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Regarding the provisions quoted in the response below, as far as possible, hyperlinks to these provisions (in the respective language or, if available, in English) are set out in Document CESR/04-075 for each country.

IMPORTANT NOTICE

In the interest of transparency and to inform interested parties, CESR has published the following (together the “Tables”):

- *the Correspondence Tables on the CESR Standards for Investor Protection (Ref. CESR/03-416b to 423b, CESR/03-134/Country);*
- *the Correspondence Tables on the CESR Standards for Alternative Trading Systems (Ref. CESR/03-415b, CESR/03-135/Country);*
- *the Synthesis Tables (Ref. CESR/03-427b and CESR/03-432b);*
- *the List of Alternative Trading Systems currently operating in Member States¹ (Ref. CESR/03-497b);*
- *the explanatory notes and caveats attached to the Tables.*

The Tables were produced by the Members of CESR¹ within the constraints of and solely for the purposes of the CESR Review Panel process of monitoring the status of implementation of the CESR Standards for Investor Protection² and the CESR Standards for Alternative Trading Systems³ in Member States.

The Tables have no legal effect; they do not present any interpretation of, or definitive position on, existing law or regulation in any jurisdiction. The Tables should not be relied upon for any purpose other than the purpose for which they were prepared. In particular, they should not be relied upon as a substitute for, or as guidance on, any aspect of the regulatory system of any Member State or as a defence in supervisory activities or enforcement proceedings; and they cannot be used to restrict competent authorities in taking regulatory or enforcement actions.

The information set out in the Tables is the response of each Member’s self-assessment. For this reason, the content of the Tables regarding a particular Member State has been prepared solely by the relevant Member on a best-efforts basis. (In a next step, the CESR Review Panel is going to conduct a common and collective peer exercise in reviewing the responses from all Members.) In case of discrepancy between the tables containing the responses from all CESR Members and the tables containing the individual responses from a particular CESR Member, the latter should be referred to.

The Tables provide a “snap shot” and will be up-dated on a regular basis to take account of regulatory developments in Member States. Therefore, they cannot be considered as fully finalised or definitive reflections of regulatory provisions in Member States. The Tables should also be read in light of current and future developments in the formulation of the proposed Directive on Markets in Financial Instruments (“ISD2”) and the future Level 2 implementing measures, and without prejudice to the position of any Member State in those developments.

For a more detailed account of the process, methodology and first, interim results, please see the “First Interim Report” by the Review Panel (Ref. CESR/03-414b).

¹ For reasons of simplicity, the term “Member” in this context refers to all participants in the Review Panel, i.e. CESR Members, CESR Observers, and the Polish securities regulators; this applies to the term “Member State” accordingly.

² “A European Regime of Investor Protection - The Harmonization of Conduct of Business Rules” (Ref. CESR/01-014d, April 2002) and “A European Regime of Investor Protection – The Professional and the Counterparty Regimes” (Ref. CESR/02-098b, July 2002).

³ Ref. CESR/02-086b, July 2002.

CORRESPONDENCE TABLE ON STANDARDS FOR INVESTOR PROTECTION
(REF. CESR/01-014D)
PART II (STANDARDS 25 – 61 RETAIL REGIME)

A CONDUCT OF BUSINESS RULES FOR THE “RETAIL REGIME”2. INFORMATION TO BE PROVIDED TO CUSTOMERS2.1) BASIC REQUIREMENTS

Standard 25	<i>An investment firm must pay due regard to the information needs of its customers and communicate information to them that is fair, clear, and not misleading.</i>		
Country	Implementing Authority(ies)	Implementing Measure ⁴	Comments
AUSTRIA	AP AFEC, FMA	Art. 13 para 4 ASSA 4.1.Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998) (hereinafter GL)	The fair, clear and not misleading information obligation is covered by provisions of Art. 13 par 4 ASSA and the GL. In line of the implementation of the Dir 93/22 in Austria, the AFEC established in accordance with the Capital Market experts of all sectors of Austrian credit institutions, and with some investment firms and in coordination with the FMA a new handbook (=GL). This handbook is the result of a long coordination procedure to find a common market sense and market understanding among all parties concerned. As an attachment the handbook also contains the standard risk statements and risk statements for specific kind of financial instruments. As it normally works in Austria this handbook was transported through the AFEC among all her participants, which established this rule book as minimum standard while providing investment services. The content of this handbook is also a guideline for the on site inspections at credit institutions and other investment firms by the FMA. It is even basis for the investigations by the FMA, relating breaches of the conduct of business rules. This handbook is a binding regulation which is the common market standard for all investment firms in Austria and is accepted by the FMA as interpretation of the ASSA.
BELGIUM	Parliament and Royal Decrees	Art. 36, § 1, 5°, L. 6 April 1995 RD 5 December 2000 (application of Law on Fair Trading Practices to	To come into effect later: Art. 26, 3° L. 2 August 2002 Additional rules may be adopted by Royal Decree on the

⁴ Any derogation to the application of the implementing measures should be mentioned.

		securities) Those (conduct of business) rules are complementary to the general civil law duty of a party to a contract to provide information to the other party prior to the conclusion of a contract	basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	Parliament	Section 2, and section 3, in the Marketing Practices Consolidated Act no. 699 of July 17, 2000 as amended by Act no, 428 of 6 June 2002 (The above mentioned rules state that investment firms should provide proper information to customers according to the nature of the investment services offered, including any risks involved. It shall be a legal offence to make use of any false misleading or unreasonably incomplete indication or statement likely to affect the demand for services.)	The Marketing Practices Consolidated Act applies to all kind of services to consumers and not specifically to investors and investment services
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2, Chapter 4, Section 1 and Chapter 2, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	
FRANCE	Parliament, AMF	Article 533-4 of the FMC, Articles 3-3-3 and 3-3-5 of the GR of the CMF Articles 19 and 24 of COB Regulation 96-03 (on portfolio management)	The legislative Code uses the current wording of the ISD. The CMF provisions require information to be adapted to the customer profile.
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.1 and 2	
GREECE		Sections 4.2 (d) (e), 6.1 and 7.2 (a) of the Code of Conduct of Investment Services Firms set out that Investment Services Firms provide continuous and adequate information fulfilling the information needs of their customers.	
ICELAND	Parliament	Art. 5, para. 1 of the Act on Securities Transactions states that a financial undertaking shall provide its customers with clear and comprehensive information and that the information must be clear, sufficient and not misleading.	
IRELAND	IFSRA	<u>COC, Section 4.1</u> A firm must not recklessly, negligently or deliberately mislead a client as to any perceived advantages or disadvantages of a contemplated transaction.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> °°° Article 28 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> Article 96, paragraph n. 3 and 4 of Consob Regulation 11522 <i>(Rules of presentation and conduct towards investors)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to the circular CSSF 2000/15 the professional shall make adequate disclosure of relevant material information in his dealings with his clients.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not Implemented	Standard can be considered as not implemented, as, although there are rules concerning this subject, these appear not to have a legal base in legislation. Negotiations with the ministry of Finance are under way.

			Whereas the Bte and NR do not literally state that information must be fair, clear and misleading, information requirements in the Dutch regulations are more detailed and specific than standard 25.
NORWAY	Parliament	STA, section 9-2, which explicitly states that investment firms shall make adequate disclosure of relevant information in dealing with its clients.	
PORTUGAL		Article 7 and article 312/3 of the Portuguese Securities Code	
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the Securities Markets". Article 5 "Information to clients" Ministerial Order 25 October 1995. Ministerial Order 7 October 1999 CNMV Circular 1/1996 dated 27 th March 1996 CNMV Circular 2/2000 dated 30 th May 2000	
SWEDEN	1) Parliament 2) Finansinspektionen	1) The Securities Business Act (1991:981), Chap 1 Section 7 Chap 1 Section 7 explicitly requires investment firms to provide sufficient information in their contacts with customers in respect of such circumstances as are significant in this context. 2) Regulation on Conduct of Business Rules (2002:7), Chap 5 Section 1 Chap 5 Section 1 explicitly requires the information to be accurate and adapted to the customer's information requirements	
UNITED KINGDOM	FSA	FSA Handbook Principle 7 (Communications with clients) provides that a firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading. COB 2.13R states that where a firm communicates information to a customer, the firm must take reasonable steps to communicate in a way that is clear, fair and not misleading.	
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 8 and Paragraphs 1 and 2 of Part I and Part III of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	Pursuant to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, this information is provided before the conclusion of an agreement between the Investment Firm and the client, there also being a continuing obligation incumbent upon the firm to inform its customers prior to any significant change in the material circumstances underlying their contractual relationship.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) a) e) l) m) n) of the Securities Act; PART TWO, Sect. 12, 16, 22, 23 and 24 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA, operator of stock exchange	SMA § 87.	
HUNGARY	Parliament Government	Section 115 of CMA Section 2 and 6 of Government Decree 205/1996	Investment service providers and commodities brokers shall inform their clients, prior to entering into a contract concerning the services they provide as licensed, on the

			<p>current prices of investment instruments and/or exchange-traded instruments, on previous changes in such prices, on the marketability of the instruments, on public information, on the risks involved, on the investor protection scheme if any, and shall supply <u>all other information that may be of consequence regarding the conclusion and settlement of the contract</u>. Investment service providers and commodities brokers shall include a clause in their contracts verifying receipt of said notifications and information.</p> <p>Investment service providers and commodities brokers must inform their clients regarding any and all contractual fees and charges.</p> <p>Whenever business is conducted between an investment service provider, or a commodities broker, and a client exclusively by electronic means, the investment service provider, or the commodities broker must operate or contract the use of an information system so as to ensure access for the client to the information specified above.</p> <p>The details of information to be provided to customers under Section 115 of CMA have to be included in the investment service provider's internal business rules. The internal business rules must also regulate the frequency and method of information supply to customers.</p> <p>Hungarian regulation obliges investment service providers to provide every pieces information for their customers, which may affect the investment contract. Although CMA does not regulate information to be provided for the customers or the content of the investment contract in detail, this general obligation provides the basis to protect the customers and to offer them information on the basis of which they can be well informed about their investment.</p>
LATVIA	Parliament	Article 126 of the Law on the Financial Instruments Market requires that, prior to entering into an agreement on provision of investment services and non-core investment services, the investment services provider is obliged to disclose full information pertaining to the particular service and related financial risks to the client.	
LITHUANIA		When carrying out their activities, intermediaries must in dealings with clients, disclose to them adequately relevant material information, including information on the investor compensation scheme or the absence of such a scheme. (Art. 24.3.5 of the LSM)	
MALTA	MFSA	In terms of SLC 3.05 of Part C I of the ISG, an investment firm is required to ensure that adequate disclosure of relevant material information to prospective and actual customers in a way which is fair, clear and not misleading.	
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared	Polish Securities and Exchange Commission is responsible

		which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged to ask client, depending on the type and range of services requested by the client, for the information about his financial position, experience with investing in financial instruments, and the objectives the client seeks to achieve through the requested service, and to provide investment services with respect to the determined level of professional knowledge and experience of the client served in the client's interest. Investment firm is obliged too provide the client to important information related to the transaction and advise him of important facts and risks associated with transaction, request from the client a written approval should additional financial commitments arise from the execution of an instruction, and report to the client without undue delay any transactions concluded on his behalf.
SLOVENIA	Parliament	SMA-1 A: 139, P:2 and P:3 A: 140, P:1	

Rule 27	<i>The firm must ensure that information provided to customers is clear and comprehensible. The content and purpose of the information should be easily understood and key items should be given due prominence. The method of presentation of the information must not disguise, diminish or obscure important warnings or statements.</i>		
Country	Implementing Authority(ies)	Implementing Measure⁵	Comments
AUSTRIA	AP AFEC, FMA	Art. 13 para 4 ASSA 4.1.Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998) Please see also 25	Clear and comprehensive information duties are widely laid down in provisions of the Art. 13 par. 4 ASSA and the GL and can be assumed as common market standard and applied practice. The GL is based on the fundamental idea of giving costumers all information they need for finding out which financial instrument does comply with his needs. Following the GL the customer gets complete, correct, on a timely basis and an under stable advice within the provision of investment services. This rule does not require further implementing measures and is already fully implemented.
BELGIUM	Idem	See St. 25	See St. 25

⁵ Any derogation to the application of the implementing measures should be mentioned.

DENMARK	Parliament	Section 2, and section 3, in the Marketing Practices Consolidated Act no. 699 of July 17, 2000 as amended by Act no, 428 of 6 June 2002 (The above mentioned rules state that investment firms should provide proper information to customers according to the nature of the investment services offered, including any risks involved. It shall be a legal offence to make use of any false misleading or unreasonably incomplete indication or statement likely to affect the demand for services.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2, Chapter 4, Section 1 and Chapter 2, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004
FRANCE	AMF	Articles 19 and 24 of COB Regulation 96-03 (on portfolio management) and Article 3-3-5 of the GR of the CMF (on adaptation to professional competency of the customer). The courts have also awarded damages to customers in the circumstances mentioned in this rule.	The AMF requires that customer information meets this standard. In addition, the AMF is empowered to require investment firms to submit all marketing documents prior to their publication and have them modified if they are considered unsuitable.
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.2 par 3	
GREECE		Sections 6.1 and 7.2 (a) of the Code of Conduct of Investment Services Firms set out the quality, the content and purpose of information to be provided to customers.	
ICELAND	FME	Art. 5, para. 1 of the Act on Securities Transactions states that a financial undertaking shall provide its customers with clear and comprehensive information and that the information must be clear, sufficient and not misleading.	General clause regarding FME's Directive Requests: The FME plans to make changes to Directive Request no. 1/2001 and to issue a new directive request to fulfill its obligations to implement the CESR standards on investor protection, where this is within its authority. A first consultation paper regarding the CESR standards on investor protection was issued in October 2003. A second consultation paper will be published in the first half of 2004. Finalized Directive Requests on investor protection are estimated to have taken effect in the third quarter of 2004. This estimated timing of implementation is made with the reservation that it is subject to the outcome of the consultation process, where among other matters, the authority of the FME to implement some of the rules may be called into question.
IRELAND	IFSRA	<u>COC, Section 4.1</u> As at 25 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule n. 25 Article 28, paragraph n. 1 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 25	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force..

LUXEMBOURG	CSSF	All information conveyed to the client must be clear, truthful, accurate and complete and presented in language which is comprehensible, in a form which is appropriate and in a manner which reflects the professional's assessment of the knowledge and experience of his client (principle 5.6. of the circular CSSF 2000/15). The professional shall inform the client about the products and services offered and draw his attention to the risks inherent in each case of these. The professional shall warn the client that losses may be sustained and that the past performance is no guarantee of future results. In the event of a significant loss arising as a result of investments made on behalf of the client under a discretionary mandate, the professional shall inform the client promptly of the status of his portfolio. Where the client enters into a "hold-mail" agreement with a financial sector professional, the applicable agreement shall provide for an emergency contact address in the event of a significant loss sustained in the context of a discretionary portfolio management mandate (principles 5.4. and 5.10. of the circular CSSF 2000/15).	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented Securities firms must provide clients in an appropriate manner with the information and documents that are necessary for a proper assessment of the provided services. The regulations list specific requirements for the content of the provided information (art 33 NR 2002)	Standard can be considered as not implemented, as, although there are rules concerning this subject, these appear not to have a legal base in legislation. Negotiations with the ministry of Finance are under way. Dutch regulations are more specific than the CESR standard.
NORWAY	Parliament	According to STA section 9-2 par 1 subpar 1, 2 and 5 the investment firm shall act in an orderly and correct manner in the performance of its activities and execute received assignments with due care and dispatch, and in its conduct display the necessary competence, care and interest. In addition the investment firm shall make adequate disclosure of relevant information in dealing with its clients.	If the investment firm do not fulfil the conditions in rule 27, Kredittilsynet might conclude that it is a breach of the abovementioned provision and for instance issue a corrective order according to STA section 12-4.
PORTUGAL		Article 312 of the Portuguese Securities Code	
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the Securities Markets". Article 5 "Information to clients". Ministerial Order 25 October 1995. Ministerial Order 7 October 1999 CNMV Circular 1/1996 dated 27 th March 1996 CNMV Circular 2/2000 dated 30 th May 2000	
SWEDEN	1) Parliament 2) Finansinspektionen	1) The Securities Business Act (1991:981), Chap 1 Section 7 Chap 1 Section 7 explicitly requires investment firms to provide sufficient information in their contacts with customers in respect of such circumstances as are significant in this context. 3) Regulation on Conduct of Business Rules (2002:7), Chap 5 Section 1 explicitly requires the information to be accurate and adapted to the customer's information requirements	
UNITED KINGDOM	FSA	COB 3.8.5E(1)(f): a firm should take reasonable steps to ensure that the design, content or format of a non-real time financial promotion does not disguise, obscure or diminish the significance of any statement, warning or	The general requirement in Principle 7 is supported by specific requirements in COB 2.1, 3.8.4R (1) and 3.8.22R(1).

		other matter which the financial promotion is required to contain under the relevant regulations. Please see also the comments on CESR Standard 25.	
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 8 and Paragraphs 1 and 2 of Part I of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	Pursuant to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, this information is provided before the conclusion of an agreement between the Investment Firm and the client.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) a) and n) of the Securities Act	
ESTONIA	The EFSA, operator of stock exchange	SMA § 87. Guideline. Rules and Regulations “Membership Rules” p 8.4.1: Any information given by a member of the exchange to a client shall be accurate and timely, to allow the client to make a well considered and conscious investment decision.	
HUNGARY		See comments for paragraph 25.	
LATVIA	Parliament	Article 128 of the Law on the Financial Instruments Market requires the investment services provider to operate with due care and diligence, providing proper and professional performance in the best interests of its clients, agreements may not contain any provisions that are directed against a client, etc.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 3.05 (b), (g) and (h) of Part C I of the ISG	The SLCs contained in Section 5 of Part C.I. of the ISG, moreover prohibit investment advertisements from containing any statement, promise or forecast which is untrue or misleading. Moreover, the investment firm is required to ensure that the content and form of the advert shall not cause it to be misunderstood. In addition, the investment firm must ensure that the advert contains sufficient information about the service or product being advertised, and about other relevant matters, to enable the client or potential client to understand what is being offered and the risks involved.
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	Polish Securities and Exchange Commission is responsible for drafting and Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF Ministry of Culture(MC) FMA	Act No 566/2001 on Securities and Investment Services Article 73 Commercial Code and Code on Advertising No 147/2001 Article 3 paragraphs 3 and 6	See above.
SLOVENIA	Parliament	SMA-1 A: 139, P:2 and P:3	The contents of documents and information communicated to clients by investment firms are in great

		A: 140, P:1	extent defined by the Agency in its by-laws issued in accordance with the Securities Market Act. Also the Agency supervises investment firms' operations and checks the implementation of those rules in practice.
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Standard 26			
<i>An investment firm must supply its customers on a timely basis with the information that enables them to make informed investment decisions.</i>			
Country	Implementing Authority(ies)	Implementing Measure⁶	Comments
AUSTRIA	AP AFEC/FMA	Art. 13 par. 4 ASSA 4.1.Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	This standard is statutorily implemented in the ASSA and additionally in the GL. As mentioned under rule 27 the customer gets information on a timely basis, to enable him to understand the effects of his investment decision, which is in our point of view is the fully implementation of standard 26. This rule does not require further implementing measures.
BELGIUM	Idem	See St. 25	See St. 25
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 1 and Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment services (201.7).	
FRANCE	AMF	Article 6-3-4 of the GR of the CMF	This provision requires custodians to inform their clients “as soon as possible” of corporate actions requiring a response from the holder (e.g. rights issue, takeover bid), other events affecting the client’s rights and the execution of trades or other movements in the financial instruments or cash held in the name of the client. This appears to be a reasonable interpretation of the scope of this standard.
GERMANY	BaFin	Section 3 I par. 2 WpHG Guideline, Part B.2.2. par 1	
GREECE		According to sections 6.1 and 6.2 of the Code of Conduct of Investment Services Firms, customers should be supplied on a timely basis with the information that enables them to make informed investment decisions.	
ICELAND	Parliament	Art. 5, para. 1 of the Act on Securities Transactions states that a financial undertaking shall provide its customers with clear and comprehensive information, for instance, on the investment choices open to them. The information must be clear, sufficient and not misleading, enabling the customers to make an informed	

⁶ Any derogation to the application of the implementing measures should be mentioned.

		investment decision.	
IRELAND	IFSRA	<u>COC, Section 11</u> Contract Notes & Confirmation Notes, Section 11.1 to 11.8 <u>COC, Section 17 and Relevant Tables</u> Periodic Information, Section 17.1 to 17.8 <u>COC, Section 2</u> Client Documentation, Section 2.1 to 2.7 COC, Section 13 Additional Disclosure Requirements	See HISF, COC, page 12 See HISF, COC, page 18 See HISF, COC, page 4 A firm is required to make adequate disclosure of relevant material information in its dealings with clients...when recommending a transaction to a client...
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule n. 25 ○○○ Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	See 27	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Partly implemented The NR 2002 says that information shall be provided on time and in such a form that its meaning and implications can be reasonably understood (art 38 NR 2002)	The meaning of the Dutch regulations seems to be narrower than the CESR standard.
NORWAY	Parliament	STA, section 9-2 According to STA section 9-2 par 1 subpar 5 the investment firm shall make adequate disclosure of relevant information in dealing with its clients.	If the investment firm do not supply its customers on a timely basis with the information that enables them to make informed investment decisions, Kredittilsynet will consider it to be a breach of section 9-2 and for instance issue a corrective order according to STA section 12-4.
PORTUGAL		SC articles 7, 85/4/a), 312/3 and 332/2/f) CMVM Regulation n° 12/2000, arts. 40, 42 and 71	Financial intermediaries must provide to their clients all periodic information that allows them to make informed investment decisions. This principle is implemented under article 312 of the SC. For the several intermediation activities, it is also implemented through the rules that require the sending of extracts of accounts of the securities' portfolio (article 85/4/a) of the SC), of the financial position (article 71 of CMVM Regulation 12/2000, the reporting of completed transactions /articles 40 and 42 of CMVM Regulation 12/2000) or the portfolio composition (article 332/2/f of the SC).
SPAIN	Parliament/ Government/Ministry of Economy / CNMV	Law 24/1988 Securities Markets Act Title VII "Conduct of Business Rules". Article 79 e). Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the Securities Markets". Ministerial Order 25 October 1995. Ministerial Order 7 October 1999 CNMV Circular 1/1996 dated 27 th March 1996 CNMV Circular 2/2000 dated 30 th May 2000	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 5 Section	

		1 Chap 5 Section 1 explicitly requires the information to be accurate and adapted to the customer's information requirements	
UNITED KINGDOM	FSA	Principle 7 (Communications with clients) provides that a firm must pay due regard to the information needs of its clients, and communicate information to them in a way that is clear, fair and not misleading. COB 3.9.6R and 3.9.7R (direct offer financial promotions): a direct offer financial promotion must contain sufficient information to enable a person to make an informed assessment of the investment or service to which it relates. COB 5.4 (Customers' understanding of risk), e.g., COB 5.4.2G the purpose of this section is to ensure that a firm takes reasonable steps to ensure that a private customer understands the nature of the risks inherent in certain transactions.	There is no express principle that would require the provision of information in all cases. However, information requirements are imposed in certain specific circumstances where this is appropriate in view of the level of responsibility assumed by the firm to the customer and the nature of the financial instruments in question.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Annex 3 and Paragraph 2 of Annex 12 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	Securities Act:: Art. 47b sec 1e)	
ESTONIA	The EFSA.	SMA § 87 p 2. Guideline.	
HUNGARY		See comments for paragraph 25.	
LATVIA	Parliament	Article 126 of the Law on the Financial Instruments Market requires that the investment services provider shall continue rendering of the information without any special request from the client during the whole process of the investment service provision if the relevant information changes or is updated..	
LITHUANIA		A public trading intermediary shall, in the manner and form stipulated beforehand, inform the client of the peculiarities and risks related to acquisition, accounting and realisation of the rights of ownership attaching to securities not registered with the Securities Commission, as well as about any other peculiarities or increased risk which is generally not characteristic of services provided previously, transactions, or securities (Art. 25.2 of the LSM).	
MALTA	MFSA	Vide reply to 27 above.	
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	I Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA	Parliament	SMA-1 A:144	All these provisions regulate the reports, which must be supplied to the customer by the investment firm. The contents of these

		A: 145, P:1 A: 152 A: 162 A: 163 A:166 A: 170	reports are set out by the Agency's Decision on the Provision of Services with regard to Securities. As for the information on the issuers of securities – which enables the investor to make an informed decision to buy or sell securities – this is regulated by the provisions on reporting by the issuers, also included in the SMA – 1 (A 62-67).
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Rule 28			
<i>In supplying information on a timely basis the investment firm must take into consideration: a) the urgency of the situation and b) the time necessary for a customer to absorb and react to the information provided and c) the terms of business agreed with the customer.</i>			
Country	Implementing Authority(ies)	Implementing Measure⁷	Comments
AUSTRIA	AP AFEC, FMA	Art 13 par 4 ASSA 4.1. c. Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	Timely based information to the customer under consideration of the items mention under a) to c) are common market standard and intentionally covered by provisions of the ASSA. Furthermore, the GL lays down that the customer needs to get complete, correct, timely and understandable information in order to assess the effects of the investment. As already mentioned under Standard 26 and 27 it is laid down in the GL that the investment firm has to enable the customer to get to know and understand the characteristics, the changes, the risks of the investment form and to consider the investment form as appropriate for him. This means the investment firm needs to give him all the information and all the time the customer needs to make the right investment decision. This is in our opinion of the full implementation of standard 28. This rule does not require further implementing measures.
BELGIUM	Idem	See St. 25	See St. 25
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment services (201.7).	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article6-3-4 of the General regulation of CMF	This explanation of “timely” has not been implemented but article 6-3-4 requires that customers receive “as soon as possible” the relevant information
GERMANY	BaFin	Not implemented Amendment of guideline needed	
GREECE		Sections 5.1 (a) and 5.1 (b) of the Code of Conduct of Investment	

⁷ Any derogation to the application of the implementing measures should be mentioned.

		Services Firms, provide that investment services firms should act on a timely basis for the provision of services to their customers.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 11</u> <u>COC, Section 17</u> <u>COC, Section 2</u> As at 26 above	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 28, paragraph n. 1 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 25 Article 96, paragraph n. 1 and 3 of Consob Regulation 11522 <i>(Rules of presentation and conduct towards investors)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	See 27	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Dutch regulations require timely provision of information, but do not specify.
NORWAY	Parliament	The introductory terms in STA section 9-2 states that the investment firm shall carry on its activities in accordance with rules of good business conduct. To promote the best interests of clients and the integrity of the market the firm shall according to par 1 subpar 1 act in an orderly and correct manner in the performance of its activities and execute received assignments with due care and dispatch, and in its conduct display the necessary competence, care and interest. Section 9-2 par 2 states that when executing orders the investment firm shall, in applying the first paragraph subparagraphs 1-6 adapt to the investor's level of professionalism.	If the investment firm do not take into consideration: a) the urgency of the situation and b) the time necessary for a customer to absorb and react to the information provided and c) the terms of business agreed with the customer Kredittilsynet will consider it to be a breach of section 9-2 and for instance issue a corrective order according to STA section 12-4.
PORTUGAL		SC articles 7, 304/1 and 2, article 312/3 and 323/ b), c) and d)	This Rule is implemented into the domestic legal framework by the established in articles 7 and 312 of the SC, which state the general requirements to be observed in the provision of information by financial intermediaries to their clients. On the other hand, it also stems from the general duties of conduct of financial intermediaries, namely those provided for in paragraphs 1 and 2, article 304 of the SC. In relation to any investment service, namely reception and transmission of orders, further to the duties of periodic information to the client and to the above-mentioned general duties of information, the financial intermediary is specifically compelled to inform the client of any extraordinary events (article 323/c) and d) of the SC). In any case, the intermediary is always compelled by stricter duties than it may have agreed with its client.
SPAIN	Government/Ministry of	Royal Decree 629/1993, of 3 May, Governing Rules of Action in	

	Economy / CNMV	the Securities Markets and Obligatory Record-Keeping, Article 16.2 “Information to clients regarding transactions which have been performed” and article 5.1 “Information to clients” of the Annex “General Code of Conduct for the Securities Markets”.	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	Principle 7 (Communications with clients) applies - a firm must pay due regard to the information needs of its clients (as well as communicating information to them in a way that is clear, fair and not misleading)	Please see the comments on CESR Standard 26. There is no general rule according with CESR Standard 28 but there are numerous examples where firms are required to take into account time for customers to absorb information and the terms of business agreed. A prominent example is that a firm must not enter into a client agreement unless it has taken reasonable care to ensure that the private customer has had an opportunity to consider the terms: COB 4.2.7R.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Annex 3 and Paragraph 3 of Annex 12 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	The urgency of the situation is not explicitly mentioned, however, on proper construction of the relevant part of the Code, it is deemed to be implicit in its tenor. In any case it will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	Securities Act:: Art. 47b sec 1e)	
ESTONIA	The EFSA.	Guideline	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA			Not catered for in local legislation.
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA	Parliament	SMA-1 A: 144, P:2 A: 145, P:1 (immediately) A: 152 A: 162	Usually the SMA-1 prescribes the following working day as the day on which the client must be supplied by the relevant report/statement by the investment firm. In case of refusal to take an order the time frame is “immediately”. Statement on the balance of and transactions on an account is

		<p>A: 163 (on an annual basis, shorter periods can be agreed upon) A: 166 (at each deposit or withdrawal) A: 170 (once every three months, shorter periods can be agreed)</p>	<p>presented on an annual basis, with the possibility for shorter periods to be agreed upon between the investment firm and the client. Confirmation of deposit/ withdrawal of securities, issued in writing and kept at the investment firm, must be issued at each deposit/withdrawal of such securities. Report on investment balance involving a statement of transactions must be presented to the client, for which the investment firm provides services with regard to securities management, once every three months, with the possibility for shorter periods to be agreed upon between the investment firm and the client. As already mentioned, the information on the issuers is to be supplied to the market and the investors by the issuers themselves.</p>
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2.2.) MARKETING COMMUNICATIONS ⁸

Standard 29			
<i>If an investment firm provides information in a marketing communication it must be fair, clear and not misleading.</i>			
Country	Implementing Authority(ies)	Implementing Measure⁹	Comments
AUSTRIA	AP	<p>Art. 2 Law against unfair competition (UWG)</p> <p>ASSA ABA</p>	<p>Art. 2 UWG generally lays down that unfair competition and misleading information in advertisement is forbidden. The provision of fair, clear and not misleading marketing communication is also captured by general diligence regulations in the ASSA and the ABA and it is market standard and applied practice. This standard does not require further implementing measures.</p>
BELGIUM	Idem	<ul style="list-style-type: none"> - Art. 36, § 1, 5°, L. 6 April 1995 - Art. 18, § 4, L. 22 April 2003 on public offerings - Art. 18 and 19 RD of 5 August 1991 on portfolio management - RD 5 December 2000 (application of Law on Fair Trading Practices to securities and financial instruments) - Art. 22, § 1 RD of 4 March 1991 on certain undertakings for collective investment and CBFA circular ICB/1/93 of 20 July 1993 - Art. 5, 6 and 9 of the Market Regulation of the off-exchange regulated market in government bonds 	<p>To come into effect later: Art. 26, 3° L. 2 August 2002 Changes in legislation possible when implementing the Distance Marketing Directive, the UCITS-directives and the ISD2. Further implementing measures of the Law on Fair Trading Practices on minimum requirements for advertisements for financial products planned..</p>
		<p>Section 2, in the Marketing Practices Consolidated Act no. 699 of July 17, 2000 as amended by Act no, 428 of 6 June 2002 Financial Business Act, section 3</p>	

⁸ This is without prejudice of EU or national provision requiring authorisation and/or other requirements affecting the provision of marketing services.

⁹ Any derogation to the application of the implementing measures should be mentioned.

		Executive order on Conduct of Business section 3 (The above mentioned rules state that investment firms should act honestly and fairly towards customers. It shall be a legal offence to make use of any false misleading or unreasonably incomplete indication or statement likely to affect the demand for services.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2, Chapter 4, Section 1 and Chapter 2, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	
FRANCE	Parliament/AMF	Misleading Advertising Act Article 24 of COB Regulation 96-03 on portfolio management Article 341-11 of the MCF.	This Act applies to all forms of advertising, including the marketing of financial services and investment services. The new statutory provisions on solicitation include however a standard on the quality of information provided to the potential customer (article 50 of the Financial Security Act of 1 August 2003, consolidated into article 341-11 of the MFC). The COB provision requires advertising and all documentation given to the customer relating to portfolio management to be “consistent with the service proposed” and to mention in particular the risks associated with the service.
GERMANY	Legislator / BaFin	Not implemented BaFin may prohibit certain types of advertising (Section 36b WpHG) Amendment of guideline and possibly of law needed	
GREECE		Section 4.4 of the Code of Conduct of Investment Services Firms sets out the standards of information to be provided in a marketing communication, requiring among others that information is fair, clear and not misleading.	
ICELAND	Parliament	Art. 5, para. 4 of the Securities Act: “In its advertisements and other promotional activities, a financial undertaking must take care to provide correct and detailed information of its activities.” Art. 5, paragraph 1 of the Securities act: “Information which a financial undertaking provides to its customers must be clear, sufficient and not misleading...”	
IRELAND	IFSRA	<u>AR, Section 1.3</u> Firms are obliged to ensure that the advertisement: (a) is fair and not misleading and (b) where applicable, includes the disclosures set out in these Advertising Requirements.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○ Article 101, of Legislative decree n. 58/1998 <i>(Advertisements)</i> ○○ Article 17 of Consob Regulation 11971	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		<i>(General criteria for preparing advertisements)</i>	
LUXEMBOURG	CSSF	According to principle 5.11. of the circular CSSF 2000/15 the professional shall at no time engage misleading advertising with respect to the services offered by him. Furthermore, as the information conveyed to the client must be clear, truthful, accurate and complete, the information provided by an investment firm must be fair, clear and not misleading.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented Annex 7 to the Further Regulations state that regulations must be correct, not misleading and clear.	Standard can be considered as not implemented, as, although there are rules concerning this subject, these appear not to have a legal base in legislation. Negotiations with the ministry of Finance are under way.
NORWAY	Parliament	STA section 9-2 <i>Marketing Control Act section 2 explicitly prohibits in the conduct of business to use an incorrect or otherwise misleading representation which is likely to influence the demand for or supply of goods, services or other performances. The Act applies to investment firms.</i>	
PORTUGAL		Article 7 and article 312/3 of the Portuguese Securities Code	
SPAIN	Parliament	Law 24/1988 Securities Markets Act. Article 94 Art. 3 of Royal Decree 629/1993, the consumers' law and the law on publicity and advertising.	
SWEDEN	Parliament	The Marketing Act (1995:450) Explicitly stated in Section 4 and 6	
UNITED KINGDOM	FSA	Please see 25-28, above. COB 2.1.3R (clear, fair and not misleading communications) COB 3.8.4R (non-real time financial promotions) COB 3.8.22R (real time financial promotions).	Generally, a firm must take reasonable steps to communicate in a way that is clear, fair and not misleading (COB 2.1.3R). For financial promotions, a firm must be able to show that it has taken reasonable steps to ensure that: (1) a non-real time financial promotion is clear, fair and not misleading; and 1 the individual making the real time financial promotion does so in a way which is clear, fair and not misleading.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 6 and Paragraph 1 of Part II of Annex 2 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act; PART TWO, Sect. 24 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA, the operator of stock exchange	Guideline. The Rules and Regulations of Tallinn Stock Exchange "Membership Rules" p 8.8: Any investment advice published by a member of the Exchange must be accurate and truthful.	
HUNGARY	Parliament	It is forbidden to publish misleading advertisements. Subsection 1 of Section 7 of Act LVIII of 1997 on Business	<i>Misleading advertising:</i> means any advertising which in any way, including its presentation, deceives or is likely to deceive the

		Advertising Activity	persons to whom it is addressed or whom it reaches and which, for reason of its deceptive nature, is likely to affect their economic behaviour or which, for those reasons, injures or is likely to injure a competitor who is engaged in the same or similar activities. (Point n) of Section 2 of Act LVIII of 1997 on Business Advertising Activity)
LATVIA	Parliament	Currently there are no specific rules regarding the marketing communications made by investment brokerage companies. According to Article 88(2) of the Law on the Financial Instruments Market, dissemination of false or misleading information is deemed to constitute market manipulation. Besides a marketing communication issued by investment brokerage companies must comply with the general rules defined by the Law on Advertising.	
LITHUANIA		Published information may contain only references to the activity, which intermediary it allowed to engage in, according to its licence (Item 2 of the Resolution of the LSC regarding publication about services provided by intermediaries in public trading in securities). Advertising must be: 1) proper and accurate; 2) clearly recognizable. (Art. 3 of the Law on Advertising)	
MALTA	MFSA	In compiling or approving an investment advertisement, an investment firm, SLC 5.05 (a) – (c) and SLC 5.06 (a) of Part C I of the ISG apply.	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged, in promoting its financial services, to refrain from using untrue or misleading information, from withholding important information, and from offering benefits which it cannot guarantee.
SLOVENIA	Parliament	SMA-1 A: 135, P:2	

Standard 30	<i>The promotional purpose of marketing communications issued by an investment firm must not be disguised.</i>		
Country	Implementing Authority(ies)	Implementing Measure¹⁰	Comments
AUSTRIA	AP	Art. 2 Law against unfair competition (UWG)	Art. 2 UWG generally lays down that unfair competition and

¹⁰ Any derogation to the application of the implementing measures should be mentioned.

	FMA/AFEC		misleading information in advertisement is forbidden It is within the scope of general diligence and information provision of the ASSA and ABA and common market standard that promotional purposes of marketing communications are not disguised. This standard does not require further implementing measures.
BELGIUM	Idem	See St. 29 See especially Art. 23,5° Law of 14 July 1991 on Fair Trading Practices	See St. 29
DENMARK	Parliament	Section 2, in the Marketing Practices Consolidated Act no. 699 of July 17, 2000 as amended by Act no, 428 of 6 June 2002 (The above mentioned rule states that it shall be a legal offence to make use of any false misleading or unreasonably incomplete indication or statement likely to affect the demand for services.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2, Chapter 4, Section 1 and Chapter 2, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	
FRANCE	Parliament/AMF	Article 24 of COB Regulation 96-03	See above.
GERMANY		See 29	
GREECE		According to section 4.4. (a) of the Code of Conduct of Investment Services Firms “the advertisement’s intended purpose and object should be clearly stated”.	
ICELAND	FME		General clause regarding FME’s Directive Requests: The FME plans to make changes to Directive Request no. 1/2001 and to issue a new directive request to fulfill its obligations to implement the CESR standards on investor protection, where this is within its authority. A first consultation paper regarding the CESR standards on investor protection was issued in October 2003. A second consultation paper will be published in the first half of 2004. Finalized Directive Requests on investor protection are estimated to have taken effect in the third quarter of 2004. This estimated timing of implementation is made with the reservation that it is subject to the outcome of the consultation process, where among other matters, the authority of the FME to implement some of the rules may be called into question.
IRELAND	IFSRA	<u>AR, Section 1.7, 1.8</u> 1.7 The design and presentation of an advertisement should allow it to be easily and clearly understood. Where footnotes are used they should be of sufficient size and prominence to be easily legible; where appropriate they should be linked to the relevant part of the main copy. 1.8 An advertisement should always be designed and presented so that any person who looks at it can see immediately that it is an advertisement.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998	Consob has already published for consultation a revision of its

		<i>(General criteria)</i>	regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	As the information must be clear, the promotional purpose of marketing communications issued by an investment firm must not be disguised.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Ibid.
NORWAY	Parliament	STA, section 9-2 <i>Marketing control Act section 1 explicitly states that all marketing shall be designed and presented in such a way that it clearly appears as marketing.</i>	
PORTUGAL		Article 8/1 and 9 of the Portuguese Publicity Code	
SPAIN	Parliament/Ministry of Economy	Law 24/1988 Securities Markets Act. Article 94 Art. 3 of Royal Decree 629/1993, the consumers' law and the law on publicity and advertising.	Article 94 establishes that the Ministry of Economy and Finance is empowered to issue the special rules that marketing communications must follow.
SWEDEN	Parliament	The Marketing Act (1995:450) Explicitly stated in Section 5	
UNITED KINGDOM	FSA	COB 3.8.5E(1)(a) provides that a firm should take reasonable steps to ensure that the promotional purpose of a non-real-time financial promotion, its promotional purpose is not in any way disguised or misrepresented. COB 3.8.22R(3) provides that a firm must take <u>reasonable steps</u> to ensure that an individual who makes a real time financial promotion on the firm's behalf makes clear the purpose of the financial promotion at the initial point of communications.	Please see comment on CESR standard 29. COB 3.8.5 and 3.8.22 only require the taking of reasonable steps. They also do not apply to exempt financial promotions. However, COB 2.3.1R and Principle 7 would apply to exempt financial promotions.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 1 of Part II of Annex 2 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act Decree on Detailed organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 24	
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 29.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Advertising must be clearly identifiable according to its form of presentation. Should there exist the likelihood that due to its form of presentation, the consumers of advertising may not recognize the advertisement disseminated in the public information media, such advertising must be marked with the word "Advertisement." Surreptitious advertising shall be banned. (Art. 8 of the Law on Advertising)	
MALTA	MFSA	Vide reply to 29 above.	
POLAND	Parliament for the law	There is a draft of a new Polish Law on Public Trading of Securities	Polish Securities and Exchange Commission is responsible for

	Council of Ministers for the decree	prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA	Parliament Securities Market Agency	Act on Protection of Costumers Decision on Advertising with Regard to Securities and Services Related to Securities A: 2, Point 3	The Act on Protection of Costumers prescribes the rules of advertising, which also include the prohibition of misleading advertising and in addition the obligation of those firms, advertising on the Internet, to explicitly and clearly state, when the message is of marketing nature.

Rule 31			
<i>The information provided by an investment firm in a marketing communication must be consistent with the information it provides to its customers in the course of the provision of the investment services.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹¹	Comments
AUSTRIA	AP /AFEC	Please see 30.	Please see 30
BELGIUM	Idem	See St. 29	See St. 29
DENMARK	Parliament	Section 2, in the Marketing Practices Consolidated Act no. 699 of July 17, 2000 as amended by Act no, 428 of 6 June 2002 Executive order on Conduct of Business, section 3 (The above mentioned rules state that investment firms should act honestly and fairly towards customers. It shall be a legal offence to make use of any false misleading or unreasonably incomplete indication or statement likely to affect the demand for services.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 1 of the Securities Market Act	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	Parliament/AMF	Article 24 of COB Regulation 96-03	See above.
GERMANY		See 29	
GREECE		According to section 4.4 (d) of the Code of Conduct of Investment Services Firms, the information provided by an investment services firm must be consistent with the information that an investment services firms provides to its customers in the ambit of the provision of services.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>AR, Section 1.4</u> The advertisement must not give any false or misleading	See HISF, AR, page 3

¹¹ Any derogation to the application of the implementing measures should be mentioned.

		indications	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (<i>General criteria</i>) See above rule n. 30	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	See 27	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented. Implicit to Annex 7 NR 2002: The picture that the public may form of the offer of a firm based upon the information provided shall not deviate fundamentally from the picture that may be created in accordance with the information that is required to be provided in according with Dutch rules	Ibid.
NORWAY	Parliament	Awaiting authority in law to provide further regulations	
PORTUGAL		Article 7/2 and article 312/3 of the Portuguese Securities Code	
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Article 13.3 "Disclosure of commissions"	Article 13 of Royal Decree 629/1993 only makes reference to the Disclosure of commissions
SWEDEN	Parliament	The Marketing Act (1995:450) Explicitly stated in Section 6	
UNITED KINGDOM	FSA	COB 3.8.4R (non-real time financial promotions) COB 3.8.22R (real time financial promotions). COB 2.1.3R (clear, fair and not misleading communications) Generally, a firm must take <u>reasonable steps</u> to communicate in a way that is clear, fair and not misleading. For financial promotions, a firm must be able to show that it has taken reasonable steps to ensure: non-real time financial promotions are clear, fair and not misleading; and an individual making a real-time financial promotion does so in a way which is clear, fair and not misleading.	1. There is no specific consistency requirement in the same terms as CESR Rule 31. The need for consistency is implicit in the COB provisions – it would be misleading to give inconsistent information in a marketing communication to that given in the course of providing the investment service
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 11 of Part II of Annex 2 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act Decree on Detailed organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 24	There is just a general rule in the Securities Act that says that a stockbroker is obliged not to use any untrue or misleading information, not to conceal any important facts, and not to offer any benefits whose reliability the stockbroker cannot guarantee in the promotion. There is no such a concrete rule for marketing communications.
ESTONIA	The EFSA	Guideline.	
HUNGARY			
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA			There is no specific requirement that information provided in

			marketing communication must be consistent with information provided in the course of the provision of the investment services. However, the requirement exists that information contained in the marketing information should not be untrue or misleading.
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged to provide the client with all important information related to the transaction and advice him of important facts and risk. It is also obliged to request from the client a written approval should additional financial commitments arise from the execution of an instruction.
SLOVENIA	Parliament Securities Market Agency	SMA-1 A: 135 Decision on Advertising with Regard to Securities and Services Related to Securities A: 2, Point 1 and 3	Prior to publication, the Agency must be informed of the content of an ad.

Rule 32	<i>Any marketing communication must contain at least the information about the investment firm defined in points a) and b) of paragraph 36. In case of a cross border marketing communication, the information provided must in addition state that information about the firm can also be obtained from or through the competent authority of the Member State where the customer resides.</i>		
Country	Implementing Authority(ies)	Implementing Measure¹²	Comments
AUSTRIA	AP FMA/AFEC	Please see 30.	Please see 30.
BELGIUM	Idem	Article 67 of the Banking Law (22 March 1993) and Article 6 of the Royal Decree of 20 December 1996 on foreign investment firms. These provisions provide that credit institutions and investment firms using the European passport must mention their home Member State alongside their name, when carrying on their activities in Belgium	See St. 29
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Rahoitustarkastus	No provisions available	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under

¹² Any derogation to the application of the implementing measures should be mentioned.

			discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	Parliament/AMF	MFC Article L.531.11	As regards the first part of this rule, article L.531-11 clearly forbids the investment firm to create any confusion about its identity or authorisation. As regards the second part of this rule, no specific provision addresses this issue.
GERMANY		See 29	
GREECE			An Internal Working Group of Experts has been established within the Hellenic Capital Market Commission aiming at preparing the remaining additional regulations for the full implementation of CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>AR, Sections 1.2, 1.14</u> The name of the firm must be clearly shown in the advertisement. and the firm must refer to its regulatory status	See HISF, AR, pages 3 & 5
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule n. 30	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify: <ul style="list-style-type: none"> the specific obligations arising from the general principles laid down in the provisions at present in force and a) the minimum content of marketing communications.
LUXEMBOURG	CSSF	See 27 and 36	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Ibid. NR2002 lists only a few of the CESR-requirements
NORWAY	Parliament	Awaiting authority in law to provide further regulations	
PORTUGAL			Not implemented
SPAIN	Government/	Royal Decree 867/2001, July 20th 2001, about Investment Firms legal Statutory	
SWEDEN	Parliament	The Marketing Act (1995:450) Explicitly stated in Section 6	
UNITED KINGDOM	FSA	COB 3.8.2R COB 3.8.3G COB 3.8.22R COB complies with much of the substance of the standard but, for example, Re. Point a): a firm/appointed representative can leave either the firm's address or 'contact point' (e-mail, telephone, fax). Re. Point b): a firm is not required to name FSA as its regulator in a financial promotion which it communicates or approves – unless it is a direct offer financial promotion (COB 3.9.6R).	The COB provisions referred to in column 3 are not absolute requirements, but "reasonable steps" requirements.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 4 of Part II of Annex 2 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	There is no specific reference to cross border marketing communication. This matter will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for

			Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act; PART TWO, Sect. 24 a) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers Decree on Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 24	The rule is formulated more generally.
ESTONIA	The EFSA	Guideline.	
HUNGARY			
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		While providing the information in mass media about itself, services provided or while offering the transfer or acquisition of securities, intermediaries must provide the following data: 1.1 the name of the company; 1.2 the residence address; 1.3 the number of the licence issued by the LSC and the category thereof). (Item 2 of the Resolution of the LSC regarding publication about services provided by intermediaries in public trading in securities).	
MALTA	MFSA	SLC 5.10 of Part C I of the ISG <i>inter alia</i> requires an Investment Firm to include the name and address of the Investment Firm in any advertisement, and if it is the case, confirmation that the firm is licensed by the MFSA.	Local legislation does not cater for a standard which would require a cross border marketing communication, to include a statement that information about the firm can also be obtained from or through the competent authority of the Member State where the customer resides.
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning <i>inter alia</i> conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged, in promoting its financial services, to refrain from using untrue or misleading information, from withholding important information, and from offering benefits the which in cannot guarantee.
SLOVENIA	Securities Market Agency	Decision on Advertising with Regard to Securities and Services Related to Securities A: 2, Point 3	

Rule 33			
<i>An investment firm must not use the name of the competent authority in such a way that would indicate endorsement or approval of its services.</i>			
Country	Implementing Authority(ies)	Implementing Measure¹³	Comments
AUSTRIA	AP FMA/AFEC	Please see 30.	Please see 30
BELGIUM	Parliament and Royal Decrees	Art. 16 L. 22 April 2003 on public issue of securities According to Article 78 of the Law of 2 August 2002 can be sanctioned those who knowingly, through declarations or otherwise, intimate or allow it to be believed that the operation or operations that they carry out or intend to carry out are conducted under the conditions stipulated by the laws and regulations whose application is supervised by the CBFA, whereas those laws and regulations either do not apply to them or have not been respected by them.	Additional rules may be adopted by Royal Decree on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	Parliament	Section 2, in the Marketing Practices Consolidated Act no. 699 of July 17, 2000 as amended by Act no, 428 of 6 June 2002 (The above mentioned rule states that it shall be a legal offence to make use of any false misleading or unreasonably incomplete indication or statement likely to affect the demand for services.	Implemented in general terms
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 1 of the Securities Markets Act.	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	Parliament/AMF	Mention of the Authority cannot go beyond the fact that authorisation was granted.	
GERMANY		See 29	
GREECE			An Internal Working Group of Experts has been established within the Hellenic Capital Market Commission aiming at preparing the remaining additional regulations for the full implementation of CESR Standards on Investor Protection. We expect the final outcome of this work to be available at the beginning of 2004.
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>AR, Section 1.14</u> As at 32 above.	Format of Reference to Regulator Prescribed by IFSRA
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule n. 30	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to article 52 (3) of the law of 5 April 1993 on the financial sector no person may , in order to derive any commercial	

¹³ Any derogation to the application of the implementing measures should be mentioned.

		advantage, make reference to its place on an official register and to the fact that it is subject to the supervision of the CSSF.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending		This is not written down explicitly in Dutch law. However, in practice referring to the AFM in this way is not endorsed.
NORWAY	Parliament	Awaiting authority in law to provide further regulations	
PORTUGAL		SC articles 7, 118/3, 296, 312/3 and 365/1	The CMVM holds legality powers, not of merit. Authorisations, approvals or registrations are acts the purpose of which is the assessment of legality, not involving any judgement of merit, neither of the quality of the services provided, nor of the financial instruments, which are traded (e.g., articles 296 and 365/1 of the SC). Pursuant to articles 7 and 312/3 of the SC all information provided by financial intermediaries must be, in particular: complete, truthful and lawful. As such, the financial intermediary cannot make believe that its services or products are recommendable because it is registered with the CMVM. In addition the CMVM has already intervened in situations of this kind, by ordering the financial intermediary not to make use of the (mandatory) information on its register, as a way of making investors believe that, underlying the register, any type of appreciation on the quality of the service provided would exist. The specific area of public offers is ruled by an individual legal provision: article 118/3 of the SC.
SPAIN			Not implemented
SWEDEN	Parliament	The Marketing Act (1995:450) Not explicitly stated	
UNITED KINGDOM	FSA	GEN 1.2.2R provides that unless required to do so under the regulatory system, a firm must ensure that neither it nor anyone acting on its behalf claims, in a public statement or to a client, expressly or by implication, that its affairs, or any aspect of them, have the approval of the FSA. This requirement does not apply to statements that explain, in a way that is fair, clear and not misleading that the firm is an authorised person or that the firm has permission to carry on a specific activity.	
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus		This matter will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act Decree on Detailed organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 24	There is just a general rule in the Securities Act that says that a stockbroker is obliged not to use any untrue or misleading information, not to conceal any important facts, and not to offer any benefits whose reliability the stockbroker cannot guarantee in the promotion. There is no such a concrete rule for marketing communications
ESTONIA	The EFSA	Guideline.	

HUNGARY	Parliament	It is forbidden to publish misleading advertisements. Subsection 1 of Section 7 of Act LVIII of 1997 on Business Advertising Activity	<i>Misleading advertising:</i> means any advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, for reason of its deceptive nature, is likely to affect their economic behaviour or which, for those reasons, injures or is likely to injure a competitor who is engaged in the same or similar activities. (Point n) of Section 2 of Act LVIII of 1997 on Business Advertising Activity)
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	In conducting its business an Investment Firm is required in terms of SLC 3.02 of PART C I of the ISG to act honestly, fairly and with integrity. <i>Inter alia</i> in this regard an Investment Firm is required to ensure that its Investment Services Licence is not presented as an opinion expressed by the MFSA on the merits of using the services of the Investment Firm.	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA		Not implemented	
SLOVENIA		Not implemented.	Each advertisement that investment firm is planning publish, must be submitted to the Agency. It checks the content of the information that is going to be communicated to the firm's clients or the general public.

Rule 34	<i>Where a marketing communication refers to a financial instrument or an investment service it must contain at least the information referred to in points a) and d) of paragraph 40.</i>		
Country	Implementing Authority(ies)	Implementing Measure¹⁴	Comments
AUSTRIA	AP FMA/AFEC	Please see 30.	Please see 30
BELGIUM	Parliament and Royal Decrees	Rules on publicity in the law of Fair trading practices (applicable to financial instruments on the basis of the RD of 5 December 2002)	Art. 26, 3°, L. 2 August 2002 (to come into force later) Additional rules may be adopted by Royal Decree on the basis of Art. 26, 17° and 146 L. 2 August 2002 Further implementing measures of the Law on Fair Trading Practices on minimum requirements for advertisements for financial products planned
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of

¹⁴ Any derogation to the application of the implementing measures should be mentioned.

			Economics and Business Affairs in that regard
FINLAND	Rahoitustarkastus	No provisions available.	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	Parliament/AMF	MFC Article 341-12 (on sollicitation)	
GERMANY		See 29	
GREECE		Section 4.4 of the Code of Conduct of Investment Services Firms requires that marketing communications of Investment Services Firms contain the information referred to in points a) and b) of paragraph 40.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>AR, Section 9 concerning Risks</u> <u>AR, Section 10 concerning Fluctuations</u> <u>AR, Section 13 concerning Investment Income</u> <u>AR, Section 15 concerning Reliability</u> <u>AR, Section 18 concerning Cancellation</u>	See HISF, AR, pages 8 to 11
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule n. 30 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule n. 26	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify: <ul style="list-style-type: none">• the specific obligations arising from the general principles laid down in the provisions at present in force andb) the minimum content of marketing communications. .
LUXEMBOURG		See 40	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented Listed requirements in NR 2002 and CBR differ	
NORWAY	Parliament	Awaiting authority in law to provide further regulations	
PORTUGAL		SC arts. 305/1 and 312/1 CMVM Reg. 12/2000 art. 39	
SPAIN			This rule is not specifically implemented
SWEDEN	Parliament	The Marketing Act (1995:450) Not explicitly stated	
UNITED KINGDOM	FSA	COB 3.8 (form and content of financial promotions) provides that the financial promotion must include a fair and adequate description of the nature of the investment or services, the financial commitment and the risks involved. 6.7.30R (Giving the customer notice of the right to cancel)	For financial promotions other than direct offer financial promotions, COB 3.8.8R(1) broadly addresses the points in paragraph 40(a) (although it does not go into quite as much detail). Paragraph 40(d) point is covered under COB 6.7.30R(1). However, under this provision, the customer must be given notice of his right to cancel before the agreement is concluded – rather than in the communication itself.
		COB 3.9 (direct financial promotions)	For direct offer financial promotions, COB 3.9.6R broadly addresses the points in paragraph 40(a) (although it does not go into as much detail). COB 3.9.21R addresses the point in CESR Rule 40(d).

CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraphs 2 and 5 of Part II of Annex 2 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act; PART TWO, Sect. 24 a) of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	The rule is formulated more generally.
ESTONIA	The EFSA	Guideline.	
HUNGARY			
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		In the marketing material the member of Association must present fair and explicit data about securities indicating all significant peculiarities. Peculiarities may be presented in the way of comparison of investment objectives, sale and management commission fees, liquidity, security, guarantees and insurance, the fluctuation of the price and profits, taxes and any other features, under which fair and not misleading comparisons are presented. (Paragraph 8 of Chapter 22 of the Code of Ethics).	
MALTA	MFSA	SLC 5.10 (e) and 5.22 of Part C I of the ISG	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the established rules mentioned above.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged, in promoting its financial services, to refrain from using untrue or misleading information, from withholding important information, and from offering benefits which it cannot guarantee.
SLOVENIA	Securities Market Agency	Decision on Advertising with Regard to Securities and Services Related to Securities A: 2, Point 2 and 3	

2.3) INFORMATION ABOUT THE INVESTMENT FIRM

Standard 35	<i>Before providing investment services an investment firm must supply adequate information about itself and the services it provides.</i>		
Country	Implementing Authority(ies)	Implementing Measure¹⁵	Comments
AUSTRIA	AP AFEC	Art. 13 par. 4 ASSA Guideline for implementation the conduct of business rules laid	It is already market standard that investment firms supply adequate information about themselves and the provided services.

¹⁵ Any derogation to the application of the implementing measures should be mentioned.

		down in the ASSA (17.3.1998)	
BELGIUM	Parliament and Royal Decrees	<ul style="list-style-type: none"> - Art. 36, § 1, 5°, L. 6 April 1995 - RD 5 December 2000 (application of the Law on Fair Trading Practices to securities) - Art. 6 Market regulation of the regulated market for government bonds - RD 5 August 1991 on portfolio management (Art. 17) <p>Those (conduct of business) rules are complementary to the general civil law duty of a party to a contract to provide information to the other party prior to the conclusion of a contract</p>	To come into effect later: Art. 26, 3° L. 2 August 2002 Additional rules may be adopted by Royal Decree on the basis of Art. 26, 17° L. 2 August 2002 See also: and Art. 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Conduct of Business, section 8, par. 1. (The above mentioned rule states that, investment firms must supply adequate information about the services they provide.)	Derogation: Section 8 par 1 implements standard 35 partly, as section 8 par 1 only concerns information about services.
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act.	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	Parliament AMF	Article 533-4 of the MFC	This legislative provision uses the current wording of the ISD.
GERMANY	BaFin	Section 31 par. 2 WpHG Guideline, Part B.1.1.	Information requirements only “on request”
GREECE		Sections 5.2, 7.1 7.2 (a), (b) of the Code of Conduct of Investment Services Firms require that before providing investment services, investment services firms must supply adequate information about themselves and the services they provide.	
ICELAND	Parliament	Art. 5, para. 1 of the Securities Act: “...a financial undertaking shall provide its customers with clear and comprehensive information, for instance, on the investment choices open to them. Information which a financial undertaking provides to its customers must be clear, sufficient and not misleading, enabling the customers to make an informed investment decision.	
IRELAND	IFSRA	<u>COC, Section 2.2 (a) & (b)</u> As at 26 above.	
ITALY	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule n. 26</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to principle 5 of the circular CSSF 2000/15 the professional shall make adequate disclosure of relevant material information in his dealings its clients. See also 36.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented.	No legislative authority for AFM: NAFM has written rules on this matter (NR), but these do not have a legislative base in the Decree.

			NR2002 regulates the provision of information to clients (art 33), but is not clear on the provision of information to potential clients
NORWAY	ANSC	<p>STA section 11-2 par 2 states that when a business relationship is established the firm's commercial terms shall be submitted to the client. The same applies in the event of subsequent changes in the term.</p> <p>The General Business Terms Article 1-1 and 1-2 states that before providing investment services an investment firm must supply adequate information about itself and the services it provides.</p>	During the authorisation process (STA section 7-3), Kredittilsynet will evaluate the firms' commercial terms. If these terms have no information about the firm and the services it is planning to provide, Kredittilsynet will require this information implemented in the commercial terms before granting the authorisation.
PORTUGAL		Article 38 of CMVM Regulation 12/2000	
SPAIN	Government/Ministry of Economy / CNMV	<p>Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping.</p> <p>Ministerial Order 25 October 1995.</p> <p>Ministerial Order 7 October 1999</p> <p>CNMV Circular 1/1996 dated 27th March 1996</p> <p>CNMV Circular 2/2000 dated 30th May 2000</p>	
SWEDEN	1) Parliament 2) Finansinspektionen	<p>1) The Securities Business Act (1991:981), Chap 1 Section 7 Chap 1 Section 7 explicitly requires investment firms to make adequate disclosure of relevant material information in their dealing with customers</p> <p>2) Regulation on Conduct of Business Rules (2002:7), Chap 5 Chap 5 Section 1 explicitly requires an investment firm to provide information to its customers about the firm, about financial instruments and investment services and about prices and fees.</p>	
UNITED KINGDOM	FSA	<p>COB 4.2.5R (Requirement to provide terms of business), COB 5.5 (Information about the firm), esp. COB 5.5.3R (Information required to be disclosed).</p> <p>COB 4.2.5R (1) states that a firm must provide a customer with its terms of business where the firm intends to conduct investment business. The terms of business rules are at COB 4.2.15E and firms must cover in adequate detail the services it will provide. Where the firm conducts investment business, COB 5.5.3R addresses this requirement by stating that a firm must take reasonable steps to ensure that a private customer is given adequate information about the identity and business address of the firm.</p>	COB 4.2.9R contains certain derogations from the ToB requirement – notably in relation to execution-only business and when a customer enters into a transaction as a result of a direct offer financial promotion.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 1 and 2 of Part I of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) a) of the Securities Act; PART TWO, Sect. 12 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	The rule is formulated more generally and the time of supplying of adequate information to customers is not explicitly determined.
ESTONIA			
HUNGARY		See comments for paragraph 25.	Further information on the investment firm is available in its

			Annual Report.
LATVIA	Parliament	Article 126 of the Law on the Financial Instruments Market requires the investment services provider to disclose full information pertaining to the particular service and related financial risks to the client prior to entering into an agreement on provision of investment services and non-core investment services.	
LITHUANIA		Upon the request of a permanent client, the member of Association has to provide access to the information contained in the recent balance-sheet, relating to the financial situation of the member. The permanent client means a client, which placed more than 5 trading orders per year. (Chapter 18 of the Code of Ethics).	
MALTA	MFSA	In conducting its business an investment firm is required in terms of SLC 3.03 of PART C I of the ISG to act with due skill, care and diligence – and in the best interest of its customers and of the market. In terms of the same SLC such action shall include: ensuring that customers and prospective customers are provided with adequate information on products sold or promoted by the investment firm See also SLC 3.05 (a) of PART CI of the ISG	
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004
SLOVAKIA		Not implemented	
SLOVENIA	Parliament	SMA-1, A: 137 and 138	

Rule 36	<i>An investment firm must provide customers with the following information prior to the commencement of provision of investment services:</i>		
	<ul style="list-style-type: none"> a) <i>the identity of the investment firm, the (financial) group to which the investment firm belongs, its postal address and telephone number;</i> b) <i>the fact that the investment firm is authorised and/or registered and the name of the competent authority that has authorised and/or registered it;</i> c) <i>the functions that the investment firm performs so that the customer is able to assess the scope of the firm's responsibilities;</i> d) <i>the relevant compensation scheme(s);</i> e) <i>where such a procedure exists, a description of the mechanism(s) for settling disputes between the parties such as an out-of-court complaint and redress mechanism;</i> f) <i>an outline of the firm's policies in relation to conflicts of interest and inducements;</i> g) <i>the languages in which the customer can communicate with the investment firm.</i> 		
Country	Implementing Authority(ies)	Implementing Measure¹⁶	Comments
AUSTRIA	AP FMA AFEC	Art 13 par 4 ASSA Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	The information mention in a) , e) and g are already provided to customer as a consequence of obligations under the GL and general information duties under the ASSA. The information mentioned in d is laid down in Art. 93 par. ABA Information duties not covered by the GL and the general

¹⁶ Any derogation to the application of the implementing measures should be mentioned.

		Art. 93 par. 8 ABA	information duties under the ASSA will be implemented as market standard.
BELGIUM	Parliament and Royal Decrees	d) Art. 82, L. 6 April 1995	To come into effect later: Art. 26, 3° L. 2 August 2002 Additional rules may be adopted on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Conduct of Business, section 20, par 1. (The above mentioned rule states that investment firms before investment services are provided must enter into a contract with customers. The contract should contain the information mentioned in a), b), c) and d))	Derogation: Section 20 implements standard 36 partly, as section 20, par. 2 does not implement e), f) and g)
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act. Section 46 of the Act on Investment Firms.	a)-c), e)-g) General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	Parliament, AMF	Article 533-13 of the MFC CMF Decision 98-28 on the mandatory clauses of the customer agreement	This legislative provision only requires information on the relevant compensation scheme. Some other items of information are only required to be in the customer agreement, or are required under the provisions on solicitation. There is no requirement to state the name of the regulator or the languages accepted, or to describe the out-of-court mechanism.
GERMANY	BaFin	Not implemented, Amendment of guideline needed	
GREECE		Sections 5.2, 7.1, 7.2 (a), (b), (d), and (e) of the Code of Conduct of Investment Services Firms.	
ICELAND	FME	Items a) – d) and g): Not implemented in detail. Item e): Art. 5, para. 3 of the Act on Securities Transactions: “A financial undertaking must have information accessible as to what legal remedies are available to its customers in the case of disputes between a customer and a financial undertaking.” Item f): The firm’s rules on conflicts of interest shall be available to customers according to art. 1 of Directive Request nr. 1/2001 issued by the FME.	General clause regarding FME’s Directive Requests: The FME plans to make changes to Directive Request no. 1/2001 and to issue a new directive request to fulfill its obligations to implement the CESR standards on investor protection, where this is within its authority. A first consultation paper regarding the CESR standards on investor protection was issued in October 2003. A second consultation paper will be published in the first half of 2004. Finalized Directive Requests on investor protection are estimated to have taken effect in the third quarter of 2004. This estimated timing of implementation is made with the reservation that it is subject to the outcome of the consultation process, where among other matters, the authority of the FME to implement some of the rules may be called into question.
IRELAND	IFSRA	<u>COC, Section 2.2</u> As at 26 above. <u>Investor Compensation Act 1998</u> Section 38 provides that the supervisory authority may prescribe the information concerning the investor compensation scheme which shall be made available to actual and intending clients.	

		IFSRA has prescribed a disclosure statement.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (<i>General criteria</i>) See above rule 35 Article 28, paragraph n. 2 of Consob Regulation 11522 (<i>Communication of information between intermediaries and investors</i>) See above rule n. 26	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which specifies in detail the information that investment firms have to provide to their customers prior to the commencement of provision of investment services.
LUXEMBOURG	CSSF	Upon entering into a business relationship, the professional shall inform the client of his identity, business address, legal status, the nature of his business, together with any expenses chargeable to the client and the identity of the supervisory authority which regulates his business (principle 5.2. of the circular CSSF 2000/15). Furthermore, according to article 36 of the law of 5 April 1993 on the financial sector investment firms must have, in particular, a policy for transactions made by employees for their own account, be structured and organized in such a way as to limit, as much as possible, the risk of conflicts of interests between them and their clients, or the clients themselves, do not harm the interests of clients.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	No legislative authority for AFM Provision of information is required (art 27 and 33), but the regulations lack some of the CBR-requirements.
NORWAY	Parliament ANSC	STA section 9-2 par 1 nr. subpar 5 and section 11-2 Standard commercial terms art 1, 22 and 29 Section 11-2 requires investment firms to submit to the customer its commercial terms. The minimum requirements laid down in section 11-2 are less detailed compared to those of rule 36. However, the particulars of rule 36 are found in the general commercial terms recommended by ANSC, except rule 36 litra f and g. Regulation 1996/983 on compensation schemes, par 7 requires investment firms to provide information on the investor compensation scheme, including coverage and scope.	
PORTUGAL		Decree-Law n° 222/99 dated 22 June, art. 14 CMVM Reg. 12/2000 art 38 and 39/1/d.	.
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Ministerial Order 25 October 1995. Ministerial Order 7 October 1999 CNMV Circular 1/1996 dated 27 th March 1996 CNMV Circular 2/2000 dated 30 th May 2000	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 5 Section 2	Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002

		Chap 5 Section 2 explicitly states the provisions in rule 36 a) – f) (g) is not explicitly stated)	with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	<p>COB 4.2 (Terms of business and client agreements with customers), especially 4.2.5R, 4.2.7R, 4.2.9R, 4.2.10R, COB 4.2.11E and COB 4.2.15E.</p> <p>36a) - COB 5.5.3R covers firm identity and business address but not the group</p> <p>The requirements are generally addressed in the agreement contents requirements in COB 4.2.</p> <p>COB 4.2.15E:</p> <p>Covers 36b) at COB 4.2.15E (2) – firm's statutory status</p> <p>Addresses 36c) at COB 4.2.15E (4) and (5), at least on restrictions and services.</p> <p>Identifies the compensation scheme, as mentioned at 36d), at COB 4.2.15E (22) – availability of compensation from the Financial Services Compensation Scheme</p> <p>Identifies the Financial Ombudsman Service in relation to complaints at COB 4.2.15E (21) – covering 36e) – subsequent to complaints made to firms but describes process of complaint to the firm only.</p> <p>Specifies at COB 4.2.15E (13) how the firm will ensure fair treatment of the customer when material interest or conflict of interest may or does arise: re. 36f).</p>	<p>There are a number of derogations from this requirement in COB 4.2.9R, the most relevant of which are execution-only transactions and direct offer financial promotions (however see below in relation to direct offer financial promotions).</p> <p>Where the customer is not a private customer, COB 4.2.5E provides that the customer agreement need only be provided within a reasonable period of the firm beginning to provide investment services to the customer.</p> <p>There are no provisions in the FSA Handbook regarding the language(s) in which the customer can communicate with the firm.</p>
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 4(iii) and (vii) of Part II of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	The disclosure of the financial group to which the investment firm belongs, the outline of the firms policies in relation to inducements and the languages in which the customer can communicate with the investment firm are not expressly incorporated in the Code of Business Conduct for Investment Firms and the Natural Persons employed by them. These matters will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) of the Securities Act	
ESTONIA	The EFSA, the operator of exchange	<p>SMA § 86 (1); SMA § 87 p 2-3.</p> <p>Guideline.</p> <p>The Rules and Regulations of Tallinn Stock Exchange “Membership Rules” p 8.3.2: Before executing an order of a client or advising the client for the first time, the member of the exchange shall inform the client of all the fees charged by the member for providing the services. The member shall inform its clients of any changes in the fees, the principles of payment, as well as of any extraordinary charges payable in the case of specific transactions.</p>	
HUNGARY		See comments for paragraph 25.	

LATVIA	FCMC Parliament	<p>Article 2.2. of the FCMC Regulations for Conducting the Securities Transactions establishes minimum information requirements and provisions to be included in agreements between investment service providers and clients.</p> <p>Article 126 of the Law on the Financial Instruments Market requires that the information regarding the out-of-court complaint and redress mechanism must be disclosed to the clients prior to entering into an agreement on provision of investment services and non-core investment services, the investment services provider is obliged to inform the client of procedures for out-of-court settlement of complaints and disputes arising from this agreement.</p>	The FCMC Regulations for Conducting Securities Transactions apply to transactions in all financial instruments.
LITHUANIA		When carrying out their activities, intermediaries must: in dealings with clients, disclose to them adequately relevant material information, including information on the investor compensation scheme or the absence of such a scheme (Art. 24.3.5 of the LSM).	
MALTA	Parliament with respect to the MFSA Act / The Minister of Finance and Economic Affairs with respect to the Legal Notice / Regulations / MFSA with respect to the ISG	<p>In terms SLC 3.05 of Part C I of the ISG, an Investment Firm is required to ensure the adequate disclosure of relevant material information to prospective and actual customers in a way which is fair, clear and not misleading. This shall include:</p> <p>Ad a) to disclose the identity of the regulated entity and its regulator in all correspondence, advertisements and other documents;</p> <p>Ad b) As above.</p> <p>Ad c) to disclose that the Investment Firm is <i>‘Licensed to conduct Investment Services business by the Malta Financial Services Authority.’</i></p> <p>Ad d) In terms of article 25 (1) of the Investor Compensation Scheme Regulations LN 6 of 2003, an Investment Firm is required to make available to actual and intending investors adequate and clear information concerning the applicability of the Scheme together such other particulars as may from time to time be specified by the MFSA in a manner and form specified by the MFSA.</p> <p>Ad e) Article 20 of the Malta Financial Services Authority Act (‘MFSA Act’) provides for the appointment of a Consumer Complaints Manager.</p> <p>The function of the Consumer Complaints Manager to investigate complaints from private consumers arising out of or in connection with any financial services transaction, and to refer such cases as may be necessary or appropriate to the Supervisory Council for its consideration; provided that nothing in this subarticle shall be construed as giving a consumer a specific right to require the Consumer Complaints Manager to give him advice</p>	

		<p>on any particular matter or to act on his behalf in any dispute with a licensed person before any court or tribunal, except to the extent, if any provided for by this or any other law.</p> <p>In terms of SLC 4.05 of Part C I of the ISG an investment firm must also inform the complainant that a complainant may refer the complaint to the MFSA if (s)he is not satisfied with the proposed remedial action.</p> <p>Ad f) SLC 3.02 <i>inter alia</i> requires an investment firm to disclose any existing conflicts of interest to clients and prospective ones.</p> <p>Ad g) Not catered for in local legislation.</p>	
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA		Act No 566/2001 on Securities and Investment Services Article 73	According to current legislation an investment firm must provide customers with the relevant compensation scheme(s).The rest of requirements are not explicitly listed in the law. However according to Law No 566/2001 Article 73 letter j) on Securities and Investment Services, investors are entitled to true and complete information on investment company which does offer its services to them.
SLOVENIA	Parliament	SMA-1 A: 137 A: 139, P:2 A: 140, P:1	As concerns the settling disputes between the parties (out-of court complaint and redress mechanisms) they are going to be solved in the amended Securities Market Act that is currently in the procedure of preparation by the Government. As regards the language it is not yet important issue in our investment firms, since there are practically no activities that would involve foreign customers in the Slovene investment firms. In case customers are interested in buying foreign securities they can go to a Slovene broker and he/she takes care of the order in other country.

2.4) INFORMATION ON FINANCIAL INSTRUMENTS AND INVESTMENT SERVICES

Standard 37	<i>An investment firm must inform customers of the key features of investment services and financial instruments envisaged, according to the nature of such instruments and services.</i>		
Country	Implementing Authority(ies)	Implementing Measure¹⁷	Comments
AUSTRIA	AP / AFEC	Art 13 par ASSA	The provision of key features of the envisaged investment services

¹⁷ Any derogation to the application of the implementing measures should be mentioned.

		4.1. b Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	and financial services is statutorily in the ASSA and additionally determined in the GL. This standard does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees	<ul style="list-style-type: none"> - Art. 36, § 1, 5°, L. 6 April 1995 - RD 5 December 2000 (application of the Law on Fair Trading Practices to securities) - Art. 36, § 1, 3° and Euronext Rule Book, rules B-1.1. and B-9.2 (derivatives) - Art. 8 R.D. 5 August 1991 on portfolio management and investment advice <p>Those (conduct of business) rules are complementary to the general civil law duty of a party to a contract to provide information to the other party prior to the conclusion of a contract</p>	To come into effect later: Art. 26, 3° L. 2 August 2002 Additional rules may be adopted on the basis of Art. 26, 17° and 146, L. 2 August 2002.
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Conduct of Business, section 8, par. 1. (The above mentioned rule states that investment firms should inform customers about the product and services the firm offers and about alternative products including differences concerning costs and terms.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	
FRANCE	Parliament	Article 533-4 of the MFC, articles 3-3-3 and 3-3-5 of the GR of the CMF	The legislative provision uses the wording of the current ISD. The regulatory provisions on the other hand refer to services and instruments.
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.2.2.	
GREECE		Sections 4.4 (b) and 4.4. (d) impose an obligation to investment services firms to inform customers of key features of investment services and financial instruments.	
ICELAND	Parliament	Art. 5, para. 1 of the Securities act: "...a financial undertaking shall provide its customers with clear and comprehensive information, for instance, on the investment choices open to them."	
IRELAND	IFSRA	<u>COC, Section 2</u> As at 26 above.	
ITALY	CONSOB	<p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 (<i>Communication of information between intermediaries and investors</i>)</p> <p style="text-align: center;">○○○</p> <p style="text-align: center;">ANNEX 3 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS</p> <p>This document does not describe all the risks and other important aspects of investments in financial instruments or individual portfolio management services. Its purpose is to provide some</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		<p>basic information on the risks connected with such investments and services.</p> <p style="text-align: center;">GENERAL ADVICE</p> <p>Before investing in financial instruments prospective investors should ask their intermediary about the nature and risks of the transactions they are preparing to carry out. Investors should conclude a transaction only if they understand its nature and the degree of exposure to risk it involves. Once the risk associated with a transaction has been assessed, before concluding the contract the investor and the intermediary must determine whether the investment is appropriate, with special reference to the investor's net assets, investment goals and experience in investing in financial instruments. (...).</p> <p style="text-align: center;">○○○</p> <p style="text-align: center;">Article 30, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p>	
LUXEMBOURG	CSSF	According to principle 5.2. of the circular CSSF 2000/15 the professional shall inform the client of any expenses chargeable to the client. He shall furthermore inform the client about the products and services offered and draw his attention to the risks inherent in each of these.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	NR2002 (art 33) states that investment firms must provide clients with information necessary for a proper assessment of services and financial instruments that are offered.	
NORWAY	Parliament	STA, section 9-2 (1) nr. 5	
PORTUGAL		Article 312 of the Portuguese Securities Code; article 39/1/a of CMVM Regulation 12/2000	
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 may, governing rules of action in the securities markets and obligatory record-keeping Article 16.1 Information to clients regarding transactions which have been performed. Section five information to clients. Ministerial Order 25 October 1995. Ministerial Order 7 October 1999 CNMV Circular 1/1996 dated 27 th March 1996 CNMV Circular 2/2000 dated 30 th May 2000	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 5 Section 1 Chap 5 Section 1 explicitly requires investment firms to provide information to its customers about the firm, about financial instruments and investment services and about prices and fees.	
UNITED KINGDOM	FSA	PRIN 7 (Communication with clients) requires a firm to have due regard to the information needs of its customers. COB 4.2.5 (Requirement to provide terms of business to customer) and 4.2.10 (Adequate detail), 4.2.7 (Requirement to enter into a	Please see also other areas of comment, above, such as comments on standards 31 & 34. COB 4.2 contains a general requirement that customers be provided with adequate information about the services which a

		customer agreement) 4.2.15 (Table: Content of terms of business: general requirements), 4.2.16 (Table: Content of terms of business: managing investments on a discretionary basis) COB 4.2.15E applies to terms of business and client agreements. It specifies that ToBs/client agreements 'should, where relevant, include some provision about' 'the services the firm will provide' (5) and 'any restrictions on the types of designated investment in which the customer wishes to invest and the markets on which the customer wishes transactions to be executed; or that there are no such restrictions.' As to the nature of the instruments, further details may be provided, e.g., by risk warnings – COB 4.2.15E (16) and 5.4.3R. COB 6.1 and 6.2 (Key Features for packaged products).	firm will or may deliver; COB 4.2.15 and COB 4.2.16 set out in detail the kind of provisions which a firm's terms of business or customer agreement must generally include if it is to satisfy the overarching requirement that "adequate" information is given to the customer. COB 4.2.9R(1) provides a derogation from COB 4.2 for execution only transactions. Note: COB 4.2.9R(1) provides limited derogations from terms of business and client agreement requirements. a derogation from COB 4.2 for, e.g., in respect of execution- only transactions.
			The Key Features requirements in COB 6 contain additional specific requirements relating to packaged products. Under COB 6.1.1 R, COB 6.1 to 6.5 generally only apply in where the customer is a private customer, a trustee of an occupational pension scheme or an operator of a stakeholder pension scheme.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraphs 1 and 2 of Part I of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act; PART TWO, Sect. 16 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA		
HUNGARY		See comments for paragraph 25.	
LATVIA		See the answer to item 35.	
LITHUANIA		When carrying out their activities, intermediaries must in dealings with clients, disclose to them adequately relevant material information, including information on the investor compensation scheme or the absence of such a scheme. (Art. 24.3.5 of the LSM). A public trading intermediary shall, in the manner and form stipulated beforehand, inform the client of the peculiarities and risks related to acquisition, accounting and realisation of the rights of ownership attaching to securities not registered with the Securities Commission, as well as about any other peculiarities or increased risk which is generally not characteristic of services provided previously, transactions, or securities. (Art. 25.2 of the LSM).	
MALTA	MFSA	SLC 3.06 of Part C I of the ISG requires an Investment Firm to conduct its business with each customer by means of a written agreement which shall set out the basis on which its services are to be provided. <i>Inter alia</i> this document is required to include a	

		<p>statement disclosing the nature of the services to be provided by the Investment Firm, including where appropriate, the customer's investment objectives and any restrictions on investments or markets in which funds may be invested.</p> <p>Having said that, there are particular instances where a customer agreement is not required which include:</p> <ul style="list-style-type: none"> i. the issue of any tip sheet, broker's circular or other investment publication; ii. a contract entered into by the Manager of a Collective Investment Scheme as Principal to sell or purchase units in that Scheme; iii. advising on, dealing as Representative in, and arranging transactions in units in a Collective Investment Scheme or in an LLTCI where the customer's requirements are reasonably believed by the Investment Firm to be confined to Collective Investment Scheme units or an LLTCI, as long as there is no element of discretionary management by the Investment Firm; and iv. deals effected or arranged on behalf of an execution-only customer (where the customer is reasonably believed not to be relying on the Investment Firm to advise him or exercise any judgement on his behalf as to the transaction's suitability); Provided that the Investment Firm obtains the customer's written confirmation outlining the services being sought from the Investment Firm. <p>Notwithstanding the above instances, SLC 3.03(g) still applies – which requires that the Investment Firm shall act with due skill, care and diligence – and in the best interests of its customers and of the market. Such action shall include taking all reasonable steps to ensure that a Private Customer has sufficient information which he is able to understand to enable him to take informed investment decisions.</p>	
POLAND	Council of Ministers for enacting Parliament for enacting	<p>According to the Decree of the Council of Ministers dated September the 3rd, 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the brokerage house is obliged to inform customers about investment services via describing these services in the form of regulations provided to customers (which also are being a part of contract concluding with client). (Par. 3, Par. 4, Par. 5, Par. 6, Par. 7)</p> <p>There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation and specify the scope of provided information.</p>	<p>Polish Securities and Exchange Commission is responsible for drafting</p> <p>30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.</p>

SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	A investment firm is obliged to provide the client with important information related to the transaction, advise him of important facts and risk, and to ask from the client a written approval should additional financial commitments arise from the execution of an instruction.
SLOVENIA	Parliament	SMA –1 A: 139, P:2	

Rule 40	<i>The information provided to customers can be delivered using standard documentation but must include the following as a minimum:</i> a) <i>a description of the main characteristics¹⁸ of the instrument/service, including the nature of the financial commitment, whether the instruments involved are traded on a regulated market or not and the risks involved;</i> b) <i>price, including commissions, fees and other charges, relating to the transaction, the instrument or service;</i> c) <i>arrangements for payment and performance;</i> d) <i>details on any cancellation rights or rights of reflection that may apply.</i>		
Country	Implementing Authority(ies)	Implementing Measure¹⁹	Comments
AUSTRIA	AP / AFEC	Art. 13 par. 4 ASSA 4.1.a and b and 6. Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	This information obligation is covered by provisions of the ASSA and the GL, which lay down the obligation to provide the customer with general information about the instrument and service and information about the general and specific risk of an instrument or service.. This standard does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees	As at St. 37	As at St. 37
DENMARK	The Ministry of Economic and Business Affairs Danish Financial Supervisory Authority	Executive order on Conduct of Business, section 8, par. 1 and section 20, par. 1, no 5. Executive order on Good Securities Trading Practices, section 4. Guidance on Executive order on Good Securities Trading Practices, section 4. (The above mentioned rules states that investment firms should before offering investment services provide customers with the information in a), b) and c). Information on "price", d) will appear form the contract, which the investment firm should enter with the customer before any investment services are provided.)	Section 20 will come into force on 1 April 2004. Derogation: The legislation mentioned implements standard 40 partly as d) is The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	a)- c)-d) General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.

¹⁸ If the customer envisages undertaking transactions in derivatives, the information provided must include an explanation of their characteristics (especially the leverage effect, the duration of the contract, the liquidity and volatility of the market), a description of their underlying parameters (e.g. equities/interest rates/currencies), and the method to be used to execute the customer's transactions (in particular, whether on a regulated market or not).

¹⁹ Any derogation to the application of the implementing measures should be mentioned.

FRANCE	AMF	Articles 3-3-3, 3-3-5, 3-3-6 and 3-3-7 of the GR of the CMF Article 11 of COB Regulation 96-02 (on investment firms whose principal activity is portfolio management) Art 341-12-6 (on cancellation rights)	The CMF provisions require in particular information on financial instruments, order transmission and execution, and fees, as well as additional information where the transaction envisaged is unusual for the client. The COB provision relates to the content of the customer agreement. The statutory provision applies in the context of solicitation.
GERMANY	BaFin	a) and b) implemented Section 31par. 2 WpHG Guideline, Part B.2.2 c) and d) contractual agreements can not be considered as “information”	Not all details explicitly mentioned in guideline, but are practice of supervision
GREECE		Section 7.2 (c), (d), (e) of the Code of Conduct of Investment Services Firms sets out the minimum information to be provided by Investment Services Firms to their customers as in a), b), c), d) when standard documentation is used.	
ICELAND	Parliament and FME	Item a), c) and d): Not implemented in detail but construed to be included in art. 5. para. 1 mentioned above. Item b): Art. 5, para. 2 of the Securities act: “A financial undertaking must inform its customers in advance what commission it will charge for its services. Changes to this commission must be notified to customers with reasonable notice.”	General clause regarding FME’s Directive Requests: The FME plans to make changes to Directive Request no. 1/2001 and to issue a new directive request to fulfill its obligations to implement the CESR standards on investor protection, where this is within its authority. A first consultation paper regarding the CESR standards on investor protection was issued in October 2003. A second consultation paper will be published in the first half of 2004. Finalized Directive Requests on investor protection are estimated to have taken effect in the third quarter of 2004. This estimated timing of implementation is made with the reservation that it is subject to the outcome of the consultation process, where among other matters, the authority of the FME to implement some of the rules may be called into question.
IRELAND	IFSRA	<u>COC, Section 2</u> As at 26 above. <u>COC, Section 11</u> As at 26 above. <u>COC, Section 1.5</u> As at 8 above.	
ITALY	CONSOB	Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> ○○○ ANNEX 3 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS This document does not describe all the risks and other important aspects of investments in financial instruments or individual portfolio management services. Its purpose is to provide some basic information on the risks connected with such investments and services.	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		<p style="text-align: center;">GENERAL ADVICE</p> <p>Before investing in financial instruments prospective investors should ask their intermediary about the nature and risks of the transactions they are preparing to carry out. Investors should conclude a transaction only if they understand its nature and the degree of exposure to risk it involves. Once the risk associated with a transaction has been assessed, before concluding the contract the investor and the intermediary must determine whether the investment is appropriate, with special reference to the investor's net assets, investment goals and experience in investing in financial instruments. (...).</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 30, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p>	
LUXEMBOURG	CSSF	The Circular CSSF 2000/15 does not require a formal documentation containing the information listed under 40. See however also 37. As principle 5.2. of the circular CSSF requires that the professional shall inform the client extensively on the products and services, principle 40 is thus fulfilled.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	A firm must inform a client in such a way that he can adequately judge the services that are offered. This includes among others risks, cost and arrangements (art 33 NR2002).	
NORWAY	Parliament	STA section 11-2. Rule 40 litra a is partly implemented by STA section 9-2 according to which investment firms shall provide the customer with information corresponding to the customer's professionalism. However, a more explicit legal basis could be adopted.	
PORTUGAL		Article 312/1/a and article 312/1 of the Portuguese Securities Code; article 39/1/a/b/c of CMVM Regulation 12/2000	
SPAIN	Ministry of Economy / CNMV	Ministerial Order dated 25 October 1995, section five. Information on transactions. Section four.4: contractual documents CNMV Circular 2/2000 dated 30 th May 2000	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM			The FSA's rules do not preclude the use of standard form terms of business and customer agreement provided that in any case adequate information is given about the firm and the services it will provide. In practice this means that firms may have to provide customers with additional items of information not included in a standard form document.

	<p>COB 4.2.15 (4) & (5) (Content of terms of business provided to a customer: general requirements) COB 4.2.15E (4) refers to restrictions on the types of investments in which the customer may wish to invest and the markets on which transactions may be executed and COB 4.2.15E (5) refers to a description of the services a firm will provide.</p> <p>Firms will normally offer customers access to a restricted range of investments and markets and disclose their characteristics in terms of business or customer agreement in accordance with this provision.</p> <p>There are limited derogations from this requirement, for example, for execution-only business (COB 4.2.9R(1)).</p>	<p>We do not positively require firms to disclose the identity of the markets on which they may transact a customer's business.</p>
	<p>COB 5.4.3 (Requirements for risk warnings) - a firm must take reasonable steps to ensure that the customer understands the nature of the risks involved, before making a personal recommendation, acting as a discretionary manager, executing deals or engaging in stock lending. This general requirement is supplemented with specific requirements in the case of derivatives (5.4.6 – risk warnings in respect of derivatives) and illiquid investments (5.4.7 – risk warnings in respect of non-readily realisable investments).</p>	
	<p>COB 4.2.15 (Content of terms of business – general requirements) (16) –a firm may choose to provide the risk warnings which must be given under COB 5.4.3 by including adequate information in its terms of business or customer agreement – otherwise the relevant information must be given separately.</p>	
	<p>COB 6.5.13 (Nature of scheme) requires the key features document for a packaged product to include a description of the product and a description of the risk factors related to it. COB 6.5.14 provides detailed guidance on matters that can be included in the description of the risk factors.</p>	
	<p>COB 5.7.3 (Disclosure of charges)</p> <p>COB 4.2.15E (6) (Payments for services). These provisions set out requirements for customers to be provided with details of any payment for services payable by the customer to the investment firm whether or not any other payment is receivable by the firm (or to its knowledge by its associates) in connection with any transaction executed by the firm, with or for the customer, in addition to or in lieu of any fees.</p>	<p>There is derogation from the requirement in COB 4.2.15E (6) for execution only business etc in COB 4.2.9R(1).</p> <p>We assume that a stockbroker would for example view item (6) as including a reference to his own charges and the dealing costs which the customer may have to bear.</p>
	<p>COB 6.5.22 – 39</p> <p>These provisions set out detailed requirements for the provision of information about the charges involved in packaged products.</p>	<p>Under COB 6.1.1 R, COB 6.1 to 6.5 generally only apply where the customer is a private customer, a trustee of an occupational pension scheme or an operator of a stakeholder pension scheme.</p>
	<p>COB 4.2.15 (9) (Accounting). - arrangements for accounting to the customer for any transaction executed on its behalf..</p>	<p>There is derogation from this requirement relation to, for example, execution only business in COB 4.2.9R(1).</p>
	<p>COB 6.5.40R (3)(d) & 4(f)(t) - details to be provided about the methods for disposing of shares or units in packaged products and</p>	<p>Under COB 6.1.1 R, COB 6.1 to 6.5 generally only apply where the customer is a private customer, a trustee of an occupational</p>

		<p>how the disposal proceeds will be paid.</p> <p>COB 4.2.15 (10) (Right to withdraw) and (23) (Termination). COB 6.7.30 (Giving the customer notice of the right to cancel) These rules require information to be provided about cancellation rights (where applicable) and rights to terminate the customer's agreement with the investment firm.</p>	<p>pension scheme or an operator of a stakeholder pension scheme.</p> <p>There is derogation from the requirement in COB 4.2.15E (10) for execution only business in COB 4.2.9R(1).</p>
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 18 and Parts II, III and IV of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) a) of the Securities Act; PART TWO, Sect. 12 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	Some of these information duties of an investment firm are based on civil regulation (agreement and business conditions between customer and an investment firm).
ESTONIA	The EFSA, the operator of exchange	<p>SMA § 87 p 2. Guideline.</p> <p>The Rules and Regulations of Tallinn Stock Exchange "Membership Rules" p 8.3.2: Before executing an order of a client or advising the client for the first time, the member of the exchange shall inform the client of all the fees charged by the member for providing the services. The member shall inform its clients of any changes in the fees, the principles of payment, as well as of any extraordinary charges payable in the case of specific transactions.</p>	
HUNGARY		See comments for paragraph 25.	
LATVIA		See the answer to items 35 and 36.	
LITHUANIA		<p>A public trading intermediary shall, in the manner and form stipulated beforehand, inform the client of the peculiarities and risks related to acquisition, accounting and realisation of the rights of ownership attaching to securities not registered with the Securities Commission, as well as about any other peculiarities or increased risk which is generally not characteristic of services provided previously, transactions, or securities. (Art. 25.2 of the LSM).</p> <p>Prior to the provision of the service, the member of Association must duly provide information on:</p> <p>a) all the rates, types of commissions, fees, payments relating to the service provided as well as the ways of their calculation;</p> <p>b) the manner of obligation guarantees required from the client, if it relates to the nature of service provided, size of guaranties and their calculation;</p> <p>c) all other types, rates and calculation of indirect expenses incurred by the client in relation to the service provided. (Chapter 5 of the Code of Ethics).</p>	
MALTA	MFSA	Ad a) Please refer to the reply for (37) above. Additionally see (g) and (h) of SLC 3.05 of Part C I of the ISG	

		Ad b) SLC 3.05 (f) and (i) of Part C I of the ISG Ad c) In terms of SLC 3.06 of Part C I of the ISG an agreement with a Private Customer is required <i>inter alia</i> to detail (i) the way in which instructions may be given by the customer for a transaction; and (ii) arrangement for bringing the agreement to an end.	
POLAND	Council of Ministers for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and Ministry of Finance for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA	Parliament	SMA-1, A: 137 and 138	As regards the footnote to R. 40 a) – currently there is no organized derivative market in Slovenia.

Standard 38	<i>An investment firm must communicate clearly and precisely to the customer all the charges relating to the services or instruments envisaged and how the charges are calculated.</i>		
Country	Implementing Authority(ies)	Implementing Measure²⁰	Comments
AUSTRIA	AP / AFEC	Art. 13 par 4 ASSA 6. Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	The obligation to communicate clearly and precisely to the customer all the charges relating to the services or instrument is covered by provisions of the ASSA and point 6 of the GL. This standard does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees	As at St. 37	As at St. 37
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Good Securities Trading Practices, section 4, par. 1, no 4. Executive order on Conduct of Business, section 20, par. 1, no 11. (The above mentioned rules state that investment firms must communicate clearly and precisely to the customer all charges relating to the services or instruments envisaged and how the charges are calculated)	
FINLAND	Rahoitustarkastus	Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 3-3-3 of the GR of the CMF Article 8 to _8 septies of the COB regulation 96-03	The AMF requires precise information on fees and charges;
GERMANY	BaFin	Section 3 I par. 2 WpHG	

²⁰ Any derogation to the application of the implementing measures should be mentioned.

		Guideline, Part B.1.2.	
GREECE		Sections 7.2 (c), (bb), (cc) and (dd) of the Code of Conduct of Investment Services Firms require that the contractual agreement describes clearly and comprehensively the charges relating to the services or instruments envisaged.	
ICELAND	Parliament	Art. 5, para. 2 of the Securities act: "A financial undertaking must inform its customers in advance what commission it will charge for its services. Changes to this commission must be notified to customers with reasonable notice."	
IRELAND	IFSRA	<u>COC, Section 1.5</u> As at 8 above. <u>COC, Section 2</u> As at 26 above. <u>COC, Section 17</u> As at 26 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 23, paragraph n. 2, of Legislative decree n. 58/1998 <i>(Contracts)</i> ○○○ Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> Article 30, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Contracts with investors)</i> ○○○ ANNEX 3 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS Paragraph n. 4.2) Commissions and other charges	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	See 37	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	A securities firm must inform the client of the types of costs that will be charged and the calculation on which such costs are based (art 33 NR 2003)	
NORWAY	Parliament	STA, section 11-2 par 1 subpar 4, which explicitly states that the commercial terms shall include information on the investment firm's remuneration, including how the remuneration is calculated.	
PORTUGAL		Article 312/1/d of the Portuguese Securities Code; article 44 of CMVM Regulation 12/2000	
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, governing rules of action in the securities markets and obligatory record-keeping Article 16.2 Information to clients regarding transactions which have been performed. Section five: information to clients.	

SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 5 Section 6 Chap 5 Section 6 explicitly requires investment firms to provide the customer with information concerning applicable prices and fees prior to performing an investment service on behalf of a customer.	
UNITED KINGDOM	FSA	Section 397 of FSMA (Misleading statements and Practices) Principle 7 (Communications with clients) COB 2.1.3 (Clear, fair and not misleading communication). COB 5.7.3 (Disclosure of charges) and COB 4.2.15E (6) (Payments for services) set out requirements for customers to be provided with details of any payment for services payable by the customer to the investment firm - whether or not any other payment is receivable by the firm (or to its knowledge by its associates) in connection with any transaction executed by the firm, with or for the customer, in addition to or in lieu of any fees.	These are the general overarching requirements as to the provision of adequate information and information which is clear, fair and not misleading. There is limited derogation from the requirement in COB 4.2.15E (6) for execution-only business, for example, in COB 4.2.9R(1).
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 18(1) and Paragraph 2 of Part IV of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) a) of the Securities Act; PART TWO, Sect. 12 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA		See 40.	
HUNGARY	Parliament	Subsection 2 of Section 115 of CMA	Investment service providers and commodities brokers must inform their clients regarding any and all contractual fees and charges.
LATVIA	FCCM	Articles 2.2.3 and 2.2.9 of the FCCM Regulations for Conducting Securities Transactions require that all charges must be communicated to clients while entering into an agreement and the agreement must contain information regarding the procedure how the changes in charges will be communicated to the clients. Neither laws nor FCCM regulations contain the requirement to disclose to clients the information how the charges are calculated.	
LITHUANIA		Prior to the provision of the service, the member of Association must duly provide information on: a) all the rates, types of commissions, fees, payments relating to the service provided as well as the ways of their calculation; c) all other types, rates and calculation of indirect expenses incurred by the client in relation to the service provided. (Paragraph 5.a and 5.c of Chapter 5 of the Code of Ethics).	
MALTA	MFSA	Vide reply to (40) (b) above.	
POLAND	Council of Ministers for enacting	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks	Polish Securities and Exchange Commission for drafting,

		conducting brokerage activities and banks keeping securities accounts, the brokerage house is obliged to describe in its regulations the manners and the terms of effecting payments and commissions by clients, involved in services provided to clients, and the procedures for determining their amounts. (Par. 3.2.12)	
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Art 73 letter c and Art 31.	See rule 37 above.
SLOVENIA	Parliament	SMA-1 A: 138	Investment firms have to report to the Agency any changes in general conditions of operations as well as their price list for providing services to clients. The price list of investment firm must be delivered to clients together with the general conditions of investment firm's operations. According to A:138, the investment firm must also at each premises where its clients are serviced, enable easy access to the price list.

Rule 41	<i>The information to be disclosed to customers on commissions, charges and fees must contain:</i> <i>a) the basis or amount of the charges for transactions, products or services, detailing, where appropriate, the percentage or rate applicable, the frequency with which it is applied, any maximum or fixed minimum fees and, where the commission or fee must be paid in foreign currency, the currency involved;</i> <i>b) if various investment firms are to be involved in a transaction or service, an estimate of the other fees that will be payable.</i>		
Country	Implementing Authority(ies)	Implementing Measure²¹	Comments
AUSTRIA	AP / AFEC	Art. 13 par 4 ASSA 6. Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	The information duties on commissions, charges and fees are captured by provisions of the ASSA and point 6 of the GL.. This rule does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees	As at St. 37	As at St. 37
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Rahoitustarkastus	Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	a) General rule, no detailed provisions available yet b) No requirements for estimating the fees The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	CMF Decision 98-28 COB regulation 89-02 and 96-03 and in addition Instruction on prospectus of November 2003	This CMF decision require the customer agreement to detail all charges and fees Moreover the Contact Committee is in charge of establishing a document on fees and charges

²¹ Any derogation to the application of the implementing measures should be mentioned.

GERMANY	BaFin	a) Section 31par. 2 WpHG Guideline, Part B.1.2. b) not implemented, amendment of guideline needed	
GREECE		Sections 7.2 (c), (bb), (cc) and (dd) of the Code of Conduct of Investment Services Firms require that the information to be disclosed to customers on commissions, charges and fees contain the issues addressed in a), b) of standard 41.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 11</u> <u>COC, Section 2.3(f)</u> As at 26 above.	
ITALY		Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 38 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 38 Article 30, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Contracts with investors)</i> ○○○ ANNEX 3 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS Paragraph n. 4.2) Commissions and other charges	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	As principle 5 of the circular CSSF 2000/15 requires that the professional shall make adequate disclosure of relevant information in his dealings with his clients, the professional shall disclose its customers all information on commissions, charges and fees. Principle 41 is thus fulfilled.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	NR2002 states that costs should be clear to clients at all times (arts 27, 33, 34, 35, 37 NR 2002)	The regulations do not mention fixed maximum or minimum fees, the mentioning of currencies and an estimate of others payable fees.
NORWAY	Parliament	STA, section 11-2 par 1 subpar 4	
PORTUGAL		SC art 312/1/d CMVM Regulation 12/2000 art 44	Although the Portuguese law does not expressly refer the minimum fees, if the financial intermediary is using them, it must expressly include such in their price list. In any case, article 44 of Regulation 12/2000 entails a clear principle: the intermediary not only has to include in the price list all expenses to be paid by the respective clients, either prices owed by the provision of the service or expenses of any other nature - taxes, fees or market fees, e.g., but it cannot also charge higher amounts than those resulting from the criteria foreseen in the price list or expenses not foreseen

			in the price list.
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 may, governing rules of action in the securities markets and obligatory record-keeping Article 16.1 Information to clients regarding transactions which have been performed. Section five: information to clients. Miniterial Order dated 25 October 1995, section five. information on transactions Nine.- Rules	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 4.2.15E (6) (Content of terms of business – general) COB 5.7.3 (Disclosure of charges). Before a firm conducts investment business with a private customer it must disclose in writing the basis or amount of its charges for conducting that business and the nature or amount of any other income receivable by it or to its knowledge by its associate and which is attributable to that business.	
		COB 4.2.10 (Adequate detail) a firm must ensure that its terms of business, including a client agreement with a customer) set out in adequate detail the basis on which the investment business is to be conducted. Where a firm expected that the charges levied by another firm would be material then these general information requirements in COB would apply.	
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 18 and paragraphs 2 and 5 of Part IV of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	Information relating to commission or fee payable in foreign currency is not expressly provided for. This matter will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) a) of the Securities Act; PART TWO, Sect. 12 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	The rule is formulated more generally.
ESTONIA	The EFSA	Guideline	
HUNGARY		See comments for paragraph 38.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Prior to the provision of the service, the member of Association must duly provide information on: a) all the rates, types of commissions, fees, payments relating to the service provided as well as the ways of their calculation; c) all other types, rates and calculation of indirect expenses	

		incurred by the client in relation to the service provided. (Paragraph 5.a and 5.c of Chapter 5 of the Code of Ethics).	
MALTA	MFSA	Vide reply to (40) (b) above.	
POLAND	Council of Ministers for enacting	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the brokerage house is obliged to describe in its regulations the manners and the terms of effecting payments and commissions by clients, involved in services provided to clients, and the procedures for determining their amounts. (Par. 3.2.12) There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the expressly established rules mentioned above.	Polish Securities and Exchange Commission is responsible for drafting 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services	
SLOVENIA	Parliament	The same as under 38.	The same as under 38.

Rule 42	<i>In order to give a fair and adequate description of the investment service or financial instrument, an investment firm must avoid accentuating the potential benefits of an investment service or financial instrument without also giving a fair indication of the risks.</i>		
Country	Implementing Authority(ies)	Implementing Measure²²	Comments
AUSTRIA	AP / AFEC	Art. 13 par. 1 and par 4 ASSA 4.1.a and b Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	Fair and adequate descriptions of investment services and financial instruments are compulsory covered by provisions of the ASSA and point 4.1.a and b of the GL. This rule does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees	As at St. 25	As at St. 25
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1, Chapter 4, Section 1 and Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	
FRANCE	AMF	In the prospectus for product negotiated on a regulated market	

²² Any derogation to the application of the implementing measures should be mentioned.

		risk shall be presented with such a requirement. For UCITS or specific bond with formula see below	
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.2.2.	
GREECE		According to sections 6.1 and 6.2 (d) of the Code of Conduct of Investment Services Firms, investment services firms should provide to their customers a detailed amount of investment risks in writing.	
ICELAND	FME	.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC Section 4.1</u> A firm must not recklessly, negligently or deliberately mislead a client as to any perceived advantages or disadvantages of a contemplated transaction. <u>COC, Section 1.1 to 1.7</u> <u>AR Section 1.4</u> An advertisement must not give any false or misleading indications in relation to the product or services the firms intends to provide, past performance or possible future performance of the product or service.....	See HISF, COC, page 3
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 38 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 38 Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to principle 5.4. the professional shall warn the client that losses may be sustained and that past performance is no guarantee of future results.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	no legislative basis in the Decree
NORWAY	Parliament		Not expressly stated in the law. However, Kredittilsynet may issue a circular stating that information as mentioned in rule 42 must be given to investors in order to comply with the rules on good business conduct.
PORTUGAL		SC 312/1/a CMVM Reg. 12/2000 art. 38, 39/1/a and 44	Although the Portuguese law does not expressly refer the minimum fees, if the financial intermediary is using them, it must expressly include such in their price list. In any case, article 44 of Regulation 12/2000 entails a clear principle: the intermediary not only has to include in the price list all expenses to be paid by the respective clients, either prices owed by the provision of the service or expenses of any other nature - taxes, fees or market fees, e.g., but it cannot also charge higher amounts than those resulting

			from the criteria foreseen in the price list or expenses not foreseen in the price list. The CMVM's supervisory practice ensures that the financial intermediary complies with the requirements of this Rule.
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the Securities Markets". Article 1.5 "Impartiality and good faith" and article 5.3 "Information to clients".	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	Section 397 of FMSA (Misleading statements and practices) Principle 7 (Communications with clients) COB 2.1.3 (Clear, fair and not misleading communication) COB 3.8.4 (Non-real time financial promotions: fair clear and not misleading; comparisons) COB 3.8.8 (Specific non real time financial promotions: general requirements) and 3.8.9 (Guidance). COB 3.8.8 requires a promotion to include a fair description of the nature of the service or investment being promoted, the commitment from the customer it will require and the risks involved. COB 3.8.9 in guidance indicates that a <i>fair and adequate</i> explanation is one which avoids accentuating the benefits of the investment without also giving a fair indication of the risks. The FSA would expect this approach to apply whenever a firm gives information about its services or investments.	The general overarching requirements of Principle 7 and COB 2.1.3 require the same standard as that most clearly met in COB 3.8.8 and 3.8.9 Standard 42 may also be met in COB 4.215E and COB 5.4 (risk warnings).
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus		This matter will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act; PART TWO, Sect. 16 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA, operator of stock exchange	SMA § 87 p 2. Guideline.	
HUNGARY	Parliament	See comments for paragraph 38. Section 118 of CMA	Investment service providers and commodities brokers cannot propose any transaction that is deceptive in nature, and meant for speculative purposes to manipulate prices, or that is

			disadvantageous to the client.
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	Vide reply to (40) (a) above.	
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	A investment firm is obliged to provide the client with important information related to the transaction, advise him of important facts and risk, and to ask from the client a written approval should additional financial commitments arise from the execution of an instruction.
SLOVENIA	Parliament	SMA-1 A: 111, P: 2 A:139, P: 2	

Rule 43	<i>The fair and adequate description of a compound product must contain all the relevant characteristics of the composite instruments including, for example, the different services involved, the duration of the product, whether the instrument involves credit, the interest due, etc.</i>		
Country	Implementing Authority(ies)	Implementing Measure²³	Comments
AUSTRIA	AP AFEC	Please see 42 Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	Please see 42.
BELGIUM	Parliament and Royal Decrees	See St. 25	See St. 25
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1, Chapter 4, Section 1 and Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	COB regulation implementing the UCIT directive within the COB	

²³ Any derogation to the application of the implementing measures should be mentioned.

		regulation 89-02 modified in October 2003 and the instruction attached of November 2003	
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.2.2.5	
GREECE		According to section 7.1 of the Code of Conduct of Investment Services Firms, investment services firms are obliged to provide to their customers information on the range of services licensed to offer. The same applies with respect to compound products.	
ICELAND	FME	.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	See 42 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) See above rule 38 Article 28, paragraph n. 2 of Consob Regulation 11522 (Communication of information between intermediaries and investors)	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force
LUXEMBOURG	CSSF	As according to principle 5 of the circular CSSF 2000/15 the professional shall make adequate disclosure of relevant material information in his dealings with his clients, the requirements of principle 43 shall also be contained in the information to the client.	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Although AFM has specific regulations regarding the provision of information which are similar to the CESR-standards, these are directed to potential clients, not clients.
NORWAY	Parliament Kredittilsynet	STA section 9-2	A circular concerning information requirements on compound products is currently being prepared by Kredittilsynet.
PORTUGAL		Public offer prospectus CMVM Reg 12/2000 art 38, 39, 40 and 41	Information concerning the specific features of structured products, guaranteed income, tax information, past performance, prospects of future performance of financial instruments is subject to specific European regulation, when it entails public offers or marketing of UCITS. Whenever it entails the exercise of other activities based on financial advice to private customers no other rules apply, but those laid down in articles 38 to 41 of CMVM Regulation 12 /2000.
SPAIN			Not implemented
SWEDEN	Finansinspektionen	.	Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	Principle 7: requires a firm to have due regard to the information needs of its customers. COB 4.2.10 (Adequate Detail - in terms of business) COB 6.5.13R (Nature of a life policy or scheme or stakeholder	The FSA would expect adequate disclosure in a firm's terms of business of any particular features of investments or services of a compound or composite kind where the firm knew or ought reasonably to be aware that this would be of material significance

		pension scheme) imposes additional requirements in relation to life policies, regulated investment schemes and stakeholder pension schemes COB 7.9.3 (Restrictions on lending to private customers). contains some specific <i>prior</i> requirements applying where a firm arranges for a customer to draw on lines of credit where the firm is acting as an investment manager..	for the customer.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 6 of Part III of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	Securities Act: Art 47b sec. 1 e)	
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	Vide reply to (40) (a) above.	
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to widen currently existing obligation of providing information and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA		Not implemented.	Not a usual practice and no special rules for composite instruments.

Rule 44	<i>The information on financial instruments and investment services must not state or imply that the performance of services or of the investment is guaranteed unless there is a legally enforceable arrangement to meet in full an investor's claim under the guarantee. Sufficient detail about the guarantor and the guarantee must be provided to enable the investor to make a fair assessment of the guarantee.</i>		
Country	Implementing Authority(ies)	Implementing Measure ²⁴	Comments
AUSTRIA	AP	Austrian Civil Code	The provision that statements of guarantees can only be given when there is a legally enforceable guarantee is covered by general principals of Austrian civil law. This rule does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees	See St. 25	See St. 25
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish

²⁴ Any derogation to the application of the implementing measures should be mentioned.

			Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1 and Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Decree 89-623 modified in 2003 Ch I SecIII	This regulation obliged any guarantee are guaranteed by a legally enforceable arrangement given by a credit institution from the OECD area
GERMANY	BaFin	Not implemented Amendment of guideline needed	
GREECE		According to section 4.4. (e) of the Code of Conduct of Investment Services Firms “the advertisement must not describe, directly or indirectly, that the performance of its services or of the investment is guaranteed unless legally enforceable guarantee is provided as to the service or the transaction by any person and the relevant right may be exercised by the persons, without restriction, to whom the advertisement is addressed, under the exclusive condition that they use the services offered or that they conclude the transaction offered.”	
ICELAND	FME	.	See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>AR, Section 2</u> The advertisement must not unconditionally describe an investment as guaranteed or partially guaranteed	See HISF, AR, page 5
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 38 Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to implement this rule in detail.
LUXEMBOURG		No specific rules	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Ibid.
NORWAY	ANSC	Gen. Business Terms Article 5(4) Ethical Norms, article 4-2 par 3, which explicitly states that care shall be taken when giving advice, particularly advice on future development and no guarantee shall be given regarding a definite outcome of an investment.	A circular concerning information requirements on compound products is currently being prepared by Kredittilsynet.
PORTUGAL		Public offer prospectus SC arts 7, 312 Reg 12/2000 art 38/2, Reg 10/2000 art. 11° Reg 20/2000	Please refer to the notes to Rule 39. The CMVM’s supervisory practice ensures that the financial intermediary complies with the requirements of this Rule.
SPAIN		This rule is implemented for UCITS.	

SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	Principle 7. COB 2.3.1R COB 3.8.4 (Non –real time financial promotions to be fair clear and not misleading) COB 3.8.7 (Guidance on clear, fair and not misleading) (2). , states that (except in the case of life policies and deposits) an investment should not be described as guaranteed unless this is supported by a legally enforceable agreement with a third party in which case sufficient information about the guarantee and the guarantor should also be given..	
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 3 of Part II of Annex 2 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	The provision of “sufficient detail” is not expressly provided for. This will be expressly provided for in the forthcoming amendments to the Code of Business Conduct of Investment Firms and the Natural Persons employed by them, Directive 1/2003 which are expected to be issued by the end of the first quarter of 2004
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) n) of the Securities Act; PART TWO, Sect. 16 and 24 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 3.05 of part CI of the ISG an Investment Firm is required to ensure the adequate disclosure of relevant material information to prospective and actual customers in a way which is fair, clear and not misleading. See also SLC 3.02 (e) of Part CI of the ISG and SLC 5.20.	
POLAND	Parliament for the law Council of Ministers for the decree	The PSEC is now discussing possible method and form for the implementation of the mentioned standard.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above comments.
SLOVENIA		Contract between investment firms and their clients on asset	

		management are under the Agency's supervision. As regards guarantees they may be defined by the agreement on asset management between investment firm and a client. In this case the firm is obliged to perform services in order to meet the obligation for guaranteed yield.	
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Rule 45	<i>When information provided refers to a particular tax treatment the investment firm must advise the customer that the tax treatment depends on his personal situation and is subject to change and that he may wish to obtain independent tax advice.</i>		
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Country	Implementing Authority(ies)	Implementing Measure ²⁵	Comments
AUSTRIA	AP AFEC, FMA	Art. 13 para 4 ASSA 4.1.c Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	It is common market standard that information on tax treatment is given with advice that the tax treatment depends on the customer's personal situation. This rule is market standard and is laid down in point 4.1.c of the GL and applied practice. Further regulation concerning the tax situation of a customer is laid down in the Annex of the GL - in the general risk statement. The Annex regulates that the investment firm only has to give advice of the general tax aspects of a product. The specific tax advice for the customer is on the other hand part of the job of a professional tax adviser. This rule does not require further implementing measures.
BELGIUM	Royal Decree	No specific rules	Additional rules may be adopted on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Conduct of Business, section 10, par. 1. (The above mentioned rule states that an investment firm shall take into account tax treatment when offering advice or advice the customer to obtain independent tax advice.)	
FINLAND	Rahoitustarkastus	No provisions available.	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	COB regulation 96-03 contains information on tax treatment.	This has not been implemented as such for financial advisor. However, tax information must of course be accurate and are part of the advice given in asset management.
GERMANY	BaFin	Not implemented Amendment of guideline needed	
GREECE		According to section 4.4. (h) of the Code of Conduct of investment services firms, the latter should inform their customers in the ambit of their public communication with them, that tax treatment depends on their personal situation and that it is subject to change. Section 4.4. (h) of the Code of Conduct	

²⁵ Any derogation to the application of the implementing measures should be mentioned.

		4.4. (h) Public communication to the customer shall clearly present normal and abnormal investment risks pertaining to the investment services offered or the transactions recommended with respect to, indicatively but not limited to, the change in investment value, investment suitability according to investor class, currency and other relevant market risks and investment liquidity conditions. Especially when reference is made to investor tax obligations, it shall be clearly pointed out that relevant tax obligations may be subject to change.	
ICELAND	FME	.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>AR, Section 8</u> If the advertisement contains any reference to the impact of taxation, it must: meet the conditions specified.	See HISF, AR, page 7
ITALY		Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 38 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 38	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field in order to: <ul style="list-style-type: none"> • clarify the specific obligations arising from the general principles laid down in the provisions at present in force and • inform the customer that he or she may request an independent tax advice.
LUXEMBOURG	CSSF	The principle 45 is fulfilled by the general requirement stated in principle 5 of the circular CSSF 2000/15	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Ibid.
NORWAY	Parliament	Partly implemented by STA section 9-2. However, the duty to advice especially related to tax treatment should be clarified in the relevant provision or regulation to this provision.	
PORTUGAL		Public offer prospectus SC art. 7 and 312 CMVM Reg 12/2000 art 38/2 up to 41	Please refer to the notes to Rule 39. In most cases, under the domestic legal framework, taxes applicable to securities investment services do not depend on the individual situation of the investor. Information on this type of tax duties must be part of the price list of the intermediary or of prospectuses of UCITS' marketing, or of public issues of securities. By imposition of the principle of completion of information, within the scope of consultancy services, the intermediary must advise the client to look for investments which are, in terms of taxes, more efficient, in pursuance of his/her profile, (i) that the intermediary is not providing tax consultancy services and (ii) that tax duties are dependent on the specific global assets of the client.
SPAIN			Not implemented
SWEDEN	Finansinspektionen	.	Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be

			implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 2.3.1R. is of general application (fair, clear and not misleading). COB 3.9.19 and 3.9.20 (Taxation – direct offer financial promotions) a direct offer financial promotion must include a summary of the taxation of any investment to which it relates and the taxation consequences for investors generally.	COB 3.9.19R and COB 3.9.20R apply in the case of financial promotions which are capable of acceptance by the customer. This rule only applies in the case of direct offer financial promotions. It does not warn the customer to seek independent tax advice.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 2 of Part V of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	The Code does not expressly provide that an investment firm has to advise its customers that they may wish to seek independent tax advice. This matter will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission		No specific regulation.
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 5.21 of Part C I of the ISG	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to widen currently existing obligation of providing information and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged to provide the client with important information related to the transaction and advise him of important facts and risk. It is also obliged to request from the client a written approval should additional financial commitments arise from the execution of an instruction.
SLOVENIA		Information on taxes is a part of general conditions of operation, the price list and each statement of account sent to clients after the transactions are executed.	

Standard 39	<i>If information provided by an investment firm refers either to the past performance or to a forecast of the future performance of a financial instrument or investment service, this information must be relevant to the instrument or service being promoted and the source of the information must be stated.</i>		
Country	Implementing Authority(ies)	Implementing Measure ²⁶	Comments

²⁶ Any derogation to the application of the implementing measures should be mentioned.

AUSTRIA	AP FMA /AFEC	Art 13 par 4 ASSA Risk warning Degree for property funds Federal Act on Investment Funds	These information duties are in general covered by provisions of the ASSA and ABA. Lately has been clarified by The Austrian Supreme Court in the ruling 9 Ob 230/02t from February 26, 2003, which straightened out that a credit institution has to pay indemnity for not telling the customers that the past performance of a financial instruments is not a guarantee for future performance of the financial instrument. The concrete details concerning the source will be implemented as market standard and interpretation guidelines to the general information duties. The decree will be implemented in October 2003 and contains the information that past performance of a financial instrument is not a guarantee for future performance. The prospectus to provide ucits has to contain the above mentioned information.
BELGIUM	Royal Decree CBFA circulars	Partly covered by Circular ICB/1/93 of 20 July 1993 on the trading in Belgium of units issued by undertakings for collective investment	Additional rules may be adopted by Royal Decree on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1 and Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	No precise provisions as to the source of the information. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	COB regulation 89-02 and AFG code of Conduct	Only past performance is allowed. Forecast is forbidden by the current regulation. It is compulsory to warn the customer on the indicative character of past performance. COB doctrine and the Code on performance of the French Association of Asset Management (AFG) frame the exercise and impose the period of reference, the obligation to give three scenarios if past performances are rebuilt from estimated data. This scenario must be given on a form of a graph.
GERMANY	BaFin	Not implemented Amendment of guideline needed	
GREECE		According to section 4.4 (g) of the Code of Conduct of Investment Services Firms, investment services “reference to historical facts regarding the investment services offered or the transactions recommended is prohibited, when these facts do not contribute clearly to the formation of adequate and accurate opinion on the investment services offered or the transactions recommended, or may cause confusion or mislead the average investor as to the return on the investment services offered or the transactions recommended.”	

ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<p><u>AR, Section 6</u> Any information about the past performance of the product or service or of the firm must: must meet the conditions specified.</p> <p><u>AR, Section 19</u> Where an advertisement containing any forecast or projections must meet the conditions specified,</p>	<p>See HISF, AR, page 6 See HISF, AR, page 11</p>
ITALY	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38 Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i></p> <p>See above rule n. 44</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field in order to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to principle 5 and 5.4. of the circular CSSF 2000/15, the requirement stated in principle 39 is fulfilled	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	<p>Rule lacks legislative base in Decree. Rule is directed to the provision of information to potential clients.</p>
NORWAY	Parliament ANSC	<p>STA, section 9-2 Ethical Norms, article 4-2(3)</p>	
PORTUGAL		<p>SC articles 7, 135/2 and 312 CMVM Reg. 12/2000 article 38/2, Reg. 10/2000, art. 11° Reg. 20/2000 Reg. 4/2002 CMVM Recommendations on Research</p>	<p>On the subject of UCITS, the terms and conditions under which income may be disclosed are fully established under CMVM Regulation 20/2000. The regime applicable to guaranteed UCITS is fully provided for in CMVM Regulation 4/2002. With regard to the public placement of securities, article 135/2 of the SC rules the forecasts on the evolution of prices of securities which are the subject of an offer and article 11 of CMVM Regulation 10/2000 defines the rules for securities which benefit from a guarantee from a third party. Within the scope of registration of general contractual clauses of contracts of individual portfolio management, the CMVM verifies the clauses of contracts in which it is guaranteed a minimum income of the portfolio, not being allowed the use of these models if the guarantee is not an effective one. Outside the scope of public placement of securities or of UCITS' marketing, general rules of articles 312 of the SC and 38/2 of CMVM Regulation 12/2000 (past performance) establish the rules applicable to advise related with the service of reception and execution of orders or with individual management of portfolios. All information provided must be, under article 7 of the SC, complete and accurate. This means, in particular, that the financial intermediary which provides information on past performance or on the prospects of future evolution of a given security listed on the market or, of portfolios under its management, it must take into account (i) representative time</p>

			periods, (ii) make an objective assessment of the evolution of the quotation or of the results achieved in portfolios under its management, (ii) to be able to demonstrate its research and to disclose the corresponding grounds (as required by the CMVM, in relation to financial research reports, as per "CMVM Recommendations on research", II , 5.1., 5.2. and 6) and (iv) to inform the client on the (uncertain) nature of forecasts on the future evolution.
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the Securities Markets". Article 5 "Information to clients".	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 3.8.4 (Non-real time financial promotions: fair, clear and not misleading – and comparisons); Guidance on compliance with COB 3.8.4 COB 4 Annex 4 R (Table C – (2) Quoting out of date yields; (4) Running and redemption yields; Table G (3) High Income Products – quoting annualised rates of return COB 3.8.11 (Specific Non – real time financial promotions: past performance COB 3.8.12 G (Guidance on the use of past performance information) COB 3.8.13 (past performance – packaged products); COB 3.8.17 (Specific Non – real time financial promotions: projections for life policies or schemes); COB 6.6 (Projections for packaged products)	The FSA's general rules on the use of past performance information in financial promotions necessarily require information to be relevant to the investment which is being promoted – see for example COB 3.8.12 (1) and (2). These provisions explain what is suitable/relevant information, ie, that which prevents promotions from inducing belief that previous favourable performance will necessarily be repeated and warnings from firms that fit the fin prom itself and its intended audience. The FSA's rules in this area are subject to possible change with requirements for enhanced standardised information being introduced – see CP 183 (Standardising past performance) (May 2003). The FSA requires any projection of a future return in relation to packaged product to be given on a prescribed basis. The FSA has given specific guidance on the use of current and projected yield figures in corporate bonds and other similar offerings.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 9 of Part II of Annex 2 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	The requirement to state "source of information" is not expressly provided for. This will be expressly provided for in the forthcoming amendments to the Code of Business Conduct of Investment Firms and the Natural Persons employed by them, Directive 1/2003 which are expected to be issued by the end of the first quarter of 2004
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act; PART TWO, Sect. 24 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for	

		the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA, operator of stock exchange	Guideline. The Rules and Regulations of Tallinn Stock Exchange “Membership Rules” p 8.8.1 and 8.8.4: Any investment published by a member of stock exchange must be accurate and truthful. A member must be able to explain the contents of any investment advice published by it and prove the opinions and statements contained therein. Investment advice provided by a member shall be reasoned, and at the request of the client, the member shall disclose to the client the information that served as a basis for such advice.	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 5.26 (a) – (c) of Part C I of the ISG	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services	See answer above.
SLOVENIA	Securities Market Agency	Decision on Advertising with regard to securities and services related to securities A: 2, P:2 and 3	It is a part of investment firms’ advertising activities, supervised by the Agency.

Rule 46	<i>If a reference to historical performance of investment services or financial instruments is made, it must be clearly expressed that the figures refer to the past, and that they may not constitute reliable guidance as to the performance of these services and instruments in the future.</i>		
Country	Implementing Authority(ies)	Implementing Measure²⁷	Comments
AUSTRIA	FMA/AFEC	Please see 39.	Please see 39
BELGIUM	Royal Decree CBFA circulars	Partly covered by Circular ICB/1/93 of 20 July 1993 on the trading in Belgium of units issued by undertakings for collective investment	See St. 39
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1 and Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the	

²⁷ Any derogation to the application of the implementing measures should be mentioned.

		Marketing of Securities (201.2).	
FRANCE	AMF	COB regulation 89-02 and AFG code of Conduct	Warning the customer on the indicative character of past performance is compulsory
GERMANY	BaFin	Not implemented, Covered by fair, clear und not misleading information, Amendment of guideline needed	
GREECE		According to section 4.4. (g) of the Code of Conduct of Investment Services Firms, “Any reference to historical facts shall make clear that such facts refer to past investment services and transactions and that they are not binding nor securing the realization of similar performance of these investment services and transactions in the future.”	
ICELAND	FME	.	See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>AR Section 6.2</u> As at 39 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 38 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 38 Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i> See above rule n. 44	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG		See 42	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	NR2003 prescribes exact sentences, eg.: “the value of your investment may fluctuate. Results achieved in the past are no guarantee for future results”.	
NORWAY	Parliament ANSC	STA section 9-2 Ethical norms article 4-2 par 4 states that as far as possible, a broker shall indicate the general and special risks that may be linked to concrete transactions. Investments with latent obligations of partly unknown extent, margins, options and futures, forward transactions and other transactions which include an element of borrowing call for special guidance for the non-professional investor with regard to the special risks that are inherent in this type of trading. Gen. Business Terms Article 5(2)	Kredittilsynet has in particular cases stated that the general rule of good business conduct should be construed in a way as described in rule 46.
PORTUGAL		Public offer prospectus, SC arts 7, 135/2 and 312 and CMVM Reg 12/2000 art 38/2, up to 41	Please refer to the notes to Rule 39
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex “General Code of Conduct for the Securities Markets”. Article 5 “Information to clients”.	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation

			of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 3.8.11 (Specific Non-real time financial promotions: past performance) There must be "suitable text" in the specific non-real time financial promotion drawing attention to the fact that past performance will not necessarily be repeated, either in relation to specified investments or in relation to the firm.	These requirements are generally limited to non-exempt financial promotions.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 9 of Part II of Annex 2 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act; PART TWO, Sect. 24 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	Vide replay to (39) above.	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to widen currently existing obligation of providing information and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services	
SLOVENIA		Please refer to 39 above	

Rule 47	<p><i>The use of simulated returns is prohibited. If the information refers to actual returns based on past performance:</i></p> <p><i>a) the reference period must be stated and must not be less than one year;</i></p> <p><i>b) where returns relate to more than one year, they must either be reduced to a compound annual rate or stated separately as annual returns;</i></p> <p><i>c) where a compound annual return is presented for more than one year, a reference period of five years must be used provided the relevant data are available. If the relevant data are not available over a reference period of five years (e.g. because the financial instrument or the investment portfolio has not existed for such a period), the returns may be measured from the issue date or the date on which the portfolio was established;</i></p> <p><i>d) where a benchmark is used to compare returns, it must be identified and its reference period must be relevant, clear and sufficient to provide a fair and balanced indication of performance of the investment service or financial instrument being promoted;</i></p> <p><i>e) if the return figures are not denominated in local currency, the currency used must be stated and reference shall be made to the currency risk for the return in local currency;</i></p> <p><i>f) the information for the comparison should be based on net performances or if it is based on gross performances commissions, fees or other charges have to be disclosed.</i></p>		
Country	Implementing Authority(ies)	Implementing Measure ²⁸	Comments
AUSTRIA	FMA / AFEC	Please see 39.	Please see 39
BELGIUM	Royal Decree CBFA circulars	See St. 39	See St. 39
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1 and Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	No precise provisions as to - the prohibition of use of simulated returns - reference period of five years - points b, e) and f) The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Decree 89-623 COB regulation 89-02	The French regulation does not provide for five years in c) but a specific reference period is adapted for each type of formula. e) return figure have to be denominated in local currency for all funds where subscription is in local currency. f) net performance is mandatory
GERMANY	BaFin	Not implemented, Covered by fair, clear und not misleading information, Amendment of guideline needed	
GREECE		According to section 4.4. (g) of the Code of Conduct of Investment	

²⁸ Any derogation to the application of the implementing measures should be mentioned.

		Services Firms, “Reference to historical facts regarding the investment services offered or the transactions recommended is prohibited, when these facts do not contribute clearly to the formation of adequate and accurate opinion on the investment services offered or the transactions recommended, or may cause confusion or mislead the average investor as to the return on the investment services offered or the transactions recommended. Any reference to historical facts shall make clear that such facts refer to past investment services and transactions and that they are neither binding nor securing the realization of similar performance of these investment services and transactions in the future”.	
ICELAND	FME		See general clause regarding FME’s Directive Requests.
IRELAND	IFSRA	<u>AR, Section 6.2</u> As at 39 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 38 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 38 Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i> See above rule n. 44	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to: clarify <ul style="list-style-type: none"> the specific obligations arising from the general principles laid down in the provisions at present in force and obligations to which they have to comply when providing information about actual returns based on past performance.
LUXEMBOURG		No specific rules	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented NR2002 provides for most of these requirements	Dutch rules differ slightly. Large difference is that simulated returns are not prohibited. (also: No legislative authority for AFM)
NORWAY	Parliament	Not expressly regulated. Details concerning information referring to actual returns may be regulated in a circular letter issued by Kredittilsynet.	
PORTUGAL		Public offer prospectus SC arts 7, 135/2, 312 CMVM Reg 12/2000 art 38/2 up to 41	Please refer to the notes to Rule 39 The CMVM’s supervisory practice ensures that the financial intermediary complies with the requirements of this Rule.
SPAIN		This rule is implemented for UCITS.	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 3.8.11 and COB 3.8.12 (Specific Non – real time financial promotions: past performance) COB 3.8.13 (past performance information for packaged products)	The FSA’s rules on past performance are more specifically tuned to the CESR standard in relation to packaged products, particularly as to the periods over which performance should be illustrated. The FSA requirements are generally limited to non-exempt

		COB 3.8.11R and 3.8.12G are not as prescriptive as Standard 47 but are instead based on providing "a fair and balanced indication of performance" and on firms meeting the general requirement to have taken reasonable steps to be "clear, fair and not misleading" (as stated in COB 3.8.4R(1)). COB Annex 4.	financial promotions. The FSA has issued a consultation paper on past performance - CP 183 (Standardising past performance) (May 2003). The COB provisions proposed in the CP 183 are more specific than the existing COB provisions but are not as prescriptive as the CESR standards.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 10(b) of Part III of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	The use of simulated returns and point (f) are not expressly provided for. These will be expressly provided for in the forthcoming amendments to the Code of Business Conduct of Investment Firms and the Natural Persons employed by them, Directive 1/2003 which are expected to be issued by the end of the first quarter of 2004
CZECH REPUBLIC	Securities Commission	Decree on Detailed organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 24 sec. c)	
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	Ad a) - c) SLC 5.26 (g) – (i), (m) of Part C I of the ISG Ad d) SLC 5.26 (j) and (l), and 5.06 (j) of Part C I of the ISG Ad e) SLC 5.29 (e) of Part C I of the ISG Ad f) SLC 5.26 (d) of Part C I of the ISG	
POLAND	Parliament for the law Council of Ministers for the decree	The PSEC is now discussing possible method and form for the implementation of the mentioned standard.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA		Please refer to 39 above.	Not all information is covered in such a detailed manner. Generally investment firms' advertising is not so complex as stated under 47 (left).

Rule 48			
<i>The relevant provisions on actual returns shall apply to the method of calculating and presenting any future returns. Information on estimated future returns must state that these future returns are forecasts. Such forecasts must in turn be based on objective, realistic assumptions of investment returns.</i>			
Country	Implementing Authority(ies)	Implementing Measure ²⁹	Comments
AUSTRIA	AFEC	Please see 39.	Please see 39
BELGIUM	Royal Decree CBFA circulars	See St. 39	See St. 39
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Actual return is forbidden	
GERMANY	BaFin	See 47	
GREECE		Section 4.4. (g) of the Code of Conduct 4.4. (g) Reference to historical facts as to the offered services or the suggested transactions is prohibited, in the event that these facts do not contribute clearly to the formation of adequate and precise opinion on the services offered or the suggested transactions, or may cause confusion or mislead the average investor as to the performance of the services provided or suggested transactions. In any case of reference to historical facts, it shall be clearly expressed that such facts refer to past services and transactions and that they are not binding or constitute guidance as to the relative performance of these services and transactions in the future.	
ICELAND	FME	.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>AR, Section 6.2 and 19</u> As at 39 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 38 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 38	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force

²⁹ Any derogation to the application of the implementing measures should be mentioned.

		Article 18 of Consob Regulation 11971 (Description of past yields and other data)	
LUXEMBOURG		See above rule n. 44	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented Rules state that returns should be assessed by an accountant (art 7.8 annex 7 NR2002)	Rules do not state that forecasts must be based on objective, realistic assumptions of investment returns. (also: no legislative authority for AFM)
NORWAY	Parliament	Not expressly regulated. Details concerning information referring to actual returns may be regulated in a circular letter issued by Kredittilsynet.	
PORTUGAL		Public offer prospectus SC arts 7, 135/2, 312 CMVM Reg 12/2000 art 38/2 up to 41	Please refer to the notes to Rule 39 The CMVM's supervisory practice ensures that the financial intermediary complies with the requirements of this Rule.
SPAIN		This rule is implemented for UCITS.	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 3.8.17 (Specific Non – real time financial promotions: projections for life policies or schemes); projections must comply with COB 6.6.; 6.6 (Projections for packaged products) COB Annex 4.	The FSA's rules on the use of projections are specific to packaged products; guidance on the use of yields and expressions of future growth is given in COB 3 Annex 4 in relation to bonds. The FSA's control on the use of forecasts in relation to non-packaged products relies on the general requirements.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus		This matter will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act; PART TWO, Sect. 24 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	There is a rule that the Brokerage House shall ensure that the advertising contains no estimated figures or forecast for the yield relating to the provision of the service or investment instrument, unless it ensues from the nature of the investment services or investment instrument that such a yield has been set as fixed. There is no special rule dealing in detail with calculating and presenting any future returns in relation to actual returns.
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA		No projected returns are allowed in advertisements. SLC 5.26(f) states that Performance must not be based on simulated figures.
POLAND	Parliament for the law	There is a draft of a new Polish Law on Public Trading of Securities	Polish Securities and Exchange Commission is responsible for

	Council of Ministers for the decree	prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation.	drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA		Please see under the 39 above.	

Rule 49			
<i>Any estimate, forecast or promise contained in the information on financial instruments and investment services must be clearly expressed, must state the assumptions on which it is based, must be relevant and must not mislead the customer.</i>			
Country	Implementing Authority(ies)	Implementing Measure³⁰	Comments
AUSTRIA	AFEC	Please see 39.	Please see 39
BELGIUM	Royal Decree CBFA circulars	See St. 39	See St. 39
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1 and Chapter 4, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	General rule, no detailed provisions available yet. Any promises should not be made about the future performance of a security. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	estimated forecast are forbidden	
GERMANY	BaFin	See 47	
GREECE		According to section 4.4. (g) of the Code of Conduct of Investment Services Firms, "Reference to historical facts regarding the investment services offered or the transactions recommended is prohibited, when these facts do not contribute clearly to the formation of adequate and accurate opinion on the investment services offered or the transactions recommended, or may cause confusion or mislead the average investor as to the return on the investment services offered or the transactions recommended. Any reference to historical facts shall make clear that such facts refer to past investment services and transactions and that they are neither binding nor securing the realization of similar performance of	

³⁰ Any derogation to the application of the implementing measures should be mentioned.

		these investment services and transactions in the future". This provision in conjunction with section 4.4 (f) of the Code of Conduct such an obligation is imposed to investment services firms.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>AR, Section 1.3</u> As at 29 above. <u>AR, Section 19</u> As at 39 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 38 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 38 Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i> See above rule n. 44	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to 5.6. of the circular 2000/15 all information conveyed to the client must be clear, truthful, accurate and complete and presented in language which is comprehensible, in a form which is appropriate manner which reflects the professional 's assessment of the knowledge and experience of his client. See also 42	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Although implicit, provisions such as these are not explicitly taken up in the regulations.
NORWAY	Parliament	STA section 9-2	Implemented. However, the obligation to state assumptions on which information is based, is not expressly stated.
PORTUGAL		Public offer prospectus SC arts 7, 135/2, 312 CMVM Reg 12/2000 art 38/2 up to 41	Please refer to the notes to Rule 39 The CMVM's supervisory practice ensures that the financial intermediary complies with the requirements of this Rule.
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the Securities Markets". Article 5.4 "Information to clients".	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 3.8.17 and COB 6.6 (Projections for packaged products); COB 3 Annex 4.	See comments above in relation to CESR Rule 48.

CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 10(b) of Part III and Paragraph 1 of Part V of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act; PART TWO, Sect. 24 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	There is a rule that the Brokerage House shall ensure that the advertising contains no estimated figures or forecast for the yield relating to the provision of the service or investment instrument, unless it ensues from the nature of the investment services or investment instrument that such a yield has been set as fixed. There is no special rule dealing in detail with any estimate, forecast or promise contained in the information on financial instruments and investment services. The customer shall be always advised that the estimated or potential yields are not guaranteed.
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Upon publishing the information, it is prohibited to make a promise of a notably good performance, excessively or without having a ground claim for highest achievements, present ungrounded opinion or make forecasts on future events without having the ground for it or without indicating that this is a forecast. (Paragraph 6 of Chapter 22 of the Code of Ethics).	
MALTA	MFSA	SLC 5.06(a) in Part CI of the ISG	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	
SLOVENIA		Please see under the 39 above.	

Rule 50	<i>If information provided contains comparisons, the requirement of being fair, clear and not misleading means that the comparisons must:</i> <i>a) be based either on data from attributed sources or disclosed assumptions;</i> <i>b) be presented in a fair and balanced way;</i> <i>c) take reasonable steps not to omit any fact that is material to the comparison.</i>		
Country	Implementing Authority(ies)	Implementing Measure³¹	Comments
AUSTRIA	AP/AFEC/FMA	4.1.c Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	As mentioned above, the GL lays down the specific information duties of an investment firm. The demand for fair and clear comparisons is covered by provisions of the ASSA and point 4.1. c of the GL. This standard does not require further implementing

³¹ Any derogation to the application of the implementing measures should be mentioned.

			measures.
BELGIUM	Royal Decree	RD 5 December 2000 (application of the Law on Fair Trading Practices to securities)	See St. 39
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1 of the Securities Markets Act. Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2).	Guideline is more general than the rule. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	See regulation on benchmark in funds with formula.	
GERMANY	BaFin	See 47	
GREECE		According to section 4.4. (g) of the Code of Conduct of Investment Services Firms, "Reference to historical facts regarding the investment services offered or the transactions recommended is prohibited, when these facts do not contribute clearly to the formation of adequate and accurate opinion on the investment services offered or the transactions recommended, or may cause confusion or mislead the average investor as to the return on the investment services offered or the transactions recommended. Any reference to historical facts shall make clear that such facts refer to past investment services and transactions and that they are not binding nor securing the realization of similar performance of these investment services and transactions in the future". This provision in conjunction with section 4.4 (f) of the Code of Conduct such an obligation is imposed to investment services firms.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>AR, Section 4</u> Comparisons or contrasts must: (a) be based either on facts verified by the firm, which should be held on file and available for examination, or on assumptions stated within the advertisement; (b) not mislead; (c) be presented in a fair and balanced way; and (d) not omit anything material to the comparison or contrast.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 38 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 38 Article 18 of Consob Regulation 11971	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		<i>(Description of past yields and other data)</i>	
		See above rule n. 44	
LUXEMBOURG	CSSF	See 49	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	No legislative authority for AFM
NORWAY	Parliament	Awaiting authority in law to provide further regulations	
PORTUGAL		Public offer prospectus SC art. 7	
SPAIN	Government/Ministry of Economy / CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the Securities Markets". Article 5.4 "Information to clients".	
SWEDEN	Finansinspektionen	.	Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 3.8.4 (Non real – time financial promotions; fair clear and not misleading; comparisons). 50a) – COB 3.8.5E (1)(b): firm should take reasonable steps to ensure that, for a non-real time financial promotion, any statement of fact, promise or prediction is clear, fair and not misleading and discloses any relevant assumptions 50c) - COB 3.8.5E (1)(d): firm should take reasonable steps to ensure that, for a non-real time financial promotion, inter alia a comparison or contrast is presented in a fair and balanced way which is not misleading 50c) - COB 3.8.5E (1)(h): firm should take reasonable steps to ensure that, for a non-real time financial promotion, it does not omit any matters the omission of which causes the financial promotion to be clear, fair and not misleading	Note that these requirements are generally limited to non-exempt financial promotions.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus		This matter will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) n) of the Securities Act; PART TWO, Sect. 24 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	The rule is formulated more generally by saying that if the advertising contains a comparison of the offered investment service, investment instrument or person that is offering the investment service with another service, instrument or person, all the facts should be set out which may substantially affect the result of such a comparison.
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 25.	
LATVIA		The laws or FCMC regulations do not specifically regulate this	

		issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	Ad a) Vide reply to 47 (d) above. Additionally SLC 5.26 (j) of Part C I of the ISG Ad b) SLC 5.26 (l) of Part C I of the ISG Ad c) Not catered for in local legislation.	
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to widen currently existing obligation of providing information and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA		Please see under the 39 above.	

2.5) RISK WARNINGS

Standard 51	<i>An investment firm must provide its customers with risk statements that warn of the risks associated with financial instruments and transactions having regard to the customer's knowledge, experience, investment objectives and risk profile.</i>		
Country	Implementing Authority(ies)	Implementing Measure ³²	Comments
AUSTRIA	AP AFEC	Art. 13 para 4 ASSA 4.1. b and 6 Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	The provision of customers with risk statements is explicitly determined in the ASSA and in detail determined in point 4.1.b and 6 of the GL. The guideline regulates the obligation to provide the customer with information about the general risk of a financial instrument (market and interest development) or service and with information about the specific risk of a financial instrument (security of a financial instrument, duration, exchange risk, currency and interest risk) or service. This standard does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees	See St. 37	See St. 37
DENMARK	The Ministry of Economic and Business Affairs Danish Financial Supervisory Authority	Executive order on Conduct of Business, section 13 Guidance on Executive order on Good Securities Trading Practices, section 4. (The above mentioned rules state that investment firms should when recommending or transmitting risk associated services assess whether these services are suitable for the customer. Furthermore the investment firm should provide customers with information on	Derogation: According to Executive order on Conduct of Business, section 13 risk warnings are given when needed as individual advice and not as general information.

³² Any derogation to the application of the implementing measures should be mentioned.

		risks associated with the execution of trades.)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 3a and Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	
FRANCE	AMF	Article 3-3-5 of the GR of the CMF Article 20 of COB Regulation 96-03 (on portfolio management)	According to the CMF provision information must be provided on “particular risks” and is adapted according to the investor’s competence. The COB provision states that “the duty of information and advice includes warning against risks incurred”.
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.2.2	
GREECE		Sections 6.1 and 6.2 (d) of the Code of Conduct of Investment Services Firms, set Investment Services Firms responsible for informing their customers regarding the risks associated with financial instruments and transactions, taking into account the customers’ knowledge, experience, investment objectives and risk profile.	
ICELAND	FME	Not fully implemented. The know your customer rules that have recently been implemented (art. 5 para. 1 of the Act on Securities Transactions) require the investment firm to provide their customers with information based on their knowledge of the customers background. It would follow from this obligation that risk statements are given where appropriate.	General clause regarding FME’s Directive Requests: The FME plans to make changes to Directive Request no. 1/2001 and to issue a new directive request to fulfill its obligations to implement the CESR standards on investor protection, where this is within its authority. A first consultation paper regarding the CESR standards on investor protection was issued in October 2003. A second consultation paper will be published in the first half of 2004. Finalized Directive Requests on investor protection are estimated to have taken effect in the third quarter of 2004. This estimated timing of implementation is made with the reservation that it is subject to the outcome of the consultation process, where among other matters, the authority of the FME to implement some of the rules may be called into question.
IRELAND	IFSRA	<u>COC Section 2.4</u> A firm shall not be entitled to recommend to, or undertake for, a private client any margined transaction and/or any such other transactions as the Bank shall stipulate from time to time, unless the private client has previously signed a statement acknowledging that he/she has read and understood the contexts of the Risk Disclosure Statement (prescribed by Bank) <u>AR</u> Disclosure Statements prescribed in Advertising Requirements	
ITALY	CONSOB	Article 28, paragraphs n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> ○○○ ANNEX 3, of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		See below rule 53	
LUXEMBOURG	CSSF	According to principle 5.4. of the circular CSSF 2000/15 the professional shall draw the attention of the client to the risks inherent in each of the products and services offered. The professional shall assess the degree of the client's expertise in terms of his grasp of the nature of the transactions envisaged and understanding of the risks inherent therein (principle 4.3. of the circular 2000/15).	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	In the client agreement a client declares that he is aware of the risks associated with investing, based on information that has been provided by he firm. (25, 36 Bte, 33 NR2002)	Dutch rules lack the provision that firms should have regard to the client's knowledge, experience, investment objectives and risk profile.
NORWAY	ANSC	Gen. Business Terms Article 3 par 1, and 5 par 2 Ethical Norms, article 4-2 par 4	
PORTUGAL		Article 304/3 and article 312/1/a and 312/2 of the Portuguese Securities Code; article 39/1/a and b of CMVM Regulation 12/2000	
SPAIN	Government/Ministry of Economy/ CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the securities markets". Article 5 "Information to clients".	The General Code of Conduct provides that when the transaction involves high-risk financial products, the firm must inform the client about the possible effects of the transaction being arranged.
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 5 Section 3 Chap 5 Section 3 explicitly requires investment firms to provide information concerning the risks associated with the financial instruments and investment services provided by the firm to the customer.	
UNITED KINGDOM	FSA	Principle 7 (Communications with clients) requires a firm to pay due regard to the information needs of its clients and communicate information to them in a way that is clear, fair and not misleading. Principle 9 (Customers: relationships of trust) requires a firm to take reasonable care to ensure the suitability of its advice and discretionary decisions. COB 5.4.3 (Requirement for risk warnings) COB 5.4.6 (Risk warnings in respect of warrants and derivatives); COB 5.4.6A (Risk warnings in respect of retail securitised derivatives); COB 5.4.6 C (Risk warnings in respect of certain derivatives listed in other EEA states); COB 5.4.7 (Risk warnings in respect of non-readily realisable investments); COB 5.4.8 (Risk warnings in respect of penny shares); COB 5.4.9 (Risk warnings in respect of securities which may be subject to stabilisation); COB 5.4.10 (Stock lending); COB 5 Annex 1 (Warrants and derivatives risk warning notice);	COB 5.4.3R refers to a private customer's understanding of the nature of the risk involved. A firm that triggers the requirement (making a personal recommendation, acting as discretionary investment manager, etc) is subject to a reasonable steps requirement to ensure that the private customer understands the nature of the risk involved. The requirements in COB 5 to provide risk warnings are based on giving standard form warnings applicable to particular types of transactions or instruments (see under Implementing measures) rather than a customer's particular circumstances or situation. The rules do not specifically refer to having regard to the customer's knowledge, experience, investment objectives and risk profile but this is implicit on the basis of the requirement in Principle 9 to ensure suitability. Further, customer understanding is an amalgam of knowledge, experience, investment objectives and risk profile.

		COB 4.2.10 (Adequate detail in terms of business) COB 4.2.15 (16) customers understanding of risk (requirements for terms of business).	
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Part III of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act; PART TWO, Sect. 16 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	The knowledge, experience, investment objectives and risk profile of customers is analysed in conformity with: PART THREE, CHAPTER I, Section 47b (1) d) of the Securities Act; PART TWO, Sect. 15 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers
ESTONIA	The EFSA	The SMA § 87 p 2.	
HUNGARY	Parliament	Subsections 3-5 of Section 115 of CMA Subsections 1-2 of Section 116 of CMA	Investment service providers and commodities brokers, prior to entering into a contract involving derivative instruments, must investigate whether the offered investment instruments, exchange-traded instruments, transaction type, investment construction is feasible in terms of the client's knowledge of the market and his financial situation with regard to such exposure. When accepting an instruction for futures or option transactions, the investment service provider and the commodities broker shall issue a risk assessment statement and shall have it signed by the client in acknowledgement, or obtain some other form of verification from the client. The risk assessment statement shall indicate the risk to which the client is exposed due to the nature of the futures and options transaction, as opposed to that of a spot transaction. Investment service providers and commodities brokers shall be compelled to check the financial reserves of their clients in terms of exposures. When checking the financial background of clients in relation to exposures, the investment service provider, or the commodities broker shall be entitled to request their clients to supply written information concerning their financial resources, and may demand <ul style="list-style-type: none"> a) to substantiate said financial information with documents, b) additional security apart from the one stipulated in the standard service agreement, and c) to disclose any relationship with investment service providers or commodities brokers.
LATVIA	Parliament	Article 126 of the Law on the Financial Instruments Market requires that, prior to entering into an agreement on provision of investment services and non-core investment services, the investment services provider is obliged to disclose full information pertaining to the particular service and related financial risks to	

		the client.	
LITHUANIA		Prior to accepting clients' orders, the financial brokerage firms shall conclude written agreements concerning the acceptance and execution of clients' orders. When concluding the agreement with the client and providing services on the basis of the agreement, financial brokerage company must take into consideration the data collected about the client and warn him/her about the peculiarities of acquisition, record – keeping, exercising of ownership rights and the risk associated with the securities that are not registered with the LSC, as well as any other increased risk or peculiarities, which are not typical for the previously provided services, transactions and securities (Paragraph 3 of Rules on placement and execution of clients' orders).	
MALTA	MFSA	Vide reply to (40) (a) above.	In our opinion, the concept of “suitability of an investment to a customer” covers the knowledge, experience, investment objectives and risk profile of a client. In fact the Client Fact Find that advisors are required to complete gathers information about all of these aspects of a client situation. Furthermore, 3.03(c) also requires investment firms except when acting on an execution only basis, to take adequate steps to discover the personal and financial circumstances of: <ul style="list-style-type: none"> • a Private Customer before making any recommendation as to the suitability of a transaction or service; or • a Private Customer or a non-Private Customer before processing a discretionary transaction on his behalf; 3.03(d) also requires an investment firm to take all reasonable steps to obtain sufficient financial and other information from each customer as is relevant to the services to be provided by the investment firm.
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged to ask client, depending on the type and range of services requested by the client, for the information about his financial position, experience with investing in financial instruments, and the objectives the client seeks to achieve through the requested service, and to provide investment services with respect to the determined level of professional knowledge and experience of the client served in the client's interest. Investment firm is obliged too provide the client with important information related to the transaction and advise him of important facts and risks associated with the transaction. It is also obligatory to request from the client a written approval should additional financial commitments arise from the execution of an instruction, and report to the client without undue delay any transactions

			concluded on his behalf.
SLOVENIA	Parliament	SMA-1 A: 139	

Rule 53 (1)

An investment firm must provide its customers with risk warnings as appropriate. Instances where the type of instrument or transaction envisaged makes specific risk warnings necessary include:

- *financial instruments not traded on a regulated market;*
- *transactions in illiquid financial instruments;*
- *leveraged transactions;*
- *financial instruments subject to high volatility in normal market conditions;*
- *securities repurchase agreements or securities lending agreements;*
- *transactions which involve credit, margin payments or the deposit of collateral;*
- *transactions involving foreign exchange risk.*

Country	Implementing Authority(ies)	Implementing Measure ³³	Comments
AUSTRIA	AP AFEC	Art. 13 para 4 ASSA 4.1. b and 6 Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	The provision of risk warnings is covered by provisions of the Art 13 para 4 ASSA and additionally in point 4.1.b and 6 of the GL. The GL lays down that an investment firm has to point out every specific risk of a financial instrument. The customer has to understand the operating mode of the financial instrument and all the risks. Rule 53/1 points out some transactions, which normally are aligned with higher risks. The GL sets even higher standards, because it restricts the duty of an investment firm to give advice not to specific transactions. The investment firm needs to tell the customer all information he needs to understand the risk. This rule does not require further implementing measures. Please see also 51.
BELGIUM	Parliament and Royal Decree CBFA circulars	See St. 37 See especially: the risk disclosure statement for derivatives contracts (Information memorandum provided for in the Euronext Rule Book, rules B-1.1. and B-9.2 j° Art. 36, § 1, 3 L. 6 April 1995) See also the CBFA circular to financial institutions of 5 May 2000 on prudential requirements for internet financial services (nr 26)	See St. 37
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Rahoitustarkastus Guideline on Procedures to be observed in the Marketing of Securities (201.2). Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	The guideline 201.2 states a general rule that marketing should focus on liquidity for example of the securities and specific risks related to the security, but does not list the specific cases mentioned in the rule 53.

³³ Any derogation to the application of the implementing measures should be mentioned.

		Chapter 4, Section 5, Paragraph 1 and Chapter 4, Section 5a, Paragraph 3 of the Securities Markets Act.	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	RG CMF Art 3-3-5 COB regulation 96-03	
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.2.2.1. et seqq. Amendment of guideline needed	
GREECE		According to section 6.1 and 6.2 (d) of the Code of Conduct of Investment Services Firms, an investment services firm should provide to the investors (customers) any other information deemed necessary. As the list under standard 53 is an indicative list, both sections 6.1 and 6.2 d) of the Code of Conduct of Investment Services Firm should be considered as implementing the relevant standard.	
ICELAND	FME	Art. 8 of the Act on Securities Transactions stipulates that the Investment firm has to assess the financial situation, knowledge and experience of its customer before selling securities not listed on a regulated market to the public is dependent	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>AR, Section 11 concerns High Volatility products</u> <u>AR, Section 12 concerns Contingent Liabilities</u> <u>AR, Section 14</u> concerns Foreign Currency <u>AR, Section 15 concerns Illiquid Investments</u> As at 34 above. <u>COC, Section 2.4</u> As at 26 above.	See HISF, AR, pages 8 & 9
ITALY	CONSOB	Article 28, paragraph n. 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule n. 51 ○○○ ANNEX 3, of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS PART "A" MEASURING THE RISK OF AN INVESTMENT IN FINANCIAL INSTRUMENTS and PART "B" THE RISKINESS OF INVESTMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS (...) 1) Futures	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		<p>1.1) Leverage</p> <p>Transactions in futures involve a high degree of risk. The initial margin is low (a few percentage points) in relation to the value of the contracts, and this produces "leverage". This means that a relatively small movement in market prices has a proportionally larger impact on the funds investors deposit with their intermediary: the effect can, of course, be unfavorable as well as favourable. Consequently, investors can lose all the margin they deposit initially and the additional margin deposits they have to make in order to maintain their positions. If the movements in the market are unfavorable to investors, they can be called on to deposit additional funds at short notice in order to maintain their positions in futures; if they do not make the additional deposits requested within the time limits established, their positions are likely to be liquidated at a loss and they will be charged any other liability that arises.</p> <p>(...)</p>	
LUXEMBOURG	CSSF	<p>Principle 5.5 of the Circular 2000/15 provides that the client wishes to invest in products which may carry high level of risk such as derivatives or other leveraged instruments, the professional shall seek to understand the client's specific investment objectives and shall convey to the client, where applicable and prior to the execution of any transactions, all material information relevant to an understanding of the proposed transaction and shall inform the client of the risks inherent therein, by obtaining the client's formal acceptance evidenced by his signature on a written warning notice. The same shall apply where, during the course of his dealings with the client, the latter proposes to transact in financial instruments, which, by virtue of their nature or their specific type or by the amounts involved, fall outside the usual scope of the client's regular dealings.</p> <p>The Professional shall inform the client that he will be liable, where applicable, for margin calls and for amounts required to close out any open positions.</p> <p>See also 42</p>	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	
NORWAY	ANSC	Gen. Business Terms Article 12 Ethical Norms, articles 4-2 and 4-4	
PORTUGAL		SC art 7 REG 12/2000 art 39/1/b and c)	Article 7 of the SC refers to the quality and disclosure of information complemented with CMVM Regulation 12/2000, article 39/1/c).
SPAIN			Not implemented
SWEDEN	Finansinspektionen	.	Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start

			during 2004.
UNITED KINGDOM	FSA	Please see the comments above in relation to CESR Standard 51. We consider appropriate circumstances to be personal recommendation, discretionary investment management arranging/executing deals in warrants/derivatives, stock lending: COB 5.4.3R. Firms remain subject to Principle 7 and Principle 9, as specified in relation to CESR Standard 51.	
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 1 of Part III of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act; PART TWO, Sect. 16 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	There are no special warnings according to specific risks.
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 51.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	Vide reply to (40) (a) above. Additionally, SLC 3.06 (k) (l) and (m) of Part CI of the ISG SLC 5.13 of Part CI of the ISG	
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	See above.
SLOVENIA		Please see above under 51	

Rule 53 (2)	<p><i>The investment firm must also, where necessary, inform the customer of risks associated with:</i></p> <p><i>a) clearing house protections (e.g. that although the performance of a transaction is sometimes 'guaranteed' by the exchange or clearing house this guarantee will not necessarily protect the customer in the event of default by the investment firm or another counterparty);</i></p> <p><i>b) suspension of trading or listing (e.g. that under certain trading conditions it may be impossible to liquidate a position);</i></p> <p><i>c) insolvency (e.g. that in the event of default of an investment firm involved with the customer's transaction, positions may be liquidated automatically and actual assets lodged as collateral may be irrecoverable).</i></p>		
Country	Implementing Authority(ies)	Implementing Measure ³⁴	Comments
AUSTRIA	AP AFEC/FMA	Art. 13 para 4 ASSA 4.1. b and 6 Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	Please see also 25. The provision with all necessary information and risk warnings is covered by provisions of the ASSA and in point 4.1. b and 6 of the GL. This rule does not require further implementing measures. Please see also 51.
BELGIUM	Parliament and Royal Decree CBFA circulars	See St. 37	See St. 37
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 3a and Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act.	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	RG CMF Art 3-3-5 COB regulation 96-03	Not all the detailed list has been implemented
GERMANY			
GREECE		<p>According to sections 5.2. (d), and 7.2. (b) of the Code of Conduct of investment services firms, the latter should inform their customers on their contact with them about the risks associated with what is mentioned in (a) through (c).</p> <p>Section 5.2 (d) of the Code of Conduct 5.2 Investment services firms shall provide full and accurate information to interested parties on their capacity to execute orders. The information provided shall enable clients to form opinion on whether the investment services firm is fit and proper for the provision of a certain service. Investment services firms procedures are cost-efficient and time-efficient and secure proper order execution. It shall also enable clients to compare the investment services firms' performance with that of other investment services firms of the same class as well as to link the</p>	

³⁴ Any derogation to the application of the implementing measures should be mentioned.

		<p>investment services firms' fee/commission charges with the quality of investment services offered.</p> <p>Indicatively, clients shall be informed on:</p> <p>d) investment services firms' capacity to secure the custody and trading of clients assets and the latter' full segregation from the investment services firm's assets.</p> <p>Section 7.2. (b) of the Code of Conduct 7.2. (b) Provide to clients, during negotiations, full and accurate information on the issues covered by the second principle, so as clients form a reasoned opinion on the efficiency of investment services firms. Indicatively but not limited to, information shall be provided on the means of protection of client assets under the investment services firm custody for any reason (custody, management, distribution or restitution to clients, or securing client liability claims by the investment services firm)</p>	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<p><u>AR, Section 2.1(b)</u> As at 44 above <u>COC Section 2.2 (i)</u> Terms of business or investment management agreements must include (i) details of the remedies, if any, available to the client in the event of default by the firm</p>	
ITALY	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> °°°</p> <p>Article 28, paragraph n. 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> °°°</p> <p>See above rule 53 (a).</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	Principles 5.6. and 5.5 of the circular CSSF 2000/15	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	no legislative authority for AFM
NORWAY	Parliament Ministry of Finance/ Kredittilsynet	Partly implemented by STA, section 9-2 on the duty to make adequate disclosure of relevant information in dealing with its clients.	Should be further clarified
PORTUGAL		SC art 312/1/a and 312/2; REG 12/2000 art 39/1/c	Please refer to the notes above – Rule 53 (1)
SPAIN			Not implemented
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.

UNITED KINGDOM		See the comments above on CESR Standard 53 and in relation to CESR Standard 51. COB 5 Annex 1 delivers each of these other than (c) but <i>only</i> in respect of warrants and derivatives accordingly the FSA would rely on its general requirements. Firms remain subject to Principle 7 and Principle 9, as specified in relation to CESR Standard 51..	
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus		These matters will be comprehensively provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act	A stockbroker is generally obliged to point out to the client important facts connected with a deal.
ESTONIA	The EFSA	Guideline.	
HUNGARY		See comments for paragraph 51.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	Vide reply to (40) (a) above.	This requirement is catered for in local legislation by way of the provisions in SLC 3.05 (g) and (h) of Part C I of the ISG.
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation and specify the scope of provided information. T	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged to inform the client whether the requested transaction is covered by system of client protection and about the terms of guarantees provided by this system, investment firm is obliged to provided the client, at his request, with information on stock exchanges and transaction clearing system of which the investment firm is a member.
SLOVENIA		Please see above under 51	

Standard 52	<i>Risk warnings must be given due prominence. They must not be concealed or masked in any way by the wording, design or format of the information provided.</i>		
Country	Implementing Authority(ies)	Implementing Measure³⁵	Comments
AUSTRIA	AP AFEC/FMA	Art. 13 para 4 ASSA 4.1. b and 6 Guideline for implementation the conduct of business	Please see also 25. This standard is stated in the ASSA and in detail determined in point 4.1.b and 6 of the GL. This standard does not require further implementing measures. Please see also 51.

³⁵ Any derogation to the application of the implementing measures should be mentioned.

		rules laid down in the ASSA (17.3.1998)	
BELGIUM	Parliament and Royal Decree CBFA circulars	See St. 37	See St. 37
DENMARK			Please see comments on standard 51.
FINLAND	Parliament Rahoitustarkastus	Chapter 2, Section 1 and Chapter 4, Section 1 of the Securities Markets Act.	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	The due prominence of risk warning is monitored by the AMF in its application of regulations regarding the fair, clear and not misleading information.	
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.2.2.	
GREECE		According to sections 6.1 and 6.2 (d) of the Code of Conduct of Investment Services Firms, investment services firms should explain clearly the risk warnings to their customers.	
ICELAND	FME	Not implemented. However it follows from the investment firm's duty to inform the customer in a clear, sufficient and non-misleading way (art. 5. Act on Securities Transactions) that risk warnings should not be concealed or masked.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 4.1,</u> As at 25 above. <u>AR, Section 1.9</u> Any statements made or risk warnings given in an advertisement must not be obscured or disguised in any way by the content, design or format of the advertisement.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○ Article 28, paragraphs n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> ANNEX 3 of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS See above 53 and below 54	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	Principle 5.5 of the circular CSSF 2000/15	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	There are no rules regarding the representation of the warning.
NORWAY	Parliament	No such rule. Details may be given in a circular letter issued by Kredittilsynet.	
PORTUGAL		SC art 7; CMVM Reg. 12/2000 art 39/1/b and c)	As per article 7 of the SC, all information regarding financial intermediation activities must be complete and accurate.

		Reg. 21/2000 art 3/a	Additionally, it is the intermediary's duty to demonstrate that it complied with all its duties to inform. Within the scope of on-site supervision of where investment services are provided, the CMVM supervises the adequate visibility of the information provided (article 3/a) of Regulation 21/2000, e.g.), specifically the information needed to comply with this standard.
SPAIN	Government	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the Securities Markets Section fifth Article 16 and article 5 of the Annex mentioned	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	Principle 7 (Communications with clients) COB 5.4.3 (Requirements for risk warnings) COB 2.1.3 (fair, clear and not misleading communications) COB 3.8.5 (1) (f) (risk warnings should not be obscured or diminished)	Communications must be fair, clear and not misleading. COB 5.4.3 requires a firm to take reasonable steps to ensure that a private customer understands the nature of the risks involved. Firms may choose to fulfil COB 5.4.3R in their terms of business/client agreements in relation to warrants or derivatives; non-readily realisable investments; penny shares; securities which may be subject to stabilisation; stock lending activity - COB 4.2.15E (16).
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus		This matter will be expressly provided for in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) a) of the Securities Act Decree on Detailed organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 24 sec. h) and Securities Act art.47b sec.1c)	There is only a general rule to act in qualified, honest and fair manner when providing service, in the best interest of his clients.
ESTONIA			
HUNGARY		See comments for paragraph 51.	
LATVIA	FCMC	The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	SLC 5.29 of Part C I of the ISG	
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation and specify the method of risk warnings giving.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF	Act No 566/2001 on Securities and Investment Services	

	FMA	Article 73	
SLOVENIA	Parliament	SMA-1: A: 139 A: 141	

Rule 54	<i>Risk warnings about derivatives must disclose that the instrument can be subject to sudden and sharp falls in value. Where the investor may not only lose his entire investment but may also be required to pay more later, he must also be warned about this fact and the possible obligation to provide extra funding.</i>		
Country	Implementing Authority(ies)	Implementing Measure³⁶	Comments
AUSTRIA	AP AFEC, FMA	Art. 13 para 4 ASSA 4.1. b and 6 Guideline for implementation the conduct of business rules laid down in the ASSA (17.3.1998)	Please see 51 and 25. As mentioned above under rule 25 the GL includes as attachment standardized risk statements for derivative products, which include literally all information required in Rule 54. In our opinion rule 54 is therefore fully implemented.
BELGIUM	Parliament and Royal Decree CBFA circulars	See St. 37	See St. 37
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 4, Paragraph 2 of the Securities Markets Act. Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	
FRANCE	AMF	COB Regulation 99-04	A standardised brochure must be sent to customers who envisage trading in certain derivatives.
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.2.2.4.	
GREECE		Sections 6.1 and 6.2 (d) of the Code of Conduct are applicable even though derivatives products are not mentioned specifically. The Code of Conduct simply mentions all products. Derivatives are also included under the all products.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 2.4</u> A firm's client must sign a statement acknowledging that he/she has read and understood the contents of the Risk Disclosure Statement prior to any margined or other similar transaction <u>AR Section 12</u> Where an advertisement relates to a product in which the investor may not only lose all of the amount originally invested or deposited, but may also have to pay more later, the advertisement must warn of this fact in a prominent position	See HISF, COC, page 6

³⁶ Any derogation to the application of the implementing measures should be mentioned.

ITALY		<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (<i>General criteria</i>)</p> <p>See above rule 52</p> <p style="text-align: center;">ooo</p> <p>Article 28, paragraphs n. 1 and 2 of Consob Regulation 11522 (<i>Communication of information between intermediaries and investors</i>)</p> <p>See above rule 52</p> <p style="text-align: center;">ANNEX 3 of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS PART "B" THE RISKINESS OF INVESTMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	Principle 5.5 of the circular CSSF 2000/15	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Clients should be given information about the characteristics of the financial instruments to which the services relate, including the specific investment risks attached to the financial instruments.(art 33 NR2002)	There are no rules regarding the substance of the information.
NORWAY	ANSC	Ethical Norms, article 4-2 Par 4	
PORTUGAL		<p>SC arts. 2, 7 and 312/1/a</p> <p>CMVM Reg 12/2000 art 39/1/a, b and c).</p> <p>REG 5/2000, art. 15/ 1/c</p>	Article 312/1/a) and article 2 of the SC and article 39/1/a) of CMVM Regulation 12/2000 already establish the duty of the intermediary to provide the client with complete and accurate information (article 7 of the SC) on the risks entailed by the service to be provided, requiring that due account is taken as to the nature of the service and to the expertise and knowledge of the client. Article 15/1/c of CMVM Regulation 5/2000 also imposes, to the financial intermediary, the duty to inform the client about the risks inherent to the carrying out of transactions on the derivatives market. Namely, the intermediary must inform the client on the volatility of derivatives financial instruments, on high risks associated with investment, including the total loss of capital, or the delivery of additional funds. This type of information must also be included, in general terms, in the document on general investment risks that the financial intermediary must deliver to the client, before providing the service (article 39/1/b) of CMVM Regulation 12/2000).
SPAIN		MEFF, the Spanish Official Exchange for Financial Futures and Options, uses standard contracts which include these provisions.	
SWEDEN	Finansinspektionen	.	Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 5.4.3 (Requirements for risk warnings)	CESR Standard 54 is met in the COB provisions listed. The relevant

		<p>COB 5.4.6 (Risk warnings in respect of warrants and derivatives – other than retail securitised derivatives and certain EEA listed derivatives)</p> <p>COB 5.4.6A (Risk warnings in respect of retail securitised derivatives)</p> <p>COB 5.4.6 C (Risk warnings in respect of certain derivatives listed in other EEA States)</p> <p>COB 5 Annex 1 (Warrant and derivatives risk warning notice), esp. at para. 9 (funding a deficit).</p>	<p>rules in COB 5.4.6 refer to COB 5 Annex 1E. The substance of the warning is given in COB 5 Annex 1E at paragraph 9 and warns of potential loss of the investment, requirement of pay more later and the potential obligation for further funding.</p>
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 5(b) of Part III of Annex 4 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act; PART TWO, Sect. 16 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	There is a general rule to notify the customer of potential types of risk that may be attached to the requested service or instruction and of possible hedging against such a risk.
ESTONIA	The EFSA, the operator of stock exchange	<p>Guideline.</p> <p>The Rules and Regulations of Tallinn Stock Exchange “Membership Rules” p 8.4.2: Prior to effecting the first derivatives transaction on the basis of the client’s order, the member must obtain the client’s confirmation, in the form established by the exchange, of the client’s awareness of the inherent risks of derivative instruments.</p>	
HUNGARY		See comments for paragraph 51.	
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA	MFSA	Vide reply to (40) (a) above.	This requirement is catered for in local legislation by way of the provisions in SLC 3.05 (g) and (h) of Part C I of the ISG.
POLAND	Parliament for enacting	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services, Article 73	
SLOVENIA		Currently no organized derivative market exists.	

2.6. CUSTOMER REPORTING

Standard 55	<i>An investment firm must ensure that a customer is provided promptly with the essential information concerning the execution of his order.</i>
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Country	Implementing Authority(ies)	Implementing Measure ³⁷	Comments
AUSTRIA	AP AFEC, Credit Institutions;	Art. 383 ff Austrian Commercial Code General terms and obligation of Austrian credit institutions (GTC)	In Austria only credit intuitions have the permission to transmit orders to the stock exchange or execute these orders by themselves. All other investment firms need the support of credit institutions. The execution of orders in Austria is undertaken in form of transactions on a commission basis. The further details of such transactions are laid down in the GTCs. In Austria these GTCs are a common market understanding of all credit institutions. These GTCs were worked out by the AFEC, the working chamber, the association for consumerism and all credit institutions in Austria – so all credit institutions use the same GTCs. For using the services of the specific credit institution the customer and the credit institution close an agreement. The general principles of this agreement are laid down in Art. 383 ff Austrian Commercial Code. A credit institution executes orders to buy or sell shares as commission agent and has to report the principal about the execution of the order and has to give account of the business. In the General terms and obligation of Austrian credit institutions Z 62 – 65, is laid down the standard of performance, the site and time of execution; The customer’s provision with information concerning the execution of his orders is within the scope of provision of the ASSA. This standard does not require further implementing measures.
BELGIUM	Parliament and Royal Decrees proposed by the Minster of Finance	Art. 36, § 1, 2° and 5° and Art. 38, paragraph 3, L. 6 April 1995 Art. 9, § 2, Market regulations regulated market for government bonds	Art. 26, 10° and 13°, L. 2 August 2002 (to come into force later) Additional rules may be adopted on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Good Securities Trading Practices, section 10, par. 1 (The above mentioned rule states that no later than the following business day the investment firm must forward a contract note to the customer)	
FINLAND	Rahoitustarkastus	Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	
FRANCE	AMF	Article 3-3-8 of the GR of the CMF and article 3 of Decision 98-28 of the CMF	The first provision requires the custodian to inform the client of all transactions effected; the second requires the customer agreement to provide that the information will be sent to him in less than 24 hours
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.3.6.2.	
GREECE		According to section 4.2 (d), (e) of the Code of Conduct Investment Services Firms are responsible for “d) the continuous	

³⁷ Any derogation to the application of the implementing measures should be mentioned.

		<p>and regular reporting of information to customers about important events relating to the contractually specified provision of investment services and affecting the interests of their clients.</p> <p>e) The provision of continuous and adequate information to clients about developments in the provision of investment services by oral and/or written means specified by law or contract.”</p> <p>From a systematic interpretation of the relevant provisions, investment services firms are obliged to inform their clients about the execution of their orders. The execution of clients’ orders is regarded as an essential element that affects the interests of the firm’s clients and should be reported to them immediately by the investment services firm..</p>	
ICELAND	FME		<p>General clause regarding FME’s Directive Requests: The FME plans to make changes to Directive Request no. 1/2001 and to issue a new directive request to fulfill its obligations to implement the CESR standards on investor protection, where this is within its authority. A first consultation paper regarding the CESR standards on investor protection was issued in October 2003. A second consultation paper will be published in the first half of 2004. Finalized Directive Requests on investor protection are estimated to have taken effect in the third quarter of 2004. This estimated timing of implementation is made with the reservation that it is subject to the outcome of the consultation process, where among other matters, the authority of the FME to implement some of the rules may be called into question.</p>
IRELAND	IFSRA	<p><u>COC, Section 11</u> As at 26 above.</p>	
ITALY	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> ○○○</p> <p>Article 61, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Information on transactions)</i></p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the timing of the information concerning the execution of orders.</p>
LUXEMBOURG	CSSF	<p>According to principle 3.2. of the circular CSSF 2000/15 the professional must be capable at all times of producing detailed documentation in support of individual transactions. Furthermore, pursuant to principle 5.9. the professional shall forward to the client all confirmations and other information regarding transactions performed and the effective state of affairs of the portfolio without undue delay and at reasonable intervals according to the nature of the investments concerned.</p>	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	<p>Following the execution of a transaction a firm must issue a contract note to the client without delay. (art 35 (1) NR2002)</p>	
NORWAY	Parliament	<p>STA section 11-4, which expressly states that executed assignments shall be confirmed by contract note</p>	
PORTUGAL		<p>Article 323/a of the Portuguese Securities Code</p>	
SPAIN	Government/Ministry of	<p>Royal Decree 629/1993, of 3 May, Governing Rules of Action in</p>	

	Economy/ CNMV	the Securities Markets and Obligatory Record-Keeping, Article 16 “Information to clients regarding transactions which have been performed”. Ministerial Order, dated 25 October 1995, Partially Implementing Royal Decree 629/1993. Section Five “Information on transactions”. Article 9 “Rules”	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 11 Section 3 Chap 11 Section 3 explicitly requires investment firms to send a contract note to the customer the same day as the note was prepared or no later than the next bank day..	
UNITED KINGDOM	FSA	COB 8.1.3R (Requirement to confirm a transaction) requires a firm that executes a sale or purchase of a financial instrument with or for a customer to promptly dispatch a written confirmation of the essential details of the transaction to the customer. COB 8.1.3R allows the information to be provided to the customer’s agent.	There is scope for derogation from the requirement but on the basis that we believe sufficient protection is in place.. For example, COB 8.1.6R provides that the requirement in COB 8.1.3R does not apply: (2) in relation to saving schemes for regulated CISs and investment trusts; or (3) & (4) if the firm has agreed with the customer that individual confirmations are not required, provided the information is included in the periodic statement. In the case of an investment manager, it is only necessary to take reasonable steps to determine that separate confirmations are not required in relation to non-contingent liability financial instruments.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus Cyprus Securities and Exchange Commission	Section 18(1)(ib) and Paragraph 1 of Part V of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003 Section 4(1) and Paragraph 2.1 of Annex 2 of the Directive on Books and Records to be kept by the Cyprus Investment Firms	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act; PART TWO, Sect. 16 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers	
ESTONIA	The EFSA, the operator of stock exchange	Guideline.	
HUNGARY	Parliament Government	Subsection 3 of Section 117 of CMA Subsection 2 of Section 140 of CMA Subsection 1 of Section 142 of CMA points 40 and 102 of Subsection 1 of Section 5 of CMA Subsection 7 of Section 15 of Government Decree No. 284/2001	Investment service providers and commodities brokers shall forthwith notify their clients by the procedure stipulated in the internal business rules concerning any transaction they have concluded on their behalf. If expressly requested by a client, the investment service provider or the commodities broker shall be required to notify the client when his offer is accepted, and the terms under which accepted. A securities account shall be deemed operative when the underlying securities account contract is executed. A securities account contract is to stipulate the securities intermediary's

			<p>commitment to the administration of securities owned by the other party (the account holder) under the securities account as contracted, to execute the account holder's legitimate instructions, and to keep the account holder informed concerning all transactions to and from the account, as well as on the balance of the account.</p> <p>The securities intermediary shall record all transactions to and from a securities account in a statement and shall send this confirmation to the account holder as stipulated in the standard service agreement. The securities intermediary shall supply an account statement indicating the transactions in the securities account whenever one is requested by the account holder.</p> <p>'securities account' means a set of records on dematerialised securities and other related rights maintained on behalf of the owner of the securities.</p> <p>'client account' means an account operated on behalf of a client, serving exclusively for carrying out settlements connected with investment services and commodity exchange services, and payments based on the liabilities embodied in securities.</p> <p>The account leader shall inform the client account holder (customer) whenever a transaction is executed by sending a (balance) statement. The statement shall include all information for identifying the transactions.</p>
LATVIA	FCMC	Articles 2.2.2 and 2.2.4 of the FCMC Regulations for Conducting Securities Transactions define that agreements between investment service providers and clients must contain information concerning procedures for transmitting to the client information regarding securities transactions and servicing of securities accounts, including the means of information transmission and frequency of transmission and duties of the investment service provider in case of securities events.	
LITHUANIA		<p>Upon accepting an order to carry out operations with its client's securities, the financial brokerage firm shall hand over to the client a confirmation that his order has been accepted which would enable the client to identify his order (the fact of order placement, the moment of acceptance and other essential conditions of an order).</p> <p>The financial brokerage firm must hand over to the client the order confirmation not later than on the working day following the acceptance of the order, unless the agreement with the clients provides otherwise (Paragraph 20 and 23 of Rules on placement and execution of clients' orders).</p>	
MALTA	MFSA	Vide reply to (40) (b) above.	
POLAND	Council of Ministers for enacting	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities	Polish Securities and Exchange Commission is responsible for drafting

		accounts, the brokerage house is obliged to deliver to the client a confirmation of a conclusion of a contract in a way described in the brokerage house's regulations. (Par. 3.3.13) There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the expressly established rules mentioned above.	30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services, Article 73	An investment firm is obliged to report to the client without undue delay any transaction concluded on his behalf.
SLOVENIA	Parliament	SMA – 1 A: 145, P: 1 A: 152	According to the Securities Market Act and by-laws issued on its basis, investment firms have to send confirmations of orders as well as completed transactions to their clients.

Rule 58	<p><i>No later than the first business day following the execution of the transaction or receipt of confirmation of execution by a third party, an investment firm must send to the customer³⁸, by fax, mail or electronic means (provided the firm reasonably believes that the customer can store it on a permanent medium), a contract note or confirmation notice which includes the following information:</i></p> <ul style="list-style-type: none"> <i>a) the name of the firm;</i> <i>b) the name of the customer account;</i> <i>c) the time of execution, if available, or a statement that the time of execution will be supplied on request;</i> <i>d) date of execution;</i> <i>e) the type of transaction; e.g. buy, sell, subscription etc.;</i> <i>f) the market on which the transaction was carried out or the fact that it was carried out off-market;</i> <i>g) the financial instrument and the quantities involved in the transaction;</i> <i>h) the unit price applied and the total consideration;</i> <i>i) whether the customer's counterparty was the investment firm itself or any related party;</i> <i>j) the commissions and expenses charged;</i> <i>k) the time limit and procedure for the settlement of the transaction, e.g. details (name and number) of the bank account and securities account.</i> <p><i>If a transaction is not executed within one business day of receipt of the customer order, an investment firm must send a written confirmation of the order to the customer. The confirmation notice must include customer order details, date and time of reception and, where applicable, date and time of transmission.</i></p>		
Country	Implementing Authority(ies)	Implementing Measure ³⁹	Comments
AUSTRIA	AP AFEC, Credit Institutions;	Art. 383 ff Austrian Commercial Code General terms and obligation of Austrian credit institutions	A credit institution executes orders to buy or sell shares as commission agent and has to report the principal about the execution of the order and has to give account of the business. In the General terms and obligation of Austrian credit institutions Z 62 – 65, is laid down the standard of performance, the site and time of execution; It is general common standard covered by provisions of the ASSA, the General Terms and Conditions for Banking Activities of

³⁸ The reference to “send to the customer” includes to a tied-agent, other than the firm, nominated by the customer in writing.

³⁹ Any derogation to the application of the implementing measures should be mentioned.

	FMA/AFEC		<p>Austrian Credit Institutions (hereinafter “GTC”) and the GL that a customer is provided with a confirmation notice containing the information mention in a) to k). This rule does not require further implementing measures.</p> <p>The obligation to inform a customer that an order was not executed will be adopted in the guidelines for the practically exercise of conduct of business rules.</p>
BELGIUM	Parliament and Royal Decrees proposed by the Minster of Finance	<p>St. 55</p> <p>No specific rules on order confirmation</p>	<p>Order confirmation: Art. 26, 10°, L. 2 August 2002 (to come into force later)</p> <p>Transaction statement: Art. 26, 13°, L. 2 August 2002 (to come into force later)</p>
DENMARK	The Ministry of Economic and Business Affairs	<p>Executive order on Good Securities Trading Practices, section 10, par 1, section 11 and section 12.</p> <p>(The above mentioned rules state that no later than the following business day the investment firm must forward a contract note to the customer which includes the information mentioned in a)-j).)</p>	<p>Derogation:</p> <p>Section 10, par. 1, section 11 and section 12 implement standard 58 partly as section 1, k) and section 2 in standard 58 are not implemented.</p>
FINLAND	Rahoitustarkastus	Rahoitustarkastus Guideline on Practices to be applied in the Provision of Investment Services (201.7).	<p>No specific requirements on sending a written confirmation to the customer</p> <p>(a) no later than the first business day</p> <p>(b) if a transaction is not executed within one business day.</p> <p>No detailed provisions but in practise, points a)-c), f) and k) always form part of a confirmation.</p> <p>The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.</p>
FRANCE	AMF	Article 3-3-8 of the GR of the CMF, Decision 98-28 of the CMF	<p>Not all of these detailed items are required by the regulations.</p> <p>This article of the GR of the CMF provides that the time period for transaction reporting is defined by the customer agreement. The CMF Decision relates to customer agreements and sets the maximum time for sending the information at 24 hours; where the firm has transmitted the order to another firm, the information must be sent within 24 hours of the time at which the firm transmitting the order is informed of the terms of the transaction by the firm executing the transaction (interpreted as meaning before the close of business the following day).</p> <p>The CMF Decision requires at least the following information: the instrument involved, the amount of the transaction (the gross being broken down into component parts including fees), the date and price of execution, and the market on which the transaction was executed.</p> <p>The article of the GR of the CMF also requires the contract note to indicate whether the firm was the investor’s counterparty in any transaction involving an instrument traded on a regulated market. There is no requirement to confirm receipt of an unexecuted</p>

			order.
GERMANY	BaFin	Section 31par. 2 WpHG Guideline, Part B.3.6.2. Amendment of guideline needed	
GREECE		According to provisions of Decision of the Ministry of Finance no 6280/89, investment services firms members of the ASE should submit all the information mentioned from a) to k) to the ASE and the HCMC. In addition according to the decision of the HCMC no 6161/96, investment services firms should inform their customers about the executed transactions including all the fields mentioned in a) to k).	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 11</u> As at 26 above	Except where client has confirmed in writing that they do not wish to receive such contract notes
ITALY	CONSOB	<p style="text-align: center;">Article 60 of Consob Regulation 11522 <i>(Confirmation of orders)</i> ○○○</p> <p style="text-align: center;">Article 61 of Consob Regulation 11522 <i>(Information on transactions)</i> ○○○</p> <p style="text-align: center;">CONSOB COMUNICAZIONE DI/30396 OF 21 APRIL 2000</p> <p>CONFIRMATION OF ORDERS AND TRANSACTIONS AND PERIODIC REPORTS: where orders are received over the Internet, intermediaries may use the same medium to fulfil their obligation to send customers paper-based order confirmations (Article 60 of Consob Regulation 11522/1998) and transaction confirmation notices and periodic reports (Articles 61 and 62 of Consob Regulation 11522/1998), provided their systems and procedures allow recipients to download and save the documentation in a permanent form (Article 75.3 of Consob Regulation 11522/1998) and the content of each document complies with the applicable rules.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify:</p> <ul style="list-style-type: none"> • the specific obligations arising from the general principles laid down in the provisions at present in force • the elements of the order which have to be confirmed to the customer.
LUXEMBOURG	CSSF	<p>The professional shall in all cases inform the client of the capacity (principal or agent) in which he is party to a transaction. The professional shall possess the resources necessary to respond to any simple enquiry from the client as to the commitments entered into on his behalf (principles 5.7 and 5.8. (see 55) of the circular CSSF 2000/15). As the principle 5.9. mentioned before is written in large terms, all the information contained in 58 must be provided to the client.</p> <p>In addition, chapter XI on the rules of conduct of the governing measures of the LSE the stock exchange's member shall, where it acts as a counterparty of the client, inform the client of the calculation basis for the bid or ask margin applied, depending on the nature of the trade and in any case, inform the client of the status (principal or counterparty) retained by the intermediary.</p>	

NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Art 34 NR 2002 lists the requirements for a contract note, which must be issued following the transaction, without delay.	Dutch rules lack some of the requirements of standard 38.
NORWAY	Parliament	STA section 11-4 states that the contract note shall be submitted immediately after execution of the assignment. The provision does not set out details of the content of the contract note.	Kredittilsynet has legal power to lay down regulations concerning the content of the contract note.
PORTUGAL		CMVM Reg. 12/2000 art. 42/1	
SPAIN	Government/Ministry of Economy/ CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Article 16 "Information to clients regarding transactions which have been performed". CNMV Circular 1/1996, dated 27 March, Governing Rules of Action, Transparency and Identification of Clients in Securities Market Transactions.	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business Rules (2002:7), Chap 11 Section 4. The first paragraph in rule 58 with the exception of k) is explicitly implemented in Chap 11 Section 4 The second paragraph in rule 58 is not implemented. ("If a transaction...")	Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 8.1.5E (Essential details and prompt despatch) and 8.1.15E (Content of a confirmation of transaction). COB 1.8.2G (Additional guidance in respect of electronic communication with or for customers) COB 8.1.4G allows confirmations to be posted to a secure website (although it is necessary to send a hard or soft copy of the confirmation directly to the customer if the website version is not accessed within 5 days). The guidance on the use of electronic media for communications does not require the firm to have a reasonable belief that the customer can store it in a permanent medium.	COB 8.1.15E sets out detailed contents requirements for confirmations. . and meets standard 58 a), b), c), d), e), g), h), i) (implicit), j), k) (customer's name/designation and account number, but not time limit or settlement procedure). Standard 58 f) – information on the market on which the transaction was carried out/off-market - does not appear to be met in COB 8.1.15E. COB 1.8.2G provides that if a firm wishes to use any form of electronic communication with a customer, the firm should be able to demonstrate the customer wishes to communicate with this form of media.
			COB 8.1.15 covers most of paragraphs a) – k) of CESR Rule 58. However, it does not fully address f), i) (in so far as it deals with "related parties") and k) (other than a requirement to state the due date for payment).
		Principle 7 (Communications with clients) COB 7.6.4R (Timely execution) COB 8.1.5E (Essential details and prompt despatch)	COB 7.6.4R requires timely execution of transactions – execution as soon as reasonably practicable – unless this would not be in the best interest of the customer. COB 8.1.5E provides that where a firm executes a transaction, it must generally despatch a confirmation on the business day following the day on which the transaction was executed. If a transaction is not executed within one business day, there is not a specific requirement that the firm must send a written confirmation of the order to the customer. We would expect firms to observe Principle 7 (Communications with clients) requiring a firm to pay due regard to the information needs of its clients and communicate information to them in a way that is clear, fair and not misleading.

			COB 8.1.5E allows the firm and the customer to agree a longer period for the delivery of the confirmation.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus Cyprus Securities and Exchange Commission	Paragraph 1 of Part V of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003 Paragraph 2.1(h) of Annex 2 of the Directive on Books and Records to be kept by the Cyprus Investment Firms	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act; PART TWO, Sect. 16 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers Decree on Detailed organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 16 sec 2 e)	
ESTONIA	The EFSA, the operator of stock exchange	Guideline. The Rules and Regulations of Tallinn Stock Exchange “Membership Rules” p 8.4.5: A member of the exchange shall send a transaction confirmation to a client whose transaction order it undertook to perform within 5 trading days after the value date of the transaction. The transaction confirmation must contain the data and follow the format established by the exchange. If the transaction was not performed, the member must inform the client thereof not later than 5 working days after the expiry of the transaction order. If the member does not undertake to perform the client order, it must inform the client immediately thereof.	According to the guideline information must be provided no later than the first business day following the transaction or confirmation.
HUNGARY		See comments for paragraph 55.	
LATVIA	FCCM	The laws and regulations currently in force do not contain the requirement to inform the client immediately or no later than the next business day in order not to augment securities transactions costs. Both parties are free to choose the regime for supplying the client with the information regarding executed transactions. Timing and means of communication shall be specified in an agreement. Moreover, Article 4.2. of the FCCM Regulations for Conducting Securities Transactions provides that information regarding the execution of a transaction must be provided to the client immediately upon his request.	
LITHUANIA		Upon execution of a client's order, the financial brokerage firm shall hand over to the client a confirmation of the execution of the order, which shall contain the following information: 2. the full name and the registered office address of the financial brokerage firm; 3. identification data of the client and the securities with which operations have been carried out;	

		<p>4. the date and results of the execution of the client's order;</p> <p>5. the full name and signature of the financial broker (signature is not required where confirmation of the order execution is made in a non-written form).</p> <p>In cases where a financial brokerage firm executing client's orders neither conducts accounting of the client's securities nor keeps in custody client's money to be used in operations with the securities, it must indicate in the notification on the execution of the client's order the financial brokerage firm and (or) credit institution to which the securities and (or) money of the client have been transferred.</p> <p>Upon accepting an order to carry out operations with its client's securities, the financial brokerage firm shall hand over to the client a confirmation that his order has been accepted which would enable the client to identify his order (the fact of order placement, the moment of acceptance and other essential conditions of an order).</p> <p>The financial brokerage firm must hand over to the client the order confirmation not later than on the working day following the acceptance of the order, unless the agreement with the clients provides otherwise (Paragraph 20, 23, 49, 50 of Rules on placement and execution of clients' orders).</p>	
MALTA	MFSA	SLC 8.06, 8.07 and 8.10 of Part C I of the ISG of Part C I of the ISG	
POLAND	Council of Ministers for enacting	<p>According to the Decree of the Council of Ministers dated September the 3rd, 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the brokerage house is obliged to deliver to the client a confirmation of a conclusion of a contract in a way described in the brokerage house's regulations. (Par. 3.3.13)</p> <p>There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the expressly established rules.</p>	<p>Polish Securities and Exchange Commission is responsible for drafting</p> <p>30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.</p>
SLOVAKIA	MF FMA	<p>Act No 566/2001 on Securities and Investment Services</p> <p>Article 73</p>	An investment firm is obliged to report to the client without undue delay any transaction concluded on his behalf. The Ministry of finance may lay down by a generally applicable regulation, further details concerning the rules of conduct of investment firm in relation to client.
SLOVENIA	Securities Market Agency	Decision on the provision of services with regard to securities; A: 4	

Rule 59			
<i>The investment firm must notify the customer immediately if it refuses to accept or transmit an order. The firm must inform customers as soon as possible if it is unable to transmit their orders.</i>			
Country	Implementing Authority(ies)	Implementing Measure ⁴⁰	Comments
AUSTRIA	AP/AFEC		The obligation to notify to the customer that the investment firm refuses to accept or transmit an order is within the scope of the ASSA and general common market standard. This rule does not require further implementing measures. Please see 55 and 58
BELGIUM	Royal Decree	No specific rules	Additional rules may be adopted by Royal Decree on the basis of Art. 26, 17° and 146 L. 2 August 2002
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Conduct of Business, section 22. (The above mentioned rule states that investment firms must notify the customer immediately if it refuses to accept or transmit an order or is unable to transmit their orders)	
FINLAND	Parliament Rahoitustarkastus	Chapter 4, Section 1 of the Securities Markets Act.	General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Decision 98-28 of the CMF	This Decision partially implement this rule in that it requires the customer agreement to specify how the customer is informed where the order has not been successfully transmitted.
GERMANY	BaFin	Not implemented, Amendment of guideline needed	
GREECE		The Decision of the Ministry of Finance no 6280/89 as well as the Decision of the HCMC no 6161/96 are applicable. Section 9.1 of the Code of Conduct of Investment Services Firms is also applicable.	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 4.1 and Section 11</u> See 25 and 26 above.	
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 32, paragraph n. 2 of Consob Regulation 11522 <i>(Dealing)</i> ○○○ Article 33, paragraph n. 5 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to inform their customers in the event they are unable to transmit their orders.
LUXEMBOURG	CSSF	See 55 and 58	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented	Standard can be considered as not implemented, as, although there are rules concerning this subject, these appear not to have a legal base in legislation. Negotiations with the ministry of Finance are

⁴⁰ Any derogation to the application of the implementing measures should be mentioned.

			under way.
NORWAY	Parliament Ministry of Finance ANSC	The STA section 9-2 par 1 sub 1 states that the investment firm shall act in an orderly and correct manner in the performance of its activity and execute received assignments with due care and dispatch.	This may be interpreted as a duty to notify the customer immediately if it refuses to accept or transmit the order and a duty to inform customers as soon as possible if it is unable to transmit their orders. Non-compliance with these rules may be considered as a breach of the rules of good conduct.
PORTUGAL		Article 323/b and 326/4 of the Portuguese Securities Code	
SPAIN	Government/Ministry of Economy/ CNMV	Royal Decree 629/1993, of 3 May, Governing Rules of Action in the Securities Markets and Obligatory Record-Keeping. Annex "General Code of Conduct for the Securities Markets". Article 5 "Information to clients".	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	Principle 7 (Communications with clients).	There is no express and specific equivalent to this requirement in CESR Rule 59. FSA Principle 7 provides that a firm must pay due regard to the information needs of its clients. We would expect firms to observe this principle and notify and inform customers in the circumstances envisaged in CESR Rule 59.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 7 of Part I of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	The words "in due time" instead of "immediately" are used. This will be amended in the forthcoming amendments to the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003, which are expected to be issued by the end of the first quarter of 2004.
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) g) of the Securities Act; PART TWO, Sect. 16 and 18 of the Decree by the Czech Securities Commission Stipulating Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules for the Conduct of Brokerage Houses in Relation to Consumers Decree on Detailed Organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 13 sec. 2 a), art. 18 sec. f)	
ESTONIA	The EFSA, the operator of stock exchange	Guideline. The Rules and Regulations of Tallinn Stock Exchange "Membership Rules" p 8.4.5: If the member does not undertake to perform the client order, it must inform the client immediately thereof.	
HUNGARY		See comments for paragraph 55.	
LATVIA	FMC	See the answer to the item above.	
LITHUANIA		Not regulated	
MALTA			Not catered for in local legislation.

POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged by the law to exercise due care when providing investment services and to document how a transaction was carried out. An investment firm is obliged to report to the client without undue delay any transaction concluded on his behalf. It is also obliged to check on the objectiveness of registered data in order to prevent the risk of financial losses
SLOVENIA	Parliament	SMA-1; A: 145	

Standard 56			
<i>Where an investment firm has control of, or is holding assets belonging to a customer, it must arrange for proper identification and regular confirmation of such assets to the customer.</i>			
Country	Implementing Authority(ies)	Implementing Measure⁴¹	Comments
AUSTRIA	AP	Austrian Civil Code, Austrian Commercial Code ; Austrian Securities Deposit Law General terms and obligation of Austrian credit institutions	In Austria only credit institutions are allowed to hold assets of their clients –principles to this are laid down in the Austrian Securities Deposit Law. The commitment for regular confirmation of the assets which belong to the costumers is laid down in the Austrian Commercial Code and the GTC (point F Z 38), which are based on the Austrian Commercial Code. Point F Z 38 regulates a regular information commitment of the credit institution. This standard is covered by Austrian civil law standards. This standard does not require further implementing measures. Further regulation is laid down in the General terms and obligation of Austrian Credit Institutions;
BELGIUM	Parliament and Royal Decrees proposed by the Minster of Finance CBFA circulars	Prudential rules (Laws of 22 March 1993 and 6 April 1995) (see CBFA circulars of 18 December 1991 to the securities houses on securities accounting, of 30 January 2001 on supervision of deposits by securities houses and of 10 July 2002 on clearing on Euronext) RD 23 January 1991 on government debt securities	See R. 59
DENMARK	Parliament	Financial Business Act section 97. (The abovementioned rule states that assets belonging to investors should be segregated immediately. Segregated assets should be identified on a daily basis. Furthermore the rule in detail regulates which measures the investment firm should implement in order to comply with the requirements on segregation)	
FINLAND	Rahoitustarkastus Parliament	Rahoitustarkastus Regulation on Customer Funds (201.13). Chapter 4, Section 5 a of the Securities Markets Act	No precise provisions on proper identification and regularity. The Rahoitustarkastus regulations and guidelines are currently

⁴¹ Any derogation to the application of the implementing measures should be mentioned.

			under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 6-3-4 of the GR of the CMF	This provision requires custodians to issue to any account holder upon request an attestation specifying the nature and number of financial instruments held in his account, and to send to all account holders such a statement at least on a yearly basis.
GERMANY	BaFin	Section 34a WpHG	
GREECE		Section 4.3 of the Code of Conduct of Investment Services Firms provides that where an investment services firm has control of, or is holding assets belonging to a customer, it must arrange for proper identification and regular confirmation of such assets to the customer.	
ICELAND	Parliament	Art. 7. para. 2 of Securities Act: "If a financial undertaking provides asset management, it must send its customers a summary twice each year with information on how the customer's assets have been used since the previous summary was issued, current assets and estimated value of the assets on the date of the summary. A financial undertaking must always provide its customers with such a summary without delay if a customer so requests." And art. 10 of the same act: "A financial undertaking must keep customer's capital and financial instruments clearly distinguished from its own assets. A customer's capital must be kept in a special account in the name of the latter."	
IRELAND	IFSRA	<u>COC, Section 17</u> As at 26 above.	Operational practice requires that the client be told immediately by a dealer whether or not an instruction is accepted
ITALY	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> Article 22 of Legislative decree 58/1998 <i>(Segregation of assets)</i> ○○○ Article 56, paragraph n. 2 of Consob Regulation 11522 <i>(Internal procedures)</i> Article 62, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Periodic reports)</i> Resolution adopted by the Bank of Italy on July 1, 1998 on deposit and sub-deposit of clients' funds and financial instruments	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	According to circular LMI 91/78 on portfolio managers, the portfolio manager shall keep a complete and detailed bookkeeping on the assets belonging to its customers and arrange for proper identification in compliance with the legal provision on money laundering	

NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented A firm that carries out portfolio management must provide a client a statement that provides true, fair and complete information about the portfolio (art. 29 Bte, art 25 NR 2002).	Standard can be considered as not implemented, as, although there are rules concerning this subject, these appear not to have a legal base in legislation. Negotiations with the ministry of Finance are under way.
NORWAY	Parliament	STA section 9-1 par 1 subpar. 3	
PORTUGAL		Article 306/1 and 307 of the Portuguese Securities Code	
SPAIN	Ministry of Economy/ CNMV	Ministerial Order, dated 25 October 1995, Partially Implementing Royal Decree 629/1993. Section Five "Information on transactions". Rule 9 "Rules".	
SWEDEN	Finansinspektionen	Regulation on Conduct of Business rules, Chap 5 Section 5. Chap 5 Section 5 explicitly requires investment firms to regularly provide a customer with statements of account which show the customer's holding of financial instruments and funds.	
UNITED KINGDOM	FSA	<p>COB 9.1 (Client assets) contains detailed provisions concerning the obligations of a firm safeguards and administers its clients' financial instruments. These include requirements on:</p> <ul style="list-style-type: none"> • the segregation of client assets from proprietary assets in the firm's records; • the registration and recording of dematerialised or immobilised financial instruments and the holding of certificates relating to financial instruments; • the assessment and terms of appointment of subcustodians; • the provision of statements to the client (or its nominated representative) in writing, as often as necessary or as often as agreed with the client, but in any event at least annually; and <p>the performance of reconciliations between the records of the firm with the record of any other person that holds financial instruments for which the firm is accountable.</p> <p>COB 8.2.11E: a periodic statement is to set out the contents and value of a portfolio of designated investments. The statement must, promptly and at suitable intervals, provide the customer with a written statement of adequate information on the value and composition of the customer's account or portfolio at the end of the period covered: COB 8.2.4R.</p> <p>Client statements in writing must be sent at least annually or more frequently if so agreed with the client (COB 9.1.59R). COB 9.1.59R(2) provides that the statement may be provided to a representative nominated by the client. COB 9.1.61R(1) provides that a firm may, with the client's prior written agreement, retain the statements that are required to be sent to a client who is ordinarily resident outside of the United Kingdom.</p>	<p>CESR Standard 56 appears to go beyond safeguarding and administration of financial instruments (the activity that triggers COB 9.1). It also applies to firms that have "control" of customer assets. Control would appear to envisage the circumstances covered by COB 9.2 (Mandates).</p> <ul style="list-style-type: none"> • However, the FSA rules do not impose "identification" requirements along the lines of CESR Standard 56 merely because a firm has "control" over assets. It is common for a client to directly appoint a custodian and to provide its investment manager with a mandate to control those assets for trading purposes. In such a case the manager's "confirmation" requirement would be covered by COB 8.2.11E
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Paragraph 3 of Part V of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART THREE, CHAPTER I, Section 47b (1) e) of the Securities Act	Most common is so called asset management provided by an

		Decree on Detailed organisation Rules for the Internal Operations of Brokerage Houses and Detailed Rules of Conduct of Brokerage Houses, Art. 7, Art	investment firm. The identification and confirmation is in practice done on regular basis every three months.
ESTONIA	The EFSA	SMA § 88 (5); § 87 p 5. Guideline.	
HUNGARY	Parliament	Subsection 1-2 of Section 120 of CMA	Investment service providers and commodities brokers shall keep records of all dealings on their own account, agency contracts and consignments in sequence, in a uniform system. Investment service providers and commodities brokers shall keep separate records of transactions performed on their own account from those performed on behalf of clients. Also see comments for paragraph 55.
LATVIA	Parliament FCMC	Article 2.2.2 of the FCMC Regulations for Conducting Securities Transactions requires that an agreement between an investment service provider and a client must define kinds, means and time limits for the transfer and receipt of information concerning servicing of securities accounts and securities transactions, as well as a procedure for authorisation. Article 4 of the FCMC Regulations on the Performance of Trust Operations defines that the accounting system of a credit institution shall have separate accounting of trust operations, ensuring the accounting of property owned by clients in a separate (trust) balance sheet, broken down by clients and types of assets under management. Article 130(4) of the Law on the Financial Instruments Market defines that the investment services provider is entitled to open a nominal account, if the person for whom the account is being opened acts pursuant to regulatory enactments whose requirements with respect to client identification are not less stringent than the requirements prescribed by regulatory enactments of the Republic of Latvia. Article 130 (5) of the above-mentioned law defines that the investment services provider shall provide a client with information about transactions and balances of its accounts as often as stated in the agreement or upon request of the client.	
LITHUANIA		The assets, transferred to the trustee under the basis of trust, must be separated from the assets of the trustor and the trustee. The trustee must organize and administer the record (balance-sheet) of the entrusted assets as well as open separate bank account for settlements (Paragraph 1 of Art. 6.961 of Civil Code).	
MALTA	MFSA	SLC 3.05(k) of the ISG Furthermore, please note condition 7.01	
POLAND	Council of Ministers	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving

		accounts, the brokerage house is obliged to keep the proper separation of assets belonging to its customers, which means that they have to be kept on a separate accounts (from accounts on which firm's assets are being kept). (Par. 15, Par. 17)	
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	Investment firm is obliged to keep money and securities entrusted by clients in bank accounts and owner's accounts separately from bank accounts and owner's accounts in which it keeps money and securities constituting its own assets.
SLOVENIA	Parliament for the decree	SMA-1; A: 151 (cash) SMA-1; A: 155 and A: 156 (securities)	SECURITIES ARE ISSUED IN DEMATERIALIZED FORM AND THE REGISTER IS KEPT AND RAN BY THE CENTRAL SECURITIES CLEARING COMPANY (KDD)

Rule 60	<i>An investment firm must send to its customer at least once a year or as often as agreed with the customer a statement of all assets held in custody on behalf of each customer. The statement must also:</i> <i>a) identify assets which have been pledged to the firm or any third parties as collateral;</i> <i>b) identify assets which have been lent;</i> <i>c) clearly and consistently show movement of assets based on either trade date or settlement date.</i>		
Country	Implementing Authority(ies)	Implementing Measure⁴²	Comments
AUSTRIA	AFEC, Credit Institutions; FMA AFEC	General terms and obligation of Austrian credit institutions	As mentioned above under rule 56 it is implemented in Austria that the investment firm has to transmit to the customer regularly a statement of all assets. It is laid down in Z 38 of the General terms and obligation of Austrian credit institutions that a statement of all assets held in custody on behalf of each customer is forwarded to the client once a year The specifications required under a) and b) are not within the standard contents of the statements. This part of the rule will be implemented as market standard. Rule 60 is at least partly implemented.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance CBFA circulars	RD 5 August 1991 on portfolio management and CBFA circular to financial institutions of 14 August 1992 See also: Art. 3.4.2.4. Clearnet Rule Book (contractual provisions applicable to Belgian clearing members of Clearnet)	See R. 56
DENMARK	The Ministry of Economic and Business Affairs	Executive order on Conduct of Business, section 23. (The above mentioned rule states that investment firms should at least once a year send a statement of all assets held in custody, collateral and assets which have been lent.)	Derogation: The legislation mentioned only implements standard 60 partly, as c) is not explicitly mentioned.
FINLAND	Rahoitustarkastus	Rahoitustarkastus Guideline on Agreement for Safekeeping and Administration of Securities (including safe custody), Bookentry Accounts and Portfolio Management (201.9)	a)-c) General rule, no detailed provisions available yet. The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under

⁴² Any derogation to the application of the implementing measures should be mentioned.

			discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 6-3-4 of the GR of the CMF	This provision requires custodians to inform account holders as soon as possible of all trades and on a yearly basis of the financial instruments held (see above). Accounts must be credited on the trade date. It does not require yearly notice of pledges or loans but these transactions can of course be undertaken only with the client's consent.
GERMANY	BaFin	Not implemented, Partly covered by provisions on custody business Amendment of guideline needed	
GREECE		Section 7.2 (c) (jj) of the Code of Conduct of Investment Services Firms provides that a statement of all assets held in custody on behalf of each customer is sent by the investment services firms to their customers.	
ICELAND	FME	Art. 7. para. 2 of Act on Securities Transactions, except for a) and b) which are not implemented.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 17</u> As at 26 above.	Not less than six monthly
ITALY	CONSOB	Article 62, paragraphs n. 1 and 2 of Consob Regulation 11522 <i>(Periodic reports)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
LUXEMBOURG	CSSF	See 55 and 58	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented art 37 NR2002 states that a firm must provide a client with a statement once a year that gives the information about securities given in custody.	Standard can be considered as not implemented, as, although there are rules concerning this subject, these appear not to have a legal base in legislation. Negotiations with the ministry of Finance are under way. Requirements 60 a to c are not regulated.
NORWAY	Parliament Ministry of Finance/ Kredittilsynet	Awaiting authority in law to provide further regulations	
PORTUGAL		Article 85/4/a and 307 of the Portuguese Securities Code; article 7/5/c and 71 of CMVM Regulation 12/2000	
SPAIN	Ministry of Economy/ CNMV	CNMV Circular 1/1996, dated 27 March, Governing Rules of Action, Transparency and Identification of Clients in Securities Market Transactions. Rule 13 "Information to clients on long-term or indefinite contracts".	Circular 1/1996 states that firms must send their clients <u>clear and specific</u> information about the status of the portfolio at least once per quarter, if there have been <u>alterations</u> in the portfolio composition, or annually in any event.
SWEDEN	Finansinspektionen	The first sentence of rule 60 is implemented, see rule 56. The second sentence is not explicitly stated.	Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 8.2.4R (Requirement for a periodic statement), 8.2.10E (Periodic statements – timing and content) and 8.2.12E (Periodic	Under COB 8.2.4R, 8.2.10E and 8.2.12E, where a firm acts as a discretionary investment manager it must provide its client with

		statements – additional information required for a discretionary managed portfolio). COB 9.1.59R (Production and despatch of client statements) and 9.1.64R (Content of client statements).	periodic statements, at least annually. These periodic statements must include details of assets loaned or pledged and particulars of each transaction entered into for the portfolio during the period. Under COB 9.1.59R and COB 9.1.64R, where a firm safeguards and administers financial instruments for customers it must, at least annually, provide the customer with a statement in writing. These statements must identify any assets which are being used as collateral or have been pledged to third parties. CESR Rule 60 applies to assets held “in custody” and therefore would seem to apply to custodians. The specific information requirements in subparagraphs (a) to (c) are only partially covered by a custodian’s reporting obligations under COB 9.1.64. However, they are covered by COB 8.2.12, which applies to portfolio managers.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 19 and paragraph 3 of Part V of Annex 8 of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission	PART TWO, CHAPTER III, Section 34, 35, 36 and 37 of the Securities Act	The regulation of providing the statement to customer is subject of civil regulation.
ESTONIA	The EFSA.	The SMA § 87 –5: An investment firm is required upon the request of the client, to provide the client at least once every three months with information regarding the transactions conducted with the assets of the client when managing the securities portfolio, and regarding the value of the assets, the composition of the securities portfolio and other circumstances related to the provision of services. Guideline.	
HUNGARY		See comments for paragraph 55.	
LATVIA	Parliament	Pursuant to Article 130 (5) of the Law on the Financial Instruments Market, the investment services provider shall provide a client with information about transactions and balances of its accounts as often as stated in the agreement or upon request of the client. This article also defines what kind of data shall be included in these accounts.	
LITHUANIA		The trustee must, under the terms and procedure agreed in the agreement, to submit the trustor and beneficiary the statement on his/her activities. Where the term for statement has not been established, the statement must be submitted once a year. The owner shall have the right to control the activity of the trustee at any time (Paragraph 4 of Art. 6.963 of Civil Code). An account manager must notify the owner of securities in writing of any change in the latter’s account, unless the agreement between them provides otherwise. After a calendar year ends, the account managers must, pursuant to the procedure stipulated in the agreement, present statements of securities accounts by the end of the last day of the past year (Art. 47 of the LSM).	

MALTA	MFSA	As Above. Additionally, see 8.03 of the ISG	SLC 3.05(k) does not elaborate on contents of the report to customers.
POLAND	Council of Ministers for enacting	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the brokerage house is obliged to determine by its regulations the method of preparing and providing the customer with extracts of this customer's accounts. (Par. 6.2.10). There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the expressly established rules.	Polish Securities and Exchange Commission is responsible for drafting and Ministry of Finance for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	An investment firm is obliged to provide the client with important information related to the transaction and advise him of important facts and risks associated with the transaction. An investment firm is obliged to report to the client without undue delay any transaction concluded on his behalf. The Ministry of finance may lay down by a generally applicable regulation further details concerning the rules of conduct of investment firm in relation to client.
SLOVENIA	Parliament	SMA-1, A: 163	Dematerialized securities are kept on each individual customer's account kept with the KDD and are not on a house account of an investment firm.

Standard 57			
<i>An investment firm that operates customer accounts, which include uncovered open positions, must provide regular statements of such positions.</i>			
Country	Implementing Authority(ies)	Implementing Measure⁴³	Comments
AUSTRIA	FMA/AFEC	Special terms and conditions for future and options trading with securities of the Austrian Credit Institutions. General terms and obligation of Austrian credit institutions	This information is part of a specific service to the client. It is in the interest of the investment firm that the customer is aware that his account has uncovered open positions. Because of this specific service, all credit institutions use specific terms and conditions for futures and options trading with securities. These special terms were implemented in the same way as the GTC as mentioned under standard 55. These terms regulate the principles of the specific service, which include the information commitment in Standard 57 and Rule 61. Credit Institutions have referring to Z 66 of General terms and obligation of Austrian credit institutions the right to refuse the execution of client orders, if sufficient cover is missing.

⁴³ Any derogation to the application of the implementing measures should be mentioned.

BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See R. 60	See R. 60
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Rahoitustarkastus	No provisions available.	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 23 of COB Regulation 96-03 (on portfolio management)	This COB provision requires a monthly report where the client portfolio contains "open leveraged positions" but these are not defined in the same way as in the CESR paper. No such provision exists where the client himself decides to take the open positions.
GERMANY	BaFin	Not implemented Partly covered by provisions on custody business Amendment of guideline needed	
GREECE		According to section 4.2 (d) and (e) "d) The continuous and regular dissemination of information to clients about important events relating to the contractually specified provision of investment services and affecting the interests of their clients. e) The provision of continuous and adequate information to clients about developments in the provision of investment services by oral and/or written means specified by law or contract." In addition, relevant provisions are also included in the Decision no 6160/96 of the HCMC.	
ICELAND	FME	Art. 7. para. 2 of Act on Securities Transactions, states that those customers (and others) are to be sent a statement twice a year and in addition given a statement whenever requested.	See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	<u>COC, Section 17</u> As at 26 above.	As above
ITALY	CONSOB	Article 28, paragraph n. 3 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> Article 62, paragraphs n. 1 and 2 of Consob Regulation 11522 <i>(Periodic reports)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to <ul style="list-style-type: none"> clarify the specific obligations arising from the general principles laid down in the provisions at present in force and require investment firms to provide their customers with regular statements on uncovered positions..
LUXEMBOURG	CSSF	See 55, 56 and 60	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented If a client takes positions that involve financial liabilities, the firm must provide him with a position statement once a month. This statement includes open positions	Standard can be considered as not implemented, as, although there are rules concerning this subject, these appear not to have a legal base in legislation. Negotiations with the ministry of Finance are under way.
NORWAY	Parliament	Awaiting authority in law to provide further regulations	

	Ministry of Finance/ Kredittilsynet		
PORTUGAL		Article 41 of CMVM Regulation 12/2000	
SPAIN	Ministry of Economy/ CNMV	Ministerial Order, dated 25 October 1995, Partially Implementing Royal Decree 629/1993. Section Five "Information on transactions". Rule 9 "Rules".	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 8.2 (Periodic statements) provides that where a firm operates a customer's account containing uncovered open positions in contingent liability investments, it should supply the customer with a regular statement on a timely basis, providing information on the value and composition of the customer's portfolio. COB 8.2.1R, 8.2.4R and 8.2.6R.	An intermediate customer may ask not to receive a periodic statement. A firm need not send the statement if it has taken reasonable steps to establish that the intermediate customer does not wish to receive it.
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 19(3) of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission		No specific rule.
ESTONIA			
HUNGARY			
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA			Not catered for in local legislation.
POLAND	Council of Ministers for enacting	According to the Decree of the Council of Ministers dated September the 3 rd , 2002, in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks keeping securities accounts, the brokerage house keeping such accounts must determine by its regulations the method of making a call, by the brokerage house, to supplement the margin up to the level specified in the contract or in separate provisions, or the procedure for notifying the customer of the need to supplement the margin and the method of notification by the brokerage house of the need to meet obligation arising out of position taken on derivative rights or the procedure for the customer to obtain information about the need to meet that obligation. (Par. 4.2.12) There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The said obligation is going to be one of the expressly	Polish Securities and Exchange Commission is responsible for drafting 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.

		established rules.	
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	
SLOVENIA	Parliament	SMA-1, A: 170	

Rule 61	<i>Where an account includes uncovered open positions⁴⁴, an investment firm must send to its customer a monthly statement, which includes the following:</i> <i>a) information about the options contract, e.g. market price, date of exercise, exercise price, as well as any incidental costs connected with the exercise;</i> <i>b) each payment made by the customer as a result of the margin requirements in respect of the open positions and the amount of the unrealised profit or loss attributable to open positions;</i> <i>c) the resulting profit or loss arising from positions closed during the period.</i>		
Country	Implementing Authority(ies)	Implementing Measure⁴⁵	Comments
AUSTRIA	AFEC	Special terms and conditions for future and options trading with securities of the Austrian Credit Institutions.	Please see rule 57.
BELGIUM	Parliament and Royal Decrees proposed by the Minister of Finance	See R. 60	See R. 60
DENMARK			The Ministry of Economic and Business Affairs is the competent Authority for deciding on the further implementation. The Danish Financial Supervisory Authority has approached the Ministry of Economics and Business Affairs in that regard
FINLAND	Rahoitustarkastus	No provisions available.	The Rahoitustarkastus regulations and guidelines are currently under general restructuring and revision. The need for specifying provisions concerning the conduct of business rules is under discussion in that project. The consultation paper is scheduled to be sent out for consultation in early 2004.
FRANCE	AMF	Article 23 of COB Regulation 96-03 and article 2-4 of COB Instruction of 17 December 1996	The COB provisions require “an assessment of the risks incurred through the open positions” in addition to the information required in the standard quarterly report, as well as a valuation of each open position and the result of positions closed out during the period. We would suggest a review of the content of the monthly report recommended by CESR, and consideration of the distinction to be made between portfolios managed by the client himself and

⁴⁴ Examples of uncovered open positions include:

- (1) short positions on cash instruments;
- (2) selling a call option on an investment not held in the portfolio;
- (3) unsettled sales of call options on currency in amounts greater than the portfolio's holding of that currency in cash or in readily realisable securities denominated in that currency;
- (4) transactions having the effect of 'selling' an index to an amount greater than the portfolio's holdings of designated investments included in that index.

⁴⁵ Any derogation to the application of the implementing measures should be mentioned.

			portfolios managed by the firm.
GERMANY	BaFin	Not implemented, Amendment of guideline	
GREECE		Sections 4.2 (d) and (e), and section 7.2 (c) (jj) of the Code of Conduct of Investment Services Firms as well as the Decision of the HCMC no 6160/96 provide for items a), b) c).	
ICELAND	FME		See general clause regarding FME's Directive Requests.
IRELAND	IFSRA	As at 26 above	As above
ITALY	CONSOB	Article 28, paragraph n. 3 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 57 Article 62, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Periodic reports)</i>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to <ul style="list-style-type: none"> clarify the specific obligations arising from the general principles laid down in the provisions at present in force and require investment firms to provide their customers with regular statements on uncovered positions
LUXEMBOURG	CSSF	See 55 and 56	
NETHERLANDS	Ministry of Finance or AFM: deliberations are pending	Not implemented A firm must provide clients with open positions at least once a month (art 36 NR 2002)	Standard can be considered as not implemented, as, although there are rules concerning this subject, these appear not to have a legal base in legislation. Negotiations with the ministry of Finance are under way. Art. 36 lacks provisions regarding the requirements concerning information about the options contract, each payment made by the client and resulting profit or loss.
NORWAY	Parliament Ministry of Finance/ Kredittilsynet	Awaiting authority in law to provide further regulations	
PORTUGAL		Article 41 of CMVM Regulation 12/2000	
SPAIN		It is required to inform of every transaction and of every settlement.	
SWEDEN	Finansinspektionen		Finansinspektionen follows a timetable for gradual implementation of the standards and rules. The first step was taken during 2002 with the implementation of some of the rules and the next step is due during 2004 when additional standards and rules will be implemented. The final step towards full implementation will start during 2004.
UNITED KINGDOM	FSA	COB 8.2.1R(2), 8.2.2G, 8.2.4R (Requirement for a periodic statement), 8.2.10E(2)(c) 61a) – COB 8.2.13E 4: option account valuations in respect of each open option contained in the account on the valuation date stating: market price, exercise price, trade price and date for opening transaction ...and the investment involved. 61b) – in relation to each open position, periodic statement must include information on the unrealised profit or loss to the customer (before deducting or adding any commission which would be payable on closing out) COB 8.2.13E 2.	COB requires provision of a written statement containing adequate information on the value and composition of the customer's account – to be provided promptly and on a monthly basis when an account includes uncovered open positions in a contingent liability investment. The contents of the statement are at COB 8.2.13E and reflect those in CESR Rule 61. COB 8.2.13E does not require information to be given on the date of exercise. Under COB 8.2 the requirements concerning open positions only apply where they are in a contingent liability investment.

		61c) – in relation to each transaction executed during the account period to close out a customer's position, the resulting profit or loss to the customer after deducting or adding any commission COB 8.2.13E 3. As an alternative, in COB 8.2.13E 2 & 3, the statement may show the net profit or loss in respect of the customer's overall position in each contract.	However, the CESR obligations also cover short selling of cash instruments and investments (which are not covered by the FSA Rules because they do not involve contingent liability investments.)
CYPRUS	Cyprus Securities and Exchange Commission and the Central Bank of Cyprus	Section 19(3) of the Code of Business Conduct for Investment Firms and the Natural Persons employed by them, Directive 1/2003	
CZECH REPUBLIC	Securities Commission		No specific rule.
ESTONIA	The EFSA.	Guideline.	
HUNGARY			
LATVIA		The laws or FCMC regulations do not specifically regulate this issue.	
LITHUANIA		Not regulated	
MALTA			Not catered for in local legislation.
POLAND	Parliament for the law Council of Ministers for the decree	There is a draft of a new Polish Law on Public Trading of Securities prepared which includes a delegation for issuing by Council of Ministers the decree concerning inter alia conduct of business rules. The decree is going to establish such an obligation and specify the scope of provided information.	Polish Securities and Exchange Commission is responsible for drafting and the Council of Ministers for approving 30 September 2003 draft approved by the Council of Ministers whilst its entry into force envisaged for 1 May 2004.
SLOVAKIA	MF FMA	Act No 566/2001 on Securities and Investment Services Article 73	
SLOVENIA		Not implemented.	Margin requirements are not regulated issue, no organized derivative market exists.