



The South African Institute of Stockbrokers

Code of Conduct

1. PREAMBLE

The Code of Conduct is published in terms of Section 38.1 of the Constitution of the South African Institute of Stockbrokers (SAIS) and was approved by the Council of the Institute. The Code of Conduct reflects the values of the SAIS and support the promotion of its standards of professional excellence, competence and integrity in the South African financial markets.

The Code of Conduct is binding on all corporate members, members, associate members and student members of SAIS. Corporate members are encouraged to promote the Code of Conduct among their employees.

A fundamental goals of the financial markets professions is to contribute to the social good through the promotion of financial markets that function within the confinements of the law and are based on ethical principles. The objective of the Code is to maintain and improve ethical behaviour in the industry and professions and to protect the clients of financial markets participants against unscrupulous behaviour.

2. DEFINITION OF TERMS

2.1 *Code of Conduct* means the Code of Conduct of the Institute as amended from time to time.

2.2 *Financial Markets Industry or Financial Markets* means:

- i. any regulated person or entity as defined in the Financial Markets Act, Act 19 of 2012 as amended;
- ii. all exchanges;
- iii. members of such exchanges;
- iv. central securities depositories;
- v. trade repositories;
- vi. clearing houses;
- vii. participants;
- viii. authorised users;
- ix. clearing members; and
- x. all other corporate entities involved in the development, marketing, trading and administration of financial markets products, including collective investments and financial market security services as determined by the Financial Services Board or any other competent regulatory authority, from time to time.

2.3 *The Institute* means the South African Institute of Stockbrokers (SAIS).

2.4 *Member* means any person (natural or juristic) admitted as a member of the Institute in any one or more of the membership categories as defined in the Constitution and / or By Laws of the Institute.

2.5 *Financial Markets Professions* means Stockbrokers and all other categories of individual members who satisfy the requirements set by the Council of the Institute, from time to time.

3. GUIDING PRINCIPLES

Members of the Institute are required to comply with the fundamental principles of:

- Integrity;
- Objectivity;
- Professional competence;
- Confidentiality; and
- Professional behaviour.

Members are expected to promote the integrity and viability of the financial markets and the financial markets professions. They are also required to refrain from any actions that may discredit or bring in disrepute the SAIS or its members.

4. PROFESSIONAL CONDUCT

4.1 *Adherence to the Law and Regulatory Requirements*

4.1.1 Members must ensure that they are familiar with and understand all laws, rules and regulations applicable to their professional activities. These include the laws, rules and regulations of any government, regulatory or professional body.

4.1.2 Members' most important duty is to ensure that their actions comply with the aforementioned laws, rules and regulations.

4.1.3 Members must not knowingly assist any third party in and violation of such laws, rules or regulations and must dissociated themselves from such parties or actions.

4.1.4 In the event of a conflict between regulatory requirements, members must comply with the stricter law, rule, regulation, code or standard.

4.1.5 When members become aware of illegal conduct they must report that conduct to an appropriate authority in accordance with the law where their disclosure is protected by law.

4.1.6 Members must not discriminate or take or other adverse action against a person who discloses illegal conduct or a breach of this Code of Conduct.

4.2 *Protection of the Integrity of the financial Markets*

4.2.1 Members come into possession of material non-public information that could affect the value of an investment, must not act or cause others to act on the information.

4.2.2 Members must refrain from any practices that may distort prices or artificially inflated trading volumes.

4.3 *Independence and Objectivity*

4.3.1 Members should remain independent and objective in their professional activities. They should avoid conflicts of interest and ensure that their professional or business judgements are not unduly influenced by others.

4.3.2 They may not solicit or offer any gifts or undue compensation that could compromise their independence or objectivity.

4.3.3 They may not offer any gifts or undue compensation that could compromise another's independence or objectivity.

4.3.4 Members must not perform professional services in connection with any matter on condition that payment for the professional service shall be made only if the matter results in a favourable outcome for the party for whom such work is performed.

4.3.5 Members may not discriminate against any person or group of people on the basis of race, gender, religion or disability.

4.4 *Conflict of Interest*

4.4.1 Corporate members must minimise their potential adverse impact of conflicts of interest on clients, by having adequate arrangements for identifying, managing, avoiding and disclosing conflicts of interest in relation to the activities of their organisations.

4.4.2 Members must avoid and disclose conflicts of interest where reasonably practicable, before or when the service is provided.

4.5 *Obligations Towards Clients*

4.5.1 *Fairness*

4.5.1.1 Members must deal fairly and objectively with all clients and refrain from preferential treatment of any clients. Members must be loyal to their clients and handle their clients' affairs with care and by exercising prudent judgement.

4.5.1.2 Clients' interest must always be placed before members' interests or the interests of their employers.

4.5.2 *Communication with Clients*

4.5.2.1.1 Members must provide adequate information to clients that will enable their clients to give informed consent in relation to the work to be undertaken and the fees and payments to be charged.

4.5.2.1.2 Members must:

- i. Inform their clients and prospective clients of the principles and processes that they use in their analysis of investments, selection of securities and in the construction of portfolios as well as the limitations of and risks associated with the respective investment processes.
- ii. Inform clients of the factors that are important to and which may influence their investment analysis, recommendations or actions.
- iii. Present investment analyses and recommendations in such a way that there is a clear distinction between fact and opinion.
- iv. Keep appropriate records of their investment analyses, recommendations, actions and investment related communications with clients and prospective clients.

4.5.3 *Confidentiality*

4.5.3.1 Members must respect clients' rights to privacy and confidentiality and comply with the law in relation to these rights.

4.5.3.2 When approached by third parties for information on clients' affairs, members must ensure that they have their clients' permission before making any disclosures, unless required to do so by law.

4.5.4 *Irregularities and Complaints*

4.5.4.1 When members become aware that irregularities have occurred in relation to clients' affairs, they should advise clients of the consequences and the manner of disclosure.

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

4.6 *Obligations Towards Employers and Employees*

4.6.1 Members must act in the best interests of their employers and apply their skills and abilities to the advantage of their employers.

4.6.2 Members must refrain from any behaviour that may cause harm to their employer or their employer's reputation.

4.6.3 Members must obey the lawful directions of their employers.

4.6.4 Members should inform their employers of their obligations under the Code of Conduct where employers require conduct that is inconsistent with the Code of Conduct.

4.6.5 Corporate members must take all reasonable action to ensure that their staff are competent and that their conduct as employees is consistent with the Code of Conduct.

4.6.6 Corporate members must provide their staff with the information, training and supervision required to competently discharge their duties and comply with the law and the Code in the performance of their work.

4.7 *Obligations Towards Other Members*

4.7.1 Members should conduct themselves in a manner that will promote cooperation and good relations between members.

4.8 *Publicity, Advertising and Solicitation*

4.8.1 Members may offer a wide range of professional services and products for the financial markets industry to function effectively. In accordance with market principles it is necessary for the public to be informed of the services and products on offer. Publicity and advertising by all members of all services and products is permitted.

4.8.2 Advertisements should conform with the requirements set by the regulators as well as with accepted norms of legality, decency, honesty and truthfulness and should uphold the dignity of the profession.

4.8.3 All advertising and promotional materials and processes should be designed with a due sense of responsibility to the profession and to the public as a whole. In particular such materials and processes should aim to inform the public in an objective manner and the content and the presentation thereof should be in good taste.

4.8.4 It is natural that members will seek to develop and promote their businesses. However in doing so they should not seek to displace other professionals in client relationships by means which will lessen the effectiveness of technical performance and in particular the integrity and objectivity of opinions or the rights of clients to reliable information.

4.9 *Competency*

- 4.9.1 Members must take reasonable action to ensure that they maintain professional knowledge and skill, at the level required to ensure that their clients or employers received competent professional service, based on current developments in practice, legislation and techniques.
- 4.9.2 Members should act diligently and in accordance with applicable technical and professional standards when providing professional services.
- 4.9.3 Members must only undertake work in which they are competent and refrain from any misrepresentations with regard to their competency.
- 4.9.4 Members must maintain their competency through continuous professional development (CPD) and abide by the Institute's rules and requirements regarding CPD and the reporting thereof.

4.10 *Obligations Towards the Profession and the Institute*

- 4.10.1 Members are collectively responsible for upholding the standards of the professional and should cooperate to ensure that the Code of Conduct is implemented and respected.
- 4.10.2 Members should report any breaches of the Code of Conduct to the Institute and cooperate with the Institute to identify and address wrongdoing and incompetence in the profession.
- 4.11 Members should avoid any actions that discredit the financial market professions or the Institute.
- 4.12 Members should comply with the standards of the profession notwithstanding pressure from clients, employers, peers, employees or others, that would compromise those standards.
- 4.13 Members are personally responsible and accountable for their conduct and must exercise individual autonomy.
- 4.14 Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of members or third parties.
- 4.15 Members must ensure that all information required by the Institute is submitted accurately, honestly and when requires and that the reports and returns submitted to the Institute are true and correct.
- 4.16 Members should use the designations conferred by the Institute correctly and in accordance with the rules and By-Laws of the Institute.