
University of Hail
College of Business Administration
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The background of the slide is a light gray with a collage of various financial and business-related icons. These include a bar chart with three bars in orange, teal, and light blue; a line graph with a black zigzag line; a green hexagon with a white key icon; a blue dollar sign; a circular arrow icon; a pie chart with orange, teal, and light blue segments; and a small orange square with a white 'Q' icon. The icons are scattered across the slide, with some overlapping the text.

Ethics in Finance

Code of Conduct and Work Ethics in Financial Institutions

August 2019



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I. Introduction

A. Purpose

The purpose of the Code of Ethics and Professional Conduct is to enhance the ethical values and principles in the Financial Institutions and promote discipline, integrity, transparency, objectivity, efficiency and loyalty in employees when performing their duties and tasks.

Promoting ethical principles will help achieving the vision and mission of the Financial Institution, protecting its reputation, ensuring staff compliance with the principles of prudent behavior, achieving the concept of good governance, enhancing staff performance and professional behavior, dealing with good and poor performance of employees, and improving the image of the Financial Institution in general.

Such principles should be transformed into behavior and practices applied by the Financial Institution Staff by continuously promoting their application through all possible means by the institution. They shall be the reference tool that sets out the basic rules that define the professional behavior and characteristics employees should show and have at work.

B. Scope and Application

The Code shall apply to all the employees of the Financial Institution, provided that the board of directors of the institution shall adopt a policy of ethics and professional conduct in accordance with the Code, relevant laws and instructions issued by competent authorities.

The Code defines the minimum ethical conduct. In addition, it shall be the responsibility of all managers within the Financial Institution to ensure that the Code is read, signed and enclosed in the employee file with the competent department. Managers shall also be responsible for determining the need to issue more detailed instructions and procedures within their departments to enhance compliance with the Code. The Financial Institution shall adequately explain the Code to the staff when joining the institution.

II. Definitions

- a. Work Ethics:** Ethical standards, rules and behavior that an employee has to comply with and show toward his/her work, colleagues and the society as a whole.
- b. Financial Institution:** Banks, branches of foreign banks, insurance/reinsurance companies, foreign insurance companies, service providers, finance companies, financial lease registration companies and credit information companies, money exchangers centers operating in Saudi Arabia and supervised by SAMA.
- c. Financial Institution Staff:** Members of the board and its committees, executives, regular or contract employees, consultants and third party employees.
- d. Stakeholders:** Any person with an interest in the Financial Institution, such as shareholders, creditors, customers, suppliers and any third party.
- e. Professional Behavior:** Carrying out job duties with honesty, objectivity and integrity and working continuously to achieve the objectives of the Financial Institution. It also means that practices conducted by employees shall be within their entrusted powers. Employees shall perform their duties in a manner that is free from negligence, and shall not violate laws and instructions, jeopardize the public interest or seek to achieve personal interest.
- f. Insider Information:** Any information, data, figures or statistics, whether verbal, written or electronic, obtained or accessed by any of the Financial Institution Staff by virtue of his/her work nature or because of being an employee at the Financial Institution and which is/are not available to the public.
- g. Confidential Information, Data or Documents:** Any information or documents that is/are not available to the public, including those related to the Financial Institution's work, administrative and financial arrangements or financial position.
- h. Conflicts of Interest:** A situation in which the objectivity and independence of any of the Financial Institution Staff are adversely affected when performing his/her tasks by a personal, actual or potential, material or non-material interest that may relate to him/her personally or to one of his/her personal relationships. This situation also includes when

the employee's performance is negatively influenced, directly or indirectly, by his/her personal considerations or after obtaining information related to a decision.

- i. **Personal Interest:** Any personal benefit that can be realized by any of the Financial Institution Staff by virtue of their work nature, position or granted powers.
- j. **Disclosure:** Disclosing the cases that must be disclosed as determined by the Institution's disclosure policy to the competent department at the Financial Institution by an employee.
- k. **Legal Accountability:** Holding a person accountable for the acts he/she commits in contravention of the laws and policies in force, and in such a way as to harm others or damage the interests of the institution in which he/she works.

III. Code of Conduct and Work Ethics

A. Compliance with Professional Conduct and Public Decency Laws

The Financial Institution Staff shall:

- demonstrate and have the highest ethical standards and characteristics, including, transparency, integrity, honesty and good morals in all dealings with colleagues and Stakeholders.
- avoid any conduct that discredits the profession inside or outside the workplace, during or not during working hours, avoid any conduct that violates public decency or morals, avoid discussions on politics, religion and sectarianism and avoid incitement and all forms of racism.
- not hinder work progress, strike or incite such actions.
- perform duties accurately and objectively in a manner that serves the business interests, and improve the required skills through continuous learning and training.
- protect and not damage the reputation of the Financial Institution by publishing information, statements or comments of its own using different media channels or communication means.
- not waste time at work during official working hours, additional hours or official tasks and dedicate it for performing and completing tasks.

- maintain the confidentiality of business information and not disclose any information that may damage the interests of the Financial Institution if disclosed, whether during working at the institution or after leaving the job.
- understand and adhere to the laws and not bypass, violate or neglect them.
- maintain an appropriate standard of dress and comply with the public decency laws in accordance with the Saudi laws during official working hours, training courses and all events in which the employee represents the Institution.
- obtain a prior approval from the Financial Institution to publish information, statements or comments of its own using different media channels or communication means.
- commit to optimal and permitted use of the IT infrastructure and technical resources owned by the Financial Institution without hindering the workflow.

B. Interaction with Stakeholders

Stakeholders are of great importance to the Financial Institution and must be treated in a manner that achieves transparency, integrity and cooperation using the highest professional standards. The stakeholder policy developed by the Financial Institution sets out the general principles and guidelines for its relationships with Stakeholders through:

- 1. Ultimate Objective:** The Financial Institution should be the Stakeholder's most trusted partner, and provide the best experience by making the business easy and fast.
- 2. Engagement:** The Financial Institution should be a constructive partner for Stakeholders by providing clear and honest advice and giving the necessary information about products and services to make sound decisions.
- 3. Response:** The Financial Institution should deal with the complaints and feedback received from Stakeholders immediately, effectively and fairly in accordance with the applicable laws and regulations to achieve the highest professional standards.
- 4. Enhanced Trust:** The Financial Institution shall provide Stakeholders with clear, understandable, accurate and updated information within the

framework of mutual trust in all the services and dealings, and ensure timely and full performance of services as time is an important factor in the financial system.

C. Combating Financial and Administrative Corruption

1. Combating Money Laundering and Terrorist Financing Crimes and Suspicious Transactions

Money laundering and terrorist financing are considered criminal activities in Saudi Arabia under the Anti-Money Laundering Law and the Law on Terrorism Crimes and Financing and their Implementing Regulations. Such laws and regulations include preventive measures that the Financial Institution and its staff must take. Since such crimes do not only affect the Financial Institution but also the society and state, the Financial Institution shall have policies and procedures in place that ensure implementing strict measures to reduce the risk of misuse for financial crime purposes. The Financial Institution Staff shall combat financial crimes, including money laundering and terrorist financing, avoid engaging in and report any unusual or suspicious activities to the Financial Investigation Unit in accordance with the legal requirements.

The Financial Institution Staff shall be responsible for applying the AML/CTF instructions, including reporting suspicious transactions and activities, and not carrying implication to inform someone that he has been reported. In case of unfounded reports made in good faith, the person reporting such transactions and activities shall have no liability to the reported person.

The Financial Institution shall assign AML/CTF tasks to employees only after joining specialized and accredited AML/CTF courses. The Financial Institution shall also spread knowledge of AML/CTF by all appropriate means, such as training courses and bulletins.

Duties and Responsibilities of Financial Institution Staff:

- commit to the implementation of the Anti-Money Laundering Law and the Law on Terrorism Crimes and Financing, and SAMA's relevant instructions.
- perform the duties and tasks with honesty, integrity, accuracy and professionalism.
- not engage in any criminal, money laundering or terrorist financing activities.
- immediately report all suspicious transactions carried out by Stakeholders or the Financial Institution Staff by the concerned department to the

AML/CTF department, which in turn reports such transactions to the Financial Investigation Unit at the Presidency of State Security.

- not carry implication to inform Stakeholders or staff that their activities that have been reported, will be reported to competent authorities or under investigation by the Financial Institution are suspected.

2. Dealing with Bribery and Corruption

Bribery is one of the most serious crimes causing corruption in societies. Therefore, the Financial Institution shall condemn and fight bribery and corruption in all forms in any dealing or interaction with Stakeholders. The Financial Institution shall also educate staff about the gravity and adverse effects of bribery and corruption on the Financial Institution and the society as a whole.

Duties and Responsibilities of Financial Institution Staff:

- report any suspicion of corruption or bribery to the competent directors or departments in the financial institution.
- not exercise nepotism, cronyism or any forms of favoritism at work, which may adversely affect the confidence of the financial institution's clients.
- not show any sign of moral or administrative corruption whatsoever, or use any suspected or illegal means to accomplish tasks.
- not abuse job powers and report any abuse to the competent departments in the Financial Institution.

D. Gifts and Hospitality

In the context of relationships, gifts and hospitality are offered and/or accepted, thus, the Financial Institution Staff shall exercise caution and apply sound judgment when presenting and accepting gifts to or from Stakeholders. This aims at protecting the integrity of the Financial Institution and staff as per the institution's gift and hospitality policy.

To protect the principle of professionalism, an assessment shall be made to determine whether the gift or hospitality is reasonable, appropriate and justified or not, taking into account the value, nature, time and intended intentions of such gift /hospitality. The Financial Institution Staff shall:

- a. not request or accept any gifts invitation, service or anything of material or non-material value whether for himself/herself or his/her personal relationships from natural or legal persons that have or seek to have a

relation with the Financial Institution, which may directly or indirectly affect the objectivity of the Financial Institution Staff in implementing their tasks, the decisions made or may force them to commit to do something in return.

- b.** understand that any current or former employee violating, participating or assisting in violating the laws related to requesting or accepting gifts and invitations will be held accountable for such actions.
- c.** accept the gift presented if rejection would be offensive to the Financial Institution, rejection is not practically possible or if presented to the staff in official visits, events or receptions, in accordance with the rules of etiquette and protocol followed in visits and events. However, the acceptance of the gift shall be subject to the following:
 - 1.** the gift shall not be cash, loan, share or financial derivative.
 - 2.** the gift and its value shall be according to the usual practices followed in a particular event, such as trophies.
 - 3.** if the gift is a fee discount or exemption, it shall be related to an invitation to attend a conference or meeting that enhances knowledge, positively reflects on the business of the Financial Institution and does not result in a conflict of interest.
 - 4.** the gift shall not be presented due to the recipient's position or work at the Financial Institution.
 - 5.** the person presenting the gift shall not have private or public interest that he/she wishes to get from the Financial Institution or one of its staff.
- d.** An employee may accept a prize from an entity with which the Financial Institution has a relationship due to his/her achievement as follows:
 - 1.** the prize shall be awarded as part of an announced and recognized program on a regular basis.
 - 2.** the winner selection shall be according to an announced criteria.
 - 3.** prior approval shall be obtained from the Financial Institution.
- e.** The gift recipient shall submit a written disclosure form to the compliance department directly after receiving the gift in the following cases:

1. if the gift has a value and can be sold.
 2. if the gift is perishable and of a value exceeding SAR 1000.
- f. The Financial Institution Staff shall not offer gifts, grants or invitations to those who personally have business relationships with the Financial Institution, unless offered by the competent department as per the approved policy on this regard.
 - g. Gifts and grants that may damage the reputation of the Financial Institution shall not be accepted or requested.

E. Compliance with Laws, Regulations, Instructions and Policies

Adherence to rules, regulations, instructions and policies is one of the most important bases and factors of success for the Financial Institution that helps maintaining its reputation and credibility. The Financial Institution Staff shall be aware of, comply with and understand the applicable laws, regulations, instructions and policies related to the work and tasks assigned, which shall also be applied without violation or negligence. In addition, any dealing that may violate such laws, regulations, instructions or policies shall not be carried out in the name of the Financial Institution.

F. Dealing with Conflicts of Interest

To protect the Financial Institution and Stakeholders, the staff shall be responsible for identifying any potential or actual conflict of interest that may adversely affect the Financial Institution and/or Stakeholders. In cases where a conflict of interest is not possible to be prevented, the Financial Institution shall properly manage such conflict through a set of controls, policies and procedures.

G. Confidentiality and Disclosure Mechanisms

Information is an important asset to the businesses of the Financial Institution and information protection is an important factor for its success and continuity. In addition, all information related to the Financial Institution's Stakeholders or Staff shall be the property of the institution. The Financial Institution shall prepare a set of controls and procedures for the destruction of unused or damaged documents and devices.

The Financial Institution shall classify information in terms of confidentiality as follows:

1. Classification of Financial Institution Information

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a. General Information:

General information available to the public for free through the institution's authorized channels.

b. Insider Information:

Information not disclosed to any person outside the institution.

c. Confidential Information:

All non-public information related to the Financial Institution, staff or Stakeholders. Financial Institution Staff, with access to such information, shall protect and only disclose the information to other staff members as necessary. Unauthorized disclosure of confidential information may result in legal ramifications, such as lawsuits, legal penalties or damage to reputation. Examples of confidential information include: private information, Financial Institution strategies, competitively sensitive information, trade secrets, specifications, stakeholder lists or research data. Unauthorized persons shall not have access to such information.

d. Highly Confidential Information:

Information entrusted to some employees that could significantly affect the Financial Institution, staff or Stakeholders if disclosed without permission. Such information should be made available to the staff only as required by the Financial Institution's work. The Financial Institution Staff shall comply with the information security policy, especially that addresses dealing with different types of information. Highly confidential information shall only be available to authorized employees.

2. Classification of Confidentiality

a. Confidentiality of Stakeholder Information:

It shall be the duty and responsibility of the Financial Institution to protect the confidentiality of stakeholder information. The staff shall be entrusted with the stakeholder important information which is also important to maintain the Financial Institution's ability to provide quality products and services. Such information includes personal data, information on products; services; accounts; balances; transactions; mergers or acquisitions; status of securities; pending requests or plans prepared to increase capital. Stakeholder information protection shall be the sole and collective responsibility of the Financial Institution Staff. Information shall be handled with the utmost confidentiality in accordance with the highest standards applied. The obligation to maintain the confidentiality of information shall continue even after the end of the work/ service of the

employee. Stakeholder information shall not be shared with anyone who does not have access to it inside or outside the Financial Institution.

b. Confidentiality of Property Information:

While working at the Financial Institution, staff may provide, develop and/or access information, ideas, innovations, systems, intellectual properties, technologies, policies, procedures, processes, software, hardware, operational processes, profitability results and forecasts, business plans, strategies, programs, staff data, reports, studies, records; stakeholder data, lists and information; trade secrets and other information related to the Financial Institution, its products or services, Stakeholders, potential stakeholders or any other relevant parties that are not publicly available. Such information may be original, copy of the original, electronic, saved, written or any other type.

As a requirement for employment/ service, the Financial Institution Staff shall acknowledge or agree that such information is the property of the Financial Institution alone and shall not have any rights or interests with respect thereto. It shall be the duty of the Financial Institution Staff to maintain property information and not use such information outside the limits of the Financial Institution's business. Furthermore, unauthorized use of property information shall be prohibited. Financial Institution Staff shall not record any communications that include property information through the use of electronic devices or personal recording devices, including mobile phone cameras, and such information shall not be used, spread or disclosed to any unauthorized third party during working at the institution or after leaving the job. Financial Institution Staff shall not spread or destroy property information. In case of resignation, Financial Institution Staff shall delete/ return property information in possession, including the information saved on personal devices, such as electronic devices or personal computers.

c. Confidentiality of Insider Information:

Financial Institution Staff may sometimes be entrusted with material Insider Information. Such Information may be kept, but shall not be misused.

The definition of "material Insider Information" is board. However, Insider Information is considered "material" if it is highly likely that an adult will consider it important to make investment/ business decisions or if the

spread of such information will affect the price of the company's securities in the market. Insider information may also be considered material if it is related to the future or potential or expected events; or if considered material only when combined with publicly available information. All information shall be considered "Insider" unless disclosed and enough time has passed. Examples of adequate information disclosure include: information submitted to securities markets and regulators (such as Tadawul and CMA) or issued in a press release or through meetings with members of the media and the public. Financial Institution Staff shall not discuss or pass Insider Information on to any other employee unless the exchange of such information serves the purposes of the Financial Institution. Financial Institution Staff shall not trade, directly or indirectly, through granting power of attorney, through arranging a trading deal in which one of the parties has personal, business or contractual relationship with one of the Financial Institution Staff, or through giving a legal agent or any other person the authority to act on his/her behalf, in the shares or securities of a listed company, and shall not offer recommendations to do so based on Insider Information they have access to by virtue of their work/ service in the Financial Institution. Financial Institution Staff shall not make investment or business decisions, that are not related to the work of the Financial Institution, based on information they have obtained for the Financial Institution. Such act is a punishable violation. Therefore, if any member of the Financial Institution believes that he/she has access to Insider Information, he/she shall not trade in securities based on such information, except after consulting the compliance department. In case of carrying out trading activities or owning securities before joining the Financial Institution, the competent department shall be informed.

d. Exchange of Confidential Information on the Basis of Need:

Financial Institution Staff shall not disclose confidential information to other employees, supervisory and control authorities or external lawyers and/or advisors, except after obtaining the required approvals. Disclosure shall be in accordance with following cases:

- if the recipient is authorized and has a legitimate need for such information in relation to his/her responsibilities of work/ service according to the relevant instructions.
- if disclosing such information will not cause damage.

The Financial Institution Staff shall not give any information about the Financial Institution to third parties unless they have the authority to do so. As an exception, some information may be disclosed if disclosure is normal when carrying out the Financial Institution's business, for example, information requested about solvency and/or by a supervisory or regulatory authority or if disclosure is in the interest of the Financial Institution and its Stakeholders. The following are examples of cases that are subject to the exemption, however, the exception will only be applied after obtaining the approval of the concerned officials at the Financial Institution:

1. general periodic disclosures requested by regulators.
2. information requested by competent authorities for investigation purposes.

Regulation and supervision information requests shall be referred to the compliance department. Thus, no employee shall have the right to respond to any enquiry about regulation or supervision or provide such authorities with the requested information except through the compliance department or if he/she is authorized to do so.

Duties of Financial Institution Staff:

The Financial Institution Staff shall be obliged to protect confidential information. In addition to complying with the detailed requirements stated in the information security policy prepared by the Financial Institution, the staff, as a minimum, shall:

- adhere to the information security policy and procedures, and the laws and instructions related to confidentiality.
- not access non-public stakeholder or property information for purposes unrelated to their work, as accessing such information must be within their powers and for work reasons.
- not try to obtain confidential information that are unrelated to their work.
- not provide any unauthorized person inside or outside the Financial Institution with confidential information or facilitate his/her access to it.
- provide authorized persons with information according to the required limits.

- maintain stakeholder and property information or other confidential information in a way that allows access to authorized persons only.
- not leave any confidential information in places where they can be accessed, such as shared offices or areas.
- use envelopes, postal services or emails marked as confidential when exchanging confidential information within the Financial Institution.
- not copy any document or text that is not related to work before obtaining the approval of the direct line manager.
- not enter vaults, strongrooms or other restricted areas unless authorized or required by their work.
- only put the documents they are currently working on on the desk, and keep the other documents in drawers, preferably in locked places.
- turn off all devices and lock all drawers before leaving the office.
- destroy all documents that are no longer needed and contain sensitive or confidential information, and keep other papers and documents in files inside lockers.
- not disclose any confidential information about the Financial Institution to any person, including the institution employees who are unauthorized to access or do not need such information.
- take precautionary measures to avoid unauthorized disclosure of confidential information.
- not discuss any sensitive or confidential information in public places, such as elevators, corridors and public transportations.
- maintain the confidentiality of the Financial Institution information during working at the institution or after leaving the job, and not share, collect, record or spread such information at any time or for any reason unless after obtaining a written approval from the competent department.
- not access the premises of the Financial Institution outside working hours unless after obtaining the approval of the direct line manager and the security and safety department.

- understand and acknowledge that any intellectual property developed for the Financial Institution or created using its resources are the property of the Financial Institution alone.
- maintain the confidentiality of the access codes and passwords of strongrooms, IT systems and any other codes or passwords.
- prevent intentional or unintentional disclosure of confidential information.
- obtain prior approval from the authorized person to copy or keep any document or text outside the Financial Institution building to conduct work outside the building.

The information security department shall be informed when any employee receives confidential information he/she does not need at that time. In addition to the abovementioned duties, the Financial Institution Staff shall be responsible for meeting the following security obligations:

1. comply with legal, regulatory and other contractual requirements applied in their field of business.
2. maintain work ID and passwords of the IT systems and change them periodically; understand that they are responsible for any action carried out using their work IDs, and follow information security policies to prevent misuse of work ID.
3. not tamper with the security and protection of the IT systems.
4. take the necessary steps to protect the information stored on computers.
5. comply with the additional security procedures established to prevent unintentional disclosure of confidential information by employees who have laptops, remote access to the systems or permission to use any other portable devices to perform the business of the Financial Institution.

H. Use and Leakage of Insider Information for Market Manipulation:

Financial Institution staff shall not engage in any act, or participate in or encourage the performance of any conduct that may give false idea of any

investment, price or value of something by using or leaking Insider Information to obtain personal benefits for their own or for third parties.

I. Whistleblowing

The Financial Institution shall provide effective methods of communication to receive reports of actual or potential violations. Financial Institution Staff shall report any suspicious activities carried out by employees who have Insider or Confidential Information. In addition, cases of fraud or attempted fraud, money or business paper loss, potential violation of the laws, regulations, instructions or policies of the Financial Institution or unusual transactions that the reporting employee believes that they do not conform with the financial status of Stakeholders shall be reported as well through the different reporting lines provided. The Financial Institution shall protect the confidentiality of whistleblowers, protect employees reporting in good faith and not tolerate any form of retaliation against whistleblowers.

The Financial Institution shall hold employees who deliberately ignore reporting wrongdoings that violate the relevant laws, regulations, instructions or policies accountable.

J. Remuneration and Compensation

The Financial Institution may provide benefits to employees outside the scope of the official job contract concluded in order to incentivize them to achieve the best results in accordance with the remuneration and compensation policy prepared by the institution, taking into consideration the following:

1. ensure sound and effective risk management through an effective management structure to set objectives and share them with employees.
2. ensure effective remuneration and compensation risk management by developing a policy to ensure that remuneration and compensation are not only given to specific category of employees.
3. comply with the Financial Institution business strategy, values, priorities and long term objectives.

IV. Consequences of Non-Compliance with the Code of Conduct and Work Ethics

The Financial Institution shall ensure the application of the Code of Conduct and Work Ethics in the institution, monitor and control any violation thereof, develop and update the Code according to these principles and impose penalties for violations according to the relevant rules and instructions, and under the work organization law and penalties of each Financial Institution.

CFA Institute Code of Ethics and Standards of Professional Conduct

Preamble

The CFA Institute Code of Ethics and Standards of Professional Conduct are fundamental to the values of CFA Institute and essential to achieving its mission to continue to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. High ethical standards are critical to maintaining the public's trust in financial markets and in the investment profession. Since their creation in the 1960s, the Code and Standards have promoted the integrity of CFA Institute members and served as a model for measuring the ethics of investment professionals globally, regardless of job function, cultural differences, or local laws and regulations. All CFA Institute members (including holders of the Chartered Financial Analyst [CFA] designation) and CFA candidates have the personal responsibility to embrace and uphold the provisions of the Code and Standards and are encouraged to notify their employer of this responsibility. Violations may result in disciplinary sanctions by CFA Institute. Sanctions can include revocation of membership, revocation of candidacy in the CFA Program, and revocation of the right to use the CFA designation.

The Code of Ethics

Members of CFA Institute (including CFA charterholders) and candidates for the CFA designation ("Members and Candidates") must:

- Act with integrity, competence, diligence, and respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.

- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

Standards of Professional Conduct

I. PROFESSIONALISM

A. Knowledge of the Law

Members and Candidates must understand and comply with all applicable laws, rules, and regulations (including the CFA Institute Code of Ethics and Standards of Professional Conduct) of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict law, rule, or regulation. Members and Candidates must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.

B. Independence and Objectivity

Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

C. Misrepresentation

Members and Candidates must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.

D. Misconduct

Members and Candidates must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

E. Competence

Members and Candidates must act with and maintain the competence necessary to fulfill their professional responsibilities.

II. INTEGRITY OF CAPITAL MARKETS

A. Material Nonpublic Information

Members and Candidates who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.

B. Market Manipulation

Members and Candidates must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

III. DUTIES TO CLIENTS

A. Loyalty, Prudence, and Care

Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.

B. Fair Dealing

Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

C. Suitability

1. When Members and Candidates are in an advisory relationship with a client, they must:
 - a. Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
 - b. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.

- c. Judge the suitability of investments in the context of the client's total portfolio.
2. When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.

D. Performance Presentation

When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.

E. Preservation of Confidentiality

Members and Candidates must keep information about current, former, and prospective clients confidential unless:

1. The information concerns illegal activities on the part of the client or prospective client,
2. Disclosure is required by law, or
3. The client or prospective client permits disclosure of the information.

IV. DUTIES TO EMPLOYERS

A. Loyalty

In matters related to their employment, Members and Candidates must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.

B. Additional Compensation Arrangements

Members and Candidates must not accept gifts, benefits, compensation, or consideration that competes with or might reasonably be expected to create a conflict of interest with their employer's interest unless they obtain written consent from all parties involved.

C. Responsibilities of Supervisors

Members and Candidates must make reasonable efforts to ensure that anyone subject to their supervision or authority complies with applicable laws, rules, regulations, and the Code and Standards.

V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

A. Diligence and Reasonable Basis

Members and Candidates must:

1. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.
2. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.

B. Communication with Clients and Prospective Clients

Members and Candidates must:

1. Disclose to clients and prospective clients the nature of the services provided, along with information about the costs to the client associated with those services.

2. Disclose to clients and prospective clients the basic format and general principles of the investment processes they use to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
3. Disclose to clients and prospective clients significant limitations and risks associated with the investment process.
4. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients.
5. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.

C. Record Retention

Members and Candidates must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications with clients and prospective clients.

VI. CONFLICTS OF INTEREST

A. Avoid or Disclose Conflicts

Members and Candidates must avoid or make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity and interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.

B. Priority of Transactions

Investment transactions for clients and employers must have priority over investment transactions in which a Member or Candidate is the beneficial owner.

C. Referral Fees

Members and Candidates must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from or paid to others for the recommendation of products or services.

VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE

A. Conduct as Participants in CFA Institute Programs

Members and Candidates must not engage in any conduct that compromises the reputation or integrity of CFA Institute or the CFA designation or the integrity, validity, or security of CFA Institute programs.

B. Reference to CFA Institute, the CFA Designation, and the CFA Program

When referring to CFA Institute, CFA Institute membership, the CFA designation, or candidacy in the CFA Program, Members and Candidates must not misrepresent or exaggerate the meaning or implications of membership in CFA Institute, holding the CFA designation, or candidacy in the CFA Program.