PRESS RELEASE

An IOSCO Technical Committee Release:

"Cold Calling" - Investor Alert

1 February 2002

The Technical Committee of the International Organization of Securities Commissions (IOSCO) today issued the following Investor Alert:

There has been an upsurge in cold calling activities in some countries. "Cold calling" refers to the practice where a person makes unsolicited calls to a potential investor seeking to sell them securities during the call or in the future.

Generally speaking, a person requires some form of regulatory authorisation or approval in the country in which the investor resides in order to engage in a securities business. Cold calling organizations may not have those approvals and may be involved in illegal investment schemes in which investors lose money. The securities they seek to sell can be in small, unknown companies that are highly risky or are sometimes part of an illegal scheme. Even if the cold caller is licensed and is offering listed securities, high-pressure tactics or other inappropriate conduct may be used to secure a sale.

Therefore, investors should not make an investment solely on the basis of a cold call. At a minimum, before committing any money, investors should check the professional register of licensed securities dealers, investment advisers and their representatives in the jurisdiction of their domicile and the jurisdiction where the cold caller claims to operate. Investors also should be extremely sceptical if a cold caller promises spectacular returns or "guaranteed" profits. If the deal sounds too good to be true, it probably is.

In issuing this Investor Alert, Mr David Brown, Chairman of the IOSCO Technical Committee, said:

"By using high pressure selling tactics and promising high returns on share the cold caller attempts to induce an investor to often send large amounts of money to a bank account abroad. In return the investor is promised shares or other securities.

Cold callers may not be licensed to deal in securities in the jurisdictions in which they operate or in the jurisdiction into which
they cold call. Cold calling firms use constant and high pressure sales tactics, often have websites and glossy brochures and operate from virtual offices, using phone and mail forwarding services in a jurisdiction in which they claim to have an office.

Before investing on the basis of a cold call, investors should:

- Check with the securities regulator (*) in their jurisdiction and the jurisdiction in which the cold caller claims to operate;
- Independently research the investment; and
- Consider getting advice from a licensed or registered professional.”

*Contact details of relevant securities regulators are available at www.iosco.org

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