

# **A Resolution on International Conduct Of Business Principles**

**Passed by the Presidents' Committee  
November 1990**

The Presidents' Committee approves the Report on International Conduct of Business Principles and directs that the Report be distributed to all members of IOSCO.

The Presidents' Committee calls upon all members of IOSCO to recognize the following set of international conduct of business principles as expressing basic standards of business conduct for financial firms.

Such recognition would commit IOSCO members to implement the principles through their regulatory structures and effective supervisory arrangements, and try to promote the principles throughout their own countries. Each member can decide whether to implement them in the form stated by IOSCO or to reflect them in its own principles, adapted to local circumstances.

The principles are:

1. **HONESTY AND FAIRNESS**

In conducting its business activities, a firm should act honestly and fairly in the best interests of its customers and the integrity of the market.

**Comment:**

This principle includes any obligation to avoid misleading and deceptive acts of representations.

2. **DILIGENCE**

In conducting its business activities, a firm should act with due skill, care and diligence, in the best interests of its customers and the integrity of the market.

**Comment:**

This principle includes any duty of best execution.

3. **CAPABILITIES**

A firm should have and employ effectively the resources and procedures which are needed for the proper performance of its business activities.

**Comment:**

This principle includes any obligation for the firm to have and implement effectively rules and internal procedures for its employees and representatives to

make sure that they comply with these principles, including staff dealing rules.

#### **4. INFORMATION ABOUT CUSTOMERS**

A firm should seek from its customers information about their financial situation, investment experience and investment objectives relevant to the services to be provided.

**Comment:**

This principle includes any obligation to "know one's customer". This principle is a necessary element in enabling the firm to fulfil any suitability requirements.

#### **5. INFORMATION FOR CUSTOMERS**

A firm should make adequate disclosure of relevant material information in its dealings with its customers.

**Comment:**

This principle includes any obligation of the firm:

- to acquire and to provide information, including information about risks, needed by the customer to make informed investment decisions;
- to provide timely and accurate reports to the customer about business undertaken for or with the customer.

#### **6. CONFLICTS OF INTEREST**

A firm should try to avoid conflicts of interest, and when they cannot be avoided, should ensure that its customers are fairly treated.

**Comment:**

This principle recognizes that conflicts of interest may be managed, and that proper management to ensure fair treatment of customers may require disclosure, internal rules of confidentiality, or other appropriate methods or combinations of methods.

#### **7. COMPLIANCE**

A firm should comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of customers and the integrity of the market.

The comments associated with the principles provide illustrations of some rules or obligations which might fall within the boundaries of individual principles, and may assist IOSCO members in implementing the principles. Moreover, the IOSCO Report on

International Conduct of Business Principles (July 1990) may provide additional guidance to members in implementing the principles.

The Presidents' Committee asks the members who recognize the Principles to advise the Secretary General of how and when they will implement the Principles, in the event that such Principles have not already been implemented within their jurisdiction.

The Presidents' Committee asks the Secretary General to make a report at the next Annual Meeting concerning the degree of implementation of the Principles.

# RESOLUTION ON INTERNATIONAL CONDUCT OF BUSINESS PRINCIPALS

## Presidents' Committee November 1990

Jurisdiction	Name of the Organization	Signed
<b>REGULAR MEMBERS</b>		
1 - ALGERIA	Commission d'Organisation et de Surveillance des Opérations de Bourse	
2 - ARGENTINA	Comisión Nacional de Valores	Yes (N-2) (92-01-08)
3 - AUSTRALIA	Australian Securities and Investments Commission	Yes (N-3) (91-08-20)
4 - AUSTRIA	Austrian Securities Authority	Yes (N-4) (98-07-31)
5 - BAHAMAS	Securities Board (The Commonwealth of The Bahamas)	Yes (96-11-21)
6 - BAHRAIN (State of)	Bahrain Stock Exchange	
7 - BANGLADESH	Securities and Exchange Commission	
8 - BARBADOS	Securities Exchange of Barbados	
9 - BELGIUM	Commission bancaire et financière	Yes (N-9) (91-07-24)
10 - BERMUDA	The Bermuda Monetary Authority	Yes (N-10) (93-08-16)
11 - BOLIVIA	Superintendencia de Valores	
12 - BRAZIL	Comissão de Valores Mobiliários	Yes (N-12) (93-03-12)
13 - BULGARIA	Securities and Stock Exchanges Commission	
14 - CHILE	Superintendencia de Valores y Seguros	Yes (N-14) (91-03-21)
15 - CHINA (People's Republic of)	China Securities Regulatory Commission	
16 - COLOMBIA	Superintendencia de Valores	
17 - COSTA RICA	Superintendencia General de Valores	
18 - CROATIA (Republic of)	Securities and Exchange Commission	

19 - CYPRUS (Republic of)	Central Bank of Cyprus	Yes (N-19) (91-02-05)
20 - DENMARK	Finanstilsynet	Yes (N-20) (92-05-11)
21 - DOMINICAN REPUBLIC	Banco Central de la República Dominicana	
22 - ECUADOR	Superintendencia de Compañías	Yes (N-22) (92-03-17)
23 - EGYPT	Capital Market Authority	
24 - EL SALVADOR	Superintendencia de Valores	
25 - FINLAND	Financial Supervision Authority	Yes (N-25) (91-08-06)
26 - FORMER YUGOSLAV REPUBLIC OF MACEDONIA	Securities and Exchange Commission	
27 - FRANCE	Commission des Opérations de Bourse	Yes (N-27) (91-09-02)
28 - GERMANY	Bundesaufsichtsamt für den Wertpapierhandel (BAWe)	Yes (N-28) (91-07-31)
29 - GREECE	Capital Market Commission	Yes (N-29) (98-08-19)
30 - GUERNSEY	Guernsey Financial Services Commission	Yes (91-12-18)
31 - HONG KONG	Securities and Futures Commission	Yes (91-08-08)
32 - HUNGARY	Hungarian Banking and Capital Market Supervision	Yes (N-32) (92-01-28)
33 - INDIA	Securities and Exchange Board of India (SEBI)	Yes (N-33) (92-01-07)
34 - INDONESIA	Indonesian Capital Market Supervisory Agency	
35 - IRELAND	Central Bank of Ireland	Yes (N-35) (95-05-10)
36 - ISLE OF MAN	Financial Supervision Commission	
37 - ISRAEL	Israel Securities Authority	
38 - ITALY	Commissione Nazionale per le Società e la Borsa	Yes (N-38) (91-04-05)
39 - JAMAICA	Securities Commission	
40 - JAPAN	Financial System Planning Bureau of the Ministry of Finance	Yes (N-40) (93-07-13)

41 - JERSEY	Jersey Financial Services Commission	Yes (N-41) (96-02-12)
42 – JORDAN	Jordan Securities Commission	Yes (N-42) (92-02-02)
43 – KAZAKHSTAN (Republic of)	National Securities Commission	
44 – KENYA	Capital Markets Authority	Yes (N-44) (92-04-22)
45 - KOREA	Financial Supervisory Commission	Yes (N-45) (91-06-19)
46 – KYRGYZ REPUBLIC	National Commission on Securities Market	
47 - LITHUANIA	Lithuanian Securities Commission	
48 - LUXEMBOURG (Grand Duchy of)	Commissariat aux Bourses	Yes (N-48) (92-05-14)
49 - MALAYSIA	Securities Commission	Yes (N-49) (96-10-03)
50 - MALTA	Malta Stock Exchange	Yes (N-50) (94-08-10)
51 - MAURITIUS (Republic of)	Stock Exchange Commission	Yes (N-51) (92-01-16)
52 - MEXICO	Comisión Nacional Bancaria y de Valores	Yes (N-52) (91-09-18)
53 - MOROCCO	Conseil Déontologique des Valeurs Mobilières	Yes (N-53) (97-07-15)
54 - NETHERLANDS (The)	Stichting Toezicht Effectenverkeer	Yes (N-54) (91-04-26)
55 - NEW ZEALAND	Securities Commission	Yes (N-55) (91-06-10)
56 - NIGERIA	Securities and Exchange Commission	Yes (N-56) (95-07-07)
57 - NORWAY	Kredit Tilsynet	Yes (N-57) (91-06-27)
58 - OMAN (Sultanate of)	Muscat Securities Market	Yes (N-58) (91-03-17)
59 - ONTARIO	Ontario Securities Commission	Yes (N-59) (92-01-22)
60 - PAKISTAN	Corporate Law Authority / Government of Pakistan	
61 - PANAMA	Comisión Nacional de Valores	

62 – PAPUA NEW GUINEA	Securities Commission	
63 - PARAGUAY	Comisión Nacional de Valores	
64 - PERU	Comisión Nacional Supervisora de Empresas y Valores	Yes (N-64) (92-01-31)
65 - PHILIPPINES	Securities and Exchange Commission	Yes (N-65) (91-02-07)
66 - POLAND	Polish Securities and Exchange Commission	Yes (N-66) (91-08-02)
67 - PORTUGAL	Comissão do Mercado de Valores Mobiliários	Yes (N-67) (94-05-05)
68 - QUEBEC	Commission des valeurs mobilières du Québec	Yes (N-68) (91-02-26)
69 - ROMANIA	Romanian National Securities Commission	
70 - RUSSIA	Federal Commission for the Securities Market of the Russian Federation	
71 - SINGAPORE	The Monetary Authority of Singapore	Yes (N-71) (91-06-03)
72 - SLOVENIA	Securities Market Agency	
73 - SOUTH AFRICA	Financial Services Board	Yes (N-73) (97-07-24)
74 - SPAIN	Comisión Nacional del Mercado de Valores	Yes (N-74) (95-05-22)
75 - SRI LANKA	Securities and Exchange Commission of Sri Lanka	
76 - SWEDEN	Finansinspektionen	Yes (N-76) (92-06-02)
77 - SWITZERLAND	Commission Fédérale des Banques	Yes (N-77) (91-04-16)
78 - CHINESE TAIPEI	Securities and Futures Commission	Yes (N-78) (-- -- --)
79 - TANZANIA	Capital Markets and Securities Authority	
80 - THAILAND	Office of the Securities and Exchange Commission	Yes (N-80) (93-12-28)
81 - TRINIDAD AND TOBAGO	Trinidad and Tobago Securities and Exchange Commission	Yes (N-81) (91-08-13)
82 - TUNISIA	Conseil du Marché Financier	Yes (N-82) (92-01-09)

83 - TURKEY	Capital Market Board	
84 - UKRAINE	Ukrainian Securities and Stock Market State Commission	
85 - UNITED KINGDOM	Financial Services Authority	Yes (N-85) (91-05-20)
86 - UNITED STATES OF AMERICA	United States Securities and Exchange Commission	Yes (N-86) (91-07-03)
87 - URUGUAY	Banco Central del Uruguay	Yes (N-87) (93-08-20)
88 - VENEZUELA	Comisión Nacional de Valores	
89 - ZAMBIA	Securities and Exchange Commission	
<b>ASSOCIATE MEMBERS</b>		
90 - ALBERTA	Alberta Securities Commission	
91 - BRITISH COLUMBIA	British Columbia Securities Commission	Yes (N-91) (91-05-15)
92 - JAPAN	Ministry of Agriculture, Forestry and Fisheries	
93 - JAPAN	Ministry of International Trade and Industry (MITI)	
94 - JAPAN	Securities and Exchange Surveillance Commission	
95 - LEBANON	Banque du Liban	
96 - LUXEMBOURG (Grand Duchy of)	Institut Monétaire Luxembourgeois	
97 - UNITED STATES OF AMERICA	Commodity Futures Trading Commission	Yes (N-97) (91-08-27)
98 - UNITED STATES OF AMERICA	North American Securities Administrators Association, Inc. (NASAA)	Yes (N-98) (91-05-02)