

## 6.1 Disclosure of conflicts 重要知识点

6.1.1 Must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity interfere with their respective duties to their clients, prospective clients, and their employer.

6.1.2 Ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.

- Best practice is to update disclosure when the nature of a conflict of interest changes materially.

6.1.3 If an analyst was asked to cover the company, 而且他 inherit 该公司股票。

- Must disclose if continue to follow.
- Best practice: assign another analyst to follow up the company.

6.1.4 Restrict personal trading, outside board membership, and related activities to prevent situations that could give the appearance of a conflict of interest.

6.1.5 Disclosure to clients: corporate financing; market making relationship; security holding; directorship; individual relationship.

6.1.6 Also disclose fee arrangements, subadvisor arrangements or situations involving nonstandard fee structure. Equally important is to disclose arrangements in which the firm benefits directly from recommendation.

### 6.1.7 部门间的冲突

- Internal conflict between R&D and banking.
- External conflict with listed firms
- Broker-sponsored limited partnership to invest venture capital.

### 6.1.8 持股的冲突

- May prohibit from owning any such securities → overly burdensome.
- Sell-side disclose ownership in stock recommended, buy-side disclose procedures for reporting requirements for personal transactions.

### 6.1.9 Conflicts as a director

- Duties owed to clients and to shareholders of the company.
- Investment personnel as a director receive the securities or options.
- Board service receiving MNI.

#### 6.1.10 Performance arrangement 的披露

- Firms are encouraged to include information on compensation package in firm's promotional literature.
- If fee based on capital gains or capital appreciation (performance fee), should disclose.
- If outstanding options exist for incentives, should disclose the amount and expiration date of these options as a footnote to any research published.

#### 6.1.11 Incentive fees should not be in conflict with the interests of clients'

- If yes, should disclose to clients;
- If employer not permit disclosure, should dissociate, or quit the job.