

## **Frequently Asked Questions (FAQ's) about ELAC and the GC Certificate**

### **• What is the difference between the ACI Model Code and the new FX Global Code;**

**Q: Are they both being recognised globally?**

**A:** Originally ACI developed the ACI Model Code to assist Financial Market participants to understand how to behave ethically in Financial Markets – as it is one of ACI's core values- ethical conduct

**Q: What is happening to the Model Code now?**

**A:** The ACI Model Code has been replaced by the FX Global Code – as the 6 themes and 55 principles cover all the relevant market behaviour expectations deemed necessary by the huge amount of contribution seen across the globe (sell-side/buy-side/vendor/platform/Central Banks etc) during the development of the Code. Going forward ACI has developed some solutions to assist Financial Market Participants to attest and adhere to the FX Global Code – The Model Code is now being used as 'best market practices' to support the 55 Principles and bring them into a real-life scenario – for easier understanding

**Q: Does the Model Code learning I have already done have no value now?**

**A:** No – the Model Code was mapped against the Global Code and most Principles were covered by the Model Code. The found by ACI have been addressed and the CFP is writing 'best market practices' to ensure we have covered the entire Global Code.

**Q: Who is responsible to ensure the accuracy and quality of these 'best market practices'??**

**A:** We have a Board of Education and FX Committee – with many Financial Market Participants, who write the questions and cases for our GC Certificate and ELAC. Our Committee for Professionalism reviews these for accuracy and quality before they can be uploaded on the GCC or ELAC.

**Q: When can we do the GC examination?**

**A:** It is already available, you can either download the ACI app and read the GC on any app store under ACIFMA, or alternatively go to the ACI website to read the code <https://acifma.com/aci-global-code-conduct>

**Q: How will these changes impact the Operation and Dealing Certificate?**

**A:** Currently the DC includes the Model Code as a module, the OC does not. The BOE are currently updating the syllabuses across all ACI education to ensure Financial Market Participants have the best options available to them to become better qualified according to their job description and regulatory requirements.

### **Access to Codes recognised and supported by regulators and central banks around the world;**

**Q: Which Codes are accessible?**

**A:**

- The FX Global Code
- The UK Money Market Code
- The UK Commodity & Bullion Code
- Any other new Codes that are released

**Q: How do we determine which codes are relevant or not?**

**A:** The Codes are chosen by each client based on jurisdiction and job description

**Q: Can these code 'choices' be changed?**

**A:** Yes – ACI needs to be informed of the users desire to include/exclude any of the codes currently viewable by them on their ELAC profile

- **A strong and effective, sustainable adherence mechanism for all relevant staff, in all jurisdictions;**

**Q: Is there any jurisdiction not covered by the Global Code?**

**A:** No, although the creation and continued work will be overseen by the 16 top Central Banks globally, therefore whilst all jurisdictions are covered, some may be less aware of their obligations than others.

**Q: Is it not enough just to have an internal code of conduct for staff?**

**A:** Internal Codes are generally created to cover expectations of behaviour related to the working culture and HR requirements within an Institution, the Global Code incorporates the behavioural expectations for ALL global financial Market participants across the 6 themes and 55 principles in the Global Code.

**Q: Can we incorporate our internal Code of Conduct into our ELAC subscription?**

**A:** Yes, although this is outside of the 'basic' scope of ELAC, it can be included to reflect internal staff understanding of both the Internal Conduct Code and other codes relevant to them to perform their job to the highest levels of ethical conduct expected.

**Q: Can ACI assist our institution to build an Internal Code of Conduct and/or questions for our Internal Code?**

**A:** Yes, we can, we have a strong network of financial market experts that can assist, however this assistance would be dealt with on a case by case basis due to its bespoke nature.

- **To demonstrate support, leadership and proactive approach to the public and regulators;**

**Q: How can my organisation show support for the Global Code?**

**A:** Initially it is expected that each organisation will sign a letter of commitment – as documented at the end of the Global Code. This is expected to become part of a viewable registry where organisations that commit can demonstrate their commitment publicly

**Q: How important is it to demonstrate commitment to the Global Code?**

**A:** Many Central Banks have made it known that they can choose not to deal with or provide liquidity to counterparts that do not commit to the Global Code of ethical conduct

**Q: Is this Code only for banks?**

**A:** No, the Code development saw engagement across the globe from various institutions representing: sell side, buy side, asset managers, hedge funds, vendors, platforms, central banks and regulators in the Financial Markets across the globe

**Q: Is the code only applicable to front office staff, or those directly engaging in the financial market?**

**A:** No, it is for any business that is in any way interacting with Financial Markets, and their staff that not only deal directly, but have oversight, risk management, compliance or back office and settlement responsibilities.

- **Significant measurable, achievable and timely significant increase in market participants' awareness;**

**Q: Does measuring compliance to codes not just mean 'box ticking'?**

**A:** No, measuring understanding of ethical behaviour expectations is a complex task. ACI has developed various solutions to introduce market participants to the Global Code as well as various learning methods to encourage a better understanding and apply that knowledge to real life scenarios through ELAC – this ensures that effective learning is achieved and learners are kept up to date with developments in conduct expectations relevant to them.

**Q: How are individuals measured?**

**A:** Individual market participants, dependant on their experience, can write a Global Code exam – if they have never been exposed to financial market codes of conduct, to gain a good base understanding of the 6 themes and 55 principles outlines in the Global Code. More experienced market professionals should enrol on ACI's ELAC to have access to all codes relevant to them, answer specific questions and do case studies relative to the code, to attain a Personal Accreditation Rating (PAR Score). This PAR score will erode over time, and any 'updates' to the codes will be prioritised and will therefore deteriorate current PAR scores – encouraging continuous learning from ELAC users to ensure their PAR score is relevant to their current knowledge of conduct expectation relevant to them.

**Q: Can teams and companies be measured by ELAC?**

**A:** Yes, there are levels of overview and reporting for management of teams, executives and senior executives within organisations to ensure that their staff, management and company attains the acceptable levels of understanding of codes of ethical conduct pertinent to them.

**Q: Is the Global Code mandated by any regulators?**

**A:** No not currently, however there is a strong emphasis by central banks and regulators to encourage financial market participants to commit to the Global Code, and thereafter to prove adherence to the Code.

**• An adherence framework that can sit alongside and reinforce appropriate codes of conduct;**

**Q: How will ELAC determine which codes to make available?**

**A:** ACI is represented in 64 countries globally, as such the Association has access to regulatory requirements relevant to global market participants. Any code that is currently endorsed by any central bank globally, and ACI has been requested to include, will be available on ELAC.

**• Appropriate MIS for Boards, senior managers, and (where appropriate) regulators;**

**Q: How in-depth is the reporting from ELAC?**

**A:** The reports from ELAC are as high level or as granular as needed. For example: A senior manager can see the performance of his management in his department, identify a weak team, identify who within that team is performing poorly, identify which areas of the code are being failed and potentially arrange specific training for that team to address that specific area of misunderstanding – with strong evidence to his board to support this initiative.

**• Culture change via embedded behavioural improvements, visible to clients, shareholders and the public;**

**Q: How can ELAC change culture?**

**A:** Historically compliance adherence has been a 'box ticking' exercise by staff. ELAC is a more robust tool – it monitors what part of the Code have been read, poses different types of questions and scenarios for each Principle and draws the learners attention to 'why' their answer may not have been corrected, encouraging learners to want to read more or try again. Learners begin by 'having' to know, to begin 'wanting' to know more and understand fully.

**Q: How can this be measured tangibly?**

**A:** Over a period, ELAC tracks user behaviour to see improvements in read content, correct first time answers, and some users even submitting their own cases thereby improving the feedback loop, suggesting a shift in behaviour and value for learning codes of conduct, thereby suggesting a shift in culture within an organisation in time. This reporting is available on ELAC.

- **A solution to mitigate operational risk under Basle III.**

**Q:** [What are the benefits of ELAC related to operational risk?](#)

**A:** ELAC measures individual, team and company adherence to codes of conduct. This gives tangible proof of their willingness to behave in a sound operational manner when conducting business in financial markets. Therefore, it would be assumed that counterparts with visible evidence of these values would be better counterparts to transact with?

**Q:** [Are there any other benefits apart from pure operational risk?](#)

**A:** Yes – organisations and companies that value ethical conduct within their culture and can measure their staffs understanding of this, can improve their reputation and their brand globally, as well as opening doors to other institutions with similar values and culture. Clients should realistically want to transact with more ethical counterparts, thus improving the quality of regular participants in financial markets globally.