



## CAIAA DISCIPLINE PROCEDURES

The CAIA Association (“CAIAA”) Discipline Procedures (the “Discipline Procedures”) shall apply to each CAIAA Member, including charter holders, and candidates for the CAIAA charter (“Members and Candidates”), without exception. These Discipline Procedures may be modified from time to time by CAIAA in its sole discretion.

### **A. Preliminary Matters**

1. Discipline Officer. CAIAA's discipline officer (the “Discipline Officer”) shall be appointed by either CAIAA’s chief executive officer (the “CEO”) or CAIAA’s board of directors (the “Board”) to oversee and administer these Discipline Procedures. The Discipline Officer may delegate their responsibilities under these Discipline Procedures. There may be different Discipline Officers appointed to oversee and administer these Discipline Procedures for Member conduct and for Candidate conduct.
2. Confidentiality. Except as otherwise provided in these Disciplinary Procedures, all proceedings conducted pursuant to these Disciplinary Procedures shall be confidential and the records of CAIAA shall remain confidential and shall not be made public. CAIAA may release the records related to these Disciplinary Procedures, subject to privilege, if: (i) the Member/Candidate has waived confidentiality; (ii) disclosure is required by a court of law, a governmental agency, or an industry self-regulatory organization having appropriate jurisdiction; or (iii) CAIAA, in its sole discretion, desires to provide the information to a governmental agency or industry self-regulatory organization.
3. Action by CAIAA. Nothing in these Discipline Procedures shall prevent CAIAA from exercising or pursuing any legal or equitable remedies that it may have against a Member/Candidate.
4. Waiver of Right by Member/Candidate to Pursue Legal or Equitable Action. Nothing in these Discipline Procedures shall give a Member/Candidate any right to appeal action by CAIAA under these Discipline Procedures to any regulatory body, legislative body, or court. Each Member/Candidate specifically waives any right to pursue any legal or equitable remedy against CAIAA, its officers, directors, employees, agents, and representatives, with respect to any aspect of these Discipline Procedures or their outcomes.
5. Report to Board. The Discipline Officer shall report to CAIAA’s Board of Directors on an annual basis regarding activity related to these Discipline Procedures, including as appropriate commentary on pending, resolved, and dismissed matters. This report may be provided orally and shall be subject to the confidentiality requirements of these Discipline Procedures.

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## **B. Receipt of Complaints**

1. The CAIAA Discipline Officer shall receive complaints alleging any act or omission by a Member/Candidate that potentially: (i) violates the CAIAA Code of Ethics; (ii) violates a law or regulation; (iii) is a basis for suspension of a professional license; (iv) violates the Candidate Policy Manual; and/or (v) violates other CAIAA policies, including but not limited to these Discipline Procedures, the Member Policy Manual, the Candidate and Member Agreement, and/or the Intellectual Property Policy (collectively referred to as a “Potential Violation”).
2. Investigations may be commenced upon: (a) receipt of information indicating a Potential Violation; or (b) disclosure and/or self-disclosure by a Member/Candidate of any matter constituting a Potential Violation.
3. Upon receipt of information indicating a Potential Violation, the Discipline Officer may refer the information to legal counsel to review the allegations and determine if further investigation is warranted. If legal counsel concludes that no investigation is warranted, the Discipline Office may elect to take no further action.
4. Complaints may be submitted confidentially through electronic means at [misconduct@caia.org](mailto:misconduct@caia.org) or by telephone at 1+ 413-549-3377.

## **C. Powers of Discipline Officer to Investigate Conduct**

1. The Discipline Officer, in their sole discretion, may give written notice to the Member/Candidate that the Member/Candidate is under investigation.
2. The Discipline Officer may deem a Member/Candidate suspended during an investigation, during which time CAIAA may terminate said Member/Candidate access to the CAIA website as well as prohibited from registering for exam and/or denied Membership (“Temporary Suspension”). A Temporary Suspension will remain in effect until the investigation is concluded, or until the Discipline Officer deems that the suspension has been lifted. The Temporary Suspension will be confidential and, during this period, a Member/Candidate: (i) shall terminate any use of the CAIA marks and, in particular, shall not use them in any advertising, website, announcement, letterhead, social media, or business card; (ii) shall not attend CAIAA Member and open events; (iii) shall not represent themselves as a Member of CAIAA; and (iv) shall be deemed to have immediately resigned from any positions the Member may have held with CAIAA and any of its chapters or affiliates.
3. The Discipline Officer may gather information to inform the matters that are the subject of the investigation, with or without notice to the Member/Candidate that is under investigation.
4. The Discipline Officer may contact the Member/Candidate to request such additional information regarding the investigation as the Discipline Officer deems necessary or appropriate in their sole discretion. The Member/Candidate shall promptly provide all information requested by the Discipline Officer. The Discipline Officer shall specify the period of time in which the Member/Candidate shall

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have in which to provide the requested information. In no event, however, shall a response from a Member/Candidate be required in fewer than ten (10) business days.

5. If no response has been received from the Member/Candidate at the expiration of the time period for provision of such information as specified by the Discipline Officer, the Discipline Officer shall give written notice of a second request for information via registered email to the address for the Member/Candidate that is on file with CAIAA. The Discipline Officer may demand an immediate response by the Member/Candidate to this second request for information.
6. Failure to provide any or all of the information requested by the Discipline Officer may give rise to an adverse inference with respect to the matters that are the subject of the investigation. An adverse inference is a legal inference, adverse to the Member/Candidate, drawn from silence or the absence of requested information. In the event that there is an adverse inference, CAIAA may conclude that exculpatory evidence to the Member/Candidate would have been provided if it existed and, therefore, the Member/Candidate is subject to discipline.

**D. Determination of Member Violation, Forms of Discipline, and Notice to Member**

1. The Discipline Officer and/or the CEO shall be responsible for determining if there are facts and circumstances that warrant discipline of the Member.
2. The Discipline Officer and/or the CEO may: (a) determine based on information gathered during the investigation that no further investigation is necessary; or (b) issue a letter of caution to the Member indicating that the Member's conduct may have violated the CAIAA Code of Ethics, a law or regulation, and/or other CAIAA policies but does not warrant further action.
  - a. For matters that do not result in a finding of a violation, CAIAA reserves the right to reopen the investigation at any time in CAIAA's sole discretion. In addition, in the event that additional or different information subsequently becomes available indicating a potential violation of the CAIAA Code of Ethics, a law or regulation, and/or other CAIAA policies, CAIAA may consider the information gathered during the earlier investigation in considering whether to discipline the Member.
  - b. When a letter of caution is issued, the Member may submit a letter in response to the letter of caution. The response letter will become part the Member's record but will not receive any additional consideration from the Discipline Officer or the CEO. In addition, in the event that additional or different information subsequently becomes available indicating a potential violation of the CAIAA Code of Ethics, a law or regulation, and/or other CAIAA policies, CAIAA may consider the information gathered during the earlier investigation in considering whether to discipline the Member.

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3. In the event that an investigation results in a finding that there was a violation of the CAIAA Code of Ethics, a law or regulation, and/or other CAIAA policies, the Discipline Officer and CEO may, on behalf of CAIAA, take any or all of the following actions:
  - a. Private Censure. Privately censure the Member by sending an unpublished written letter of reproach from CAIAA. CAIAA may announce the facts surrounding the Private Censure in CAIAA's member newsletter, website, or in any other manner that CAIAA deems appropriate, but will not identify the Member by name.
  - b. Public Letter of Admonition. Issue a Public Letter of Admonition from CAIAA describing and admonishing the Member's behavior. CAIAA may publish the facts surrounding the Public Letter of Admonition, the Public Letter of Admonition, and identify the Member in CAIAA's member newsletter, website, or in any other manner that CAIAA deems appropriate.
  - c. Suspension. Order suspension of the Member's CAIAA membership for a specified period of time, not to exceed five years. In the event of a suspension, CAIAA may publish the facts surrounding the suspension, the fact of the suspension, the grounds for the suspension, and identify the Member in CAIAA's member newsletter, website, or in any other manner that CAIAA deems appropriate. During the period of suspension, a Member: (i) shall terminate any use of the CAIAA marks and, in particular, shall not use them in any advertising, website, announcement, letterhead, social media, or business card; (ii) shall not attend CAIAA Member and open events; (iii) shall not represent themselves as a Member of CAIAA; and (iv) shall be deemed to have immediately resigned from any positions the Member may have held with CAIAA and any of its chapters or affiliates. The Discipline Officer and CEO are authorized to take any other action they deem reasonably appropriate under the circumstances to effectuate the Member's suspension. A Member who has been suspended may apply to be reinstated upon the expiration of the period of suspension. In connection with this application, the Member shall demonstrate that the Member has complied with their suspension and that the Member is fit to use the CAIAA marks. Following receipt of the application for reinstatement, the Discipline Officer, or their designee, will initiate an investigation. The Member shall cooperate in any such investigation. The Member may be required to provide CAIAA with evidence that: (i) the Member has maintained competence and learning in the area of alternative investments during the suspension period; (ii) the Member's professional conduct during the suspension has not violated the CAIAA Code of Ethics, a law or regulation, and/or other CAIAA policies; and (iii) any other information CAIAA requests as a condition of reinstatement. If the Member is denied reinstatement, the Member may reapply for reinstatement one year after any such denial.
  - d. Revocation. Order permanent revocation of a Member's membership. In the event of a revocation, CAIAA may publish the facts surrounding the revocation, the fact of the revocation, the grounds for the revocation, and identify the Member in CAIAA's member newsletter, website, or in any other manner that CAIAA deems appropriate. After revocation, a Member: (i) shall terminate any use of the CAIAA marks and, in particular, shall not use them in any advertising, website, announcement, letterhead, social media, or business card; (ii) shall not attend CAIAA Member and open events; (iii) shall not represent themselves as a

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Member of CAIAA; and (iv) shall be deemed to have immediately resigned from any positions the Member may have held with CAIAA and any of its chapters or affiliates. The Discipline Officer and CEO are authorized to take any other action they deem reasonably appropriate under the circumstances to effectuate the revocation of membership. Revocation shall be permanent, and there shall be no opportunity for reinstatement.

4. **Notice of Findings.** In cases where CAIAA has determined that it will issue a Public Letter of Admonition, Suspension, or Revocation due to a violation of the CAIAA Code of Ethics, a law or regulation, and/or other CAIAA policies, the Discipline Officer and/or the CEO shall cause CAIAA to issue by electronic mail (if available) and overnight mail a notice on behalf of CAIAA setting forth CAIAA's findings and the discipline to be imposed (the "Notice of Findings"). The Notice of Findings shall reasonably set forth the grounds for discipline and the conduct or omission that gave rise to the discipline. Except in cases of automatic suspension as specified in Section E.2 and E.3 below, the Notice of Findings shall inform the Member that the discipline will be tolled during the period available for the Member to appeal. If, at the expiration of the time to appeal, the Member has failed to file an appeal to the Notice of Findings, the discipline of the Member set forth in the Notice of Findings shall become effective immediately.
5. In all cases, the Discipline Officer and the CEO shall have the right to require the Member to complete additional continuing education or other remedial work. Such continuing education or remedial work may be ordered instead of, or in addition to, any discipline of the Member.

#### **E. Appeal by Member of Notice of Findings**

1. In cases where CAIAA has provided a Notice of Findings, a Member may submit a written appeal of the Notice of Findings within thirty (30) calendar days of the Notice of Findings.
2. Although discipline set forth in the Notice of Findings ordinarily shall be suspended during the time for an appeal, when the Discipline Officer and CEO determine, in their sole discretion, that there is evidence that a Member has engaged in conduct: (a) that poses an immediate threat to the public; and/or (b) the gravity of the conduct significantly impinges upon the stature and reputation of the CAIAA marks and CAIAA, the Discipline Officer and CEO may suspend the Member's right to use the marks during the appeal.
3. Although discipline set forth in the Notice of Findings ordinarily shall be suspended during the time for an appeal, an interim suspension shall immediately be issued without conclusion of an appeal when the Discipline Officer and CEO receive evidence of a conviction or professional discipline with regard to any of the following conduct:
  - a. Felony conviction for any crime;
  - b. Misdemeanor conviction for fraud, misrepresentation, or crimes of moral turpitude (fraud, lying, cheating, stealing, or other dishonest conduct); or
  - c. Revocation or suspension of a professional license or registration (e.g., securities, investment adviser, insurance, accounting or bank-related license) unless the revocation or suspension is administrative in nature, i.e., the result of the individual determining to not renew the license by not paying the required fee and/or not completing the required continuing education.

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4. A Member may request an extension of time to file an appeal, which the Discipline Officer or CEO, or their designee, may grant in their sole discretion.
5. A Member may request copies of all documents relevant to the investigation and/or Notice of Findings that are not privileged or do not constitute attorney work product. The Discipline Officer or CEO may grant or deny this request in their sole discretion. Requests for copies of such documents must be made to CAIAA's Discipline Officer, or their designee, as specified in the Notice of Findings. The Member shall agree that the release of such information will be only for purposes of the appeal.
6. All appeals shall be in writing and submitted to CAIAA's Discipline Officer, or their designee, as specified in the Notice of Findings. In the appeal, the Member may respond to every material finding contained in the Notice of Findings. In addition, the Member may set forth any defenses or mitigating circumstances.
7. Three persons shall be appointed by CAIAA's CEO to consider the Member's appeal of the Notice of Findings (the "Board of Appeals"). The Board of Appeals may be comprised of employees and/or members of CAIAA, in the CEO's sole discretion. Nothing in these Discipline Procedures shall prohibit the CEO and/or the Discipline Officer from serving as a member of the Board of Appeals. The Board of Appeals shall adhere to the confidentiality requirements of these Discipline Procedures.
8. The Board of Appeals may hold a hearing on the appeal of the Notice of Findings. The Board of Appeals may permit the Member to attend any such hearing. Such a hearing may be held in person or by telephone or videoconference, in the sole discretion of the Board of Appeals. The Board of Appeals will determine the agenda and duration of any hearing, as well as who may attend the hearing.
9. After appeal and any hearing on the appeal, the Board of Appeals shall issue a Final Decision regarding the appeal of the Notice of Findings that may authorize the issuance of a Public Letter of Admonition, Suspension, or Revocation as provided in Section D of these Discipline Procedures. The Board of Appeals shall cause CAIAA to issue by electronic mail (if available) and overnight mail a notice on behalf of CAIAA setting forth the Final Decision.

**F. Determination of Candidate Violation, Forms of Discipline, and Notice to Candidate**

1. The Discipline Officer and/or the CEO shall be responsible for determining if there are facts and circumstances that warrant discipline of the Candidate.
2. The Discipline Officer and/or the CEO may: (a) determine based on information gathered during the investigation that no further investigation is necessary; or (b) issue a letter of caution to the Candidate indicating that the Candidate's conduct may have violated the CAIAA Code of Ethics, the CAIAA Examination Misconduct Policy, a law or regulation, and/or other CAIAA policies but does not warrant further action.
  - a. For matters that do not result in a finding of a violation, CAIAA reserves the right to reopen the investigation at any time in CAIAA's sole discretion. In addition, in the event that additional or different information subsequently becomes available indicating a potential violation of the CAIAA Code of Ethics, the Exam Misconduct Policy, a law or regulation, and/or

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- other CAIAA policies, CAIAA may consider the information gathered during the earlier investigation in considering whether to discipline the Candidate.
- b. When a letter of caution is issued, the Candidate may submit a letter in response to the letter of caution. The response letter will become part the Candidate’s record but will not receive any additional consideration from the Discipline Officer or the CEO. In addition, in the event that additional or different information subsequently becomes available indicating a potential violation of the CAIAA Code of Ethics, the Exam Misconduct Policy, a law or regulation, and/or other CAIAA policies, CAIAA may consider the information gathered during the earlier investigation in considering whether to discipline the Candidate.
3. In the event that an investigation results in a finding that there was there is a violation of the CAIAA Code of Ethics, the Exam Misconduct Policy, a law or regulation, and/or other CAIAA policies, the Discipline Officer and CEO may, on behalf of CAIAA, take any or all of the following actions:
  - a. Private Censure. Privately censure the Candidate by sending an unpublished written letter of reproach from CAIAA. CAIAA may announce the facts surrounding the Private Censure in CAIAA’s member newsletter, website, or in any other manner that CAIAA deems appropriate, but will not identify the Candidate by name.
  - b. Void Examination Results. Void the Candidate’s results for any or all examinations offered by CAIAA. CAIAA may announce the facts surrounding the voiding of the results in CAIAA’s member newsletter, website, or in any other manner that CAIAA deems appropriate, but will not identify the Candidate by name.
  - c. Prohibit Registration for Examination. Order that the Candidate may not register for an examination offered by CAIAA. In the event the Candidate is prohibited from registration, CAIAA may publish the facts surrounding the prohibition in CAIAA’s member newsletter, website, or in any other manner that CAIAA deems appropriate, but will not identify the Candidate by name.
  - d. Deny Membership to the Candidate. Deny membership in CAIAA to the Candidate. In the event the Candidate is denied membership, CAIAA may publish the facts surrounding the denial in CAIAA’s member newsletter, website, or in any other manner that CAIAA deems appropriate, but will not identify the Candidate by name. The Discipline Officer and CEO are authorized to take any action they deem reasonably appropriate under the circumstances to effectuate the Candidate’s denial of membership in CAIAA.
4. **Notice of Discipline.** In cases where CAIAA has determined that it will issue discipline to a Candidate under these Discipline Procedures, the Discipline Officer and/or the CEO shall cause CAIAA to issue by electronic mail (if available) and overnight mail a notice on behalf of CAIAA setting forth CAIAA’s findings and the discipline to be imposed (the “Notice of Discipline”). The Notice of Discipline shall reasonably set forth the grounds for discipline and the conduct or omission that gave rise to the discipline. Except in cases as specified in Section G.2 and G.3 below, the Notice of Discipline shall inform the Candidate that the discipline will be tolled during the period available for the Candidate to appeal. If, at the expiration of the time to appeal, the Candidate has failed to file an appeal to the

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Notice of Discipline, the discipline of the Candidate set forth in the Notice of Discipline shall become effective immediately.

5. In all cases, the Discipline Officer and the CEO shall have the right to require the Candidate to complete additional continuing education or other remedial work. Such continuing education or remedial work may be ordered instead of, or in addition to, any discipline of the Candidate.

#### **G. Appeal by Candidate of Notice of Discipline**

1. In cases where CAIAA has provided a Notice of Discipline, a Candidate may submit a written appeal of the Notice of Discipline within thirty (30) calendar days of the Notice of Discipline.
2. Although discipline set forth in the Notice of Discipline ordinarily shall be suspended during the time for an appeal, when the Discipline Officer and CEO determine, in their sole discretion, that there is evidence that a Candidate has engaged in conduct: (a) that poses an immediate threat to the public; and/or (b) the gravity of the conduct significantly impinges upon the stature and reputation of the CAIAA marks and CAIAA, the Discipline Officer and CEO may suspend the Candidate's candidacy for the CAIAA charter without conclusion of an appeal.
3. Although discipline set forth in the Notice of Discipline ordinarily shall be suspended during the time for an appeal, an interim suspension of the Candidate's application for the CAIAA charter shall immediately be issued without conclusion of an appeal when the Discipline Officer and CEO receive evidence of a conviction or professional discipline with regard to any of the following conduct:
  - a. Felony conviction for any crime;
  - b. Misdemeanor conviction for fraud, misrepresentation, or crimes of moral turpitude (fraud, lying, cheating, stealing, or other dishonest conduct); or
  - c. Revocation or suspension of a professional license or registration (e.g., securities, investment adviser, insurance, accounting or bank-related license) unless the revocation or suspension is administrative in nature, i.e., the result of the individual determining to not renew the license by not paying the required fee and/or not completing the required continuing education.
4. Candidate may request an extension of time to file an appeal, which the Discipline Officer or CEO, or their designee, may grant in their sole discretion.
5. A Candidate may request copies of all documents relevant to the investigation and/or Notice of Discipline that are not privileged or do not constitute attorney work product. The Discipline Officer or CEO may grant or deny this request in their sole discretion. Requests for copies of such documents must be made to CAIAA's Discipline Officer, or their designee, as specified in the Notice of Discipline. The Candidate shall agree that the release of such information will be only for purposes of the appeal.
6. All appeals shall be in writing and submitted to CAIAA's Discipline Officer, or their designee, as specified in the Notice of Discipline. In the appeal, the Candidate may respond to every material

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finding contained in the Notice of Discipline. In addition, the Candidate may set forth any defenses or mitigating circumstances.

7. Three persons shall be appointed by CAIAA's CEO to consider the Candidate's appeal of the Notice of Discipline (the "Board of Appeals"). The Board of Appeal may be comprised of employees and/or members of CAIAA, in the CEO's sole discretion. Nothing in these Discipline Procedures shall prohibit the CEO and/or the Discipline Officer from serving as a member of the Board of Appeals. The Board of Appeals shall adhere to the confidentiality requirements of these Discipline Procedures.
8. The Board of Appeals may hold a hearing on the appeal of the Notice of Discipline. The Board of Appeals may permit the Candidate to attend any such hearing. Such a hearing may be held in person or by telephone or videoconference, in the sole discretion of the Board of Appeals. The Board of Appeals will determine the agenda and duration of any hearing, as well as who may attend the hearing.
9. After appeal and any hearing on the appeal, the Board of Appeals shall issue a Final Decision regarding the appeal of the Notice of Discipline that may authorize the issuance of a private censure, the voiding of examination results, prohibition of registration for an examination, and/or denial of membership as provided in Section F of these Discipline Procedures. The Board of Appeals shall cause CAIAA to issue by electronic mail (if available) and overnight mail a notice on behalf of CAIAA setting forth the Final Decision.

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