



Investment and Financial Services Association

strength through advocacy

## IFSA - Setting Standards for the Industry

As the member association for the managed funds, superannuation and life insurances industries, IFSA seeks to advance the efficiency and integrity of the industry by, among other things, acting as a focal point for the development of professional standards.

IFSA currently has 17 Standards to which all full member companies attest their compliance annually.

The Industry Code of Ethics and Code of Conduct or Standard No. 1 is the foundation for all other Standards, and provides the guiding principles for IFSA membership.

### Standard No.1 - Industry Code of Ethics and Code of Conduct

All IFSA members must comply with the ethical principles and rules set out in the Industry Code of Ethics and Code of Conduct. The Code articulates a common set of values shared by IFSA members and applies to both the company and its employees. As such it is anticipated that each member company will establish their own 'Code' incorporating the principles laid out in Standard No.1.

#### Code of Ethics

1. IFSA members will conduct themselves with integrity in a manner consistent with fostering and maintaining a good reputation for their industry and refrain from conduct that may bring discredit to their industry.
2. IFSA members will abide by both the law and the Code by maintaining a high standard of risk and compliance practice.
3. IFSA members must be fair, and not allow conflicts of interest or bias to influence their actions. That is, to ensure that:
  - client and investor interests are paramount in all decisions and transactions;
  - the execution of client requirements come before those of the member; and
  - their conduct contributes to markets operating in an efficient and informed manner.
4. IFSA members must carry out their business with due care, competence and diligence.
5. IFSA members will strive to ensure people acting on their behalf are properly trained and perform their duties and obligations to a high standard of professionalism.

#### Code of Conduct

More details can be found on the Code of Conduct under the following headings:

- Safeguard customers' interests and operate in the interest of the public
- Provide clear, concise and effective disclosure
- Compete fairly and appropriately
- Develop talent
- Act responsibly, with integrity and place customers first in the areas of conflicts
- Promote and support ethical decision-making behaviour through sound corporate governance
- Apply the Code overseas
- Use customer information appropriately

#### Compliance process

Between July and September every year, the Boards of full member companies are required to adopt a resolution stating:

- that they are satisfied they have complied with the IFSA Standards for the previous year;
- where they have not complied they must state the exemptions that have been granted by IFSA in this regard; and
- which Standards are not applicable to their business.

Member companies apply much rigor to this process. In 2006, IFSA conducted a survey of the Heads of Compliance within a selection of full member companies covering wholesale, retail funds management and life insurance companies. The survey highlighted the importance members place on IFSA's Standards:

- 92% incorporate them in staff training either specifically or by mention.
- 100% incorporate them in operational processes and controls.
- 96% of managers responsible regularly attest to compliance, 32% of those say they do this at least every quarter.



## IFSA's Industry Standards (cont)

### Governance of the Standards

On a day to day basis each of IFSA's Standards and Guidance Notes are overseen by the Senior Policy Manager responsible to the relevant Board Committee under which the Standard or Guidance Note sits. Collectively, IFSA's Standards and Guidance Notes are overseen by the Standards Oversight and Disciplinary Committee and the IFSA Board.

The Standards Oversight and Disciplinary Committee comprise three members of the IFSA Board. The Committee's role, as per its Charter, is to:

- Oversee IFSA Standard No.1 - Industry Code of Ethics and Code of Conduct.
- Consider updates from the Secretariat on proposals for the development of new Standards and Guidance Notes as well as revisions to existing Standards and Guidance Notes.
- Provide the final approval for draft Standards or Guidance Notes and revisions to existing Standards or Guidance Notes.
- Hear and assess any complaints against IFSA member companies, expediting disciplinary action if required.
- Hear and assess issues of non compliance with IFSA's Standards.
- Oversee the annual compliance process as managed by the Secretariat and provide a report for publication.

### About IFSA's Standards and Guidance Notes

The range of Standards and Guidance Notes fulfil the following objectives:

- Outline the guiding principles by which members are expected to operate.
- Set service or communications standards for the industry in certain areas.
- Help members interpret legal or regulatory obligation.

### IFSA's Standards

Compliance with IFSA's Standards is compulsory for IFSA members. By adhering to IFSA's Standards, member companies have undertaken to develop processes and products that provide investors with a quality assurance that goes beyond the base-line requirements of the legislative and regulatory framework.

#### Standard

- 1 Code of Ethics, Code of Conduct
- 2 Equity Trusts
- 3 REPEALED - Investor reporting
- 4 REPEALED - Ongoing Fee Measure
- 5 Operational Capability Standard
- 6 Product Performance: Calculation of Returns
- 7 References to the IFSA Logo
- 8 Scheme Pricing
- 9 Valuation of Scheme Assets and Liabilities
- 10 Presentation of Past Performance Information and Visual Promotions
- 11 Genetic Testing Policy
- 12 REPEALED - ASIC Fee Template
- 13 Proxy Voting
- 14 Alternative Forms of Remuneration
- 15 Rebates & Related Payments
- 16 Family Medical History Policy
- 17 Incorrect Pricing of Scheme Units - Correction and Compensation.

### IFSA's Guidance Notes

Compliance with IFSA's Guidance Notes is voluntary but strongly encouraged. The Guidance Notes provide a guide to what is considered to be industry best practice in certain areas. In some cases Guidance Notes become industry Standards over time. For a list of all the Guidance Notes please go to the IFSA website - [www.ifsa.com.au](http://www.ifsa.com.au)

For more information about the Standards and Guidance Notes please contact +61 2 9299 3022 or email [standards@ifsa.com.au](mailto:standards@ifsa.com.au)

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