



**Blockchain
Australia**

PROMOTING
BLOCKCHAIN
INNOVATION
IN AUSTRALIA

Blockchain Australia

Members' Code of Ethical Conduct

PREAMBLE

The blockchain sector in Australia is in its infancy and is seeking to establish a tradition of providing products and services to clients and counterparties that can be relied upon with complete confidence in the professionalism, integrity and competence of the providers.

In order to ensure confidence is generated and maintained, it is essential that a positive, customer-oriented culture is established that is clearly understood by all market participants and driven from the top-down in all providers.

Personal integrity and professionalism cannot be created or preserved by rules alone – it depends upon the understanding and judgement of individuals.

This Blockchain Australia Code of Ethical Conduct defines principles of ethical business behavior designed to guide best-practice business decisions and responsible decision-making.

The Blockchain Australia Code of Ethical Conduct does not address all possible circumstances in which the various principles in the code apply. It does, however, provide specific rules on matters considered to be of particular importance in meeting the expectations of regulators, counterparties and market participants and where relying upon general good judgement in the application of the principles may not provide sufficient clarity or certainty.

This Blockchain Australia Code of Ethical Conduct is binding upon all Blockchain Australia member organisations (“Members”) who agree to adhere to the general ethical principles here enumerated and the specific rules where applicable.

This Blockchain Australia Code of Ethical Conduct does not, of itself, create any legal obligations, however, Blockchain Australia members undertake to ensure that their specific Terms and Conditions are consistent with the principles and applicable rules.

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PRINCIPLE 1 - REPUTATION

Blockchain Australia members shall strive at all times to ensure that their actions reflect positively upon the blockchain industry and shall not undertake any action that will bring the reputation of the industry or Blockchain Australia into disrepute.

Rule 1.1 Adherence to Compliance Policies

Blockchain Australia members shall have written policies and procedures - approved at an appropriate level of senior management – that govern their key operational and compliance processes.

These policies shall be designed to ensure compliance with all applicable regulatory requirements and to provide a sound foundation for consumer confidence and shall be regularly reviewed and updated as necessary.

All staff shall be adequately trained and supervised to ensure that their conduct is consistent with the member's policies and procedures. Named individuals shall be available to provide guidance on the policies where required and such guidance will be sought whenever a staff member is uncertain as to the applicability or interpretation of a policy.

Where no specific policy or procedure is applicable in particular circumstances, Blockchain Australia members and their staff shall apply their best judgement based upon the broader ethical principles detailed in this Code of Ethical Conduct.

Rule 1.2 Public Communication

All communications with members of the public or with the media shall be considered to be 'on the record' (For avoidance of doubt, this statement means that it should always be assumed that the recipient of any such communication may release that communication publicly whether or not they are entitled to do so).

Members should consider the consequences of possible disclosure of their communications and should adhere to high standards of accuracy, professionalism and courtesy at all times.

All staff shall be aware of and comply with the media relations policies of their own organisation.

Rule 1.3 Relationships with Regulators

All communications with regulators should be considered to be public communications unless expressly stated to be confidential.

Members should deal with regulators in a timely fashion and should adhere to high standards of accuracy and professionalism at all times.

Members should strive at all times to support regulators in the achievement of their policy goals to the fullest extent possible.

Members should consider the impact of their actions and communications with regulators on the wider blockchain sector as well as their own businesses to the fullest extent possible.

PRINCIPLE TWO – RESPECT FOR RULES

Blockchain Australia Members shall act at all times in compliance with all applicable laws, regulations and industry standards. No member shall knowingly undertake, or assist another to undertake, any action which violates such applicable laws, regulations or industry standards.

Rule 2.1 Anti-Money Laundering & Counter Terrorist Financing

Members must develop and apply policies and procedures to verify the identity of customers and potential customers.

Where relevant to the Member's business model, Members must develop and apply policies to protect against money laundering and terrorist financing risks.

Where relevant and required, members must report suspicious transactions to the appropriate authorities.

Rule 2.2 Inside Information and Insider Trading

Where a Member's business model includes trading or advisory functions, Members must establish and maintain effective procedures (known as 'Chinese Walls') to quarantine inside information from such trading or advisory functions.

Where a staff member who is not behind a Chinese Wall acquires inside information, that staff member must promptly inform management and withdraw from any transaction which is affected by, or could be affected by, such information.

Rule 2.3 Artificial Markets and Market Manipulation

Members must conduct their business and trading activities in a fair and orderly manner and maintain the integrity of the markets – including the digital currency or digital token markets – in which they operate.

Members and their staff shall not carry out activities that:

- are intended to interfere with the normal supply and demand factors in the market in which they operate;
- have the potential to create artificial markets or prices; or,
- are not based on a genuine trading or commercial intention.

Staff of members must not knowingly assist a client to undertake any activity of this kind.

Members must provide their staff with clear guidelines on the proper conduct of their business and trading activities.

PRINCIPLE THREE - HONESTY

Subject to the “Respect Privacy” principle, Members shall be open and truthful both within their organisation and to clients, counterparties and other stakeholders – even when that may be difficult or could possibly result in loss of business.

Rule 3.1 Clear and Unambiguous Language

Clear and unambiguous language must always be used. When communicating with non-professional market participants or customers, Members and their staff must be especially careful to ensure that the use of market terminology does not cause confusion or mislead.

Rule 3.2 Firmness of Quotations

Members must ensure that any prices quoted to customers or prospective customers, whether verbally or electronically, are clearly identified as “firm” or “indicative”.

Where a firm price is quoted, it must be honoured.

Where an indicative price is quoted, it should be realistic and reflect all applicable information known at the time and the full characteristics of the transaction.

Rule 3.3 Collusion

Members and their staff must not attempt to act secretly or collude to influence a valuation or market price.

Senior management must be alerted immediately to any unusual activity that may suggest such collusion.

PRINCIPLE FOUR – CONFIDENTIALITY AND PRIVACY

Members shall always strive to protect all information that is confidential, sensitive or private from unauthorised disclosure or misappropriation. Members shall only use or disclose such information for the purpose for which it was collected or a permitted related use, unless disclosure is otherwise required by law.

Rule 4.1 Confidential Information

Members shall ensure that adequate systems and processes, including data security protections, are in place and consistently applied to protect confidential, sensitive or private information from unauthorised disclosure or misuse.

Rule 4.2 Respect Privacy

Personal information must only be collected where it is reasonably necessary. Personal information should be protected and used only for approved purposes.

Members who possess, and their staff who have access to, private information have an obligation to ensure that such information is not misused.

PRINCIPLE FIVE – FAIRNESS AND RESPECT FOR PERSONS

Members shall conduct their business in a manner that encourages an environment of mutual trust and respect and is objectively fair and impartial. Fairness requires that any transaction is conducted on the same basis as any other reasonably similar transaction and without regard for any customer characteristics not strictly relevant to the transaction.

Rule 5.1 Discrimination and Harassment

Members shall ensure that their dealings with others demonstrate and encourage an environment of mutual trust and respect. Members shall not behave in a manner that is prejudiced, discriminatory or harassing.

Harassment is any behaviour that is unwanted, offensive, abusive, demeaning or threatening and the effect of which could reasonably be expected to upset, embarrass or intimidate an individual or a group.

Members must establish and maintain procedures to ensure that any such conduct is dealt with promptly, thoroughly and confidentially.

Rule 5.2 Unprofessional Workplace or Work-Related Behaviour

Members shall ensure that their staff behave in a professional manner at all times at work or work-related activities, and not place themselves in a position which may bring them, their organization, the blockchain industry or Blockchain Australia into question or disrepute.

PRINCIPLE SIX – COMPETENCY AND CONTINUAL SELF-IMPROVEMENT

Members and their staff shall strive to exemplify best practice in the use of technical skills and knowledge, and shall seek to continually improve upon skills and knowledge through appropriate education and training.

Rule 6.1 Professional Accreditation

Members and their staff must be appropriately competent and trained to perform their professional responsibilities. Members should ensure that their staff have appropriate professional accreditation relevant for their role.

Rule 6.2 Statement of Responsibilities

Members should ensure that their staff are provided with a clear description of their duties and responsibilities and management's expectations of them.

Members should ensure that their staff are aware of this Blockchain Australia Members' Code of Ethical Conduct and their responsibilities arising under this Code.

PRINCIPLE SEVEN – CONFLICTS OF INTERERST

Members and their staff shall be sensitive to potential conflicts of interest, whether real or perceived, and ensure that they always appropriately disclose and manage them. Members and their staff shall not misuse their position, or information they acquire by virtue of their position, for personal or corporate gain.

Rule 7.1 Disclosure and Management of Conflicts of Interest

Members must establish policies and procedures to identify, avoid and manage actual and potential conflicts of interest, with respect to both business and personal conflicts.

Rule 7.2 Gifts and Entertainment

Although it is recognised that gifts and entertainment may be offered in the normal course of business, excesses should be discouraged. Members must have established procedures for dealing with gifts and entertainment in order to avoid real or perceived conflicts of interest.

Rule 7.3 Improper Payments

Member's staff must not use their positions to seek personal gain (including a benefit to family members or other associates) from clients or potential clients, nor should they engage in any act that could be interpreted as seeking or receiving a bribe, secret commission or questionable payment.

Rule 7.4 Trading on Own Account

Where relevant, Members must apply strict controls to, and monitor, staff trading on their own account, especially in their own or a related market. Personal trading can be perceived as involving front running or insider trading, and can create real or perceived conflicts of interest.

PRINCIPLE EIGHT – RESPONSIBILITY FOR ACTIONS

Members and their staff shall accept responsibility for their decision-making processes, the actions (or inaction) that they choose to take, and the reasonably foreseeable consequences that arise from those decisions.

Rule 8.1 Correction of Mistakes

Members and their staff must at all times act in a professional and honest manner. This principle extends to the willingness to admit to making mistakes, especially where those mistakes may impact on the commercial integrity of their organisation, their customers or the blockchain industry.

Timely correction of errors can mitigate any consequent loss and reduce the likelihood of the need for lengthy investigations at a later date.

Rule 8.2 Complaints Mechanism

Members must put in place procedures to ensure that any actual or suspected breaches of this Code are brought directly to the attention of senior management, in an efficient and clear manner. This applies to issues raised by external parties and matters internal to an organisation.

Rule 8.3 Whistle Blowing

Members should encourage the development of a culture which accepts that reporting irregularities is part of a normal business environment.

Members should have effective and clearly defined whistle blowing processes in place for reporting breakdowns in the normal escalation process.

Members must ensure that those who escalate such issues are afforded protection from sanctions or discrimination.