

APPENDIX 1

**Extracts from the Rules and Regulations
of the Stock Exchange**

(referred to in paragraphs 21, 32, 38, 96, 100 and 103)

Rule 16

(1) The Council may censure, suspend, expel or impose any lesser penalty upon any Member who may violate any of the Rules or Regulations.

(2) The Council may censure, suspend, expel or impose any lesser penalty upon any Member who may fail to comply with any of the Council's decisions.

(3) The Council may censure, suspend, expel or impose any lesser penalty upon any Member who may be guilty of dishonourable, disgraceful or discreditable conduct.

(4) The Council may censure, suspend, expel or impose any lesser penalty upon any Member who has been found by the Panel on Take-overs and Mergers (including where reference has been made to it, the Appeal Committee of the Panel) to have acted in breach of the City Code on Take-overs and Mergers, and the findings of the Panel (subject to any modification by the Appeal Committee) shall not be re-opened in proceedings taken under this Rule.

(5) Where a Member is suspended under this Rule he shall, according to the direction of the Council, forfeit his right to enter any trading floor of The Stock Exchange and/or to trade in any manner whatsoever.

Rule 17

(1) The Council may censure, suspend, or impose any lesser penalty upon any Member who in his conduct or business may act in a manner detrimental to the interests of The Stock Exchange or unbecoming the character of a Member.

(2) The Council may censure, suspend or impose any lesser penalty upon any Member who may conduct himself in an improper or disorderly manner, or wilfully obstruct business on any trading floor.

(3) Where a Member is suspended under this Rule he shall, according to the direction of the Council, forfeit his right to enter any trading floor of The Stock Exchange and/or trade in any manner whatsoever.

Rule 73(b)

(1) No Member shall knowingly or without due care deal in such a manner as shall promote or assist in the promotion of a false market.

(2) A false market is defined as a market in which a movement of the price of a share is brought about or sought to be brought about by contrived factors, such as the operation of buyers and sellers acting in collaboration with each other, calculated to create a movement of price which is not justified by assets, earnings or prospects.

Rules which relate to restrictions on advertising

Rule 78

(1) A Member or Firm may not advertise for Stock Exchange business or for this purpose issue circulars or business communications relating to Stock Exchange business to persons other than his or its own Principals except that with the prior consent of the Council:

- (a) a Firm (including its Branch Office or subsidiary Organisation) may advertise for Stock Exchange business in any newspaper, periodical or book of reference, provided that where these are published and have their main circulation outside the United Kingdom, Channel Isles, Isle of Man and Republic of Ireland the consent of the Council is not required.
- (b) a Firm (including its Branch Office or subsidiary Organisation) may issue a circular to persons other than its own Principals for the purpose of offering for sale a statistical reference work prepared by the Firm provided that—
 - (i) any circular issued for this purpose clearly states that the reference work is prepared solely for informative purposes and is not a solicitation or an offer to buy or sell any securities;
 - (ii) neither the circular nor the reference work contain investment recommendations of any description or any reference to services provided by the Firm;
 - (iii) any person so circularised shall not be considered as a Principal of the Firm by reason of the issue of the circular or subsequent sale of the publication;
- (c) a Broker or Broker Firm may issue on behalf of a Principal a circular to holders of a security of a company offering to acquire their securities provided that such holders so circularised shall not be considered as his or its own Principals by reason of the issue of the circular.

(2) A Member may not be interested directly or indirectly in any concern which issues for the purposes of advertising for Stock Exchange business in the United Kingdom, the Isle of Man, the Channel Islands or Republic of Ireland circulars or business communications to persons other than their own Principals except as a minority holder of stocks or shares which are permitted to be dealt in under Rule 163(1). A Member may with the prior consent of the Council become a Member of the Management and/or Advisory Board of a Unit Trust.

(3) A Firm may not without the consent of the Council, allow its name to appear as Brokers in any prospectus relating to, or circular issued in furtherance of any offer of, securities in respect of which there has been no application for listing or if such an application has been made, it has been refused deferred suspended or cancelled. For the purpose of this Rule, 'application for admission to the Official List' shall include in addition to an application under Rule 159, an application to any Stock Exchange or Stockbrokers' Association to which Rule 163(1)(e) refers.

Rules which also have a bearing on restrictions on advertising

Rule 93

Any Member, Attaché, Member's clerk or Retired Associate who wishes regularly to contribute articles on financial matters to any newspaper, periodical, or news agency, or who undertakes for remuneration to supply them with prices and other factual information must apply in writing to the Council for permission to do so.

Permission will be subject to annual renewal and may be terminated by the Council at any time.

Rule 212

(1) A Broker may only share his Commission

- (a) with an Agent whose name appears on one or other of the Registers of Agents kept in accordance with Clause (2) of this Rule.
- (b) with an Agent whose name appears on one or other of the Registers of Agents kept in accordance with Rule 213
- (c) with a Clerk or Employee referred to in Rule 213
- (d) with a Stockbroker who is a member of an Overseas Stock Exchange or Stockbrokers' Association recognised under Rule 217.

(2) A Broker may share Commission with Agents whose names have been included in the following registers maintained by the Council provided Commission has been charged at the rates laid down in Appendix 41:

- (a) A Register of Banks which will contain the names of the members for the time being of the Bankers' Clearing House (Section (A)) and be open to other Banks and Banking Houses carrying on business in the City of London (Section (B)). Banks and Banking Houses placed upon this Register will be notified in accordance with Appendix 49.

The share of Commission actually retained by a Broker who shares his Commission with an Agent included in this Register shall be not less than three-quarters of the Commission charged under Appendix 41.

- (b) A General Register which will be open to such persons, firms and corporations, not eligible for admission to any of the other Registers maintained by the Council as shall satisfy the Council that they are professionally and/or habitually engaged in handling, transmitting, collecting or introducing Stock Exchange business. Application for inclusion in this register must be made in accordance with Appendix 54.

The share of Commission actually retained by a Broker who shares his Commission with an Agent included in this register shall not be less than four-fifths of the Commission charged under Appendix 41.

(3) A Broker who shares his Commission with an Agent included in these Registers shall render a Contract Note naming the agent and stating that the Commission charged is shared with such Agent. Such Contract Note must not be rendered 'net'.

(4) The Council shall in their uncontrolled discretion determine the qualifications necessary for entry to and retention on these Registers.

Appendix 49. Conditions attached to entry in the Register of Banks

- (3) (i) That the Agent may advertise for Stock Exchange business in the United Kingdom, the Channel Islands, the Isle of Man and Republic of Ireland in any newspaper, periodical or book of reference, provided
- (a) except as provided in paragraph (iii) below, the prior consent of the Council of The Stock Exchange is obtained to each advertisement
 - (b) advertisements state that customers shall be given the opportunity of nominating their own Broker for any Stock Exchange business that is transacted
- (ii) That the Agent will not for the purpose of Stock Exchange business in the United Kingdom, the Channel Islands, the Isle of Man and Republic of Ireland issue or transmit in such territories circulars or communications respecting such business to other than his own Principals except that in so far as being an Agent duly authorised under the Prevention of Fraud (Investments) Act 1958 he may advertise within his own premises the fact that he is prepared to undertake Stock Exchange business and may issue a circular to the shareholders of a company offering to acquire their shares provided that he shall not consider any shareholder so circularised as his Principal by reason of the issue of the circular.
- (iii) That in so far as being an Agent duly authorised under the Prevention of Fraud (Investments) Act 1958, who operates an Investment Management Service he may advertise that Service provided that customers who use the Service shall be given the opportunity of nominating their own Broker for any Stock Exchange transactions that arise under such Service and provided that this provision shall be set out in any advertisement of the Service.
- (4) That the Agent will not in any advertisement circular business letter head or card or other document on which the name of the Agent appears or on any name plate board sign or the like make or allow to be made any reference to the fact that his name is or has been included in the above Register.
- (5) That the Agent will abide by and conform with the Rules, Regulations and usages of The Stock Exchange in so far as they affect him.
- (6) That the Agent will inform the Brokers who he instructs if any of the business covered by his instructions is business which does not entitle him to share commission by reason of the fact that it is business for his own account.

APPENDIX 2

Notes of guidance issued to members relating to amendments made to rule 78 of the rules and regulations of the Stock Exchange

(referred to in paragraphs 40 and 96)

Permanent Notice C-4

September 1974

Rule 78—Advertising by Member Firms

Firms are permitted to advertise for Stock Exchange business in newspapers, periodicals and books of reference, provided the prior consent of the Council is obtained.

A. Guidelines

The following guidelines are not intended as an exhaustive code of advertising but the attention of Members is drawn to the fact that the Rules should be obeyed in spirit as well as observed to the letter. The guidelines are issued in an attempt to maintain the high standards of The Stock Exchange and to safeguard the interests of both the investing public and the Member Firms. They are in no way intended to restrict the fair expression of Member Firms' claims in regard to the services they wish to bring to the attention of the investor.

When preparing an advertisement Members should bear in mind that the advertisement will reflect not only on the Firm but also on the Members of The Stock Exchange generally. Accordingly advertisements should be designed to reflect the status and integrity of the advertising Firms.

All advertisements should be:

- (a) made in good faith and should not confuse, mislead or offend;
- (b) capable of substantiation. Descriptions, claims or comparisons which are misleading about expertise or service must not be included;
- (c) designed to advertise the Firm and not to attack or discredit other Firms and institutions directly or by implication;
- (d) clearly distinguishable from the editorial contents of the publication in which they appear. They should therefore be so designed, produced and printed that they are immediately recognisable by the ordinary reader as an advertisement;
- (e) drafted so as to leave no doubt in the mind of the reader as to whether the advertising Firm is a Member of The Stock Exchange. The inclusion of the words 'Member of The Stock Exchange' will normally be obligatory;
- (f) clearly worded, and where the address of Branch Offices and Correspondents are included these must be clearly distinguished.

Firms may not compare facilities with those of other Firms and if called upon to do so by the Council, must justify the claims made in any of their advertisements.

Firms may advertise the availability of their publications or particular services and whenever applicable any charge payable should be clearly stated. It is realised that there may be occasions when no charge may be made and it is therefore suggested that where Firms may or may not charge for the publication mentioned in their advertisements, statements to the following effect should be included in the advertisements:

- (a) 'a charge may be made' or
- (b) 'we reserve the right to make a charge'.

Member Firms must draw the attention of any advertising agency whom they may employ to these notes of guidance.

B. Submission of Advertising Copy for approval by the Council

All Firms whether advertising themselves or through their Overseas Organisation or Branch Offices in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland, must submit to the Membership Department all new advertisements for Stock Exchange business for the prior approval of the Council. All copy must be re-submitted annually or at the time of alteration whichever is the earlier, and the department should be advised on each occasion on which an advertisement is to be used, and the newspapers, periodicals and books of reference involved.

Advertisements should be submitted in Final Proof Form, and once approved may not be published in any other form.

Firms are reminded that advertisements in respect of their subsidiary organisations, including their Unit Trusts and their organisations and offices overseas, which are to appear in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland must be submitted to the Membership Department for approval, and Firms are encouraged as a matter of courtesy in the case of overseas advertisements to inform the local Stock Exchange or Exchanges of their intentions.

C. Distribution of Research Material

Member Firms may contribute research material for publication on an occasional basis and the name of the Firm supplying such material may be acknowledged. 'Research Material' includes investment reviews, market letters, research reports and similar literature. If publication is to take place on a regular basis, the Member Firm must register with the Council Press Connection as required by Rule 93.

D. Radio and Television

A Member or employee of a Member Firm may take part in a Radio or Television interview and may be introduced as 'Mr . . . , partner in Messrs . . . , Members of The Stock Exchange', or 'Mr . . . , of Messrs . . . , Members of The Stock Exchange'. This form of introduction being an acknowledgement for the information or comment that the Member or employee is about to give. It should be noted that interviews and contributions may only take place on an

occasional basis—a regularly acknowledged financial information service on radio or television will not be permitted. Extreme care must be exercised when referring to an individual security to ensure no recommendations are made.

E. Press Releases

Items of mainly domestic interest such as the announcement of the celebration of an anniversary of the establishment of a Firm, etc. need not be submitted for approval, but announcements such as the opening of a Branch Office, at home or overseas, the establishment of a new investment service or the forthcoming amalgamation or merger should be submitted for approval. In any case of doubt the Membership Department should be consulted.

F. Entries in Business Directories

Member Firms may allow their names and addresses and a list of their partners to be published in a Business Directory without the prior consent of the Council, provided this is the only information to be published. If any further information is to appear, the proposed entry must be submitted for prior approval.

Permission for an entry to appear in a Directory shall not be construed as 'official approval' of that Directory.

G. Advertisements for Recruiting Members of The Stock Exchange and Office Staff

Member Firms may advertise for office staff in any newspaper or periodical and it will not be necessary to submit the proposed advertisement to the Membership Department for prior approval. If the Firm is to be named in the advertisement no material of a type designed to advertise the Firm should appear in that advertisement unless prior approval has been obtained.

Where an advertisement is designed to recruit Members of The Stock Exchange and includes terms such as 'with a substantial clientele' or 'with worthwhile business' the advertisement will be considered as an advertisement for Stock Exchange business and will accordingly require consent.

H. Advertisements Regarding Amalgamations, Mergers etc.

If a Member Firm wishes to contact other interested Firms with a view to an amalgamation or merger, etc. through an advertisement, no prior consent for the advertisement is required provided that the Firm's name does not appear in the advertisement and a box number is used. Advertisements in which the Firm is named must be submitted to the Council for prior approval.

I. Approaches to Persons other than Clients

Members are not allowed to approach non-clients for Stock Exchange business by direct mail or otherwise. A Member may not be interested directly or indirectly in any concern which issues for the purpose of advertising for Stock Exchange business in the United Kingdom, the Channel Islands, the Isle of

Man, or Republic of Ireland circulars or business communications other than to its own clients. A Member may however be a minority holder of the stocks or shares of such a company if the stocks or shares are permitted to be dealt in under Rule 163(1).

J. Visual Display Systems for Market Information

The Council consider that the distribution of certain investment material by electronic visual display screens is equivalent to the issue of a circular and subject to the same restrictions.

K. Advertising by Agents

An Agent on the General Register of Agents may advertise for Stock Exchange business in the United Kingdom, the Channel Isles, the Isle of Man, or Republic of Ireland in any newspaper, periodical or book of reference, provided that the prior consent of the Council to the advertisement is obtained, and the advertisement states that the customer will be able to nominate his own Broker for any Stock Exchange business that is transacted.

Agents on the Register of Overseas Representatives may advertise for Stock Exchange business in the United Kingdom, the Channel Isles, the Isle of Man or Republic of Ireland in any newspaper, periodical or book of reference provided that the prior consent of the Council to each advertisement is obtained.

Proofs of advertisements for approval should be submitted to the Membership Department through the supporting broker. The guidelines relating to advertising by Member Firms also apply to advertising by agents.

29th January 1975

Circulars Regarding Reference Works

Rule 78 and Permanent Notice C-4

A number of Member Firms have sought the Council's permission to issue circulars to persons other than their own principals for the purpose of selling statistical reference works.

The Council have decided that the issue of such circulars should be permitted and that Rule 78(1) should be revised for greater clarity.

The following Notes of Guidance are intended as an aid to the interpretation of Rule 78(1)(b):

Notes of Guidance

1. Only statistical reference works published by Member Firms may be advertised under the provisions of Rule 78(1)(b).
2. A reference work so advertised must not contain any investment recommendations.

3. Any circular issued under the provisions of the Rule must clearly state that the publication to which it refers is prepared solely for informative purposes and that neither the circular nor the publication is a solicitation or an offer to buy or sell any securities.
4. No circular, or the publication to which it refers may describe the services provided by the issuing Firm.
5. Under no circumstances should the publication accompany the circular in which it is advertised.
6. No circular may offer a publication free of charge and whatever charge is made should fully reflect the cost of the publication.
7. A copy of each circular and the relevant publication should be submitted to the Membership Department well in advance of any date proposed for the issue of the circular.

Permanent Notice C-4 will be revised in due course.

By Order of the Council
G C WINTLE
Secretary

Restrictions on advertising of stockbroking services abroad

(referred to in paragraph 48)

1. The Stock Exchange was asked to obtain information about the restrictions on advertising pertaining to stockbrokers operating in other EEC countries as well as in other countries with important stock exchanges. Subsequently the Secretary to the Council of the Stock Exchange asked the appropriate stock exchange official in each of the countries:

- (1) If there is any provision either in the rules of the particular stock exchange or in the law which places restrictions on advertising by its members in their capacity as such and if so, what are the details of the restrictions.
- (2) If there is any general understanding in that stock exchange as to the type of advertising that is acceptable for members to undertake.

2. Replies were received from Belgium, Denmark, France, Holland, Italy, Luxembourg and West Germany, as well as from Canada (The Toronto Stock Exchange), Japan (Tokyo Stock Exchange), Switzerland, and the United States (New York Stock Exchange)¹. The replies varied in the amount of detail given, but from the information received the position appears as follows:

Belgium: There are no rules or laws relating to advertising; however, advertising by stockbrokers is seldom undertaken 'except in professional or more generally financial publications' and it is accepted that any such advertising should not 'impair professional dignity'.

Denmark: There are no rules or laws relating to advertising by stockbrokers but the Board of the Stockbrokers' Association has the right to intervene if an advertisement is found to be unfair towards a colleague or customer.

France: Whilst there are no legal restrictions, the *Chambre Syndicale de la Compagnie des Agents de Change* has a prior vetting procedure for all advertisements which are addressed to non-clients which may include circulars, radio and television advertisements as well as press advertisements. No control is exercised over advertising intended for a firm's existing clients.

Holland: There are no restrictions placed on advertising by stockbrokers in their capacity as such.

Italy: There is no law restricting advertising by stockbrokers, but in 1972 the Milan Stock Exchange introduced a Code of Behaviour, strictly forbidding 'any form of advertising, either direct or indirect'.

Luxembourg: There are no restrictions on advertising by stockbrokers imposed by law or by the rules and regulations of the Luxembourg Stock Exchange.

¹In Canada, Japan and the United States, only one of several stock exchanges in each country was contacted and the rules of the other stock exchanges in those countries may vary from those referred to in paragraph 2.

West Germany: Advertising by stockbrokers is not restricted by law or by the rules of the German stock exchanges but it appears that it would be exceptional for any stockbroking firm to advertise. If there were a need for attention to be drawn to a specific matter affecting stock exchange affairs, the eight German stock exchanges would advertise jointly.

Canada (Toronto Stock Exchange): Advertising, using all forms of media, is permitted subject to restrictions as to the content of such advertisements and pre-vetting of certain types of advertisements. The regulations relating to advertising state:

- '(1) No member shall publish an advertisement which is not of a strictly legitimate business character or an advertisement which may be in the opinion of the Exchange, detrimental to the interest of the Exchange or its members.
- '(2) No member shall publish an advertisement, except an advertisement in general form stating that he is a member of The Toronto Stock Exchange or any other stock exchange until such advertisement has been submitted to and been accepted for filing by the Exchange.
- '(3) No member shall publish an advertisement with respect to an issue of securities except at his own expense.
- '(4) No member shall allow his name to be included in an advertisement containing a list of members of the Exchange unless such list includes the names of all members.
- '(5) No member or affiliated company shall install or maintain in the City of Toronto a sign or other advertising device which extends over a sidewalk and at right angles to a building.

'Radio and Television—

- '(1) No member shall make use of radio, television or community antenna television, to transmit or broadcast market information or forecasts of business or financial conditions, or for any advertising purpose, or to stimulate interest in particular securities or in the market without having first obtained the approval of the Exchange.
- '(2) The approval of any radio, television or community antenna television broadcasting may be terminated at any time by the Exchange whereupon the member shall discontinue the broadcasting within such time as the Exchange shall prescribe.
- '(3) No member shall make any reference in broadcasting by radio, television or community antenna television, to a probable future price movement or movements in any particular security.

'Market Letters, Circulars and Prospectuses—

- '(1) All market letters, research reports and sales literature issued by a member or an affiliated company for general distribution to customers or the public shall receive prior approval from a designated partner, director, shareholder or qualified employee so authorised by the member or affiliated company and shall be promptly filed with the Exchange.

- '(2) A copy of such material shall be retained for record purposes by the Member for two years bearing the names of the persons preparing the material and approving its distribution.
- '(3) Market letters, circulars, prospectuses, or publications of like nature sent out by members, are acceptable even though various colours are used in their production, provided however, that the document as a whole meets the standards of good taste.'

Japan (Tokyo Stock Exchange): Members are required to observe the regulations governing advertising laid down by the Tokyo Stock Exchange. These generally require advertisements to be dignified, to avoid causing excessive competition among members, and to avoid exaggerated claims. Advertisements should not be misleading or inappropriate for the profession. The Japan Securities Dealers' Association, which has in membership all member firms of the Tokyo Stock Exchange, as well as other securities firms, expects its members to conform with more comprehensive regulations on advertising, but it has not been possible to obtain details of these.

Switzerland: There are no restrictions on advertising by members of Swiss Stock Exchanges.

United States (New York Stock Exchange): All forms of advertisement are permitted and all publicity media may be used.

'Routine advertisements in a general form previously approved do not have to be submitted to the Exchange. These include: (a) business cards; (b) announcements stating that specific unlisted securities are bought, sold and quoted; (c) announcements of dissolution; (d) approved firm or corporation formations; (e) approved partnership or stockholder changes; (f) approved new offices; or (g) approved employment of registered representatives.

'Underwriting ads do not have to be submitted to the Exchange unless a member organization in advertising with a non-member wishes to identify itself in the ad as a member of the New York Stock Exchange.' All other advertisements have to be submitted beforehand for approval to the appropriate department of the New York Stock Exchange. These advertisements may include investment recommendations. Some of the guideposts established by the Exchange for written communications with the public include:

'(1) Recommendations. A recommendation (even though not labeled as a recommendation) must have a basis which can be substantiated as reasonable.

'When recommending the purchase, sale or switch of specific securities, supporting information should be provided or offered.

'The market price at the time the recommendation is made must be shown.

'(2) Disclosure. When market letters, sales literature or research reports recommend the purchase or sale of a specific security, member organizations must disclose the following information, if such conditions exist:

- (a) that the firm usually makes a market in the issue being recommended.

- (b) that the member organization or its partners hold options in any securities of the recommended issuer.
- (c) that some or all of the recommended securities are to be sold to or bought from customers on a principal basis by the member organization or its partners (unless covered by (a) above).
- (d) that the member organization was manager or co-manager of the most recent public offering (within 3 years) of any securities of the recommended issuer.

'It has been the experience of some firms that disclosure of directorates or other insider relationships is a good way of avoiding difficulties in this area. When such disclosure is made, however, the firm should be careful to avoid exploiting these relationships by implying that the recommendation is based directly or indirectly on privileged information.'

There are other detailed regulations regarding advertising, although the end result places the minimum of restrictions on the ability of member firms to advertise in whatever way they wish.

INDEX

AITC *see* Association of Investment Trust Companies

ARIEL *see* Automated Real-Time Investments Exchange Ltd

Advertising

accuracy: recommendations, 128
British Code of Advertising Practice, 59
claims of superiority: regulation, 40;
Stock Exchange's views, 86;
Commission's conclusions, 128
cost: interested parties' views, 56
desirable publicity: interested parties' views, 57
monitoring of all advertisements, 63
promotional advertising and publicity: recommendations, 128
regulation: recommendations, 129, 131
restrictions:
abroad, 48, *Appendix 3*
agents and banks, 21, 43, *Appendix 1*
Stock Exchange's views, 83;
recommendations, 130
canvassing, 45; Stock Exchange's views, 70-73; Commission's conclusions, 102
circulars, 39; Stock Exchange's views, 70-73; Commission's conclusions, 102; recommendations, 128
Committee responsible and its actions, 34-37
conditions prevailing: Commission's conclusions, 87-89
contributions to the press, 42
covert self-promotion: Stock Exchange's views, 77; Commission's conclusions, 122-124
client and non-client distinction, 39;
Stock Exchange's views, 70-73, 80;
Commission's conclusions, 126
effect on competition: Commission's conclusions, 115-121
effect on innovation and efficiency: Stock Exchange's views, 75;
Commission's conclusions, 115-121
effect on attitude of public: Commission's conclusions, 105, 122-124
enforcement, 44-47; recommendations, 129, 131
existing restrictions: summary, 38-43
expertise, 40; Stock Exchange's views, 81; Commission's conclusions, 110-114

Advertising—*continued*

restrictions—*continued*

false markets, 41; Stock Exchange's views, 74; Commission's conclusions, 100, 103, 105; recommendations, 127
future: Stock Exchange's views, 84-86; recommendations, 126-131
general prohibition, 39-40
information available to public:
interested parties' views, 57; Stock Exchange's views, 78-80;
Commission's conclusions, 110-114
interests in concerns which advertise: recommendation, 130
media permitted, 69
possible disadvantages: Commission's conclusions, 109
press contributions, 42
prior approval: Stock Exchange's views, 67-68; recommendations, 127
promotional advertising: Commission's conclusions, 107
the public interest: Commission's conclusions, 90-125; summary, 125
remaining restrictions: Stock Exchange's views, 66-73
safeguarding profession's reputation: recommendations, 128
'share tipping': Stock Exchange's views, 74; Commission's conclusions, 96, 101
soliciting non-clients, 39; Stock Exchange's views, 70-73, 82; Commission's conclusions, 104
specialist activities, 40; Stock Exchange's views, 81; Commission's conclusions, 110-114
views: Advertising Association, 61; Advertising Standards Authority, 59; Association of Investment Trust Companies, 54; a bank representative, 54; Chambers of Commerce, 54; Incorporated Society of British Advertisers, 59; Institute of Practitioners in Advertising, 62; small investors, 51-52

Association of Investment Trust Companies, 53-54

Association of Scottish Chambers of Commerce, 54

Automated Real-Time Investments Exchange Ltd, 26, 94

- BIA *see* British Insurance Association
- Bank of England, 24
- Banks
restrictions on advertising, 21, 43,
Appendix 1; Stock Exchange's views,
83; recommendations, 130
- British Insurance Association, 56
- British Code of Advertising Practice*, 59
- Brokers *see* Stockbrokers
- CA *see* Consumers' Association
- CBI *see* Confederation of British Industry
- Canvassing, 45, 70–73
- Circulars
restrictions, 39; Stock Exchange's views,
70–73; Commission's conclusions, 102;
recommendations, 128
- Clients and non-clients
distinction, 39; Stock Exchange's views,
70–73, 80; Commission's conclusions,
104; recommendations, 126
- Committee of London Clearing Bankers, 4,
21
- Competition
effects of restrictions on advertising:
Commission's conclusions, 115–121
from other dealers, 24; Commission's
conclusions, 94–95
from other markets, 25–26
- Consumers' Association, 52
- Crawford's Directory of City Connections*, 57
- Department of Trade
licensed and authorised dealers, 24, 94
- Department of Trade and Industry, 1
- Director-General of Fair Trading, 63n
- Efficiency
Stock Exchange's views, 75;
Commission's conclusions, 115–121
- Entry to the profession
conditions, 30; Stock Exchange's views,
76; Commission's conclusions, 95, 120
- Fair Trading Act 1973, 1, 8n, 87n
- False markets
Rule 73b, 41; Stock Exchange's views,
74; Commission's conclusions, 100,
103, 105; recommendations, 127
- Federation of Stock Exchanges in Great
Britain and Ireland, 11
- Guardian Royal Exchange Assurance
Group, 55
- Innovation
Stock Exchange's views, 75; Commission's
conclusions, 119
- Institute of Directors, 50, 52
- Insurance companies, 55, 57
- Investment
advice: competition from other sources,
26; AITC's views, 53; Stock
Exchange's views, 81; Commission's
conclusions, 93, 118
alternatives, 23, 26
- Investment trust companies, 53
- Investors
availability of stockbrokers' services:
investors' views, 51–55; Stock
Exchange's views, 78–80;
Commission's conclusions, 92–93;
111–112
description, 22–23
- Jobbers *see* Stockjobbers
- Legal and General Assurance Co., 57
- Lloyds, 55
- London Stock Exchange, 11
- Media, 69
- Methven, John, Director-General of Fair
Trading, 63n
- Monopolies and Mergers Act 1965, 1, 2, 8,
9
- Monopolies and Mergers Commission
conclusions, 87–125
(*see also* the subdivision 'Commission's
conclusions' under specific subjects)
*Professional services: a report on the
general effect on the public interest of
certain restrictive practices...*, 10
recommendations, 126–131
scope of Reference, 1, 8–10
sources of evidence, 3–6
- Monopolies and Restrictive Practices
(Inquiry and Control) Act 1948, 1, 5, 8,
87
- Monopoly
conditions prevailing: Commission's
conclusions, 87–89
the public interest: Commission's
conclusions, 90–124; summary, 125
- Newport and Monmouthshire Chamber of
Commerce, 54
- Norwich Union Insurance Group, 55
- Overseas advertising restrictions, 48,
Appendix 3
- Press contributions, 42
- Prevention of Fraud (Investments) Act
1958, 24, 29, 94, 104
- Price competition
Commission's conclusions, 118

- Professional services
Report on the general effect on the public interest of certain restrictive practices..., 10
- Public confidence
 Commission's conclusions, 105, 122-124
- Reference
 scope, 1, 8-10
- Restrictions on advertising *see* Advertising
- Rules and Regulations of the Stock Exchange*, handbook, 32
- Secretary of State for Prices and Consumer Protection, 63n
- Securities
 advertising individual securities: Stock Exchange's views, 74; Commission's conclusions, 114; recommendations, 127, 128, 129
 permitted dealers, 24; Commission's conclusions, 94
- Self promotion
 Stock Exchange's views, 77;
 Commission's conclusions, 122-124
- 'Share tipping'
 Stock Exchange's views, 74;
 Commission's conclusions, 96, 101
- Smaller Businesses Association, 52
- Sole traders, 114
- Soliciting non-clients
 restriction, 39; Stock Exchange's views, 70-73, 82; Commission's conclusions, 104
- Standard Life Assurance Company, 55
- Stock Exchange
 access for dealing, 24; Commission's conclusions, 94
 admission to membership, 30; Stock Exchange's views, 76; Commission's conclusions, 95
 agents and banks, 21, 43, *Appendix 1*;
 Stock Exchange's views, 83;
 recommendations, 130
 broking, 15-16
 Commissions and Dealings Committee, 31
 competition from other markets, 25-26
 complaints, 33
 consultation over new rule:
 recommendation, 130
- Stock Exchange—*continued*
 disciplinary powers, 33
 evidence, 3, 5-6
 Firms' Accounts and Default Committee, 31
 governing body, 27-28
 history, 11
 jobbing, 15-16
 Members, Firms and Clerks Committee, 31, 34-37, 44
 membership, 17-19; Commission's conclusions, 95-96
 purposes, 12-13
 Quotations Committee, 31
 regulation of professional conduct, 29-33
 restrictions on advertising *see* Advertising
 Rule 16, 33
 Rule 17, 33
 Rule 77, 33
 Rule 78, 39-40; notes of guidance, *Appendix 2*
 Rule 78(1): Commission's conclusions, 96; recommendations, 128
 Rule 212, 21, 43, *Appendix 1*
 rules and regulations: extracts, *Appendix 1*
Rules and Regulations of the Stock Exchange, handbook, 32
 separation of broking and jobbing functions, 16, 104
 sole traders, 14
 supervision of market, 29
- Stockbrokers
 competition from other dealers, 24;
 Commission's conclusions, 94-95
 description, 15-16
 interest in concerns which advertise:
 Commission's conclusions, 96;
 recommendations, 130
 number, 18-19, 91
 responsibilities: Commission's conclusions, 97-108
 services provided, 9
 specialist activities and expertise: rule, 40;
 Stock Exchange's views, 81;
 Commission's conclusions, 110-114
- Stockjobbers
 description, 15-16
 number, 18-19
- Unit trusts, 26
- Williams, Shirley, Secretary of State for Prices and Consumer Protection, 63n

