



ASSET MANAGER CODE FAQs: INVESTMENT MANAGERS

COMMON QUESTIONS ABOUT INVESTMENT FIRM COMPLIANCE

1. What is the CFA Institute Asset Manager Code?

The Asset Manager Code is a voluntary, investor-focused code of professional conduct for firms that manage investment assets. The Code embodies the fundamental ethical principles at the core of the investment management industry.

2. Who complies with the Asset Manager Code?

The Asset Manager Code is global. Investment management firms around the world—of various structures, sizes, and levels of complexity—adopt the Code to demonstrate their commitment to best ethical practice. Over 1,100 firms in more than 30 countries and regions currently claim compliance with the Code.

3. Why should my firm comply with the Asset Manager Code?

Adoption of the Asset Manager Code ensures that the firm is complying with global best practice in safeguarding client interests. Adoption provides a communication tool for firms to demonstrate their commitment to ethical practice. Adoption creates a strong reputation for a firm's values that can help attract and retain clients.

4. How difficult is it for my firm to comply with the Asset Manager Code?

The principle-based Code allows firms the flexibility to develop policies and procedures for implementing the provisions of the Asset Manager Code that are most appropriate to their circumstances. For new

or small firms that do not yet have well-developed policies and procedures or are not subject to regulations that require a code of conduct, the Asset Manager Code can serve as a model for establishing a rigorous code of conduct that meets global best practice. Larger firms probably already have well-established policies and procedures in place that satisfy the requirements of the Code. Firms with well-established, rigorous codes of conduct can compare their practices with the requirements of the Asset Manager Code and make adjustments as necessary to come into compliance.

STEPS TO CLAIMING COMPLIANCE

1

Compare current code of ethics, policies, and procedures with the Code provisions

2

Make needed revisions

3

Complete online registration statement

5. My firm has its own code of ethics and policies and procedures to address professional conduct. Why do we need to be Asset Manager Code compliant as well?

Many investment firms use the Asset Manager Code as a measuring stick by which to assess the scope and rigor of their policies and to ensure they meet global best practice. If, after such review, a firm determines that its existing code meets all the provisions of the Asset Manager Code, the firm can claim compliance with the Code without making any changes to existing practice. Often, only incremental changes to the firm's existing code are required to meet the provisions of the Asset Manager Code and allow a claim of compliance.

6. Doesn't claiming compliance open my firm up to increased regulatory scrutiny? The compliance people at my firm don't want to have to worry about another set of requirements.

Although there may be increased marginal compliance costs for claiming to comply with a set of standards that goes beyond legal or regulatory requirements, asset owners (clients) are inquiring more frequently about Asset Manager Code compliance during the manager engagement process. As with compliance with the GIPS® standards, asset owners are becoming increasingly adamant that compliance with a high global standard for ethical best practice is a baseline for earning their business. Savvy firms realize that the boost to their reputation and appeal for investors offsets any additional cost of compliance.

7. Isn't the Code relevant to only US investment managers? Do firms outside the United States comply?

The Asset Manager Code applies to investment managers globally. The Code is based on the fundamental ethical principles (clients come first, transparency, independence, competence, etc.) embodied in the CFA Institute Code of Ethics and Standards of Professional Conduct that are applicable to investment professionals globally. CFA Institute volunteers representing a variety of countries brought a global perspective in helping to formulate the Code. The Asset Manager Code is not limited to only one region, one type of firm, or one regulatory scheme. A significant and growing number of firms outside the United States claim compliance with the Code to demonstrate their commitment to these fundamental ethical principles and to enable themselves to be competitive in managing global assets.

8. Do we have to notify CFA Institute when we claim compliance?

Yes. Firms are required to notify CFA Institute if they are claiming compliance with the Asset Manager Code. No fees are involved. CFA Institute publishes the names of all firms that claim compliance with the Code as a searchable list on the organization's website.

9. Does CFA Institute review claims of compliance?

No. CFA Institute does not verify the accuracy of firms' claims of compliance with the Asset Manager Code. Firms that falsely claim compliance with the Code are subject to regulatory and legal action based on misrepresentation and fraud. Third-party verification of compliance may become available in the future, similar to the verification services that have evolved with the GIPS standards.

For additional information, please visit:

www.cfainstitute.org/assetcode