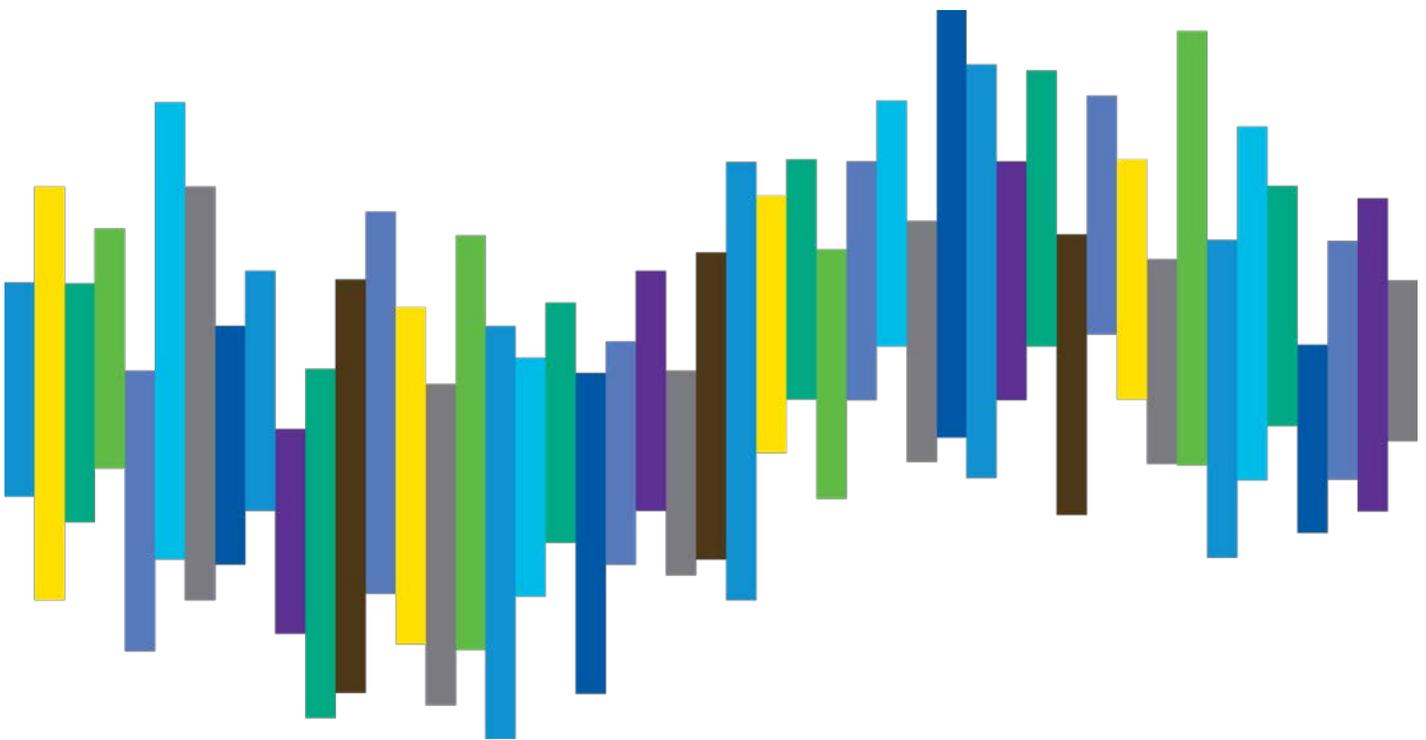


# CODE OF CONDUCT FOR CFA INSTITUTE GOVERNORS

Version 2.2  
July 20, 2018



# CODE OF CONDUCT FOR CFA INSTITUTE GOVERNORS

## I. Introduction

The Board of Governors of CFA Institute (the “Board”) has adopted the following Code of Conduct for Governors of CFA Institute (the “Code”), which is built upon the values and mission and highlights the principles that guide the business conduct of CFA Institute. The Code highlights the duties and responsibilities of Governors on areas of ethical risk; guides Governors to recognize and deal with ethical issues; and provides methods to raise concerns about governance, unethical conduct and compliance with this Code, all with the goal of fostering a culture of honesty, trust, transparency and accountability. Each Governor must comply with both the letter and the spirit of this Code at all times.

The mission of CFA Institute is to lead the investment profession globally by promoting the highest standards of ethics, education and professional excellence for the ultimate benefit of society. 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. The provisions outlined in this Code are not intended to provide detailed information about every legal requirement applicable to CFA Institute. The provisions may, however, supplement or go beyond compliance with certain laws and regulations. If any provision of this Code conflicts with applicable law, the law will be the guiding determination. Additionally, CFA Institute, as a global organization, will be mindful of any local or regional requirements concerning the matters discussed in this Code as appropriate.

Since no code or policy can replace the thoughtful behavior of an ethical Governor nor anticipate every situation that may arise, this Code can focus the Governor on areas of ethical risk and 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 the Chief Compliance, Risk, and Ethics Officer, and as otherwise discussed below. When in doubt, a Governor should always act according to the spirit of this Code and CFA Institute principles.

## II. Scope of Authority

The CFA Institute bylaws and articles of incorporation charge the Board with directing the management of the business of CFA Institute, subject to those organizational documents and applicable law. 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 individually 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 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.

Governance is a shared responsibility. A Governor’s primary obligation is to participate in the governance, strategy, and policy making processes of CFA Institute and to provide a check and balance on management. The Board has delegated to management the responsibility to conduct operations to further the strategy and policies set by the Board, subject to the Board’s oversight.

### III. Standards of Conduct

Governors have fiduciary duties requiring them to act at all times in the best interests of CFA Institute. These duties consist of a duty of care and a duty of loyalty. The duty of care requires Governors to make decisions on an informed basis using the degree of care an ordinarily careful and prudent person would use in similar circumstances. The duty of loyalty requires Governors to give precedence to the interests of the organization over their personal interests and includes a duty to act in good faith, a duty of obedience to the mission of CFA Institute and a duty of candor to their fellow Board members.

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.

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, ethical conduct, loyalty, prudence, diligence, and fairness. Governors are responsible for the overall protection of the organization through the exercise of their duties of care and loyalty. 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 to assist the organization in achieving its strategic objectives.

Governors shall comply with the rules, laws and regulations applicable to CFA Institute. In addition, as part of their duty of care, the Board is responsible for putting in place procedures, policies and information and reporting systems that are designed to enable it to oversee and monitor the organization (including compliance by Governors and employees of CFA Institute with the rules, laws, and regulations applicable to CFA Institute) at a reasonable level of effectiveness. Governors will act in good faith, with due care, competence, and diligence. 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 of CFA Institute, as such actions would affect the reputation and integrity of the organization.

A Governor shall not conduct personal business at a meeting of the Board nor advance their personal interests at the expense of CFA Institute in deference to their duty of loyalty.

The Board is expected to function as a collegial body. Accordingly, while encouraged to state his or her views on all matters under discussion by the Board or a Board committee to which he or she belongs, a Governor shall at all times act with dignity and treat fellow Governors and employees of CFA Institute fairly and with respect and courtesy. Governors should strive to understand the views of others, and the reasons for those views. Disagreements should be directed to the issue and not to the individual who raises a different or opposing point of view. After concerns are aired or otherwise addressed as discussed in Part V below, Governors are expected to abide by and support the decisions ultimately reached by the Board. As part of their duty of candor, Governors may not record conversations with each other without the expressed permission of the parties involved (except that Board and committee meetings may be recorded on an announced basis to assist staff in preparing minutes).

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. Governors accept professional responsibility for their individual and collective actions and carry and present themselves in such a way that enhances the credibility and the values of the organization.

#### A. Public Statements

Each Governor may speak on behalf of CFA Institute only as specifically authorized by the Board. Accordingly, communications with the public must present a complete and accurate assessment of the organization's views. 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 on their own time and at their own expense, 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. Such authorized interactions and activities may fall under the specific rules covering lobbying activities in the United States which are strictly regulated. Additionally, Governors need to be mindful of their responsibilities and the organization's reputation when dealing with governmental officials as part of the organization's global presence.

## **C. Protection and Use of CFA Institute Property**

Governors are expected to protect the assets of CFA Institute from misuse or misappropriation and use them efficiently. These assets include both tangible assets and intangible assets, such as intellectual property and information. 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 materials and deliberations of the Board and Board committees, and all other non-public information relating to CFA Institute. The obligation to preserve confidential information continues even after the Governor no longer serves the organization in that capacity.

## **E. Nonpublic Investment 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 (including the prohibitions surrounding insider trading in accordance with global securities regulations) and the CFA Institute Code of Ethics and Standards of Professional Conduct.

## **F. Corporate Opportunities**

Governors may not take for themselves personally (or for any family member or other person) any business or other opportunities discovered through their service or otherwise relating to the business of CFA Institute or compete with CFA Institute for business opportunities, without the express prior approval of the Governors who are disinterested in the transaction. Governors owe a duty to the organization to advance its legitimate business interests whenever possible.

## **G. Fair Dealing**

Governors shall behave honestly and ethically at all times with all constituents, including potential competitors, and should not take unfair advantage of anyone through manipulation, misrepresentations of material facts, abuse of confidential information, or any other unfair-dealing practice.

## H. Compliance with Laws and Regulations

Governors shall comply with and proactively promote, as part of their oversight responsibilities, compliance by CFA Institute with all applicable governmental laws, rules and regulations at all levels of government in the United States and in any global jurisdiction where CFA Institute may conduct business. Additionally, Governors are responsible for overseeing that proper accounting and internal controls systems are in place such that an accurate view of CFA Institute operations and financial standing is presented. Governors of CFA Institute must not engage in any behavior that violates antitrust laws and must be alert to avoid even the appearance of such conduct. As a general rule, antitrust laws prohibit competitors, customers, and suppliers from restricting trade or seeking to create or maintain a monopoly on a certain market. Any questions concerning a specific situation, including merging with or acquiring a competing entity, should be directed to Legal Services before taking any action.

## I. Non-discrimination and Preventing Harassment

Individuals who perform services for CFA Institute, whether as employees or volunteers or contingent workers, must be treated fairly and respected for their contributions. It is the established policy of CFA Institute not to discriminate against any individuals on the basis of race, color, national origin, religion, creed or belief, age, marital or partnership status, family status, pregnancy and maternity, disability, sexual orientation, gender, gender identity, gender reassignment, predisposing genetic characteristic, military or veteran status, or any other basis protected by law. CFA Institute also does not tolerate harassment. Harassment is unwelcome and offensive conduct that may interfere with a person's ability to perform his or her work. Governors are responsible for adhering to these policies in their interactions with each other, and with employees, volunteers, and any other personnel performing services for CFA Institute.

## J. Compliance with Other CFA Institute Policies

Governors must comply with the Conflicts of Interest Policy of CFA Institute, the CFA Board Reporting Concerns and Investigations Policy, the CFA Institute Code of Ethics and Standards of Professional Conduct and all other applicable policies of CFA Institute.

## IV. Conflicts of Interest

A conflict of interest occurs when a Governor's private interest interferes in any way or even appears to interfere with the organization as a whole. CFA Institute recognizes that not all conflicts of Interest are inherently problematic, and it is the policy of the organization to seek to identify and manage all actual and potential conflicts of interest with transparency and integrity. A Governor's paramount interest must be to promote and preserve the interests of CFA Institute. Conflicts of interest can compromise the integrity of the organization's mission. However, Governors may have board, employment, investment, financial, personal, and other relationships that could conflict to some degree or have the appearance of a conflict with the interests of CFA Institute. These relationships require in-depth review and oversight. Loans to or guarantees of obligations of Governors (or their family members or other related parties) are prohibited by the organization as well as the State of Virginia. 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, e.g., holding a material position in a CFA Institute member society.

Conflicts of interest may not always be readily determinable. Such potential conflicts of interest must be disclosed to CFA Institute when the Governor joins the Board and promptly disclosed whenever they may develop in the future.

It is the responsibility of individuals serving as Governors of CFA Institute to exercise a duty of loyalty by disclosing any activity or relationship that may have the appearance of or potential to be a conflict of interest. If CFA Institute makes the business decision, exercised with its best care, skill, and judgment, to accept the disclosed conflict for the greater benefit of the organization, the onus is then on the Board of CFA Institute to mitigate and manage it with transparency and integrity. An appropriately managed conflict does not preclude one from serving on a Board, in most cases. If mitigation is inadequate to manage a conflict, the Board may choose to avoid or terminate the conflict.

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. In addition to the below discussion on gifts, conflicts may also result from a Governor's personal or business relationship with a competitor, business partner, supplier, or vendor to CFA Institute; or being a consultant to an outside business that may interfere with the Governor's responsibilities to CFA Institute.

### A. Gifts and Entertainment and Antibribery

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.

Governors need to be mindful of complying with the applicable laws in the United States and in other countries where CFA Institute conducts business activities that are designed to prevent bribery and corruption, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. Governors are expected to consult the Chief Compliance, Risk, and Ethics Officer before providing any gifts on behalf of CFA Institute.

Accepting 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. These include the usual forms of entertainment such as lunches or dinners. 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. All business dealings must be on an arm's length basis and without any favorable treatment resulting from potential personal interests.

### B. 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 in addition to affirming that the Conflict of Interest Policy and this Code were made available and reviewed by the Governor.

The annual statement shall disclose: (i) each organization for which the Governor is a director or executive (or holds an equivalent position, e.g. officer) or by which the Governor is employed; and (ii) each investment, interest (including financial), volunteer activity, membership or other matter (including potential compensation arrangements or legal matters) 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.

Each Governor shall update the annual statement promptly in the event of a material change in the information previously provided.

In making such statements to CFA Institute, a Governor shall report timely, truthfully, 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.

### C. Handling of Conflicts

Not all conflicts can be avoided in advance, nor is having a conflict necessarily wrong. 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 promptly disclose the conflict to the Chair of the Board and to the Chief Compliance, Risk, and Ethics Officer. Any potential or actual conflicts disclosed to the Chair of the Board, the Chair of the Audit and Risk Committee, or to other CFA Institute committee members must be reported immediately to the Chief Compliance, Risk, and Ethics Officer. When in doubt, a Governor should err in favor of disclosure, as transparency is critical and assists in protecting the integrity and reputation of CFA Institute.

Upon disclosure, the Chief Compliance, Risk, and Ethics Officer and appropriate conflicts committee will conduct an adjudication process and will report the recommended handling of the conflict to the Chair of the Board and the Chair of the Audit and Risk Committee. The conflict may be handled by making a full disclosure to the Board, by recusal of the Governor from discussion or voting on the matter, by absence of the Governor from the meeting discussing the matter, or by such other means or combination of means as determined by the appropriate conflicts adjudication committee. Business and relationships remain dynamic and, as such, when circumstances change, existing disclosures should be revisited.

## V. Raising Concerns

As noted in Part III above, Governors have a duty of candor to the other members of the Board. Accordingly, as a matter of transparency and accountability, the Board expects that, except in exceptional circumstances, Governors will raise all concerns, including concerns about governance (e.g., disagreements about Board or committee processes, policies, practices or decisions), and concerns about the conduct of other Governors (e.g., their compliance with this Code), directly with the Board or relevant Board Committee so that these matters may be discussed openly and in good faith (the "Guiding Principle").

If a Governor believes in good faith that the Guiding Principle should not apply to the concern he or she wishes to raise, the CFA Institute *Board Reporting Concerns and Investigations Policy* shall be the exclusive means by which the Governor may report the concern internally.

In light of their volunteer status and their fiduciary duty to act in good faith, the Board has determined that Governors (other than the CEO, who serves as a Governor *ex officio*) do not need, and shall not be

entitled to, the protections against retaliation for raising concerns that are available to employees of CFA Institute. The CEO shall be entitled to such protections.

For the avoidance of doubt, except for the additional protections described in the immediately preceding paragraph, this Code shall apply in all respects to the CEO.

This Code does not preclude a Governor from raising a concern with a governmental, regulatory or enforcement body.

## VI. Waivers, and Enforcement of this Code

Any waiver of this Code at the request of a Governor may only be made by [the Chair of the Board and the Chair of the Audit and Risk Committee acting together (or, if one of these Governors is requesting the waiver, the other Governor and the Immediate Past Chair, acting together)] and must be promptly disclosed to the Board.

If the Board determines that a Governor has violated this Code, it shall determine the appropriate disciplinary action to impose in light of the circumstances. These actions may include cautionary admonition, private censure, request for remedial action, public censure, request for resignation, removal from office (by action of the membership based upon a recommendation of the Board), report to relevant enforcement bodies, report to the CFA Institute [Professional Conduct Committee] or such other action as the Board shall deem appropriate.

## VII. Policy Adoption and Oversight

The Board is responsible for overseeing the development and implementation of, and compliance with, this Code. The Board may delegate its oversight responsibility, in whole or in part, to ARC or the Executive Committee of the Board.

This Policy was adopted by the Board on July 20, 2018.

## VIII. Revision History

Date	Revision No.	Modification	Section(s)
7/15/2016	1.0	Prior version of <i>Code of Conduct for CFA Institute Governors</i> adopted	All
11/15/2017	2.0	Document revised and submitted to ARC for approval	All
11/21/2017	2.1	Additional edits by Board Counsel prior to ARC submission	V.
2/2/2018	2.1	Version 2.1 approved by the Board of Governors	All
7/20/2018	2.2	Document revised to better reflect the approach to Conflicts of Interest taken by CFA Institute and approved by the Board of Governors	IV.