



INTERNATIONAL CODE OF ETHICS AND STANDARDS OF PROFESSIONAL CONDUCT

Preface

The broad objective of the International Council of Investment Association's (ICIA) Task Force on the International Code of Ethics and Standards of Professional Conduct is to develop harmonized standards to enhance the credibility of investment professionals throughout the world. The International Code of Ethics and Standards of Professional Conduct ("International Code and Standards") developed by the Task Force provide a basis for an internationally acceptable code of ethics and standards of conduct for investment professionals.

Investment professionals operate in a world of wide cultural diversity. Due to the differences in culture, language, legal and social systems represented among the ICIA's member bodies, the ICIA believes that the task of preparing detailed ethical requirements is primarily that of the member bodies in each country or region concerned. The ICIA further believes, however, that the identity of the investment profession is characterized worldwide by its endeavour to achieve a number of common objectives and promote certain fundamental principles, such as the highest ethical standards. In recognition of the responsibilities of the profession, and in consideration of its own role in providing guidance and promoting harmonization, the ICIA has determined to establish this International Code and Standards to be the basis upon which ethical requirements for investment professionals throughout the world should be founded.

The International Code and Standards are intended to be recommended guidelines for member bodies, and are not mandatory. The ICIA encourages each national body to consider adopting the International Code and Standards and use it as a model to develop or improve its own ethical standards as necessary.

Code of Ethics

Investment Professionals shall:

- observe high standards of honesty, integrity and fairness;
- act in an ethical manner, with reasonable care and diligence, and with respect for the individual in dealings with the public, clients, prospective clients, employers, employees and fellow investment professionals; and
- continually strive to maintain and improve their professional competence.

Standards of Professional Conduct

1.0 Definitions

For the purposes of this International Code and Standards, the following terms are defined as set forth below:

- 1.1 "Investment Professionals" are individuals who evaluate or apply financial, economic or statistical data as part of the professional practice of financial analysis, investment management, portfolio management, securities analysis, investment counselling, or other similar professions.
- 1.2 "Investment Action" is any activity in which Investment Professionals engage regarding securities, including the purchase and/or sale of securities for client, proprietary or personal accounts, the issuance of research reports, or any recommendation to purchase, sell or hold a security.
- 1.3 "Fiduciary Duty" is the duty which is owed by a party who has a relationship of trust and confidence to another party. A person who has a fiduciary duty to another must act in the other's best interest, must maintain the other's trust and confidences, and must act with discretion. A fiduciary is held to a higher standard of care and higher degree of knowledge than the average person.
- 1.4 "Beneficial owner" means someone who has:
 - a) a direct or indirect pecuniary interest in securities; or
 - b) the power to vote or direct the voting of shares of securities or investments; or
 - c) the power to dispose or direct the disposition of a security or investment.
- 1.5 "Associate" means any related or affiliated party, or any person or entity that controls, is controlled by, or is under common control with an investment professional. As used in Standard 11.0, "associate" includes an investment professional's family members.
- 1.6 "Independence," as used in Standard 4.0 to refer to advice given or investment action taken by an investment professional, means advice or investment decisions which are the product of an investment professional's own endeavours, and are not influenced by or subject to the control of an issuer of securities, the management of the investment professional's employer, or any other outside sources.
- 1.7 "Material" as used in describing information, means information likely to have an impact on the market price of security when disclosed, or information which a reasonable investor would want to know prior to making an investment decision.

2.0 Required Knowledge and Compliance

Investment Professionals shall:

- 2.1 Maintain knowledge of and comply with all applicable laws, rules and regulations of any government, governmental agency, regulatory organization, licensing agency, or professional association governing their professional activities, including this International Code and Standards and the code of ethics and standards of professional conduct, if any, of their national or regional society.

2.2 Not knowingly participate in or assist any violation of such laws, rules, or regulations.

3.0 Fair Dealing with Clients and Prospective Clients

Investment Professionals shall act in a manner consistent with their obligation to deal fairly with all clients and prospective clients when:

- a) disseminating investment recommendations;
- b) disseminating material changes in prior investment advice; and
- c) taking investment action.

4.0 Independence and Objectivity

Investment Professionals shall use reasonable care and judgment to achieve and maintain independence and objectivity in making investment recommendation or taking investment actions.

5.0 Fiduciary Duties

In relationships with clients, Investment Professionals shall use reasonable care in determining their applicable fiduciary duty and shall comply with such duty as those persons and interests to whom the duty is owed.

6.0 Investment Recommendations and Actions

6.1 Suitability

Investment Professionals shall:

- 6.1.1 Make a reasonable inquiry into a client's financial situation, investment experience, and investment objectives prior to making any investment recommendation and shall update this information as necessary, but no less frequently than annually, to allow them to adjust their investment recommendation to reflect changed circumstances.
- 6.1.2 Consider an investment recommendation's appropriateness and suitability for each portfolio or client when making the recommendation or taking an investment action for a specific portfolio or client. In determining the appropriateness and suitability of each investment, Investment Professionals shall consider applicable relevant factors including the needs and circumstances of the portfolio or client, the basic characteristics of the investment involved, and the basic characteristics of the total portfolio.
- 6.1.3 Not make a recommendation unless they determine that the recommendation is suitable to the client's financial situation, investment experience and investment objectives.

6.2 Reasonable Basis and Representations

Investment Professionals shall:

- 6.2.1 Exercise diligence and thoroughness in making investment recommendations or in taking investment actions.
- 6.2.2 Have a reasonable basis for such recommendations or action, supported by appropriate research and investigation.
- 6.2.3 Maintain appropriate records to support the reasonableness of such recommendations or actions.
- 6.2.4 Make reasonable efforts to avoid any material misrepresentation in disseminating investment information.
- 6.2.5 Use reasonable judgment regarding the inclusion or exclusion of relevant factors when disseminating investment information
- 6.2.6 Distinguish between facts and opinions when disseminating investment recommendations.

6.3 Disclosure

Investment Professionals shall disclose to clients and prospective clients:

- 6.3.1 The basic format and general principles of the investment processes by which securities are selected and portfolios are constructed and shall promptly disclose to clients any changes that might significantly affect those processes.
- 6.3.2 The basic characteristics of investments and their associated risks when making an investment recommendation.

7.0 Preservation of Client Confidentiality, Funds, and Securities

- 7.1 Preserve the confidentiality of information communicated by clients within the scope of the professional relationship.
- 7.2 Safeguard client funds and securities held in the investment professional's custody.

8.0 Prohibition against Misrepresentation

- 8.1 Investment Professionals shall not make any statements, orally or in writing, which misrepresent:
 - a) the services that they or their firms are capable of performing for clients;
 - b) their qualifications or those of their firm;
 - c) their academic or professional credentials;
 - d) the investment performance that they or their firm have accomplished or can reasonably be expected to achieve.
- 8.2 Although Investment Professionals may discuss with clients or prospective clients the expected performances of any investment, they shall not make, orally or in writing, explicitly or implicitly, any assurances or guarantees regarding the return of any investment except to communicate accurate information regarding the terms of the investment and the issuer's obligations under the instrument.

- 8.3 If Investment Professionals communicate directly or indirectly individual or firm performance information to clients or prospective clients, or in a manner intended to be received by clients or prospective clients, they shall make every reasonable effort to assure that such performance information is a fair, accurate and complete presentation of such performance.

9.0 Disclosure of Conflicts

Investment Professionals shall disclose to their clients and prospective clients all matters, including beneficial ownership of securities or other investments, that reasonably could be expected to impair their ability to make unbiased and objective recommendations.

10.0 Priority of Transactions

- 10.1 Transactions for Investment Professionals' clients and employers shall have priority over transactions in securities or other investments of which Investment Professionals are the beneficial owners so that such personal transactions do not operate adversely to their clients' or employer's interest.
- 10.2 If Investment Professionals make a recommendation regarding the purchase or sale of a security or other investment, they shall give their clients and employer adequate opportunity to act on their recommendation before acting on their own behalf.
- 10.3 Investment Professionals shall adopt and consistently apply policies and procedures for allocating securities and investment recommendations among clients in a fair and equitable manner.

11.0 Self-Dealing

Investment professionals shall not engage in any transaction with a client when acting as a principal or an agent for an associate without the knowledge and consent of the client.

12.0 Compensation

Investment Professionals shall disclose to their clients, prospective clients and employers:

- 12.1 All monetary compensation or other benefits that they receive for their services from any source.
- 12.2 Any consideration or benefit received by them or delivered to others for the recommendation of any services to the client or prospect.

13.0 Prohibition against Use of Material Non-public Information

- 13.1 Investment Professionals shall not trade while in possession of, nor communicate, material non-public information in breach of a duty, or if the information is misappropriated.
- 13.2 If Investment Professionals acquire material non-public information as a result of a special or confidential relationship, they shall not communicate the information (other than within the relationship), or take investment action on the basis of such information.
- 13.3 If Investment Professionals are not in a special or confidential relationship, they shall not communicate or act on material non-public information if they know, or should have known, that the information was misappropriated or that disclosure would result in a breach of duty.

14.0 Prohibition against Plagiarism

Investment Professionals shall not copy or use, in substantially the same form as the original, material that has been prepared by another without acknowledging and identifying the name of the author, publisher, or source of such material. Investment Professionals may use, without acknowledgment, factual information published by recognized financial and statistical reporting services or similar services.

15.0 Responsibilities of Supervisors

Investment Professionals with supervisory responsibility, authority, or the ability to influence the conduct of others shall exercise reasonable supervision over those subject to their supervision or authority, to prevent any violation of applicable statutes, laws, rules, regulations, or provisions of the International Code and Standards. In so doing, they are entitled to rely upon reasonable procedures established to detect and prevent violations as long as they have no reasonable basis for believing that these procedures are not being followed.

16.0 Inform Employer of International and Local Codes and Standards

Investment Professionals shall inform their employer (i.e., their immediate supervisor) in writing that they are obligated to comply with the International Code and Standards, and the code of ethics and standards of professional conduct, if any, of their national or regional society, and may be subject to disciplinary sanctions for violations thereof.