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The Code of Professional Responsibility

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This Code has been adopted to promote and maintain the highest standard of personal and professional conduct in the investment management consulting profession. All members of IMCA are expected to subscribe to the Code, which serves to assure public confidence in the integrity and service offered by professional investment management consultants. Adherence to the Code is required of all IMCA Certified Investment Management Analysts.

Each professional investment management consultant shall:

1. Serve the financial interests of clients. Each professional shall always place the financial interests of the client first. All recommendations to clients and decisions on behalf of clients shall be solely in the interest of providing the highest value and benefit to the client.
2. Disclose fully to clients services provided and compensation received. All financial relationships, direct or indirect, between consultants and investment managers, plan officials, beneficiaries, sponsors or any other potential conflicts of interest shall be fully disclosed on a timely basis.
3. Provide to clients all information related to the investment decision making process as well as other information they may need to make informed decisions based on realistic expectations. All client inquiries shall be answered promptly, completely, and truthfully.
4. Maintain the confidentiality of all information entrusted by the client, to the fullest extent permitted by law.
5. Comply fully with all statutory and regulatory requirements affecting the delivery of consulting services to clients.
6. Endeavor to establish and maintain excellence personally and among colleagues in all aspects of investment management consulting and all aspects of financial services to clients.
7. Support and participate in the activities of the Investment Management Consultants Association to enhance the investment management consulting Profession.
8. Maintain the highest standard of personal and professional conduct.

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5619 DTC Parkway, Ste. 500, Greenwood Village, CO 80111 TEL:(303) 770-3377, FAX (303) 770-1812
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IMCA® *Standards of Practice*



The Investment Management Consultants Association was founded in 1985 to promote professional education and assure the highest standards of competence and ethical behavior among investment consultants. Through its conferences, publications, legislative services, and certificate programs, IMCA has helped investment consultants pursue these important normative goals. Additionally, IMCA has promulgated a series of written standards for investment professionals to follow. By setting high standards for the consulting profession, IMCA members strive to improve client confidence and increase the effectiveness of consultants.

IMCA *Performance Reporting Standards* were adopted in 1993. Those standards cover the collection, analysis, and reporting of performance data to clients. The IMCA *Standardized Investment Manager Questionnaire* provides consultants with a tool to discover critical information about money managers, and it has become an important tool used throughout the profession. The IMCA *Code of Professional Responsibility* was adopted in 1985 to promote and maintain the highest standard of personal and professional conduct in the investment management consulting profession. All members of IMCA are expected to subscribe to the *Code*, which serves to assure public confidence in the integrity and service offered by professional investment management consultants. Adherence to the *Code* is required of all IMCA Certified Investment Management Analysts (CIMA®) and Certified Investment Management Consultants (CIMC®). IMCA *Guidelines for Consultants Regarding the Acceptance of Benefits from Third Parties* serves to safeguard clients from conflicts of interest and increase the trust between consultant and client by ensuring that the consultant remains objective.

In a survey of our members, 90 percent of respondents said that IMCA should develop and publish general "common-sense" standards of practice for the investment consulting profession. In the fall of 2000, the IMCA Practice Standards Board was formed. This board broke into four subgroups to work on their charge, which was to "establish IMCA as the standards setter for the profession by developing standards of practice, to invite review of new standards, and to publish those standards."

After review and comment by IMCA members and the industry, the IMCA Board of Directors adopted the IMCA *Standards of Practice* in July 2002. It is meant to provide practical guidance to investment management consultants in the course of conducting their practices and providing services to clients. The IMCA *Standards of Practice* are closely related to other codes and standards developed by IMCA, including the IMCA *Code of Professional Responsibility* and IMCA *Performance Reporting Standards*, and should be used in conjunction with these codes.

IMCA *Standards of Practice*

STANDARD 1: IMCA *Code of Professional Responsibility*

Each professional investment management consultant shall:

- Serve the financial interests of clients. Each professional shall always place the financial interests of the client first. All recommendations to clients and decisions on behalf of clients shall be solely in the interest of providing the highest value and benefit to the client.
- Disclose fully to clients services provided and compensation received. All financial relationships, direct or indirect, between consultants and investment managers, plan officials, beneficiaries, sponsors, or any other potential conflicts of interest shall be fully disclosed on a timely basis.
- Provide to clients all information related to the investment decision-making process as well as other information they may need to make informed decisions based on realistic expectations. All client inquiries shall be answered promptly, completely, and truthfully.
- Maintain the confidentiality of all information entrusted by the client, to the fullest extent permitted by law.
- Comply fully with all statutory and regulatory requirements affecting the delivery of consulting services to clients.
- Endeavor to establish and maintain excellence personally and among colleagues in all aspects of investment management consulting and all aspects of financial services to clients.
- Support and participate in the activities of the Investment Management Consultants Association to enhance the investment management consulting profession.
- Maintain the highest standard of personal and professional conduct.



STANDARD 2: Responsibility to the Client

STANDARD 2a

A Consultant's Responsibility to Assist in Achievement of Client's Financial Goals

Consultants have a responsibility to make the client's financial goals their highest priority. All recommendations must be made solely in the client's interests and intended to assist clients in reaching their financial goals.

Explanation

Each client, whether institutional or individual, must have full confidence that the consultant will make objective, well-researched recommendations based on the client's goals and best interests.

Procedures for Compliance

All consultants shall notify clients of their intent to provide unbiased, candid, informed recommendations intended solely to assist clients in reaching their financial goals and to promote the clients' best interests.

First and foremost, in order to determine the client's goals, the consultant shall profile each client to determine rate-of-return objectives, risk tolerance, time horizons, and tax status. Initial and ongoing recommendations shall be based upon the client's goals, both as originally determined and as they change over time. When conflicts or the potential for conflicts arise, the client must be fully advised of the situation. Without full disclosure of the consultant's role or the role of the firm in any potential conflict of interest, the client's best interests may be compromised.

In addition to the IMCA *Standards of Practice* and IMCA *Code of Professional Responsibility*, consultants shall adhere to the firm's code of conduct and compliance. If at any time, consultants believe that they cannot comply with these standards, they should resign the contract with the client.

Impact of the Standard

The professional responsibility implied by this standard is the very basis for clients engaging a consultant on their behalf. Continual understanding, conveyance, and adherence to this standard enhance the stature of the client/consultant relationship and that of the investment consultant profession. Without compliance, trust—the most important aspect of the client/consultant relationship—cannot exist, and the balance of these *Standards* becomes irrelevant.

STANDARD 2b

A Consultant's Responsibility to Disclose All Compensation

Consultants have a responsibility to disclose to clients all compensation in all forms and amounts received for consulting services provided.

Explanation

Client knowledge of compensation received for services rendered by the consultant establishes a relationship of trust between the parties. The disclosure of compensation as well as of any financial relationships between the consultant and service providers builds an ethical bridge in the relationship. Disclosure of all compensation, and the sources of such compensation, also eliminates the potential for conflicts of interest between the client and consultant.

Procedures for Compliance

Consultants shall review annually all compensation received for consulting services rendered, and report to the client any additional compensation beyond that which the client may reasonably be expected to know.

Impact of the Standard

By eliminating the potential for conflicts of interest through the disclosure of compensation and its sources, the consultant enhances the reputation of the consulting profession and IMCA.

**STANDARD 2c****A Consultant's Responsibility to Provide All Pertinent Information**

It is the responsibility of the consultant to provide each client with all requested information as well as all information available to the consultant that enables the client to make informed decisions.

Explanation

In a world where huge amounts of information are easily available via the Internet, clients can access data that may or may not be relevant to their situations or that may be biased or incorrect. Even if relevant, correct, and unbiased, information and data do not translate to experience and knowledge. The consultant is responsible for fully researching all available information, determining the implications of that information for the client's situation, and providing full and objective comments.

Procedures for Compliance

Consultants have a professional responsibility to research every relevant and applicable situation presented to them by clients to the fullest extent possible. In all instances, the consultant must inform the client of all aspects known to be relevant to a particular situation, positive or negative. Information shall be presented in an objective and unbiased manner to assist clients in understanding progress toward their goals. This information shall also be made available with a frequency that ensures meaningful communication between the consultant and client. Such information shall relate directly to the client's goals and financial situations.

Impact of the Standard

By complying with this standard and presenting all information known to the consultant regarding the client's situation, consultants can help clients weigh the impact of their decisions in the light of full disclosure. This enhances the reputation of the consulting profession and IMCA as the professional sources of information, applicability, and objectivity.

STANDARD 2d**A Consultant's Responsibility to Maintain Client Confidentiality and Privacy**

Consultants have a responsibility to maintain the full privacy and confidentiality of all information provided to them by both institutional and individual clients.

Explanation

Institutions, including public funds, and individuals not only have the right to but the need for highly professional, candid, and confidential relationships with their consultants. To provide informed professional advice, a consultant must have access to all relevant information involving a client's financial situation, investment status, and goals. By acknowledging the privacy policy relating to the confidentiality of client information and the client/consultant relationship, the consultant will be more likely to obtain a full and candid disclosure of the required information.

Procedures for Compliance

Consultants shall advise clients of the privacy policy that applies to their relationship and assure them that all information gathered is of a strictly confidential nature. In addition, the compliance officer at the consultant's firm shall be notified of Standard 2d and the consultant's code of confidentiality.

All client records and information relating to financial situations and goals shall be kept private and confidential by the consultant. Even the disclosure of a client's name without obtaining prior permission from the client is prohibited. The use of client lists that may influence a potential client's decision relative to a consultant's capability is discouraged.

If professional references are requested by new or potential clients, consultants must obtain approval from existing clients in similar industries and situations prior to disclosing the names of these clients. On no occasion shall the consultant disclose the financial status, goals, structure, or other information relating to any client to any other person or body unless legally required to do so. While certain situations may have similar structures and resolutions, any disclosure of a client's situation disenfranchises the privacy of the client/consultant relationship.

Regarding public funds, consultants may provide, if requested, information that exists in the public domain regarding public fund clients.



Impact of the Standard

Adherence to this standard improves the disclosure of information between the consultant and client and heightens the professionalism of the relationship.

STANDARD 2e

A Consultant's Responsibility to Maintain Competence

Consultants have a responsibility to maintain competence through the highest ethical, professional, and ongoing educational practices within their means.

Explanation

The ability to render advice in a knowledgeable, professional, candid, and objective fashion is a basic requirement for establishing client trust. To have confidence in the advice being rendered, the client must have reason to fully trust the consultant's competencies and capabilities.

Procedures for Compliance

Consultants shall advise clients, partners, and their firms of their commitment to upholding professionalism through compliance with this standard.

Impact of the Standard

By adhering to this standard, the consultant assures clients that their consulting needs will be met competently and professionally.

STANDARD 3: Responsibilities to the Public

STANDARD 3a

A Consultant's Responsibility to Abstain from Use of Material Nonpublic Information

Consultants who receive material nonpublic information in confidence have a responsibility to abstain from disclosure or use of that information, whether or not such use would cause harm to a client.

Explanation

By nature of their profession, consultants hold a unique position of trust and are bound by rules of professional confidentiality. Unless required by law, they may not disclose private information revealed by reason of that profession or position.

Procedures for Compliance

Consultants shall not disclose any confidential client information without the specific consent of the client unless in response to proper legal or regulatory processes. The use of client information for personal benefit is improper, even if it does not cause harm to the client.

Consultants who possess material nonpublic information related to the value of a security shall not trade or cause others to trade in that security if such trading would breach a duty or if the information was misappropriated or relates to a tender offer. If material nonpublic information is disclosed in breach of a duty, the consultant shall make all reasonable efforts to achieve public dissemination of such information.

Impact of the Standard

Adherence to this standard enhances the reputation of consultants, both professionally and personally, and helps to ensure that CIMA and CIMC licensees and IMCA members are recognized as maintaining the highest standards of conduct.

**STANDARD 3b****A Consultant's Responsibility to Make Proper Use of Certified Investment Management Analyst (CIMA) and Certified Investment Management Consultant (CIMC) Designations**

Consultants have a responsibility to ensure that the CIMA and CIMC designations are used only by those who have completed the CIMA and CIMC certification programs and meet IMCA continuing-education requirements. Specifications for proper use of the designations have been established by IMCA.

Explanation

The CIMA and CIMC designations are intended to enhance public awareness of the investment management consulting profession and reflect the high standards set by IMCA. To protect the status of these designations, their use has been regulated by IMCA, and CIMA and CIMC licensees are to use these designations only in ways approved by IMCA.

Procedures for Compliance

Only those individuals who successfully complete the IMCA certification programs and meet IMCA ongoing continuing-education requirements may use the CIMA or CIMC designation. These individuals are encouraged to use these references, but only in a proper, dignified, and judicious manner.

Qualified individuals may use the proper references verbally, in print, in advertisements, on business cards and letterhead, and in marketing brochures. CIMA and CIMC licensees must obtain authorization as required from their firm's compliance department for use of the designation on business cards, letterhead, and other printed forms. When using the CIMA or CIMC logo or designation in printed materials, only IMCA-approved artwork, fonts, and positioning may be used, as specified in the IMCA *Graphic Standards Manual*. Neither reference may be used as any part of a business name. The designation may not be used in any form that does not comply with current IMCA guidelines without the express written approval of IMCA prior to any such use.

The use of either reference may be accompanied by an explanation of the requirements that have been met to earn the CIMA or CIMC designation. Any explanation of the designation must be quoted directly in the approved form and language as outlined by IMCA.

Continued use of the CIMA or CIMC designation is dependent upon meeting continuing-education requirements, as determined by IMCA, as well as strict adherence to the IMCA *Standards of Practice* and *Code of Professional Responsibility*.

Impact of the Standard

As the public's understanding of investment management consulting is broadened, adherence to this standard and standardized usage of the CIMA and CIMC designations enhances recognition of CIMA and CIMC certifications as representing the highest standard in consulting expertise.

STANDARD 3c**A Consultant's Responsibility to Be Fair and Accurate in Advertising and Communications**

It is the responsibility of the consultant to act with integrity, dignity, and honesty and maintain the highest standards of ethics in all forms of communication.

Explanation

Consultants are prohibited from using communications, written or oral, in conjunction with professional services that contain false, fraudulent, misleading, deceptive, or unfair statements or claims. This includes, but is not limited to, a statement or claim that:

- Contains a misrepresentation of fact.
- Fails to make full disclosure of relevant facts in a way that is likely to mislead or deceive.
- Creates false or unjustified expectations of favorable results.
- Implies educational or professional attainments or licensing recognition not supported in fact.



- Represents that professional services can or will be competently performed for a stated fee when this is not the case or makes representations with respect to fees for professional services that do not disclose all variables that may reasonably be expected to affect the fees that will in fact be charged.
- Contains other representations or implications that in reasonable probability will cause a person of ordinary prudence to misunderstand or be deceived.

Procedures for Compliance

Consultants shall maintain the highest standards of ethics when using the media in any manner, whether for advertising or in interviews, scheduled or unscheduled.

Consultants shall not copy or use material in substantially the same form as the original prepared by another without acknowledging and identifying the name of the author, publisher, or source of such material. Consultants may use, without acknowledgement, factual information published by recognized financial and statistical reporting services or similar sources.

Any use of performance track records must not be misleading or deceptive. Returns shall be computed and communicated in compliance with *IMCA Performance Reporting Standards*.

Communications shall make a clear distinction between fact and opinion. Clear distinction also shall be made between a consultant's personal standards, positions, and/or opinions and the standards, positions, and/or opinions of IMCA, the consultant's employer or firm, and associated brokers/dealers/agencies, should there be any variation.

CIMA and CIMC licensees may not use their designation(s) in any form of advertising or communication, written or oral, unless their continuing-education requirement has been fulfilled. IMCA membership or CIMA and CIMC designations may be referenced only in a dignified and judicious manner. The reference to the CIMA and CIMC designations may be accompanied by an accurate explanation of the requirements, competency, and professional application that are associated with the right to use such designation. The use of any statement misrepresenting the nature of membership in IMCA or the CIMA and CIMC designations is forbidden.

Impact of the Standard

Adherence to this standard ensures that IMCA and the CIMA and CIMC designations are associated with honesty, accuracy, and fairness. This, in turn, ensures that IMCA members and especially CIMA and CIMC licensees continue to be held in high regard.

STANDARD 3d

A Consultant's Responsibility to Maintain the Highest Standards in Commenting before Regulatory Organizations

The consultant has a responsibility to act with integrity, dignity, and competence, maintaining the highest standards of ethics, when appearing before or submitting comment to a regulatory body or organization.

Explanation

To uphold the high standards set by IMCA and protect the reputation of the consulting profession, consultants may not engage in any comment, testimony, or act that would compromise the integrity of IMCA, the CIMA and CIMC designations, or the profession as a whole.

Procedures for Compliance

Consultants must exercise due diligence and thoroughness in making all public comments, testimony, recommendations, or actions. Consultants shall ensure that their comment, testimony, recommendation, or action is appropriate, judicious, accurate, and reasonable to the highest extent possible and have a reasonable and adequate basis, supportable through proper research and investigation, for any position put forth. Consultants shall not hold forth any comment or act involving a dishonest, fraudulent, deceitful, or misrepresentative position. Consultants shall disclose all matters relevant to their intended comment, testimony, or action. This disclosure includes, but is not limited to:

- Conflicts of interest concerning clients, prospects, employers, firms, or individuals.
- Beneficial compensation, fees, or ownership.
- The inclusion or exclusion of material or relevant factors in the preparation of comment, testimony, recommendations, or actions.



In presenting their comments, consultants shall make a clear distinction between fact and opinion. Consultants also shall make a clear distinction between their personal standards, positions, and/or opinions and the standards, positions, or opinions of IMCA, their employers or firms, and/or associated brokers/dealers/agencies, should there be any variation.

IMCA membership may be referenced only in a dignified and judicious manner. Consultants who have earned and maintained the right to use the CIMA or CIMC designation may, and are encouraged to, refer to their designation, but only in a proper, judicious, and dignified manner. The use of this reference may be accompanied by an accurate explanation of the requirements, competency, and professional application that are associated with the right to use such designation. Consultants may not make any statement misrepresenting the nature of membership in IMCA or the CIMA and CIMC designations.

Impact of the Standard

By following these standards, consultants ensure that the best interests of the public are served while helping to maintain the highest regard for membership in IMCA and the CIMA and CIMC designations.

STANDARD 3e

A Consultant's Responsibility to Disclose Third-Party Affiliations

Consultants have a responsibility to fully disclose the nature and amount of any and all compensation, direct and indirect, paid to a nonaffiliated third party who refers, solicits, or otherwise assists the consultant in obtaining clients.

Explanation

Subject to the law and/or regulations of any governmental or regulatory body, nothing in these *Standards* precludes consultants from compensating a nonaffiliated third party for referring, soliciting, or otherwise assisting the consultant in obtaining clients. IMCA believes, however, that it is in the best interests of the public that all financial arrangements, direct and indirect, associated with the relationship between the consultant and clients or prospective clients be fully disclosed. Disclosure of financial arrangements between consultants and third-party solicitors is also consistent with the spirit of the disclosure provisions of the *IMCA Code of Professional Responsibility*.

Procedures for Compliance

In addition to the disclosure that may be required by federal or state law and regulation, the amount and nature of the compensation paid or payable to the third-party solicitor must be fully disclosed in the written contract and/or written services agreement between the consultant and client.

Impact of the Standard

This standard ensures that all clients and prospective clients can be confident that a full disclosure will be made of all financial arrangements between consultants and third parties, including third-party solicitors, associated with the relationship between the client and consultant.

STANDARD 3f

A Consultant's Responsibility to Comply with IMCA Performance Reporting Standards

Consultants have a responsibility to use their best efforts to comply with the mandatory requirements and disclosures of IMCA *Performance Reporting Standards* and to use reasonable efforts to comply with the recommended requirements and disclosures of those *Standards*.

Explanation

IMCA believes that the best interests of the public are served by the adoption of a uniform and consistent approach to the analysis and reporting of performance information for manager search and analysis and performance measurement reporting. Therefore, IMCA has established *Performance Reporting Standards* that cover the collection, analysis, and reporting of performance information for manager search and analysis and performance reporting.



These *Performance Reporting Standards* stress the importance of providing accurate and comparable investment performance information and appropriate disclosures to clients during manager search and analysis and performance measurement reporting. The mandatory and recommended disclosures relate to the preparation of information provided to the client or prospective client as well as to the disclosure of potential conflicts of interest, relevant business relationships, and other pertinent items.

Procedures for Compliance

IMCA recognizes that the terms “best efforts” and “reasonable efforts” are subject to interpretation. IMCA further recognizes that the employment status of consultants includes individuals who control the policies of their firms as well as persons who have little or no influence or control over the policies of their firms.

For consultants who control the policies of their firms, the term “best efforts” shall mean that the consultant must comply with the mandatory requirements and disclosures of the *Performance Reporting Standards*. For those consultants who do not control the policies of their firms, the term “best efforts” shall mean that if the firm does not comply with the mandatory requirements and disclosures of the *Standards*, the consultant must submit a written request for compliance to those persons who control firm policies. Further, to the extent that consultants who do not control the policies of their firms can reasonably comply with the mandatory requirements, and such compliance is not in conflict with the policies of their firms, the consultant must comply.

All consultants must also make reasonable efforts to comply with the recommended requirements and disclosures of the *Standards*. In determining whether efforts to comply are reasonable, consultants should take into consideration, among other things, their position with the firm and their ability to influence and/or control firm policy, available personnel and technological resources, and the time and costs that are required to comply with the recommended requirements.

Impact of the Standard

Compliance with the IMCA *Performance Reporting Standards* instills confidence in the public that manager search information and performance reporting are being presented fairly and accurately. Compliance with the *Standards* also enables clients to make informed investment manager selection decisions and manager performance evaluations.

STANDARD 4: Responsibilities to the Profession

STANDARD 4a

A Consultant’s Responsibility to Make Proper Use of Professional Designations

Consultants have a responsibility to use care in promoting their professional designations, including the CIMA and CIMC designations.

Explanation

To maintain the status implied by a professional designation, consultants who have earned such designations should display their accomplishments in a proper and dignified manner.

Procedures for Compliance

Holders of professional designations must present the mark correctly, e.g., Certified Investment Management Analyst or CIMA licensees, and Certified Investment Management Consultant or CIMC licensees, and may use the marks only if currently entitled to do so. On signage, business cards, or stationery, the mark may not be listed in words larger than designee’s name. Marks may not be misrepresented in any way.

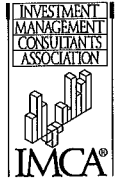
Impact of the Standard

Compliance with this standard conveys professional courtesy and fairness and promotes respect for professional designations.

STANDARD 4b

A Consultant’s Responsibility to Abide by Regulations and Principles

Consultants have a responsibility to make every effort to understand and comply with regulations and rules that are applicable to their specific positions and duties.



Explanation

In addition to the *Standards* presented in this booklet, consultants are governed by various rules, including fiduciary obligations, statutes of government regulatory agencies, and rules of self-regulatory organizations. These rules and standards should be followed at all times.

Procedures for Compliance

Consultants must maintain knowledge of all rules and regulations that govern their profession. They must abide by these rules or obtain exceptions from the appropriate authority as necessary.

Impact of the Standard

Compliance with all applicable rules and regulations assures that the integrity of the consulting profession is upheld, competition is fair, and clients are well served.

STANDARD 4c

A Consultant's Responsibility to Maintain Knowledge Base Through Continuing Education

Consultants have a responsibility to stay current with changes in their field and to expand their knowledge beyond the formal coursework taught in the pursuit of a designation. This is achieved primarily through continuing education.

Explanation

As times change, new ideas, investments, and laws are constantly introduced. To ensure that clients are well served, consultants must stay abreast of these changes and maintain competency in their profession.

Procedures for Compliance

At a minimum, a consultant who holds a professional designation shall fulfill the continuing-education requirements established for that designation. Consultants should also keep informed about broader issues involving the fields of investment management and consulting. Fulfilling this obligation may require more than attending the minimum number of classes needed to maintain a professional designation. A consultant could fulfill this responsibility by additional means, e.g., reading journals, undertaking self-study, or attending appropriate study groups.

Consultants shall not accept engagements unless they are competent in the specific area of expertise involved. If offered an engagement in an area where they are not competent, consultants shall either not accept the client, until and unless they have been able to obtain the appropriate level of competence, or seek the advice of qualified professionals and/or refer clients to those professionals.

Impact of the Standard

Compliance with this standard ensures that consultants fulfill their obligation to maintain a certain level of competence through continuing education and thereby continue to serve the best interests of the client.

STANDARD 4d

A Consultant's Responsibility to Avoid Plagiarism and Other Forms of Theft

It is the responsibility of the consultant to avoid using or copying materials prepared by another without proper authorization and acknowledgement.

Explanation

In addition to being unprofessional, plagiarism and other forms of theft are illegal.

Procedures for Compliance

If consultants wish to use the work of others, they must obtain the necessary permissions and include appropriate acknowledgments. Such acknowledgement includes, but is not limited to, identifying the author, publisher, and/or source of the material. While factual information such as that published by recognized financial and statistical reporting services may be used without acknowledgement, credit must be given to conclusions made by others that have been derived from the factual information.



Acknowledgement is to be made regardless of the medium used for communication (e.g., print, verbal, electronic). Acknowledgement may be made in the body of the communication or in a reference made in the body of the communication to a footnote that is easily available.

Impact of the Standard

Compliance with this standard promotes continued research and analytical efforts in the areas of investment management, performance, and consulting. Those who contribute to the consulting profession in this way may reconsider their efforts if their work is plagiarized.

STANDARD 4e

A Consultant's Responsibility to Conduct Business and Personal Affairs Professionally and Ethically

Consultants have a responsibility to avoid conduct, in both their business and personal lives, that exhibits a lack of honesty, trustworthiness, or fitness to practice as a consulting professional.

Explanation

This standard goes beyond the requirements for technical compliance with rules and regulations and focuses on the integrity of consultants by prohibiting any professional or personal behavior that discredits the profession as a whole.

Procedures for Compliance

In all professional and personal activities, consultants shall abide by applicable laws and regulations, including those of IMCA. Consultants shall not engage in any acts of dishonesty, fraud, or misrepresentation that reflect negatively on professional competence or acts that indicate a general disrespect for the law. Examples of such acts can 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).
- Conduct that compromises the integrity of the CIMA or CIMC designation or the consulting profession as a whole.

In addition to self-regulatory agencies such as the National Association of Securities Dealers, the investment industry is regulated by government agencies, including the Securities and Exchange Commission and the Department of Labor, which monitor conduct and take disciplinary action in cases of unethical behavior. IMCA procedures for investigating complaints against CIMA and CIMC licensees and implementing disciplinary action, if required, are outlined in the IMCA *Disciplinary Rules and Procedures*.

On the whole, however, compliance with Standard 4e is a matter of a consultant's own personal integrity and moral character. Each consultant must be aware of the implications of all professional and personal actions. Any conduct that reflects poorly on the individual, the employer or firm, or the profession as a whole should not be tolerated. General compliance with this standard can be enhanced by strict observation of the following broad guidelines:

- Abide by all statutory and regulatory requirements involving the delivery of consulting services.
- Establish and maintain a standard of excellence in all aspects of investment management consulting.
- Participate in IMCA activities designed to improve the consulting profession and uphold its reputation.
- Maintain the highest standard of personal conduct at all times.

Impact of the Standard

In conjunction with the IMCA *Code of Professional Responsibility*, compliance with this standard helps to promote and maintain the highest standard of personal and professional conduct in the investment management consulting profession. This, in turn, serves to assure public confidence in the integrity and services offered by professional investment management consultants.



STANDARD 5: Responsibilities to the Employer

STANDARD 5a

A Consultant's Responsibility to Inform Employer of the IMCA Code and Standards

Consultants shall make employers aware of the IMCA *Code of Professional Responsibility* and *Standards of Practice*.

Explanation

Informing employers about the IMCA *Code* and *Standards* promotes awareness of professional responsibility and ethical practices and thereby increases consultants' adherence to these rules of conduct. In addition, the *Standards* may serve as the basis of employee programs within the consultant's organization designed to enhance ethical awareness and advocate honesty in interactions with clients.

Procedures for Compliance

Consultants shall provide copies of the IMCA *Code of Professional Responsibility* and *Standards of Practice* to the appropriate persons within their organizations, typically their supervisors and/or compliance officers.

Impact of the Standard

By assuring the dissemination of the IMCA *Code* and *Standards* to supervisory individuals responsible for overseeing consultant practices, Standard 5a assists the employer in supervision of the consultant's interaction with clients and adherence to professional standards.

STANDARD 5b

A Consultant's Responsibility to Disclose Conflicts of Interest

Consultants shall disclose to employers all situations, ownership of securities, and/or memberships on boards or in organizations that could reasonably interfere with their duty to employers or their ability to make unbiased and objective recommendations and decisions regarding their consulting clients.

Explanation

This standard protects employers and, indirectly, clients by requiring consultants to disclose those situations and actions that may result in a conflict of interest. Examples of these disclosures include:

- Recommending that clients invest in companies that use the consultant's services.
- Holding a seat on the board of an organization that employs them as a consultant.
- Maintaining a relationship with an investment adviser that could result in a conflict of interest.

Procedures for Compliance

Consultants should notify their employers in writing of any situation that could lead to a conflict of interest, as outlined above. The consultant should retain copies of such notification.

Impact of the Standard

Adherence to this standard assures that potential conflicts of interest are identified and addressed in a proactive, rather than reactive, manner, thereby minimizing potential loss of business and/or credibility.

**STANDARD 5c:****A Consultant's Responsibility to Disclose Additional Compensation**

It is the responsibility of consultants to disclose and obtain written approval from employers prior to accepting any compensation and/or benefits from clients or third parties that are in addition to compensation and benefits provided by employers.

Explanation

The purpose of this standard is to avert conflicts of interest and ensure objectivity in the delivery of consulting-related services to clients. Adherence to this standard should prevent the consultant from providing nonobjective advice or preferential treatment to any client. Under this standard, the consultant is barred from receiving compensation from outside sources or third parties without the approval of the employer. This includes payments to vendors by third parties for services that are for the benefit of the consultant.

Procedures for Compliance

Before entering into any compensation arrangement that has not been authorized or granted by the consultant's employer, the consultant must first disclose and obtain approval for the arrangement in writing. Additionally, the consultant may only provide services offered by the firm at the firm's stated fee schedules. The provision of additional services or the charging of fees not approved by the employer is prohibited.

Impact of the Standard

Adherence to this standard prevents the consultant from entering into compensation arrangements that could impair the consultant's ability to render objective and unbiased advice to each client.

STANDARD 5d**A Consultant's Responsibility to Exercise Reasonable Supervision**

Consultants acting in a supervisory capacity (responsibility and authority over others) have a responsibility to exercise reasonable supervision to prevent, detect, and correct violations of the *IMCA Standards of Practice*.

Explanation

This standard helps to ensure that the *IMCA Standards of Practice* are carried out in a uniform and ethical manner by all employees in their relationships with consulting clients. To achieve this goal, supervisors should have a thorough and current understanding of the *Standards* and establish and implement compliance guidelines and procedures for employees to follow.

Procedures for Compliance

Through knowledge and periodic review of the *IMCA Standards*, supervisors are responsible for making a reasonable effort to detect violations. Once aware of any violation of the *Standards*, the supervisor must initiate a prompt and thorough investigation of the violation according to established compliance guidelines and procedures. Failure to supervise or to take prompt and thorough steps to assess, investigate, and correct violations of the *Standards* will be a breach of Standard 5d. However, if the supervisor implements steps to reasonably supervise but is not aware of a violation, the supervisor will not be in violation of this standard.

Supervisors must report to their employers any knowledge of procedures and guidelines that are not being followed. If, after the passage of a reasonable amount of time from the date of notification, the employer fails to take any action to correct the violation of the *Standards*, the consultant shall notify IMCA. Supervisors should also report to their employer and to IMCA any inadequacies they perceive in the *IMCA Standards of Practice* or in the procedures designed to detect violations of the *Standards*.

Impact of the Standard

Establishing guidelines for the supervisor's responsibility under the *IMCA Standards of Practice* increases the likelihood that violations will be detected and that procedures for corrective action can be implemented in a timely manner.

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