

**ASSOCIATION OF
PROFESSIONAL COMPLIANCE CONSULTANTS**

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**Code of Ethics
and
Professional Conduct**

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Composition and Scope

This code consists of two parts, the Code of Ethics and the Code of Professional Conduct.

The Code of Ethics consists of general statements expressing in general terms the ethical and professional ideas expected of all members of the Association and their consultants. They are referred to and expanded in the detailed guidance contained within the Code of Professional Conduct.

The Code of Ethics and Professional Conduct sets out the standards of ethical and professional conduct expected to be followed in particular situations. This combined Code of Ethics and Professional Conduct does not define standards of professional conduct of members for the purposes of civil liability, or for statutory or other legal requirements.

Not all of these guidelines may be applicable to a member's activities or to their consultants. The member is therefore required to abide by those guidelines which are relevant to that member's activities.

A member is obliged to determine what responsibilities the member has in each professional relationship, including, for example, duties that arise in particular circumstances from a position of trust or confidence that a member may have. Members are obliged to meet those responsibilities.

Ethical conduct is a hallmark of any profession. A member owes duties to its clients, to the public, to other professionals and to other members of the Association. These duties form the basis of the Code of Ethics, which specifies the minimum standards of ethical conduct expected of members.

For the purposes of the Code the term member includes, where applicable, its consultants. The Association will expect therefore that all members make their consultants aware of this Code and require that they comply with it.

Code of Ethics

Integrity

All advice by a member must be given honestly with full disclosure of relevant information and must always have regard to factors, which might reflect adversely upon the member's integrity. A member should conduct its affairs in accordance with not just the letter, but also the spirit of the law.

Objectivity

A member should be and be seen to be, providing objective and independent compliance consulting services, where the member's interests are clearly subordinate to the best interests of the member's client. Any potential conflict of interest must always be disclosed at the earliest opportunity.

Competence

A member should continuously try to maintain and improve the professional competence of its relevant staff and should not undertake work in areas in which it is not competent unless it obtains advice and assistance from a competent practitioner in those areas.

Confidentiality

Information acquired in the course of professional work should not be disclosed except where

- authorised by the client, or
- required by law

A member should never use, nor appear to use, such information for the advantage of itself or for a third party.

Courtesy

A member should conduct its business with courtesy and consideration to all with whom it comes into contact in the course of professional work. It should seek to establish and maintain helpful relationships with members of other professions or disciplines.

General

A member should not engage in any conduct or activity, the consequences of which would bring the compliance consulting profession or the Association into disrepute.

Code of Professional Conduct: Detailed Guidelines

The Code of Professional Conduct provides detailed guidance on how the Code of Ethics is translated into standards of professional conduct. These standards will be used by the Association to assess the conduct of compliance consultancy by member firms and their consultants.

1. Integrity

Members must be honest and open in all dealings with their clients and must put their clients' interest before their own.

Integrity requires members to observe not only the letter, but also the spirit, of this Code.

Guidelines that relate to the principle of Integrity

1.01 A member providing compliance consulting services shall disclose in writing, prior to establishing a client relationship, any other relationships which might compromise the member's objectivity or independence.

1.02 Prior to establishing a client relationship, and consistent with the confidentiality requirements of guideline 4.01, a member may provide references from present or former clients.

1.03 A member shall enter into an engagement only after securing sufficient information to satisfy him- or herself that: -

(a) the relationship is warranted by the client's needs and objectives; and

(b) the member has the ability either to provide competently the required services or to involve other professionals who can so provide such services.

1.04 In rendering professional services, a member shall disclose to the client information that is material and relevant to the professional relationship, including but not limited to any conflict of interest, changes in the member's contact details, relevant licences, qualifications or accreditation and remuneration

structure. (In this context, conflict of interest does not arise merely as a result of advising two or more clients who compete in the same market or sector, providing information about the affairs of one client are not inappropriately disclosed to another client.)

- 1.05** These guidelines are intended for the member firm. The member firm should ensure that all of its professional staff and other relevant staff adhere to these guidelines within the firm's operating procedures.
- 1.06** In addition to the initial written disclosure by a member regarding the basis of its remuneration, such disclosure shall also be made whenever there is a subsequent change.
- 1.07** On entering into an engagement to provide compliance consulting services to a client, a member shall enter into a client agreement by means of a letter of engagement, countersigned by the client, setting out the services to be provided for that client and the basis of remuneration.
- 1.08** Should an actual conflict of interest develop after a professional relationship has been commenced, but before the services contemplated by that relationship have been completed, a member shall promptly disclose the conflict of interest to the client or other necessary persons.
- 1.09** A member shall not solicit clients through false or misleading communications or advertisements (including false or misleading communication about the size, scope or areas of competence of the member).
- 1.10** In the course of professional activities, a member shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a false or misleading statement to a client, employer, employee, professional colleague, governmental or other regulatory body or official, or any other person or entity.
- 1.11** A member shall not engage in any conduct, which reflects adversely on its integrity as a member of the Association.

2. Objectivity

Objectivity requires intellectual honesty and impartiality. It is an essential quality for any professional firm. Regardless of the particular service rendered, or the capacity in which a member functions, a member should protect the integrity of its work, maintain objectivity, and avoid subordination of its judgement, such that it would be in violation of this Code.

Guidelines that relate to the principle of Objectivity

- 2.01** A member shall exercise reasonable and prudent professional judgement in providing professional services.
- 2.02** A member shall always act and advise in the best interest of the client.

3. Competence

A member is competent only when one or more of its professional staff has attained and maintained an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to

recognise the limitations of that knowledge and when consultation or client referral is appropriate.

A member shall make a continuing commitment to learning and professional improvement for its relevant professional staff.

Guidelines that relate to the principle of Competence

3.01 A member shall ensure its professional staff are informed of developments in the field of financial services regulation and compliance and that they participate in continuing education.

3.02 A member shall offer advice only in those areas in which it has competence. In areas where the member is not professionally competent, it shall seek the counsel of competent firms or individuals or refer clients to such parties.

3.03 A member shall only make or implement recommendations, which are suitable for the client in the attainment of that client's objectives.

4. Confidentiality

A client by seeking the services of a member may be interested in creating a relationship of trust and confidence with the member.

This type of relationship can only be built upon the understanding that information supplied to the member or obtained by it will be confidential, except where that information is already in the public domain, is disclosed by another party or must be disclosed under a regulatory or legal obligation. In order to provide the contemplated services effectively and to protect the client's privacy, the member shall safeguard the confidentiality of such information.

Guidelines that relate to the principle of Confidentiality

4.01 A member shall not reveal or use for its own benefit without the client's consent, any information relating to the client relationship or the affairs of the client, except and to the extent disclosure or use is reasonably necessary: -

- (a) as authorised in order to carry out the client engagement; or
- (b) to comply with legal requirements, or legal process; or
- (c) to defend the member against charges of wrongdoing; or
- (d) in connection with a civil dispute between the member and the client.

For the purposes of this guideline, the use of client information as set out above, is improper whether or not it actually causes harm to the client.

5. Courtesy

Courtesy is treating others in the same fashion that one would wish to be treated and is an essential quality of any professional.

Guidelines that relate to the principle of Courtesy

- 5.01** A member shall show respect for other professionals and related occupational groups, by engaging in fair and honourable competitive practices.
- 5.02** A member shall respond to client communications promptly. A member shall return the client's original records in a timely manner after their return has been requested by the client.
- 5.03** A member's employees, partners or co-owners shall inform the member of any personal remuneration or other benefit arrangements arising in connection with the provision of services to clients, which are in addition to remuneration from the employer or profits from the business arising from such services.

6. General Guidelines on Diligence

- 6.01** A member shall comply with all applicable post-accreditation requirements established by the Steering Council¹ of the Association including, but not limited to, payment of the annual subscription and provision of any additional information, as applicable.
- 6.02** In all professional activities, a member shall perform services in accordance with:
 -
 - (a) applicable laws, rules and regulations of governmental bodies and other applicable authorities; and
 - (b) applicable rules and other established policies of the Association.
- 6.03** A member shall not practice any other profession or offer to provide such services unless the member is qualified to practice in those fields and is authorised as required by law.
- 6.04** A member shall properly supervise its staff with regard to their delivery of compliance consulting services, and shall not accept or condone conduct in violation of this Code.

¹ The Steering Council is the board of directors of the Association.