

RULES OF PROCEDURE: NOTABLE CHANGE PROPOSALS

Below is a summary of the more significant revisions proposed in the Rules of Procedure. It is not an exhaustive list of all edits. Overall, the changes serve to protect the reputation of the organization, its members, the CFA charter, and the CFA exam that leads to award of the CFA charter; and further enhance the effectiveness and efficiency of the disciplinary process to ensure fair process and sustainability.

Proposed Revisions to the Profession-Related Rules

- Rule 1.1: *Adds a new provision* reaffirming the DRC's commitment to conducting all disciplinary hearings in a manner that is fair and that all participants will be given a reasonable opportunity to present their case. The DRC, in exercising its discretion, will conduct the proceedings so as to avoid unnecessary delay and expense.
- Rule 1.3: *Adds a new provision* clarifying that members and candidates who have information relevant to a pending investigation or proceeding involving *another member or candidate* are expected to follow the relevant procedural rules; provide documents, information, and testimony when requested by Professional Conduct; and cooperate with their investigations and keep current their contact information.
- Rule 1.3: *Adds a new provision* requiring that a member or candidate who is under investigation, when requested, will prepare a letter authorizing third parties (*e.g.*, former employers, former clients, regulators) to provide necessary documents, information, and testimony to Professional Conduct. This addition provides greater clarity as to the cooperation that is expected.
- Rule 2.4: *Modifies* the language so that a member who is or was a CFA charterholder, and who is under investigation or involved in a disciplinary proceeding at the time, may not resign unless they agree in writing that they will not misuse the CFA designation or otherwise misrepresent that they are a charterholder or member in good standing. As provided in the current rules, such a resignation is considered permanent and a Notice of the resignation may be published on the website.
- Rule 2.8: *Modifies* the language so that a member or candidate must now submit a written Answer in response to the Statement of Charges and specifically admit or deny each of the alleged findings and conclusions and accept or reject Professional Conduct's recommended sanction. This change will increase efficiency by helping to identify the contested issues that still must be decided by the hearing panel.
- Rule 2.9: *Adds a new provision* providing an opportunity for Professional Conduct and a member or a candidate (involved in a profession-related case) to resolve a matter with a written settlement agreement that includes findings of facts, a conclusion as to violations, and an agreed upon sanction. Settlements in which the sanction is to be made public (*i.e.*, a Censure, Suspension, Revocation, or Prohibition) will go to a Review Panel. If the Review Panel determines the settlement is reasonable (Rule 3.1), it is final. If the settlement is rejected, Professional Conduct may continue the investigation or refer the matter for a contested hearing. This change will improve the efficiency and timeliness of the disciplinary process.

- Rule 4.1: *Modifies* the language to state that a Hearing Panel may reschedule or resume a Disciplinary Proceeding if a member or candidate demonstrates that their failure to participate was unanticipated and for reasons beyond their control.
- Rule 4.1: *Modifies* the language to provide that in-person hearing panels will only be conducted at a CFA Institute office or such other location designated by CFA Institute. This change will help in managing and mitigating the considerable costs associated with holding in-person proceedings at diverse locations around the world.
- Rule 4.4: *Adds a new provision* giving Professional Conduct discretion to submit a reply (or supplemental response) to a member's or candidate's pre-hearing submission. This change allows Professional Conduct to address new issues raised in the submission and submit additional exhibits, if necessary. This change will ensure that the hearing panel receives all relevant information and evidence they may need to reach a fully informed and correct disciplinary outcome.
- Rule 6.5: *Modifies* the language to clarify that a member or candidate who has received a Summary Suspension (*e.g.*, because of a serious crime, regulatory bar, or refusal to cooperate) has the burden to prove at a hearing by a preponderance of the evidence that there is or was no reasonable basis for Professional Conduct to impose the Summary Suspension in question. If the hearing panel finds there is or was a reasonable basis for imposing the suspension under the rules, the sanction will be affirmed.

Proposed Revisions to the Exam-Related Rules

- Rules 1.5 and 6.1: *Adds a new provision* that states that sanctions may be imposed for engaging in conduct that presents a serious or grave threat of bodily harm or is prolonged or abusive conduct towards CFA Institute staff members, testing personnel and/or DRC members. This is tied to the Summary Suspension Rule (Rule 6), so that PC may impose a summary suspension on a candidate for such conduct.
- Rule 1.7: *Adds a new provision* that provides an exception to the confidentiality policy by allowing PC to advise a Society if the sanction imposed on a candidate includes a suspension or revocation of membership.
- Rule 4.1: *Adds a new provision* stating that, in related matters, candidates and/or PC may request to have more than one person's case determined in a single Disciplinary Proceeding. Such requests must be submitted in writing to the DRC Chair. If the candidates and Professional Conduct do not agree on a single proceeding, the DRC Chair, or their designee, will determine whether to proceed with a single hearing or multiple hearings. This provision already appears in the Profession rules.
- Rule 4.2: *Modifies* the language to state the DRC Chair *may* appoint an alternate to Hearing Panels. This provides more flexibility in scheduling and hearing panel composition.

- Rule 4.4: *Adds a new provision* giving Professional Conduct discretion to supplement its written submission to the hearing panel so long as it is provided to the candidate and Hearing Panel Administrator at least 10 days before the hearing. This change allows Professional Conduct to address new issues raised in the candidate's submission and submit additional exhibits, if necessary. This change will ensure that the hearing panel receives all relevant information and evidence they may need to reach a fully informed and correct disciplinary outcome.
- Rule 5.1: *Removes* the ability to appoint former DRC members to Reinstatement Panels. This was originally added in the 2017 Rules out of concern that there would be a significant number of Petitions for Reinstatement; however, there have been relatively few.