

Basic Antitrust Rules for Members of The Adhesive and Sealant Council, Inc.

The essential principle which should guide the activities of The Adhesive and Sealant Council, Inc. in order to avoid antitrust violations is that no illegal agreements should be either reached or carried out throughout the Association. Conduct which might give the appearance of an illegal agreement must also be avoided.

The ASC should be particularly on guard as to conduct or agreements affecting areas of particular antitrust concern, especially pricing, association membership, standardization, certification and statistical programs.

Pricing - Price-fixing is the most common antitrust violation. To avoid the risk of liability, ASC members should never discuss prices, pricing systems, or discounts, nor should the Association ever be involved in members' pricing practices. Statistical programs involving members' past prices are permissible, but should be established under the careful supervision of legal counsel as is the practice of the ASC. Present and future prices may never be the subject of such programs.

Membership - Membership qualifications should be reasonably drawn and interpreted in order to allow the inclusion of all companies that share the common concerns of the adhesive and sealant industry. Qualifications should be objective. Companies meeting the qualifications should be automatically admitted.

ASC services of potential competitive benefit should be made available to non-members, but the Council may charge a reasonable fee higher than the fee, if any, charged ASC members.

Normally, no member may be expelled unless the member is no longer in the industry or has not paid its association dues. ASC's legal counsel should be consulted before consideration is given to expelling a member for any other reason.

Industry Self-Regulation - Industry rules proposed or established by the ASC should be reviewed by legal counsel to ensure that they do not unreasonably restrict competition. Especially to be avoided is any rule or conduct which might be construed as an agreement not to deal with competitors or suppliers in the industry.

Standardization, Certification and Statistical Programs - Such programs are proper so long as they are not used to restrict competition or injure a competitor. Legal counsel, again, is the best source of advice as to the manner in which such programs may be conducted safely within the antitrust laws.

Do's and Don'ts

Members can participate fully in ASC programs and activities with minimal possibility of antitrust problems by following a few simple "do's" and "don'ts":

1. DO schedule and attend meetings only when there are proper items of substance to be discussed that justify your attendance.
2. DO review the meeting notice or agenda in advance of every meeting. It should be specific, without broad topics such as "marketing practices," which might look suspicious from an antitrust standpoint.
3. DO adhere strictly to the stated agenda. In general, subjects not included on the agenda should not be considered at the meeting.
4. DO assure that no matter of doubtful legality is brought up for discussion. This, of course, is the legal counsel's responsibility; but in his absence, the association staff representative or any member present who becomes aware of legal implications of a discussion should attempt to halt the discussion. Should the discussion continue, despite protest, it may be wise to leave the meeting.
5. DO make sure that minutes of all meetings are kept; they must accurately report what actions, if any, were taken.
6. DO use the ASC as a vehicle for promoting the adhesive and sealant industry as a whole.
7. In general, DO assure that legal counsel is in attendance at all meetings of the ASC where legally sensitive subjects might be discussed, as required by the bylaws.
8. If one has any doubt about the legality of any ASC program or subject of discussion, DO check with ASC staff who will likely contact its legal counsel.
9. DO cooperate with ASC's legal counsel in all matters, particularly when counsel has ruled adversely about a particular activity.
10. DON'T allow or participate in secret or "rump" meetings held other than at the time of the scheduled meeting. Such meetings may have no purpose other than to discuss illegal activities and, accordingly, they seriously jeopardize legitimate Council activities and create a risk that those activities will be investigated. An ASC staff member should be present at all such meetings.
11. DON'T allow recommendations with respect to sensitive antitrust subjects to be made during meetings, especially those relating to price, production, markets and the selection of customers or suppliers. Prices should not be discussed at all. In the less sensitive areas, such as standardization activities, recommendations may be permissible.
12. DON'T be coerced in any way into taking part in ASC activities. There must be no policing of the adhesive and sealant industry to see how individual members are conducting their business.
13. DON'T establish programs or guidelines which are for the primary purpose, explicit or implicit, of excluding some members of the industry.