

## **Competition Policy**

The International Securities Lending Association (“ISLA”) brings together suppliers and others involved in the securities lending market to discuss issues of industry-wide relevance. Our members may compete, and/or transact directly with each other and it is important that both ISLA and its members comply fully with EU and relevant national competition law. This Competition Policy (“Policy”), which applies to all relevant dealings of ISLA and its members, is designed to help ensure that this occurs.

EU and national competition law contain basic prohibitions. These include prohibitions covering anti-competitive agreements between two or more undertakings, and abuses of a single or collective dominant position. EU competition rules apply generally where trade between member states is affected to an appreciable extent, and national competition laws apply to trade within individual members states. Infringement of EU and national competition law can lead to fines, civil liability for damages and in some countries even to criminal liability. It is the responsibility of ISLA and each of its members individually to ensure compliance with this policy.

This Policy applies to ISLA (including its employees and consultants), and ISLA members who participate in ISLA activities, including through its Board, committees, working groups or any other forums.

## **1. Admission to membership of the Association**

ISLA's criteria for membership are as set out in the ISLA Rules and includes the following-

### *MEMBERSHIP*

*i. Any institution that engages as principal or as agent in transactions for the lending or borrowing of securities may apply to the Board to become a full member of the Association. A full member shall have voting rights and may actively participate in all aspects of the association including but not restricted to sub-group meetings.*

*ii. Any institution that is able to provide evidence satisfactory to the Board that it is involved in the provision of commercial services to full ISLA members in support of their securities lending or borrowing activities may apply to the Board to become an associate member of the Association. For this purpose, commercial services may include, but are not restricted to, the provision of legal services, information technology, brokerage and market data. An associated member shall have no voting rights and may attend the Board and its sub-groups as an observer by invitation of the relevant chairperson only.*

*iii. The Board may agree to enter into reciprocal membership arrangements with other trade associations that have an interest in the securities lending market, where such arrangements are considered to be in the interests of members. Associations that enter into such arrangements are referred to as reciprocal members. The terms of any such reciprocal membership arrangement will be determined and agreed by the Chief Executive. A reciprocal member shall have no voting rights and may attend the Board and its sub-groups as an observer by invitation of the relevant chairperson only.*

Decisions to accept or reject requests for membership to ISLA are never based on grounds of competition. The Rules set out clearly the criteria that the ISLA should take into account when considering membership applications.

## **2. Pricing**

Members must not agree, or discuss, their company prices, pricing policies, discounts or rebates; any exchange of such confidential price information which could lead to price co-ordination is prohibited including. In the context of ISLA this includes but is not limited to securities lending fees, fee splits and commissions.

## **3. Customer allocation**

Members must not be involved in any discussion as to the allocation of particular customers to particular members or the imposition of quotas or caps on business volumes.

## **4. Exchange of statistical data/market trends**

ISLA may collect statistical information which provides an industry wide general overview of the securities lending or relevant markets. It shall only publish data that is aggregated and anonymous such that it will not permit identification of an individual competitor's market position.

## **5. Technical standards**

ISLA may develop and promote industry standards, codes of practice or standard terms and conditions for agreements. These standards are designed to improve the quality of our members' products or services and should not restrict competition.

## **6. Conduct of Meetings**

Members must never exchange competitively sensitive information on their own or their competitors' commercial strategy or anything which would be considered a business secret at any meeting or forum organized by ISLA (including social events).

It is acceptable to discuss public policy, educational and market developments, regulatory matters of general interest, generally acknowledged industry trends, publicly available information and historical information that have no impact on future business. Members may display or demonstrate new or existing products, but not discuss non-public plans.

All ISLA meetings will be chaired and have an agenda, and minutes will be collected by an ISLA administrator for posting on the members' website.

## **7. Communication and Review of ISLA Policy**

This Policy shall be reviewed by the ISLA Board and sent to all ISLA member firm representatives annually.

September 2014