

Code and Standards Consultation Paper FAQs

What is the process for revising the CFA Institute Code of Ethics and Standards of Professional Conduct?

The Standards of Practice Council (SPC or Committee), with support from CFA Institute staff, recommends to the CFA Institute Board of Governors changes and updates the Committee believes are necessary to maintain the relevance and rigor of the Code of Ethics and Standards of Professional Conduct (Code and Standards). This process ensures the conduct requirements for CFA Institute members and candidates remain the leading standards of ethical and professional conduct in the investment industry. As a first step, CFA Institute is issuing a Consultation Paper to obtain preliminary feedback about the potential changes. Subsequently, CFA Institute will publish the proposed revised Code and Standards (Exposure Draft) for comment by members and the public. Public comments will inform the update process.

What is the Standards of Practice Council?

For over 40 years, CFA Institute has charged a volunteer committee of CFA charterholders, the SPC, with periodically reviewing the Code and Standards to ensure that they remain robust, relevant, and reflect the highest level of ethical conduct applicable to investment professionals. The purpose of the SPC is to foster the integrity of the capital markets through its work in developing and maintaining the CFA Institute Code and Standards. To achieve its mandate, the SPC has periodically proposed amending existing standards or developing new standards to be considered and approved by the CFA Institute Board of Governors.

Who has ultimate authority for changes to the Code and Standards?

The CFA Institute Board of Governors reviews and approves any revisions to the Code and Standards because they directly affect membership obligations.

How often are the Code and Standards changed?

While there is no regular timeframe for updates and revisions to the Code and Standards, changes usually occur approximately every five years. This typical cadence was affected by the pandemic. The Code and Standards were last revised in 2014.

Who must comply with the Code and Standards?

All CFA charterholders, candidates for the CFA designation, members of the CFA Institute, and those who hold the Certification of Investment Performance Measurement (CIPM) designation must comply with the Code and Standards.

What are the potential changes to the Code and Standards under consideration?

The potential changes to the Code and Standards, and the SPC's rationale for why these changes may be necessary, are detailed in the Code and Standards Consultation Paper. In brief, the potential revisions would result in the following changes:

- Including a new standard on transparency

- Revising the Conflict of Interest standard to address avoiding conflicts of interest
- Including a standard requiring disclosures relating to the nature of services, fees, costs, or compensation
- Supplementing the Supervisory Responsibility standard to require senior leaders to promote an ethical culture at their firm
- Establishing an exception to the Confidentiality standard relating to impaired clients
- Including a new standard on competency
- Consolidating and combining certain standards

Will the potential changes to the Code and Standards outlined in the Consultation Paper be adopted by the Board of Governors?

The Consultation Paper outlines potential revisions that the SPC is *considering* including in the Exposure Draft and is the first step in the process for revising the Code and Standards. CFA Institute is publishing the Code and Standards Consultation Paper to obtain member opinion about the potential changes. Depending on public comment, the potential changes outlined in the Consultation Paper may or may not be included in the Exposure Draft.

How will my comments affect changes to the Code and Standards?

The SPC will consider all comment received in response the Consultation Paper and your comments may influence the Exposure Draft, which will also go out for public comment.

When will changes to the Code and Standards go into effect?

While the schedule is flexible and will depend on public comment to the Consultation Paper and the Exposure Draft, the goal is for the final version of the Code and Standards to be submitted to the Board in May 2023, with changes to the Code and Standards going into effect in late 2023 or early 2024.

How can I learn more about the potential revisions before submitting my comments?

CFA Institute will be holding a live webinar on Wednesday June 1 at Noon EST with members of the Standards of Practice Council and CFA Institute Staff to give members the opportunity to hear more and ask questions about the potential changes to the Code and Standards.

How do I submit my public comments?

You can submit your comments by completing the Code and Standards Consultation Response form and returning it to standards@cfainstitute.org

What is the deadline for submitting comments?

Response forms must be submitted by July 8 for comments to be considered by the SPC.

Will my comments be made public?

No. CFA Institute will publish a compilation or summary of the comments to the Consultation Paper at the conclusion of the public comment period but we will not include identifying

information or an attribution of the specific comments made by those responding to the Consultation Paper.