



# **Financial Conduct Authority Conflict of Interests Policy for FCA Non- Executive Directors**

March 2024

## **1 Introduction and principles of the policy**

- 1.1 Non-Executive Directors of the Financial Conduct Authority (FCA) are required to comply with the Conflict of Interests Policy (the policy).
- 1.2 This exists to protect you and the FCA. Compliance is mandatory and breaches may result in action, up to and including removal from the Board. Failure to follow the policy may also mean you have committed a criminal offence.
- 1.3 The principal purpose of this policy is to ensure public confidence in the FCA is maintained by avoiding a perception that:
- a) an individual could be unduly influenced or may not be wholly independent and impartial when acting as a member of the Board, or
  - b) a firm with which a Board member is connected may have an unfair competitive advantage by reason of assumed access to information or policy thinking.
- 1.4 The principles of the policy are:
- a) Always act with honesty and integrity
  - b) Ensure that you do not use any knowledge or information acquired through your role to inappropriately benefit yourself or others
  - c) Always make the Ethics Officer aware of any actual or potential conflict of interests and agree with them how they should be managed
  - d) Ensure you are not open to (or perceived to be open to) improper influence through the acceptance of gifts or hospitality
  - e) Exercise caution in managing your finances and do not undertake transactions that, by their nature or purpose, would be improper
- 1.5 Responsibilities under the policy include:

<b>You</b>	You must ensure that you read and comply with this policy, escalating any issues you consider appropriate and ensuring your declarations are kept up to date. You should proactively and continuously assess your conflicts and disclose where appropriate as per the policy. You will also need to attest annually to your compliance.
<b>The Chair</b>	They must ensure that any conflict of interest is properly mitigated
<b>The Ethics Officer, Deputy Ethics Officer or their nominee, who will:</b>	<ul style="list-style-type: none"><li>• Ensure that an adequate system is in place for recording declarations, gifts and hospitality</li><li>• Advise on, and approve, queries and transactions as escalated</li><li>• Receive reports on gifts declared</li><li>• Monitor compliance on declarations of interest</li></ul>

## **2 Conflict of Interests**

- 2.1 The FCA must be able to publicly defend the actions of individuals in relation to this policy to prevent reputational damage. It is your responsibility to bring potential or actual conflict of interests to the attention of the Chair or the Ethics Officer as soon as you become aware of them.
- 2.2 You must take steps to ensure that any conflict of interest to which you may be subject does not affect, or reasonably appear to affect, a decision taken by the FCA. It is essential that proper arrangements are in place that allow the FCA and you to show that individual investment decisions have not been influenced by information made available to you, confidentially, in the course of our business.
- 2.3 You must make a judgement as to whether something requires disclosure and declarations where appropriate. Where a financial transaction might reasonably be considered sensitive, you should seek clearance in advance of carrying out the transaction. If you are in doubt about whether a conflict has arisen, contact the Conflict of Interests team at [conflictofinterests@fca.org.uk](mailto:conflictofinterests@fca.org.uk).
- 2.4 The Ethics Officer will keep a permanent record of all disclosures made under this section of the policy. That information will be kept confidential and will not be disclosed except where there is:
  - a) a requirement for disclosure for the purposes of managing potential or actual conflicts
  - b) a requirement for disclosure for the purposes of disciplinary proceedings
  - c) any legal or regulatory obligation to disclose the information.
- 2.5 In addition to disclosure examples listed under 2.4 the FCA discloses publicly relevant interests for transparency reasons. These are limited to Financial Interests and Directorships and Other Positions of NEDs and their Close Family Members if they are linked to regulated entities.
- 2.6 A general disclosure of interests under the provisions of the policy is not a substitute for making specific disclosures when you are faced with a potential conflict of interests in a Board meeting, Committee meeting or otherwise. When you identify such a potential conflict of interests you should declare it to the Chair of the meeting and the Ethics Officer, in advance where possible. You should take the advised steps to manage or avoid the conflict as a result of this.

## What needs to be disclosed

### Personal relationships

You are required to disclose close personal relationships which could create or be perceived to create a conflict of interests, influence or unfair advantage.

Please disclose any Close Family Member, and any other individual or organisation with whom you have a close personal relationship:

- working in the FCA or the PSR
- working in an FCA-regulated firm, listed firm, firm listed as an Appointed Representative, registered under AML or a firm that is due to come into regulation<sup>1</sup>
- working in any firm regulated by the PSR, such as a payment-systems operator (cards and interbank), payment-service provider or infrastructure provider to a designated system
- where known, working in a firm holding or tendering for a contract with the FCA or the PSR or are otherwise connected with FCA or PSR business, such as a supplier or professional advisor
- working in financial, economic, or Political journalism or in a position where in its ordinary course of business activity involves regularly commenting on FCA-related matters in the public domain (such as social media)
- holding a national elected public office (MPs, the Scottish Parliament, the London, Northern Ireland or Welsh Assemblies or any other remunerated elected office)
- linked to a specific decision in which you are involved
- any other relationships that you have, including a professional, personal, financial or family relationship, held in connection with or capable of affecting a Relevant Organisation

### Positions

You are required to disclose any position, other employment, or fiduciary positions that you hold, or have held in the past five years in connection with a Relevant Organisation or an organisation that presently, to the best of your knowledge, has a contractual relationship with the FCA or PSR.

### Financial relationships

You must declare:

- your own financial relationships;
- any financial relationships for another individual or organisation you direct or advise on, including when acting as an executor, trustee, director, shareholder or under a power of attorney.
- the financial relationships of any Close Family Member or relationships where you have actual knowledge of those interests.

The following financial relationships must be declared:

- a direct holding of Securities or Related Investments in an organisation which is a listed company, FCA-regulated firm or its financial holding company, firm listed as an Appointed Representative, registered under AML regime, or a listed firm that is due to come into regulation, payment

<sup>1</sup> For the purposes of disclosure, the threshold of 'due' is considered as confirmed to come into FCA/PSR perimeter when known.

systems operator (cards and interbank) regulated by the PSR, payment service provider or central infrastructure provider to designated payment systems.

- pension products
- investments with life assurance content
- mortgages
- endowment policies
- collective investment schemes<sup>1</sup>
- holdings in investment portfolios (including where full or partial discretion is given to the investment manager)
- interests in hedge funds and private equity funds
- a balance or deposit in a regulated firm - such as a bank, building society or credit union - of a value greater than the compensation limit set by the Financial Services Compensation Scheme (currently £85,000 per person)<sup>2</sup>
- E-money balances in various types of online wallets or prepaid cards above £5,000 if those balances are expected to persist for six months or more
- direct holding of Qualifying Cryptoassets<sup>3</sup> and direct holding of Securities or Related Investments in Organisations carrying out Qualifying Cryptoasset services
- the names of organisations with which you have any ongoing formal loan arrangements or persistent credit arrangements under which you have borrowed a capital sum of £10,000 or more and which you expect to exist for at least 6 more months. You need not disclose the amount borrowed or its purpose, only the existence of the relationship. For the purposes of this policy, you do not need to disclose overdrafts or other similar arrangements.
- any dispute you have with a Relevant Organisation over the provision of products or services
- any financial interest recently listed or not currently listed at this time but expected to come into the FCA or PSR perimeter in the future<sup>4</sup>
- any other financial relationship if it could reasonably be considered a potential conflict of interests

## What is prohibited

### Restrictions<sup>5</sup>

As a NED you have certain restrictions on dealing:

- Your contract for services as a NED sets out certain restrictions on your ability to own shares in financial services companies

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<sup>1</sup> For the purposes of disclosure under the policy, your relationship is with the firm managing your collective investment scheme investment rather than with a particular fund.

<sup>2</sup> You do not need to declare the amount, but that the relationship exists.

<sup>3</sup> For the purposes of disclosure this includes regulated tokens and exchange tokens as defined by the FCA in PS19/22.

<sup>4</sup> For the purposes of disclosure, the threshold of 'due' is considered as confirmed to come into FCA/PSR perimeter when known.

<sup>5</sup> Please see exceptions to the restrictions on page 6

- You shall not during your term of office, acquire any securities or related investments in an authorised firm.
- Permission to buy securities or related investments in an authorised firm or a firm regulated by the PSR will not be granted due to the increased risk of exposure to sensitive information held by the FCA and the PSR
- You are not permitted to invest in securities or related investments in any Relevant Organisations on a short-term, speculative basis. This includes Qualifying Cryptoassets. This is for the protection of both you and the FCA, as such investments could more readily create perception of abuse of information than other investments. Permission will normally not be granted to sell any securities or related investments if the securities have been held for less than 6 months.
- In exceptional circumstances, you may be given permission, to sell (but not buy) securities or related investments when you would normally be prohibited from doing so. This also includes if the securities can be seen as sensitive. An example would be a pressing financial commitment on your part that could not otherwise be satisfied. The decision on whether the circumstances fall into this category must be made by the Ethics Officer, who may consult others where necessary. To obtain permission you should email the Conflict of Interest mailbox ([conflictofinterests@fca.org.uk](mailto:conflictofinterests@fca.org.uk)) outlining your request. This will be escalated as necessary to the Deputy Ethics Officer, or the Ethics Officer as required. In the event permission is not granted, we will explain clearly why this is the case.
- Do not take out a contract for differences (CFD). This includes 'spread betting' in UK company securities (single-equity/vanilla CFDs), UK indices/sectors or the UK equity market as a whole. However, you can invest in a fund of CFDs where full discretion is given to the fund manager. You are prohibited from engaging in wagering contracts and fixed-odds bets on UK companies or equities, including indices/sectors and the UK equity market as a whole. Examples of what is not acceptable include a spread bet that the FTSE 100 will go up or down or placing a bet that equity will go up or down in value.

**Exceptions to restrictions:**

- The restrictions are applicable to the FCA Board member, not to their close personal relationships
- A member of the FCA Board may acquire securities or related investments in an authorised firm or a firm regulated by the PSR of which he/she is a director where (a) such directorship has previously been approved in accordance with this policy and (b) the acquisition of such shares is a condition of holding such directorship
- A member of the FCA Board may acquire securities or related investments in an authorised firm, sensitive firm, or a firm regulated by the PSR in circumstances beyond their control – for example by way of gift or inheritance – but should disclose such acquisition to the Ethics Officer without delay and obtain permission to hold such securities.

**Post transaction disclosure:**

You are required to declare dealings in securities or related investments after the fact in any disclosable company/transaction, as well as engaging in direct dealings in Qualifying Cryptoassets if it is not otherwise restricted, sensitive or require permission.

### **Notes on post transaction disclosure:**

- You must disclose as soon as possible after dealing but in any event within 48 hours. You cannot disclose such transactions in advance.
- Post transaction disclosures should be emailed to the Ethics Officer via the CoI mailbox. The Ethics Officer will arrange for the notification to be retained for information and the information added to the portal for disclosure. You should set out the details of the transaction including whether it is a sale or purchase, of what (e.g. shares in X or bonds in Y) and whose name the transaction is in (yours or a close family member, where this is known).
- The email should also contain a post transaction certification in the following terms:

*'I confirm that I do not possess any unpublished price-sensitive, confidential or inside information about the company, securities or related investments that I am disclosing in this email. There is no other reason why it would be inappropriate for me, as a Non-Executive Director of the FCA, to deal in the way set out.'*
- The requirement does not apply to blind trusts (where you do not know what instruments your money is invested in), however, you must make advance disclosure of the existence of a blind trust.
- If you have investments in a portfolio where full discretion is given to the investment manager, you should make advance disclosure of the existence of this. No further declaration is needed where you have confirmed in your disclosure that you do not give direction as to the strategy followed by the investment manager
- If you hold investments in a portfolio where only partial discretion is given to the fund manager or where you occasionally or regularly give instructions as to broad investment strategy to the investment manager, you should make advance disclosure. In addition to the initial disclosure, you should make a post transaction disclosure every time you give instruction on specific investments or broad investment strategy to your investment manager in line with this chapter, which for these purposes includes discussions on broad strategy where no specific instructions are given

## **3 Public engagements, gifts and hospitality**

### **Public engagements and the media**

- 3.1 This section applies to public engagements not directly linked to other roles a NED has declared to the FCA *and* which do not have or could not be perceived to have *any* link to the role and reach of the FCA.
- 3.2 Public engagements (e.g. a speaking engagement, panel appearance, article or social media interaction) outside your position as an FCA NED – whether proactively approached or offered to you – require careful consideration of whether a conflict with your role as an FCA NED exists or could be perceived to exist. A conflict could easily arise as third parties could assume that you are speaking on behalf of the FCA and are privy to market sensitive information.

- 3.3 You should make a proactive self-assessment whether the proposed engagement is relevant to the work of the FCA. In cases where there is a direct link to the work of the FCA, NEDs should consider whether it is appropriate to accept the invitation and/or if your views could be interpreted as being given on behalf of the FCA. Any such engagement that is accepted should be disclosed to the Ethics Officer, via the CoI mailbox, with as much advanced notice as is practical.
- 3.4 In cases where it is unclear if the proposed engagement could cause a conflict, you should seek advice from the Ethics Officer. The Conflicts team will triage these requests and escalate as needed to the Director of Communications to agree if the engagement is within our risk tolerance.
- 3.5 Where there is no link, you can accept the invitation but in all cases it should be clear you are speaking on your own behalf and not that of the FCA. For example, an event focusing on leadership which is not focused on the specific work of the FCA.
- 3.6 There may be other occasions where NEDs are asked by the FCA to attend a public external engagement. In these circumstances, speaking lines and a briefing will be provided by the relevant press team, and do not need to be disclosed to the Ethics Officer.

### **Gifts and Hospitality**

- 3.7 The FCA need to operate in a way that is publicly defensible, so you must be cautious about accepting and giving gifts and hospitality that could give grounds for suggestions of undue influence. The policy includes guidance but does not attempt to cover every situation and must be interpreted by applying common sense to the particular circumstances of each case.
- 3.8 The policy applies only to gifts and hospitality offered to, or given by, you in your position as a NED. It does not apply to gifts or hospitality offered to, or given by you, on a personal basis that is unconnected with your role.
- 3.9 You must not seek or accept preferential rates or benefits in kind for private transactions carried out with companies with which you have, or may have, official dealings as a result of your NED position. (This does not apply to schemes negotiated for all employees e.g. discount schemes with local businesses.)
- 3.10 The policy requires you to record, and in the required circumstances, record, declare and surrender any gifts you receive or give in the course of your work as a NED.



### **Receiving Gifts**

If gifts are received the following applies:

- all gifts with a recommended retail price (RRP) of under £30 may be retained by you but **MUST** be recorded by the Ethics Officer unless they are of token value.
- monetary gifts (including redeemable vouchers) **MUST NOT** be accepted. If a monetary gift is received, you may ask for it to be donated to one or more of the official national charities and declare it.
- any gift received that has a RRP of £30 or more **MUST** be declared and surrendered to the Ethics Officer, or their nominee, who will make suitable arrangements for its use such as for charitable purposes or for its disposal.

### **Prizes**

There may be occasions when you enter, or are entered into, competitions at events you attend in your role as a NED. In some circumstances, if a prize is won, these may be indistinguishable from gifts and could be perceived as potential bribes. Accordingly, the policy when receiving gifts set out above will apply. In general:

- if you win a prize, and this is related to your position, the prize must be recorded with the Ethics Officer, unless it is of a token value. Those with a value of £30 or more must be surrendered if they are awarded by the organiser of the event, a supplier or prospective supplier (where known) to the FCA or PSR or by a regulated firm and if entry to the draw or competition is an automatic result of attendance at the event.
- If prizes are awarded in other circumstances, the Ethics Officer should be consulted for a decision on whether it would be appropriate for you to retain the prize. This will be a matter of judgement depending on the individual circumstances in each case, but relevant factors are likely to include the identity of the donor and whether there was any element of skill involved in winning the prize.

### **Receiving hospitality**

Interaction with regulated firms, professional advisers, and other interested parties, including suppliers or potential suppliers, is an important part of our work when representing the FCA. Hospitality may be offered by them as part of that interaction and would therefore be acceptable. It is important, however, that we can defend ourselves against any possible suggestions of undue influence and can reply to any requests under the Freedom of Information Act.

If hospitality is received the following applies:

- Accepting exclusive or expensive hospitality could easily be misinterpreted by the media or others. It is therefore not usually appropriate to accept such an invitation except, perhaps, where it would increase your effectiveness in discharging your role or otherwise significantly further the FCA's or PSR's interests. There is no comprehensive definition of what constitutes exclusive or expensive hospitality, but it would include invitations to major sporting or cultural events, particularly if only a small number of people have been invited to attend. The Ethics Officer may authorise acceptance of hospitality and which could be regarded as exclusive or expensive if, in their judgement and having considered all the relevant factors, they consider it appropriate.
- It will be for you to assess whether you are meeting someone in a personal capacity or not. You do not need to declare any personal invitations.

- When making overseas visits you may be offered hospitality that in normal circumstances would be viewed as exclusive or expensive. However, it may be appropriate to accept hospitality from the host that would need to be approved retrospectively by the Ethics Officer who will keep a record. Local customs may also favour the giving and/or receiving of gifts. If this situation is likely to arise you should take appropriate advice and agree in advance what would be acceptable with the Ethics Officer who will keep a record.
- If it has been agreed that you can accept an invitation to give a speech, then it is acceptable for a third party to meet some or all of the travel and/or accommodation costs. This applies whether or not you would normally be attending the event as a delegate anyway. You should declare all hospitality received by email within 48 hours with information on when the hospitality was received, the nature of the hospitality, who provided it and the estimated cost to the Ethics Officer.

### **Giving gifts and hospitality**

When giving gifts and hospitality to third parties, you should exercise caution (except 'token' gifts). However, if it is required, the following principles should be applied:

- the giving of gifts and hospitality must be pre-authorized by the Chair or the Ethics Officer and must be recorded by the Ethics Officer
- in determining whether the giving of a gift is appropriate, consideration should be given to the recipient, the value of the gift and the reason for it
- hospitality given should be within the boundaries of our travel and expenses policy

## Glossary

In this policy the words and expressions set out below have the following meanings:

**Close family:** Any close family members (i.e., spouse/partner, parents, siblings, children). Disclosure requirement only when known.

**Close personal relationship:** A relationship that is held socially outside of a professional environment. This would exclude acquaintances and people you connect with in a networking capacity.

**Dealing:** Includes purchases, sales, subscriptions, acceptance of takeover or other offers and all other acquisitions or disposals of securities and related investments, or any rights or interests in securities and related investments. Entering into any contract to secure a profit or avoid a loss by reference to fluctuations in securities' price; the acquisition, disposal, or exercise of any option or other right or obligation to acquire or dispose of securities or, in all cases, an irrevocable instruction to do so. Off-market dealings and transfers of securities as gifts are all examples of dealing.<sup>1</sup>

**Hospitality:** Invitations to attend an event (including sporting and cultural events), or other similar occasion with someone who works for or represents a Relevant Organisation, a professional adviser of a Relevant Organisation or an actual or potential supplier where you can reasonably be perceived to be representing the FCA.

**Relevant Organisations:** Those companies, or any company within the same group of companies, either seeking to be or currently listed, or otherwise publicly traded or seeking to be publicly traded in the UK and/or quoted and/or regulated in the UK as appropriate. This includes those subject to supervision, monitoring and/or enforcement work. Where a company is listed or otherwise publicly traded in more than one country, and one of those countries is the UK, regardless of which country the dealing takes place in, the company is still considered a Relevant Organisation and the provisions of this policy apply. It also includes companies regulated by PSR including those companies subject to directions, monitoring or enforcement work or any firm subject to an investigation under the Competition Act 1998. For the avoidance of doubt, hedge funds and private equity funds are Relevant Organisations. For the purposes of sections 2 and 4, Relevant Organisations will also include partnerships and unincorporated associations.

Where a company is listed or otherwise publicly traded in more than 1 country, and 1 of those countries is the UK, the company is still considered a Relevant Organisation. Relevant Organisations also include payment-systems operators (cards and interbank), payment-service providers, infrastructure providers and businesses that rely on these systems.

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<sup>1</sup> The transfer of shares as a gift to a spouse, civil partner or minor child does not constitute dealing.

**Qualifying Cryptoassets:** “cryptoasset” means any cryptographically secured digital representation of value or contractual rights that (a) can be transferred, stored or traded electronically, and (b) that uses technology supporting the recording or storage of data (which may include distributed ledger technology)

**Securities and related investments:** Includes shares (as well as individual company shares held in single company PEPS, ISAs or other wrappers), bonds, debentures and any other financial investments, including debt instruments, futures, options, and other financial derivatives. If you are in doubt about whether a financial or investment product is covered by the policy, please consult the Conflict of Interests team.

Dealing permission is not required for the following non sensitive investments but the relevant interests must still be declared as set out in section 2:

- collective investment schemes (such as unit trusts, OEICS and exchange traded funds), including any held in a general PEP, ISA or other wrapper
- life insurance products, including pensions

**Sensitive:** In addition to its traditional interpretation, regardless of if true, a sensitive firm also includes any firm or issue subject to media involvement linking the firm to the FCA or PSR, as well as a connection to a supplier or potential supplier of the FCA/PSR.