

The Financial Services Council (**FSC**) represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and public trustees. The FSC promotes best practice for the financial services industry by setting mandatory Standards binding on FSC's members as well as by providing Guidance Notes to assist in operational efficiency.

As at 29 May 2015, FSC has 14 current Standards. FSC Standards are binding on FSC Full Members.

FSC's Standards

Compliance with FSC's Standards is compulsory for FSC Full Members. By adhering to FSC's Standards, member companies are required to operate with integrity, transparency and in the interests of customers. The current FSC Standards are listed in the table below and are available on FSC's website at www.fsc.org.au.

Standards

- 1 Code of Ethics and Code of Conduct;
- 2 Equity Trusts – Quotation of Dividend Imputation Credits;
- 6 Product Performance – Calculation of Returns;
- 8 Scheme Pricing;
- 9 Valuation of Scheme Assets and Liabilities;
- 10 Presentation of Past Performance Information and Visual Promotions;
- 11 Genetic Testing Policy;
- 13 Voting Policy, Voting Record and Disclosure;
- 16 Family Medical History Policy;
- 17 Incorrect Pricing of Scheme Units – Correction and Compensation;
- 18 Best Practice Guidance for Disclosure in the Mortgage Trust Sector;
- 20 Superannuation Governance Policy; and
- 21 Mental Health Education Program and Training; and
- 22 Cultural Capability in Native Title Services.

FSC Standard No. 1 *Code of Ethics and Code of Conduct* is the foundation for all other Standards in providing an overarching Code of Ethics and Code of Conduct.

FSC Standard No.1 - Code of Ethics and Code of Conduct – An Overarching Standard

All FSC Full Members must comply with the ethical principles and rules set out in the *Code of Ethics and Code of Conduct*. This document articulates a common set of values shared by FSC Members.

Code of Ethics

1. FSC 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 discredit the industry.
2. FSC Members will abide by both the law and the Code by maintaining a high standard of risk and compliance practice.
3. FSC 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 comes before those of the FSC member; and
 - FSC Member conduct contributes to markets operating in an efficient and informed manner.
4. FSC Members must carry out their business with due care, competence and diligence.
5. FSC 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

FSC's Code of Conduct requires FSC Members to:

- safeguard customers' interests;
- provide clear, concise and effective disclosure; compete fairly and appropriately;
- ensure FSC Member staff have appropriate skills, competence and diligence;
- act with integrity and treat customers' interests as paramount; and
- promote and support ethical decision-making behaviour through sound corporate governance;

Further details on the *Code of Ethics* and *Code of Conduct* are contained in FSC Standard No. 1 which is available on FSC's website at www.fsc.org.au under the Standards and Guidance Tab.

FSC Standards – Member compliance

Between July and September every year, the Boards of Full Member companies are required to adopt a resolution:

- that they are satisfied they have complied with the FSC Standards for the previous year;
- that states where they have not complied and confirm the exemptions that have been granted by FSC in this regard; and
- that confirms the Standards not applicable to their business.

FSC's Guidance Notes

Compliance with FSC's Guidance Notes is voluntary but strongly encouraged. The Guidance Notes are designed to assist in operational efficiency and set out what is considered best practice. FSC's Guidance Notes are available on FSC's website - www.fsc.com.au.

Governance of FSC's Standards and Guidance Notes

FSC's Standards and Guidance Notes are overseen by the FSC Senior Policy Manager responsible to the relevant FSC Board Committee covering the subject matter of the Standard or Guidance Note (with the assistance of FSC's General Counsel).

Collectively, FSC's Standards and Guidance Notes are overseen by the Standards, Oversight and

Disciplinary Committee (which is a committee of the FSC Board) and the FSC Board.

The Standards, Oversight and Disciplinary Committee (the **Standards Committee**) comprises three members of the FSC Board. The Standards Committee is responsible for the oversight of FSC Standard No.1 *Code of Ethics and Code of Conduct*, and reviewing FSC Member compliance with FSC Standards.

The Standards Committee role also includes:

- considering proposals for the development of new Standards or Guidance Notes and revisions to existing Standards or Guidance Notes; generally after these have been developed by, or under the direction of, the relevant FSC Board Committee. (The relevant Board Committees are Superannuation, Investment, Trustees, Life Insurance, and Advice.);
- making final recommendations to the Board for the approval of draft Standards or Guidance Notes, and revisions to existing Standards or Guidance Notes;
- overseeing the annual FSC Standards compliance process (under which FSC Full Members are required to attest as to their compliance with FSC Standards); and
- considering complaints brought to FSC's attention against FSC Members, or any non-compliance with FSC Standards, and any appropriate response which may include disciplinary action in the case of breaches of FSC Standards.

Contact the FSC

For more information about FSC's Standards and Guidance Notes please call +61 2 9299 3022 or email standards@fsc.org.au.

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