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## Framework Matrix

The matrix below attempts to provide clarity on the options and issues by looking it in terms of two axes:

- The point in the process of advising and selling the product, broken down into four broad time frames: principles operating at all stages; principles operating before an investment is recommended or sold; principles applying at the point of transacting; principles applying post-transaction/ on an ongoing basis.
- The extent of the duty of the market intermediary at a particular point in the process, operating along a spectrum from a very high degree of care for the client at one extreme to *caveat emptor* (subject to a duty of honesty and fairness) at the other.

It should be noted that the matrix does not look at the additional dimension of the relationship between the intermediary and the originator/ manufacturer. This is though important and should not be lost in the approach. If the table were '3D', this would be the third axis.<sup>1</sup>

Point in Time		Extent of Sophistication and Capability of the Investor		
		Low	Medium	High
All stages	Handling Conflicts			
	Communications with customers			
Before an investment is recommended or sold	Pre-service information			
	Product assessment			
	Understanding the customer			
At the point of transacting	Suitability of investment recommendations			

	<b>Information before transacting with or for a customer</b>	
	<b>Dealing where the investment does not involve assessment of suitability</b>	
	<b>Dealing</b>	
<b>Post-transaction/ Ongoing</b>	<b>Information once a customer has acquired an investment</b>	
	<b>Ongoing suitability assessments</b>	

Note that the Joint Associations Committee has issued two sets of Principles that are relevant here: “*Retail Structured Products: Principles for managing the provider-distributor relationship*” and “*Structured Products: Principles for Managing the Distributor-Individual Investor Relationship*”. These are available on ISDA’s website.