



BEAMA Code of Conduct

for the Asset Management sector and related activities in Belgium¹

Approved by the AGM of 22 June, 2009

¹ Translation from the original Dutch/French version approved by the AGM of 22 June, 2009

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1. Introduction

The BEAMA (*Belgian Asset Managers Association*) Code of Conduct has been drawn up in compliance with the association's customary consultation and cooperation procedures. Special attention has been paid to ensuring that all members are properly represented².

“Asset Management”³ comprises, *inter alia*, the promotion, management, distribution and administrative processing of UCI's, as well as institutional portfolio management, retail portfolio management and investment advice.

The BEAMA Code of Conduct is based on the principles of good governance relevant to Asset Management. These principles are, in turn, based on and complemented by “best practices” and comply with the provisions of the European and Belgian legal and regulatory framework for the organisational integrity of portfolio management (in the broadest sense of the term) and with the industry standards and general guidelines of EFAMA⁴ as recommended for application at European level. BEAMA members adhere to the Code of Conduct, such as defined in the association's bylaws⁵.

As the sector is aware of the need for market integrity and of the importance of investor trust, BEAMA strictly adheres to the “high-level principles” of the EFAMA Code of Conduct for the European Investment Management Industry, to which it subscribed on 11 June, 2004 in Dublin⁶. The sector wants to go further in transposing these principles, by adding to them and/or translating them into a Belgian context.

Through this Code of Conduct, BEAMA seeks not only to anchor the high-level standards required in Asset Management, but also to provide guidelines for setting up effective organisational structures that are in conformity with the legal framework currently in force and applicable both to collective and individual portfolio management, and to investment advisory. The principle of proportionality⁷ and the principle of self-regulation have also been taken into account, where it seemed opportune to do so. The Code of Conduct thus seeks to preserve the integrity and stability of the financial markets for Asset Management and to control reputational risk, in order to benefit from investor confidence on a sustained basis.

² BEAMA's members include investment firms that focus their activities on institutional and/or private clients, UCITs management companies and public *SICAFs* and *PRICAFs*, i.e., Belgian-registered and foreign-registered companies that operate on the Belgian Asset Management market.

³ See Article 4 of the BEAMA bylaws, Brussels, 25 June 2007. This mainly applies to institutions operating under the legal and regulatory framework governing investment firms or firms involved in the collective management of savings products (either via certification of, and/or under the control of, the FSMA (the Financial Services and Markets Authority), or via registration with the SPF (the Federal Public Service) mentioned in the Royal Decree).

⁴ The (Brussels-based) European Fund and Asset Management Association, which represents BEAMA at European authority level.

⁵ See Article 6 §1 of the BEAMA bylaws, Brussels, 25 June 2007.

⁶ During the 9 June 2004, session, the BEAMA Management Board gave a mandate on this validation.

⁷ See [Appendix 2](#) (Glossary) – principle of proportionality.

Because of the special nature of *Sociétés d'Investment à Capital Fixe en Immobilier (SICAFI – real estate funds)*, some – but not all – of the provisions⁸ in this Code of Conduct apply in a special way to these investment vehicles.

Meanwhile, listed collective investment undertakings (UCI's), including *SICAFI's*, are also subject to the special regulations governing listed companies.

“Code of Conduct”, as quoted in Art. 6 of the BEAMA bylaws, shall henceforth be taken to refer to both the present BEAMA Code of Conduct and the high-level principles of the EFAMA Code of Conduct for the European Investment Management Industry.

The sector would also like to draw the general public's attention to this Code, which is considered to constitute an independent document.

A glossary, designed to enhance understanding of some of the terminology used in the Code of Conduct, can be found at the back, along with notes on certain Asset Management activities.

⁸ Such provisions include items 3.2.3 (Broker relations), 3.4.2 (Intermediaries) and 3.5 (Exercising of shareholder/creditor rights).

2. Scope of application & purpose

The purpose of this Code of Conduct is to lay down the principles and directives for integrity in Asset Management activities⁹.

This document outlines the guiding principles behind the organisational structure, processing and management of asset management activities, and provides the content of the legal postulate under which management must respect participants' interests.

In consultation with the sector – and taking into account the nature and scope of the organisation of various Asset Management activities – these principles have been supplemented and interpreted as key elements of good governance. Special attention is paid here to both the principles governing (a) the structural elements of good governance and compliance with these and (b) the daily management tasks and their implementation.

The Code opts for a flexible approach and is based on the principle of “comply or explain”, which offers the opportunity to disregard the principles established if required by characteristics specific to certain activities, as long as convincing arguments for disregarding the principles are put forth.

⁹ See p.3 (footnote 2) + [Appendix 1](#) for a definition of Asset Management.

3. Principles of Governance in Asset Management and their implementation

Fiduciary duty¹⁰ as a starting point

Any entity and/or individual who assumes responsibility for any aspect of portfolio management in the broadest sense of the term recognises the principle of fiduciary duty and adheres to it when exercising their activities.

Generally speaking, fiduciary duty requires that all parties, in the course of their duties, pledge to act in a fair and equitable manner in the clients'¹¹ best interests and in respect of market integrity, as provided in the legal and regulatory framework.

The Code of Conduct deals specifically with the principles arising from the general principle of fiduciary duty, which covers all the others, and the practical interpretation of this principle.

3.1 Strategic principles and organisation of various Asset Management activities

With respect to Asset Management activities, good governance entails, among other things, a determination of the company's objectives, the implementation of effective administration and internal controls, the identification of the interests of the company stakeholders¹² (which are to be taken into account), and the exercise of the activity in compliance with a healthy and prudent management of the principles, as well as an adherence to applicable legal provisions. This concept of "internal governance", explained below, stresses the role and responsibility of management¹³. An explanation of the principles of internal governance in the operating measures is given in 3.2 below.

¹⁰ Fiduciary Duty is a basic principle and concept in fiduciary relations (cf. [Appendix 2](#) (Glossary).)

¹¹ The notion of "client" – in the broadest sense of the term – applies to retail and professional investors, and to any fund having a client relationship with external service providers.

¹² See [Appendix 2](#) (Glossary).

¹³ "Management" as understood in the sense of management bodies, their function, their role and in their control authority.

3.1.1 Practical application of the principles of internal governance

It is the responsibility of the board of directors¹⁴ and of management to enforce compliance with the guidelines set with a view to organisational integrity and the scrupulous provision of services.

With this in mind, each Asset Management business line¹⁵ shall focus special attention within its organisation to properly and professionally framing the exercise of its activities, in terms of financial, material and human resources.

To guarantee that operations are managed in the clients' best interests, and to cope with any conflicts of interest, the relevant management bodies and the Board shall ensure, within the structural organisation of activities, sufficient independence vis-à-vis shareholders, external service providers and other entities concerned.

With this in mind, all organisations shall also ensure:

- regular monitoring of compliance with the legal and regulatory framework;
- periodical reports;
- independent and effective controls (in one form or another).

For the content and interpretation of the principles of good internal governance at financial institutions, please refer also to the FSMA circular on this subject¹⁶.

3.1.2 Controlling and managing conflicts of interest

In the exercise of their portfolio management activities, participants may have diverse interests. These may be parallel or diverging interests that require an adequate framework supervision.

This is why portfolio managers draft a conflict-of-interest policy that includes the structural and procedural measures required to identify and forestall potential conflicts of interest. Such measures must guarantee the protection of client interests and equal treatment of all types of client.

¹⁴ See [Appendix 2](#) (Glossary/Management bodies) definition and responsibilities of the board of directors and management committee/senior management in accordance to Belgian company law; see also footnote 17

¹⁵ See Art. 5. of the BEAMA bylaws (as outlined in [Appendix 2](#) (Glossary)).

¹⁶ FSMA Circular PPB-2007-6-CBP-CPA: prudential expectations on financial institutions' sound governance.

In practice, the following are examples of measures taken, depending, of course, on the nature, size and complexity of the institution:

- a strict separation of activities (physical separation, Chinese walls to separate decision-makers from others;
- setting the responsibilities of all departments within the organisation and, in this respect, assigning to different persons reporting lines involving opposing interests;
- with respect to remuneration policy, the prohibition of incentives likely to encourage trading activities that run contrary to investors' interests;
- the implementation of a personal transactions policy;
- the implementation of rules for setting remuneration.
- ...

The conflict-of-interest policy shall be announced or made available to all parties involved in the chain of transactions and to service providers.

Procedures shall also be devised to report any conflict of interest, in writing, to the persons/entities responsible.

If a conflict of interest nonetheless arises, management¹⁷ shall take all necessary measures to resolve it.

3.1.3 Organisation and procedures

Depending on the nature, importance and type of activity, management shall provide for the proper organisational structures, the human resources and expertise necessary for dealing with the complexity and range of portfolio management products, services and activities, and with any management tasks completed within their company.

Among other things, this requires that the competences and responsibilities of various departments within the organisation be set down in writing. The procedures and reporting lines set shall also be executed properly and monitored on a regular basis.

The tasks of departments and employees shall be properly separated where possible and necessary, in light of the nature of the activity. One example of this is the separation of investment decisions from tasks related to execution, administration, compliance and independent risk management.

¹⁷ This refers to the group of persons (directors or not) whose task within the establishment entails exercising direct and decisive influence at the highest level on the management of the company. See again FSMA Circular PPB-2007-6-CPB-CPA.

Asset management firms having direct relations with non-professional clients¹⁸ shall take the necessary steps to set up effective and transparent procedures for dealing with complaints.

3.1.4 Compliance

Asset Management firms shall provide for a permanent and effective independent compliance function whose brief will be to draft the institution's integrity policy, control reputational risk and adhere to compliance obligations¹⁹.

To be able to carry out these tasks properly, the compliance function shall be equipped with the necessary authority, means and skills necessary, while adhering to the principle of proportionality.

In exercising their responsibilities, the compliance function shall be afforded access to all useful information.

3.1.5 Delegation and outsourcing

With respect to the delegation or outsourcing of services²⁰ to third parties, the institution concerned shall act with all the skills, care and diligence required when choosing external service providers. The external service provider must meet all existing quality standards. The outsourcing agreement shall thus be covered by a written agreement that takes into account existing standards and market conditions.

Outsourcing in no way reduces the responsibility of the institution's governing bodies to the shareholders or clients, or to the control authority. For these reasons, the institutions shall, from the start, take all necessary measures to supervise the outsourced activities and processes.

¹⁸ Investment firms are the first ones affected here, since they offer services within the framework of MiFID to non-professional clients (i.e., retail clients). These retail clients shall file their initial complaint with the investment firm (or distributor). If they are unable to find any kind of solution to resolve the complaint, they may appeal to the Mediation Service Banks-Credit-Investments at <http://www.ombfin.be>

¹⁹ See Arts. 8 *et seq.* of the Royal Decree of 19 June 2007, pertaining to the approval of the FSMA organisational rules applicable to establishments supplying investment services.
See also FSMA_2013_08 circular relative to the compliance function as well as FSMA_2013_09 circular relative to ongoing training of compliance officers.

²⁰ See Arts. 17 to 22 of the Financial Services and Markets Authority regulations of 5 June 2007, pertaining to the organisation rules applicable to establishments providing investment services, the Royal Decree of 19 June 2007 pertaining to the approval of these regulations. "Delegation" and "designation" are defined in UCITS legislation .

3.2 Principles and measures of good operating management

3.2.1 Investment policies and decisions

Regardless of the type of portfolio management, investment policy shall always comply with the legal provisions and with any investment strategy set on a statutory or contractual basis. As far as collective portfolio management is concerned, the management rules (or bylaws) and the prospectus shall include the investment policy criteria. In the case of individual portfolio management, there has to be a written contract, which has to meet the client's investor profile. In other words, the services and/or product offerings must be suitable for the client's profile. For (listed) SICAFIs, this information is included in the annual report.

In principle there is convergence of interests between the Asset Manager and the investor(s). Should this fail to be the case, the investor's interests shall, for fiduciary duty purposes, take precedence.

As investment decisions should never be taken lightly, they shall be entrusted to portfolio managers having adequate professional experience and who also assume responsibility for those decisions.

Investment decisions may be delegated as long as standards are met, and provided the firms selected are authorised companies²¹. The sector has always taken care to set adequate quality standards for delegation. Special attention shall also be devoted to ensuring proper follow-up²² and to checking the risk profile.

3.2.2 Best execution

When, in the course of Asset Management activities, orders in financial instruments are executed, the "best execution" principle²³ shall prevail. This rule of conduct requires that all reasonable means be taken to obtain the best possible result for the client in terms of price, cost, speed, probability of execution and settlement of orders, and all other aspects relevant to order execution. "Optimum execution" implementation is covered in the order execution policy.

²¹ See circular PPB 2004/5 on healthy management practices in credit establishment or investment firm outsourcing.

²² The FSMA accepts outsourcing to companies in countries with which it has reached a Memorandum of Understanding (MoU). All FSMA MoU agreements are on its website <http://www.fsma.be/en/About%20FSMA/mou/mouov.aspx>.

²³ See [Appendix 3](#) (Translations).

Regulations in this area are principle-based and, when the principles are applied, the size of the institution and the nature of the service are taken into account. Order execution policy shall be applied consistently.

3.2.3 Broker relations

Asset Managers often use brokers to execute orders. Institutions shall pay special attention to the choice of counterparties. In practice, this is tantamount to applying a “best selection policy” based on objective criteria. The broker relationship shall be periodically assessed by the Asset Managers, and any failings remedied.

The method for selecting brokers shall be described in the best selection policy.

With respect to the transaction-linked remuneration paid to or received from brokers, it has to be demonstrated that this helps to improve the quality of client service and that it does not compromise the obligation to act in the client’s best interests.²⁴

3.2.4 Asset valuation principles

In the case of collective portfolio management, the Asset Managers must guarantee that the value of the portfolio assets is properly reflected and, where applicable, that the net asset value (NAV) of units is calculated accurately²⁵. To do so, they shall comply with the basic principle under which asset valuation is independent of portfolio management, while adhering to the principle of proportionality. It is therefore not always possible to have active valuation committees. To the greatest extent possible, the valuation methodology shall be based on the principle of valuation at market value on the basis of pre-set criteria such as those used in objective pricing models. In the Belgian context, however, the primacy of accounting legislation has to be taken into account. Belgian executory decisions also provide for other procedures if prices cannot be calculated or in the event of erroneous NAV²⁶ calculation.

Certain Asset Management activities are subject to specific pricing rules.

²⁴ See also the *Febelfin* (Belgian Finance Federation) position paper on MiFID inducements (September 2007).

²⁵ See [Appendix 3](#) (Translations).

²⁶ See Art. 193 *et seq.* of the Royal Decree of 12 November 2012, Product. Additionally, see [Appendix 1](#) for the list of Royal Decrees dealing with UCITS bookkeeping/accounting.

3.2.5 Custody

In investors' best interests, the assets managed by the asset managers on behalf of their clients shall be kept separate from those of the manager's own assets; to this end they are deposited with a financial institution²⁷ that is subject to auditing by a control authority.

3.2.6 Fund Unit Trading

In the world of undertakings of collective investments (UCI's), fund unit trading, and in particular order processing and the moment of order execution, take priority. If the UCI is, because of its structure, likely to be exposed to market timing practices, it shall disclose its policy in this area, and/or shall take protective and/or control measures to detect and avoid such practices²⁸.

3.3 Customer information

As asset management activities greatly vary, different types of client relationships exist. This is an important distinction in due diligence when providing financial services, and also covers the proper disclosure of relevant and obligatory information for each type of client relationship. By this, we mean direct or indirect client relationships, and relationships with various client targets and types, such as "potential clients" or "existing clients".

Any information, supplied on the basis of the type of client relationship, allows the client to properly assess the service or product and make a considered choice.

Information is disclosed before, during and after the investment, and takes into account the category (professional/retail client) of (potential) client, as well as the type of service or product.

Any information supplied on products and services meant for (potential) clients must be correct, clear and not misleading. This requirement applies to both the content and the form of information and to advertising, which must be explicitly recognisable as such.

²⁷ Belgian legislation determines the type of financial institution required (credit establishment or brokerage firm): for UCI's, see Article 50 *et seq.* of the Law of 3 August 2012; see Article 8 *et seq.*, Royal Decree of 12 November 2012, Product; see also the Law of 6 April 1995 – the transposition of Article 22 *et seq.* of UCITS Directive 2009/65/EC (consolidated version: <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:302:0032:0096:en:PDF>)

²⁸ See Art. 192 of the Royal Decree of 12 November 2012, product, item II.3.4. of Appendix A of the Royal Decree of 12 November 2012, Product– Content of the Prospectus

Information must be adequate and in language that is understandable and accessible to the targeted public. It should include proper mention of the advantages and an explicit indication of the possible risks linked to the services and products on offer.

Clients should also be kept informed of the costs and charges incurred by a service or product.

Whenever client information mentions past performances, or if it contains data related to future performances, it must comply with legal provisions in this area.

The information provided in various publications (standard agreements, prospectuses, periodical performance reports, ...) must be consistent.

In cooperation with the sector, and having consulted the regulator, BEAMA has made some recommendations specifically on advertising as it relates to UCI'S²⁹.

Provision of information also includes reporting to existing clients on order execution, whether within or outwith the scope of private portfolio management. Wealth management clients receive a periodic report of the management activities executed on their behalf, while retail clients receive, for example, a description of portfolio content and value, total commissions and fees, and portfolio returns during the reporting period.

3.4 Clients and intermediaries

3.4.1 Know your customer (KYC)

Each type of Asset Management activity³⁰ has specific client relationships, on which particular KYC rules of conduct are based.

Depending on this relationship, the information considered relevant to the service or product concerned (investment advisory, buying or selling of financial products, wealth management), must be collected in order to determine the investor's profile.

Each type of client (professional client, retail client, potential or existing client, etc.) shall receive an adequate level of protection.

²⁹ Checklist for marketing collective investment undertakings dated 26 June 2013 <http://www.beama.be>

³⁰ See page 3 and [Appendix 2](#) for a definition of asset management.

To cite an example, in the case of wealth management/investment advisory (i.e., a direct client relationship), the institution shall set up a full investor profile, including investment horizon, risk tolerance, knowledge and experience levels of retail clients³¹ relative to the financial services and products and his/her financial capacity).

For purchases/sales of other services/products, an investor profile shall also be drawn up, in accordance with applicable legislation.

When processing the data collected, the institution shall strictly comply with legislation on the protection of privacy.

Paper trail of contacts with clients shall be kept.

3.4.2 Intermediaries

If the Asset Management institutions wish to work with distributors, a selection procedure is used, under which one of the selection criteria is that the distributor be a company subject to supervision by a control authority.

Relations with distributors are set contractually. The contract stipulates the parties' commitments and obligations.

Intermediaries shall be monitored regularly, with special attention paid to checking the selection and quality criteria set initially.

3.5 Principles of external governance: exercising shareholder/creditor rights

The policy governing the exercise of shareholders' rights with respect to portfolio holdings is a particularly important issue for Asset Managers in charge of collective portfolio management.

If collective investment undertakings exercise shareholder rights linked to portfolio securities, this must be done in a considered way and in the investors' best interests. The UCI's policy in this area shall be disclosed in the annual report. For individual portfolio management, shareholder rights are exercised in accordance with the contractual terms.

³¹ There are legal presumptions applying to professional clients.

4. Final provisions

This Code was approved at the AGM of 22 June 2009 and should be applied alongside the high-level standards of the EFAMA Code.

The French- and Dutch-language texts of the Code of Conduct are of equivalent value.

This Code shall be updated in the event of any significant changes to the law or regulations in force.

Appendix 1: Asset Management: scope of application

1. Asset Management institutions	
a. Investment firms <ul style="list-style-type: none"> • Stockbroking firms (including external service providers of administrative management) • Portfolio management and investment advice companies 	<p>Art. 53, Law of April 6, 1995, pertaining to the status and supervision of investment firms.</p> <ul style="list-style-type: none"> • Investment services and activities such as provided in Art. 46, 1°, Law of 6 April 1995 • Auxiliary services such as provided in Art. 46, 2°, Law of 6 April 1995 • Other activities such as provided in Art. 58 §2, Law of 6 April 1995
b. Management Companies	<p>Art. 188 <i>et seq.</i>, Law of 3 August 2012 Royal Decree of 12 November 2012 concerning UCI management companies, abbreviated as Royal Decree of 12 November 2012, ManCo</p>
c. Undertakings for collective investment/ UCIS <ul style="list-style-type: none"> • Self-managed • That have appointed a management company 	<p>Art. 41 <i>et seq.</i>, Law of 3 August 2012, sets organisational conditions</p>
2. Asset Management activities	
a. Investment services <ul style="list-style-type: none"> • Individual portfolio management • Investment advice • Other services and activities provided in Article 46, 1° and 2°, Law of 6 April 1995. 	<p>Art. 46, 1° and 2°, Law of 6 April 1995 Art. 3, 23°, Law of 3 August 2012</p> <p>[such as own-account trading and personalised recommendation]</p>
b. The tasks involved in managing collective investment entities <ul style="list-style-type: none"> • Investment portfolio management • Administration • Marketing 	<p>Art. 3, 22°, Law of 3 August 2012</p>

3. Undertakings for collective investment according to Belgian law³²

Open-end entities

<ul style="list-style-type: none"> • UCI <i>Fonds commun de placement</i> (type of mutual fund) <i>Société d'investissement à capital variable (SICAV)</i> (type of mutual fund) 	Art. 7.1°, Law of 3 August 2012 [with UCITS passport] Art. 7.2°, Law of 3 August 2012 [without UCITS passport] Royal Decree of 12 November 2012 concerning certain forms of publicly distributed UCIs, abbreviated as Royal Decree of 12 November 2012, Product. Royal Decree of 10 November 2006, on accounting
<ul style="list-style-type: none"> • Pension savings schemes 	Art. 227 Royal Decree of 12 November 2012
<ul style="list-style-type: none"> • Institutional collective investment scheme 	See Art. 117 of the Law of 3 August 2012, pertaining to certain forms of collective investment portfolio management whose exclusive purpose is the collective investment in the investment category authorised by Art. 7, first paragraph, 2° of the Law of 3 August 2012, for which a market exists, in accordance with the provisions of Title III of Book II of part II of the Law of 3 August 2012. Royal Decree of 7 December 2007
<ul style="list-style-type: none"> • Sociétés d'investissement en créances (SIC) (credit investment firms) 	Art. 7, 7°, Law of 3 August 2012.

Closed-end entities

<ul style="list-style-type: none"> • SICAFI <i>(société d'investissement à capital fixe en Immobilier)</i>, a closed and listed real-estate investment fund 	Art. 7, 5°, Law of 3 August 2012 Royal Decree of 10 April 1995 Royal Decree of 10 June 2001 Royal Decree of 7 December 2012 Position of BEAMA on the application of IFRS for SICAFIs (see 8 February 2006 press release)
<ul style="list-style-type: none"> • PRICAF (<i>société d'investissement cotée à capital fixe</i>), a fund investing in unlisted companies and growth companies 	Art. 7,8° Law of 3 August 2012 Royal Decree of 18 April 1997

³² Other forms of collective management, such as company pension funds and sector-wide insurance funds, are outwith the scope of this code.

<ul style="list-style-type: none"> • Private PRICAF 	<p>Law of 22 April 2003 — Law modifying the Law of 4 December 1990 pertaining to financial transactions and the financial markets and providing for a new category of collective investment entity, called <i>PRICAF privée</i>, and including various tax provisions</p> <p>Royal Decree of 23 May 2007</p> <p>http://fiscus.fgov.be/interfaioiffr/Publicaties/pricafs/index.htm</p>
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Appendix 2: Glossary

Management bodies (Board of Directors, including advisory committees and the management board)	Board of Directors according to Belgian company law
Director	See Company Law Code, Title IV, Bodies – Director status, Art. 517 <i>et seq.</i> ,
UCITS	Undertakings for Collective Investments in Transferable Securities
Promoter	The promoter of a UCI is the intermediary that attaches its name to the UCI, which it then promotes using the promoter's own logo and advertising concept (CBFA, 2004 Management Board Report, p.127)
Broker	An entity that buys and sells securities on behalf of its clients and advises them in these activities.
Distributor	A third party hired to negotiate participation rights.
Transfer Agent	The person responsible for keeping the books, managing subscriptions and redeeming fund units.
Discretionary portfolio management	Contractual portfolio management (i.e., in the name of and on behalf of the client)
Market integrity	Financial Stability Forum: Ongoing and Recent Work Relevant to Sound Financial systems – 10/06/2010 http://www.financialstabilityboard.org/publications/on_1006.pdf http://www.iosco.org/library/pubdocs/pdf/IOSCOPD154.pdf [ref. 73 see IOSCO Resolution No. 16: Resolution on Rules of Ethics of Intermediaries (P.C.), September 1989. See also IOSCO Public Document No. 8, International Conduct of Business Principles, IOSCO Technical Committee, July 1990 and IOSCO Public Document No. 83, Securities Activities on the Internet, IOSCO Technical Committee, September 1998, (and in particular, Key Recommendations 8 - 11 and text). http://www.iosco.org/library/pubdocs/pdf/IOSCOPD323.pdf
Fiduciary duty	Under Anglo-American law, fiduciaries are persons who, for whatever reason, are legally obliged to defend the interests of a third party – called the beneficiary – and who must, within the scope of choices available to them, ignore any other interests that might be affected by such choices. Fiduciaries are subject to a duty to act in good faith, meaning that they must base their decisions exclusively on

	<p>the interests of the beneficiary that they are defending. This set-up has special rules, one of which is in the area of burden of proof. Fiduciary law assumes guilt³³ of the fiduciary.</p> <p>Examples include special provisions for:</p> <p>UCI'S / Investment firms: Each UCI is administered or managed under the principle of risk-spreading in the exclusive interest of the holders of securities issued by the UCITS and in such a way as to ensure the institution's autonomous management. See Art. 9, Law of 03 August 2012</p>
<p>Internal governance</p>	<p>Condition according to which the institution has a solid corporate governance set-up, including a clear organisational structure outlining shared responsibilities that are well defined, transparent and consistent, efficient procedures for detecting, managing, controlling and reporting risks – existing or potential – and adequate mechanisms for internal control, including robust administrative and accounting procedures as well as sound remuneration policies that allow and promote sound and efficient risk management. (See Art. 22, Directive CRD 2006/48/CE modified by 2010/76/UE and art. 41, Law of 03 August 2012)</p> <p>See also www.c-eps.org Guidelines on Application of the Supervisory Review Process under Pillar 2, page 5 <i>et seq.</i>, January 2006</p> <p>EBA guidelines on Internal Governance – 27/11/2011 http://www.eba.europa.eu/cebs/media/Publications/Standards%20and%20Guidelines/2011/EBA-BS-2011-116-final-(EBA-Guidelines-on-Internal-Governance)-(2)_1.pdf</p> <p>The principal of proportionality is taken into account according to the Circular on the FSMA's prudential expectations as regards financial institutions' sound governance (FSMA PPB-2007-6-CBP-CPA) http://www.fsma.be/~media/Files/circbvh/FR/cs/bhv/ppb_2007_6_cpb_cpa.ashx</p> <p>Royal decree of 19 June 2007, pertaining to the approval of the FSMA regulations on the organisational rules applicable to establishments providing investment services. http://www.fsma.be/~media/Files/fsmafiles/wetgeving/reglem/reglem_05-06-2007.ashx</p>
<p>Stakeholder</p>	<p>See FSMA PPB-207-6-CPB-CPA Sound Governance: stakeholder.</p> <p>Stakeholders may be shareholders or any person who holds a significant interest in, and/or exercises an influence on, the company's activity and the achievement of its objectives. In the context of financial institutions, stakeholders include depositors, investors, insurance policyholders, financial markets, market firms and participants, clearing and settlement institutions and equivalent institutions, Protection Fund for Deposits and financial instruments, personnel, the community, etc.</p>

³³ Mark Kruithof, LVHQ v. Morgan Stanley: *De aansprakelijkheid van financiële analisten met belangenconflicten*, Larcier, Banken Financieel recht 2004 IV, p. 222 *et seq.*

Asset Management Business lines	Under Art. 5 of the BEAMA bylaws, the association is set up around the following asset management business lines: 1) UCI'S 2) institutional investors 3) retail clients
Principle of proportionality	Measures that take into account the nature, size and complexity of the institution

Appendix 3: Translations

DUTCH	FRENCH	ENGLISH
Bewaargeving	Dépôt	Custody
Deelgenoten cfr. FSMA circulaire deugdelijk bestuur/belanghebbenden	Parties prenantes cfr. Circulaire FSMA bonne gouvernance	Stakeholders cf. FSMA sound governance circular
Optimale uitvoering	Exécution optimale	Best execution
Waarderingsprincipes	Principles d'évaluation des actifs	Asset valuation