

CFA INSTITUTE PROFESSIONAL CONDUCT

FREQUENTLY ASKED QUESTIONS ABOUT PROFESSIONAL CONDUCT STATEMENTS

Q1. Should I wait until my next Professional Conduct Statement (PCS) is due to report an incident in which my professional conduct is or was at issue?

A1. Members are strongly encouraged to disclose matters as soon as they arise. The sooner an incident is reported and investigated, the more reliable the result will be. If you wait until the next membership renewal cycle, important documents and information may become unavailable and witnesses' memories may fade or otherwise become unreliable. If you are ever unsure as to whether a matter must be reported, contact Professional Conduct for guidance. Our contact information appears at the end of this document.

Q2. How can I report an incident other than through my PCS?

A2. Members can always write and/or email Professional Conduct to disclose a matter without waiting to submit their next PCS. We can also assist you in providing the relevant documents to us. Our contact information appears at the end of this document.

Q3. A client told me that he was going to write to my firm to complain about my professional conduct, but several months have now passed, and neither my employer nor I have received anything further. Do I need to disclose this on my PCS?

A3. No, members are required to disclose only written complaints from clients. However, if such a complaint is received later, it must be reported promptly to CFA Institute.

Q4. I received a written complaint/lawsuit/arbitration/notification of an investigation regarding my professional conduct, but my employer/supervisor/colleagues/attorney told me that it does not need to be disclosed in my PCS. Do I need to report the matter to CFA Institute?

A4. It is the personal responsibility of the member, not others, to determine whether a matter must be reported. If you are ever unsure as to whether a matter needs to be reported, contact Professional Conduct for guidance. Contact information appears at the end of this document.

Q5. My employer and I are in the midst of settlement negotiations should I wait until the matter is finalized before disclosing it in my PCS?

A5. No, you should report all complaints, lawsuits, arbitrations, and regulatory investigations and actions as soon as you are made aware of them. Professional Conduct requires that members include a "carve-out" provision in any confidential settlement agreement or protective order so that we have access to all documents and information that we may need to conduct our investigation.

Q6. I was recently named in an investigation/complaint/lawsuit/arbitration involving my professional conduct. My employer investigated the matter and concluded that I did nothing wrong. The incident involved a miscommunication, and the firm now officially considers the matter to be closed. Do I still need to disclose this matter in my PCS, since it has already been fully investigated by my employer and I was exonerated?

A6. Yes, this matter still needs to be disclosed to CFA Institute. Professional Conduct needs to conduct a separate, independent review to determine whether your conduct violated our Code and Standards. The findings and conclusions of your employer will certainly be considered, but they are not necessarily determinative because our standards may be different.

Q7. I was named in an investigation/complaint/lawsuit/arbitration that was promptly resolved by my employer before my next PCS was due. I did not admit any wrongdoing or liability, and I did not participate in or contribute to the monetary settlement that was reached by the firm. Do I still need to disclose this matter since it has already been resolved to everyone's satisfaction?

A7. Yes, even though the matter is concluded, Professional Conduct will need to investigate the matter separately and independently to determine whether there were any violations of our Code and Standards. This holds true regardless of the fact that the matter was concluded swiftly and without your direct involvement.

Q8. What if I have been named in a clearly "frivolous," "malicious," or "nuisance" investigation, complaint, lawsuit, or arbitration? Must my involvement in such a matter be reported to CFA Institute?

A8. Even if you truly believe (or have been told by others) that a matter is baseless, vindictive, or cannot possibly result in any liability or other action against you, it still must be reported to CFA Institute.

Q9. I recently pleaded guilty to/was convicted of a crime wholly unrelated to my professional conduct. As a result, I received only a small fine/probation. Must this incident be reported to CFA Institute?

A9. Members must report whenever they have been convicted of, or have pleaded guilty to, any crime that is defined as a "felony" or that could *possibly* have resulted in a sentence of more than one year in prison. This is true *regardless* of whether the crime was related to the member's professional conduct and irrespective of the actual length or type of punishment that was agreed to and/or imposed by the court.

Q10. What might happen if I answer falsely and fail to disclose a matter on my PCS?

A10. If a member answers the PCS falsely, it could be considered a violation of the Code and Standards and might result in a disciplinary sanction. Professional Conduct considers these types of situations on a case-by-case basis. Also, a member's failure to disclose a matter may be considered by a hearing panel in determining an appropriate sanction in the event he or she is found to have committed other violations.

Q11. Because CFA Institute waives fees for charterholders once they reach the age of 70, do I need to file a Professional Conduct Statement when I turn 70 to maintain charterholder status?

A11. Yes, under Section 2.15 of the CFA Institute Bylaws, Individual Members and Candidates must sign the Professional Conduct Statement annually. Although you do not have to pay membership fees, failure to file a Professional Conduct Statement, lapses your charterholder status, and you will no longer be able to use the CFA designation and/or state that you are an active charterholder.

Q12. I am the subject of an investigation being conducted by my employer and a defendant in a lawsuit, alleging that I harassed or bullied a colleague. The alleged misconduct did not involve any clients or implicate the investment process. Should I report the investigation and pending lawsuit on my Professional Conduct Statement?

A12. The CFA Code of Ethics requires Members and Candidates to “act with integrity. . .and respect with employees [and] colleagues in the investment profession....”

Thus, allegations of misconduct that involves harassing or bullying a work colleague implicates one’s professional conduct and must be reported on your Professional Conduct Statement.

Q13. Who do I contact if I have a question about my PCS?

A13. Please contact Professional Conduct by email at pcenforcement@cfainstitute.org or by mail at one of the following addresses:

CFA Institute

Attn: Professional Conduct
915 E High Street
Charlottesville, VA 22902

CFA Institute

Attn: Professional Conduct
27/F Henley Building
5 Queen’s Road Central
Hong Kong