Applying the Code and Standards

Ethical and Professional Standards

1 The Level II way of asking

- A story, several people, one question per act
- Every answer has a verdict and a reason
- The reason is an element of a named Standard
- Appearance is never the test

IN THE LESSON

- Think of a referee watching a match.
- She does not ask whether a move looked rough.
- She asks which rule it touched, and whether the rule was actually broken.
- Level two ethics works the same way.
- A story names a firm and several people, and each question asks whether one act complied.
- Your answer has two parts.
- The verdict, breach or no breach, and the reason, which is the element of a particular Standard that was or was not met.
- Examiners write wrong answers with a correct verdict and a borrowed reason, so the reason matters as much as the verdict.
- This lesson builds the habit of giving both.

2 The seven Standards on one page

Who and what is owed

I Professionalism → II Markets → III Clients → IV Employers

Work, conflicts, the credential

V Analysis → VI Conflicts → VII Member

IN THE LESSON

- Here are the seven Standards, so that every case has a home.
- Standard one is Professionalism: knowing the law, keeping independent, never misrepresenting, and avoiding misconduct.
- Standard two is the Integrity of Capital Markets: material nonpublic information and market manipulation.
- Standard three is Duties to Clients: loyalty, fair dealing, suitability, performance presentation and confidentiality.
- Standard four is Duties to Employers: loyalty, extra compensation and supervisors.
- Standard five is Investment Analysis: diligence, communication and records.
- Standard six is Conflicts of Interest: disclosure, priority of transactions and referral fees.
- Standard seven covers your conduct as a member or candidate, including the exams and how you refer to the designation.

3 One routine for every act

Ask in order

Who acts? → Duties owed? → Which subsection? → Required or not?

Three kinds of conduct

Required: must → Recommended: should → Forbidden: must not

IN THE LESSON

- Now the routine.
- The top row has four steps, always in this order.
- First, who acts?
- The Standards bind individuals who are members or candidates, not firms and not outsiders.
- Second, what duties are owed, to clients, to the employer, to the markets?
- Third, which subsection covers this particular act?
- Fourth, is the conduct required, recommended, or forbidden?
- The bottom row shows what comes out.
- A requirement is a must, and failing it is a breach.
- A recommendation is best practice, and skipping it is not a breach.
- A prohibition is a must not.
- And once you have a verdict, state the action a member should take.

4 Three traps in the routine

- Looks cautious, may still breach a duty
- Looks risky, may be perfectly allowed
- A firm policy never lowers the bar
- Test the act, not its appearance

IN THE LESSON

- Before the cases, three traps.
- First, an act can look cautious yet still breach a duty.
- Holding back a relative's account from a hot issue feels scrupulous, but a paying client has been disadvantaged.
- Second, an act can look risky yet be allowed.
- Reaching a bold conclusion from many small public and immaterial pieces is lawful research, not insider dealing.
- Third, a firm policy never lowers the bar.
- A firm may add duties on top of the Code and Standards, but a permissive policy cannot excuse conduct that falls below them.
- Keep these three in your pocket as we meet the people of a made up firm, Bramblewood Capital.

5 Case 1: the sister's account

Priya Nair: sister's fee-paying account left out of an IPO

Orders: nine + sister	45,000 + 5,000	**50,000**
Fill rate	30,000 ÷ 50,000	**60%**
Sister's fair share	60% × 5,000	**3,000 shares**
Verdict	Standard III(B)	**Breach**

IN THE LESSON

- Case one.
- Priya Nair, a charterholder at Bramblewood, runs money for nine clients.
- A new share issue is oversubscribed.
- She and the firm order fifty thousand shares for ten accounts, and the firm is given thirty thousand.
- One of the ten is her sister's account, a fee paying client on the same terms.
- To avoid any hint of favouritism, Priya leaves her sister out and shares the thirty thousand among the other nine.
- Sounds careful.
- But her sister is a client, and fair dealing means treating clients fairly.
- Her proper share would have been sixty per cent of her order, three thousand shares.
- This breaches Standard three, B.
- Allocate pro rata, and disclose the family tie.

6 Case 2: the downgrade built from pieces

Tomas Weiss downgrades a packaging maker

Public filings, shipping data	public	**Allowed**
Customer chats	small, immaterial each	**Allowed**
Material and nonpublic?	no piece was both	**No**
Verdict	Standard II(A): mosaic	**No breach**

IN THE LESSON

- Case two.
- Tomas Weiss, an analyst at Bramblewood, covers a packaging maker.
- He reads its public filings, tracks published shipping data, and talks to a dozen of its customers.
- Each customer tells him only a small, ordinary thing about their own orders, such as that they are buying a little less this season.
- None of it is material on its own.
- Putting it together, Tomas concludes sales will fall short and downgrades the stock.
- It feels like inside information.
- It is not.
- A conclusion built from public facts and immaterial nonpublic pieces is the mosaic theory, and Standard two, A, permits it.
- No breach, because nothing material and nonpublic was ever received.

7 Case 3: the courtesy call

Joel Ames phones his largest client before the downgrade email

Who knew first	largest client only	**Head start**
Other clients	learn later, by email	**Behind**
Intention	good service	**Irrelevant**
Verdict	Standard III(B)	**Breach**

IN THE LESSON

- Case three is a well meant breach.
- Bramblewood is about to cut its rating on a utility from buy to sell.
- Before the email goes to everyone, portfolio manager Joel Ames phones his biggest client, a pension fund, to give a friendly head start.
- He thinks of it as good service.
- But Standard three, B, requires fair dealing when changing a recommendation.
- A rating change should reach all clients who may be affected in a fair way, not just the largest first.
- The pension fund can sell before smaller clients even hear the news.
- Good intentions do not cure the unfairness.
- This is a breach of Standard three, B.
- The fix is a single, simultaneous distribution.

8 Case 4: the assistant and the gift

Marcus (not a member) accepts tickets; supervisor Elena Cruz, CFA

Marcus	neither member nor candidate	**Not bound**
Elena's duty	supervisor, IV(C)	**Reasonable efforts**
Gift policy or training?	none exists	**No**
Verdict on Elena	Standard IV(C)	**Breach**

IN THE LESSON

- Case four.
- Marcus is a sales assistant at Bramblewood.
- He is not a charterholder and not a candidate.
- A broker gives him tickets to a final worth a few hundred dollars, hoping for more order flow.
- Bramblewood has no gift policy and has never trained staff on one.
- Marcus is not personally bound by the Standards, since he is neither member nor candidate.
- But his supervisor, Elena Cruz, is a charterholder.
- Standard four, C, requires her to make reasonable efforts to see that those she supervises follow the law and the Code.
- With no policy and no training, she has not.
- Marcus is outside the Standards, yet Elena has breached Standard four, C.

9 Recap of cases one to four

Cases one to four

Case	Standard and verdict
1 Sister left out of IPO	III(B): breach
2 Mosaic downgrade	II(A): no breach
3 Big client called first	III(B): breach
4 Assistant's tickets	IV(C): supervisor breaches

IN THE LESSON

- Let us line up the first four cases, so you can see the pattern.
- Priya leaving her sister out looked scrupulous, but breached Standard three, B.
- Tomas's downgrade looked like insider dealing, but complied with Standard two, A, because it was a mosaic.
- Joel's phone call to a big client looked like service, but breached Standard three, B, since fair dealing was lost.
- And Marcus's tickets bound nobody directly, but the supervisor above him breached Standard four, C.
- Notice how the verdict never followed the first impression.
- Each time we named the person, the duty and the subsection before deciding.
- That is the routine doing its job.

10 Case 5: the copied report

Ben Aldous: copied analysis plus statistics office data

Broker's pages and forecasts	copied, uncredited	**Breach**
Statistics office figures	published facts	**No breach**
Standard	I(C) misrepresentation	**Plagiarism**
Fix	credit it, or write your own	**Attribute**

IN THE LESSON

- Case five.
- Ben Aldous, a Level two candidate and junior analyst, writes his first sector report.
- Three pages of industry analysis and a table of forecasts are copied almost word for word from a broker's report, with no mention of the broker.
- The same report also uses quarterly growth and mortgage figures from the national statistics office, again with no source named.
- Standard one, C, bars misrepresentation, and that includes plagiarism, passing off another's analysis or forecasts as your own.
- So the copied pages are a breach.
- But the statistics office figures are published facts from a recognised source, and quoting them without naming the source is not plagiarism.
- One report, one breach, and one act that is fine.

11 Case 6: two personal problems

Gregor Pike (false expenses) and Hana Ito (parking fine)

Gregor: false expense claims	dishonesty	**Breach**
Hana: parking fine	no link to honesty	**No breach**
Standard	I(D) misconduct	**Dishonest acts**
Test	reflects on integrity?	**Ask it**

IN THE LESSON

- Case six compares two members.
- First, Gregor Pike was fined by a court for submitting false expense claims to a former employer.
- Second, Hana Ito paid a fine for parking in the wrong place.
- Standard one, D, covers professional misconduct, meaning conduct involving dishonesty, fraud or deceit, or other acts that reflect poorly on your integrity or professional competence.
- Gregor's false claims are dishonest, so that is a breach even though it happened off the job at an old firm.
- Hana's parking fine says nothing about honesty or competence.
- The test is not whether a rule was broken somewhere, but whether the act reflects on integrity.
- Gregor breaches, Hana does not.

12 Case 7: shares owned in the covered company

Owen Pryce discloses his shares and his wife's board seat

Holds shares in covered firm	3,000 shares	**Conflict**
Disclosure	page one, plain words	**Prominent**
Wife on the board	also disclosed	**Yes**
Verdict	Standard VI(A)	**No breach**

IN THE LESSON

- Case seven is about conflicts.
- Owen Pryce, an analyst at Bramblewood, covers a retailer, and he owns three thousand of its shares.
- On the first page of his report he states plainly that he holds the shares, and that his wife sits on the retailer's board.
- His rating is based on his own work.
- Is that a breach?
- No.
- Standard six, A, requires disclosure of conflicts, and he has disclosed clearly and prominently where readers will see it.
- Owning shares is not forbidden.
- If he had buried it in a footnote on the last page, or left out his wife's board seat, that would breach.
- The test is disclosure that is full, fair and easy to find.

13 Case 8: the closing price

Late buying of a thinly traded stock at quarter end

Purpose of the orders	lift the closing price	**Not investing**
Effect	+6%, then −5%	**Distorted**
Who is bound	Stark and Byrne, both CFA	**Both**
Verdict	Standard II(B)	**Breach**

IN THE LESSON

- Case eight.
- Quarter end is near, and the performance fee of Bramblewood's hedge fund depends on the fund's value that day.
- Head trader Charlotte Byrne is asked by fund manager Ivo Stark to buy shares of a thinly traded small company in the last ten minutes, so the closing price reflects their conviction.
- The fund already owns twelve per cent of the free float.
- The price closes six per cent higher and drops five per cent the next day.
- The purpose was not to invest but to lift the price.
- That is market manipulation under Standard two, B, and both Stark and Byrne, who placed the orders, are in breach.
- Doing it to flatter a fee does not excuse it.

14 Case 9: the one who disagrees

Soren Lund dissents 4 to 1 but the process was sound

Committee process	thorough, independent	**Sound**
Lund's view	too harsh, but reasonable	**Dissent**
Must he remove his name?	basis is reasonable	**No**
Verdict	Standard V(A)	**No breach**

IN THE LESSON

- Case nine.
- Soren Lund sits on Bramblewood's committee that rates consumer shares.
- The committee reviewed broker research, accounts and management meetings, and voted four to one to rate a food company a sell.
- Lund is the one dissent.
- He thinks sell is a little harsh, yet accepts that the process was thorough and independent and that sell is reasonable.
- The report will carry all five names.
- A colleague says Lund must take his name off.
- Not so.
- Under Standard five, A, a member may stay on a group report if the work rests on a reasonable basis, even if he disagrees.
- He would need to dissociate only if he thought the conclusion had no reasonable basis.
- No breach.

15 Case 10: the exam and the brochure

Ravi Menon posts exam questions; brochure promises outperformance

Ravi posts exam questions	exam integrity	**Breach**
Brochure: guaranteed to win	overstates designation	**Breach**
Standards	VII(A) and VII(B)	**Seventh Standard**
True claim	state the facts only	**Fine**

IN THE LESSON

- Case ten touches Standard seven.
- Ravi Menon, a candidate, sits the exam and that evening posts some of the exam questions on an online forum for friends.
- Standard seven, A, protects the integrity and security of the exam, and revealing exam content is a breach.
- Separately, a Bramblewood brochure says that its charterholders are guaranteed to beat the market.
- Standard seven, B, requires members not to overstate what the designation means or what it implies about performance, and claiming a guarantee does exactly that.
- A truthful line would say that the manager holds the designation and describe the firm's process.
- Both acts are breaches, though neither involves a client trade.

16 Recap of cases five to ten

Cases five to ten

Case	Standard and verdict
5 Copied report	I(C): breach, facts fine
6 False claims, parking fine	I(D): breach, none
7 and 9 Disclosure, dissent	VI(A), V(A): no breach
8 and 10 Closing price, exam	II(B), VII: breach

IN THE LESSON

- Now the second batch.
- Ben's copied analysis breached Standard one, C, while the statistics office figures were fine.
- Gregor's false expense claims breached Standard one, D, and Hana's parking fine did not.
- Owen's clear disclosure of his shares and his wife's board seat complied with Standard six, A, and so did Soren staying on the group report, under Standard five, A.
- Neither is a breach.
- The late buying at quarter end breached Standard two, B, and the exam posting and the guaranteed brochure breached Standard seven.
- That gives us breaches and no breach cases across all seven Standards.
- In each, the deciding point was an element, not an impression.

17 Explaining why: anchor in the element

- Inside information: material and nonpublic, both
- Conflicts and fees: disclosed before, in plain language
- Extra pay: employer's consent, in writing
- Supervisor: restrict, not just warn

IN THE LESSON

- Now the second skill, explaining why.
- A good explanation names the element that decides the case, and says whether it was met.
- For inside information, the elements are that it is both material and nonpublic.
- For a referral fee or a conflict, the disclosure must come before the service is agreed and be in plain language.
- For extra compensation from a client, the employer's consent must be in writing.
- For a supervisor, it is not enough to warn an employee; the supervisor must restrict the employee's activity when a breach is suspected.
- If you can name the element and say met or not met, your verdict will follow, and the right answer choice will usually say the same.

18 Elements that decide the case

The element to look for

Standard	The deciding element
II(A) inside information	Material and nonpublic
VI(C) referral fees	Disclosed before, plainly
IV(B) extra pay	Employer consents in writing
IV(C) supervisor	Restrict, do not just warn

IN THE LESSON

- Let us put those elements in one table.
- Under Standard two, A, information must be material, meaning it would affect a price or a reasonable investor's decision, and nonpublic, meaning not yet available to the marketplace.
- Under Standard six, C, referral arrangements must be disclosed to the prospective client before services are agreed.
- Under Standard four, B, written consent is needed from the employer for extra pay that competes with or conflicts with the employer's interest.
- And under Standard four, C, a supervisor who suspects a breach must act to prevent it, so restricting the employee, not merely warning.

19 Case 11: the referral fee told too late

Referral fee told only if the client asks, after signing

Management fee	0.9% × 1,500,000	**13,500**
Referral payment	20% × 13,500	**2,700**
When disclosed	after signing, if asked	**Too late**
Verdict	Standard VI(C)	**Breach**

IN THE LESSON

- Case eleven.
- Grace Fenwick, a Bramblewood adviser, is taking on a new client, Omar, introduced by his accountant.
- Bramblewood pays the accountant twenty per cent of the first year management fee.
- The fee is nought point nine per cent on one and a half million, so thirteen thousand five hundred, and the referral comes to two thousand seven hundred.
- Grace plans to mention the payment only if Omar asks, after he has signed.
- Disclosure is necessary but this timing and manner fail.
- Standard six, C, requires the arrangement to be disclosed to the prospective client before services are agreed, so he can weigh the accountant's interest.
- That is a breach, despite the fee being paid by the firm, not the client.

20 Case 12: the bonus with consent

Dev Raman: client bonus, firm consents in writing

Extra compensation	client bonus for outperformance	**Yes**
Written disclosure	sent before accepting	**Done**
Written consent	firm replied in writing	**Given**
Verdict	Standard IV(B)	**No breach**

IN THE LESSON

- Case twelve is a case that complies, and you must say why.
- Dev Raman, a Bramblewood manager, is offered a bonus by a private client if his portfolio beats an agreed benchmark.
- The bonus is separate from his salary.
- Before accepting, Dev sends a written description to Bramblewood, and the firm replies in writing that it consents.
- Standard four, B, says a member must not accept extra compensation or other benefits for services that compete with, or might conflict with, the employer's interest unless the employer gives written consent.
- Here the extra pay was disclosed and consent was written.
- Both elements are met.
- No breach.
- Had he simply accepted the bonus quietly, it would have been a breach.

21 Case 13: warned, but not stopped

Rachel Dunmore warns analyst Kyle after a trade ahead of an upgrade

Suspected violation	trade the day before upgrade	**Yes**
Her response	a warning only	**Not enough**
Needed	restrict, investigate, report	**Act**
Verdict	Standard IV(C)	**Breach**

IN THE LESSON

- Case thirteen.
- Rachel Dunmore, head of research at Bramblewood, notices that analyst Kyle bought shares in a company the day before he upgraded it.
- She calls him in, tells him it looks bad, and asks him to be more careful.
- She does nothing else.
- He is still free to trade and publish, and the firm has no written rule on personal trading in advance of a report.
- Standard four, C, asks a supervisor to detect and prevent violations.
- A supervisor who has reason to suspect one must act promptly, including by restricting the employee's activity while it is investigated, and reporting the matter.
- A warning is not enough.
- Rachel has breached Standard four, C.
- The firm's lack of procedures is a weakness too.

22 Case 14: the chief financial officer's call

Revenue 184m vs guidance 200m; canteen moves floors

Revenue shortfall	16m ÷ 200m	**8%**
Shortfall: material, nonpublic?	both	**Breach to use**
Canteen move	nonpublic, immaterial	**No breach**
Standard	II(A)	**Both elements**

IN THE LESSON

- Case fourteen tests the two elements.
- Two analysts both take calls from a company's chief financial officer.
- Analyst one is told privately that this quarter's revenue will come in at one hundred eighty four million, against guidance of two hundred million, an eight per cent shortfall that is not yet public.
- That is material, since it would move the price, and nonpublic.
- She must not trade or tip, and she should urge the firm to stay away from the stock.
- Analyst two is told the company is moving its staff canteen to another floor.
- That is nonpublic but plainly immaterial, so acting on it is no breach.
- Same call, two verdicts, decided by whether both elements are present.

23 Required, recommended, forbidden

- Disclose referral fee first
- Avoid a conflict
- Vote every proxy
- Report to regulator
- Keep records 7 years
- Trade on inside news

IN THE LESSON

- Another way to explain why is to place conduct on a line.
- Look at the picture.
- On the left, the end is required: duties that failing to meet is a breach, such as telling the client about a referral fee before services begin.
- On the right is forbidden conduct, such as trading on inside information.
- In the middle sit the recommendations, which are best practice.
- They include avoiding a conflict instead of disclosing it, voting every proxy, reporting a colleague to a regulator where no law demands it, and keeping records for seven years where no rule sets a period.
- A candidate who treats a middle item as a must makes the classic error.
- Skipping a recommendation is not a breach.

24 Case 15: told no one but the firm

Maya Okonkwo raises it, dissociates, does not report outside

Took part in the breach?	no, she objected	**No**
Raised internally	with compliance	**Done**
Dissociated	name removed	**Done**
Reporting to a regulator	recommended only	**Not required**

IN THE LESSON

- Case fifteen.
- Maya Okonkwo finds that a colleague's marketing material overstates the fund's returns.
- She raises it with compliance, which does nothing, so she asks to have her name removed from the material.
- She does not tell the regulator, and no law requires it.
- Did she breach the Standards?
- No.
- She did not knowingly take part in the misrepresentation, she raised it internally, and she dissociated when it continued.
- Reporting to a regulator is best practice, a recommendation, unless the law requires it.
- Notice how a wrong answer would arrive.
- Someone might say yes, she had to report, which treats a recommendation as an obligation.
- That is the wrong verdict and a wrong reason, so do not be tempted by it.

25 Read the verdict and the reason

Check each choice

Verdict right? → Reason from the Standard? → Does it decide the case?

Four kinds of choice

Answer → Borrowed reason → Misread facts → Wrong both

IN THE LESSON

- Here is a final habit for answer choices.
- Each choice carries a verdict and a reason, and you check both.
- The top row is the check.
- First, is the verdict right?
- Second, does the reason rest on an element of the correct Standard?
- Third, does that element really decide the case?
- The bottom row shows the four types of choice.
- The answer has the right verdict and the right reason.
- The dangerous distractor has the right verdict and a borrowed reason, for example citing supervision when the real point is diligence.
- A misapplied choice names the right Standard but misreads the facts.
- And an easy one is wrong on both.
- Always read down the reason, not just along the verdict.

26 Case 16: five years of files

Files kept 5 years; the country has no retention rule

A: breach, 7 years is a must	wrong verdict	**Misses the point**
B: no breach, firm's business	wrong reason	**V(C) governs**
C: no breach, 7 years recommended	right both	**The answer**
Rule used	law first, then 7 years	**Best practice**

IN THE LESSON

- Case sixteen shows a distractor in action.
- A Bramblewood adviser's firm keeps client and research files for five years.
- The country has no rule on how long such records must be kept, and the files do support each recommendation.
- Is the firm in breach?
- Choice A says yes, seven years is mandatory.
- Choice B says no, because record keeping is only a business matter for the firm.
- Choice C says no, because seven years is only a recommended minimum where no rule exists.
- Choice A treats a recommendation as a requirement.
- Choice B has a correct verdict but ignores that Standard five, C, governs records.
- Only C gives the verdict and the right reason, so C is the answer.

27 How breaches are prevented

Procedures that prevent breaches

Level	Practice
Firm	Written policies, trained staff
Firm	Preclearance, blackout, restricted list
Firm	Information barriers, record keeping
Member	Disclose, consent in writing, escalate

IN THE LESSON

- That brings us to prevention.
- The Standards expect procedures on two levels, the firm and the individual.
- Firms should have written compliance procedures covering gifts, personal trading and information barriers.
- They should hold a restricted list and a watch list, so that inside information does not travel, and preclearance and blackout rules for staff trades.
- They should run training and keep records.
- Members add their own habits.
- They should know the law and the stricter rule applies, disclose conflicts early and in writing, get consent in writing, allocate fairly by a written rule, and escalate concerns to compliance.
- A policy that exists only on paper is not a procedure.
- Staff must know it and follow it.

28 Mistakes that cost marks

- Disclosure is not consent, and late is not disclosure
- Material and nonpublic: both are needed
- Recommendation is not requirement
- A firm's policy never lowers the bar
- Right verdict with a wrong reason is a wrong answer

IN THE LESSON

- Here are the traps to avoid.
- First, confusing disclosure with consent.
- Telling a client about a conflict is not the same as getting the right to proceed, and a late disclosure is no disclosure at all.
- Second, thinking something is material or nonpublic when only one is true.
- Both must be present.
- Third, treating best practice as a requirement, such as reporting to a regulator or keeping records for seven years.
- Fourth, trusting the firm's policy.
- A lax policy never excuses a breach, and a strict one is simply added to the Standards.
- Fifth, picking an answer because its verdict feels right, when its reason is borrowed from a Standard that does not govern the act.

29 Recap: judging any case

The routine and its tests

Test	Remember
Who is bound?	Members and candidates
Cautious but unfair	Still a breach
Best practice	Not a requirement
Answer choice	Verdict and reason

IN THE LESSON

- Let us recap.
- Use one routine for every act: who acts, what duties are owed, which subsection applies, and is it required, recommended or forbidden.
- The cautious looking act, like leaving a sister out of an allocation, can breach; the risky looking one, like a mosaic downgrade or staying on a group report, can comply.
- A referral fee is disclosed before services start.
- Extra pay needs written consent.
- Inside information is material and nonpublic.
- And best practice, such as reporting to a regulator or seven years of records, is not a requirement.
- Give a verdict and then the element that is the reason.

30 Try three quick questions

1. Cousin's fee-paying account left out of an allocation. OK?
   Answer: No: III(B), client disadvantaged
2. Dissenting member stays on a sound group report. Breach?
   Answer: No: V(A), reasonable basis exists
3. Files kept 5 years, no rule sets a period. Breach?
   Answer: No: 7 years is only recommended

IN THE LESSON

- Now try three questions yourself.
- Pause after each one.
- Question one.
- A manager keeps a client's account out of an allocation to avoid looking biased, and the client is her cousin who pays full fees.
- Is that acceptable?
- No.
- A paying client was disadvantaged, which breaches Standard three, B.
- Question two.
- An analyst joins a group report and disagrees with the rating, but the committee's work has a reasonable basis.
- Must he remove his name?
- No.
- Under Standard five, A, he may stay.
- Question three.
- A firm keeps research files for five years where no rule sets a period.
- Is that a breach?
- No, because seven years is a recommendation, not a requirement, so the firm has done nothing wrong.