



RULES OF PROCEDURE FOR PROCEEDINGS RELATED TO PROFESSIONAL CONDUCT

As amended and restated 21 May 2006

RULE 1: PREAMBLE

1.1 Introduction.

Covered Person(s), as defined in Article 2 of the CFA Institute Bylaws (“Bylaws”), are required to conduct their activities in accordance with the CFA Institute Code of Ethics and Standards of Professional Conduct (“Code and Standards”). This document, the “Rules of Procedure for Proceedings Related to Professional Conduct” (“Rules of Procedure” or “Rules”), governs the procedures to which both CFA Institute and Covered Persons must adhere during a professional conduct investigation.¹

1.2 Definitions.

“Administrative Officer” of the Professional Conduct Program is the person designated, on a request for a Hearing Panel, to act as the administrative intermediary among the Designated Officer, the Covered Person, and any Hearing or Review Panel.

“CFA Examination Administration Process” is any activity directly related to taking the CFA Examination; from the time the Covered Person registers for the CFA Program and/or enrolls for a CFA Examination until the Covered Person receives the CFA Charter.

“Covered Person” is a regular member, an affiliate member, a candidate, or a postponed candidate, as defined by the Bylaws.

“Designated Officer” is a regular member of CFA Institute appointed by the CFA Institute Board of Governors to oversee the operation of the Professional Conduct Program.

“Disciplinary Review Committee” (“DRC”) is the committee designated by the CFA Institute Board of Governors to enforce the Code and Standards and to fulfill other duties as provided in the Bylaws.

“Hearing Panel” is a group of individuals from the DRC and the Hearing Panel Pool selected to review evidence and testimony, and determine the appropriate disciplinary sanctions, if any, on a Covered Person.

“Hearing Panel Pool” is the group of CFA Institute regular members who have volunteered to serve on Hearing Panels.

RULE 2: DISCIPLINE

2.1 Authority of the DRC.

The DRC may exercise its authority and duties through subcommittees, hearing panels, and review panels and as otherwise permitted in the Bylaws, with positions on such subcommittees, hearing panels, and review panels to be filled by members of the DRC, Hearing Panel Pool, and CFA Institute Board of Governors as provided in these Rules.

2.2 Grounds for Discipline.

Disciplinary action may be imposed on Covered Persons for those infractions provided for in the Bylaws and such other good cause as may be established by the CFA Institute Board of Governors.

2.3 Sanctions.

Sanctions include the following actions, all of which may be announced publicly as provided in Rule 2.5 and may include the Covered Person’s name, unless otherwise provided:

¹ The Rules of Procedure are supplemental to and not *in lieu* of the CFA Institute Bylaws. If there is a conflict between the Rules of Procedure and the Bylaws, the Bylaws prevail.

(a) *Private Censure.* Covered Person's conduct is in violation of the Code and Standards and censured in writing by the Professional Conduct Program. When a private censure is announced publicly, the announcement shall exclude the Covered Person's name and any identifying information.

(b) *Public Censure.* Covered Person's conduct is in violation of the Code and Standards and is censured in writing by the Professional Conduct Program.

(c) *Suspension of Membership.* Covered Person's membership in CFA Institute and Member Societies is suspended for a specified period of time.

(d) *Suspension of the Right to Use the Chartered Financial Analyst® (CFA) Designation.* Covered Person's right to use the CFA designation is suspended for a specified period of time.

(e) *Revocation of Membership.* Covered Person's membership in CFA Institute and Member Societies is permanently revoked.

(f) *Revocation of the Right to Use the Chartered Financial Analyst® (CFA) Designation.* Covered Person's right to use the CFA designation is permanently revoked.

(g) *Summary Suspension.* This sanction automatically removes the Covered Person from membership in CFA Institute and Member Societies and/or suspends the Covered Person's right to use the CFA designation.

(h) *Suspension (Summary or Otherwise) or Prohibition from Participation in the CFA Program.* Covered Person is automatically and/or permanently removed from participation in the CFA Program.

2.4 Notice of Disciplinary Action.

All sanctions shall be communicated to the Covered Person by a "Notice of Disciplinary Action" that summarizes (a) the nature of the matter and the disciplinary proceeding; (b) the applicable code(s), standard(s), and/or rule(s) that were violated; and (c) other appropriate information as

determined by the DRC, subject to the Bylaws and the Rules.

2.5 Announcement of Sanctions.

Sanctions shall be announced in the manner determined by the Professional Conduct Program pursuant to these Rules.

Any sanctions made public (a) shall be announced in *CFA Magazine*, or other CFA Institute publication(s), and posted on the website of CFA Institute and may include information contained in the Notice of Disciplinary Action; (b) may be delivered to the Covered Person's regulator(s), along with information listed under Rule 10.2, "Exceptions to Confidentiality Policy"; and (c) may be announced to any Member Society of which the Covered Person is a member.

Any private sanctions shall be announced in the *CFA Magazine*, or other CFA Institute publication(s), and posted on the website of CFA Institute and may include information contained in the Notice of Disciplinary Action, with the exception of the Covered Person's name and other specifically identifying information.

2.6 Notice.

Documents sent to a Covered Person shall be deemed received by the Covered Person if such documents are mailed postage prepaid to the Covered Person at the last known preferred address shown in CFA Institute records. The Covered Person is responsible for keeping CFA Institute advised of his or her current mailing address, as stated in the Membership Agreement, Candidate Responsibility Statement, and annual Professional Conduct Statement.

RULE 3: INVESTIGATIONS

3.1 Designated Officer.

The Designated Officer may appoint designees to act on the Designated Officer's behalf and to assist in performing functions related to professional conduct investigations.

3.2 Commencement.

The Designated Officer or designees (hereafter "Designated Officer") may conduct an investigation of any matter involving, or appearing to involve, the professional conduct of a Covered Person of which the Designated Officer becomes aware from any source. The Designated Officer is authorized to contact any party that may be able to provide assistance in the investigation.

3.3 Complaining Party.

Any person who files a written complaint with CFA Institute concerning a Covered Person's professional conduct (hereafter "Complaining Party") shall be requested to furnish the Designated Officer with (a) a statement of the circumstances underlying the complaint and (b) copies of any supporting documentation that will assist the Designated Officer in determining whether the Covered Person has failed to comply with the Code and Standards or other governing rules.

The identity of the Complaining Party will not be made known to the Covered Person who is the subject of the complaint unless the Complaining Party agrees for his or her identity to be released to the Covered Person. The Designated Officer will make reasonable efforts to safeguard the identity of the Complaining Party.

3.4 Notice of Inquiry.

The Designated Officer shall furnish a Covered Person who is the subject of an investigation with a "Notice of Inquiry" and any other information that will reasonably assist the Covered Person in responding to the inquiry, including a copy of the Rules of Procedure, the Bylaws, the Code and Standards, and notice of the right to be represented by counsel.

The Covered Person shall respond in writing within thirty (30) days of receipt of the Notice of Inquiry. Failure to respond to a Notice of Inquiry or any other request to submit information relating to the Covered Person's professional conduct shall

constitute grounds for Summary Suspension for "failure to cooperate," as described in these Rules.

3.5 Communications and Conflicts.

All communications regarding the Notice of Inquiry, investigation, and/or findings of conduct must be directed to the Designated Officer. Any communications on behalf of the Covered Person, regarding an investigation and/or findings of conduct to persons other than the Designated Officer that may affect the integrity of the investigation may result in the matter being referred to the Chair of the CFA Institute Board of Governors (hereafter "CFA Institute Chair"). In the event of referral, the CFA Institute Chair may appoint a regular member of CFA Institute to assume the Designated Officer role.

If the Designated Officer should withdraw as Designated Officer for an investigation or if the CFA Institute Chair should determine that the Designated Officer has a conflict of interest, the CFA Institute Chair shall appoint a regular member of CFA Institute to assume the Designated Officer role. The member appointed will assume the responsibility of the Designated Officer and begin or resume the investigation or proceeding.

3.6 Continuation of Proceeding after Resignation.

Even if a Covered Person has resigned from CFA Institute membership and/or as a holder of the CFA professional designation or has assumed Postponed Candidate status, a disciplinary proceeding may continue. Furthermore, if a disciplinary proceeding was commenced prior to the Covered Person's resignation or change of status (as indicated by the Notice of Inquiry date), the Designated Officer or applicable committee or subcommittee may impose disciplinary sanctions. In addition, if on the resignation of the Covered Person, the Designated Officer determines to not continue the investigation, a notice of the Covered Person's resignation or postponed status, including a description of the conduct under investigation at the time of

such action, may be announced as provided in Rule 2.5, "Announcement of Sanctions" and may include the Covered Person's name.

RULE 4: ACTION BY THE DESIGNATED OFFICER

4.1 Termination of an Investigation.

If the Designated Officer determines that evidence is not sufficient to proceed with an investigation, he or she shall notify the Covered Person in writing and terminate the investigation, except as otherwise provided herein. Termination of an investigation shall not preclude reopening, at a future date, an investigation that involves the same allegations or conduct, for good cause shown.

4.2 Statement of Charges.

If the Designated Officer determines that a Covered Person has violated the Code and Standards and a disciplinary sanction is warranted, the Designated Officer shall provide the Covered Person with a Statement of Charges. The Statement of Charges shall identify the charges against the Covered Person and the sanction proposed by the Designated Officer. Accompanying the Statement of Charges shall be all evidentiary materials compiled by the Designated Officer in the course of the investigation, after redacting confidential information.

4.3 Private Censure.

A Covered Person who receives a Statement of Charges proposing a Private Censure shall have the right to reject the sanction by submitting to the Designated Officer a written rejection within thirty (30) days of the receipt of the Statement of Charges.

If the Covered Person rejects the Private Censure, the Designated Officer may continue the investigation or refer the matter to the Administrative Officer who shall arrange for the appointment of a Hearing Panel. The Hearing Panel shall be conducted pursuant to Rule 5, "Request for a Hearing."

If the Covered Person accepts or fails to reject the Private Censure in writing within thirty (30) days of the receipt of the Statement of Charges, the determination of the Designated Officer and the imposition of the Private Censure shall be final and conclusive. In such event, the Covered Person shall be deemed to have admitted the violations, accepted the sanction, and waived all rights to have the matter referred to a Hearing Panel.

4.4 Public Sanction.

A Covered Person who receives a Statement of Charges proposing a (a) Public Censure; (b) Suspension of Membership; (c) Suspension of the Right to Use the Chartered Financial Analyst® (CFA) Designation; (d) Revocation of Membership; (e) Revocation of the Right to Use the Chartered Financial Analyst® (CFA) Designation; and/or (f) Suspension or Prohibition from Participation in the CFA Program shall have the right to reject the sanction by submitting to the Designated Officer a written rejection within thirty (30) days of receipt of the Statement of Charges.

If the Covered Person rejects or fails to explicitly accept the Statement of Charges, the Designated Officer may continue the investigation or refer the matter to a Hearing Panel. The Hearing Panel shall be conducted pursuant to Rule 5, "Request for a Hearing."

If the Covered Person accepts the sanction, in writing, within thirty (30) days of receipt of the Statement of Charges, the matter shall be referred to a Hearing Panel. The Hearing Panel shall be designated pursuant to Rule 5.1, "Designation of Hearing Panel." The Hearing Panel shall meet out of the presence of the Covered Person and the Designated Officer and shall review the Statement of Charges and the Covered Person's statement of acceptance. The Hearing Panel shall consider the charges and agreed-upon sanction. However, the Hearing Panel may request from the Covered Person and/or the Designated Officer any additional information it reasonably believes is necessary to reach a determination. The Hearing Panel may (a) impose the agreed-

upon sanction; (b) dismiss the matter; or (c) reject the agreed-upon sanction and refer the matter back to the Designated Officer for additional investigation or action.

RULE 5: REQUEST FOR HEARING

5.1 Designation of Hearing Panel.

A Hearing Panel shall consist of five voting members. The Chair of the DRC shall appoint two voting members from the DRC, one of whom shall be designated as the Hearing Panel Chair. The DRC Chair shall also appoint one alternate member from the DRC. Three voting members and two alternate members shall be selected by the Administrative Officer from the Hearing Panel Pool roster. The Administrative Officer shall select from the roster the next five members who have not most recently served on a Hearing Panel and are available for service at a reasonable meeting time. The alternate members shall participate in the hearing panel process only if a voting member is unable to attend or is disqualified from serving on the Hearing Panel.

No member of the Hearing Panel who indicates a conflict of interest or who has been previously involved in the investigation of the matter shall serve on the Hearing Panel.

5.2 Notice of Hearing and Pre-Hearing Procedures.

All Hearings will be held by telephone conference call unless an in-person hearing is requested by the Covered Person, in writing, addressed to the Designated Officer as part of the Covered Person's rejection of the Statement of Charges. The Administrative Officer shall schedule a date and time (and place, if the Covered Person requests an in-person hearing) promptly after receiving notice of the hearing request from the Designated Officer. If a mutually agreeable date and time is not provided by the Covered Person and the Designated Officer within thirty (30) days, the Hearing Panel Chair shall determine the date and time (and place, if applicable) for the Hearing, and give the Designated Officer and the Covered Person forty (40) days notice thereof. The notice shall inform the

Covered Person and the Designated Officer of the identity of the Hearing Panel members, including such information about the members as authorized by the DRC, and of the right to challenge Hearing Panel members' participation on the hearing panel. The notice shall also inform the Covered Person of the right (a) to have a reasonable opportunity to be heard in his or her own defense, (b) to be represented by counsel, (c) to have an interpreter, (d) to present witnesses and evidence, and (e) to question any witness called by the Designated Officer.

The Designated Officer and Covered Person shall each have fourteen (14) days, from the date of the Notice of Hearing, to challenge without stating a reason two members' participation on the Hearing Panel. The Covered Person and Designated Officer shall also have the right to challenge an unlimited number of members of the Hearing Panel for good reason within the fourteen (14) days and throughout the process, with good cause shown for delay. The party making a challenge shall state the reason for the challenge and the hearing panel member objected to shall be eliminated from the panel on the vote of a simple majority of the unchallenged Hearing Panel members; by the decision of the DRC Chair (if necessary because of a lack of unchallenged members); or on agreement by the Covered Person and the Designated Officer. Members eliminated from a panel shall be replaced in the same manner as their appointment to the Hearing Panel.

The Hearing shall be held within 120 days of the request by the Covered Person for a Hearing. The 120 days may be extended by mutual agreement between the Covered Person and Designated Officer, with notice of the agreed extension provided to the DRC Chair. The Hearing may also be extended on approval by the DRC Chair. Once a Hearing has been scheduled, any requests by the Covered Person or Designated Officer to reschedule the Hearing shall be submitted in writing to the Administrative Officer. The Hearing Panel Chair shall have sole discretion to grant or deny the request to reschedule the Hearing.

The Designated Officer may furnish to the Hearing Panel written information and/or evidence on his or her behalf. Any written information or evidence not received by the Administrative Officer at least twenty-five (25) days prior to the Hearing may be considered by the Hearing Panel, but only at its discretion. At least twenty-five (25) days prior to the Hearing, the Designated Officer shall also provide a list of all witnesses who will testify at the Hearing, including the name and a brief description of the expected testimony of each witness. A copy of the Designated Officer's submission and witness list shall be provided to the Covered Person.

The Covered Person may furnish to the Hearing Panel written information and/or evidence on his or her behalf. Any written information or evidence not received by the Administrative Officer at least fourteen (14) days prior to the Hearing may be considered by the Hearing Panel, but only at its discretion. At least fourteen (14) days prior to the Hearing, the Covered Person shall also provide a list of all witnesses who will testify at the Hearing, including the name and a brief description of the expected testimony of each witness. A copy of the Covered Person's submission and witness list shall be provided to the Designated Officer.

5.3 Hearing Procedures.

At the outset of the Hearing, the Hearing Panel Chair shall make a statement of the nature and purpose of the Hearing and the procedures by which the Hearing shall be governed. The Hearing Panel Chair shall ask each witness, including the Covered Person to affirm that their testimony will be the truth.

The Covered Person and the Designated Officer shall each have the opportunity to present witnesses, oral argument, and to respond to the written submissions, testimony, and argument presented by the other. Any voting member of the Hearing Panel may ask questions or request information during the course of the hearing.

The Hearing Panel shall not be bound by any rules of evidence applicable in courts of law, and the Hearing Panel may exclude matters deemed irrelevant. An audio or stenographic recording of the hearing shall be made. The cost of the recording shall be paid by CFA Institute.

At the conclusion of the Hearing, the Hearing Panel shall deliberate, out of the presence of the Covered Person and Designated Officer, to make a determination regarding whether the Covered Person violated the Code and Standards, and if so, the appropriate sanction, if any. The Hearing Panel may impose no sanction, the same sanction, a lesser sanction, or a greater sanction than that recommended by the Designated Officer. A decision of the Hearing Panel shall be made by simple majority vote. A finding of a violation shall be established by a preponderance of the evidence.

5.4 Hearing Panel Report and Determination.

The Hearing Panel Chair shall prepare a report of the Hearing Panel's findings and determination of sanction, if any. The report shall include findings of fact related to the alleged misconduct of the Covered Person; findings as to the violations, if any, of the rules related to professional conduct; or other bases for the sanction. The report and determination shall be delivered to the Covered Person and the Designated Officer within thirty (30) days after the Hearing. The decision of the Hearing Panel shall be final, unless the sanction is a Suspension or Revocation of the Right to Use the Chartered Financial Analyst® (CFA) Designation or the Suspension or Revocation of Membership in CFA Institute, in which case a review may be requested as provided in Rule 5.5, "Review of Hearing Panel Determination."

5.5 Review of Hearing Panel Determination.

If the disciplinary sanction imposed by the Hearing Panel is Suspension or Revocation of the Right to Use the Chartered Financial Analyst® (CFA) Designation or Suspension or Revocation of Membership in CFA Institute, the Covered Person may request a

review of the Hearing Panel decision by a Review Panel. The sanction determined by the Hearing Panel shall be imposed unless the Review Panel determines by majority vote, on review of the file, proceedings, record, and any additional submissions, that the Hearing Panel decision should be changed. The Review Panel may impose no sanction, the same sanction, a lesser sanction, or a greater sanction than that imposed by the Hearing Panel.

The Covered Person must submit a written request for review of the Hearing Panel decision within thirty (30) days of the date of the Hearing Panel decision. Within thirty (30) days of submitting the request for review of the Hearing Panel decision, the Covered Person may furnish written material or information for the Review Panel's consideration. The Designated Officer may submit a written response to the Covered Person's submission.

A Review Panel consisting of the DRC Chair or a DRC member designated by the DRC Chair, and four members of the CFA Institute Board of Governors appointed by the CFA Institute Chair shall consider the Hearing Panel's determination. The Review Panel shall meet by telephone conference call or in person if requested by the Covered Person and agreed to by the Review Panel.

The Covered Person and Designated Officer shall be given forty (40) days notice of the Review Panel date, time (and place, if applicable). The notice shall inform the Covered Person and the Designated Officer of the identity of the Review Panel members and such information about the members as authorized by the DRC and of the right to challenge Review Panel members' participation on the Review Panel. The notice shall also inform the Covered Person of the right (a) to have a reasonable opportunity to be heard in his or her own defense, (b) to be represented by counsel, (c) to have an interpreter, (d) to present witnesses and evidence, and (e) to question any witness called by the Designated Officer.

The Designated Officer and the Covered Person shall each have fourteen (14) days

from the date of the notice of the Review Panel date to challenge without stating a reason two members' participation on the Review Panel. The Designated Officer and the Covered Person shall also have the right to challenge an unlimited number of members of the Review Panel for good reason within the fourteen (14) days and throughout the process, with good cause shown for delay. The party making a challenge shall state the reason for the challenge and the review panel member objected to shall be eliminated from the panel on the vote of a simple majority of the unchallenged Review Panel members, by the decision of the CFA Institute Chair (if necessary because of a lack of unchallenged members); or on agreement by the Covered Person and Designated Officer. If the DRC Chair is eliminated from the Review Panel, the CFA Institute Chair shall appoint a member of the DRC to serve and the CFA Institute Chair shall appoint a member of the Board of Governors to serve as replacement should a member of the Board of Governors be eliminated.

The Covered Person and the Designated Officer shall each have the opportunity to present witnesses, oral argument, and respond to the written submissions, testimony, and argument presented by the other. The Review Panel may request from the Covered Person, the Hearing Panel Chair, and/or the Designated Officer any additional information that the Review Panel reasonably believes necessary to reach a determination. An audio or stenographic recording of the hearing shall be made. The cost of the recording shall be paid by CFA Institute.

Within thirty (30) days of its review, the Review Panel shall notify the Covered Person and the Designated Officer of its determination. The Review Panel's determination is final and conclusive.

RULE 6: CONDUCT DURING THE CFA EXAMINATION ADMINISTRATION PROCESS

The DRC has the responsibility for disciplining Covered Persons found to have violated any rules and regulations of the CFA

Program, including the CFA Institute Bylaws and Code and Standards during the CFA Examination Administration Process. The Designated Officer may conduct an investigation of any matter involving or appearing to involve the conduct of a Covered Person during the CFA Examination Administration Process. Matters involving the CFA Examination Administration Process will be governed by the procedures set forth in Rule 6, "Conduct during the CFA Examination Administration Process."

6.1 Statement of Charges.

On learning from any source that a Covered Person may have violated the CFA Program Rules and Regulations during the CFA Examination Administration Process, the Designated Officer shall investigate the allegations.

The Designated Officer shall provide the Covered Person with a "Notice of Inquiry." The Covered Person shall respond in writing within thirty (30) days of the date of the notice. Failure to respond to the notice or any other request for information related to the Covered Person's conduct shall constitute grounds for Summary Suspension for failure to cooperate with a Professional Conduct investigation.

On completion of the investigation, if the Designated Officer determines that a Covered Person has violated the CFA Program Rules and Regulations during the CFA Examination Administration Process, the Designated Officer shall furnish the Covered Person with a "Statement of Charges." The Statement of Charges shall include the following:

- (a) A statement of the Covered Person's conduct that violates the CFA Program Rules and Regulations.
- (b) A statement of the recommended sanction.
- (c) Evidence supporting the finding of conduct, after redacting confidential information.
- (d) Any other information that, in the determination of the Designated Officer, will reasonably assist the Covered Person in responding to the Statement

of Charges, including a copy of the Rules of Procedure, the Bylaws, the Code and Standards, and applicable CFA Program Rule(s) and/or Regulation(s).

6.2 Covered Person's Response to the Statement of Charges.

The Covered Person may provide a response to the Statement of Charges (herein "Covered Person's Reply") either accepting or rejecting the Charges. The Covered Person's Reply must be submitted in writing and must be received by the Designated Officer within forty-five (45) days of the date of the Statement of Charges.

If the Covered Person accepts the Statement of Charges or does not provide a response to the Statement of Charges (either accepting or rejecting the Charges), within forty-five (45) days of the date of the Statement of Charges, the determination of the Designated Officer and imposition of the sanction will be final and conclusive, the investigation will be deemed concluded, and the Covered Person will have waived the right to further review by a Hearing Panel.

If the Covered Person rejects the Statement of Charges, the matter will be referred to a Hearing Panel. The Covered Person may request, in writing and as part of the Covered Person's Reply, to present verbal testimony to the Hearing Panel.

6.3 Hearing Panel for Candidate Conduct.

A Hearing Panel shall consist of five voting members. The Chair of the DRC shall appoint two voting members, one of which shall be designated as the Hearing Panel Chair. The Chair shall also appoint one alternate member from the DRC. Three of the voting members and two alternate members shall be selected by the Administrative Officer from the Hearing Panel Pool roster. The Administrative Officer shall select from the roster the next five members who have not most recently served on a Hearing Panel (groups of Hearing Panels scheduled with common panelists on the same day for scheduling

convenience shall be considered one Hearing Panel) and are available for service at a reasonable meeting time. The alternate members shall participate in the hearing panel process only if a voting member is unable to attend or is disqualified from serving on the Hearing Panel.

No member of the Hearing Panel who indicates a conflict of interest or who has been previously involved in the investigation of the matter shall serve on the Hearing Panel.

6.4 Notice of Hearing and Pre-Hearing Procedures.

If the Covered Person makes a request to present verbal testimony to the Hearing Panel, the Hearing Panel will convene a telephone conference call. There shall be no in-person hearings under this Rule 6, "Conduct during the CFA Examination Administration Process."

The Administrative Officer shall schedule a date and time for the hearing after receiving notice of the hearing request from the Designated Officer. The Designated Officer and the Covered Person shall be given twenty-one (21) days notice of the hearing panel date and time (if verbal testimony has been requested). The notice shall inform the Covered Person and the Designated Officer of the identity of the Hearing Panel members, including such information about the members as authorized by the DRC, and the right to challenge Hearing Panel members' participation on the hearing panel. The notice shall also inform the Covered Person of the right (a) to have a reasonable opportunity to be heard in his or her own defense, (b) to be represented by counsel, (c) to have an interpreter, (d) to present witnesses and evidence, and (e) to question any witness called by the Designated Officer.

The Designated Officer and the Covered Person shall each have fourteen (14) days from the date of the Notice of Hearing, to challenge without stating a reason two members' participation on the Hearing Panel. The Designated Officer and the Covered Person shall also have the right to

challenge an unlimited number of Hearing Panel members for good reason within the fourteen (14) days and throughout the process, with good cause shown for delay. The party making the challenge shall state the reason for the challenge and the hearing panel member objected to shall be eliminated from the panel on the vote of a simple majority of the unchallenged Hearing Panel members; by the decision of the DRC Chair (if necessary because of a lack of unchallenged members); or on agreement by the Covered Person and Designated Officer. Members eliminated from a panel shall be replaced in the same manner as their appointment to the Hearing Panel.

The Hearing shall be held within sixty (60) days of the request by the Covered Person for a Hearing. Once a Hearing has been scheduled, any requests to reschedule the Hearing shall be submitted in writing to the Administrative Officer. The Hearing Panel Chair shall have sole discretion to grant or deny the request to reschedule the Hearing.

The Designated Officer may furnish to the Hearing Panel written information and/or evidence. Any written information or evidence not received by the Administrative Officer at least fourteen (14) days prior to the Hearing may be considered by the Hearing Panel, but only at its discretion. At least fourteen (14) days prior to the Hearing, the Designated Officer shall also provide a list of all witnesses who will testify at the Hearing, including a brief description of the expected testimony of each witness. A copy of the Designated Officer's submission and witness list shall be provided to the Covered Person.

The Covered Person may furnish to the Hearing Panel written information and/or evidence on his or her behalf. Any written information or evidence not received by the Administrative Officer at least seven (7) days prior to the Hearing may be considered by the Hearing Panel, but only at its discretion. At least seven (7) days prior to the Hearing, the Covered Person shall also provide a list of all witnesses who will testify at the Hearing, including the name and a brief description of the expected

testimony of each witness. A copy of the Covered Person's submission and witness list shall be provided to the Designated Officer.

6.5 Hearing Procedures.

At the outset of the Hearing, the Hearing Panel Chair shall make a statement of the nature and purpose of the Hearing and the procedures by which the Hearing shall be governed. The Hearing Panel Chair shall ask each witness, including the Covered Person, to affirm that their testimony will be the truth.

The Covered Person and the Designated Officer shall each have the opportunity to present witnesses and oral argument, and to respond to the written submissions, testimony and argument presented by the other. Any voting member of the Hearing Panel may ask questions or request further information during the course of the hearing.

The Hearing Panel is not bound by any rules of evidence applicable in courts of law and may exclude matters deemed irrelevant. An audio recording of the hearing shall be made. The cost of the recording shall be paid by CFA Institute.

If the Covered Person has not made a request to present verbal testimony to the Hearing Panel, the Hearing Panel shall not be recorded and shall be conducted out of the presence of the Covered Person and Designated Officer.

At the conclusion of the Hearing, the Panel shall deliberate out of the presence of the Covered Person and Designated Officer, to make a determination regarding whether the Covered Person violated the CFA Program Rules and Regulations and/or Code and Standards, and if so, the appropriate sanction, if any. The Hearing Panel may impose no sanction, the same sanction, a lesser sanction, or a greater sanction than that recommended by the Designated Officer. A decision of the Hearing Panel shall be made by simple majority vote. A finding of misconduct shall be established by a preponderance of the evidence.

6.6 Hearing Panel Report and Determination.

The Hearing Panel Chair shall prepare a report on the Hearing Panel's findings and determination of sanction, if any. The report shall include findings of fact related to the alleged misconduct of the Covered Person; findings as to the violations, if any, of the rules related to professional conduct; or other bases for the sanction. The report and determination shall be delivered to the Designated Officer and Covered Person within thirty (30) days after the Hearing. The decision of the Hearing Panel shall be final, unless the sanction is a permanent Prohibition from Participation in the CFA Program, in which case a review may be requested as provided in Rule 6.7, "Review of Hearing Panel Determination."

6.7 Review of Hearing Panel Determination.

If the disciplinary sanction imposed by the Hearing Panel is a permanent Prohibition from Participation in the CFA Program, the Covered Person may request a review of the Hearing Panel decision by a Review Panel. The sanction determined by the Hearing Panel shall be imposed unless the Review Panel determines by majority vote on review of the file, proceedings, record, and any additional submissions, that the Hearing Panel decision should be changed. The Review Panel may impose no sanction, the same sanction, a lesser sanction, or a greater sanction than that imposed by the Hearing Panel.

The Covered Person must submit a written request for review of the Hearing Panel decision within thirty (30) days of the date of the Hearing Panel Decision. Within thirty (30) days after the request for review of the Hearing Panel decision, the Covered Person may furnish written material or information for the Review Panel's consideration. The Designated Officer may submit a written response to the Covered Person's submission.

A Review Panel consisting of five members of the DRC shall be appointed by the DRC Chair to consider the Hearing Panel's determination. The Review Panel shall meet by telephone conference call.

The Covered Person and Designated Officer shall be given forty (40) days notice of the Review Panel date and time. The notice shall inform the Covered Person and Designated Officer of the identity of the members of the Review Panel and such information about the members as authorized by the DRC, and of the right to challenge Review Panel members' participation on the Review Panel. The notice shall also inform the Covered Person of the right (a) to have a reasonable opportunity to be heard, (b) to be represented by counsel, (c) to have an interpreter, (d) to present witnesses and evidence, and (e) to question any witness called by the Designated Officer.

The Designated Officer and the Covered Person shall each have fourteen (14) days to challenge without stating a reason, two members participation on the Review Panel. The Designated Officer and the Covered Person shall also have the right to challenge an unlimited number of members of the Review Panel for good reason within the fourteen (14) days and throughout the process with good cause shown for delay. The party making a challenge shall state the reason for the challenge. The Review Panel member objected to shall be eliminated from the panel on the vote of a simple majority of the unchallenged Review Panel members, by the decision of the DRC Chair (if necessary because of a lack of unchallenged members) or on agreement by the Covered Person and the Designated Officer.

The Covered Person and the Designated Officer shall each have the opportunity to present witnesses, oral argument, and respond to the written submissions, testimony, and argument presented by the other. The Review Panel may request from the Covered Person, the Hearing Panel Chair, and/or the Designated Officer any additional information that the Review Panel reasonably believes necessary to reach a determination. An audio recording of the hearing shall be made. The cost of the recording shall be paid by CFA Institute.

Within thirty (30) days of its review, the Review Panel shall notify the Covered Person and the Designated Officer of its determination. The Review Panel's determination is final and conclusive.

6.8 Sanctions.

If there is a finding that the Covered Person violated the CFA Program Rules and Regulations, the sanction imposed may include voiding the Covered Person's examination results, if any, for the examination in which the conduct occurred. In addition, any sanction listed in Section 11.4, "Disciplinary Sanctions" of the CFA Institute Bylaws may be imposed. Sanctions shall be announced in the *CFA Program Candidate Bulletin*, or other CFA Institute publication(s), and posted on the website of CFA Institute and may include information contained in the Notice of Disciplinary Action.

RULE 7: SUMMARY SUSPENSION

7.1 Defined.

Summary Suspension constitutes removal (a) from membership in CFA Institute, (b) from membership in Member Societies, (c) of the right to use the CFA designation, and/or (d) from participation in the CFA Program.

7.2 Grounds for Summary Suspension.

The Designated Officer or the DRC

(a) shall impose a Summary Suspension on a Covered Person if the Covered Person is convicted, pleads guilty, 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) shall impose a Summary Suspension on a Covered Person if the Covered Person is barred permanently, or for an indefinite period of time, from registration under the securities laws or similar laws relating to the investment decision-making process or from association or affiliation with a governmental or judicial agency or by a public or private self-regulatory organization with legal authority over the investment decision-making process; or

(c) may impose a Summary Suspension on a Covered Person if the Covered Person fails to cooperate with the Professional Conduct Program in its investigation of the Covered Person's conduct.

7.3 Summary Suspension for Conviction or Bar.

If Summary Suspension is based on Rule 7.2(a) or 7.2(b), "Grounds for Summary Suspension," the Designated Officer shall obtain a verified copy of the ruling or decision in the matter, after which, the Covered Person shall automatically receive a Summary Suspension. The Designated Officer shall notify the Covered Person of the automatic Summary Suspension and the Covered Person's right to petition for a review of the suspension by a Hearing Panel.

If the Covered Person submits a written request for review of the Summary Suspension to the Designated Officer within thirty (30) days of the notification of Summary Suspension, the Designated Officer shall refer the matter to a Hearing Panel.

After the conclusion of the thirty (30) day period, if the Covered Person has not submitted a written request for review of the Summary Suspension, the Summary Suspension shall automatically become a Revocation of Membership, permanent Prohibition from Participation in the CFA Program and/or Revocation of the Right to Use the Chartered Financial Analyst® (CFA) Designation.

Summary Suspension and imposition of permanent sanction on failure to petition for review shall be announced in the same or similar manner as outlined under Rule 2.5, "Announcement of Sanctions."

The Summary Suspension and imposition of permanent sanction on failure to petition for review may be rescinded by the Designated Officer on filing with the Designated Officer a certificate demonstrating that the underlying criminal conviction or professional suspension has been reversed. The Designated Officer, however, may

continue any investigation of the matter unabated.

If the Summary Suspension or imposition of permanent sanction on failure to petition for review has been rescinded, a notice thereof may, at the written request of the Covered Person, be announced in the same or similar manner as described in Rule 2.5, "Announcement of Sanctions."

7.4 Summary Suspension for Failure to Cooperate.

If Summary Suspension is based on Rule 7.2(c), "Grounds for Summary Suspension," the suspension shall not be imposed until the Covered Person has been furnished with a Notice of Summary Suspension.

A Covered Person who has been issued a Notice of Summary Suspension may petition for review of the Summary Suspension within thirty (30) days of the receipt of the Notice.

If the Covered Person agrees to cooperate with the Designated Officer's investigation, the Designated Officer may rescind the Notice of Summary Suspension on such conditions as the Designated Officer may impose.

If the Covered Person submits a written request for review of the Summary Suspension to the Designated Officer within thirty (30) days of the Notice of the Summary Suspension, the Designated Officer shall refer the matter to a Hearing Panel.

After the conclusion of the thirty (30) day period, if the Covered Person has not submitted a written request for review of the Summary Suspension, the Summary Suspension shall automatically become a Revocation of Membership, Prohibition from Participation in the CFA Program, and/or Revocation of the Right to use the Chartered Financial Analyst® (CFA) Designation.

Summary Suspension and imposition of permanent sanction on failure to petition for review shall be announced in the same or

similar manner outlined under Rule 2.5, "Announcement of Sanctions."

If a Summary Suspension or imposition of permanent sanction on failure to petition for review has been terminated, a notice thereof may, at the written request of the Covered Person, be announced in the same or similar manner as described in Rule 2.5, "Announcement of Sanctions."

7.5 Summary Suspension Hearing Panel.

A Hearing Panel shall be formed and conducted as provided in Rule 5, "Request for Hearing," except there shall be no in-person hearings under Rule 7, "Summary Suspension."

RULE 8: REINSTATEMENT FOLLOWING TIMED SUSPENSION

A Covered Person who has received a timed suspension of membership, participation in the CFA Program, or right to use the CFA designation shall 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, pays all applicable membership dues, and fulfills any conditions imposed by a Hearing Panel or Review Panel.

RULE 9: PETITION FOR REINSTATEMENT

9.1 Petition for Reinstatement Following Revocation.

A person whose membership and/or CFA designation has been revoked may seek reinstatement of the revoked privileges by submitting a "Petition for Reinstatement" to the Designated Officer. Candidates and Postponed Candidates do not have the right to petition for reinstatement in the CFA Program, unless the permanent sanction was imposed under Rule 7.4, "Summary Suspension for Failure to Cooperate."

9.2 Investigation and Review of the Petition for Reinstatement.

On receipt of a Petition for Reinstatement,

the Designated Officer shall promptly conduct an investigation as may be necessary. The petitioner shall cooperate in any investigation. The Designated Officer, on completion of the investigation, shall deliver a report and recommendation to a Hearing Panel and the petitioner. The petitioner may submit written information to the Hearing Panel on his or her behalf.

The Hearing Panel shall be organized and conducted in accordance with Rule 5, "Request for Hearing," except there shall be no in-person hearing. The petitioner must demonstrate to the Hearing Panel's satisfaction his or her professional competence and fitness to practice financial analysis, which shall include sufficient evidence demonstrating rehabilitation and full compliance with all disciplinary orders, and the petitioner must adhere to such other conditions as may be reasonably required by the DRC, including the completion and filing of a Professional Conduct Statement and passage of a Standards of Practice examination. As a part of the decision of the Hearing Panel, the Hearing Panel may mandate that the Designated Officer shall not accept any further Petitions for Reinstatement from the petitioner either permanently, for a period of time, or on the satisfaction of any condition it may impose.

If a Petition for Reinstatement is granted, a notice thereof may, at the written request of the Covered Person, be announced in the same or similar manner as described in Rule 2.5, "Announcement of Sanctions."

RULE 10: CONFIDENTIALITY OF PROCEEDINGS

10.1 Confidentiality Policy.

Except as otherwise provided, all proceedings conducted pursuant to these rules shall be confidential and the records of proceedings shall remain confidential and shall not be made public.

10.2 Exceptions to Confidentiality Policy.

The pendency, subject matter, and status of proceedings conducted pursuant to these rules may be disclosed if the alleged

violation is a clear violation of law or regulations or if it caused or has the potential to cause serious harm to the investment management profession, the financial analysis community, and/or the general public. Additional exceptions to the confidentiality policy include (a) violation predicated on criminal conviction or bar as defined herein, (b) waiver of confidentiality by the Covered Person, or (c) disclosure as required by legal process of a court of law or other governmental body or agency having appropriate legal authority. In addition, the DRC or its designees may provide copies of the following information to the Covered Person's regulator(s): (a) the Notice of Disciplinary Action; (b) decisions of the Hearing Panel and/or Review Panel; (c) information determined by the Designated Officer to be publicly available; (d) information obtained by CFA Institute prior to the Covered Person's disclosure of such information to CFA Institute; (e) information that CFA Institute received from sources other than the Covered Person, provided that CFA Institute does not breach an obligation of confidentiality owed by CFA Institute; (f) information received by CFA Institute from the Covered Person without restrictions on its disclosure; and (g) such additional information of the type and scope that the receiving regulator is legally permitted to keep confidential.

RULE 11: RECORDS

A record of all investigations, appeals, hearings, recommendations, determinations, and actions in all matters involving a Covered Person's conduct shall be preserved for six (6) years, two of which shall be in a readily accessible location.