



CODE OF PROFESSIONAL RESPONSIBILITY

Effective | May 2016



Preamble to the Code of Professional Responsibility

PURPOSE

The purpose of this Preamble to the Code of Professional Responsibility (“Preamble”) is to set forth the principal core values to which Investments & Wealth Institute (Institute) members, candidates in the Institute’s certification programs, and Institute certificants (“Institute professionals”) aspire and from which the Code of Professional Responsibility (“Code”) is derived. It is not intended to be specifically enforced as part of the Code and its Guidance Document.

MISSION

The Institute’s mission is to be the leading community of financial professionals, dedicated to elevating investment and wealth management to generate better client outcomes.

This mission enhances quality service to the public through development and promotion of high standards and best practices for the investment and wealth management disciplines and advocating their use in the organizations and teams with whom Institute professionals are affiliated.

The purpose of the Institute, as defined in its Articles of Incorporation and Bylaws, is to:

- A. Improve professionalism of our members through educational and certification programs;
- B. Develop and encourage the practice of high standards of professional conduct;
- C. Promote and protect the interests of the profession and the public it serves; and
- D. Broaden public understanding of investment consulting and wealth management.

VALUES

The values that are fundamental to Institute professionals are as follows:

1. INTEGRITY

Institute professionals provide services based upon a foundation composed of the Institute’s mission, values, and ethical principles.

Institute professionals embrace honesty by

- (a) being clear and truthful in communications;
- (b) aligning actions with words; and
- (c) taking action to prevent damage to the profession if dishonesty by certificants or members is known or observed.

Institute professionals espouse competence to ensure services are provided skillfully and within areas of expertise by

- (a) possessing sufficient knowledge, skills, abilities, training, and experience for specific roles in investment consulting or wealth management;
- (b) meeting required continuing education and/or pursuing advanced education as necessary for skills appropriate for the specific role(s) that they fulfill;
- (c) understanding and providing services only within the scope of one's competencies; and
- (d) possibly identifying, referring, or engaging other professionals with specific expertise to serve clients who have needs beyond the scope of their skills and knowledge.

Professional integrity is built by

- (a) periodically evaluating core values and ethical principles, and,
- (b) aligning professional judgment and actions with such core values and ethical principles.

The intended result of integrity is trustworthy behavior and accountability for actions by Institute professionals who ascribe to the Code.

2. LOYALTY

Institute professionals aspire to the notions that

- (a) the needs of clients are their primary concern; and
- (b) members of the profession support high standards of service to clients.

The intended result of loyalty is to demonstrate that clients' objectives are the fundamental priority when providing investment and private wealth advisory services.

3. OBJECTIVITY

Institute professionals seek to:

- (a) Formulate their analyses and recommendations using a framework that includes fair and objective industry guidelines and standards and professional judgment;
- (b) Communicate clearly historical facts and distinguish such facts from expert or personal opinions in reporting results and/or making recommendations; and
- (c) Report both negative and positive performance in a balanced way.

The intended result of objectivity is greater transparency, accuracy, and reliability of services provided in the client's best interest.

4. ETHICAL CONDUCT

Institute professionals should maintain a high level of ethical conduct.

The intended result of ethical behavior is accountability.

As a result of incorporating these values, Institute professionals build trust, exhibit credibility, and foster accountability as they act in the best interest of clients.

Code of Professional Responsibility

This Code was adopted to promote and maintain a high standard of professional conduct in the investment consulting and wealth management disciplines in accordance with the mission and values described in the Preamble.

Investments & Wealth Institute members, candidates in Institute's certification programs, and Institute certificants ("Institute professionals") are required to adhere to the following principles:

1. Act in the best interest of the client.
2. Disclose services to be offered and provided, related charges, and compensation.
3. Disclose the existence of actual, potential, and/or perceived conflicts of interest and relevant financial relationships, direct and/or indirect. Take appropriate action to resolve or manage any such conflicts.
4. Provide clients information needed to make informed decisions.
5. Respond to client inquiries and instructions appropriately, promptly, completely, and truthfully.
6. Maintain confidentiality of client information, however acquired, consistent with legal and regulatory requirements and firm policies.
7. Provide competent service by truthful representation of competency, maintenance and/or development of professional capabilities, and, when appropriate, the recommendation of other professionals.
8. Comply with legal and regulatory requirements related to one's practice of his or her profession.
9. Maintain a high level of ethical conduct.

Guidance for the Code of Professional Responsibility

This Guidance for the Code (“Guidance”) was adopted to provide additional information and clarification concerning the meaning of the principles set forth in the Code to Institute members, candidates in Institute’s certification programs, and Institute certificants (“Institute professionals”), volunteers involved in the Institute’s professional review and disciplinary procedures, and the public.

Disciplinary cases brought before the Professional Review Board and the Institute’s hearing panels shall be based upon alleged violations of the Institute Disciplinary Rules and Procedures (“Rules”) and the Code, including this Guidance. In ruling on disciplinary cases, the Professional Review Board considers the specific facts and nature of the conduct involved, the severity of the impact on any clients, the public, or others affected, the intent of the alleged violator, the acceptance of responsibility and/or degree of remorse, any actions taken to make amends, any rehabilitation activities undertaken, and any other aggravating or mitigating circumstances. The Professional Review Board has discretion to consider facts and circumstances unique to each case, including, among other things, applicable legal and regulatory requirements and the employing firm’s policies and procedures, in determining whether a violation has occurred and the appropriate penalty.

CODE PRINCIPLE 1

Code Principle 1 requires Institute professionals to “act in the best interest of the client.”

Principle 1 addresses the Institute professional’s duty to his or her client to act in his or her client’s best interest. In all circumstances, regardless of the identity of the client, acting in a client’s best interest will be judged in light of the Institute professional’s legal, regulatory, and firm requirements. For example, if an Institute professional is required to meet a suitability standard with regard to a client, then acting in that particular client’s best interest means compliance with the suitability standard. If, on the other hand, the Institute professional has a fiduciary obligation to a particular client, acting in that client’s best interest requires compliance with the Institute professional’s fiduciary obligations.

Other legal, regulatory, and firm standards also may apply. If so, these other standards also will be considered in determining whether the Institute professional acted in his or her client’s best interest. For example, if a client is of diminished capacity, the Institute professional must comply with all legal, regulatory, and firm requirements concerning how to handle and address such situations and with whom the Institute professional can and should communicate. Other Code principles, such as, among others, Principles 5 and 6, also may be applicable in diminished capacity situations.

Where the client is one other than an asset owner, Institute professionals “act in the best interest of the client” when they act honestly, competently, ethically, objectively, and candidly.

CODE PRINCIPLE 2

Code Principle 2 requires Institute professionals to “disclose services to be offered and provided, related charges, and compensation.”

This principle is intended to define an Institute professional’s communication responsibilities relating to the scope and cost of services offered and compensation received therefor.

Principle 2 requires that Institute professionals conform with legal, regulatory, and firm requirements concerning the disclosure of the services offered, compensation received, and the out-of-pocket costs associated with those services.

Disclosure contemplates either oral or written provision of information. Although not required, oral disclosures should, under best practices, be confirmed in a timely manner in writing to demonstrate compliance. Such disclosures should be made to ensure that each client understands the disclosure, and disclosures should be updated whenever changes are proposed.

CODE PRINCIPLE 3

Code Principle 3 requires Institute professionals to: (1) “disclose the existence of actual, potential, and/or perceived conflicts of interest and relevant financial relationships, direct and/or indirect”; and (2) “take appropriate action to resolve or manage any such conflicts.”

Principle 3 reinforces an Institute professional’s obligation to deal fairly with client(s). This principle requires the Institute professional to comply with all legal, regulatory, and firm requirements concerning the disclosure and management of items set forth in Principle 3.

“Actual, potential, and/or perceived conflicts of interest” must be disclosed and include any situation that may affect the impartiality of the Institute professional’s decisions or recommendations potentially resulting in benefit to the Institute professional, his/her firm, another client, and/or others relative to the obligations and duties owed to the client. For example, an Institute professional whose agreement with the client allows for a dual fee structure, such as one where advisory fees are charged as a percentage of assets under management as well as for commissions earned, must disclose the actual, potential, and/or perceived conflicts arising from the dual fee structure.

“Relevant financial relationships, direct or indirect,” are also items that an Institute professional must disclose.

A “financial relationship” means any arrangement or transaction related to the purchase and/or sale of goods and/or services between a third party and the Institute professional. “Direct” financial relationships are those paid for by a client. “Indirect” financial relationships are those for which the Institute professional receives some form of compensation but that is not paid directly by the client. Only “relevant” financial arrangements need to be disclosed under Principle 3, and “relevant” in this context means material to or having an effect on a client’s decision to undertake the transaction and/or engage the Institute professional.

The Institute professional has duties beyond disclosure of conflicts and/or financial relationships under Principle 3.

The Institute professional also must act appropriately to resolve or manage conflicts. “Appropriate,” as used in Principle 3, requires the Institute professional to comply with all legal, regulatory, and firm requirements concerning the actual, potential, and/or perceived conflicts, and determination of appropriateness of the actions of the Institute professional is dependent upon the facts of the particular case.

Normally, an Institute professional may encounter actual, potential, and/or perceived conflicts of interest, any of which may cause material risk of harm to his/her clients and/or firms. The Institute professional shall take reasonable steps to identify all relevant financial relationships and conflicts and be alert to the possibility that an activity or interaction may present an actual, potential, and/or perceived conflict. The Institute professional should seek to avoid or prevent any and all conflicts if at all possible. The Institute professional shall avoid or prevent conflicts if required by legal, regulatory, or firm requirements.

If conflicts are unavoidable or unpreventable, the Institute professional shall, as soon as possible, take appropriate steps to manage conflicts by seeking to mitigate or avoid material risk of damage to the client and/or the Institute professional’s firm. With regard to unavoidable or unpreventable conflicts, the Institute professional: (1) shall notify and obtain informed written consent from those affected by the conflict(s), which shall comply with all confidentiality requirements protecting all affected clients and parties and shall include an express written agreement with all parties to whom the loyalties are divided as to the management of the actual, potential, and/or perceived conflict;

(2) shall manage the conflict(s) in the best interest of the client(s), as set forth in Principle 1; and

(3) shall take all other and necessary mitigating activities, including, among other things, monitoring specific relationships, setting controls or boundaries, or disqualifying oneself from certain actions.

CODE PRINCIPLE 4

Code Principle 4 requires Institute professionals to “provide clients information needed to make informed decisions.”

“Provide,” as used in Principle 4, means to deliver, discuss, or make the information available to the client, as necessary, depending upon the circumstances, and irrespective of whether the information is specifically requested by the client.

The requisite information that the Institute professional must provide to any client is “information needed to make informed decisions.” The nature and format of the information needed for informed decision-making depends upon several factors, including, without limitation, the nature of the client relationship, the client’s goals or objectives, the complexity of the request and analysis, the decision to be made by the client, and applicable legal, regulatory, and firm requirements concerning the provision of information to clients. In all circumstances, the Institute professional is expected to exercise diligence and thoroughness in analyzing a client’s needs and circumstances when making recommendations, providing information, and/or taking investment actions. Any information that is provided should be information the client can reasonably be expected to understand.

An Institute professional shall provide clients with the appropriate information that the Institute professional believes is accurate, objective and unbiased, and relevant to the client’s decision-making process. The Institute professional should be transparent and exercise independent judgment in the analysis and presentation of information relevant to the client’s decisions. The Institute professional may rely upon other sources for information as part of the research process. However, the Institute professional is expected to assess the reliability of the source and should attribute the source as appropriate. Recommendations should be based upon reasonable and adequate basis, supported by appropriate research and investigation.

CODE PRINCIPLE 5

Code Principle 5 requires Institute professionals to “respond to client inquiries and instructions appropriately, promptly, completely, and truthfully.”

Under Principle 5, “respond” means to provide or refuse to provide (for good reason), orally or in writing, information sought by client inquiries and/or to take or refuse to take action (for good reason) in accordance with a client instruction. In all events, when refusing to provide requested information or to follow client instructions, the refusal, along with the rationale for such action(s), should be communicated orally or in writing to the client. Under best practices, any response should be communicated in a timely manner, and any oral response should be memorialized in writing to demonstrate compliance.

Principle 5 requires that all responses to client inquiries and instructions be appropriate, prompt, complete, accurate, and truthful. Compliance is dependent upon all the facts and circumstances, including without limitation, the scope of the request, the nature of the relationship with the client, legal and regulatory requirements, firm policies and rules, conflicts of interest, and other provisions of the Institute Code of Professional Responsibility.

The term “appropriately” contemplates that there may be times when it is proper to provide requested information or follow an instruction and other times when it may be proper to refuse to provide the requested information or to ignore an instruction. Ordinarily, the Institute professional is required to provide an answer or information in response to specific client requests or to follow specific client instructions. If following a client’s instruction or providing an answer or requested information in response to a client inquiry would violate legal and/or regulatory requirements, conflicts of interest rules, firm policies and rules, Institute’s Disciplinary Rules and Procedures, the Code and/or its Guidance, it may be appropriate to refuse to follow the client instruction or provide an answer or the requested information.

The term “promptly,” as used in Principle 5, means one must respond to clients in a timely manner, which will depend upon the circumstances of the request. Consequently, promptly responding to a client could mean any time period, depending upon the nature of the request and all the facts and circumstances.

“Truthfully” and “completely,” as used in Principle 5, mean responses must be fairly and honestly presented in all material respects. These terms require responses that contain no purposely false affirmative misstatements or material omissions, and depend upon the nature of request and all of the facts and circumstances.

CODE PRINCIPLE 6

Code Principle 6 requires the Institute professional “to maintain confidentiality of client information, however acquired, consistent with legal and regulatory requirements and firm policies.”

This principle seeks to promote and maintain a high level of confidence and trust between the Institute professional and the client by fostering open, honest, and candid dialogue and information exchange. Accordingly, the Institute professional needs carefully to secure private client information.

“Client information,” as used in Principle 6, means any non-public information concerning, pertaining to, or relating to the client that is in the possession of or known by the Institute professional, including, without limitation, the client’s identity. Such information remains “client information” regardless of how it was obtained, including, without limitation, from the client directly, from a third-party, from research, or elsewhere.

“To maintain confidentiality,” means to keep the client information private and ensure that it is not disclosed to any unauthorized person. Privacy requires securing the information within the Institute professional’s firm and, if possible, within limited segments of the firm having a need to know. Privacy may have other limitations as well, because not all confidential information is legally protected from disclosure. Legal, regulatory, and firm requirements ultimately define the scope to which information may, can, or shall be kept private. Consultation with supervisors, compliance personnel, and/or legal counsel is advised whenever disclosure is under consideration.

The Institute professional should be aware of the identity of his or her client because client information may not be shared with non-clients, even if such non-clients are family members, partners, associates, spouses, advisors, lawyers, or accountants. Client information may be shared with non-clients if the client has authorized the Institute professional to divulge such information to a specifically authorized person. Under best practices, oral authorizations should be confirmed or otherwise memorialized in writing as soon as possible after the authorization is given.

The Institute professional also should be knowledgeable about legal, regulatory, and firm requirements regarding the handling of material, non-public information that may affect the value of an investment. In the event an Institute professional comes into possession of material, non-public information of this type, the Institute professional should consult with his/her supervisor, compliance personnel, and/or legal counsel and must refrain from taking, or inducing others to take, any investment action on the basis of this information.

The duty to maintain the confidentiality of client information survives a change of employment or position by the Institute professional. Thus, in a change of employment, any disclosure of client information to any other person or entity outside the Institute professional’s current firm, even inadvertent, could violate Principle 6. Typically, firm policies that govern the collection of client information restrict the type of information an employee may keep when taking a job with another employer. Often, client information is considered “firm property” and the act of taking it may violate legal, regulatory, or firm requirements and/or the Code.

CODE PRINCIPLE 7

Code Principle 7 requires Institute professionals to “provide competent services by truthful representation of competency, maintenance and/or development of professional capabilities, and, when appropriate, the recommendation of other professionals.”

Principle 7 also requires an Institute professional to act competently in his or her professional activities, which means that he or she must possess, acquire, and improve the knowledge, skills, and abilities necessary to provide the services and products he or she offers to clients. What comprises the necessary “knowledge, skills, and abilities” depends upon the facts and circumstances of each particular situation and is determined by reference to legal, regulatory, and firm requirements applicable to the Institute professional.

Principle 7 further requires truthful and accurate representation of the Institute professional’s competencies. An Institute professional must make reasonable efforts to ensure all communications with clients regarding his or her background and qualifications and the services and/or products offered are fair, accurate, and complete and must refrain from making false assertions about his or her expertise and/or competence.

Moreover, Principle 7 requires maintenance and development of professional competencies, which means an Institute professional must maintain, develop, and/or enhance the competencies that he or she claims to possess, so long as the services and products offered or provided require certain necessary knowledge, skills, and abilities.

An Institute professional’s duty of competency also includes the duty to understand the products and services being offered and sold. An Institute professional must perform reasonable due diligence on products and services offered and sold to clients. This will depend upon the facts and circumstances of each potential situation and is determined by reference to relevant and applicable legal, regulatory, and firm requirements.

Finally, Principle 7 allows for, and encourages the use of, other professionals by the Institute professional when appropriate. Institute professionals must understand the limits of their own competencies as to the services and products they offer and provide. In all circumstances where the client is requesting services and/or products beyond the scope of an Institute professional’s competence or offerings, an Institute professional shall: (1) inform clients of his or her inability to provide the requested products and/or services; and (2) either refer the client to another service provider or decline to accept the assignment.

CODE PRINCIPLE 8

Code Principle 8 requires Institute professionals to “comply with legal and regulatory requirements related to one’s practice of his or her profession.”

Institute professionals are governed by various legal rules and requirements based upon common law, fiduciary obligations, relevant statutes and governmental regulations of countries, states, and governmental regulatory agencies, and rules of self-governing or self-regulatory organizations.

Principle 8 requires that an Institute professional understand, have and maintain knowledge of, and comply with all such legal and other rules and regulations that apply to his/her position and duties in the practice of his/her profession.

An Institute professional is not expected to have the same level of knowledge as that of compliance officers or attorneys, but he/she should have such familiarity with laws, rules, and regulations that directly affect his/her position in order to recognize potential violations.

Principle 8 applies to one's practice of his or her profession and is not restricted to services for which payment is received or provided. Under this principle, the Institute professional is responsible for his/her own conduct, whether or not the Institute professional relied upon the advice of others.

Institute professionals must not knowingly participate in or assist in and must disassociate themselves from any violation, if one has occurred or any violation that is in progress and/or is planned. Positive steps to disassociate may include, among other things, identifying the potential violation; ceasing the activity, if possible; drawing attention to compliance officers of the violation; and resigning in extraordinary circumstances. In all events, the Institute professional should document his/her activities and adopt a proactive approach.

Institute professionals who act in a supervisory capacity must comply with legal, regulatory, and firm requirements regarding supervision by making reasonable efforts to detect and prevent violations of applicable laws, regulations, and firm policies by anyone under their supervision irrespective of whether the supervised employees are Institute members and/or certificants. In cases where a supervisory employee is also the principal in charge of a client relationship, the supervisory employee may not eliminate personal culpability by delegating activities to a supervised employee.

CODE PRINCIPLE 9

Code Principle 9 requires Institute professionals to "maintain a high level of ethical conduct."

Compliance with this Principle helps to promote and maintain the highest standards of professional conduct in the financial services profession and encourages public confidence in the integrity of Institute professionals.

Compliance with Principle 9 requires an Institute professional to conduct his or her business and personal activities in an "ethical" manner, which means that he or she shall act with integrity and shall refrain from conduct that reflects adversely on the Institute professional; his or her fitness and/or competence as an Institute certificant or member; his or her firm; Institute and/or Institute's activities and programs; or the financial services profession.

General compliance with this principle can be enhanced by observing the following guidelines:

- Abide by statutory and regulatory rules and requirements.
- Establish and maintain a standard of excellence in all aspects of investment management consulting, investment advising, and wealth management.
- Maintain high standards of professional conduct.

Principle 9 requires more than technical compliance with rules and regulations. An Institute professional shall not only abide by all applicable laws and regulations, including, among other things, those of the Institute, but the Institute professional also shall not engage in activities that call into question his or her “ethical” behavior. Examples of unethical behavior may include, but are not limited to:

- Acts resulting in conviction of a felony;
- Acts resulting in conviction of a misdemeanor involving moral turpitude (e.g., lying, cheating, stealing) or violence;
- Conduct that is damaging to the public or any member of the public; and
- Conduct that compromises the integrity of the Institute, any of the Institute’s marks, or the financial services profession.

GLOSSARY

The meaning of “client” depends upon the Institute professional’s role and duties. In general, the “client” is the person with whom the Institute professional interacts. The role of some Institute professionals is to provide investment and/or wealth management consulting or advice for pension funds, endowments, families, individuals, or other asset owners. Any such persons to or for whom consulting or advisory services are provided is regarded as a “client.” Other Institute professionals provide investment-related information, products, and/or services to intermediaries who are not asset owners but offer financial and investment information, products, and/or services to asset owners. In these intermediary circumstances, a “client” is the intermediary—i.e., the person or entity to whom the Institute professional provides investment-related information, products, and/or services. Depending upon the context in which the term is used in this Code, a “client” may include any present, former, and/or prospective client. For purposes of Principles 1 and 4, “client” includes any past or present client. For purposes of Principles 2, 3, 5, and 6, “client” includes any past, present, or prospective client.

“Disclose” means to provide information orally or in writing.

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