<table>
<thead>
<tr>
<th>Concepts</th>
<th>Description</th>
</tr>
</thead>
</table>
| **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)  
Member should:  
- 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 judgement 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  
- Select irrelevant performance benchmark  
- 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 either to make major profits |
| **3. Duties to clients** | **Loyalty, prudence and care** - have a duty of loyalty to clients, must act with reasonable care and exercise prudence  
- 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  
- Deal fairly with all recommendations and investment actions  
- Disclose all information requested by client |
| **2. Fair dealing** - deal fairly and objectively with all clients.  
- Different service levels are acceptable  
- Should not take advantage of their position in the industry to disadvantage clients  
- Give clients fair opportunity to act upon every recommendation  
- Treat client fairly, based on their investment objectives and circumstances  
- Treat individual and institutional clients fairly  |
| **3. Suitability**  
- In advisory relationship  
- Make reasonable inquiry into client’s investment experience, risk and return objectives, financial constraints prior to making any investment recommendation / taking investment action. This information must be reassessed and updated regularly  
- 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  
- Judge the suitability of investments in context of the client’s total portfolio  
- In managing a portfolio: only make recommendations / actions that are consistent with the stated objectives and constraints of the portfolio. In case receive a request from client to purchase an unsuitable security:  
  - Minimal effect on the risk/return profile of the portfolio: follow the firm’s policy, and communicate with the client on the reason for unsuitableness  
  - Material effect on the risk/return profile of the portfolio: update the Investment Policy Statement (IPS); or make a separate client-directed account |
| **4. Performance presentation** - 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 sumulaty 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