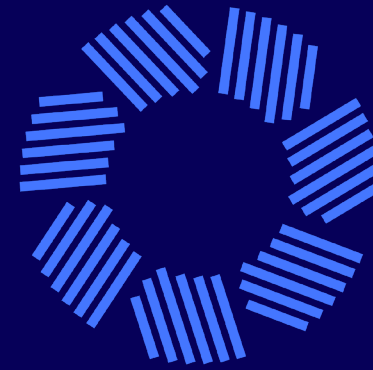
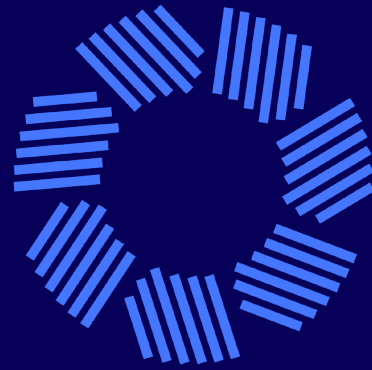
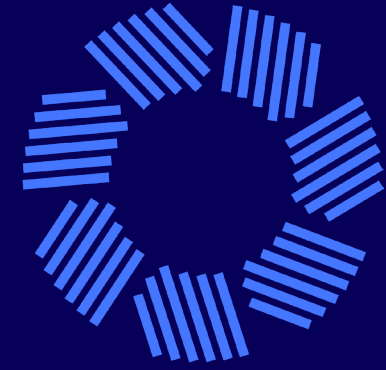
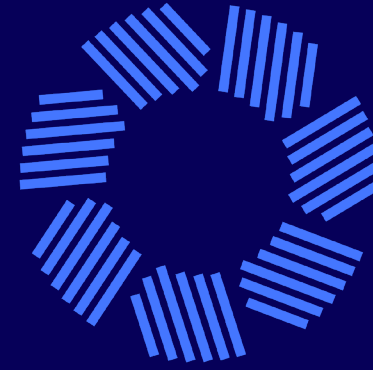
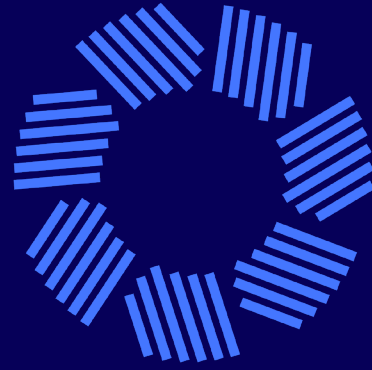
# Effect of Revisions

Members must comply with revised Code and Standards beginning

**1 January 2024**

- 12<sup>th</sup> edition of the Standards of Practice Handbook
- Changes published in the CFA Program curriculum in May 2024 that is tested beginning in 2025.

# Questions?



Thank you for  
Participating!

