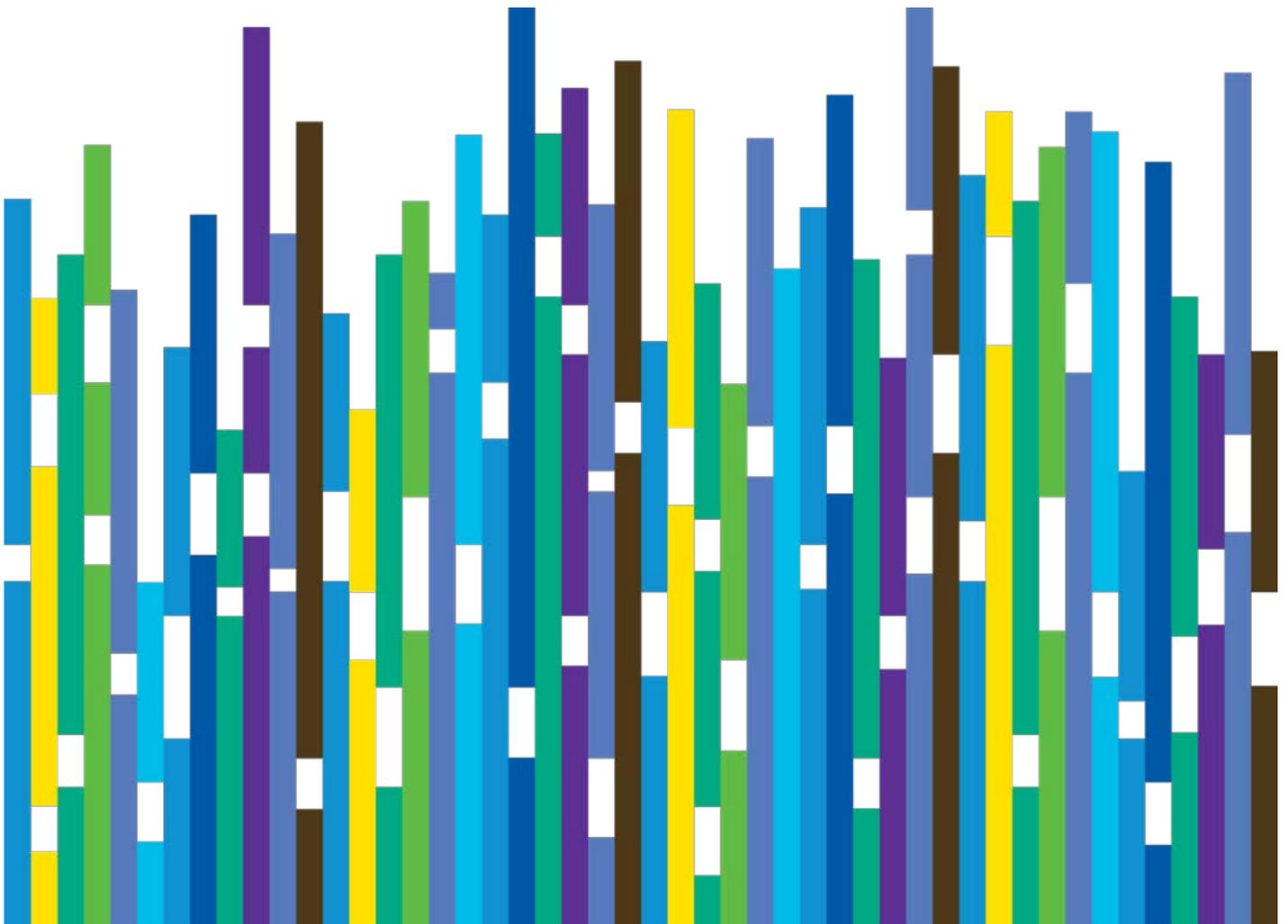


RULES OF PROCEDURE: MATTERS RELATED TO PROFESSIONAL CONDUCT

As Amended and Restated

Effective 1 December 2017



RULES OF PROCEDURE: MATTERS RELATED TO PROFESSIONAL CONDUCT

TERMS OF REFERENCE

Appeal Panel: A panel comprised of DRC members and a current or former CFA Institute Board member who evaluate, at the request of a Covered Person and pursuant to Rule 5, the findings of fact, conclusion as to violation(s), and sanction(s) imposed by a Hearing Panel.

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.

CFA Institute Board: The CFA Institute Board of Governors.

CFA Institute Exam Program: The CFA and/or CIPM exam programs.

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 Charterholder, Regular, or Affiliate Member; Candidate or Postponed Candidate (as those terms are defined in the CFA Institute Bylaws); individual that has passed the Level III CFA exam but not been awarded the CFA charter (and appears to be misusing the CFA designation); individual that has allowed his or her membership to lapse or has had his or her membership suspended through the disciplinary process (and appears to be misusing the CFA designation); or individual that seeks to reactivate a membership that has been lapsed.

Disciplinary Proceeding: A Hearing Panel, Appeal Panel, Review Panel, Summary Suspension Panel, or Reinstatement Panel proceeding.

Disciplinary Review Committee (DRC): The volunteer committee of CFA Institute members established by the CFA Institute Board to enforce the Governing Documents and the CFA Institute Exam Rules and Policies as they pertain to Covered Persons.

DRC Chair: A member of the Disciplinary Review Committee approved by the CFA Institute Board to lead the DRC.

Governing Documents: Documents that govern the conduct of Covered Persons, including the Bylaws, Code and Standards, and Rules of Procedure.

Hearing Panel: A panel composed of DRC members convened when the Statement of Charges has been rejected by either the Covered Person or a Review Panel.

Hearing Panel Administrator: The administrative and scheduling intermediary among Professional Conduct, the Covered Person, and any Panel and/or the DRC Chair.

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

Profession-Related Conduct: Any activity or conduct governed by the Code and Standards and other Governing Documents, except for conduct relating to participation in a CFA Institute Exam Program, as determined by Professional Conduct. (See Rules of Procedure: Exam-Related Conduct)

Professional Conduct: The CFA Institute Professional Conduct Program staff, including their representatives and designees, whose duties include, but are not limited to, investigating professional conduct matters, recommending disciplinary sanctions, and participating in Disciplinary Proceedings.

Reinstatement Panel: A panel of DRC members who conduct a hearing to evaluate and make a decision regarding a petition for reinstatement.

Review Panel: A panel of DRC members who conduct a hearing to evaluate the conclusion as to violation(s) and recommended sanction(s) when the Covered Person has accepted, or has failed to reject, a Statement of Charges.

Statement of Allegations: The document provided by Professional Conduct to the Covered Person that notifies the individual of the preliminary findings of the investigation and conclusion as to the apparent violation(s) of the Governing Documents. The Statement of Allegations provides the Covered Person an opportunity to submit additional documents, information, and explanations before Professional Conduct determines whether to issue a Statement of Charges.

Statement of Charges: The document that notifies the Covered Person of Professional Conduct's findings of fact, conclusion as to violation(s), and recommended sanction(s). The Statement of Charges must be accepted or rejected by the Covered Person in the time provided.

Summary Suspension Hearing Panel: A panel of DRC members who conduct a hearing to determine whether a summary suspension is appropriate when a Covered Person has submitted a request for review of a notice of summary suspension issued by Professional Conduct.

Contents

TERMS OF REFERENCE	2
RULE 1: INTRODUCTION	6
Rule 1.1 Roles and Authority of the Disciplinary Review Committee	6
Rule 1.2 Roles and Authority of Professional Conduct	6
Rule 1.3 Rights and Responsibilities of a Covered Person	6
Rule 1.4 Delivery and Receipt of Documents	7
Rule 1.5 Grounds for Sanctions	7
Rule 1.6 Sanctions	7
Rule 1.7 Publication, Disclosure, and Confidentiality	8
RULE 2: INVESTIGATIONS	8
Rule 2.1 Beginning an Investigation	8
Rule 2.2 Notice of Investigation	9
Rule 2.3 Investigation	9
Rule 2.4 Continuing an Investigation or Proceeding	9
Rule 2.5 Closing an Investigation	9
Rule 2.6 Statement of Allegations	9
Rule 2.7 Statement of Charges	10
Rule 2.8 Covered Person’s Response to the Statement of Charges	10
RULE 3: REVIEW PANELS	10
Rule 3.1 Review Panel Procedures	10
Rule 3.2 Review Panel Standard of Review and Decision	11
RULE 4: HEARING PROCESS	11
Rule 4.1 Scheduling a Hearing Panel	11
Rule 4.2 Selection of Hearing Panelists	12
Rule 4.3 Notice of Hearing and Challenge Procedures	12
Rule 4.4 Pre-Hearing Submissions	12
Rule 4.5 Hearing Procedures	12
Rule 4.6 Burden of Proof	13
Rule 4.7 Hearing Panel Decision	13
RULE 5: APPEAL PROCESS	13
Rule 5.1 Covered Person’s Request for Appeal	13
Rule 5.2 Professional Conduct’s Response to Appeal	14
Rule 5.3 Standard of Review	14
Rule 5.4 Selection of Appeal Panelists	14
Rule 5.5 Notice of Appeal Panel and Challenge Procedures	14

Rule 5.6 Appeal Panel Procedures	14
Rule 5.7 Appeal Panel Decision	15
RULE 6: SUMMARY SUSPENSIONS	15
Rule 6.1 Grounds for Summary Suspension	15
Rule 6.2 Notice of Summary Suspension	15
Rule 6.3 Request for Review of Summary Suspension	15
Rule 6.4 Failure to Request Review of Summary Suspension.....	15
Rule 6.5 Summary Suspension Hearing Panel	16
Rule 6.6 Reversal of a Revocation and/or Prohibition Imposed Pursuant to Rule 6.1(a) or (b).....	16
Rule 6.7 Reversal of a Revocation and/or Prohibition Imposed Pursuant to Rule 6.1(c)	16
RULE 7: REINSTATEMENT PANELS.....	16
Rule 7.1 Reinstatement Following Timed Suspension.....	16
Rule 7.2 Petition, Investigation, and Review for Reinstatement Following Prohibition or Revocation..	16
Rule 7.3 Announcement and Publication of Reinstatement	17

RULE 1: INTRODUCTION

The Bylaws of CFA Institute and these Rules of Procedure form the basic structure for enforcing compliance with the Governing Documents. CFA Institute believes that Covered Persons are presumed to be in compliance with the Governing Documents unless and until proved otherwise, and is committed to providing a fair, efficient, and effective disciplinary process. Throughout the disciplinary process, CFA Institute staff, Covered Persons and their representatives, and members of the Disciplinary Review Committee and Board of Governors must follow these Rules of Procedure.

Rule 1.1 Roles and Authority of the Disciplinary Review Committee

The DRC is a volunteer committee of CFA Institute members established by the CFA Institute Board through the Bylaws. The DRC enforces the Governing Documents through participation as panelists in Disciplinary Proceedings. Panelists will not participate in any proceeding in which they have a Conflict of Interest. If a conflict exists, the panelist will withdraw from any proceeding immediately. In the unlikely event that all members of the DRC are conflicted and unable to serve as panelists in a Disciplinary Proceeding, substitute panelists will be drawn from current or former members of the CFA Institute Board.

Rule 1.2 Roles and Authority of Professional Conduct

Professional Conduct is authorized to investigate any matter involving, or appearing to involve, a violation of the Governing Documents by a Covered Person and is authorized to contact any person or entity that it believes may be able to provide relevant information, documents, or assistance in an investigation or Disciplinary Proceeding.

Professional Conduct investigates to determine whether it is more likely than not that the Covered Person has violated the Governing Documents and, if so, issues a Statement of Allegations and/or Statement of Charges. In addition, Professional Conduct presents its findings of fact, conclusion as to violations, and recommended sanction in Disciplinary Proceedings.

Professional Conduct may appoint individuals to act on its behalf and to assist in performing the functions related to investigations and any resulting Disciplinary Proceedings.

Staff members of Professional Conduct, and those individuals acting on its behalf, will withdraw from any investigation or Disciplinary Proceeding in which they have a Conflict of Interest. If the entire Professional Conduct staff has a Conflict of Interest, the Chair of the Audit and Risk Committee of the CFA Institute Board will appoint individuals to act on behalf of Professional Conduct and to assist in or perform the functions related to investigations and any resulting Disciplinary Proceedings.

Rule 1.3 Rights and 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 orally and in writing, as requested by Professional Conduct;
- d) cooperate fully in the investigation or Disciplinary Proceeding; and
- e) keep Professional Conduct advised of current mailing and email addresses;

and 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 oral testimony;
- d) call and present oral testimony by witnesses; and
- e) question any testifying witnesses presented by Professional Conduct.

The Covered Person assumes his or her own costs for producing documents and information, legal representation, translations, interpretation, travel, witness expenses, and other expenses associated with an investigation and/or participation in a Disciplinary Proceeding.

Rule 1.4 Delivery and Receipt of Documents

Professional Conduct may provide notices and documents relating to an investigation or Disciplinary Proceeding to the Covered Person's mailing address and/or email address as shown in CFA Institute records. Correspondence and/or documents are considered received by the Covered Person when sent to

- a) the mailing and/or email address for the Covered Person shown in CFA Institute records; or
- b) the business mailing and/or email address of the Covered Person's attorney or other representative who has been previously identified to Professional Conduct, in writing, by the Covered Person.

All references to the timing of delivery and receipt of documents within these Rules are calculated based on calendar days.

Rule 1.5 Grounds for Sanctions

Disciplinary sanctions may be imposed on a Covered Person for

- a) any violation of the Governing Documents;
- b) a conviction or guilty plea, as further described in Rule 6.1;
- c) a permanent or indefinite bar or suspension, or a suspension of two or more years, as further described in Rule 6.1;
- d) falsification of information on enrollment, registration, or membership application or reactivation forms; and/or
- e) failure to cooperate fully in a Professional Conduct investigation or Disciplinary Proceeding or misusing the CFA designation while membership is lapsed.

The type of sanction imposed will take into account the Covered Person's present status with CFA Institute. So, for example, if a person commits a violation while he or she is a Candidate, but while an investigation or Disciplinary Proceeding is pending he or she becomes a CFA charterholder, the sanction imposed will be that applicable to a charterholder member (e.g., a revocation or suspension of membership and of the right to use the CFA designation).

Rule 1.6 Sanctions

Possible disciplinary sanctions include the following:

- a) **Private Reprimand.** An admonishment in writing for which publication and disclosure excludes the Covered Person's name and other identifying information, and will not be disclosed to other persons or entities upon request.
- b) **Censure.** An admonishment in writing for which publication and disclosure will include the Covered Person's name and identifying information, and will be disclosed to other persons or entities upon request.

- c) **Suspension of Membership.** Termination of a Covered Person's memberships, or opportunity for memberships, in CFA Institute and any member societies for a specified period.
- d) **Suspension of the Right to Use the CFA Designation.** Termination of a Covered Person's right to use the CFA designation for a specified period.
- e) **Revocation of Membership.** Permanent or indefinite termination of a Covered Person's memberships, or opportunity for memberships, in CFA Institute and any member societies.
- f) **Revocation of the Right to Use the CFA Designation.** Permanent or indefinite termination of a Covered Person's right to use the CFA designation.
- g) **Summary Suspension.** Automatic termination of a Covered Person's memberships, or opportunity for memberships, in CFA Institute and any member societies, as well as the right to use the CFA designation or participate in a CFA Institute Exam Program.
- h) **Suspension from Participation in CFA Institute Exam Programs.** Termination of a Covered Person's participation in the CFA and/or CIPM exam programs for a specified period.
- i) **Prohibition from Participation in CFA Institute Exam Programs.** Permanent or indefinite termination of a Covered Person's participation in the CFA and/or CIPM exam programs.

As part of any public sanction identified above, Covered Persons may also be required by a Hearing Panel to meet other conditions for membership that may be proposed by Professional Conduct, such as: the successful completion of a specific ethics course and/or examination; and providing proof of payment of any related monetary awards, claims, fines, costs, disgorgement, or restitution ordered by a regulator, arbitration panel, government agency, or court of law. If the Covered Person fails to satisfy any such condition(s), he or she will not be allowed to reactivate or continue membership in CFA Institute or any member societies and/or participate in the CFA Institute Exam Programs.

Rule 1.7 Publication, Disclosure, and Confidentiality

CFA Institute understands that all investigations and Disciplinary Proceedings are sensitive in nature and, therefore, will exercise reasonable care to ensure that the pendency, subject matter, status, and records of investigations and Disciplinary Proceedings conducted according to these Rules remain confidential.

Exceptions may be made

- a) as required by law;
- b) as necessary to conduct an investigation or Disciplinary Proceeding;
- c) to disclose the Covered Person's name, location, conduct, violations, and sanctions in CFA Institute publications, websites, and news releases; to persons or entities upon request; and/or to member societies *unless* the sanction imposed is a Private Reprimand;
- d) if the Covered Person has agreed to a waiver of confidentiality;
- e) to a regulatory organization, governmental entity, or court with jurisdiction over the Covered Person's conduct. In such a case, the regulator, agency, or court may make whatever use of that information it deems appropriate.

RULE 2: INVESTIGATIONS

Rule 2.1 Beginning an Investigation

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

Rule 2.2 Notice of Investigation

A notice of investigation will be sent to a Covered Person who becomes the subject of an investigation by Professional Conduct. The notice of investigation will include information as to where the Rules of Procedure can be found.

Rule 2.3 Investigation

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

Rule 2.4 Continuing an Investigation or Proceeding

Professional Conduct may commence and/or continue an investigation or Disciplinary Proceeding for conduct that occurred while an individual was a Covered Person, even if the individual's membership has since lapsed. Similarly, if an individual whose membership has lapsed later seeks to reactivate his or her membership, Professional Conduct may commence and/or continue an investigation and bring a Disciplinary Proceeding for any conduct that occurred while the person's membership was lapsed, regardless of whether they were also misusing the CFA designation.

If a Covered Person proposes to permanently resign his or her CFA membership, and/or permanently withdraw from further participation in the CFA Institute Exam Programs during an investigation or Disciplinary Proceeding under these Rules of Procedure, and Professional Conduct determines to accept the resignation or withdrawal and not continue the investigation or proceeding, a notice of the Covered Person's resignation and/or withdrawal may be published as provided in Rule 1.7. The notice may include the Covered Person's name, location, a statement that the resignation or withdrawal occurred during a professional conduct investigation or Disciplinary Proceeding, and a brief description of the conduct that was the subject of the investigation or proceeding.

Rule 2.5 Closing an Investigation

If, at the end of an investigation, Professional Conduct determines there is no evidence or insufficient evidence of a violation, the Covered Person will be notified in writing that the investigation has been closed. Professional Conduct may re-open a closed investigation if it receives new or different information or allegations concerning the Covered Person's conduct.

Rule 2.6 Statement of Allegations

If Professional Conduct believes there is sufficient evidence of a violation of the Governing Documents, Professional Conduct may, at its discretion, provide the Covered Person with a Statement of Allegations. The purpose of the Statement of Allegations is to inform the Covered Person of the preliminary findings of the investigation and to allow the Covered Person a final opportunity to respond and present his or her position before Professional Conduct determines whether to proceed with a Statement of Charges.

The Statement of Allegations provides the Covered Person with Professional Conduct's preliminary findings of fact and conclusion as to the apparent violation(s) of the Governing Documents. The Covered Person may, but is not required to, provide a written response that presents any additional facts, evidence, explanations, or mitigating facts or circumstances to Professional Conduct for further consideration. Responses to the Statement of Allegations must be received within the time provided by Professional Conduct to receive consideration.

If the Covered Person provides a response to the Statement of Allegations in the time provided, Professional Conduct will consider the submission and may continue the investigation, close the investigation, or proceed to issue a Statement of Charges. The written response of a Covered Person also may be presented and considered as evidence if the matter results in a Disciplinary Proceeding. If the Covered Person does not respond to the Statement of Allegations within the time provided, Professional Conduct may continue the investigation, close the investigation, or proceed with a Statement of Charges.

Rule 2.7 Statement of Charges

If Professional Conduct determines, upon consideration of the evidence and, if applicable, the Covered Person's response to the Statement of Allegations, that it is more likely than not that the Covered Person committed a violation of the Governing Documents and a disciplinary sanction is warranted, Professional Conduct will provide the Covered Person with a Statement of Charges.

The Statement of Charges will notify the Covered Person of Professional Conduct's findings of fact, conclusion as to violation(s), and recommended sanction(s). Professional Conduct also will provide copies of all non-public documents it considered relevant to its findings of fact and conclusion as to violation(s) that were obtained from third-parties (*i.e.*, sources other than the Covered Person or his or her representatives), after removing any confidential information.

Rule 2.8 Covered Person's Response to the Statement of Charges

The Covered Person must accept or reject the Statement of Charges, in writing, within 21 days of the date of the Statement of Charges.

If the Covered Person accepts, or fails to reject, the Statement of Charges within the time provided, the findings of fact, conclusion as to violation(s), and recommended sanction(s) in the Statement of Charges will be deemed accepted by the Covered Person and Professional Conduct will refer the matter to a Review Panel.

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

RULE 3: REVIEW PANELS

Rule 3.1 Review Panel Procedures

If the Covered Person accepts the Statement of Charges, or fails to reject the Statement of Charges within the time provided, and the recommended sanction is a Censure, Suspension, Revocation, or Prohibition, the findings of fact, conclusion as to violation(s), and recommended sanction(s) will be deemed accepted by the Covered Person and Professional Conduct will refer the matter to a Review Panel.

The Review Panel will be selected in the same manner as a Hearing Panel (see Rule 4.2), but will meet outside the presence of the Covered Person and Professional Conduct. The Review Panel will be provided with the Statement of Charges as well as the Covered Person's response, if applicable. Professional Conduct may submit additional documents and information to the Review Panel with the Covered Person's consent or waiver.

If the Covered Person accepts the Statement of Charges, or fails to reject the Statement of Charges within the time provided, and the recommended sanction is a Private Reprimand, the findings of fact, conclusion as to violation(s), and recommended sanction will be deemed accepted by the Covered Person and the matter will be considered final without the need of a Review Panel.

Rule 3.2 Review Panel Standard of Review and Decision

After considering the documents presented, and the Covered Person's acceptance of the proposed outcome, the Review Panel will determine, based on the accepted findings of fact, whether the conclusion as to violation(s) and the recommended sanction(s) in the Statement of Charges are reasonable.

If the Review Panel finds the conclusion as to violation(s) and the recommended sanction(s) reasonable, they will be accepted. The Review Panel may accept the conclusion as to violation(s) and impose a lesser sanction; however, they may not impose a more severe sanction.

If the Review Panel does not find the conclusion as to violation(s) and/or the recommended sanction(s) reasonable, the Review Panel will reject the Statement of Charges. If the Review Panel rejects the Statement of Charges, Professional Conduct may continue the investigation and/or refer the matter to a Hearing Panel.

RULE 4: HEARING PROCESS

Rule 4.1 Scheduling a Hearing Panel

If a Covered Person (or Review Panel) rejects the Statement of Charges, the matter will be referred to a Hearing Panel. Hearings will be conducted by telephone conference call, video conference (if practical), or through written submissions. If the recommended sanction is a Suspension, Revocation, or Prohibition, the Covered Person may request an in-person hearing. However, only those Covered Persons that have earned the CFA, FSIP, ASIP, and/or CIPM professional designations are eligible for an in-person hearing. Any requests for an in-person hearing must be received by the Hearing Panel Administrator, in writing, at the time of the Covered Person's rejection of the Statement of Charges (or within 7 days of notification of the Review Panel's rejection of the Statement of Charges).

A Hearing Panel will be scheduled for a date and time that are agreeable to both the Covered Person and Professional Conduct. If an agreement cannot be reached, the date and time for the Hearing Panel will be determined by the DRC Chair, or his or her designee. If there has been a request for an in-person hearing, it will be conducted at a location that is agreeable to both Professional Conduct and the Covered Person. If such an agreement cannot be reached, the location for the Hearing Panel will be determined by the DRC Chair, or his or her designee. Once a hearing has been scheduled, any requests to reschedule must be submitted in writing to the Hearing Panel Administrator. The DRC Chair, or his or her designee, has the sole discretion to grant or deny any request to reschedule a hearing.

In related matters, Covered Persons and/or Professional Conduct may request to have more than one Covered Person's case determined in a single Disciplinary Proceeding. Such requests must be submitted in writing to the DRC Chair. If the Covered Persons and Professional Conduct do not agree on a single proceeding, the DRC Chair, or his or her designee, will determine whether to proceed with a single or multiple hearings.

If a Covered Person requests a hearing but subsequently fails to cooperate in the scheduling of that proceeding, the original request will be considered withdrawn or abandoned, the findings of fact and conclusion as to violation(s) will be deemed accepted, the recommended sanction(s) will be imposed, and the Covered Person will have waived all rights to further review.

If a Covered Person requests a Hearing Panel, but subsequently fails to participate in that proceeding, the Hearing Panel may consider the original request withdrawn or abandoned, or the panel may, at its discretion, proceed with the hearing and make its determination without the Covered Person's participation.

Rule 4.2 Selection of Hearing Panelists

The DRC Chair, or his or her designee, will appoint three to five voting members and one alternate from the DRC, one of whom will be selected as the Hearing Panel Chair. Alternates appointed for in-person hearings will not travel to, or participate in, the proceeding unless it is determined at least 7 days prior to the hearing that a voting member is unable to participate or is disqualified. For Hearing Panels held by telephone conference call, video conference, or on written submissions, the alternate will attend the Hearing Panel, but will not participate in the Hearing Panel deliberations or vote unless a voting member is unable to participate or is disqualified.

Rule 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. 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 will each have 7 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 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

- a) by agreement between the Covered Person and Professional Conduct;
- b) absent an agreement, by decision of the Hearing Panel Chair; or
- c) by decision of the DRC Chair, or his or her designee, if necessary, because of a challenge to the Hearing Panel Chair.

A disqualified panelist may be replaced in the same manner as panelists were appointed.

Rule 4.4 Pre-Hearing Submissions

It is important to the disciplinary process for the Hearing Panel to receive written pre-hearing submissions from both Professional Conduct and the Covered Person. Pre-hearing submissions should state the relevant facts, explain each party's respective position, and include a list of proposed witnesses and a copy of all supporting documents referenced in the submission or 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.

All submitted documents must be legible and presented in an organized manner to facilitate consideration by the Hearing Panel.

Professional Conduct's pre-hearing submission will be provided to the Covered Person at least 25 days prior to the hearing. The Covered Person must provide his or her pre-hearing submission to Professional Conduct and the Hearing Panel Administrator at least 14 days prior to the hearing.

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

Rule 4.5 Hearing Procedures

All Hearing Panels will be conducted in English. Each witness, including the Covered Person, will be asked to swear or affirm that his or her testimony will be truthful.

The Covered Person and Professional Conduct 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. Panel members may also question witnesses during the proceeding.

An audio or stenographic recording or transcript will be made of every hearing conducted under Rule 4, the costs of which will be paid by CFA Institute. Hearing Panel deliberations will not be recorded. A copy of the recording or transcript will be made available to the Covered Person on request.

The Hearing Panel is not bound by any rules of evidence, such as those applicable in courts of law, and may upon request, or at its own discretion, exclude or disregard any documents or oral testimony that it deems unreliable, repetitive, or irrelevant to the proceeding.

At the end of the hearing, the Hearing Panel will deliberate outside the presence of the Covered Person and Professional Conduct to decide whether the Covered Person committed the alleged violation(s) and, if so, what the appropriate sanction(s) should be, if any.

If the Covered Person has requested to have a hearing on written submissions only, the hearing will be conducted outside the presence of the Covered Person and Professional Conduct, and will not be transcribed or recorded.

Rule 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).

Rule 4.7 Hearing Panel Decision

The decision of the Hearing Panel must be based solely on the evidence and testimony presented in the pre-hearing submissions and at the hearing, and relate only to the allegations identified and communicated to the Covered Person in the Statement of Charges.

The decision must be made by at least three Hearing Panelists. The decision of the Hearing Panel will be determined by a simple majority vote. The Hearing Panel will determine findings of fact, make a conclusion as to violation(s), and if appropriate, impose a sanction(s). The Hearing Panel may impose the sanction recommended by Professional Conduct, a lesser or greater sanction, or no sanction.

The Hearing Panel Chair will issue a written decision setting forth the Hearing Panel’s findings of fact, conclusion as to violation(s), and sanction(s), if any. The Hearing Panel decision will be sent to the Covered Person and Professional Conduct within 35 days following the conclusion of 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 a CFA Institute Exam Program, in which case the Covered Person may request an appeal of the Hearing Panel decision as provided in Rule 5.

RULE 5: APPEAL PROCESS

Rule 5.1 Covered Person’s Request for Appeal

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 a CFA Institute Exam Program, the Covered Person may request an

appeal of the Hearing Panel's decision. The request must be made in writing to the Hearing Panel Administrator and Professional Conduct within 28 days of the date of the Hearing Panel decision letter.

Along with the request for appeal, the Covered Person must simultaneously 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 violation(s) and/or why the sanction(s) imposed is unfair.

Rule 5.2 Professional Conduct's Response to Appeal

Professional Conduct may, within 28 days of receipt of the Covered Person's request for an Appeal Panel, submit a written response. A copy of Professional Conduct's written submission will be provided to the Covered Person and the Hearing Panel Administrator.

Any requests by the parties for additional time to make their submissions on appeal will be decided by the DRC Chair, or his or her designee, unless the parties have agreed to an extension.

Rule 5.3 Standard of Review

The Appeal Panel must determine whether there was a clear and material error in the findings of fact or conclusion as to violation(s) and/or whether the sanction(s) imposed was unfair. The Appeal Panel will affirm the Hearing Panel's decision unless the Covered Person's written submission identifies a clear and material error in the findings of fact or conclusion as to violation(s) made by the Hearing Panel or shows that the sanction(s) imposed by the Hearing Panel was unfair. In assessing sanctions, the decision of the Hearing Panel will be upheld unless it was so clearly unreasonable, given the entirety of the evidence, that it was unfair or unjust.

Rule 5.4 Selection of Appeal Panelists

An Appeal Panel will consist of five voting members. The DRC Chair, or his or her designee, will appoint four voting members from the DRC, one of whom will be selected as the Appeal Panel Chair, and one voting member who is a current or former member of the CFA Institute Board.

Rule 5.5 Notice of Appeal Panel and Challenge Procedures

The Covered Person and Professional Conduct will be provided at least 21 days' notice of the Appeal Panel date. The notice of Appeal Panel will include the identities of the Appeal Panelists and explain the process for challenging Appeal Panelists' participation.

The Covered Person and Professional Conduct will each have 7 days from the date of the notice of Appeal Panel to challenge one panelist's participation without stating a reason.

The Covered Person and Professional Conduct 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

- a) by agreement between the Covered Person and Professional Conduct;
- b) absent an agreement, by decision of the Appeal Panel Chair; or
- c) by decision of the DRC Chair, or his or her designee, if necessary, because of a challenge to the Appeal Panel Chair.

A disqualified panelist may be replaced in the same manner as panelists were appointed.

Rule 5.6 Appeal Panel Procedures

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

The Appeal Panel will be sent a copy of the hearing transcript or recording (if applicable), the pre-hearing submissions from the Covered Person and Professional Conduct, the Hearing Panel decision, and the written submissions to the Appeal Panel by Professional Conduct and the Covered Person.

Rule 5.7 Appeal Panel Decision

The decision must be made by at least three Appeal Panelists. The decision of the Appeal Panel will be determined by a simple majority vote. The Appeal Panel Chair will issue a written decision as to whether there was a clear and material error in the Hearing Panel's findings and whether the sanction imposed by the Hearing Panel is unfair. The Appeal Panel may at its discretion impose no sanction, the same sanction imposed by the Hearing Panel, a lesser sanction, or a greater sanction.

The Appeal Panel decision will be provided to the Covered Person and Professional Conduct within 35 days after the hearing. The decision of the Appeal Panel is final.

RULE 6: SUMMARY SUSPENSIONS

Rule 6.1 Grounds for Summary Suspension

Professional Conduct may, in its discretion, impose a summary suspension if

- a) a Covered Person is convicted of, pleads guilty to, or consents to the imposition of punishment for any crime that is "punishable" by more than one year in prison (regardless of the sentence actually imposed);
- b) a Covered Person is barred or suspended permanently, for an indefinite period, or for a period of two or more years, from registration or participation under the securities laws or similar laws or rules relating to the investment decision-making process; or from participation, association, or affiliation by a regulator, court, or government agency; or by a public or private self-regulatory organization with legal authority over the investment decision-making process; or
- c) a Covered Person fails to cooperate with Professional Conduct in any investigation of the Covered Person's conduct, or misuses the CFA designation while his or her membership is lapsed.

Bars and suspensions that have been imposed "with a right to re-apply" at some future time are deemed to be "for an indefinite period" for purposes of this rule.

Rule 6.2 Notice of Summary Suspension

If a summary suspension is imposed, Professional Conduct 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.

Rule 6.3 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 21 days of the date of the notice of summary suspension. Professional Conduct will refer the matter to a Summary Suspension Hearing Panel.

Rule 6.4 Failure to Request Review of Summary Suspension

If the Covered Person does not request a review of the summary suspension within 21 days of the date of the notice of summary suspension, the summary suspension automatically becomes a revocation and/or prohibition.

Rule 6.5 Summary Suspension Hearing Panel

A Summary Suspension Hearing Panel will be formed and conducted as provided in Rule 4, except that there will be no in-person hearings, no recording or transcription, 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. If the Summary Suspension Hearing Panel rejects the summary suspension, Professional Conduct may close the matter or continue its investigation into the Covered Person's conduct.

Rule 6.6 Reversal of a Revocation and/or Prohibition Imposed Pursuant to Rule 6.1(a) or (b)

A revocation and/or prohibition imposed under Rule 6.1(a) or (b) may be rescinded by Professional Conduct if the Covered Person provides reliable evidence demonstrating that the underlying criminal conviction, bar, or suspension has been reversed and no longer meets the sanction criteria under Rule 6.1(a) or (b). Professional Conduct, however, may open, or reopen and continue, an investigation into the underlying conduct and pursue charges for any violations of the Governing Documents. A notice of the reversal of the revocation and/or prohibition may also be published.

Rule 6.7 Reversal of a Revocation and/or Prohibition Imposed Pursuant to Rule 6.1(c)

If the Covered Person agrees to cooperate with Professional Conduct's investigation, or promptly ceases his or her misuse of the CFA designation, Professional Conduct may, at its discretion, rescind the notice of summary suspension and reverse the revocation and/or prohibition on such conditions as Professional Conduct may impose. A notice of the reversal may also be published.

RULE 7: REINSTATEMENT PANELS

Rule 7.1 Reinstatement Following Timed Suspension

A Covered Person who has received a suspension of membership, suspension from participation in a CFA Institute Exam 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.

Rule 7.2 Petition, Investigation, and Review for Reinstatement Following Prohibition or Revocation

A Covered Person who received a prohibition from participation in a CFA Institute Exam Program or a 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 Professional Conduct. 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, Professional Conduct may conduct any necessary investigation.

On completion of the investigation, Professional Conduct will send a written recommendation to the Reinstatement Panel and the petitioner. The petitioner may then submit written information to the Reinstatement Panel on his or her behalf.

The Reinstatement Panel will be organized and conducted in accordance with Rule 4, except that there will be no in-person hearings. The Reinstatement Panel will be provided with a copy of the transcript(s), if available, and the decision(s) from any prior Disciplinary Proceeding(s). The reinstatement hearing itself will be recorded, but not transcribed.

The petitioner must demonstrate to the Reinstatement 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, including those that required payments of fines, disgorgement, damages, remediation, and costs.

If the petition for reinstatement is denied, the Reinstatement Panel may mandate that Professional Conduct not accept any further petitions for reinstatement permanently, or for a period, or subject to the satisfaction of any condition(s) the Panel may impose.

Rule 7.3 Announcement and Publication of Reinstatement

If a petition for reinstatement is granted pursuant to Rule 7.2, a notice of the reinstatement may be published.