

# STUDY SESSION

# 2

## Ethical and Professional Standards in Practice

Using examples and case studies, the readings in this study session demonstrate the use of the CFA Institute Code of Ethics and Standards of Professional Conduct as a body of principles for ethical reasoning and decision making. The readings serve as effective aids in understanding and internalizing the values and standards presented in the CFA Institute *Standards of Practice Handbook*. By applying the Code and Standards to case study conflicts, the candidate will gain experience in identifying and explaining fundamental principles of conduct that serve as the basis for dealing with real world challenges.

The Asset Manager Code of Professional Conduct uses the basic tenets of the CFA Institute Code of Ethics and Standards of Professional Conduct to establish ethical and professional standards for firms managing client assets. The Asset Manager Code of Professional Conduct also extends the Code and Standards to address investment management firm practices regarding trading, compliance, risk management, security pricing, and disclosure.

### READING ASSIGNMENTS

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| <b>Reading 3</b> | Application of the Code and Standards<br><i>Ethics Cases</i>   |
| <b>Reading 4</b> | Asset Manager Code of Professional Conduct<br>by Kurt Schacht, JD, CFA, Jonathan J. Stokes, JD, and Glenn Doggett, CFA |

## LEARNING OUTCOMES

### READING 3. APPLICATION OF THE CODE AND STANDARDS

The candidate should be able to:

- a** evaluate professional conduct and formulate an appropriate response to actions that violate the Code of Ethics and Standards of Professional Conduct;
- b** formulate appropriate policy and procedural changes needed to assure compliance with the Code of Ethics and Standards of Professional Conduct.

### READING 4. ASSET MANAGER CODE OF PROFESSIONAL CONDUCT

The candidate should be able to

- a** explain the purpose of the Asset Manager Code and the benefits that may accrue to a firm that adopts the Code;
- b** explain the ethical and professional responsibilities required by the six General Principles of Conduct of the Asset Manager Code;
- c** determine whether an asset manager's practices and procedures are consistent with the Asset Manager Code;
- d** recommend practices and procedures designed to prevent violations of the Asset Manager Code.