



Recommendation of the Council  
concerning the Review of any  
Restrictions which Member  
Countries Impose on Portfolio  
Investment in Unlisted or  
Unquoted Securities

**OECD Legal  
Instruments**

This document is published under the responsibility of the Secretary-General of the OECD. It reproduces an OECD Legal Instrument and may contain additional material. The opinions expressed and arguments employed in the additional material do not necessarily reflect the official views of OECD Member countries.

This document, as well as any data and any map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

For access to the official and up-to-date texts of OECD Legal Instruments, as well as other related information, please consult the Compendium of OECD Legal Instruments at <http://legalinstruments.oecd.org>.

**Please cite this document as:**

OECD, *Recommendation of the Council concerning the Review of any Restrictions which Member Countries Impose on Portfolio Investment in Unlisted or Unquoted Securities*, OECD/LEGAL/0123

Series: OECD Legal Instruments

© OECD 2018

---

This document is provided free of charge. It may be reproduced and distributed free of charge without requiring any further permissions, as long as it is not altered in any way. It may not be sold.

This document is available in the two OECD official languages (English and French). It may be translated into other languages, as long as the translation is labelled "unofficial translation" and includes the following disclaimer: *"This translation has been prepared by [NAME OF TRANSLATION AUTHOR] for informational purpose only and its accuracy cannot be guaranteed by the OECD. The only official versions are the English and French texts available on the OECD website <http://legalinstruments.oecd.org>"*

---

## **Date(s)**

Adopted on 18/07/1974  
Abrogated on 12/07/2017

## **THE COUNCIL<sup>1</sup>,**

**HAVING REGARD** to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

**HAVING REGARD** to the Resolution of the Council of 26 January 1965 concerning the Improvement of Capital Markets of Member States [C/M(65)2(Final), Item 19];

**HAVING REGARD** to the terms of reference of the Committee on Financial Markets and, in particular, paragraph 4 of the Resolution of the Council of 17 November 1969, as amended [C(69)131(Final), C(71)28(Final)], which invites the Committee to report to the Council on its work and propose to it, as necessary, recommendations on questions concerning financial markets;

**HAVING REGARD** to the Report by the Committee on Financial Markets of 3 April 1974 concerning the Admission of Securities to Public Sale and to Stock Exchanges [C(74)61] and in particular its paragraphs 9 to 28, 67 and 68;

**CONSIDERING** that in the interest of a sound development of capital markets it is desirable to widen the scope of domestic and international portfolio investment and for investors in securities to have the greatest freedom of choice compatible with the protection of such investors;

### **I. RECOMMENDS** that Member countries should:

- i) Not impose any restrictions on the purchase of securities which are not listed or quoted on an officially recognised organised security market<sup>2</sup> in cases where such securities are bought for the investor's own account and on his own responsibility (private investors, business enterprises, etc.);
- ii) Base upon the standard of the securities as well as on the efficiency of the market any restrictions in the choice of security investment which they feel obliged to impose on institutional investors<sup>3</sup> but limit such restrictions to those that are necessary for technical reasons and for reasons of investor protection;
- iii) Avoid giving the impression to the public, through legislation, regulations or other means that only listed or quoted securities carry with them any endorsement of standard; and
- iv) Motivate exchange control restrictions, which apply exclusively to the purchase of foreign unlisted or unquoted securities, only by the need for verification of the value of the securities or by the need to distinguish portfolio investment from direct investment.

### **II. INSTRUCTS** the Committee on Financial Markets to review the implementation of this Recommendation and report thereon to the Council by the end of 1976.

---

<sup>1</sup> This Recommendation does not apply to Italy and Turkey.

<sup>2</sup> Article 21 (viii) and (x) of the OECD Code of Liberalisation of Capital Movements contains the following definitions:

(viii) "Recognised security market" shall mean a stock exchange or security market in a Member country (including an over-the-counter market organised by a recognised association of security dealers),

- which is officially recognised in the country where it operates,
- on which the public can buy and sell securities, and
- on which dealings take place in accordance with fixed rules;

(x) "Securities quoted on a recognised security market" shall mean securities which have been granted an official quotation or are officially listed on such market or for which dealing prices on such a market are published not less frequently than once a week.

<sup>3</sup> Credit institutions, institutions for collective investment, insurance companies, pension funds, savings banks, social insurance institutions and trustees.

## Adherents\*

### OECD Members

Australia  
Austria  
Belgium  
Canada  
Chile  
Czech Republic  
Denmark  
Estonia  
Finland  
France  
Germany  
Greece  
Hungary  
Iceland  
Ireland  
Israel  
Italy  
Japan  
Korea  
Latvia  
Luxembourg  
Mexico  
Netherlands  
New Zealand  
Norway  
Poland  
Portugal  
Slovak Republic  
Slovenia  
Spain  
Sweden  
Switzerland  
Turkey  
United Kingdom  
United States

### Non-Members

---

\* Additional information and statements are available in the Compendium of OECD Legal Instruments:  
<http://legalinstruments.oecd.org>

## About the OECD

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD Member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

## OECD Legal Instruments

Since the creation of the OECD in 1961, around 450 substantive legal instruments have been developed within its framework. These include OECD Acts (i.e. the Decisions and Recommendations adopted by the OECD Council in accordance with the OECD Convention) and other legal instruments developed within the OECD framework (e.g. Declarations, international agreements).

All substantive OECD legal instruments, whether in force or abrogated, are listed in the online Compendium of OECD Legal Instruments. They are presented in five categories:

- **Decisions:** OECD legal instruments which are legally binding on all Members except those which abstain at the time of adoption. While they are not international treaties, they entail the same kind of legal obligations. Adherents are obliged to implement Decisions and must take the measures necessary for such implementation.
- **Recommendations:** OECD legal instruments which are not legally binding but practice accords them great moral force as representing the political will of Adherents. There is an expectation that Adherents will do their utmost to fully implement a Recommendation. Thus, Members which do not intend to do so usually abstain when a Recommendation is adopted, although this is not required in legal terms.
- **Declarations:** OECD legal instruments which are prepared within the Organisation, generally within a subsidiary body. They usually set general principles or long-term goals, have a solemn character and are usually adopted at Ministerial meetings of the Council or of committees of the Organisation.
- **International Agreements:** OECD legal instruments negotiated and concluded within the framework of the Organisation. They are legally binding on the Parties.
- **Arrangement, Understanding and Others:** several ad hoc substantive legal instruments have been developed within the OECD framework over time, such as the Arrangement on Officially Supported Export Credits, the International Understanding on Maritime Transport Principles and the Development Assistance Committee (DAC) Recommendations.