

# Ethical and Professional Standards

## LEARNING OUTCOMES

### **Ethics and Trust in the Investment Profession**

*The candidate should be able to:*

- explain ethics
- describe the role of a code of ethics in defining a profession
- describe professions and how they establish trust
- describe the need for high ethical standards in investment management
- explain professionalism in investment management
- identify challenges to ethical behavior
- compare and contrast ethical standards with legal standards
- describe a framework for ethical decision making

### **Code of Ethics and Standards of Professional Conduct**

*The candidate should be able to:*

- describe the structure of the CFA Institute Professional Conduct Program and the process for the enforcement of the Code and Standards
- identify the six components of the Code of Ethics and the seven Standards of Professional Conduct
- explain the ethical responsibilities required by the Code and Standards, including the sub-sections of each Standard

**Guidance for Standards I–VII**

*The candidate should be able to:*

- demonstrate the application of the Code of Ethics and Standards of Professional Conduct to situations involving issues of professional integrity
- recommend practices and procedures designed to prevent violations of the Code of Ethics and Standards of Professional Conduct
- identify conduct that conforms to the Code and Standards and conduct that violates the Code and Standards

**Introduction to the Global Investment Performance Standards (GIPS)**

*The candidate should be able to:*

- explain why the GIPS standards were created, who can claim compliance, and who benefits from compliance
- describe the key concepts of the GIPS Standards for Firms
- explain the purpose of composites in performance reporting
- describe the fundamentals of compliance, including the recommendations of the GIPS standards with respect to the definition of the firm and the firm's definition of discretion
- describe the concept of independent verification

**Ethics Application**

*The candidate should be able to:*

- evaluate practices, policies, and conduct relative to the CFA Institute Code of Ethics and Standards of Professional Conduct
- explain how the practices, policies, and conduct do or do not violate the CFA Institute Code of Ethics and Standards of Professional Conduct