

RULES OF PROCEDURE FOR PROFESSIONAL CONDUCT

**AS AMENDED
AND RESTATED
24 JULY 2010**



RULES of PROCEDURE for PROFESSIONAL CONDUCT

TERMS OF REFERENCE

Appeal Panel: A panel of DRC members and/or CFA Institute Board members who evaluate, at the request of a Covered Person pursuant to Rules 5.1 and 9.1, the findings of fact, conclusion as to the violation(s), and sanction(s) imposed by a Hearing Panel to determine whether the Hearing Panel's determination was in error and/or whether the sanction(s) imposed was unfair.

Appeal Panel Chair: The individual selected by the DRC Chair to conduct and lead the Appeal Panel proceeding.

Bylaws: The CFA Institute Articles of Incorporation and Bylaws.

Candidate(s): Those individuals recognized by CFA Institute as Candidates in the CFA Program.

CFA Institute Board: The CFA Institute Board of Governors.

CFA Institute Chair: The presiding officer of the CFA Institute Board.

CFA Program Rules and Regulations: The rules, criteria, and regulations that govern the CFA examinations.

Code and Standards: The CFA Institute Code of Ethics and Standards of Professional Conduct.

Conflict of Interest: Any business, financial, and/or personal interest, relationship, or other circumstance that could be reasonably expected to impair the ability to be objective or that creates the appearance of impropriety.

Covered Person: Any CFA Institute Member, Candidate, or postponed Candidate as defined by the Bylaws.

Designated Officer: A CFA Institute Member appointed by the CFA Institute Board to oversee the Professional Conduct Program. The role and authority of the Designated Officer are explained in Rule 1.2.

Disciplinary Proceeding: Hearing Panel, Appeal Panel, Review Panel or Summary Suspension Panel proceedings.

Disciplinary Review Committee or ("DRC"): The committee established by the CFA Institute Board to enforce the Governing Documents and the CFA Program Rules and Regulations as they pertain to Covered Persons.

DRC Chair: A member of the DRC selected by the CFA Institute Board to preside over the DRC.

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Exam-Related Conduct: Any activity or conduct by a Covered Person related to participation in the CFA Program, including conduct occurring during enrollment/registration for the CFA Program; conduct before, during, and after the administration of the CFA exam; and any conduct that compromises or attempts to compromise the reputation, integrity, validity, or security of the CFA exam.

Governing Documents: Documents that govern the conduct of CFA Institute Members and Candidates in the CFA Program, including the Bylaws, Code and Standards, and Rules of Procedure.

Hearing Panel: A panel composed of DRC members who evaluate determinations by the Designated Officer that have been rejected by the Covered Person. The Hearing Panel (i) evaluates oral and/or written testimony, documents, and other evidence presented by the Designated Officer and Covered Person; (ii) makes findings of fact; (iii) determines whether a violation of the Governing Documents and/or CFA Program Rules and Regulations occurred; and (iv) determines the sanction(s), if any, to be imposed on the Covered Person.

Hearing Panel Administrator: The individual selected by CFA Institute to act as the administrative and scheduling intermediary among the Designated Officer, Professional Conduct Program, Covered Person, and any Hearing, Review, or Appeal Panel.

Hearing Panel Chair: The Hearing Panelist selected by the DRC Chair to conduct and lead Hearing Panel proceedings.

Industry-Related Conduct: Any activity or conduct, excluding Exam-Related Conduct, governed by the Code and Standards and other Governing Documents.

Member(s): Individuals recognized by CFA Institute as Members.

Notice of Disciplinary Action: A written description of the Covered Person's conduct, violation, and sanction imposed that is published in a CFA Institute publication(s) and/or posted on the CFA Institute website.

Professional Conduct Program: The Designated Officer and CFA Institute staff supervised by the Designated Officer, whose duties include but are not limited to investigating professional conduct matters, conducting Disciplinary Proceedings, and imposing disciplinary sanctions.

Reinstatement Review Panel: A panel of DRC members who evaluate a petition for reinstatement.

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Review Panel: A panel of DRC members who evaluate the recommended sanction and written evidence related to Industry-Related Conduct when the Designated Officer and Covered Person have agreed on the findings of fact, conclusion as to the violation(s), and recommended sanction(s).

Rules of Procedure: These Rules of Procedure for Professional Conduct.

Statement of Allegations: The document provided to the Covered Person in Industry-Related Conduct matters that notifies the Covered Person of the findings of the investigation and provides the Covered Person an opportunity to provide additional information for consideration prior to the matter being referred to the Designated Officer for a determination.

Statement of Charges: The document provided to the Covered Person in Exam-Related Conduct matters that notifies the Covered Person of the Designated Officer's findings of fact, conclusions as to a violation(s), and recommended sanction(s).

Summary Suspension Hearing Panel: A panel of DRC members who evaluate testimony and/or written evidence, make findings of fact, conclude whether a violation occurred, and determine whether summary suspension is appropriate when a Covered Person has submitted a request for review of a notice of summary suspension.

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RULE 1: INTRODUCTION

The Governing Documents and the CFA Program Rules and Regulations govern the conduct of all Members and Candidates. The Bylaws and the Rules of Procedure form the basic structure for enforcing the Governing Documents and CFA Program Rules and Regulations. CFA Institute is committed to providing a fair, efficient, and effective disciplinary process. Throughout the disciplinary process, CFA Institute, Covered Persons, and the Disciplinary Review Committee must adhere to the Rules of Procedure.

If there is a conflict between the Rules of Procedure and the Bylaws, the Bylaws prevail.

Rule 1.1 Role and Authority of the Disciplinary Review Committee

The DRC is a committee established by the CFA Institute Board through the Bylaws. The DRC enforces the Governing Documents as well as the CFA Program Rules and Regulations through participation on Hearing Panels, Review Panels, and Appeal Panels.

Rule 1.2 Role and Authority of the Designated Officer

The Designated Officer is a regular Member of CFA Institute who is appointed by the CFA Institute Board to oversee the Professional Conduct Program. The Designated Officer is authorized to investigate any matter involving, or appearing to involve, the professional conduct of a Covered Person and may contact any entity or person who may be able to provide assistance in an investigation.

The Designated Officer makes a determination as to whether the Covered Person has violated the Governing Documents and/or the CFA Program Rules and Regulations and recommends an appropriate sanction, if any. In addition, the Designated Officer presents findings and agreed upon sanctions to Review Panels and presents evidence and advocates in support of the Designated Officer's determinations of violations and recommended sanctions in all matters before Hearing Panels and Appeal Panels.

The Designated Officer may appoint individuals to act on the Designated Officer's behalf and to assist in performing the functions related to investigations and any resulting Disciplinary Proceedings.

Rule 1.3 Rights of a Covered Person

A Covered Person who is the subject of a professional conduct investigation or Disciplinary Proceeding has the right to:

- a) retain and be represented by legal counsel;
- b) retain and have present, if applicable, an interpreter to assist him or her;
- c) present documentary evidence and written testimony; and
- d) in Industry-Related Conduct proceedings, present verbal testimony, present witnesses, and question witnesses presented on behalf of the Designated Officer.

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Rule 1.4 Responsibilities of a Covered Person

A Covered Person who is the subject of a professional conduct investigation or Disciplinary Proceeding has the responsibility to:

- a) adhere to the Rules of Procedure;
- b) produce accurate and complete copies of all requested documents in the Covered Person's possession or control;
- c) provide information verbally and/or in writing as requested by the Professional Conduct Program; and
- d) cooperate fully in the investigation or Disciplinary Proceeding.

Failure by the Covered Person to provide requested documents, information, or testimony is grounds for summary suspension under Rule 10.

Rule 1.5 Grounds for Sanctions

Disciplinary sanctions may be imposed on a Covered Person for:

- a) a violation of the Governing Documents;
- b) a violation of the CFA Program Rules and Regulations;
- c) a conviction or guilty plea as further described in Rule 10.1;
- d) a permanent or indefinite bar from registration as further described in Rule 10.1;
- e) falsification of information on enrollment, registration, or membership application forms; and/or
- f) failure by a Covered Person to cooperate in a professional conduct investigation or proceeding.

Rule 1.6 Sanctions

Possible sanctions include the following, which may be published according to these Rules:

- a) **Private Reprimand.** An admonishment in writing where the Notice of Disciplinary Action excludes the Covered Person's name and identifying information and will not be disclosed to third parties upon request.
- b) **Censure.** An admonishment in writing where the Notice of Disciplinary Action may include the Covered Person's name and identifying information and will be disclosed to third parties upon request.
- c) **Suspension of Membership.** Covered Person's memberships in CFA Institute and member societies are terminated for a specified period of time.
- d) **Suspension of the Right to Use the CFA Designation.** Covered Person's memberships in CFA Institute and member societies, as well as the right to use the CFA designation, are terminated for a specified period of time.
- e) **Revocation of Membership.** Covered Person's memberships in CFA Institute and member societies are permanently terminated.
- f) **Revocation of the Right to Use the CFA Designation.** Covered Person's memberships in CFA Institute and member societies, as well as the right to use the CFA designation, are terminated.

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- g) **Summary Suspension.** Covered Person's membership in CFA Institute and member societies and/or the right to use the CFA designation and/or participate in the CFA Program are automatically terminated.
- h) **Suspension from Participation in the CFA Program.** Covered Person's participation in the CFA Program is terminated for a specified period.
- i) **Prohibition from Participation in the CFA Program.** Covered Person is permanently barred from participation in the CFA Program.

RULE 2: INVESTIGATIONS: INDUSTRY-RELATED CONDUCT

2.1 Beginning an Investigation

Possible violations of the Governing Documents come to the attention of the Professional Conduct Program through many sources, including self-disclosures, third-party complaints, and publicly available information. The Professional Conduct Program may open an investigation of any matter involving, or appearing to involve, the professional conduct of a Covered Person regardless of the source of the information.

2.2 Notice of Investigation

A notice of investigation will be sent to a Covered Person who becomes the subject of an investigation by the Professional Conduct Program. The notice of investigation will include a copy of the Rules of Procedure or information as to where the Rules of Procedure and other relevant Governing Documents can be found on the CFA Institute website.

2.3 Investigation

As part of an investigation into a Covered Person's conduct, the Professional Conduct Program is authorized to contact any person or entity that it believes may be able to provide relevant information, documents, or assistance in an investigation. The Professional Conduct Program may request and obtain information, documents, and assistance from the Covered Person, regulatory authorities, clients, employers, public records, and any other sources that may come to the attention of the Professional Conduct Program. In making a request to a third party, it may be necessary for the Professional Conduct Program to identify the Covered Person and/or allegations under investigation.

2.4 Continuing an Investigation or Proceeding

The Professional Conduct Program may commence and/or continue an investigation or disciplinary proceeding for conduct that occurred while a Covered Person, even if the Member ceased to be a Covered Person for failure to pay dues, file an annual Professional Conduct Statement, or meet other membership requirements.

If a Covered Person resigns his or her CFA charter or membership during the course of an investigation or proceeding and the Professional Conduct Program determines not to continue the investigation or proceeding, a notice of the Covered Person's resignation may be published as provided in the Rules of Procedure. The notice of resignation will include the Covered

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Person's name, country, and a statement that the resignation occurred during the course of a professional conduct investigation or proceeding.

2.5 Closing an Investigation

If at the end of an investigation the Professional Conduct Program determines there is insufficient evidence of a violation, the Covered Person will be notified in writing that the investigation has been closed. The Professional Conduct Program reserves the right to re-open a closed investigation if it receives new or different information or allegations concerning the Covered Person's conduct.

2.6 Statement of Allegations

If the Professional Conduct Program determines that there is sufficient evidence of a violation, the Covered Person will be provided a Statement of Allegations. The purpose of the Statement of Allegations is to inform the Covered Person of the findings of the investigation and to allow the Covered Person an opportunity to respond and present his or her position before the matter is referred to the Designated Officer for determination.

The Statement of Allegations will advise the Covered Person in writing of the general nature of the investigation findings and identify the apparent violations of the Governing Documents. The Covered Person may, but is not required to, provide a written submission bringing any facts, evidence, or mitigating circumstances to the attention of the Professional Conduct Program for consideration in the matter.

If the Covered Person responds to the Statement of Allegations, the written response must be received within the time provided. If timely received, the Covered Person's response will be presented to the Designated Officer for consideration along with the recommendation of the Professional Conduct Program. The written response of a Covered Person may be presented and considered as evidence if the matter results in a Hearing Panel.

RULE 3: DETERMINATIONS: INDUSTRY-RELATED CONDUCT

3.1 Determination of the Designated Officer

At the end of an investigation, the Professional Conduct Program will present findings and a recommendation to the Designated Officer. If the Designated Officer determines there is sufficient evidence that it is more likely than not the Covered Person has committed a violation of the Governing Documents, the Designated Officer will provide the Covered Person with a written determination that will include:

- a) an explanation of the Designated Officer's findings of fact, conclusion as to the violation(s), and recommended sanction(s);
- b) copies of all documents relevant to the determination that were obtained from a source other than the Covered Person, after removing any confidential information; and
- c) a proposed Notice of Disciplinary Action.

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3.2 Determination Recommending a Private Reprimand

A Covered Person who receives a determination by the Designated Officer recommending a Private Reprimand must accept or reject the Designated Officer's findings of fact, conclusion as to the violation(s), and recommended sanction(s) in writing within 30 days of the date of the determination.

If the Covered Person accepts, or fails to reject, the Designated Officer's determination in the time provided, the findings of fact and conclusion as to the violation(s) will be deemed admitted and the recommended sanction(s) will be imposed. The Covered Person also will be deemed to have waived all rights to further review by a Hearing Panel or Appeal Panel.

If the Covered Person rejects the Designated Officer's determination, the Professional Conduct Program may continue the investigation and/or refer the matter to a Hearing Panel.

3.3 Determination Recommending a Censure, Suspension, Revocation, or Prohibition

A Covered Person who receives a determination by the Designated Officer recommending any of the following sanctions:

- a) censure;
- b) suspension of membership;
- c) suspension of the right to use the CFA designation;
- d) revocation of membership;
- e) revocation of the right to use the CFA designation;
- f) suspension from participation in the CFA Program; or
- g) prohibition from participation in the CFA Program

must accept or reject the Designated Officer's findings of fact, conclusion as to the violation(s), and recommended sanction(s) in writing within 30 days of the date of the determination.

If the Covered Person accepts, or fails to reject, the Designated Officer's determination in the time provided, the matter will be referred to a Review Panel. The Review Panel will be selected in the same manner as a Hearing Panel but will meet outside the presence of the Covered Person and the Designated Officer. The Review Panel will be provided copies of the documents set forth in Rule 3.1, as well as the Covered Person's acceptance of the Designated Officer's determination, if applicable. After consideration of the documents, the Review Panel will:

- a) accept the Designated Officer's findings of fact, conclusion as to the violation(s), and recommended sanction(s); or
- b) accept the Designated Officer's findings of fact and conclusion as to the violation(s), but impose a lesser sanction(s); or
- c) reject the Designated Officer's findings of fact, conclusion as to the violation(s), or sanction(s), in which case the Professional Conduct Program may continue the investigation and/or refer the matter to a Hearing Panel.

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If the Covered Person rejects the Designated Officer's determination, the Professional Conduct Program may continue the investigation and/or refer the matter to a Hearing Panel.

RULE 4: HEARING PROCESS: INDUSTRY-RELATED CONDUCT

4.1 Scheduling a Hearing Panel

If a Covered Person or Review Panel rejects the Designated Officer's determination, the matter will be referred to the Hearing Panel Administrator to schedule a hearing. All hearings will be conducted by telephone conference call, unless an in-person hearing is requested in writing within 14 days of submission of the Covered Person's rejection.

Hearings will be held within 120 days of the referral to the Hearing Panel Administrator. The 120 days may be extended by mutual agreement between the Covered Person and Professional Conduct Program. Once a hearing has been scheduled, however, any requests to reschedule the hearing must be submitted in writing to the Hearing Panel Administrator. The Hearing Panel Chair has the sole discretion to grant or deny a request to reschedule a hearing.

The Hearing Panel Administrator will schedule the hearing for a date and time (and location, if applicable) that is mutually agreeable between the Covered Person and the Professional Conduct Program. If the Hearing Panel Administrator is unable to find a date and time that are agreeable to both the Covered Person and the Professional Conduct Program, the Hearing Panel Chair will determine the scheduling (and location, if applicable) for the hearing.

4.2 Selection of Hearing Panelists

The DRC Chair will appoint five voting and one alternate member from the DRC, one of whom will be selected as the Hearing Panel Chair. The alternate will not participate in the Hearing Panel deliberations or vote unless a voting member is unable to participate or is disqualified.

4.3 Notice of Hearing and Challenge Procedures

The Hearing Panel Administrator will provide at least 40 days notice of the hearing to the Covered Person and Professional Conduct Program. The notice of hearing will include the date and time (and location, if applicable), as well as the identities of the Hearing Panelists and an explanation of the process for challenging Hearing Panelists' participation on the Hearing Panel.

The Covered Person and Professional Conduct Program will have 14 days from the date of the notice of hearing to disqualify one panelist's participation on the Hearing Panel without stating a reason.

The Covered Person and Professional Conduct Program may also challenge an unlimited number of Hearing Panelists but must state a reason for a challenge. Hearing Panelists who are challenged for a stated reason will be disqualified from the panel by:

- a) agreement between the Covered Person and Professional Conduct Program,
- b) decision of the Hearing Panel Chair, or

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- c) decision of the DRC Chair, if necessary, because of a challenge to the Hearing Panel Chair.

A disqualified panelist will be replaced by an alternate member. Alternate members will be replaced in the same manner as they were appointed.

4.4 Pre-Hearing Submissions

It is important to the disciplinary process for the Hearing Panel to receive written pre-hearing submissions from both the Designated Officer and the Covered Person. Pre-hearing submissions should state the relevant facts, explain each party's respective position, and include a list of witnesses and copies of all documents to be presented and relied on at the hearing. Witness lists must include the name, contact information, and a brief description of the expected witness testimony. Documents must be legible and presented in an organized manner to facilitate review by the Hearing Panel.

The pre-hearing submission on behalf of the Designated Officer will be provided to the Hearing Panel Administrator and sent to the Covered Person at least 25 days prior to the hearing. The Covered Person's pre-hearing submission must be provided to the Hearing Panel Administrator at least 14 days prior to the hearing. The Hearing Panel Administrator will provide a copy of the Covered Person's pre-hearing submission to the Professional Conduct Program.

The Hearing Panel Administrator will send copies of all pre-hearing submissions to the Hearing Panelists in advance of the hearing. Any witnesses or written documentation not provided in accordance with this rule may be excluded from consideration by the Hearing Panel at its discretion.

4.5 Hearing Procedures

The Hearing Panel Chair will begin the hearing. An audio or stenographic recording will be made of every hearing; however, the Hearing Panel deliberations will not be recorded.

The Hearing Panel Chair will ask each witness, including the Covered Person, to swear or affirm that his or her testimony will be the truth. The Covered Person and the Professional Conduct Program will each have the opportunity to present evidence and testimony, question all witnesses, present arguments, and respond to the evidence, testimony, and arguments presented by the other.

The decision of the Hearing Panel must be based only on the evidence and testimony presented in the pre-hearing submissions and at the hearing. The Hearing Panel is not bound by any rules of evidence, such as those applicable in courts of law, and may exclude any document or testimony that it deems irrelevant.

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At the end of the hearing, the Hearing Panel will deliberate outside the presence of the Covered Person and the Professional Conduct Program to make a determination regarding whether the Covered Person committed a violation(s) and, if so, the appropriate sanction(s), if any.

4.6 Burden of Proof

The Hearing Panel must determine whether, by a preponderance of the evidence, the alleged violation(s) occurred. A preponderance of the evidence means that it is “more likely than not” that the Covered Person committed the alleged violation(s).

4.7 Hearing Panel Decision

The decision of the Hearing Panel will be determined by a majority vote. The decision must be made by at least three Hearing Panelists. The Hearing Panel will determine findings of fact, conclusion as to the violation(s), and the appropriate sanction(s), if any. The Hearing Panel may impose the sanction recommended by the Designated Officer, a lesser or greater sanction, or no sanction. The Hearing Panel may not make findings or reach a conclusion with respect to any violation that was not previously identified and communicated to the Covered Person in the Designated Officer’s determination.

The Hearing Panel Chair will issue a written decision setting forth the Hearing Panel’s findings of fact, conclusion as to the violation(s), and sanction(s), if any. The Hearing Panel Administrator will provide the Hearing Panel decision to the Covered Person and Designated Officer within 30 days after the hearing. The decision of the Hearing Panel will be final unless the sanction imposed is a suspension of membership, suspension of the right to use the CFA designation, revocation of membership, revocation of the right to use the CFA designation, and/or a prohibition from participation in the CFA Program, in which case the Covered Person may request an appeal of the Hearing Panel decision as provided in Rule 5.

4.8 Publication and Disclosure

Notices of Disciplinary Action will be published in a CFA Institute publication(s) and/or posted on the CFA Institute website. Except for Private Reprimands, the Notice of Disciplinary Action:

- a) may include the Covered Person’s name,
- b) will be available to third parties upon request, and
- c) may be shared with the Covered Person’s regulator and member society.

RULE 5: APPEAL PROCESS: INDUSTRY-RELATED CONDUCT

5.1 Covered Person’s Request for Appeal Panel and Written Submission

If the Hearing Panel imposes a suspension of membership, suspension of the right to use the CFA designation, revocation of membership, revocation of the right to use the CFA designation, or a prohibition from participation in the CFA Program, the Covered Person may request an appeal of the Hearing Panel decision. The request must be made in writing to the Hearing Panel Administrator within 30 days of the date of the Hearing Panel decision. Along with the request for appeal, the Covered Person must provide a written submission for the Appeal

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Panel's consideration stating the relevant facts and reasons why the Hearing Panel erred in its findings of fact or conclusion as to the violation(s) and/or why the sanction(s) imposed by the Hearing Panel is unfair. The Hearing Panel Administrator will provide a copy of the Covered Person's written submission to the Professional Conduct Program.

5.2 Burden of Proof

The Appeal Panel must determine that there was an error in the findings of fact or conclusion as to the violation(s) and/or that the sanction(s) imposed was unfair.

5.3 Appeal Panel Submission by the Professional Conduct Program

The Professional Conduct Program may, within 30 days of receipt of the Covered Person's request for an Appeal Panel, submit a written response to the Covered Person's written submission. The Hearing Panel Administrator will provide a copy of the Professional Conduct Program's written submission to the Covered Person.

5.4 Selection of Appeal Panelists

An Appeal Panel will consist of five voting members. The DRC Chair will appoint four voting members from the DRC, one of whom will be selected as the Appeal Panel Chair. The Hearing Panel Administrator will select one voting member and one alternate from the CFA Institute Board. The alternate will not participate in the Appeal Panel's deliberations or vote unless a voting member is unable to participate or is disqualified.

5.5 Notice of Appeal Panel and Challenge Procedures

The Hearing Panel Administrator will provide at least 40 days notice of the Appeal Panel date to the Covered Person and Professional Conduct Program. The notice of Appeal Panel will include the identities of the Appeal Panelists and explain the process for challenging Appeal Panelists' participation on the Appeal Panel.

The Covered Person and Professional Conduct Program will have 14 days from the date of the notice of Appeal Panel to challenge one panelist's participation on the Appeal Panel without stating a reason.

The Covered Person and Professional Conduct Program may also challenge an unlimited number of Appeal Panelists but must state a reason for the challenge. Appeal Panelists who are challenged for a stated reason will be disqualified from the panel by:

- a) agreement between the Covered Person and Professional Conduct Program,
- b) decision of the Appeal Panel Chair, or
- c) decision of the DRC Chair, if necessary, because of a challenge to the Appeal Panel Chair.

A disqualified panelist will be replaced by an alternate member. Alternate members will be replaced in the same manner as they were appointed.

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5.6 Appeal Panel Procedures

The Appeal Panel will meet by telephone conference call outside the presence of the Covered Person and Professional Conduct Program. The Appeal Panel deliberations will not be transcribed or recorded.

The Appeal Panel will be provided with a copy of the hearing transcript, pre-hearing submissions from the Covered Person and Professional Conduct Program, the Hearing Panel decision, and the written submissions to the Appeal Panel by the Professional Conduct Program and Covered Person.

5.7 Appeal Panel Decision

The decision of the Appeal Panel will be determined by a majority vote. The decision must be made by at least three Appeal Panelists. The Appeal Panel Chair will issue a written decision containing the Appeal Panel's findings of fact, conclusion as to the violation(s), and sanction(s), if any. The Hearing Panel decision will be affirmed unless the Appeal Panel determines that the findings of fact and/or conclusion as to the violation(s) were in error and/or the sanction(s) is unfair. The Appeal Panel will not issue any findings of fact or conclusion as to the violation(s) that were not previously identified in the Hearing Panel decision. The Appeal Panel may impose no sanction, the same sanction imposed by the Hearing Panel, a lesser sanction, or a greater sanction.

The Hearing Panel Administrator will provide the Appeal Panel decision to the Covered Person and Designated Officer within 30 days after the hearing. The decision of the Appeal Panel is final.

5.8 Publication and Disclosure

Notices of Disciplinary Action will be published in a CFA Institute publication(s) and/or posted on the CFA Institute website. Except for Private Reprimands, the Notice of Disciplinary Action:

- a) may include the Covered Person's name,
- b) will be available to third parties upon request, and
- c) may be shared with the Covered Person's regulator and member society.

RULE 6: INVESTIGATIONS: EXAM-RELATED CONDUCT

6.1 Beginning an Investigation

Possible violations of the Governing Documents and/or CFA Program Rules and Regulations come to the attention of the Professional Conduct Program through many sources, including witness/proctor reports, complaints, and publicly available information. The Professional Conduct Program may open an investigation of any matter involving, or appearing to involve, the Exam-Related Conduct of a Covered Person regardless of the source of that information.

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6.2 Notice of Investigation

A notice of investigation will be sent to a Covered Person who becomes the subject of an investigation by the Professional Conduct Program. If the allegations are known to the Professional Conduct Program before exam results have been released, the notice of investigation will include a statement that the Covered Person's exam results will not be released pending resolution of the investigation. The notice of investigation will also include a copy of the Rules of Procedure or information as to where the Rules of Procedure can be found on the CFA Institute website.

6.3 Investigation

As part of an investigation into the Covered Person's conduct, the Professional Conduct Program is authorized to contact any person or entity that it believes may be able to provide relevant information, documents, and/or assistance in an investigation. The Professional Conduct Program may request and obtain information and documents from a number of sources, including the Covered Person. In making a request to a third party, it may be necessary to identify the Covered Person and/or allegations under investigation.

6.4 Closing an Investigation

If, at the end of an investigation, the Professional Conduct Program determines there is insufficient evidence of a violation, the Covered Person will be notified in writing that the investigation has been concluded and the Covered Person's exam results will be released. The Professional Conduct Program reserves the right to re-open a closed investigation if it receives new information or allegations concerning the Covered Person's conduct.

RULE 7: STATEMENT OF CHARGES: EXAM-RELATED CONDUCT

7.1 Statement of Charges

If, at the end of an investigation, the Professional Conduct Program determines there is sufficient evidence the Covered Person committed a violation of the Governing Documents and/or CFA Program Rules and Regulations and a disciplinary sanction is warranted, the Professional Conduct Program will provide the Covered Person with a Statement of Charges. The Statement of Charges will include:

- a) an explanation of the Designated Officer's findings of fact, conclusion as to the violation(s), and recommended sanction(s) and
- b) copies of all documents relevant to the Statement of Charges, after removing any confidential information.

If the Professional Conduct Program concludes that a violation occurred, the Statement of Charges will also include a recommendation to void the Covered Person's exam results, if any, for the examination in which the conduct occurred.

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7.2 Covered Person's Response to the Statement of Charges

The Covered Person may accept or reject the Designated Officer's findings of fact, conclusion as to the violation(s), and sanction(s), in writing, within 30 days of the date of the Statement of Charges.

If the Covered Person accepts, or fails to reject, the Designated Officer's Statement of Charges, the findings of fact and conclusion as to the violation(s) will be deemed admitted and the recommended sanction(s) will be imposed and the Covered Person's exam results will be voided for the examination in which the conduct occurred. The Covered Person also will be deemed to have waived all rights to further review by a Hearing Panel, and a Notice of Disciplinary Action will be published in accordance with Rule 8.9.

If the Covered Person rejects the Statement of Charges, the Professional Conduct Program may continue the investigation and/or refer the matter to the Hearing Panel Administrator to schedule a Hearing Panel.

RULE 8: HEARING PROCESS: EXAM-RELATED CONDUCT

8.1 Scheduling a Hearing Panel

A Hearing Panel will be scheduled upon completion of an investigation by the Professional Conduct Program and rejection of a Statement of Charges by a Covered Person. All hearings will be conducted by telephone conference call outside the presence of the Covered Person and Professional Conduct Program. Hearings will be held within 60 days of the referral to the Hearing Panel Administrator.

8.2 Selection of Hearing Panelists

The DRC Chair will appoint five voting members and one alternate member from the DRC, one of whom will be selected as the Hearing Panel Chair. The alternate will not participate in the Hearing Panel's deliberations or vote unless a voting member is unable to participate or is disqualified.

8.3 Notice of Hearing and Challenge Procedures

The Hearing Panel Administrator will provide at least 30 days notice of the hearing date to the Covered Person and Professional Conduct Program. The notice of hearing will include the identities of the Hearing Panelists and explain the process for challenging Hearing Panelists' participation on the Hearing Panel.

The Covered Person and Professional Conduct Program will have 14 days from the date of the notice of hearing to challenge one panelist's participation on the Hearing Panel without stating a reason.

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The Covered Person and Professional Conduct Program may also challenge an unlimited number of Hearing Panelists but must state a reason for the challenge. Hearing Panelists who are challenged for a stated reason will be disqualified from the panel by:

- a) agreement between the Covered Person and Professional Conduct Program,
- b) decision of the Hearing Panel Chair, or
- c) decision of the DRC Chair, if necessary, because of a challenge to the Hearing Panel Chair.

A disqualified panelist will be replaced by an alternate member. Alternate members will be replaced in the same manner as they were appointed.

8.4 Written Submissions to the Hearing Panel

Because the hearing will be conducted without verbal testimony by either the Covered Person or Designated Officer, it is important for both the Designated Officer and Covered Person to provide a written explanation of their positions and provide documents and evidence to the Hearing Panel. A written submission on behalf of the Designated Officer will be provided to the Hearing Panel Administrator and sent to the Covered Person at least 21 days prior to the hearing. The Covered Person's written submission must be provided to the Hearing Panel Administrator at least 14 days prior to the hearing. The Hearing Panel Administrator will provide a copy of the Covered Person's submission to the Professional Conduct Program.

The Hearing Panel Administrator will send copies of all written submissions to the Hearing Panelists in advance of the hearing. Any written documentation not provided in accordance with this rule may be excluded from consideration by the Hearing Panel at its discretion.

8.5 Hearing Procedures

The Hearing Panel is not bound by any rules of evidence, such as those applicable in courts of law, and the Hearing Panel may exclude any document that it deems irrelevant. The Hearing Panel deliberations will not be transcribed or recorded.

8.6 Burden of Proof

The Hearing Panel must determine whether, by a preponderance of the evidence, the alleged violation(s) occurred. A preponderance of the evidence means that it is "more likely than not" that the Covered Person committed the alleged violation(s).

8.7 Hearing Panel Decision

The decision of the Hearing Panel will be determined by a majority vote. The decision must be made by at least three Hearing Panelists. The Hearing Panel Chair will issue a written decision setting forth the Hearing Panel's findings of fact, conclusion as to the violation(s), and sanction(s), if any. The Hearing Panel Administrator will provide the Hearing Panel decision to the Covered Person and Designated Officer within 30 days after the hearing. The decision of the Hearing Panel will be final unless the sanction imposed is a prohibition from participation in the

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CFA Program, in which case the Covered Person may request an appeal of the Hearing Panel decision.

8.8 Voiding of Examination Results

If there is a conclusion that a violation occurred, the Covered Person's exam results, if any, for the examination in which the conduct occurred will be voided.

8.9 Publication and Disclosure

A Notice of Disciplinary Action will be published in a CFA Institute publication(s) and/or posted on the CFA Institute website. The Notice of Disciplinary Action will not include the Covered Person's name or other identifying information and will not be provided to third parties.

RULE 9: APPEAL PROCESS: EXAM-RELATED CONDUCT

9.1 Covered Person's Request for Appeal Panel and Written Submission

If the Hearing Panel imposes a prohibition from participation in the CFA Program, the Covered Person may request an appeal of the Hearing Panel decision. The request must be made in writing to the Hearing Panel Administrator within 30 days of the date of the Hearing Panel decision. Along with the request for appeal, the Covered Person must provide a written submission for the Appeal Panel's consideration stating the relevant facts and reasons why the Hearing Panel erred in its findings of fact or conclusion as to the violation(s) and/or why the sanction(s) imposed by the Hearing Panel is unfair. The Hearing Panel Administrator will provide a copy of the Covered Person's written submission to the Professional Conduct Program.

9.2 Burden of Proof

The Appeal Panel must determine that there was an error in the findings of fact or conclusion as to the violation(s) and/or that the sanction(s) imposed was unfair.

9.3 Appeal Panel Submission by the Professional Conduct Program

The Professional Conduct Program may, within 30 days of receipt of the Covered Person's request for an Appeal Panel, submit a written response to the Covered Person's written submission. The Hearing Panel Administrator will provide a copy of the Professional Conduct Program's written submission to the Covered Person.

9.4 Selection of Appeal Panelists

An Appeal Panel will consist of five voting members and one alternate member from the DRC. The panelists will be appointed by the DRC Chair. The DRC Chair will designate one panelist as the Appeal Panel Chair.

9.5 Notice of Appeal Panel and Challenge Procedures

The Hearing Panel Administrator will provide at least 40 days notice of the Appeal Panel date to the Covered Person and Professional Conduct Program. The notice of Appeal Panel will include

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the identities of the Appeal Panelists and explain the process for challenging Appeal Panelists' participation on the Appeal Panel.

The Covered Person and Professional Conduct Program will have 14 days from the date of the notice of Appeal Panel to challenge one panelist's participation on the Appeal Panel without stating a reason.

The Covered Person and Professional Conduct Program may also challenge an unlimited number of Appeal Panelists but must state a reason for the challenge. Appeal Panelists who are challenged for a stated reason will be disqualified from the panel by:

- a) agreement between the Covered Person and Professional Conduct Program,
- b) decision of the Appeal Panel Chair, or
- c) decision of the DRC Chair, if necessary, because of a challenge to the Appeal Panel Chair.

A disqualified panelist will be replaced by an alternate member. Alternate members will be replaced in the same manner as they were appointed.

9.6 Appeal Panel Procedures

The Appeal Panel will meet by telephone conference call outside the presence of the Covered Person and Professional Conduct Program. The Appeal Panel deliberations will not be transcribed or recorded.

The Appeal Panel will be provided with a copy of the written submissions from the Covered Person and Professional Conduct Program given to the Hearing Panel, the Hearing Panel decision, and the written submissions to the Appeal Panel by the Professional Conduct Program and Covered Person.

9.7 Appeal Panel Decision

The decision of the Appeal Panel will be determined by a majority vote. The decision must be made by at least three Appeal Panelists. The Appeal Panel Chair will issue a written decision containing the Appeal Panel's findings of fact, conclusion as to the violation(s), and sanction(s), if any. The Hearing Panel decision will be affirmed unless the Appeal Panel finds that the findings of fact and/or conclusion as to the violation(s) were in error and/or the sanction(s) is unfair. The Appeal Panel will not issue any findings of fact or conclusion as to the violation(s) that were not previously identified in the Hearing Panel decision. The Appeal Panel may impose no sanction, the same sanction as imposed by the Hearing Panel, or a lesser sanction.

The Hearing Panel Administrator will provide the Appeal Panel decision to the Covered Person and Designated Officer within 30 days after the hearing. The decision of the Appeal Panel is final.

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9.8 Publication and Disclosure

A Notice of Disciplinary Action will be published in a CFA Institute publication(s) and/or posted on the CFA Institute website. The Notice of Disciplinary Action will not include the Covered Person's name or other identifying information and will not be provided to third parties.

RULE 10: SUMMARY SUSPENSION

10.1 Grounds for Summary Suspension

The Designated Officer may impose a summary suspension on a Covered Person if the Covered Person:

- a) is convicted of, pleads guilty to, or consents to the imposition of punishment for a crime that is defined as a felony under the laws of the convicting jurisdiction or, if the laws of the convicting jurisdiction do not define felony, for any crime punishable by more than one year in prison;
- b) is barred permanently, or for an indefinite period of time, from registration under the securities laws or similar laws relating to the investment decision-making process or from association or affiliation with a governmental or judicial agency or by a public or private self-regulatory organization with legal authority over the investment decision-making process; or
- c) fails to cooperate with the Professional Conduct Program in its investigation of the Covered Person's conduct.

10.2 Notice of Summary Suspension

If a summary suspension is imposed, the Professional Conduct Program will provide the Covered Person with a written notice of summary suspension, which will also advise the Covered Person of the right to request a review of the summary suspension by a Summary Suspension Hearing Panel.

10.3 Request for Review of Summary Suspension

If the Covered Person requests a review of the summary suspension, the Covered Person must provide a written request within 30 days of the date of the notice of summary suspension. The Professional Conduct Program will refer the matter to a Summary Suspension Hearing Panel.

10.4 Failure to Request Review of Summary Suspension

If the Covered Person does not request a review of the summary suspension within 30 days of the date of the notice of summary suspension, the summary suspension automatically becomes a revocation and/or prohibition.

10.5 Summary Suspension Hearing Panel

A Summary Suspension Hearing Panel will be formed and conducted as provided in Rule 4, except there will be no in-person hearings and no right to an Appeal Panel. If a Summary Suspension Hearing Panel affirms the summary suspension, the sanction automatically becomes a revocation and/or prohibition.

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10.6 Announcement and Publication of Summary Suspension

The imposition of the summary suspension will be published in a CFA Institute publication(s) and/or posted on the CFA Institute website. The Notice of Disciplinary Action may include the Covered Person's name and may also be provided to third parties, including the Covered Person's regulator and member society.

10.7 Reversal of a Revocation and/or Prohibition Imposed Pursuant to Rule 10.1(a) or (b)

A revocation and/or prohibition imposed as a result of Rule 10.1(a) or (b) may be rescinded by the Designated Officer if the Covered Person provides reliable evidence demonstrating that the underlying criminal conviction or industry bar has been reversed and no longer meets the sanction criteria under Rule 10.1(a) or (b). The Professional Conduct Program, however, may continue any investigation into the conduct.

A notice of the reversal may be published in a CFA Institute publication(s) and/or posted on the CFA Institute website.

10.8 Reversal of a Revocation and/or Prohibition Imposed Pursuant to Rule 10.1(c)

If the Covered Person agrees to cooperate with the Professional Conduct Program's investigation, the Designated Officer may rescind the notice of summary suspension and reverse the revocation and/or prohibition on such conditions as the Professional Conduct Program may impose.

A notice of the reversal may be published in a CFA Institute publication(s) and/or posted on the CFA Institute website.

RULE 11: REINSTATEMENT: INDUSTRY-RELATED CONDUCT

11.1 Reinstatement Following Timed Suspension

A Covered Person who has received a suspension of membership, suspension from participation in the CFA Program, or suspension of the right to use the CFA designation will be reinstated on the expiration of the period of suspension, provided the Covered Person completes and files a Professional Conduct Statement (or its equivalent) with CFA Institute confirming that he or she has not been the subject of any disciplinary action since the suspension became effective and provided the Covered Person pays all applicable membership dues.

11.2 Petition, Investigation, and Review for Reinstatement Following Prohibition or Revocation

A Covered Person who received a prohibition from participation in the CFA Program or revocation of membership and/or the right to use the CFA designation for Industry-Related Conduct may seek reinstatement by submitting a petition for reinstatement to the Professional Conduct Program.

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To be eligible to seek reinstatement, the petitioner must wait at least five years after the effective date of the revocation or prohibition.

On receipt of a petition for reinstatement, the Professional Conduct Program will conduct an investigation as may be necessary. The Professional Conduct Program may require the petitioner to complete and file a Professional Conduct Statement and complete a Standards of Practice examination.

The Professional Conduct Program, on completion of the investigation, will deliver a written recommendation to a Hearing Panel and the petitioner. The petitioner may also submit written information to the Hearing Panel on his or her behalf.

The Hearing Panel will be organized and conducted in accordance with Rule 4, except there will be no in-person hearing. The Reinstatement Review Panel will be provided with a copy of the transcript(s) of any prior Hearing Panel proceedings and a copy of the decision(s) by any prior Hearing, Review, or Appeal Panel. The petitioner must demonstrate to the Hearing Panel's satisfaction his or her professional competence and fitness to practice, which will include sufficient evidence demonstrating rehabilitation and full compliance with all disciplinary orders. If the petition for reinstatement is denied, the Hearing Panel may mandate that the Professional Conduct Program not accept any further petitions for reinstatement either permanently or for a period of time or on the satisfaction of any condition it may impose.

11.3 Announcement and Publication of Reinstatement

If a petition for reinstatement is granted pursuant to Rule 11.2, a notice of the reinstatement may be published in a CFA Institute publication(s) and/or posted on the CFA Institute website.

RULE 12: GENERAL PROVISIONS

12.1 Delivery and Receipt of Documents

Correspondence and/or documents are considered to be received by the Covered Person when sent to:

- a) the last known preferred mailing and/or e-mail address for the Covered Person shown in CFA Institute records or
- b) the last known business and/or e-mail address of a Covered Person's attorney or other legal representative who has been previously identified in writing by the Covered Person.

The Covered Person is responsible for keeping CFA Institute advised of current preferred mailing and e-mail addresses.

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12.2 Conflicts

Hearing, Review, and Appeal Panelists should not participate in any proceeding in which they have a Conflict of Interest. If a conflict exists, the panelist should withdraw from the proceeding immediately.

The Designated Officer should withdraw from any investigation or proceeding in which he or she has a Conflict of Interest. If the CFA Institute Chair determines there is a Conflict of Interest, the CFA Institute Chair will appoint a CFA charterholder who is not a current member of the DRC to assume the Designated Officer's role.

12.3 Costs

The Covered Person and CFA Institute assume their own costs for legal representation, translation, interpretation, travel, witness expenses, and other costs associated with an investigation and/or participating in any hearings. The cost of the audio or stenographic recording of any investigation or hearing will be paid by CFA Institute.

12.4 Confidentiality

CFA Institute believes that Covered Persons are presumed innocent of any violation(s) unless and until it is proved otherwise. CFA Institute understands that all investigations and Disciplinary Proceedings are sensitive in nature and, therefore, shall exercise reasonable care to ensure the pendency, subject matter, status, and records of investigations and Disciplinary Proceedings conducted according to these Rules remain confidential. Exceptions to confidentiality may only be made:

- a) as required by law;
- b) as necessary to conduct an investigation or Disciplinary Proceeding;
- c) as necessary to publish Notices of Disciplinary Action that may be made available to third parties upon request and may be shared with a Covered Person's regulator and member society as set forth in these Rules; or
- d) if the Covered Person has agreed to a waiver of confidentiality.