

Code of Conduct (COCON)

Chapter 2

Individual conduct rules

2.1 Individual conduct rules

- 2.1.1 **R** *Rule 1: You must act with integrity.*
- 2.1.2 **R** *Rule 2: You must act with due skill, care and diligence.*
- 2.1.3 **R** *Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.*
- 2.1.4 **R** *Rule 4: You must pay due regard to the interests of customers and treat them fairly.*
- 2.1.5 **R** *Rule 5: You must observe proper standards of market conduct.*

2.2 Senior manager conduct rules

- 2.2.1 **R** SC1: You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively.
- 2.2.2 **R** SC2: You must take reasonable steps to ensure that the business of the *firm* for which you are responsible complies with the relevant requirements and standards of the *regulatory system*.
- 2.2.3 **R** SC3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.
- 2.2.4 **R** SC4: You must disclose appropriately any information of which the *FCA* or *PRA* would reasonably expect notice.

2.3 Firms: training and breaches

- 2.3.1** **G** Under section 64B of the *Act*, an *SMCR firm* must:
- (1) ensure that all *persons* subject to the *rules* in *COCON* are notified of the *rules* that apply to them; and
 - (2) take all reasonable steps to ensure that those *persons* understand how the *rules* in *COCON* apply to them.
- 2.3.2** **G**
- (1) The steps that an *SMCR firm* must take to ensure that its *conduct rules staff* understand how the *rules* in *COCON* apply to them include the provision of suitable training.
 - (2) Suitable training should always ensure that those who are subject to the *rules* in *COCON* have an awareness and broad understanding of all of the *rules* in *COCON*, and that they also have a deeper understanding of the practical application of the specific *rules* which are relevant to their work.
 - (3) For example:
 - (a) for individuals who trade in the markets, *rule 5* in ■ **COCON 2.1.5R** may apply in various circumstances arising in the individual's day-to-day activities and additional training may be appropriate to ensure that the individual knows how that *rule* applies to those activities in those various circumstances; or
 - (b) for individuals who deal directly with *customers*, *rule 4* in ■ **COCON 2.1.4R** may apply in various circumstances which makes additional training appropriate for such individuals.
- 2.3.3** **G** There are *rules* and *guidance* in ■ **SUP 15.3** (General notification requirements) and ■ **SUP 15.11** (Notification of *COCON* breaches and disciplinary action) that deal with reporting by an *SMCR firm* of *COCON* breaches to the *FCA*.