

# The Financial Conduct Authority

## Conflict of Interests Policy

January 2019

With effect from 1 January 2019 the Conflict of Interests Policy replaces and supersedes the Code of Conduct and therefore with effect from 1 January 2019 all previous references to the Code of Conduct in any FCA documentation (including but not limited to in any FCA policy, any guidance or in your contract of employment) shall be interpreted as references to the Conflict of Interests Policy.

### How to navigate this document onscreen



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# 1 Purpose

- 1.1** Our Conflict of Interests Policy exists to protect our employees, the Financial Conduct Authority (FCA), the Payment Systems Regulator (PSR) and the public. Our work must be carried out in an environment free from conflict or improper influence. We must be able to publicly defend the actions of those who work for us in relation to this Policy to prevent reputational damage. All of us must ensure that we are able to recognise any potential conflict of interests we have and that they do not affect, or appear to affect, a decision of ours.
- 1.2** Integrity is a principle of public life and is one of our core values. Our reputation for impartiality and independence is vital to our effectiveness and the public interest. We must be objective in our decision-making, and our personal interests should never influence our decisions at work.
- 1.3** This Policy is supported by procedures and guidance referenced throughout the Hub [www.myfcahub.org.uk](http://www.myfcahub.org.uk).

## Scope

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- 1.4** This Policy applies to employees of the FCA and the PSR.

### Principles

The principles of this Policy align to our values and are:

- Always act with honesty and integrity.
- Be open about the relationships and personal interests that could be seen as influencing your independent judgment.
- Always alert your manager to any actual or potential conflict of interests and agree with them how they should be managed. Declarations should be made **on appointment, as and when they arise** throughout the year, as well as during the **annual attestation process**.
- Do not seek a profit (or avoid a loss) for yourself or others by making personal use of information acquired during your duties.
- Ensure you do not leave yourself open to (or perceived to be open to) improper influence through the acceptance of gifts and hospitality, or otherwise.
- Exercise caution in managing your finances and do not undertake transactions that, by their nature or purpose, would be improper.



## Risks to be managed

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**1.5** The processes and controls associated with this Policy are designed to prevent:

- loss of public confidence that our decision-making is objective, impartial and independent
- employees failing to recognise, declare and manage any potential conflict of interests
- employees acting in a way that breaches this Policy

## Role and responsibilities

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### Ethics officer

**1.6** The ethics officer (company secretary), as the Policy owner, is responsible for:

- a.** setting organisational standards and expectations for managing conflict of interests
- b.** providing clear policies and processes and supporting their implementation
- c.** providing tools for the organisation (eg, training and awareness materials) to make compliance transparent and roles clear
- d.** providing support for all aspects of conflicts, including on appointment and change of role, at the time of annual declarations/attestations and on an ongoing basis
- e.** working with Internal Audit, as required, on any potential concerns about bribery under this Policy
- f.** monitoring the application of the Policy, including:
  - receiving reports on declared gifts and hospitality and requesting reports on gifts and hospitality to assure that employees are complying with the Policy
  - receiving copies of requests to deal in shares
  - reporting on declarations of interest and relevant attestations to local management, the Executive Committee, the Audit Committee and the PSR Senior Leader Team

## Employees

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**1.7** You must meet the requirements of this Policy and follow the underlying processes. You are required to:

- know, understand and comply with this Policy and ask questions if you need clarification or advice



- escalate any issues you consider appropriate to your manager or the ethics officer
- inform your manager immediately if your personal relationships, financial relationships or financial matters change, in case this gives rise to conflict of interests
- make full, timely and accurate disclosures throughout the year, as described in this Policy
- seek necessary permission for financial transactions
- confirm annually that you have read, understood and complied with this Policy

## Managers

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**1.8** As a manager, you must ensure the requirements of this Policy are being met by those reporting to you. You are required to:

- know and understand this Policy and speak to the ethics officer/Conflict of Interests team if you need clarification or advice, as well as escalate any issues you consider appropriate
- hold regular conversations with employees who report to you to discuss their personal relationships, financial relationships or financial matters in order to identify any potential conflict of interest
- ensure that employees who report to you know, understand and comply with this Policy

## Attestation

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**1.9** Every year, you are required to attest that you have read, understood and complied with this Policy. This is an opportunity to confirm that you are up to date with the disclosures made throughout the year.

## Compliance and breaches

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**1.10** We have an individual and shared responsibility to protect ourselves, our colleagues and the FCA/PSR by identifying and promptly reporting breaches of this Policy. If you are aware of breaches of this Policy, you must inform your manager or the ethics officer, making any declaration with full details as quickly as possible.

**1.11** You should report any conflict of interest to your manager or the ethics officer as soon as you become aware of it. You are required by your employment contract to comply with this Policy, and breaches may result in disciplinary action or dismissal.



## Exceptions to this Policy

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- 1.12** Compliance with this Policy is mandatory. If you feel compliance with this Policy is not possible, you should raise this issue with your manager and seek approval from the ethics officer.

## Record-keeping

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- 1.13** Any disclosure made under this Policy should be done via the Chrysalis system. Managers have access to their employees' disclosure records, and this information will be kept confidential but will be made available where there is:

- a requirement for disclosure for the purposes of managing a potential or actual conflict of interest
- a requirement for disclosure for the purposes of disciplinary proceedings
- any legal or regulatory obligation to disclose the information



## 2 Conflict of interests

- 2.1** A conflict of interests arises when your work could be affected by your personal financial matters or a close personal relationship. It could also arise if your work could be affected by a personal interest of your close family or any other close personal relationship with an individual. It becomes significant if any person, internally or externally, might reasonably believe there is a risk of your actions, or those of a personal associate, being inappropriately influenced.

Conflict of interests, or perceived conflict of interest, may arise in various ways, such as:

- g.** a direct or indirect financial interest
- h.** a direct or indirect financial interest held by a commercial undertaking you are connected to
- i.** a personal association or relationship with those affected, or likely to be affected, by the information or issue in question
- j.** an expectation of a future interest (eg, future employment)
- k.** a previous association with a person affected or likely to be affected by the information or issue in question
- l.** an interest arising from a common interest group, such as a trade association or other public or private society
- m.** accepting gifts and/or hospitality
- n.** a previous or current relationship with a contractor or potential contractor for the FCA or the PSR
- o.** an interest as described in (a)-(h) above of a close family member

- 2.2** This list is not exhaustive, nor will all the examples give rise to a conflict of interests or the perception of one. If you are unsure of whether a conflict has risen or may arise in future, please consult your manager or the ethics officer/Conflict of Interests team ([conflictofinterests@fca.org.uk](mailto:conflictofinterests@fca.org.uk)).



## Personal relationships

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- 2.3** You are required to disclose close personal relationships within the FCA/PSR which could create or be perceived to create a conflict of interests, influence or unfair advantage.

You must **declare** in Chrysalis and **notify** your manager of each of the following **close personal relationships**, and update any changes regarding:

- any close family member (spouse or partner, parent, sibling or child):
  - working in the FCA or the PSR
  - working in an FCA-regulated firm or a listed firm
  - 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
  - working in financial, economic or political journalism
  - working in a firm holding or tendering for a contract with the FCA or the PSR
  - holding a national elected public office (MPs, the Scottish Parliament, the London, Northern Ireland or Welsh Assemblies)
- any other close personal relationship with an individual, or an organisation, that could reasonably give rise to an actual or perceived conflict of interests in relation to:
  - a specific decision in which you are involved
  - your work more generally, given your role and that of the individual or organisation in question

Please contact the ethics officer/Conflict of Interests team ([conflictofinterests@fca.org.uk](mailto:conflictofinterests@fca.org.uk)) if you need guidance on whether a close family relationship or close personal relationship should be disclosed. If you cannot reasonably be expected to know the situation of a close family member or close personal relationship, the ethics officer may allow an exception to the disclosure requirement.





### **Discussions on prospective employment with FCA-/PSR-regulated firms or suppliers**

- 2.4** Actual or potential conflict of interests may arise when in discussion with a prospective new employer with whom we engage on work-related matters. Human Resources can help determine whether your line manager needs to be alerted to mitigate such risks.
- 2.5** You are encouraged to promptly make Human Resources aware of any active 2-way discussions about prospective employment that you are having with any organisation that is regulated by the FCA/PSR or that you have contact with as a supplier.
- 2.6** We will maintain the confidentiality of the information you provide, unless the nature of the conflict(s) identified makes disclosure to management unavoidable. That would be discussed fully with you in advance.

### **Personal financial matters**

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- 2.7** Your savings, investments and borrowings sometimes give you a personal interest in decisions. It is important to show that your personal decisions are not influenced by information that you know because of your work, which is often not in the public domain.
- 2.8** Insider dealing – ie, dealing on the basis of 'market-sensitive information' or disclosing it to someone else so they can benefit – is a criminal offence.
- 2.9** To preserve your integrity and protect yourself and us, you must disclose certain financial relationships. You must also seek prior approval for certain personal financial transactions and avoid some transactions altogether.
- 2.10** The financial relationship and personal financial transaction requirements apply to:
- your own financial relationships and transactions
  - any financial relationships or transactions 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



## Financial relationships

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**You must disclose** each of the following **financial relationships** in Chrysalis and update any changes:

- A direct holding of securities or related investments in an organisation such as a listed company, FCA-regulated firm or its financial holding company, payment-systems operator (cards and interbank) regulated by the PSR, payment service provider or central infrastructure provider to designated payment systems.
- 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 per firm). You do not need to declare the amount, but that the relationship exists.
- An investment or pension product with an FCA-regulated insurer whose return depends in part on the profits of the insurance company – eg, a ‘with-profits’ policy.
- A manager of an investment portfolio, including where full or partial discretion is given to the investment manager.
- The names of organisations with which you have any ongoing formal loan arrangements under which you have borrowed a capital sum of £5,000 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.
- Any dispute you have with a relevant organisation over the provision of products or services.
- Any other financial relationship if it could reasonably be considered a potential conflict of interests. This includes deferred remuneration arrangements.

If you are unsure about whether to disclose such a financial relationship, please seek guidance from your manager or the Conflict of Interests team.

## Personal financial transactions

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- 2.11** You are required to seek permission before entering into certain personal financial transactions (‘dealing’).
- 2.12** **You must not deal or begin the process of dealing before approval has been given.**
- 2.13** **You must obtain permission from your manager** via Chrysalis for:



- **Direct dealings in securities and related investments.** Once permission has been granted, you are free to deal, but you must do so within 2 working days, otherwise you must advise your manager that the transaction has not taken place and, if you still wish to proceed, you must re-apply for permission.
  - 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 is for the protection of both you and the FCA/PSR, 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, via Chrysalis, to sell (but not buy) securities or related investments when you would normally be prohibited from doing so. 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 both by your manager and, to ensure consistency, by the ethics officer.

## Personal portfolio managers and discretionary portfolios

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- 2.14** You do not need to obtain permission for personal financial transactions in investment assets that are managed by a personal portfolio manager who has full discretion over investment decisions.
- 2.15** Permission is also not required for dealing in collective investment schemes (such as unit trusts, OEICS and exchange-traded funds), including any held in a general PEP, ISA or other wrapper.
- 2.16** Although permission is not required for the above, you must disclose the relationship(s). For the purposes of disclosure under the Policy, your relationship is with the firm managing your investment rather than with a particular fund.
- 2.17** Under such arrangements, a balanced discretionary portfolio may contain some financial securities.
- 2.18** It is undesirable for you to personally manage an actively traded investment portfolio, notwithstanding the pre-approval process.

## Securities awarded through employee share schemes

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- 2.19** If you want to give instruction to sell securities to meet a tax charge incurred on the vesting of the same securities which have been awarded to you through an employee



share scheme, or as part of a remuneration package, you are required to seek approval to deal from the ethics officer before placing the instruction.

## Rights issues of relevant organisations that will affect a large number of employees

- 2.20** If a rights issue or similar corporate action by a relevant organisation is likely to affect a large number of employees, the ethics officer may issue an appropriate policy on the date on which employees will be able to subscribe to the rights issue. .
- 2.21** If a policy is not issued in relation to a rights issue of a relevant organisation, permission to deal should be sought in the usual way.

### Prohibited transactions

Certain kinds of transactions are never allowed. Please:

**Do not** purchase or actively manage marketable debt or equity interests (eg, shares) in any FCA regulated firms or their financial holding companies. If you join the FCA/PSR with holdings of such securities, you may be able to retain them, exercise rights arising from them or sell them, but you may not acquire more or actively manage them. You must declare your holdings as financial relationships. If you exercise your rights from your prior holdings or sell these securities, you should obtain permission for a personal financial transaction.

- **Do not** undertake speculative transactions (eg, transactions motivated by a desire to make quick profits).
- **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
  - placing a bet that equity X will go up or down in value

## Carrying out any other financial transaction which could be seen as sensitive

- 2.23** Your request should be discussed with your manager and considered by the ethics officer. If you are unsure about whether to seek permission for a personal financial transaction, please consult with the ethics officer/Conflicts of Interest team before seeking permission.



## 3 Procedure for disclosure of interests

### Onboarding

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- 3.1** Before joining the FCA and the PSR, new employees' personal and financial relationships (as outlined in paragraphs 19 and 28) are considered during the onboarding process. This also applies to existing roles a candidate may hold (such as directorships, relevant community or charity roles, other employment or relevant political activities).

### On appointment

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- 3.2** When you begin work with us, you must complete a Disclosure of Interests form using Chrysalis and declare details of:

- Personal relationships (as outlined in paragraph 19).
- Financial relationships (as outlined in paragraph 28). This includes the names of organisations with which you hold:
  - securities and/or related investments
  - savings with a single firm above the Financial Services Compensation Scheme's limits
  - pension products
  - investments with life-assurance content
  - mortgages
  - endowment policies
  - collective investment schemes
  - holdings in investment portfolios (including where full or partial discretion is given to the investment manager)
  - interests in hedge funds and private equity funds

- 3.3** Any post, other employment or fiduciary positions that you hold, or have held in the past 5 years, with a relevant organisation or an organisation that, to your knowledge, has a contractual relationship with the FCA/PSR.

- 3.4** Any of the above interests of your close family or any other close personal relationship, to the extent to which you are aware of the interest(s).



## Ongoing obligations

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- 3.5** You must immediately update your declaration through Chrysalis, and notify your manager, following any changes in the information disclosed under paragraph 44. If your manager changes, you should inform your new manager of the interest(s) you have disclosed. If your role changes, you should discuss your declaration and interests with your manager (whether or not your manager has changed).
- 3.6** In addition to the disclosures under paragraph 44, you must immediately declare to your manager, and others as appropriate, any potential conflict of interest that arises over the course of your work – eg, at meetings or during discussions. The outcomes of these decisions should be saved in Chrysalis. A general disclosure of interests under the provisions of this Policy is **not** a substitute for this.
- 3.7** If you are unsure about any aspect of this Policy and how it applies, please seek guidance from your manager or the ethics officer/Conflict of Interests team before making a declaration.

## 4 Accepting gifts and hospitality

- 4.1** While working for us, you may develop contacts with external parties. It is important for our employees to know the industries and stakeholders with which we interact, so we encourage networking to improve stakeholder relations. This may involve the giving and receiving of hospitality, and occasionally, we may be offered gifts.
- 4.2** As a public body, we must observe high standards of ethical behaviour. When following the rules, common sense needs to apply about whether gifts or hospitality should be accepted. We should also consider the accumulative effects of gifts and hospitality on individuals or areas. If acceptance of gifts and hospitality were challenged, it would be necessary to show that acceptance was lawful, appropriate and consistent with our rules and that personal judgment or integrity had not been compromised.
- 4.3** UK legislation on bribery applies to all employees. Under the Bribery Act 2010, it is an offence for any of our employees to offer, promise or give a bribe to another person, or to request, agree to receive or accept a bribe from another person, and individuals may be subject to prosecution.

### Receiving gifts

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- 4.4** The presentation of gifts should be discouraged where possible. However, where refusal would cause offence or embarrassment, the following rules apply:
- 4.5** All gifts with a recommended retail price (RRP) of under £30 may be retained by you, but they must be recorded in Chrysalis.
- 4.6** Monetary gifts (including redeemable vouchers) **must not** be accepted. If a monetary gift is received, you may ask for it to be donated to a charity of your choice or an FCA-chosen charity. Vouchers must be surrendered to the Code of Conduct team.
- 4.7** Any gift received that has an RRP of £30 or more must be recorded in Chrysalis and surrendered to the Conflict of Interests team.
- 4.8** Table A sets out our position on recording, declaring and surrendering gifts.

**Table A**

Value of gift	Record in Chrysalis	Surrender
Token value	No	No
RRP less than £30	Yes	No
RRP more than £30	Yes	Yes
Monetary gifts/ vouchers	Yes	Yes



- 4.9** It is not our policy to charge a fee for providing a speaker at a dinner or conference, and if you are invited to speak, it should be made clear that no payment is expected or required. The principles in paragraph 51 apply to all gifts you may receive when giving a speech on our behalf. The principles in paragraphs 51, 60 and 61 apply to hospitality you may receive as a speaker.

## Prizes

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- 4.10** There may be occasions when you enter, or are entered into, competitions either by virtue of your employment at the FCA/PSR or at events which you attend as an FCA employee. In some circumstances, if a prize is won, this may be indistinguishable from a gift and could be perceived as a bribe. The gifts policy stated above applies to this.
- 4.11** In general, if you win a prize and it's related to your work at the FCA, the prize must be recorded in Chrysalis. Prizes with an RRP of £30 or more must be recorded and surrendered if they are awarded by:
- the organiser of an event you attend in relation to your employment (and if entry into the draw or competition is an automatic result of attendance)
  - a supplier or prospective supplier to the FCA/PSR
  - a regulated firm
  - a payment-systems operator (cards and interbank), payment-service provider or infrastructure provider
- 4.12** If prizes are awarded in other circumstances, the ethics officer should be consulted on whether it would be appropriate for you to retain the prize. This will be a matter of judgment depending on the circumstances in each case, but relevant factors are likely to include the identity of the donor and whether there was any skill involved in winning the prize.

## Receiving hospitality

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- 4.13** Interaction with regulated firms, professional advisers and other organisations, including suppliers or potential suppliers, is an important part of the FCA's/PSR's work. Offers of hospitality may be accepted or made where they are necessary to develop relationships and maintain outside contacts relevant to work. However, if a hospitality offer is excessively expensive or exclusive, there is an increased risk that it will put you or the FCA /PSR into disrepute, and it must be approved by your director before you accept. It is important that the FCA/PSR can defend itself against any possible suggestions of undue influence or inappropriate behaviour.
- 4.14** Table B provides guidance on what is permissible and whether it is recordable, but it does not cover every situation, so you must apply common sense to each case.





**Table B**

Type of hospitality	Venue	Permissible (assuming not exclusive or expensive)	Record in Chrysalis – including details of hospitality received and organisation
Working breakfast or lunch	FCA/PSR premises or any third party's office	Yes	No
Working breakfast or lunch	Restaurant or other venue away from office premises	Yes	Yes
Drinks reception or similar networking opportunity	Any venue at or away from office premises	Yes	Yes
An evening meal	Any venue at or away from office premises	Yes	Yes

**4.15** There is no complete definition of what constitutes excessive, exclusive or expensive hospitality. It would include offers that are disproportionately lavish (such as invitations to expensive or exclusive cultural or sporting events) and over-frequent invitations from a supplier to individuals or teams at the FCA/PSR. Accepting exclusive or expensive hospitality could easily be misinterpreted by the press or others. Directors (and in the case of directors, their line managers) may authorise acceptance of hospitality not covered in Table B and which could be regarded as exclusive or expensive if, in their judgement they consider it appropriate.

**4.16** While making overseas visits, you may be offered hospitality that would be viewed as exclusive or expensive under normal circumstances. However, it may be appropriate to accept hospitality where refusal would cause offence or embarrassment. Such hospitality should be approved retrospectively by your manager and recorded in Chrysalis. Similarly, local customs may favour the giving and/or receiving of gifts. If this situation is likely, you should take appropriate advice, agree in advance what would be acceptable with your manager and record it in Chrysalis.

**4.17** 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. The position on hospitality is detailed in Table B.



## Giving gifts and hospitality

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

- gift-giving and hospitality must be authorised in advance by the relevant divisional director and must be recorded in Chrysalis
- in determining whether gift-giving is appropriate, the recipient, the value of the gift and the reason for it should be considered
- hospitality given should comply with the travel and expenses policy



## 5 Bribery

- 5.1** **Bribery** is defined as offering, promising, giving or accepting any financial or other advantage to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for acting improperly or where the recipient would act improperly by accepting the advantage.
- 5.2** An **advantage** can include money, gifts, loans, fees, hospitality, entertainment, expenses, services, discounts, the award of a contract or anything else of value, including a favourable regulatory decision and/or any decision relating to any potential or actual investigation.
- 5.3** **Corruption** is the abuse of entrusted power or position for private gain.
- 5.4** Bribery is a criminal offence. Individuals found guilty can be punished by up to 10 years' imprisonment and/or a fine. If we fail to prevent bribery as an employer, we can face significant damage to our reputation.
- 5.5** We do not tolerate any form of bribery or corruption, and we will uphold all laws relevant to countering bribery and corruption.
- 5.6** All reported incidents of actual or suspected bribery or corruption will be promptly and thoroughly investigated and dealt with accordingly.

### You must never:

- give, promise to give or offer any payment, gift, hospitality or other benefit in expectation that an advantage will be received in return
- accept any offer from a third party that you know or suspect was made with the expectation that we will provide an advantage for them or anyone else
- do anything, directly or indirectly, which may suggest to a third party that they could receive an advantage in return for an offer of any payment, gift, hospitality or other benefit
- give or accept a gift or hospitality during any commercial negotiations or tender process if this could be perceived as intended or likely to influence the outcome
- give or offer any payment (sometimes called a 'facilitation payment') to a government official, regulator, law enforcement agency or other authority in any country to facilitate or speed up a routine or necessary procedure, including, but not limited to, the processing of visas, the provision of information and cooperation in any potential or actual investigation or proceedings

- 5.7** Preventing, detecting and reporting bribery and other forms of corruption is the responsibility of all those working for the FCA and the PSR.



- 5.8** If you are offered a bribe, or asked to make one, or if you suspect that any bribery or corruption has occurred or may occur, you must notify your manager immediately. If this would be difficult for any reason – for example, if you are concerned that your manager is involved – you should raise your concern with the Director of Internal Audit in accordance with the Whistleblowing Policy. Additionally, all concerns relating to bribery and/or corruption must be reported to the ethics officer.
- 5.9** If you are unsure about whether a particular act constitutes bribery or corruption, you should consult with the ethics officer or the director of internal audit.
- 5.10** We aim to encourage openness and will support anyone who raises genuine concern in good faith, even if they turn out to be mistaken. It is essential that all employees are able to report their concerns promptly and without fear of reprisal or victimisation and are aware of the means to do so. The FCA's Whistleblowing Policy underlines our commitment and support for those who raise concerns.



## Annex 1 Definitions

1. The meanings of the words and expressions used in this Policy are set out below.
2. **Close family:** Any close family members (ie, spouse/partner, parents, siblings, children).
3. **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' prices; 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 examples of dealing.
4. **Employees (permanent or temporary):** Includes executive members of the Board, advisers and FCA employees seconded to other organisations.
5. **Ethics Officer:** The Company Secretary of the FCA and the PSR, or another such person with responsibility for administering and interpreting the Conflict of Interests Policy.
6. **Hospitality:** Invitations to attend an event (including sporting and cultural events), meal or other similar occasion where you can reasonably be perceived to be representing the FCA or the PSR.
7. **Manager:** Includes managers of employees.
8. **Relevant organisation:** A company, or any company within the same group of companies, that:
  - is, or is seeking to be, listed on the London Stock Exchange or is otherwise publicly traded and/or quoted in the UK
  - is regulated in the UK by the FCA, including those companies subject to supervision, monitoring and/or enforcement work
  - is regulated by the PSR, including those companies subject to directions, monitoring or enforcement work
  - any other firm subject to an investigation by the FCA or the PSR under the Competition Act 1998
9. 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.



- 10.** Securities and related investments: Shares (including 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.



## Annex 2

# What do I need to report, disclose and seek approval for?

### **In Chrysalis, I must disclose and keep up to date my list of:**

Personal relationships	Page 8	Chapter 2
Financial relationships	Page 10	Chapter 2

### **I must gain approval before:**

Personal relationships	Page 8	Chapter 2
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### **If I am offered hospitality or gifts:**

I should consult with my manager if I am in doubt about what I can accept	Page 15	Chapter 4
I must report any hospitality or gifts received via Chrysalis	Page 15	Chapter 4

### **Bribery:**

I think I have been offered a bribe	Page 19	Chapter 5
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### **If I have a question about this Policy, I should:**

Speak to my manager, the Ethics Officer or a member of the Conflict of Interests team.

Ethics Officer – [conflictofinterests@fca.org.uk](mailto:conflictofinterests@fca.org.uk)

Conflicts of Interest team – [conflictofinterests@fca.org.uk](mailto:conflictofinterests@fca.org.uk)



## Remember:

	Employees	Managers
<b>Declaration of interests</b>	<ul style="list-style-type: none"> <li>• Discuss any interests and potential conflicts with your manager and agree on a way to handle them.</li> <li>• Declare your financial positions and relationships in Chrysalis (and those of your close family and associates, if you are aware).</li> <li>• Declare any conflicts that arise during the course of your work (eg, at a meeting or during discussions).</li> <li>• Update your financial-position and relationship declarations in Chrysalis as things change, and attest that you have reviewed them annually.</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss interests or conflicts with new starters (including internal hires) on your team; encourage your employees to tell you about any emerging conflicts.</li> <li>• Take appropriate action to manage conflicts where necessary. This could be by declaration alone, exclusion from discussions or decisions or removing the individual from the role/project, depending on the significance of the conflict.</li> <li>• Speak to the ethics officer for help and document any action you take.</li> </ul>
<b>Personal dealing</b>	<ul style="list-style-type: none"> <li>• Obtain approval from your manager before you buy or sell securities and related investments.</li> <li>• Remember that you are prohibited from dealing in contracts for differences (CFDs) in UK company securities, UK indices/sectors or the UK equity market as a whole.</li> <li>• Attest that you have complied with the requirements annually.</li> </ul>	<ul style="list-style-type: none"> <li>• You should talk to the individual about their request and consider if there are exceptional circumstances for dealing. Seek clarity on employees' familiarity with their dealing instruments – whether it is consistent with previous patterns of dealing and their motivation for dealing.</li> <li>• You should speak to the Conflict of Interests team to ensure consistency or for help.</li> <li>• Other requests to deal should be considered in the context of the work carried out by your team and the information to which employees have access.</li> <li>• When you receive a dealing request, if you take no action within 2 days, the request will be escalated to your manager.</li> </ul>





<p><b>Gifts and hospitality</b></p>	<ul style="list-style-type: none"><li>• Record all gifts (except 'token' gifts) and hospitality given or received in Chrysalis.</li><li>• Declare and surrender gifts with a retail value over £30 to the ethics officer.</li><li>• Seek approval from your director before accepting expensive or exclusive hospitality.</li><li>• Seek approval from your manager before giving gifts and hospitality and record in Chrysalis.</li><li>• Attest annually that you have complied with the Bribery Act 2010.</li></ul>	<ul style="list-style-type: none"><li>• Remind employees to speak to you about gifts or hospitality they receive.</li><li>• Ensure that employees are aware of the policy and that they must seek pre-approval from their director for acceptance of expensive or exclusive hospitality.</li></ul>
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## Annex 3 – Legislation

### Market Abuse and insider dealing – an outline

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1. The market abuse regime was introduced in December 2001, and has since been updated to take account of EU legislation, the Market Abuse Regulation (Regulation No. 596/2014), which began to apply on 3 July 2016. The main provisions of the regime are set out in the Market Abuse Regulation itself, alongside its implementing legislation. The Financial Services and Markets Act 2000 (FSMA) has been amended to accommodate the new regime, for example to give the FCA the requisite powers to supervise and enforce the Regulation. The FCA has also set out guidance in the FCA Handbook on the new market abuse regime.
2. Certain of the types of market abuse defined in the Market Abuse Regulation involve the misuse of information where that information is relevant and not generally available. One factor to be considered when assessing whether behaviour amounts to market abuse is whether the person concerned has acted in accordance with the standards expected of them given their position in relation to the market. FCA staff are expected to observe the highest standards in relation to their personal dealings. The market abuse regime is a civil regime and, in cases where market abuse has occurred, the FCA can impose a financial penalty, as well as taking other action such as seeking an injunction to freeze a person's assets, or making a public statement.
3. Below is a link to MAR 1 in the FCA Handbook, which includes some interpretative guidance on these offences:
4. <https://www.handbook.fca.org.uk/handbook/MAR/1/1.html>
5. The UK also has a criminal insider dealing regime, which is set out in the Criminal Justice Act 1993 (the CJA). This makes it a criminal offence for an individual who has information as an insider to either deal in securities on a regulated market, to encourage another person to deal on a regulated market, or to disclose inside information. Regulated markets include, for example, all major European stock exchanges such as, but not limited to, the London Stock Exchange and NYSE Euronext. When trading through a professional intermediary, the CJA extends to transactions on markets other than regulated markets. The FCA may decide, in concluding investigations into a potential misuse of information or an insider dealing case, that the behaviour is sufficiently serious to justify a criminal prosecution. An offence under the CJA is punishable by up to seven years imprisonment or a fine, or both.
6. Part 7 of the Financial Services Act 2012 also contains other criminal offences, such as the offences of making misleading statements and misleading impressions. These are punishable by up to seven years imprisonment or a fine.



## Bribery and corruption – an outline

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- 7.** The Bribery Act 2010 (the Act) has consolidated previous UK legislation relating to bribery and introduces four new offences which are relevant to employees accepting and giving gifts and hospitality. These new offences are set out below:
- 8.** making a bribe – the promise or giving of an advantage with the intention of
- 9.** inducing or rewarding the improper performance of a relevant function or activity
- 10.** accepting a bribe – the receipt or acceptance of an advantage for the improper performance of a relevant function or activity
- 11.** bribery of a foreign public official where the intention is to influence an individual in their official capacity in order to win or retain business
- 12.** failing to prevent bribery – a strict liability corporate offence where a commercial organisation fails to prevent bribery by those performing services on its behalf
- 13.** Since the introduction of the Act, industry and public focus has centred on its application to gifts and hospitality. Sensible, reasonable hospitality, gifts or promotional expenses (and business trips) which, in their broader context, are not aimed at influencing performance and decision making, will remain outside the scope of the Act and should not attract prosecution. Only where the payment, gift or hospitality is extraordinary or lavish, or has the ability to influence or reward improper performance by the recipient, will the payment be scrutinised under the Act.
- 14.** It is clear that those working in regulation and procurement are possible targets for bribery. Therefore employees should be cautious about accepting or giving any gifts or hospitality.
- 15.** The Act makes offering or accepting bribes illegal. To comply with the Act the FCA is required to implement a policy which reflects the Act's terms. It is the responsibility of each employee to understand and comply with the policy. In addition bribery has been added to the list of wrongdoings that qualify for protection under the Public Interest Disclosure Act 1998. This is reflected in the FCA Whistleblowing Policy and the acceptance or the offering of a bribe can be found in the list of examples of gross misconduct.

