IOSCO Guidance for conflicts of interest and associated conduct risks during the equity capital raising process

Measure 1: In the context of pitches to secure a mandate to manage an equity securities offering, regulators should consider requiring firms to take reasonable steps to prevent their analysts from coming under pressure to take a favourable view on the offering from the issuer's representatives.

Measure 2: Regulators should consider requiring that once an underwriting or placing mandate has been awarded, firms take reasonable steps to prevent a connected analyst's views and research on the equity securities offering from being improperly influenced and to ensure that the analyst remains independent.

Measure 3: Regulators should consider requiring that once an underwriting or placing mandate has been awarded, firms have appropriate controls to manage potential conflicts of interest and associated conduct risks arising from connected analysts performing an internal advisory role within the firm while also producing research on an equity securities offering.

Measure 4: Regulators should encourage the timely provision of a range of information to investors in an equity securities offering, where distribution of such information is permitted under local law.

Measure 5: Regulators should consider requiring firms to maintain an allocation policy that sets out their approach for determining allocations in an equity securities offering and to provide the issuer with an opportunity to be involved in the process.

Measure 6: Regulators should consider requiring firms to maintain records of the allocation decisions made in an equity securities offering to demonstrate that any conflicts of interest are appropriately managed.

Measure 7: Regulators should consider requiring firms to manage any conflicts of interest that arise in relation to pricing an equity securities offering, keep the issuer informed of key decisions or actions which can influence the pricing outcome, and give the issuer an opportunity to be involved in decisions regarding the pricing of an issue during the pricing process.

Measure 8: In the context of an equity securities offering, regulators should consider requiring firms to take all reasonable steps designed to prevent any employees who have access to confidential information on the issuer or the offering from entering into or causing any personal transactions in situations where such transactions would involve misuse or improper disclosure of the information. Regulators should also consider requiring firms to prevent any employees from entering into personal transactions where such transactions would otherwise give rise to any conflicts of interest.