

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

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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