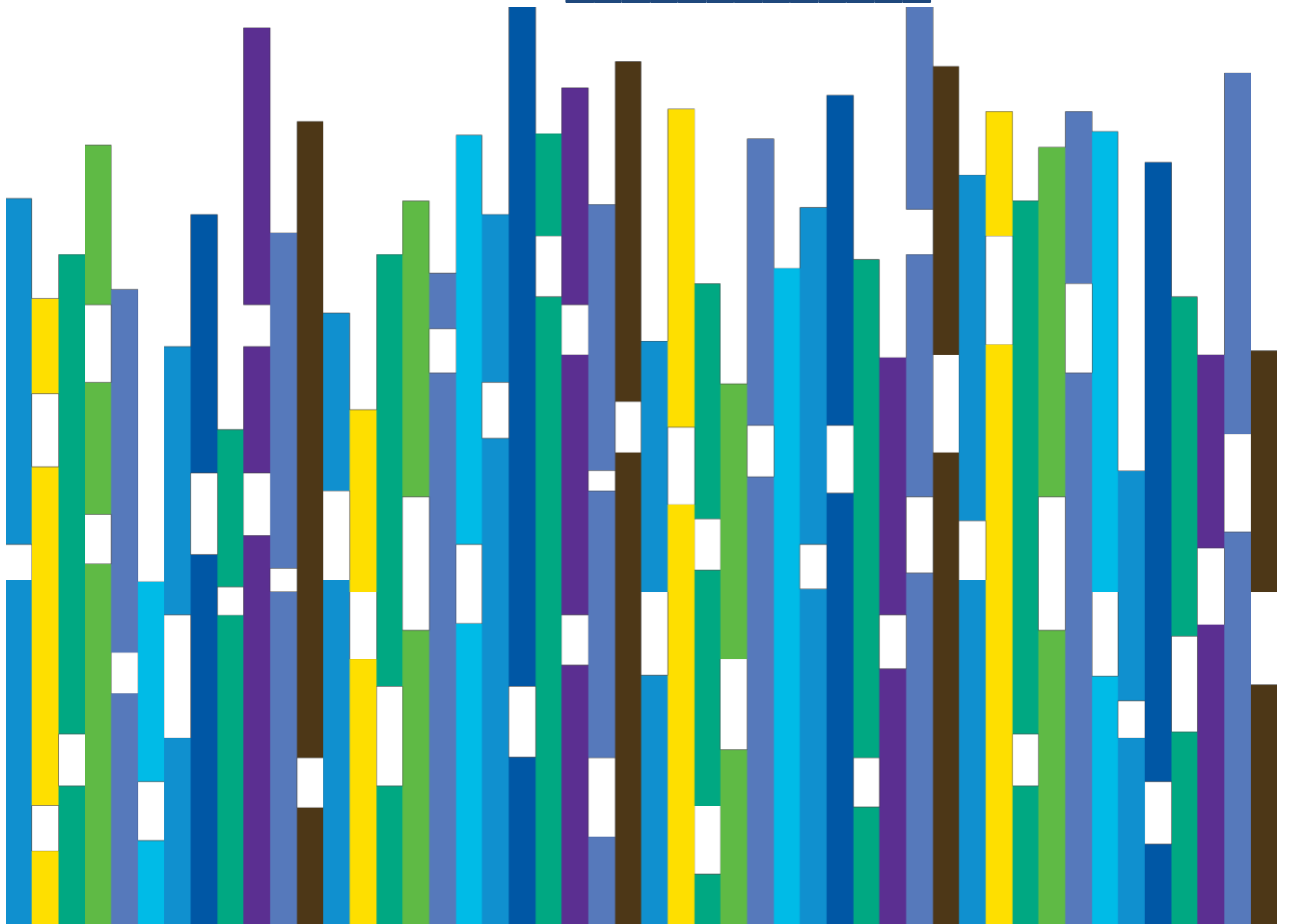




CFA Institute

RULES OF PROCEDURE FOR PROFESSIONAL CONDUCT

As Amended and Restated
Effective



TERMS OF REFERENCE

Appeal Panel: A panel of DRC members and/or CFA Institute Board members who evaluate, at the request of a Covered Person and pursuant to Rule 5.1 or 9.1, the findings of fact, conclusion as to violation(s), and sanction(s) imposed by a Hearing Panel.

Appeal Panel Chair: The individual selected by the DRC Chair to conduct and lead the Appeal Panel proceeding.

Bylaws: The CFA Institute Articles of Incorporation and Bylaws.

Candidate: An individual recognized by CFA Institute as a Candidate in the CFA and/or CIPM Program.

CFA Institute Board: The CFA Institute Board of Governors.

CFA Institute Exam Program: The CFA and/or CIPM exam programs.

CFA Institute Exam Rules and Policies: The rules, criteria, policies, and agreements that govern the CFA Institute Exam Programs.

Code and Standards: The CFA Institute Code of Ethics and Standards of Professional Conduct.

Conflict of Interest: Any business, financial, and/or personal interest, relationship, or other circumstance that could be reasonably expected to impair the ability to be objective or that creates the appearance of impropriety.

Covered Person: Any CFA Institute Charterholder, Regular, or Affiliate Member, Candidate, Postponed Candidate, individual that has passed the Level III CFA exam but not been awarded the CFA charter, or individual that has allowed membership to lapse or has had membership suspended through the disciplinary process.

Disciplinary Proceeding: A Hearing Panel, Appeal Panel, Review Panel, Summary Suspension Panel, or Reinstatement Panel proceeding.

Disciplinary Review Committee (DRC): The volunteer committee of CFA Institute members established by the CFA Institute Board to enforce the Governing Documents and the CFA Institute Exam Rules and Policies as they pertain to Covered Persons.

DRC Chair: A member of the DRC approved by the CFA Institute Board to lead the DRC.

Early Resolution Agreement: A proposed agreement that may be provided by the Professional Conduct Program in Exam-Related Matters that notifies the Covered Person that the Professional Conduct Program has made a preliminary determination that sufficient evidence exists that a violation of the CFA Institute Exam Rules and Policies occurred and provides the Covered Person with an opportunity to accept the Early Resolution Agreement to expedite conclusion of the matter.

Exam-Related Conduct: Any activity or conduct by a Covered Person related to participation in a CFA Institute Exam Program, including conduct occurring during enrollment/registration for a CFA Institute Exam Program; conduct before, during, and after the administration of a CFA Institute Exam Program; and any conduct that compromises or attempts to compromise the reputation, integrity, validity, or security of a CFA Institute exam.

Governing Documents: Documents that govern the conduct of Covered Persons, including the Bylaws, Code and Standards, and Rules of Procedure.

Hearing Panel: A panel composed of DRC members convened when the Statement of Charges has been rejected by either the Covered Person or a Review Panel.

Hearing Panel Administrator: The administrative and scheduling intermediary among the Professional Conduct Program, Covered Person, and any Disciplinary Proceeding panel.

Hearing Panel Chair: The Hearing Panelist selected by the DRC Chair to conduct and lead a Hearing Panel proceeding.

Industry-Related Conduct: Any activity or conduct, excluding Exam-Related Conduct, governed by the Code and Standards and other Governing Documents.

Professional Conduct Program: CFA Institute staff, including their designees, whose duties include but are not limited to investigating professional conduct matters, recommending disciplinary sanctions, and participating in Disciplinary Proceedings.

Reinstatement Panel: A panel of DRC members who evaluate a petition for reinstatement.

Review Panel: A panel of DRC members who evaluate the conclusion as to violation(s) and recommended sanction(s) related to Industry-Related Conduct when the Covered Person has accepted or failed to reject a Statement of Charges.

Statement of Allegations: The document provided by the Professional Conduct Program to the Covered Person in Industry-Related Conduct matters that notifies the Covered Person of the preliminary findings of the investigation and conclusion as to the alleged violation(s) of the Governing Documents and provides the Covered Person an opportunity to respond and submit additional information before the Professional Conduct Program determines whether to issue a Statement of Charges.

Statement of Charges: The document that notifies the Covered Person of the Professional Conduct Program's findings of fact, conclusion as to violation(s), and recommended sanction(s) which may be accepted or rejected by the Covered Person.

Summary Suspension Hearing Panel: A panel of DRC members who determine whether summary suspension is appropriate when a Covered Person has submitted a request for review of a notice of summary suspension.

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RULE 1: INTRODUCTION

The Governing Documents and the CFA Institute Exam Rules and Policies govern the conduct of all Covered Persons. The Bylaws and these Rules of Procedure form the basic structure for enforcing the Governing Documents and CFA Institute Exam Rules and Policies. CFA Institute believes that Covered Persons are presumed innocent of any violation(s) unless and until proved otherwise, and is committed to providing a fair, efficient, and effective disciplinary process. Throughout the disciplinary process, CFA Institute, Covered Persons, and the Disciplinary Review Committee must adhere to the Rules of Procedure.

Rule 1.1 Roles and Authority of the Disciplinary Review Committee

The DRC is a volunteer committee of CFA Institute members established by the CFA Institute Board through the Bylaws. The DRC enforces the Governing Documents as well as the CFA Institute Exam Rules and Policies through participation as panelists in Disciplinary Proceedings. Panelists will not participate in any proceeding in which they have a Conflict of Interest. If a conflict exists, the panelist will withdraw from any proceeding immediately. In the unlikely event that all members of the DRC are conflicted and unable to serve as panelists on a Disciplinary Proceeding, substitute panelists will be drawn from members of the CFA Institute Board.

Rule 1.2 Roles and Authority of the Professional Conduct Program

The Professional Conduct Program is authorized to investigate any matter involving, or appearing to involve, a violation of the Governing Documents and/or the CFA Institute Exam Rules and Policies by a Covered Person and is authorized to contact any person or entity that it believes may be able to provide relevant information, documents, or assistance in an investigation.

The Professional Conduct Program investigates whether it is more likely than not that the Covered Person has violated the Governing Documents and/or the CFA Institute Exam Rules and Policies, and if so, issues an Early Resolution Agreement, Statement of Allegations, and/or Statement of Charges. In addition, the Professional Conduct Program presents its findings of fact, conclusion as to violation(s), and recommended sanction(s) in Disciplinary Proceedings.

The Professional Conduct Program may appoint individuals to act on its behalf and to assist in performing the functions related to investigations and any resulting Disciplinary Proceedings.

Staff members of the Professional Conduct Program, and those individuals acting on its behalf, will withdraw from any investigation or proceeding in which they have a Conflict of Interest. If the entire Professional Conduct Program has a Conflict of Interest, the Chair of the Audit and Risk Committee of the CFA Institute Board will appoint individuals to act on behalf of the Professional Conduct Program and to assist in or perform the functions related to investigations and any resulting Disciplinary Proceedings.

Rule 1.3 Rights and Responsibilities of a Covered Person

A Covered Person who is the subject of a professional conduct investigation or Disciplinary Proceeding has the responsibility to:

- a) adhere to the Rules of Procedure;
- b) produce accurate and complete copies of all requested documents in the Covered Person's possession or control;
- c) provide information verbally and/or in writing, as requested by the Professional Conduct Program;
- d) cooperate fully in the investigation or Disciplinary Proceeding; and
- e) keep the Professional Conduct Program advised of current mailing and e-mail addresses;

and the right to:

- a) retain and be represented by legal counsel;
- b) retain and have present, if applicable, an interpreter to assist him or her;
- c) present documentary evidence and written testimony; and
- d) in Industry-Related Conduct proceedings, present verbal testimony, present witnesses, and question witnesses presented by the Professional Conduct Program.

The Covered Person assumes their own costs for legal representation, translation, interpretation, travel, witness expense, and other costs associated with an investigation and/or participation in any Disciplinary Proceeding.

Rule 1.4 Delivery and Receipt of Documents

The Professional Conduct Program may provide notices and documents relating to an investigation or Disciplinary Proceeding, to the Covered Person's mailing address and/or e-mail address as shown in CFA Institute records. Correspondence and/or documents are considered to be received by the Covered Person when sent to:

- a) the mailing and/or e-mail address for the Covered Person shown in CFA Institute records; or
- b) the business mailing and/or e-mail address of a Covered Person's attorney or other representative who has been previously identified, in writing, by the Covered Person.

All references to the timing of delivery and receipt of documents within these Rules are calculated based on calendar days.

Rule 1.5 Grounds for Sanctions

Disciplinary sanctions may be imposed on a Covered Person for:

- a) a violation of the Governing Documents;
- b) a violation of the CFA Institute Exam Rules and Policies;
- c) a conviction or guilty plea as further described in Rule 10.1;
- d) a permanent or indefinite bar from registration as further described in Rule 10.1;
- e) falsification of information on enrollment, registration, or membership application forms; and/or
- f) failure by a Covered Person to cooperate in a professional conduct investigation or proceeding.

Rule 1.6 Sanctions

Possible sanctions include the following:

- a) **Private Reprimand.** An admonishment in writing for which publication and/or disclosure excludes the Covered Person's name and identifying information and will not be disclosed to other persons or entities.
- b) **Censure.** An admonishment in writing for which publication and disclosure will include the Covered Person's name and identifying information and will be disclosed to other persons or entities upon request.
- c) **Suspension of Membership.** Termination of a Covered Person's memberships in CFA Institute and member societies for a specified period.
- d) **Suspension of the Right to Use the CFA Designation.** Termination of a Covered Person's memberships in CFA Institute and member societies, as well as the right to use the CFA designation for a specified period.
- e) **Revocation of Membership.** Permanent termination of a Covered Person's memberships in CFA Institute and member societies.
- f) **Revocation of the Right to Use the CFA Designation.** Permanent termination of a Covered Person's memberships in CFA Institute and member societies, as well as the right to use the CFA designation.
- g) **Summary Suspension.** Automatic termination of a Covered Person's memberships, and opportunity for memberships, in CFA Institute and member societies as well as the right to use the CFA designation or participate in the CFA Institute Exam Program.
- h) **Suspension from Participation in a CFA Institute Exam Program.** Termination of a Covered Person's participation in the CFA and/or CIPM exam program for a specified period.
- i) **Prohibition from Participation in a CFA Institute Exam Program.** Permanent termination of a Covered Person's participation in the CFA and/or CIPM exam program.

Rule 1.7 Publication, Disclosure, and Confidentiality

CFA Institute understands that all investigations and Disciplinary Proceedings are sensitive in nature and, therefore, will exercise reasonable care to ensure that the pendency, subject matter, status, and records of investigations and Disciplinary Proceedings conducted according to these Rules remain confidential.

Exceptions may be made:

- a) as required by law;
- b) as necessary to conduct an investigation or Disciplinary Proceeding;

- c) to disclose the Covered Person's conduct, violations, and sanctions in CFA Institute publications and on the CFA Institute website, to person or entities upon request, and/or to member societies *unless* the sanction imposed is a Private Reprimand and/or the Covered Person is a Candidate or Postponed Candidate in the CFA and/or CIPM Program;
- d) if the Covered Person has agreed to a waiver of confidentiality; or
- e) to a regulatory organization, governmental entity, or court with jurisdiction over a Covered Person's conduct.

RULE 2: INVESTIGATIONS: INDUSTRY-RELATED CONDUCT

Rule 2.1 Beginning an Investigation

Possible violations of the Governing Documents come to the attention of the Professional Conduct Program through many sources, including self-disclosures, third-party complaints, and publicly available information. The Professional Conduct Program may open an investigation of any matter involving, or appearing to involve, the professional conduct of a Covered Person regardless of the source of the information.

Rule 2.2 Notice of Investigation

A notice of investigation will be sent to a Covered Person who becomes the subject of an investigation by the Professional Conduct Program. The notice of investigation will include a copy of the Rules of Procedure or information as to where the Rules of Procedure and other relevant Governing Documents can be found on the CFA Institute website.

Rule 2.3 Investigation

As part of an investigation into a Covered Person's conduct, the Professional Conduct Program is authorized to contact any person or entity that it believes may be able to provide relevant information, documents, or assistance in an investigation. The Professional Conduct Program may request or obtain information, documents, and assistance from the Covered Person, regulatory authorities, clients, employers, public records, and any other sources that may come to the attention of the Professional Conduct Program. In making a request to any person or entity, it may be necessary for the Professional Conduct Program to identify the Covered Person and/or allegations under investigation.

Rule 2.4 Resignation in Course of an Investigation or Proceeding

If a Covered Person proposes to permanently resign his or her CFA charter or membership during the course of an investigation or proceeding and the Professional Conduct Program determines to accept the resignation and not continue the investigation or proceeding, a notice of the Covered Person's resignation may be published. The notice of resignation will include the Covered Person's name, country, a statement that the resignation occurred during the course of a professional conduct investigation or proceeding, and may include a brief description of the conduct that was the subject of the investigation or proceeding.

Rule 2.5 Closing an Investigation

If at the end of an investigation, the Professional Conduct Program determines there is insufficient evidence of a violation, the Covered Person will be notified in writing that the investigation has been closed. The Professional Conduct Program reserves the right to re-open a closed investigation if it receives new or different information or allegations concerning the Covered Person's conduct.

Rule 2.6 Statement of Allegations

If the Professional Conduct Program believes there is sufficient evidence of a violation of the Governing Documents, the Professional Conduct Program will provide the Covered Person with a Statement of Allegations. The purpose of the Statement of Allegations is to inform the Covered Person of the findings of the investigation and to allow the Covered Person an opportunity to respond and present his or her position before the Professional Conduct Program prepares a Statement of Charges.

The Statement of Allegations will provide the Covered Person with the Professional Conduct Program's preliminary findings of fact and conclusion as to violation(s) of the Governing Documents. The Covered Person may, but is not required to, provide a written submission bringing any additional facts, evidence,

positions, or mitigating circumstances to the Professional Conduct Program for further consideration. Responses to the Statement of Allegations must be received within the time provided.

If the Covered Person provides a response to the Statement of Allegations, the Professional Conduct Program will consider the submission and may continue the investigation or proceed to issue a Statement of Charges. The written response of a Covered Person also may be presented and considered as evidence if the matter results in a Disciplinary Proceeding. If the Covered Person does not respond to the Statement of Allegations within the time provided, the Professional Conduct Program may continue the investigation or proceed to issue a Statement of Charges.

Rule 2.7 Statement of Charges

If the Professional Conduct Program determines, upon consideration of the evidence and the Covered Person's response to the Statement of Allegations, that it is more likely than not the Covered Person committed a violation of the Governing Documents and a disciplinary sanction is warranted, the Professional Conduct Program will provide the Covered Person with a Statement of Charges. The Statement of Charges will notify the Covered Person of the Professional Conduct Program's findings of fact, conclusion as to violation(s), and recommended sanction(s). Along with the Statement of Charges, the Professional Conduct Program will provide copies of all documents relevant to the Professional Conduct Program's findings of fact and conclusion as to violation(s) that were obtained from a source other than the Covered Person, after removing any confidential information.

Rule 2.8 Covered Person's Response to the Statement of Charges

The Covered Person may accept or reject the Statement of Charges, in writing, within 21 days of the date of the Statement of Charges.

If the Covered Person accepts, or fails to reject, the Statement of Charges within the time provided, the findings of fact, conclusion as to violation(s), and recommended sanction(s) in the Statement of Charges will be deemed accepted by the Covered Person and the Professional Conduct Program will refer the matter to a Review Panel.

If the Covered Person rejects the Statement of Charges within the time provided, the Professional Conduct Program may continue the investigation and/or refer the matter to a Hearing Panel.

RULE 3: REVIEW PROCESS: INDUSTRY-RELATED CONDUCT

Rule 3.1 Review Panel Procedures

If the Covered Person accepts the Statement of Charges, or fails to reject the Statement of Charges within the time provided, the findings of fact, conclusion as to violation(s), and recommended sanction(s) will be deemed accepted by the Covered Person and the Professional Conduct Program will refer the matter to a Review Panel.

The Review Panel will be selected in the same manner as a Hearing Panel but will meet outside the presence of the Covered Person and the Professional Conduct Program. The Review Panel will be provided the Statement of Charges, as well as the Covered Person's response, if applicable.

Rule 3.2 Review Panel Standard of Review and Decision

After considering the documents and taking into account the Covered Person's acceptance, the Review Panel will determine based on the accepted findings of fact, whether the conclusion as to violation(s) and the recommended sanction(s) in the Statement of Charges is reasonable.

If the Review Panel finds the conclusion as to violation(s) and the recommended sanction(s) reasonable, the Review Panel will accept the conclusion as to violation(s) and impose the recommended sanction(s). The Review Panel may accept the conclusion as to violation(s) and impose the same or a lesser sanction; however, the Review Panel may not impose a more severe sanction.

If the Review Panel does not find the conclusion as to violation(s) and/or the recommended sanction(s) reasonable, the Review Panel will reject the Statement of Charges. If the Review Panel rejects the Statement of Charges, the Professional Conduct Program may continue the investigation or refer the matter to a Hearing Panel.

RULE 4: HEARING PROCESS: INDUSTRY-RELATED CONDUCT

Rule 4.1 Scheduling a Hearing Panel

If a Covered Person or Review Panel rejects the Statement of Charges, the matter will be referred to a Hearing Panel. All hearings will be conducted by telephone conference call, video conference (if practical), or by written submissions. If the recommended sanction is a Suspension, Revocation, or Prohibition, the Covered Person may request an in-person hearing. Any requests for an in-person hearing must be received by the Hearing Panel Administrator, in writing, at the time of the Covered Person's rejection of the Statement of Charges or within 7 days of notification of the Review Panel's rejection of the Statement of Charges. Only those Covered Persons that have earned the CFA, FSIP, ASIP, and/or CIPM professional designation are eligible for an in-person hearing.

A Hearing Panel will be scheduled for a date and time that are agreeable to both the Covered Person and the Professional Conduct Program. If an agreement cannot be reached, the date and time for the Hearing Panel will be determined by the DRC Chair or his or her designee. If there has been a request for an in-person hearing, the location for the hearing will be at a location that is agreeable to both the Professional Conduct Program and Covered Person. If such an agreement cannot be reached, the location for the Hearing Panel will be determined by the DRC Chair or his or her designee.

Once a hearing has been scheduled, any requests to reschedule must be submitted in writing to the Hearing Panel Administrator. The DRC Chair or his or her designee has the sole discretion to grant or deny any request to reschedule a hearing.

In related matters, Covered Persons and/or the Professional Conduct Program may request to have more than one Covered Person's case determined in a single proceeding. Such requests must be submitted, in writing. All Covered Persons, the Professional Conduct Program, and the DRC Chair must all agree to a single proceeding.

If a Covered Person requests a hearing, but subsequently fails to cooperate in the scheduling of that proceeding, the original request will be considered withdrawn or abandoned, the findings of fact and conclusion as to violation(s) will be deemed accepted, the recommended sanction(s) will be imposed, and the Covered Person will have waived all rights to further review by a Hearing Panel. If a Covered Person requests a hearing panel, but subsequently fails to participate in that proceeding, the hearing panel may consider the original request withdrawn or abandoned, or the panel may, at its discretion, elect to proceed and make its determination without the Covered Person's participation.

Rule 4.2 Selection of Hearing Panelists

The DRC Chair or designee from the DRC will appoint three to five voting members and one alternate from the DRC, one of whom will be selected as the Hearing Panel Chair. Alternates appointed for in-person hearings will not travel to or participate in the proceedings unless it is determined at least 7 days prior to the hearing that a voting member is unable to participate or is disqualified. In Hearing Panels held by telephone conference call, video conference, or written submissions, the alternate will attend the Hearing Panel, but will not participate in the Hearing Panel deliberations or vote unless a voting member is unable to participate or is disqualified.

Rule 4.3 Notice of Hearing and Challenge Procedures

The Hearing Panel Administrator will provide at least 40 days' notice of the hearing to the Covered Person and the Professional Conduct Program. The notice of hearing will include the date and time (and location, if applicable) as well as the identities of the Hearing Panelists and an explanation of the process for

challenging Hearing Panelists' participation on the Hearing Panel.

The Covered Person and the Professional Conduct Program will each have 7 days from the date of the notice of hearing to disqualify one panelist's participation on the Hearing Panel without stating a reason.

The Covered Person and the Professional Conduct Program may also challenge an unlimited number of Hearing Panelists but must state a reason for the challenge. Hearing Panelists who are challenged for a stated reason will be disqualified from the panel:

- a) by agreement between the Covered Person and the Professional Conduct Program;
- b) absent an agreement, by decision of the Hearing Panel Chair; or
- c) by decision of the DRC Chair, if necessary, because of a challenge to the Hearing Panel Chair.

A disqualified panelist may be replaced in the same manner as they were appointed.

Rule 4.4 Pre-Hearing Submissions

It is important to the disciplinary process for the Hearing Panel to receive written pre-hearing submissions from both the Professional Conduct Program and the Covered Person. Pre-hearing submissions should state the relevant facts, explain each party's respective position, and include a list of witnesses and a copy of all supporting documents referenced in the submission or to be presented and relied on at the hearing. Witness lists must include the name, contact information, and a brief description of the expected witness testimony. Documents must be legible and presented in an organized manner to facilitate consideration by the Hearing Panel.

The Professional Conduct Program's pre-hearing submission will be provided to the Covered Person at least 25 days prior to the hearing. The Covered Person must provide his/her pre-hearing submission to the Professional Conduct Program and Hearing Panel Administrator at least 14 days prior to the hearing.

The Hearing Panel Administrator will provide all pre-hearing submissions to the Hearing Panelists in advance of the hearing. Any witnesses or documents not provided in accordance with this rule may be excluded from consideration by the Hearing Panel at its discretion.

Rule 4.5 Hearing Procedures

All Hearing Panels will be conducted in English. The Hearing Panel Chair will begin the hearing. Each witness, including the Covered Person, will be asked to swear or affirm that his or her testimony will be the truth. The Covered Person and the Professional Conduct Program will each have the opportunity to present evidence and testimony, question all witnesses, present arguments, and respond to the evidence, testimony, and arguments presented by the other. Panel members may also question witnesses during the proceeding.

An audio or stenographic recording will be made of every hearing, the costs of which will be paid by CFA Institute. The Hearing Panel deliberations will not be recorded. A copy of the recording shall be made available to the Covered Person on request.

The Hearing Panel is not bound by any rules of evidence, such as those applicable in courts of law, and may exclude any document or testimony that it deems irrelevant.

At the end of the hearing, the Hearing Panel will deliberate outside the presence of the Covered Person and the Professional Conduct Program to make a determination regarding whether the Covered Person committed the violation(s) and, if so, the appropriate sanction(s), if any.

If the Covered Person has requested to have a hearing on written submissions only, the hearing will be conducted outside the presence of the Covered Person and the Professional Conduct Program.

Rule 4.6 Burden of Proof

The Hearing Panel must determine whether, by a preponderance of the evidence, the alleged violation(s) occurred. A preponderance of the evidence means that it is “more likely than not” that the Covered Person committed the alleged violation(s).

Rule 4.7 Hearing Panel Decision

The decision of the Hearing Panel must be based solely on the evidence and testimony presented in the pre-hearing submissions and at the hearing, and relate to the allegations identified and communicated to the Covered Person in the Statement of Charges.

The decision of the Hearing Panel will be determined by a majority vote. The decision must be made by at least three Hearing Panelists. The Hearing Panel will determine findings of fact, conclusion as to violation(s), and the appropriate sanction(s), if any. The Hearing Panel may impose the sanction recommended by the Professional Conduct Program, a lesser or greater sanction, or no sanction.

The Hearing Panel Chair will issue a written decision setting forth the Hearing Panel’s findings of fact, conclusion as to violation(s), and sanction(s), if any. The Hearing Panel decision will be provided to the Covered Person and the Professional Conduct Program within 35 days after the hearing. The decision of the Hearing Panel will be final unless the sanction imposed is a suspension of membership, suspension of the right to use the CFA designation, revocation of membership, revocation of the right to use the CFA designation, and/or a prohibition from participation in a CFA Institute Exam Program, in which case the Covered Person may request an appeal of the Hearing Panel decision as provided in Rule 5.

RULE 5: APPEAL PROCESS: INDUSTRY-RELATED CONDUCT

Rule 5.1 Covered Person’s Request for Appeal Panel and Written Submission

If the Hearing Panel imposes a suspension of membership, suspension of the right to use the CFA designation, revocation of membership, revocation of the right to use the CFA designation, or a prohibition from participation in a CFA Institute Exam Program, the Covered Person may request an appeal of the Hearing Panel decision. The request must be made in writing to the Hearing Panel Administrator within 28 days of the date of the Hearing Panel decision letter to the Covered Person. Along with the request for appeal, the Covered Person must provide a written submission for the Appeal Panel’s consideration stating the relevant facts and reasons why the Hearing Panel erred in its findings of fact or conclusion as to violation(s) and/or why the sanction(s) imposed by the Hearing Panel is unfair.

Rule 5.2 Standard of Review

The Appeal Panel must determine that there was a clear and material error in the findings of fact or conclusion as to violation(s) and/or that the sanction(s) imposed was unfair. The Appeal Panel will affirm the Hearing Panel’s decision unless the Covered Person’s written submission identifies a clear and material error in the findings of fact or conclusion as to violation(s) made by the Hearing Panel, or shows that the sanction(s) imposed by the Hearing Panel was unfair. In assessing sanctions, the decision of the Hearing Panel will be upheld unless it was so clearly unreasonable, given the entirety of the evidence, that it was unfair or unjust.

Rule 5.3 Appeal Panel Submission by the Professional Conduct Program

The Professional Conduct Program may, within 28 days of receipt of the Covered Person’s request for an Appeal Panel, submit a written response to the Covered Person’s written submission. A copy of the Professional Conduct Program’s written submission will be provided to the Covered Person.

Rule 5.4 Selection of Appeal Panelists

An Appeal Panel will consist of five voting members. The DRC Chair or designee from the DRC will appoint three voting members from the DRC, one of whom will be selected as the Appeal Panel Chair, and two voting members from the CFA Institute Board.

Rule 5.5 Notice of Appeal Panel and Challenge Procedures

The Covered Person and Professional Conduct Program will be provided at least 21 days' notice of the Appeal Panel date. The notice of Appeal Panel will include the identities of the Appeal Panelists and explain the process for challenging Appeal Panelists' participation on the Appeal Panel.

The Covered Person and the Professional Conduct Program will each have 7 days from the date of the notice of Appeal Panel to challenge one panelist's participation on the Appeal Panel without stating a reason.

The Covered Person and the Professional Conduct Program may also challenge an unlimited number of Appeal Panelists but must state a reason for the challenge. Appeal Panelists who are challenged for a stated reason will be disqualified from the panel:

- a) by agreement between the Covered Person and the Professional Conduct Program;
- b) absent an agreement, by decision of the Appeal Panel Chair; or
- c) by decision of the DRC Chair, if necessary, because of a challenge to the Appeal Panel Chair.

A disqualified panelist may be replaced in the same manner as they were appointed.

Rule 5.6 Appeal Panel Procedures

The Appeal Panel will meet by telephone conference call outside the presence of the Covered Person and the Professional Conduct Program. The Appeal Panel deliberations will not be transcribed or recorded.

The Appeal Panel will be provided with a copy of the hearing transcript, if applicable, pre-hearing submissions from the Covered Person and the Professional Conduct Program, the Hearing Panel decision, and the written submissions to the Appeal Panel by the Professional Conduct Program and the Covered Person.

Rule 5.7 Appeal Panel Decision

The decision of the Appeal Panel will be determined by a majority vote. The decision must be made by at least three Appeal Panelists. The Appeal Panel Chair will issue a written decision as to whether there was a clear and material error in the Hearing Panel's findings and whether the sanction imposed by the Hearing Panel is unfair. With a finding the sanction imposed is unfair; the Appeal Panel may impose a lesser sanction or no sanction.

The Appeal Panel decision will be provided to the Covered Person and the Professional Conduct Program within 35 days after the hearing. The decision of the Appeal Panel is final.

RULE 6: INVESTIGATIONS: EXAM-RELATED CONDUCT

Rule 6.1 Beginning an Investigation

Possible violations of the Governing Documents and/or CFA Institute Exam Rules and Policies come to the attention of the Professional Conduct Program through many sources, including witness/proctor reports, complaints, publicly available information, and/or review of the candidate's testing experience and materials. The Professional Conduct Program may open an investigation of any matter involving, or appearing to involve, the Exam-Related Conduct of a Covered Person regardless of the source of that information.

Rule 6.2 Notice of Investigation

A notice of investigation will be sent to a Covered Person who becomes the subject of an investigation by the Professional Conduct Program. If the allegations are known to the Professional Conduct Program before exam results have been released, the notice of investigation will include a statement that the Covered Person's exam results will not be released pending resolution of the investigation, and the Covered Person is not eligible to participate in a CFA Institute Exam Program while the matter is unresolved. The notice of investigation will also include a copy of the Rules of Procedure or information as to where the Rules of Procedure can be found on the CFA Institute website.

Rule 6.3 Investigation

As part of an investigation into the Covered Person's conduct, the Professional Conduct Program is authorized to contact any person or entity that it believes may be able to provide relevant information, documents, and/or assistance in an investigation. The Professional Conduct Program may request and obtain information and documents from a number of sources, including the Covered Person. In making a request to any person or entity, it may be necessary to identify the Covered Person and/or allegations under investigation.

Rule 6.4 Closing an Investigation

If, following an investigation, the Professional Conduct Program determines there is insufficient evidence of a violation, the Covered Person will be notified in writing that the investigation has been concluded, the Covered Person's exam results will be released, and the Covered Person will be eligible to participate in a CFA Institute Exam Program. The Professional Conduct Program may re-open a closed investigation if it receives new information or allegations concerning the Covered Person's conduct.

Rule 6.5 Early Resolution Agreement

The Professional Conduct Program may provide the Covered Person with an Early Resolution Agreement. The purpose of the Resolution Agreement is to inform the Covered Person that the Professional Conduct Program has made a preliminary determination that sufficient evidence exists that a violation of CFA Institute Exam Rules and Policies occurred and provides the Covered Person an opportunity to expedite conclusion of the matter by accepting the Professional Conduct Program's findings, conclusion, and recommended sanction, prior to the preparation of a Statement of Charges.

If the Covered Person accepts the Resolution Agreement within the time specified, the Covered Person will have waived all rights to receive a Statement of Charges and/or request a hearing under the Rules of Procedure, and the Professional Conduct Program's findings, conclusion and sanction will be imposed.

If the Covered Person rejects the Resolution Agreement, or does not respond in the time specified, the Professional Conduct Program may continue the investigation or issue a Statement of Charges.

RULE 7: STATEMENT OF CHARGES: EXAM-RELATED CONDUCT**Rule 7.1 Statement of Charges**

If the Covered Person does not respond to or rejects the Early Resolution Agreement, and the Professional Conduct Program finds there is sufficient evidence the Covered Person committed a violation of the Governing Documents and/or CFA Institute Exam Rules and Policies and a disciplinary sanction is warranted, the Professional Conduct Program will provide the Covered Person with a Statement of Charges. The Statement of Charges will include:

- a) an explanation of the Professional Conduct Program's findings of fact, conclusion as to violation(s), and recommended sanction(s);
- b) copies of all documents relevant to the Statement of Charges, after removing any confidential information; and
- c) notice to void the Covered Person's exam results, if any, for the exam in which the conduct occurred.

Rule 7.2 Covered Person's Response to the Statement of Charges

The Covered Person may accept or reject the Statement of Charges, in writing, within 21 days of the date of the Statement of Charges.

If the Covered Person accepts, or fails to reject, the Statement of Charges, the findings of fact and conclusion as to violation(s) will be deemed accepted, the recommended sanction(s) will be imposed, and the Covered Person's exam results will be voided for the exam in which the conduct occurred. In addition, the Covered Person will have waived all rights to further review by a Hearing Panel.

If the Covered Person rejects the Statement of Charges, the Covered Person is encouraged to provide any additional facts, evidence, positions, or mitigating circumstances to the Professional Conduct Program for

further consideration. On receipt of the Covered Person's rejection and any additional information, the Professional Conduct Program may continue the investigation and/or refer the matter to a Hearing Panel.

RULE 8: HEARING PROCESS: EXAM-RELATED CONDUCT

Rule 8.1 Scheduling a Hearing Panel

A Hearing Panel will be scheduled upon the completion of an investigation by the Professional Conduct Program and rejection of a Statement of Charges by a Covered Person. All hearings will be conducted by telephone conference call outside the presence of the Covered Person and the Professional Conduct Program. Hearings will be held within 60 days of the referral to a Hearing Panel.

Rule 8.2 Selection of Hearing Panelists

The DRC Chair or designee from the DRC will appoint three to five voting members and one alternate member from the DRC, one of whom will be designated as the Hearing Panel Chair. The alternate will attend the Hearing Panel but will not participate in the Hearing Panel deliberations or vote unless a voting member is unable to participate or is disqualified.

Rule 8.3 Notice of Hearing and Challenge Procedures

The Covered Person and Professional Conduct Program will be provided at least 28 days' notice of the hearing date. The notice of hearing will include the identities of the Hearing Panelists and explain the process for challenging Hearing Panelists' participation on the Hearing Panel.

The Covered Person and the Professional Conduct Program will each have 7 days from the date of the notice of hearing to challenge one panelist's participation on the Hearing Panel without stating a reason.

The Covered Person and the Professional Conduct Program may also challenge an unlimited number of Hearing Panelists but must state a reason for the challenge. Hearing Panelists who are challenged for a stated reason will be disqualified from the panel:

- a) by agreement between the Covered Person and the Professional Conduct Program;
- b) absent an agreement, by decision of the Hearing Panel Chair; or
- c) by decision of the DRC Chair, if necessary, because of a challenge to the Hearing Panel Chair.

A disqualified panelist may be replaced in the same manner as they were appointed.

Rule 8.4 Written Submissions to the Hearing Panel

Because the hearing will be conducted without verbal testimony by either the Covered Person or the Professional Conduct Program, it is important for both the Professional Conduct Program and the Covered Person to provide a written explanation of their positions as well as documents and evidence to the Hearing Panel. The Professional Conduct Program's written submission will be provided to the Covered Person at least 21 days prior to the hearing. The Covered Person must provide his/her written submission to the Hearing Panel Administrator at least 14 days prior to the hearing.

Copies of all written submissions will be provided to the Hearing Panelists in advance of the hearing. Any written documentation not provided by the Professional Conduct Program and/or Covered Person in accordance with this rule may be excluded from consideration by the Hearing Panel at its discretion.

Rule 8.5 Hearing Procedures

The Hearing Panel is not bound by any rules of evidence, such as those applicable in courts of law, and the Hearing Panel may exclude any document that it deems irrelevant. The Hearing Panel deliberations will not be transcribed or recorded.

Rule 8.6 Burden of Proof

The Hearing Panel must determine whether, by a preponderance of the evidence, the alleged violation(s) occurred. A preponderance of the evidence means that it is "more likely than not" that the Covered Person committed the alleged violation(s).

Rule 8.7 Hearing Panel Decision

The decision of the Hearing Panel will be determined by a majority vote. The decision must be made by at least three Hearing Panelists. The Hearing Panel Chair will issue a written decision setting forth the Hearing Panel's findings of fact, conclusion as to violation(s), and sanction(s), if any. The Hearing Panel decision will be provided to the Covered Person and the Professional Conduct Program within 35 days after the hearing. The decision of the Hearing Panel will be final unless the sanction imposed is a Prohibition from Participation in the CFA Program, in which case the Covered Person may request an appeal of the Hearing Panel decision.

Rule 8.8 Voiding of Exam Results

If there is a conclusion that a violation occurred, the Covered Person's exam results, if any, for the exam in which the conduct occurred will be voided.

RULE 9: APPEAL PROCESS: EXAM-RELATED CONDUCT

Rule 9.1 Covered Person's Request for Appeal Panel and Written Submission

If the Hearing Panel imposes a Prohibition from Participation in the CFA Program, the Covered Person may request an appeal of the Hearing Panel decision. The request must be made in writing to the Hearing Panel Administrator within 28 days of the date of the Hearing Panel decision letter to the Covered Person. Along with the request for appeal, the Covered Person must provide a written submission for the Appeal Panel's consideration stating the relevant facts and reasons why the Hearing Panel erred in its findings of fact or conclusion as to violation(s) and/or why the sanction(s) imposed by the Hearing Panel is unfair. The Hearing Panel Administrator will provide a copy of the Covered Person's written submission to the Professional Conduct Program.

Rule 9.2 Standard of Review

The Appeal Panel must determine that there was a clear and material error in the findings of fact or conclusion as to violation(s) and/or that the sanction(s) imposed was unfair. The Appeal Panel will affirm the Hearing Panel's decision unless the Covered Person's written submission identifies a clear and material error in the findings of fact or conclusion as to violation(s) made by the Hearing Panel, or shows that the sanction(s) imposed by the Hearing Panel was unfair. In assessing sanctions, the decision of the Hearing Panel will be upheld unless it was so clearly unreasonable, given the entirety of the evidence, that it was unfair or unjust.

Rule 9.3 Appeal Panel Submission by the Professional Conduct Program

The Professional Conduct Program may, within 28 days of receipt of the Covered Person's request for an Appeal Panel and written submission, submit a written response to the Covered Person's request and written submission. The Hearing Panel Administrator will provide a copy of the Professional Conduct Program's written submission to the Covered Person.

Rule 9.4 Selection of Appeal Panelists

An Appeal Panel will consist of five voting members from the DRC. The panelists will be appointed by the DRC Chair or designee from the DRC. The DRC Chair will designate one panelist as the Appeal Panel Chair.

Rule 9.5 Notice of Appeal Panel and Challenge Procedures

The Covered Person and the Professional Conduct Program will be provided at least 21 days' notice of the Appeal Panel date. The notice of Appeal Panel will include the identities of the Appeal Panelists and explain the process for challenging Appeal Panelists' participation on the Appeal Panel.

The Covered Person and the Professional Conduct Program will each have 7 days from the date of the notice of Appeal Panel to challenge one panelist's participation on the Appeal Panel without stating a reason.

The Covered Person and the Professional Conduct Program may also challenge an unlimited number of

Appeal Panelists but must state a reason for the challenge. Appeal Panelists who are challenged for a stated reason will be disqualified from the panel:

- a) by agreement between the Covered Person and the Professional Conduct Program;
- b) absent an agreement, by decision of the Appeal Panel Chair; or
- c) by decision of the DRC Chair, if necessary, because of a challenge to the Appeal Panel Chair.

A disqualified panelist may be replaced in the same manner as they were appointed.

Rule 9.6 Appeal Panel Procedures

The Appeal Panel will meet by telephone conference call outside the presence of the Covered Person and the Professional Conduct Program. The Appeal Panel deliberations will not be transcribed or recorded.

The Appeal Panel will be provided with a copy of the Covered Person's request for an Appeal Panel and written submission, the written submission to the Appeal Panel by the Professional Conduct Program, and the Hearing Panel decision.

Rule 9.7 Appeal Panel Decision

The decision of the Appeal Panel will be determined by a majority vote. The decision must be made by at least three Appeal Panelists. The Appeal Panel Chair will issue a written decision containing the Appeal Panel's findings as to whether there was a clear and material error in the Hearing Panel's findings and whether the sanction imposed by the Hearing Panel is unfair. With a finding the sanction imposed is unfair, the Appeal Panel may impose a lesser sanction or no sanction.

The Appeal Panel decision will be provided to the Covered Person and the Professional Conduct Program within 35 days after the hearing. The decision of the Appeal Panel is final.

RULE 10: SUMMARY SUSPENSION

Rule 10.1 Grounds for Summary Suspension

The Professional Conduct Program may impose a summary suspension if:

- a) a Covered Person is convicted of, pleads guilty to, or consents to the imposition of punishment for a crime that is defined as a felony under the laws of the convicting jurisdiction or, if the laws of the convicting jurisdiction do not define felony, any crime punishable by more than one year in prison;
- b) a Covered Person is barred or suspended permanently, or for an indefinite period, from registration under the securities laws or similar laws relating to the investment decision-making process or from association or affiliation by a governmental or judicial agency or by a public or private self-regulatory organization with legal authority over the investment decision-making process;
- c) an individual that has passed the Level III CFA exam but not been awarded the CFA charter, a Charterholder that has allowed their membership to lapse, or a Postponed Candidate is suspended for 2 or more years from registration under the securities laws or similar laws relating to the investment decision-making process, or from association or affiliation by a governmental or judicial agency, or by a public or private self-regulatory organization with legal authority over the investment decision making process; or
- d) a Covered Person fails to cooperate with the Professional Conduct Program in its investigation of the Covered Person's conduct.

Rule 10.2 Notice of Summary Suspension

If a summary suspension is imposed, the Professional Conduct Program will provide the Covered Person with a written notice of summary suspension, which will also advise the Covered Person of the right to request a review of the summary suspension by a Summary Suspension Hearing Panel.

Rule 10.3 Request for Review of Summary Suspension

If the Covered Person requests a review of the summary suspension, the Covered Person must provide a written request within 28 days of the date of the notice of summary suspension. The Professional Conduct Program will refer the matter to a Summary Suspension Hearing Panel.

Rule 10.4 Failure to Request Review of Summary Suspension

If the Covered Person does not request a review of the summary suspension within 28 days of the date of the notice of summary suspension, the summary suspension automatically becomes a revocation and/or prohibition.

Rule 10.5 Summary Suspension Hearing Panel

A Summary Suspension Hearing Panel will be formed and conducted as provided in Rule 4, except that there will be no in-person hearings and no right to an Appeal Panel. If a Summary Suspension Hearing Panel affirms the summary suspension, the sanction automatically becomes a revocation and/or prohibition. If the Summary Suspension Hearing Panel rejects the summary suspension, the Professional Conduct Program may close the matter or continue its investigation into the Covered Person's conduct.

Rule 10.6 Reversal of a Revocation and/or Prohibition Imposed Pursuant to Rule 10.1(a), (b), or (c)

A revocation and/or prohibition imposed as a result of Rule 10.1(a), (b), or (c) may be rescinded by the Professional Conduct Program if the Covered Person provides reliable evidence demonstrating that the underlying criminal conviction, industry bar, or suspension has been reversed and no longer meets the sanction criteria under Rule 10.1(a), (b), or (c). The Professional Conduct Program, however, may continue any investigation into the conduct.

A notice of the reversal may be published.

Rule 10.7 Reversal of a Revocation and/or Prohibition Imposed Pursuant to Rule 10.1(d)

If the Covered Person agrees to cooperate with the Professional Conduct Program's investigation, the Professional Conduct Program may rescind the notice of summary suspension and reverse the revocation and/or prohibition on such conditions as the Professional Conduct Program may impose.

A notice of the reversal may be published.

RULE 11: REINSTATEMENT: INDUSTRY-RELATED CONDUCT

Rule 11.1 Reinstatement Following Timed Suspension

A Covered Person who has received a suspension of membership, suspension from participation in a CFA Institute Exam Program, or suspension of the right to use the CFA designation will be reinstated on the expiration of the period of suspension, provided the Covered Person completes and files a Professional Conduct Statement (or its equivalent) with CFA Institute confirming that he or she has not been the subject of any disciplinary action since the suspension became effective and provided the Covered Person pays all applicable membership dues.

Rule 11.2 Petition, Investigation, and Review for Reinstatement Following Prohibition or Revocation

A Covered Person who received a Prohibition from Participation in a CFA Institute Exam Program or revocation of membership and/or the right to use the CFA designation for Industry-Related Conduct may seek reinstatement by submitting a petition for reinstatement to the Professional Conduct Program.

To be eligible to seek reinstatement, the petitioner must wait at least five years after the effective date of the revocation or prohibition.

On receipt of a petition for reinstatement, the Professional Conduct Program may conduct any necessary investigation. The Professional Conduct Program may require the petitioner to complete and file a Professional Conduct Statement and complete a Standards of Practice exam.

On completion of any necessary investigation, the Professional Conduct Program will deliver a written recommendation to the Reinstatement Panel and the petitioner. The petitioner may also submit written information to the Reinstatement Panel on his or her behalf.

The Reinstatement Panel will be organized and conducted in accordance with Rule 4, except that there will be no in-person hearings. The Reinstatement Panel will be provided with a copy of the transcript(s) and decision(s) from any prior Disciplinary Proceeding(s). The petitioner must demonstrate to the Reinstatement Panel's satisfaction his or her professional competence and fitness to practice, which will include sufficient evidence demonstrating rehabilitation and full compliance with all disciplinary orders. If the petition for reinstatement is denied, the Reinstatement Panel may mandate that the Professional Conduct Program not accept any further petitions for reinstatement permanently or for a period of time or subject to the satisfaction of any condition(s) the Panel may impose.

Rule 11.3 Announcement and Publication of Reinstatement

If a petition for reinstatement is granted pursuant to Rule 11.2, a notice of the reinstatement may be published.