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<th>Concepts</th>
<th>Description</th>
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| **1. Professionalism** | **Knowledge of the law**: understand and comply with all applicable laws, rules and regulations (must comply with the more strict law, rule and regulation)  
- Keep up with changes in laws, rules and regulations  
- Separate themselves from prohibited activity; encourage employer to end that activity  
- Report violations to governmental authorities is advisable, and required by laws in some countries |
| **2. Independence and Objectivity**: must use reasonable care and judgment to achieve and maintain independence and objectivity on their professional activities  
- Cannot accept gift that might influence the independence and objectivity  
- Client’s gift for past performance is OK, but should be disclosed to employer  
- Client’s bonus for future performance might influence independence and objectivity should be disclosed to employer |
| **3. Misrepresentation**: Must not knowingly make any misrepresentation relating to investment analysis, actions, etc. Violations include:  
- Plagiarism: using other’s work without giving them credit  
- Guarantee specific return on securities that have no explicit guarantee from government body or financial situation  
- Select valuation service because it has the highest value on untraded security holding  
- Present performance data/ attribution analysis that omits accounts or relevant variables  
- Offer false/ misleading info about capability of analyst or firm  
- Using misleading 3rd party marketing materials |
| **4. Misconduct**: Must not engage in any professional conduct involving dishonesty, fraud, or deceit; must not commit any act that reflect adversely on their professional reputation, integrity or competence |
| **2. Integrity of Capital market** | **Material non-public information**: individuals who possess material non-public information that could affect the value of an investment must not act/ cause others to act on the information  
- Members may receive material non-public information when they involve in a certain transactions → Can use those information for that transactions only, unless it becomes public  
- Not all information from internet/social media is public information → should confirm via company press/regulatory filings  
- Mosaic theory: combine public information vs non-material non-public information → not violation |
| **2. Market manipulation**: Must not engage in practices that distort prices/ artificially inflate trading volume with the intent to mislead market participants |
| **3. Duties to clients** | **Loyalty, prudence and care**: have a duty of loyalty to clients, must act with reasonable care and exercise prudential judgment  
- Manage client assets in accordance with IPS  
- Establish investment objectives of clients based on needs and circumstances  
- Make investment based on total portfolio context  
- Inform client of any limitation in advisory relationship  
- Vote proxies in an informed and responsible manner  
- Submit to client all statements showing all transactions and information, at least quarterly  
- Diversify  
- Treat clients fairly, on the basis of their investment objectives and circumstances  
- Treat individual and institutional clients fairly |
| **3. Suitability**:  
- In advisory relationship  
- Judge the suitability of investments in context of the client’s total portfolio  
- Determine that an investment is suitable to the client’s financial situation, and consistent with the written objectives, mandates and constraints prior to making any investment recommendation/taking investment action  
- Material effect on the risk/return profile of the portfolio: follow the firm’s policy, and communicate with the client on the reason for unsuitableness  
- Must make reasonable effort to ensure the investment performance communicated to client is fair, accurate and complete  
- Avoid mistating performance/ misleading client about investment performance  
- Should not state/imply the ability to achieve rate of return similar to past performance  
- Must make detailed information available upon request  
- Present performance of weighted composite of similar portfolio, rather than a single account  
- Include terminated accounts as historical performance with clearly state when they were terminated |
| **5. Preservations of Confidentiality**: must keep client’s information confidential, unless (1) the information concerns illegal activities; (2) require by law; or (3) permit from client |

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Note: The table above includes key concepts and their corresponding descriptions relevant to the Standards of Professional Conduct.