

# ANTITRUST COMPLIANCE POLICY

## STATEMENT OF ANTITRUST COMPLIANCE POLICY

In view of ever-present government scrutiny of business activity and enforcement of the antitrust laws, all businesses, including professional associations, must be certain to maintain strict compliance with the antitrust laws. The IARFC (the “Association”) is firmly committed to full compliance with Federal and state antitrust laws. This is a brief statement of the antitrust compliance program of the International Association of Registered Financial Consultants and is meant as a general guide only. Association Board members and employees who have questions about the antitrust laws or their application to the activities of the Association should contact the CEO or the Association’s legal counsel. Because the Association cannot and does not render legal advice to individual companies, specific questions of law should be referred to an individual’s or company’s legal counsel.

## PROVISIONS OF THE ANTITRUST LAWS

The most important federal antitrust statutes relating to activities of professional associations are in Section 1 of the Sherman Act and Section 5 of the Federal Trade Commission Act. Section 1 of the Sherman Act prohibits a “contract, combination..., or conspiracy...in restraint of trade or commerce...” Section 5 of the Federal Trade Commission Act prohibits “Unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce,” by individuals or corporations. Unlike the Sherman Act, the Federal Trade Commission Act reaches anticompetitive acts, whether or not there is any agreement or “combination”; however, like the Sherman Act, it also covers joint actions.

In addition to federal laws, every state (including Ohio) has antitrust and unfair competition statutes that apply to conduct within, or affecting commerce in, that state. States have been extremely active in investigating and prosecuting violations of their antitrust laws. Therefore, no local business can expect to avoid antitrust liability by claiming that the localized nature of its business shields it from the antitrust laws. States (including Ohio) have pursued violations of federal antitrust laws through so-called *parens patriae* actions. These actions, expressly authorized under federal law, permit states to bring treble damage actions against violators on behalf of their citizens who have been injured as a result of federal antitrust law violations.

## ANTITRUST COMPLIANCE PROCEDURES AND CONDUCT

### Procedures

All IARFC membership, Board of Director and Committee meetings shall be conducted pursuant to an agenda distributed in advance to all attendees; discussions shall adhere to agenda items; minutes shall be kept of all IARFC membership, Board of Director and Committee meetings. All IARFC Board of Director and Committee meeting agendas and minutes shall be reviewed by designated IARFC staff prior to finalization, who shall consult with IARFC’s General Counsel concerning such agenda and minutes when they deem necessary.

Attendance of IARFC General Counsel at Director, Membership or Committee meetings shall be at the discretion of the IARFC Chairman.

A copy of the IARFC Antitrust Compliance Policy shall be included in/with Board of Director Board Meeting materials and included in the meeting agenda at least annually. The existence of the IARFC Antitrust Compliance Policy shall also be announced at each membership meeting, and copies of this Policy shall be available to members at such meeting and shall be posted on the IARFC website.

### **Conduct**

A professional association by its very nature is a combination, the association and their members. Thus, members must be especially familiar with Sherman Act Section 1 and its prohibitions. The courts have interpreted Sherman Act Section 1 to prohibit only “unreasonable” restraints of trade. Certain types of agreements or understandings are so inherently unreasonable and anticompetitive, however, that they are considered *per se* illegal without regard to their reasonableness, effect or justification on economic or other grounds. In other words, **there is no defense to a per se violation**. Agreements considered *per se* illegal under the Sherman Act, and which the Association and its members **must be avoided** in the conduct of Association activities or otherwise.

All Association activities, meetings, or discussions will refrain from topics which are, or could be construed to be, for the purpose of:

- raising, lowering, or stabilizing prices including, but not limited to, current or future prices, pricing procedures, cash discounts, credit terms, costs, or fair profit or margin levels
- regulating production levels or schedules or concerning production facilities, capacity, or sales volume
- restricting customer or supplier classification, allocation, or selection
- limiting trade via distribution methods or channels
- allocating markets, territories, or customers or control of sales or market share in general
- encouraging boycotts or exclusions of products or services
- fostering unfair trade practices including advertising, merchandising, standardization, certification, accreditation, decisions to quote or not, or encouraging anyone to refrain from competing
- assisting in monopolization, including limiting or excluding anyone from manufacture, sale, or practice
- resulting in illegal brokerage or rebates
- affecting improper reciprocity in dealing
- refusing to deal with a firm because of its pricing or distribution practices
- discussing whether or not the pricing practices of any industry member are unethical or constitute an unfair trade practice; and
- violating federal, state, or applicable international trade regulations and antitrust laws.

All Board, staff, and committee leaders will be apprised of the possible basic areas of antitrust violation of concern to the Association and are responsible for maintaining a basic knowledge and monitoring



adherence to the Association's antitrust policy. These include: membership (restrictions, classes and sections, termination, and membership services to nonmembers), business or professional codes and self-regulation, statistical programs, prices and fees of members, cost programs, standardization, product certification, joint research, credit reporting, group buying and selling, export activities, professional credentialing (certification and accreditation), and approaches to government.

Members and/or staff shall be required to cease immediately any discussion or other activity that Association counsel and/or staff have determined violates this policy.

Any member found to have participated in conduct that the Board of Directors, by a two-thirds majority, determines to be contrary to the Association's compliance policy shall be subject to disciplinary measures, up to and including termination. Should a violation be brought to the Board's attention, due process shall be granted to the affected individual(s), including written notification of the matter and an opportunity to respond to the charges and attend a hearing on the matter in person. Termination procedures would be followed as outlined in the Association's By-laws. The President & CEO shall be responsible for implementing disciplinary actions with staff.