

**RIVERSTONE ADVISORS, LLC**

**BROCHURE**

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March 31, 2011

Riverstone Advisors, LLC submits this brochure to the Securities & Exchange Commission (SEC). The SEC does not vouch for its truth nor verify its accuracy.

This brochure provides information about the qualifications and business practices of Riverstone Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (914) 722-1700. Information about Riverstone Advisors, LLC is also available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **2. MATERIAL CHANGES**

There have been no material business changes since our brochure was last filed one year ago.

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#### **4. DESCRIPTION OF ADVISORY BUSINESS**

Riverstone Advisors, LLC advises clients on investments. Riverstone makes the investments for clients. Clients pay Riverstone for investment advice.

Riverstone was established in February of 2004 and has been in business for seven years

Leslie J. Lammers is the principal owner of Riverstone Advisors, LLC.

##### **Portfolio Management Advisory Services**

Riverstone buys individual stocks and bonds to form portfolios for each client. Each portfolio is managed specifically for each client. We fine tune each portfolio to arrive at what we think is the correct risk and return balance for each client. We increase or decrease the amount invested in a particular stock to increase or decrease the risk as appropriate for each client.

Clients may discuss and suggest certain types of investments that they prefer or want to avoid. Client meetings provide an opportunity for discussing this in great detail. We will keep a record of a client's preferences but do not guarantee that we will always bypass an investment because of that preference.

##### **Wealth Management Advisory Services**

Riverstone develops an overall strategy for the management of your wealth. We determine the allocation of your assets among bonds, stock and cash. Riverstone constructs your portfolio keeping in mind whether or not you need income from the portfolio now or later. We discuss tax issues with your accountant and estate issues with your estate attorney.

##### **Client Assets**

Riverstone managed \$103.4 million in investments as of March 28, 2011.

These assets are all discretionary. This means that Riverstone makes the investment decisions and implements them without discussing each specific investment decision with the client prior to its purchase or sale. Client discussions prior to investing lay the groundwork for the specific investments decisions.

#### **5. FEES AND COMPENSATION**

##### **Clients are our Only Source of Compensation**

Riverstone does not receive any compensation from any source other than clients.

Riverstone is not paid to use particular investments by the source of those investments.

**Quarterly Fees**

Clients of Riverstone Advisors, LLC pay for investment advice on a quarterly basis. The fee is based on the dollar amount of assets under management at each calendar quarter-end. The result is divided by four (4) to arrive at a quarterly fee. The fee is charged in advance of the forthcoming quarter.

The usual annual fee schedule is 1% (.01) on the first \$3 million, .65% (.0065) on the next \$2 million of assets under management and .5% (.005) on the amount over \$5 million. For example, a client with \$4 million of assets would pay a fee of 0.91%, slightly less than one percent. This fee can be considered within the context of the usual fees charged for mutual funds. Mutual fund management fees range around 1%. With an individually managed account such as offered by Riverstone Advisors you benefit from investment management and one on one attention to your needs.

If a client adds significant assets to an account during a quarter or funds a new account during the quarter, the new assets will be billed based on the number of days remaining in the quarter.

**Minimum Fee per Year**

The minimum fee is \$10,000 per year. In general this fee applies to a relationship rather than an individual account. For example, a client with both a taxable account and an IRA will not be charged \$10,000 as a minimum on each account but rather as a minimum on the two accounts together. There is no minimum account size.

Riverstone may apply a different minimum fee in special circumstances. If the client believes that their situation requires less investment work for some reason, we encourage them to present their reasoning.

Riverstone does not often use performance based fees although this can be considered if the client desires.

**Fee Statements**

The client receives a statement each quarter detailing the fee calculation. This statement is sent to the client with a quarterly portfolio statement and commentary on the markets, economy and investment returns.

The client can also view their fee in the custodian statement that they receive each month. The fees are labeled as "Investment Manager Fee" or "Investment Advisor Fee". As the fees are charged quarterly, the fees will appear in the months of January, April, July and October.

**Direct Debit of Fees**

These quarterly fees are directly debited to the client's investment account at their custodian. The custodian is the brokerage firm or bank that holds the client's securities. Riverstone is an advisor and does not hold securities.

**Additional Costs to Clients**

- **Commissions on Stock and Bond Purchases**

In addition to fees for investment advice, clients also pay commissions on stock and bond purchases and sales in their accounts. These are collected by Fidelity and range from \$8 to \$17 per trade for stocks. Bond purchases and sales do not have a specific commission. The broker who is buying or selling the bond makes a profit known as the spread.

- **Mutual Funds**

Most of the investments chosen for clients are individual stocks or bonds or money market mutual funds with low expenses. Riverstone occasionally uses mutual funds. Mutual funds have built-in expenses for administration and investment advice.

In the industry, this expense tends to range around 1% and the funds we use are in this range.

We only use mutual funds when we need to achieve diversification or specialization. For example, many clients have several accounts with Riverstone. Sometimes an IRA will be small and this amount might be \$200,000. To achieve diversification, we might invest this size account in mutual funds rather than individual stocks and bonds.

The mutual funds Riverstone chooses do not have "load" charges. Loads are fees that are paid to enter a particular fund.

**Fees for Special Analysis**

Occasionally a client asks Riverstone to address a particular issue outside our normal scope. In this case, Riverstone will offer to perform the work for a particular fixed fee that will be agreed ahead of time between the client and Riverstone.

**Fees at Relationship Termination**

If a client wishes to terminate the relationship, any unearned fee for that quarter will be refunded on a pro rata basis depending on the number of days remaining in the quarter. Fee refunds are credited to the client's investment account.

**Fee Summary**

- To summarize, Riverstone receives quarterly fees only for investment advice.
- Riverstone will charge an additional fixed fee to perform special analysis to address a particular issue. This fee will be mutually agreed upon before Riverstone conducts the analysis.
- An additional client cost of investing is trading commissions charged by Fidelity or another broker the client may choose.
- Mutual funds have built-in expenses that you do not see directly.

**7. TYPES OF CLIENTS**

Riverstone Advisors, LLC clients include individuals, trusts, pension plans, profit sharing plans, corporations and partnerships.

**8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Riverstone Advisors, LLC uses individual stocks, bonds and cash to achieve client objectives.

**Primary Stock Strategy**

Our primary stock strategy is to identify companies with increasing demand for their stocks. This usually leads us to companies benefiting from a trend in our economy. For example, a trend might be rising oil prices increasing demand for oil company stocks or a newer retailer with growing sales and consumer traffic. We may choose a drug company with a newly approved drug. We look for companies in areas of the economy where demand is increasing.

**Risk of Loss: Stocks**

There is always the potential for loss when investing. We try to balance this by spreading the investments across at least 25 stock holdings.

Sometimes certain sectors in the market are doing well while others aren't. We generally overweight the sectors that have increasing demand while underweighting sectors that have shrinking demand. This generally works except when the entire stock market is declining.

If the stock market is declining and you own stocks, you will usually have a loss. If we believe the decline is a longer trend rather than a short-term reversal, we will sell stocks

to reduce the overall allocation to the stock market. This will limit the losses but not eliminate them.

### **Risk of Loss: Bonds**

We also invest in bonds and they too can lose money. If interest rates are rising, bonds will generally decline in value. Bonds provide a stream of income and at higher interest rates this stream of income has a lower value. At maturity bonds will return to full value (\$100 per bond) except in those cases where the issuer is viewed as being unable to repay the bond holder. When we buy bonds, we intend to own them to maturity. Holding a bond to maturity eliminates interest rate risk. Credit risk, the potential risk of the issuer failing, is still present. We don't make bets on credit risk; that is, we buy bonds with what we perceive as low credit risk. When we buy a bond, we are buying a stream of income.

## **9. DISCIPLINARY INFORMATION**

Riverstone Advisors, LLC has no disciplinary issues.

## **10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

This section requests we report any relationship that could present a conflict of interest. Riverstone Advisors, LLC has no relationships to report.

## **11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Chartered Financial Analyst Code of Ethics**

Riverstone adheres to the Code of Ethics of the Chartered Financial Analyst Institute.

This Code primarily stresses putting client interests ahead of our own. This means that when a decision is needed, we choose the option that will benefit the client.

- For example, if a stock that we like declines for a reason that we think is temporary, we would first buy the stock for clients at the discounted price before buying it for ourselves.
- A second practical example, clients sometimes ask our advice about real estate purchases. A question might be "if we buy a second home, should we use a mortgage for part of the purchase?" This question creates a potential conflict of interest in that the investment management account may be the source of the money for the purchase. Withdrawing that money would reduce our fee income. In these situations we ignore any impact on us and focus on what is best for the client. We have found that the salve for this issue is to have



The Code of Ethics further requires that we act with integrity, competence, diligence, respect, and in an ethical manner.

### **Personal Trading**

In general, we personally own the same securities we buy for our clients. We avoid conflicts of interest by buying for clients ahead of our own purchases and selling for clients ahead of our own sales. We put the clients first and ourselves, last. We do not buy or sell a security in our own accounts on the same day as we buy or sell that security for clients. Money market funds are excluded from this restriction since they maintain a constant value of \$1 per unit.

The purchase of a particular stock for our clients is preceded by a period of research by us. Once we commit to a stock, we begin buying it for clients. We do not buy it for ourselves until we have purchased it for our clients. We may then buy it for ourselves. Weeks later we may make additions to clients' positions. Later we may sell it for clients. If so, we sell it first for clients and later from our own accounts.

A copy of the Chartered Financial Analyst Code of Ethics and Standards of Professional Conduct is attached at the end of this brochure. We act according to this Code.

## **12. BROKERAGE PRACTICES**

### **Riverstone Recommends the Use of Fidelity Investments**

We recommend to clients that they appoint Fidelity Investments as custodian of their financial assets. In the twenty-one years that we have personally worked with Fidelity we have found them to be straightforward and dependable.

Riverstone does not receive any financial payment from the recommendation and use of Fidelity. Riverstone uses Fidelity software to do the following:

- Access client account data on-line
- Input and execute purchases and sales of stocks, bonds, mutual funds, etc.
- Input block trades
- Allocate block trades to client accounts
- Update client records such as monthly transfer amounts
- Access stock quotes and market information
- Choose bonds from a multi-dealer bond data file
- Collect fees from client accounts

- Access mutual fund information on a broad range of Fidelity and other funds
- Review third party research

Fidelity also provides Riverstone with publications on the economy, webinars and conferences on financial topics.

Fidelity receives compensation for its services via brokerage commissions and mutual fund transaction fees and a possible profit on bonds they hold in inventory. Please see Section 5 – Fees and Compensation.

Riverstone executes virtually all trades with the brokerage arm of Fidelity Investments. At any given time, it is possible that there is another firm in the market offering a better price on a security than that offered via Fidelity at that second in time. Before we execute each trade, we generally check the money flow in a stock. Depending on that and the dollar amount and share count of the trade, we will generally specify a price at which we want to buy or sell.

Riverstone also has a brokerage relationship with Sterne, Agee. This relationship includes placing trades with Sterne, Agee at the request of a client. Riverstone receives investment research from Sterne, Agee.

The brokerage and research products and services that Fidelity and Sterne Agee provide qualify as “brokerage and research services” under Section 28(e) of the Securities Exchange Act of 1934.

### **Clients May Use a Broker Other Than Fidelity**

Clients may use a broker other than Fidelity to execute trades in their account.

If a client requires that a specific brokerage house be used to place trades in their accounts, then that brokerage firm will charge a commission and there will be no commission charged by Fidelity.

The brokerage commissions charged in this case are not under the control of Riverstone Advisors, LLC. We believe that these commissions will, in general, be higher than those charged by Fidelity.

### **13. REVIEW OF ACCOUNTS**

#### **Riverstone Reviews Accounts At Least Quarterly**

Client accounts are reviewed by Leslie Lammers, President of Riverstone Advisors, LLC, on a periodic basis. Lammers' resume is attached. These reviews are at least quarterly.

Each account is reviewed as part of preparing and sending out quarterly portfolio statements. The investment performance of accounts is compared quarterly to all other accounts. In general, the investment performance is very similar across all of the accounts as we usually hold the same securities in all accounts in varying percentages.

Accounts that have unusual performance relative to other accounts are reviewed after quarter-end and changes are made, as needed.

#### **Riverstone Also Reviews Accounts Prior to any Client Meeting**

If a client meeting is scheduled, the client account will be reviewed before the meeting.

#### **Riverstone Reviews Accounts when we Purchase a Stock across the Whole Client Base**

When we decide to purchase a stock across the whole client base, accounts will be reviewed as proceed through the process of purchasing the security.

#### **Riverstone Reviews Accounts when there is Important News**

If there is important news concerning a particular stock, we will often review a report showing the percentage size of that holding in each account. The news may lead us to increase or decrease the position size of that stock.

#### **Account Statements**

- **Monthly Custodian Statements**

Monthly account statements are sent to clients from their custodian (Fidelity or other custodian of client's choice.)

- **Quarterly Riverstone Statements**

Riverstone Advisors sends quarterly account statements to clients.

- These statements differ from the custodian statement in that the stocks are listed and totaled by industry rather than alphabetically by stock name.
- The quarterly statements that we send are accompanied by our written analysis of the markets and the economy.
- We include investment performance in these letters.
- A statement showing the calculation of the quarterly fee for investment advice is also included.

### **14. CLIENT REFERRALS AND OTHER COMPENSATION**

Riverstone Advisors, LLC does not currently have any relationships in which we compensate for referrals. We might in the future.

## **15. CUSTODY**

Clients receive monthly statements from their custodian (either Fidelity or another custodian of your their choosing). Riverstone Advisors, LLC sends quarterly statements to clients.

Clients are encouraged to carefully review both of these statements. The statements from Fidelity (or other custodian) and Riverstone should be the same as to securities held and number of shares and dollar values. Clients should compare these statements.

## **16. INVESTMENT DISCRETION**

Riverstone Advisors, LLC assumes investment discretion for the accounts that it manages.

Following discussion with the client, Riverstone and the client verbally agree to the appropriate investment approach.

Riverstone puts in place the investment approach while making decisions on what to purchase and what to sell. The written agreement (investment contract) signed by the client gives Riverstone discretion to act. Most clients do not ask for investment restrictions although they may do so.

## **17. VOTING CLIENT SECURITIES**

Riverstone Advisors, LLC votes the corporate proxies for clients. Proxies are corporate ballots on which shareholders vote for the election of directors and vote on corporate events such as officer compensation, hiring of accountants, etc. The written agreement (investment contract) signed by the client and Riverstone gives Riverstone discretion to vote these proxies.

Riverstone Advisors votes proxies for clients in order to make clients' lives simpler. Clients may vote their own proxies if they choose. This choice can be indicated in the Riverstone investment contract.

Riverstone Advisors maintains a Policy and Procedure governing the voting of proxies. Clients should request a copy if they are interested.

Clients may direct the vote in any situation if they choose. Use email, mail or phone to do so. Clients may also request information on how we voted a particular proxy issue.

In general, our approach is that we invest clients in a company along-side of management and therefore we support the management. As such, we will usually vote “with management”. Some companies and some industries have directors with little knowledge of that industry. We tend to vote against these directors for election to the Board of Directors. If a company puts forward a vote on a merger with another company, we vote in the way we believe will most benefit the investment return.

## **18. FINANCIAL INFORMATION**

Riverstone Advisors, LLC maintains adequate funds to cover the operating expenses of the business.

Fees are collected from clients on a quarterly basis. Monies from each collection are held to cover the operating expenses over the coming quarter.

The largest operating expenses are portfolio software and payments for independent research and economic advice.

Riverstone rents its office space from the law firm of Donoghue, Thomas, Auslander.

Capital expenses are made for computers, scanners, printers, etc. as needed.

**Leslie J. Lammers**  
Chartered Financial Analyst  
(914) 722-1700

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**Investment Advisor**

**EXPERIENCE:**

**Riverstone Advisors, LLC**  
Scarsdale, N.Y.

**March 2004 - Present**

**President and Founder**

Founded Riverstone to manage the financial affairs of an existing base of long standing clients. Researches large, medium and small capitalization stocks and builds portfolios with selected stocks. Strong analytics. Advises clients on financial options including planning for income in retirement, college savings accounts, trust and estate planning.

**Morse, Williams & Company**  
New York, New York

**2001-February 2004**

**Managing Director**

Portfolio Manager, Research Analyst, Owner. Brought an existing client base to the firm after previous employer sold out to a larger firm. Managed client portfolios and researched stocks.

**Barrett Associates**  
New York, New York

**1997 - 2000**

**Managing Director**

Portfolio Manager, Research Analyst, Owner. Brought an existing client base to the firm after previous employer sold out to a larger firm. Advised clients on financial affairs, managed portfolios, researched stocks. Developed new clients.

**Scudder, Stevens & Clark**  
New York, New York

**1992 - 1996**

**Vice President**

Managed stock and bond portfolios for wealthy families, foundations and pension plans.

**Morgan, Guaranty Trust Company (now J.P. Morgan)**

**1979 - 1991**

- Vice President, Team Head, Private Banker, Product Manager 1986-1991

Advised clients on financial and investment strategy. Managed 7 person team of bankers. Managed products with revenues in excess of \$50 million.

- Industry Analyst – Financial Analysis Department 1984-1985

Researched and assessed business risks of investment banks and brokerage firms.

- Lead Financial Officer – Investment Division 1982-1983

Responsible for the annual business plan and budget for this \$100+million division with 65 departments. Worked with management on profit improvement.

- Profit Analyst 1979-1981

Promoted from Assistant Treasurer to Assistant Vice President in six months and to Vice President in two years.

**MRI Systems Corporation**  
**A subsidiary of Intel**  
**Austin, Texas**

**1976-1978**

**Data Base Consultant**

Resolved technical software problems for clients. Gave technical presentations to large and small industry groups. Trained clients in the use of the software products we developed and marketed.

**Texas Parks and Wildlife Department – State of Texas**  
**Austin, Texas**

**1972-1975**

**Computer Programmer**

Programmed accounting, inventory and wildlife applications in Fortran, Cobol and RPG.

**Education**

**University of Texas**

**Bachelor of Business Administration**  
**Concentration in Operations Research**

**1971**

# CODE OF ETHICS AND STANDARDS OF PROFESSIONAL CONDUCT



## PREAMBLE

The CFA Institute Code of Ethics and Standards of Professional Conduct are fundamental to the values of CFA Institute and essential to achieving its mission to lead the investment profession globally by setting high standards of education, integrity, and professional excellence. High ethical standards are critical to maintaining the public's trust in financial markets and in the investment profession. Since their creation in the 1960s, the Code and Standards have promoted the integrity of CFA Institute members and served as a model for measuring the ethics of investment professionals globally, regardless of job function, cultural differences, or local laws and regulations. All CFA Institute members (including holders of the Chartered Financial Analyst® [CFA®] designation) and CFA candidates must abide by the Code and Standards and are encouraged to notify their employer of this responsibility. Violations may result in disciplinary sanctions by CFA Institute. Sanctions can include revocation of membership, revocation of candidacy in the CFA Program, and revocation of the right to use the CFA designation.

## THE CODE OF ETHICS

Members of CFA Institute (including CFA charterholders) and candidates for the CFA designation ("Members and Candidates") must:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity of and uphold the rules governing capital markets.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

## STANDARDS OF PROFESSIONAL CONDUCT

### I. PROFESSIONALISM

- A. Knowledge of the Law.** Members and Candidates must understand and comply with all applicable laws, rules, and regulations (including the CFA Institute Code of Ethics and Standards of Professional Conduct) of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict law, rule, or regulation. Members and Candidates must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.
- B. Independence and Objectivity.** Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.
- C. Misrepresentation.** Members and Candidates must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.

- D. Misconduct.** Members and Candidates must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

### II. INTEGRITY OF CAPITAL MARKETS

- A. Material Nonpublic Information.** Members and Candidates who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.
- B. Market Manipulation.** Members and Candidates must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

### III. DUTIES TO CLIENTS

- A. Loyalty, Prudence, and Care.** Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.
- B. Fair Dealing.** Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.



### C. Suitability.

1. When Members and Candidates are in an advisory relationship with a client, they must:
  - a. Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
  - b. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
  - c. Judge the suitability of investments in the context of the client's total portfolio.
2. When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.

**D. Performance Presentation.** When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.

**E. Preservation of Confidentiality.** Members and Candidates must keep information about current, former, and prospective clients confidential unless:

1. The information concerns illegal activities on the part of the client or prospective client,
2. Disclosure is required by law, or
3. The client or prospective client permits disclosure of the information.

## IV. DUTIES TO EMPLOYERS

**A. Loyalty.** In matters related to their employment, Members and Candidates must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.

**B. Additional Compensation Arrangements.** Members and Candidates must not accept gifts, benefits, compensation, or consideration that competes with or might reasonably be expected to create a conflict of interest with their employer's interest unless they obtain written consent from all parties involved.

**C. Responsibilities of Supervisors.** Members and Candidates must make reasonable efforts to detect and prevent violations of applicable laws, rules, regulations, and the Code and Standards by anyone subject to their supervision or authority.

## V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

**A. Diligence and Reasonable Basis.** Members and Candidates must:

1. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.

2. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.

### B. Communication with Clients and Prospective Clients.

Members and Candidates must:

1. Disclose to clients and prospective clients the basic format and general principles of the investment processes they use to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
2. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients.
3. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.

**C. Record Retention.** Members and Candidates must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications with clients and prospective clients.

## VI. CONFLICTS OF INTEREST

**A. Disclosure of Conflicts.** Members and Candidates must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.

**B. Priority of Transactions.** Investment transactions for clients and employers must have priority over investment transactions in which a Member or Candidate is the beneficial owner.

**C. Referral Fees.** Members and Candidates must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from or paid to others for the recommendation of products or services.

## VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE

### A. Conduct as Members and Candidates in the CFA Program.

Members and Candidates must not engage in any conduct that compromises the reputation or integrity of CFA Institute or the CFA designation or the integrity, validity, or security of the CFA examinations.

### B. Reference to CFA Institute, the CFA Designation, and the CFA Program.

When referring to CFA Institute, CFA Institute membership, the CFA designation, or candidacy in the CFA Program, Members and Candidates must not misrepresent or exaggerate the meaning or implications of membership in CFA Institute, holding the CFA designation, or candidacy in the CFA program.