

*Effective March 1, 2009***IMCA<sup>®</sup> Disciplinary Rules and Procedures****Glossary**

**Candidate** Individual who has been admitted to an IMCA educational program that may lead to an IMCA Designation

**Client** Person or entity who receives professional services from an IMCA Licensee

**Code of Professional Responsibility (Code)** A set of statements adopted by IMCA to promote and maintain the highest standards of personal and professional conduct in the investment management consultant profession

**Disciplinary Rules and Procedures (Rules)** A set of rules adopted by IMCA to enforce the IMCA *Code of Professional Responsibility* and Standards of Practice in order to maintain the integrity and goodwill of IMCA Designations among members of the financial services industry and the public

**Good Standing** The status of an IMCA Designation that indicates the Licensee has met and continues to meet all requirements set by IMCA to maintain a license for the IMCA Designation

**Hearing Panel** A panel of three individuals, all of whom hold an IMCA Designation in good standing and have held an IMCA Designation for at least two (2) years

**IMCA** Investment Management Consultants Association Inc.

**IMCA Appeals Board** Five (5) person board appointed by the IMCA Board of Directors to review and consider appeals from a final order issued by the Professional Review Board

**IMCA Designation** CIMA<sup>®</sup>, CIMC<sup>®</sup>, or CPWA<sup>SM</sup> license

**Licensee** Person who is licensed by IMCA to use an IMCA Designation

**Legal Counsel** A licensed attorney who is retained by IMCA for the purposes of assisting IMCA staff, the Professional Review Board, Hearing Panels, IMCA Appeals Board, and the IMCA Board of Directors in implementing the *Code*, *Standards of Practice*, and *Rules*

**Professional Review Board** A Board established by IMCA to review, investigate, and rule on alleged infractions of the *Code of Professional Responsibility*, *Standards of Practice*, and/or *Rules* by any Licensee

**Professional Loss or Suspension** Loss or suspension of a professional license, designation, or certification to offer services to the public as a registered securities representative, broker-dealer, insurance agent, real estate

sales person or broker, attorney, accountant, investment advisor, or similar professional license, designation, or certification

**Respondent** An IMCA Licensee or a Candidate for an IMCA Designation who is the subject of a disciplinary petition

**Rules** IMCA Disciplinary Rules and Procedures (Rules) as amended from time to time

**Serious Crime** (1) any felony; (2) any lesser crime, a necessary element of which as determined by its statutory or common law definition involves misrepresentation, fraud, extortion, misappropriation, or theft; and/or (3) an attempt or conspiracy to commit such crime, or solicitation of another to commit such crime

**Standards of Practice** A set of statements adopted by IMCA, which set forth the standards of conduct for Licensees and Candidates

**Disciplinary Rules and Procedures  
Article 1: Introduction**

IMCA has adopted a *Code of Professional Responsibility (Code)* and *Standards of Practice*, which set forth the standards of conduct for Licensees and Candidates. IMCA may amend the *Code* and *Standards of Practice* from time to time in its sole discretion. The *Code* and *Standards of Practice* define professional conduct by Licensees and Candidates. IMCA enforces the *Code* and *Standards of Practice* in order to protect and maintain the integrity and goodwill of the IMCA Designations among members of the financial services industry and the public. Licensees and Candidates are required to adhere to the *Code* and the *Standards of Practice*. Failure to do so may result in disciplinary action including termination or suspension of the right to use an IMCA Designation or termination of the right to pursue an IMCA Designation.

**Article 2: Professional Review Board****2.1 Jurisdiction**

IMCA has established a Professional Review Board (PRB) to review, investigate, and rule on violations of the *Code*, *Standards*, or *Rules* by Licensees and Candidates. The PRB shall be composed of at least six (6) Licensees in good standing who have held an IMCA Designation for at least two years. One of the PRB members shall serve as chair. The members of PRB shall be nominated by the IMCA President and ratified by the IMCA Board of Directors (IMCA Board).

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Each member of the PRB shall serve a three-year term on a staggered basis. Appointments to the PRB shall be made in a manner to ensure that the terms are staggered. For example, two appointees may have an initial term of one year; two appointees may have an initial term of two years; and two appointees may have an initial term of three years. The PRB shall have exclusive jurisdiction over matters arising under the *Code, Standards, and Rules*.

**2.2 Powers and Duties of the Professional Review Board and IMCA Staff**

The PRB is empowered to:

- a. Investigate alleged infractions of the *Code, Standards, and Rules* and issue orders regarding private or public censure, the suspension or termination of the right to use an IMCA Designation by Licensees, or termination of Candidates who are found to have violated the *Code, Standards of Practice, Rules, or other orders* as may be appropriate.
- b. Report to the IMCA Board with respect to the operations of the PRB.
- c. Consider and propose amendments to the *Code, Standards, and Rules* for action by the IMCA Board.
- d. Develop and adopt procedures for the fair and expeditious hearing of matters that come before it.

IMCA Staff shall be responsible for:

- a. Receiving complaints and other information received by IMCA from clients or other parties with respect to alleged violations of the *Code, Standards, or Rules* by Licensees.
- b. Providing periodic summaries to the PRB of all such complaints.
- c. Conducting investigations of complaints at the direction of the PRB.
- d. Preparing and submitting disciplinary petitions to the PRB after review by Legal Counsel.
- e. Preparing and submitting disciplinary recommendations by a Hearing Panel to the PRB.

**Article 3: Grounds for Discipline**

The following acts or omissions committed by a Licensee or Candidate individually or in concert with others shall constitute grounds for the filing of a disciplinary petition and initiation of disciplinary proceedings:

- a. Violation of the *Code, Standards of Practice, or Rules*
- b. Violation of federal or state statutes or regulations or rules of self-regulating bodies in respect to the financial services industry.
- c. Violation of the criminal statutes of any state or the United States or commission of a Serious Crime. Conviction of a crime shall not be a prerequisite for the filing of a disciplinary petition.
- d. Any act or omission that results in suspension or termination of a professional license, designation, or certification by a local, state, federal, or private licensing, designation, or certification authority or organization.
- e. Violation of the rules of FINRA or other financial services self-regulatory organization.
- f. Failure to respond to a disciplinary petition or a request of the Hearing Panel, or failure to comply with an order of a Hearing Panel or the PRB.
- g. The submission of false or misleading statements to IMCA, a Hearing Panel, or the PRB.
- h. Violation of the License Agreement between IMCA and the Licensee.

The foregoing constitutes a nonexclusive list of grounds for discipline. Other acts or omissions that constitute unprofessional conduct or that bring an IMCA Designation into disrepute or impair the goodwill of the IMCA Designation also may constitute grounds for discipline.

**Article 4: Disciplinary Proceedings****4.1 Initiation of Disciplinary Proceedings**

- 4.1.1 Once IMCA is notified in writing of a complaint against a Licensee or Candidate, IMCA staff shall have sixty (60) days from that date to research the complaint. Within the sixty (60) day period, IMCA staff shall prepare and send a draft Petition to legal counsel for review and approval. Legal Counsel shall have sixty (60) days to review the petition and determine if IMCA staff should forward the petition to the PRB for initial review.

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Any of these time periods may be extended by the PRB upon good cause shown

- 4.1.2 The PRB shall undertake an initial review of each disciplinary petition forwarded by IMCA staff. In cases in which a petition does not set forth sufficient facts to show good cause for discipline, the PRB may either dismiss the petition in its entirety or return the petition to IMCA staff for further research and leave to amend. The PRB has sixty (60) days from receipt of the petition to make its determination. This time period may be extended by the PRB upon good cause shown.
- 4.1.3 If the PRB finds a disciplinary petition establishes good cause, it shall appoint a three-member Hearing Panel to hear and review evidence with respect to that petition. No member of the PRB or the IMCA Board may serve on a Hearing Panel. The PRB chairman shall appoint a Hearing Panel that shall be composed of IMCA Designation holders in good standing who have held the same IMCA Designation as the Respondent for at least two years. The Hearing Panel chairman, who is selected by the members of the Hearing Panel, shall rule on all motions and objections and may grant extensions of time concerning the deadlines provided by these *Rules*. No member of the Hearing Panel shall participate in any proceeding in which the member or any member of their immediate family or firm or employer has any financial or other interest, or where such participation would involve a conflict of interest.
- 4.1.4 The Hearing Panel shall commence proceedings concerning a disciplinary petition by serving the disciplinary petition on the respondent by certified mail to the Respondent's last known address and issuing a scheduling order setting the following dates:
- An answer to the disciplinary petition shall be filed with IMCA staff no later than thirty (30) days after the mailing date of the disciplinary petition to the Respondent. The answer shall respond to the allegations set forth in the disciplinary petition and either request or waive the right to participate in a hearing before the Hearing Panel.
  - During the period beginning thirty (30) days after the mailing date of the disciplinary petition to Respondent and ending ninety (90) days thereafter, the Hearing Panel may request the Respondent to produce

documents concerning the alleged infraction and any facts, claims, or defenses asserted in the answer. The Respondent may request IMCA to produce its records relating to the Respondent as well as any documents that support the allegations contained in the disciplinary petition ("Document Production Period"). Any party who fails to produce documents requested by the other party during the document production period shall not be permitted to use said documents for any purpose in proceedings governed by these *Rules*.

- The hearing date shall be set no later than ninety (90) days after the last day of the document production period.

**4.2 Failure to Respond to the Petition**

Failure to respond to the disciplinary petition within the period provided in paragraph 4.1.4 shall be deemed a default by the Respondent. Upon entry of an order of default by the Hearing Panel, Respondent's license to use his or her IMCA Designation shall be immediately terminated and, in the case of a Candidate, the Respondent shall be terminated from the appropriate IMCA educational program. A notice of termination shall be sent to Respondent via certified mail. A Licensee must immediately cease all use of the IMCA Designation upon receipt of the notice of termination or other notification of termination from IMCA.

**4.3 Hearing**

A Respondent who has filed an answer to a petition shall be entitled to a hearing before the Hearing Panel and may personally, or through an attorney (at respondent's own expense), respond to the allegations contained in the disciplinary petition. The hearing shall take place at the location specified by the Hearing Panel, via video conference at Respondent's sole expense, or via teleconference. For the purposes of preservation of testimony, the proceedings may be audio-recorded by IMCA staff. The audio-recording of the proceedings will be maintained at IMCA offices.

At the hearing, the Respondent may present documentary evidence and testimony of witnesses in support of Respondent's answer; provided, however, that to be admissible, all such documentary evidence and the substance of all such witness testimony must have been disclosed to the Hearing Panel during the Document Production Period. The Hearing Panel shall set its own rules regarding the conduct of the hearing

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and the admission of evidence. Hearings may be conducted before a court reporter at the Respondent's option and cost. All testimony presented shall be under oath.

Within sixty (60) days of the last day of the hearing, the Hearing Panel shall issue a report of its findings of fact and conclusions with respect to the allegations contained in the disciplinary petition, together with a proposed order setting forth the action recommended to the PRB.

The PRB shall review the Hearing Panel's report and proposed order and issue a final order within thirty (30) days after receiving the report and proposed order. The PRB's final order shall be sent to Respondent by certified mail within ten (10) business days of issuance.

In the event that the PRB finds that the Hearing Panel has abused its discretion or has made clearly erroneous findings of fact, the PRB may dismiss the disciplinary petition or remand it with instructions to the Hearing Panel to conduct further fact-finding or take other action consistent with the direction of the PRB.

**4.4 Remedial Action**

The PRB has discretion to take any of the following action(s) in the event that a preponderance of the evidence submitted at the hearing establishes that grounds for disciplinary action exist:

- a. Private censure.
- b. Public censure and report of the facts and circumstances resulting in publication in venues including but not limited to IMCA's Web site, media alerts, and/or notification to FINRA or other financial services organizations.
- c. Suspension of the right to use the IMCA Designation for a specific period of time. The fact of the suspension shall be made public in venues including but not limited to IMCA's Web site, media alerts, and/or notification to FINRA or other financial services organizations until the suspension is lifted.
- d. Termination of the right to use the IMCA Designation. The fact of the termination shall be made public in venues including but not limited to IMCA's Web site, media alerts, and/or notification to FINRA or other financial services organizations.

- e. Other action determined to be appropriate to remedy the conduct.

**Article 5: Appeals**

A final order of the PRB is subject to review by the IMCA Appeals Board. An appeal from a final order of the PRB must be filed within sixty (60) days of the date of the order. In the event that a timely appeal is not filed, the PRB Order shall become non-appealable.

The Appeals Board will review an appeal within sixty (60) days after receipt of the appeal. The Appeals Board shall only review the record of the hearing and shall not conduct any de novo review of the matter. The Appeals Board decision is final and shall be transmitted to Respondent via certified mail within thirty (30) days after the date on which the Appeals Board makes its decision.

**Article 6: Reportable Events**

- 6.1** Every Licensee or Candidate, upon being convicted of a serious crime (as defined in the glossary) or being the subject of a professional loss or suspension, must notify IMCA in writing of such conviction, loss, or suspension within sixty (60) days of receipt of notification by the Licensee or Candidate of the conviction, loss, or suspension. Convictions for a misdemeanor traffic offense or other misdemeanor(s) that do not involve physical violence or the use of drugs or alcohol are not subject to this notification requirement.
- 6.2** Upon receipt of written notification of the conviction, loss, or suspension of a Licensee or Candidate, IMCA may, in its discretion, issue an order to show cause why the Licensee's license to use an IMCA Designation should not be immediately suspended or the Candidate terminated from the applicable IMCA program. Failure to respond to the order to show cause within ten (10) days of receipt may result in immediate suspension or termination of the Licensee or Candidate. Responses to orders to show cause shall be referred to the PRB for further action under these *Rules*.
- 6.3** Upon receipt of written notification by the Licensee or Candidate of being a defendant or respondent in a civil, self-regulatory organization (e.g., FINRA), or government agency complaint, investigation, mediation, or arbitration, every Licensee or Candidate must notify IMCA in writing of such action.

**IMCA Disciplinary Rules and Procedures****Article 7: Reinstatement  
after Discipline****7.1 Reinstatement after Termination**

Termination shall be permanent and there shall be no grounds upon which a terminated Licensee or Candidate may seek reinstatement.

**7.2 Reinstatement after Suspension**

Unless otherwise provided by a PRB order or order of the Appeals Board issued after an appeal, within thirty (30) days of the expiration of the suspension term, a Respondent may file a petition for reinstatement. The petition for reinstatement must be accompanied by an affidavit of compliance signed by the Respondent reporting compliance with the order and setting forth the steps taken by the Respondent during the suspension period to rehabilitate himself or herself, and make amends to clients, colleagues, and others adversely affected by his/her actions. The Respondent also must verify in the petition for reinstatement that he or she has complied with IMCA's continuing education requirements throughout the suspension period.

**7.3 Reinstatement by PRB**

The PRB, upon review of the petition for reinstatement and the Respondent's affidavit, may, in its discretion, grant reinstatement or require the Respondent to attend a reinstatement hearing. All costs of the reinstatement hearing shall be borne by the Respondent. Reinstatement is within the sole discretion of the PRB and shall not be granted in the absence of clear and convincing evidence of compliance with the Order, the *Code, Standards, Rules*, and IMCA's continuing education requirements.

**7.4 Appeal from Reinstatement Decision**

Any order by the PRB concerning reinstatement may be appealed to the Appeals Board as provided in Article 5 of these *Rules and Procedures*.