

STUDY SESSION

1

Ethical and Professional Standards (1)

CFA Institute members¹ and CFA Program candidates continually face situations requiring professional and ethical judgement. By acting in a manner consistent with the CFA Institute Code of Ethics and Standards of Professional Conduct (Code and Standards), members and candidates help build greater levels of trust in the investment profession.

This study session provides a framework for ethical conduct in the investment profession. The principles and guidance presented in the CFA Institute *Standards of Practice Handbook (Handbook)* form the basis for the CFA Institute self-regulatory program to maintain the highest professional standards among investment practitioners. A clear understanding of the CFA Institute Code and Standards (both found in the *Handbook*) should allow practitioners to identify and appropriately resolve ethical conflicts, leading to a reputation for integrity that benefits both the individual and the profession. Material under “Guidance” in the *Handbook* addresses the practical application of the Code and Standards. The guidance for each standard reviews its purpose and scope, presents recommended procedures for compliance, and provides examples of the standard in practice.

The study session concludes with case studies that demonstrate the practical application of the CFA Institute Code of Ethics and Standards of Professional Conduct (Code and Standards) in everyday situations.

¹ Eligibility and requirements for becoming a member of CFA Institute vary by jurisdiction. Please consult www.cfainstitute.org for further details.

READING ASSIGNMENTS

Reading 1	Code of Ethics and Standards of Professional Conduct <i>Standards of Practice Handbook</i> , Eleventh Edition
Reading 2	Guidance for Standards I–VII <i>Standards of Practice Handbook</i> , Eleventh Edition
Reading 3	Application of the Code and Standards: Level III

LEARNING OUTCOMES

READING 1. CODE OF ETHICS AND STANDARDS OF PROFESSIONAL CONDUCT

The candidate should be able to:

- a** describe the structure of the CFA Institute Professional Conduct Program and the disciplinary review process for the enforcement of the CFA Institute Code of Ethics and Standards of Professional Conduct;
- b** explain the ethical responsibilities required by the Code and Standards, including the sub-sections of each standard.

READING 2. GUIDANCE FOR STANDARDS I–VII

The candidate should be able to:

- a** demonstrate a thorough knowledge of the CFA Institute Code of Ethics and Standards of Professional Conduct by interpreting the Code and Standards in various situations involving issues of professional integrity;
- b** recommend practices and procedures designed to prevent violations of the Code and Standards.

READING 3. APPLICATION OF THE CODE AND STANDARDS: LEVEL III

The candidate should be able to:

- a** evaluate practices, policies, and conduct relative to the CFA Institute Code of Ethics and Standards of Professional Conduct;
- b** explain how the practices, policies, or conduct does or does not violate the CFA Institute Code of Ethics and Standards of Professional Conduct.