

CFA SOCIETY SOUTH AFRICA 2022 ETHICS CHALLENGE

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"Ethics is knowing the difference between what you have a right to do and what is right to do."

Potter Stewart

Last month, CFA Society South Africa hosted its 2nd Virtual Ethics Challenge for Investment Professionals. Prospective participants from the SADC region completed a preliminary assessment and the top 25 candidates were placed randomly into five teams. Each team was invited to examine the same fictional case study and to present its findings to a panel of judges on 28 July.

Futuregrowth CIO, Andrew Canter, was a member of the aptly named "Integri-team". The competition was fierce, with all teams receiving a robust grilling and many curve balls from the judges in the Q & A session after each presentation. The judges also praised the participants for their diligence and attention to detail in their analyses, and the quality of their presentations.

The judging criteria were as follows:

- Violations of the Standards of Professional Conduct
- Course of Action and Solution
- Persuasiveness
- Team involvement

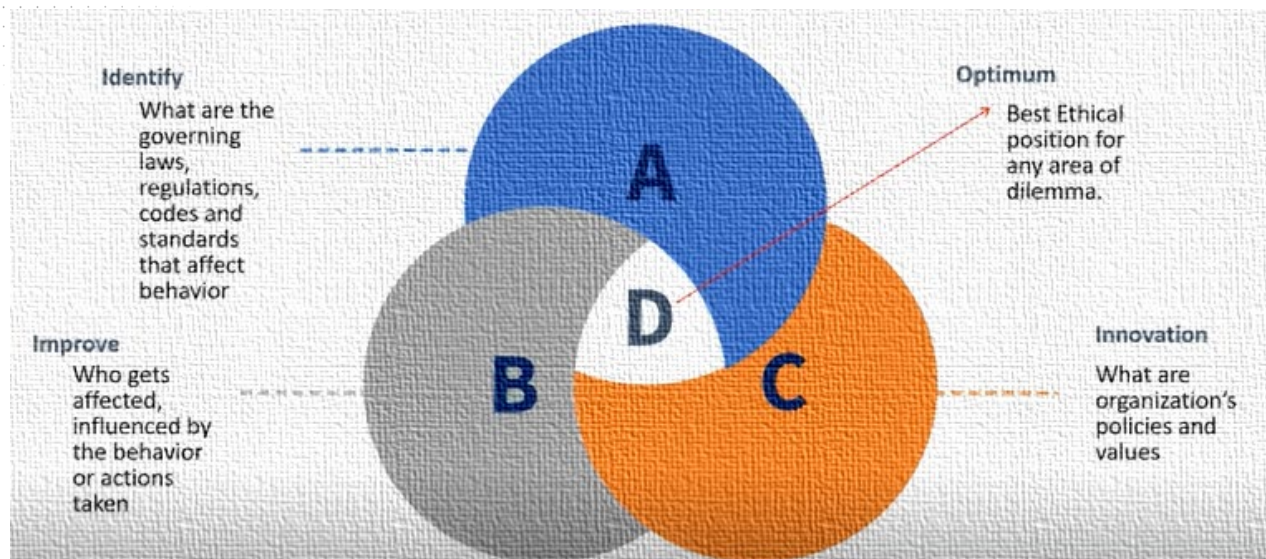
We congratulate the winners - Team Credo – who took the 2022 crown in the end!

Some points highlighted during the challenge are important to reiterate:

- Trust is the cornerstone of the financial markets.
- Ethics apply to what you do when no-one is watching, and no-one may ever find out.
- Ethical practice is not just the responsibility of one person, but of everyone, to hold one another accountable.
- It is crucial for companies to have a Code of Ethics that provides an ethical framework with real life examples for employees to reference when dealing with ethical dilemmas.
- Recruitment policies should consider integrity as a key ingredient when hiring new employees.
- Employees need to be trained adequately on firm-specific policies, guidelines and parameters (i.e. know what is prohibited).
- A zero-tolerance policy towards unethical behaviour, with serious consequences for violations, should form part of the corporate culture.
- The best ethical position for any dilemma is found at the intersection of the governing laws and standards; the organisation's policies and values; and who is affected by the behaviour or actions taken. (See the graphic below.)

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- o Where there is a conflict between regulations and policies, the stricter law/highest standard should apply.

“People learn best by personal experience, and the case-study method is far-and-away the most effective way to teach and instill ethics.”

Andrew Canter

CFA Code of Ethics and Standards of Professional Conduct

The Code of Ethics and Standards of Professional Conduct are the ethical benchmark for investment professionals around the globe. They are an integral part of ensuring that our industry works effectively, and members are expected to maintain these standards throughout their careers. There are about 190 000 CFA charterholders across more than 160 countries round the world. South Africa currently has around 2 000 CFA charterholders.

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