



Ability, Competence and Ethics

Code of Ethics

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Code of Ethics and Standards of Practice of the ISFM



- **Participants** in the ISFM should be committed to **the highest standards of integrity, diligence, loyalty and competence.**
- The **Code and Standards** are the **basic framework** of the professional conduct for participants in the ISFM.
- The **Code of Ethics** defines the **moral perspective** of participants in the ISFM.

Who Should Abide the Code of Ethics



Members

Members of the ISFM

Candidates

Who have applied to one or more certification programs

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Certificate Holders

Who have successfully earned the right to use one or more certification designations awarded by the ISFM

Code of Ethics



- **Participants** in the ISFM must:
- Abide by the law, be **honest and trustworthy**, and hold integrity, diligence and respect;
 - Adhere to the **integrity and order** of the capital markets and the entire financial industry;
 - Act in the **best interests** of clients, and maintain the **confidentiality and privacy** of clients' information;
 - Actively enhance professional **competence**;
 - Strive to avoid or fully disclose and manage **conflicts of interest**.



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Standards of Practice

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Standards of Practice

I. Fundamental principles

II. Duty to the industry and the global financial markets

III. Duty to clients

IV. Duty to employers

V. Duty to the ISFM

(A) Compliance with laws and rules

(B) Integrity and honesty

(C) Independence and objectivity

(D) Conflicts of interest

(E) Competence

(F) Diligence and reasonable basis

(G) Misrepresentation

I(A) Compliance with laws and rules

- Participants in the ISFM must comply with all applicable laws, rules and regulations, including the Code and Standards of the ISFM .
 - “**Applicable law**” is the law that directly governs the participant ‘s conduct.
 - Be obligated to abide by the ISFM Articles of Incorporation, Bylaws, Code of Ethics and Standards of Practice, Rules of Procedure, and other applicable rules promulgated by the ISFM , all as amended periodically.
 - The candidates who are not members or certificants must also abide by these documents as well as rules and regulations related to the administration of the ISFM program related examination.
- During times of updating regulations, participants must remain vigilant in maintaining their knowledge of the requirements for their professional activities.

I(A) Compliance with laws and rules

➤ Participants:

- should not knowingly or recklessly participate in or assist others in the violation of the Code and Standards of the ISFM or laws, rules or regulations.
- should not consider each code and standard in isolation, which is designed to be combined to strengthen and motivate the best business practices
- should be aware that the same behavior may violate multiple criteria of the Code and Standards.
- should strive to be aware of cultural differences in ethical behavior and practice and avoid the occurrence or potential occurrence of unethical behavior in accordance with local customs and tenets .
 - If there is any conflict or overlap between Code and Standards and laws, rules and regulations, participants should always seek to apply the **strictest** one.

I(A) Compliance with laws and rules

- Participants have a fundamental, personal and professional obligation to understand and abide by the moral obligations under the Code and Standards.
 - No participants can outsource this responsibility to their employers or to any other third party.
- If participants violate professional ethics in any professional activities or violate the conflicts of interest disclosure rules, they should inform their direct supervisors or their compliance departments **in writing** and report the violations and reasons of such violations to the ISFM .
 - If a participant has reasonable grounds to believe that imminent or ongoing client or employer activities are illegal or unethical, the participant must dissociate, or separate, from the activity.
 - ✓ In extreme cases, dissociation may require a participant to leave her or his employment.

I(B) Integrity and honesty

- Participants in the ISFM
 - should act with **honesty, integrity, and competence** to fulfill their professional responsibilities and to uphold the reputation of the profession.
 - ✓ Any act that involves lying, cheating, stealing, or other dishonest conduct is a violation of this standard if the offense reflects adversely on a participant's professional activities.
 - should act professionally, ethically and with integrity in all dealings with employers, existing and prospective clients, the public and other practitioners in the financial industry.
 - must avoid disguised contrivances in assessments, measurements and processes that are intended to provide business advantage at the expense of honesty and truthfulness.
 - ✓ Allowance can be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of the Code and Standards.

I(C) Independence and objectivity

- Participants in the ISFM should:
 - exercise reasonable judgment when providing financial services while maintaining independence. Services must be provided without biased opinion, unsubstantiated forecasts , and unfounded assumptions.
 - execute all services with diligence and perform all work in a manner that is independent of interested parties and/or conflicts of interest .
 - collect, analyze and distribute information with a high level of objectivity.

I(C) Independence and objectivity

- Participants must not offer, solicit, or accept any gift, benefit, compensation, or consideration that could be reasonably expected to compromise their own or others' independence and objectivity.
 - A gift from a client could be considered supplementary compensation; therefore, such gift could be permissible but should be **disclosed** before its acceptance.
 - Participants employed at rating agencies should ensure that procedures and processes at the agencies prevent undue influences from a sponsoring entity during the process of rating .
 - Participants should always use commercial transportation at their expense or at the expense of their firm rather than accept paid travel arrangements from an outside company to maintain independence.

I(D) Conflicts of interest

- Participants have a responsibility to promote the interests of all relevant stakeholders and should not knowingly perform services directly or indirectly involving any actual or potential conflicts of interest.
 - Unless a **full disclosure** has been provided to all affected parties of any actual or apparent conflicts of interest.
 - If unable to fully disclose such conflicts due to a contractual obligation, participants should disclose the nature of the conflicts, such as firm types and the relation between related parties.
- Participants must not advise, refer or act in any other manner when they have conflicts of interest upon clients' request.
 - May refer clients to other relevant providers , but must fully disclose any referral fees or benefits arising from the referral business before the client accepts the arrangement.

I(E) Competence

- Participants in the ISFM must provide professional services with competence of relevant knowledge and skill to be applied.
 - When any participant is not sufficiently competent in a particular area, she or he must gain competence, obtain the assistance of another competent professional, limit or terminate the activities, and/or refer the client to another competent professional.
- Must endeavor and encourage others to operate at the highest level of professional skills.
- Should keep informed of the developments in their profession and participate in Continuing Education Programs throughout their career in order to improve competence in all fields in which they are involved.
- Should always continue to enhance their professional expertise.