



**OATH**

**Ontario Association of Trading Houses**

**Code of good  
business practices  
for Trading Houses**

## CODE OF GOOD BUSINESS PRACTICES FOR TRADING HOUSES

### Foreword

Trading Houses exist in many countries in different forms and are involved in various activities depending on the compulsions of their national situations. So it is difficult to formulate a definition of Trading House which would be universally applicable. For the purposes of this Code, the **World Federation of Trading House Associations (WFTA)** has used the following definition:

**Trading Houses are commercial intermediaries involved in trading across international borders in goods and services mainly supplied by others.**

"Trading House" is used in a generic sense to encompass:

- International Trading Company (ITC)
- Société de Commerce International (SCI)
- Maison de Commerce (MDC)
- Import-Export Companies
- Opérateurs Spécialisés en Commerce International (OSCI)
- Export Trading Companies (ETC)
- Export Management Companies (EMC)
- Comercializadoras
- and all other forms used in different countries to designate enterprises whose principal activity is international trade, whether they act as merchants or agents.

WFTA proposes this "Code of Good Business Practice for Trading Houses (draft)" which could form the basis of more detailed Codes by its member Associations in different countries.

This Code is worded in such a fashion that it can apply to any Trading House Association, be it regional, national or international. It will enable individual Associations to:

- add particular clauses according to local conditions. (The principle should be that any local changes should not weaken the code).
- add enforcement clauses and sanctions if it so wishes
- offer a framework for conflict resolution, which could take the form of arbitration or mediation services.
- offer help to comply with the Code, such as standard contracts or contractual clauses. Such services and tools, developed and offered locally in conformity with local laws, could replace some sections of the code, make it lighter and easier to implement.



## **The Code Of Good Business Practices for Trading Houses**

### **Objectives**

The Code of Good Business Practice is being developed to assist Trading Houses and their personnel to conduct business successfully and to foster the role of Trading Houses in the global economy.

The cornerstones of successful trading transactions are:

- adherence to important ethical business practices;
- acceptance of good trading procedures by and in the best interest of all parties;

In this respect, reputable Trading Houses, be they members of regional, national or international Associations, understand, adhere and commit to the following elements of the Code of good business practice .



## **A) Ethical business practices**

A Trading House shall:

1. abide by the laws, regulations and rules of the countries in which they are based and shall co-operate with local and national government agencies in every proper way.
2. protect and promote the reputation of the profession by maintaining high standards of service, commitment and integrity;
3. not accept financial or other compensation from more than one interested party for the same service, or for services pertaining to the same transaction, without advising all the parties to the transaction;
4. disclose any interest the Trading House may have, financial or otherwise, before advising or dealing with or through any enterprise in which the Trading House has such an interest, and a client or another third party;
5. not disclose confidential information concerning the business or technical affairs of a client without his consent, unless there is a legal duty to do so;
6. not misrepresent qualifications and experience to a buyer, to a seller, to the profession or to the public;
7. not issue any advertisement or other communication which contains or insinuates any matter likely to mislead the public or be derogatory to the dignity of the trading profession;
8. respect the rights and interests of competitors;
9. not associate in work with another Trading House which does not conform to the code of its Association.



## **B) Good trading procedures**

Trading Houses shall:

1. foster honesty and integrity as the foundation of their business;
2. create, in their own organisation, systems and procedures of information in order to properly document each element of business transactions through signed purchased orders and sales contracts to reduce and ideally eliminate misunderstandings;
3. ensure that there is complete understanding amongst concerned parties of all terms and conditions in contractual arrangements, that all descriptions are clear and that there is full and fair disclosure of products and services;
4. have training programs of their personnel in the different aspects of the trading business to contribute to the development of a professional Trading House community;
5. establish internal authorisation procedures for staff and trainees to ensure that clients (suppliers and customers) receive information endorsed by the organisation;
6. offer products or services only if they have the knowledge, experience or competence to source and supply them;
7. propose the principle of arbitration and mediation in disputes, preferably through their Associations, in all purchase and sales contracts;
8. encourage the appointment of their Association as the arbitrator or mediator in case of controversy emerging from the execution of the contracts. (This will assist in settling the matter professionally and speedily);
9. respect the trust implicitly assumed or explicitly placed in the Trading House by clients and associates, as well as use discretion with respect to sensitive information;
10. respect standard practices and conventions where written rules or policies are not yet established or are inconsistent.