

# CFA INSTITUTE RESEARCH CHALLENGE

## Overview of 2017-2018 Rules Changes

\* *Text in blue* is new language for the 2018 Rules.

Old Rule	Explanation of New Rule	Why the Change?	Impact for Hosts
<b>Rule 1</b> Overview of the competition	<b>Rule 1: Introduction and General Provisions</b> Overview of the competition remains the same.  <i>Local level competitions are hosted by approved local level hosts. Local level hosts are responsible for the administration of the CFA Institute Research challenge at the local level. No decision by the local level host regarding the administration of the local level competition shall conflict with these rules and in the event of any conflict, these rules shall govern. Local level hosts may add additional requirements regarding the administration of their local level competition as long as those requirements do not conflict with these rules.</i>	Given further explanation about the relationship between local hosts and CFA Institute.	Hosts have greater impact over their local competition as long as changes are within the rules of the competition.
<b>Rule 1.1</b> Conflicts of Interest	<b>Rule 1.1 Conflicts of Interest</b> Added one sentence to existing Conflicts of Interest rule.  <i>Potential conflicts of interest must be disclosed promptly upon becoming aware of the potential conflict.</i>	As we've dealt with more conflicts of interest, we realized we needed to stipulate when conflicts are disclosed so that we can handle them as soon as possible in a manner most fair to all participants.	Hosts should announce to all participants that conflicts must be disclosed promptly.
<b>Rule 2.1</b> Team Composition	<b>Rule 2.1 Team Composition</b> Added one sentence to existing Team Composition rule.  <i>Local hosts have the discretion to choose how many (provided the minimum number of universities compete) and which universities compete in their local competition.</i>	Local competitions that were at capacity in terms of number of participating universities were feeling pressure from universities that wanted to start competing.	No change as we simply made existing practices official. For locals hosts that want to turn away schools, they can now rely on the rules to justify the decision.

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<p><b>Rule 2.2.a</b> Team Member Requirements</p>	<p><b>Rule 2.2 Team Member Requirements</b> Added clarification about registration for replacement team members.</p> <p><i>Replacement students must register within one week from the start of their participation;</i></p>	<p>The old rules only covered when replacement students could join a team, but didn't give them time to register.</p>	<p>For hosts that have a team member change, they'll need to ensure new students register promptly.</p>
<p><b>Rule 2.2.e</b> Team Member Ineligibility</p>	<p><b>Rule 2.3.e and Rule 2.3.f Team Member Requirements</b> Added clarification about individuals dealing with the Professional Conduct Program issues and those with past legal issues.</p> <p><i>a. is under investigation or has been sanctioned by the CFA Institute Professional Conduct Program; or</i> <i>b. has ever been convicted of a felony or crime punishable by more than one year's imprisonment or has ever engaged in conduct which would violate the CFA Institute Code of Ethics and Standards of Professional Conduct.</i></p>	<p>The old rule only disallowed students that had been sanctioned by the CFA Institute Professional Conduct Program. The rule allowed students that would not be allowed to engage in other CFA Institute activities.</p>	<p>This should have very little impact unless a student is at odds with these rules.</p>
<p><b>Rule 2.5.b</b> Interaction with Subject Company</p>	<p><b>Rule 2.5.b Interaction with Subject Company</b> Changed the follow-up email to a follow-up communication. Added clarification about when the follow-up needs to take place.</p> <p><i>Teams may have one follow-up communication with the subject company prior to the local final. This follow-up communication must be organized by the local host and the contact must be confined to those corporate officers who normally interact with investors, such as investor relations officers, CEOs, or chief financial officers.</i></p>	<p>Based on feedback from local hosts, limiting the follow up communication to an email was too difficult a constraint. Added the time constraint as a way to give all teams an equal opportunity to liaise with the subject company.</p>	<p>This change should give local hosts more flexibility when making arrangements with the subject company.</p>
<p><b>Rule 2.5.e</b> Interaction with Subject Company</p>	<p><b>Rule 2.5.e Interaction with Subject Company</b> Added clarification about who can be contacted when doing independent research to prohibit interaction with investment management professionals.</p> <p><i>Teams may contact the subject company's customers, competitors, former employees, and suppliers in conducting research, including surveys. Contacted individuals should not be known to have ever been employed as an investment management professional. Each team member must identify him/herself as a student and disclose his/her participation in the CFA Institute Research Challenge.</i></p>	<p>Based on feedback from local hosts, there needed to be stricter rules about who students can reach out to regarding subject company research.</p>	<p>Little impact. Students doing independent research will need to understand this.</p>

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<b>Rule 3</b> Faculty Adviser, Industry Mentor, Judges, and Graders	<b>Rule 3 Faculty Adviser, Industry Mentor, Judges, and Graders</b> Added that the above participants must agree to abide by the CFA Institute Code of Ethics and Standards of Professional Conduct.  <i>3.1.c The faculty adviser must agree to abide by the CFA Institute Code of Ethics and Standards of Professional Conduct.</i> <i>3.3.b The industry mentor must agree to abide by the CFA Institute Code of Ethics and Standards of Professional Conduct.</i> <i>3.5.b. Judges must agree to abide by the CFA Institute Code of Ethics and Standards of Professional Conduct.</i> <i>3.6.b. Graders must agree to abide by the CFA Institute Code of Ethics and Standards of Professional Conduct.</i>	This is just a point of clarification.	Little impact.
<b>Rule 4.2</b> Competition Requirements	<b>Rule 4.2 Competition Requirements</b> Added tiebreakers for staggered format competitions that have to make a decision for teams advancing to the presentation round.	This was an oversight that should have been included previously.	No impact.
<b>Appendix B</b> Written Report Cover with Disclosure	<b>Appendix B Written Report Cover with Disclosure</b> Combined the cover and back pages to have only one cover page with the disclosure statement on it.	Moved the disclosure statement to give it more spotlight.	Little impact.