

Stockbrokers Association of Australia Ltd (SAA)
Code of Ethical Conduct (V2.2 9 December 2005)

1. The purpose of this Code of Ethical Conduct is to specify enforceable rules and provide guidance on standards of ethical conduct for members of SAA. The code includes ethical principles as well as addresses industry specific issues. It should be interpreted broadly, rather than by narrow and strict interpretation.
2. A fundamental goal of the securities and derivatives profession is to contribute to the social good through the lawful trading of securities and derivatives. However, the profession is constrained in that goal by economic and social factors in the community.
3. The objective of the code is to maintain and improve ethical behaviour in the securities and derivatives profession and the conduct of members of the profession with the consumers of their services. The code applies to SAA Principal Members (ie organisations) and SAA Practitioner (ie individual) Members
4. The code is administered by the SAA. The code is developed in consultation with stakeholders. The administration and effectiveness of the code is monitored and reported. The code is reviewed to ensure it remains effective and deals with current issues. Principal Members should inform clients (where reasonably practicable and in a manner reasonable for the circumstances) of the code and of their right to report a breach of the code to the SAA.
5. Breaches of the code will be dealt with through the SAA Complaints and Discipline System. It is intended that the complaints and disciplinary system is accessible, independent, reasonable, fair, effective and accountable. A breach of the code includes non-compliance with the code's rules and guidance, and for unsatisfactory professional conduct and professional misconduct not specified in the code.
6. "Unsatisfactory professional conduct" includes conduct of a SAA member in the performance of the profession that is not of the standard and diligence that a member of the public is entitled to expect of a SAA member.
7. "Professional misconduct" includes unsatisfactory professional conduct that involves a substantial or consistent failure to reach or maintain a reasonable standard of competence and diligence, and conduct justifying a finding that the member is not a fit and proper person to perform the profession.
8. Unsatisfactory professional conduct and professional misconduct may include for example but is not limited to contravention of laws, and regulatory and self-regulatory requirements governing the conduct of the profession, charging unfair fees and costs, gross negligence, conduct in connection with a criminal offence, tax offences, dishonesty, insolvency, disqualification as a director or officer of a company, contravention of a notice or order issued under the SAA Complaints and Discipline System, and contravention of professional indemnity and continuing professional development requirements.
9. "Stockbroker" means: (i) any Australian Financial Services Licensee that is so authorised to use the term by ASIC, and (ii) any Representative (including Authorised Representative) of an organisation that is

authorised by ASIC to use the term; and, (iii) in respect of this code, any other person who is a Member of the SAA to whom the code applies.

10. Feedback about the code or ethical conduct issues affecting the securities and derivatives industry can be made to the SAA. A complaint about a breach of the code by an SAA member can be made to the SAA.

Principles, Rules and Guidance

Obey the law

11. The first priority of members is to obey the law and comply with the SAA Code of Ethical Conduct.
12. Members must obey the just and reasonable laws of the community, including legislation, statutory rules, and regulatory and self-regulatory requirements governing the conduct of the securities and derivatives profession.

Public Interest, honesty and integrity

13. Members must act in the interests of their clients, employers and the public. Members must be honest and otherwise not engage in conduct that would bring the profession into disrepute. Members must be unbiased in the services they provide and in their conduct with clients, employers, peers and employees.

Personal responsibility

14. Members must comply with the standards of the profession notwithstanding pressure from clients, employers, peers, employees or others to compromise those standards. Members are personally responsible and accountable for their conduct, must allow and exercise individual autonomy such as freedom of speech, and must not discriminate against any person because of gender, race, or religion.
15. Members should disclose to their employer the members' obligations under the code where the employer requires conduct that is inconsistent with conduct the code. Members must obey the lawful directions of their employer.

Respect the rights of clients

16. Members must provide adequate information to clients that will enable the client to give informed consent in relation to the work to be undertaken and the fees and payments to be charged. Members must respect a client's right to privacy and confidentiality and comply with the law in relation to those rights (such as privacy laws).
17. A Member who engages in unsolicited contact must ensure that the client knows the identity of the person making the approach.

Competency

18. Members must take reasonable action to ensure that they have sufficient knowledge of securities and derivatives practice, relevant legal requirements, the code and market rules (including customs and usages) to properly undertake their business activities.
19. Members must be competent, conscientious, efficient and effective in their work. Members must maintain their competency through continuing professional development and only undertake work in which they are competent.
20. Members must not without merit represent that they are competent.
21. Principal Members must take all reasonable action to ensure that their staff are competent and that their conduct as employees is consistent with the code. Principal members must provide staff with information, training and supervisions that enables them to competently do their work and comply with to the law in the performance of their profession.

Fair trading

22. Members must compete fairly in the market, including not taking unfair advantage of other members and not engaging in anti-competitive or unconscionable conduct. Members must not knowingly engage or induce another person to engage in conduct that or is likely to mislead or deceive in the performance of their profession.

Conflict of interest

23. Principal members must minimise the potential adverse impact of conflicts of interest on clients by having adequate arrangements for controlling conflicts of interest in relation to the activities of their firm for identifying, managing, avoiding and disclosing conflicts of interest.
24. Members must avoid and disclose conflicts of interest where reasonably practicable before or when the service is provided. When making a disclosure, the member should reasonably ensure that the client is adequately informed about the conflict of interest. Disclosure should not reveal "inside information" or other commercially sensitive or confidential information.

Co-operation, support and whistleblowing

25. Members must cooperate to serve of the objectives of the code. Members must ensure all reports and returns required by the SAA are produced accurately, honestly and when required, and that the reports and returns are true and correct.
26. Members must cooperate with an appropriate authority and the SAA to identify and address wrongdoing and incompetency in the profession.

27. Members, when they know of illegal conduct must report that conduct to an appropriate authority in accordance with the law where their disclosure is protected by law. Collectively, members are responsible for the standards of the profession and should report to SAA breaches of the code.
28. Members must not discriminate or take other adverse action against a person who discloses illegal conduct or a breach of the code.

Entertainment and Gifts

29. Members must not offer or seek inducements for business. However, infrequent and low value gifts and entertainment may be offered or accepted where inducement is not intended or unlikely to be perceived to be an inducement. The member should notify their employer of gifts and entertainment.

Gambling and betting

30. Members must not make personal bets or wagers on matters occurring in the market (including economic data).

Money laundering and terrorist financing

31. Members must comply with the lawful policies and procedures of their firm and laws for the prevention and detection of money laundering and terrorist financing.

Commissions

32. Members must not negotiate broker's charges unless (where required by their firm's policies) authorised by their firm. Members must disclose any commission arrangements to clients prior to (where known) providing services.

Dealing with unidentified/unnamed principals

33. Members should not trade unless the identity of the client is known and disclosed to the credit, legal or compliance areas of the member's firm. The information must only be used for risk management and other legitimate purposes, including for preventing money laundering, fraud and other illegal activity.

Consumer disputes

34. Members must have appropriate arrangements for handling client complaints, including (where applicable) policies and procedures consistent with market standards for complaints handling, and referral to an appropriate external dispute resolution facility.