Conflicts of Interest Policy

Conflicts of interest can compromise the organization’s pursuit of mission. This can be via an impact on brand, or perception of ethics, or via sub-optimal decisions and includes any circumstance that could cast doubt on the ability to act objectively as to the organization’s mission. The organization also has legal requirements to identify conflicts of interest. While it may be difficult to describe every possible relationship, situation or circumstance that may pose or lead to a conflict with one’s duty to CFA Institute, this policy applies to any situation where a conflict arises whether or not it is detailed below.

Conflicts should be avoided where possible, or if currently in place, be terminated unless the organization determines that the activity is not harmful or otherwise improper or imprudent, as mitigation strategies can rarely address all the issues that arise. When mitigation can be used to manage a conflict, CFA Institute will do so with transparency and documentation as well as with regular independent review.

The Conflicts of Interest policy for CFA Institute seeks to identify and manage all actual and potential conflicts of interest as fairly as possible. To do so requires that all employees, temporary employees, consultants, board members, and other CFA Institute volunteers, such as exam graders, Disciplinary Review Committee members, and advocacy committee members, act responsibly in executing their duties. Collectively, this group has a duty to avoid transactions (business or financial) or relationships that conflict with the interests of CFA Institute or that divide one’s loyalty to the organization. This duty of care is exercised by acting in good faith, using a degree of diligence, care and skill, which prudent people would use in similar positions and under similar circumstances thereby remaining loyal to and keeping the interests of the organization paramount to all other interests as part of this decision making. Should anyone become aware of a situation in which a conflict might arise or has arisen, that person must bring the situation to the immediate attention of the Chief Compliance, Risk, and Ethics Officer, who will then escalate the matter to the appropriate conflicts of interest committee to adjudicate.

Conflicts of interest may not always be easy to define or clear-cut in determining. CFA Institute has, however, established a conflicts of interest adjudicative committee structure to identify any potential for conflicts; review appeals; review policies and controls; and report any findings to senior management and the Board of Governors through the oversight of the Audit & Risk Committee.

A conflict of interest occurs when an individual has a personal or outside (non-CFA Institute) interest that conflicts with the best interests of CFA Institute. For example, personal interest could be a financial interest in another company or in a transaction, a personal relationship with someone, or any interest or relationship that could inappropriately affect one’s judgment or decision-making when performing responsibilities for CFA Institute. Additional example activities that may present a conflict of interest include soliciting or accepting gifts outside of customary social amenities of modest value, influencing or attempting to influence a business transaction where a personal relationship exists, being indebted to the organization other than for normal course of business travel advances, providing services to a competitor, supplier or vendor or cases of buying or selling securities using non-public information obtained as a results of one’s duties at CFA Institute. Any such interest, obligation, or relationship, including those involving immediate family, must be promptly disclosed in writing.

As CFA Institute conducts business internationally, one needs to be mindful of the responsibilities of complying with the Foreign Corrupt Practices Act and the anti-bribery and ant-corruption laws of the countries in which the CFA Institute conducts activities. Interacting with government officials present unique challenges. The Foreign Corrupt Practices Act prohibits a U.S. corporation or person from making
or offering a payment to a foreign government official in order to obtain or retain business. The Foreign Corrupt Practices Act also contains various recordkeeping provisions that need to be rigorously supported. Regardless of the interaction with these officials one must always remember to reflect the mission and values of the CFA Institute.

Judgment or decision-making could be inappropriately influenced when the outside interest

- Affects a person’s ability to make decisions based on what is best for CFA Institute;
- Affects a person’s ability to be impartial and objective; and/or
- Introduces personal or nonbusiness issues into what should be a business decision.

If an outside interest is substantial enough to affect a person’s judgment or in any way interfere with his or her duty to act in the best interest of CFA Institute, a conflict of interest occurs. Outside interests may often include those with related parties. A related party may be a person or an entity and can include one’s immediate and extended family as well as another organization where the person may have an interest, financial or otherwise. Transactions with related parties often will require specific review. While there may not be a formalized definition as to “substantial enough” generally interests including either value prescribed or payments made or received yielding $120,000 could be viewed as meeting this threshold. Given the scrutiny and potential risks surrounding related parties any potential transactions with this group needs to be appropriately reviewed and approved by the Audit & Risk Committee.

Disclosure provides transparency to the potential for actual or perceived conflicts and is a necessary component to risk mitigation as it pertains to CFA Institute. Addressing a conflict of interest is the process of identifying and implementing practices to minimize the risk that may be associated with the conflict. Included in this risk mitigation strategy is the ability to present the potential conflict to a CFA Institute deliberative body. Any person with a conflict of interest cannot be present at or participate in board or committee deliberations or vote on the matter giving rise to the conflict. That person is also prohibited from attempting to influence any board or committee deliberations.

Even if a person is certain that his or her judgment will not in any way be affected by an outside interest, if others might reasonably think the interest is substantial, the appearance of a conflict may exist which would require disclosure. No policy can possibly provide complete guidance; therefore, it is important to rely on one’s good sense of what CFA Institute values call for. As employees, temporary employees, consultants, board members, and other voluntary committee members, we owe a duty of loyalty and faithfulness to CFA Institute to advance its legitimate interests when the opportunity to do so arises and not to advance our own interests at the expense of CFA Institute. To maintain the highest degree of honesty, transparency and integrity in conducting the business of CFA Institute, everyone must ethically handle any activities, interests, and associations in which personal interests could cause a conflict, or may reasonably appear to be a conflict, with the interests of CFA Institute. Employees, temporary employees, consultants, board members, and other voluntary committee members may not, for example, take for themselves personal opportunities that are discovered through the use of corporate property (including intellectual property), information, or position, nor may they use corporate and intellectual property, information, or position for personal gain. These are considered confidential corporate opportunities, and they belong to CFA Institute otherwise such a conflict could result in divided loyalties where it would be hard to be objective about an ultimate decision or path forward. In addition, they may not engage in any activity that results in competition directly or indirectly with CFA Institute or could advance, or reasonably be expected to advance, the interests of a competitor. CFA Institute seeks to compete fairly and honestly and through ethical and legal business practices and principles. Therefore those persons subject to this conflict of interest policy should seek to deal responsibly and fairly with all parties. Everyone must make prompt and full disclosure in writing of any situation that may involve a conflict of interest, including the pursuit of a corporate opportunity.
A record of all identified conflicts of interest will be kept in a limited-access, secure portal along with the adjudicative actions taken, including the minutes of any committee or board deliberations. The conflicted party shall be informed of the final decision, but not the details on any decision making, unless there is required follow up needed. If a conflict cannot be removed, it is permissible for CFA Institute to move forward with such existing conflict, however, it is important that it is adequately managed with ongoing controls as well as with review and oversight of the Audit & Risk Committee.

The CFA Institute Board of Governors is responsible for ensuring that CFA Institute
- Adopts, implements, oversees and enforces compliance with this policy;
- Takes all reasonable steps to identify conflicts of interest that arise or may arise in the course of its business, and if it so chooses to move ahead in the case of a conflict that it has determined that moving forward is in the best interest of the organization and has disclosed such conflict;
- Maintains and operates effective organizational and administrative arrangements to prevent or mitigate conflicts of interest from constituting or giving rise to a material risk of damage to the interests of CFA Institute stakeholders;
- Maintains records of the kinds of service or activity carried out by or on behalf of the organization to address any conflicts of interest causing a material risk of damage to the interests of CFA Institute;
- Reports any situation in which arrangements are made to manage and oversight conflicts of interest or waivers sought to such policy (including those involving related parties) are appropriately deliberated and concluded upon by the Audit & Risk Committee of the Board; and
- Requires that prior to the initial election of any director, and annually thereafter, directors must affirm that they have received a copy of the conflict of interest policy, have read and understood the policy, agreed to comply with the policy, complete, sign, and submit the policy and include where applicable a written statement identifying any potential conflict.

CFA Institute is committed to the highest ethical standards of conduct. Appropriate sanctions may be taken for violation of this conflict of interest policy. All CFA Institute stakeholders need to work together to ensure prompt and consistent application of this policy. However, in some situations it may be difficult to know if there is a conflict of interest. If you have any questions concerning this policy or how it applies to specific situations or if you know of or suspect a violation of this policy, please be encouraged to contact Darin Goodwiler, Chief Compliance, Risk, and Ethics Officer or please call the CFA Institute Ethics Helpline at +1 844 283 9319. You may also reach out directly to the Audit & Risk Committee Chair. No retaliatory action may be taken or threatened against anyone for asking questions, raising possible issues, voicing concerns, or making suggestions in good faith as to this policy. This policy is intended to supplement, but not replace, any applicable Virginia and Federal laws governing conflict of interest issues.