

**Code of Conduct and Ethics**

**for**

**Members of the Central Bank Commission**

**27 February 2019**

## Code of Conduct and Ethics for Members of the Central Bank Commission

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## 1. Introduction and Objectives

The Central Bank Commission (the “Commission”) has adopted this Code<sup>1</sup> to apply to the members of the Central Bank Commission (the “Members”). It defines high standards of ethical conduct and underlines the Commission’s commitment to these standards. The Code was adopted at the Commission meeting of 27 February 2019.

The objectives of the Code are:

- to set out standards of ethical conduct;
- to promote confidence and trust in the Commission; and
- to prevent the development or acceptance of unethical practices.

The Code has been prepared to assist Members in understanding their duties, rights and obligations in carrying out their functions. While it is not possible for the Code to cover every possible scenario, Members are expected to ensure that all activities relating to their function on the Commission are, at all times, governed by the highest of ethical standards, including those reflected in this Code.

Members are expected to read and sign the Code to indicate their understanding and acceptance of its provisions.

If there is any doubt as to the application of any of the provisions of the Code (including the statutory provisions referred to therein), or if further guidance is needed, Members should consult the Secretary of the Bank or the Bank’s Ethics Officer.

The Secretary of the Commission should report to the Governor, as Chairperson of the Commission, on all Commission governance matters and should assist the Chairperson in ensuring relevant information is made available to the Commission and its committees.

The Secretary of the Commission is responsible for advising the Commission, through the Chairperson, on all governance matters. The Commission should have a list of statutory obligations and regulations that are required to be complied with and the execution of which depends on the Secretary of the Commission.

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<sup>1</sup> This Code is an update of the Code of Conduct that was adopted by the Commission in October 2017. This update is to ensure the Code reflects current good practice, and is consistent where appropriate with the Staff Code of Ethics, and ECB Ethics Guidelines (ECB/2015/11 and ECB 2015/12) which lay down the principles for a harmonised Ethics Framework for the Eurosystem and the Single Supervisory Mechanism.

If a Member finds evidence that there is non-compliance with any statutory obligations that apply to the State Body, he/she should immediately bring this to the attention of their fellow Members with a view to having the matter rectified. Alternatively, the Confidential Disclosures (Whistleblowing) Policy<sup>2</sup> outlines a confidential process for Members to raise concerns.

This Code is effective from 1 March 2019.

## **2. Collective Responsibility**

Members must observe and uphold the collective responsibility of the Commission and/or respective sub-committee(s) of which they are a member. The collective responsibility and authority of Members should be safeguarded. All Members should be afforded the opportunity to fully contribute to Commission deliberations, and where necessary to provide constructive challenge, while excessive influence on Commission decision-making by one or more individual Members should be guarded against.

## **3. General Conduct**

Members are required to discharge their duties and responsibilities with the highest standards of integrity.

Members should always be guided in their actions by the provisions of the Central Bank Act 1942 (the 1942 Act), the Central Bank Reform Act 2010, other relevant legislation, the terms of reference of the Central Bank Commission, the Code of Practice for the Governance of State Bodies 2016, and the Terms of Reference of Commission sub-committees. Members have responsibility to act lawfully, faithfully, competently, honestly and responsibly and in the best interests of the Bank. Members also have responsibility to act in the public interest.

Members should commit to the Bank's compliance with employment equality and equal status legislation and to the promotion and preservation of health and safety of Bank employees. The

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<sup>2</sup> The Confidential Disclosures Policy is contained in the Handbook for Commission Members.

Bank does not tolerate any form of staff bullying, intimidation or harassment. Members are required to comply with the principles set out in the Dignity at Work Policy<sup>3</sup>.

Members should, at all times, exercise due care, skill, prudence and diligence and act in the utmost good faith in discharging their functions.

Members are expected to attend all Commission and relevant sub-committee meetings.

#### **4. Obligations**

Commission and sub-committee members must at all times exercise due care, skill, prudence and diligence and act in utmost good faith in discharging their functions. In this regard, Members should take reasonable steps to ensure that:

- all regulatory and statutory obligations imposed on the Bank are fulfilled;
- all applicable tendering and purchasing procedures are complied with;
- there are adequate controls in place to prevent fraud; and
- the Bank's accounts/reports accurately reflect its performance and are not misleading or designed to be misleading.

#### **5. Confidentiality**

Members have a duty of confidentiality regarding the work they do and the information they handle and retain. This duty of confidentiality seeks to prevent the unauthorised disclosure and misuse of confidential information in all its forms and to protect personal data held by the Bank. In general terms, misuse entails deliberately exploiting confidential Bank information for a Member or a Member's associate's personal use, or advising others, based on such information.

Members are required to ensure that all confidential information pertaining to the Bank, its functions and operations, is treated with absolute confidentiality. Members should also be aware of their own obligations and those of the Bank under all data protection law including the Data Protection Acts 1988 and 2003, Data Protection Act 2018, General Data Protection Regulation (GDPR) and under section 33AK of the 1942 Act.

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<sup>3</sup> The Dignity at Work Policy is contained in the Handbook for Commission Members.

To prevent accidental disclosure, Members are always expected to keep and transfer confidential documents in a safe manner and not to discuss confidential matters in places where they may be overheard. The requirement to preserve the confidentiality of the all information (either received by or generated in the Bank continues indefinitely after a Member's term on the Commission ends. Members must return to the Bank, on termination of their role, any property of the Bank, which they may have in their control or possession.

Should former Members require access to Commission papers for the period for which they were Members of the Commission, the Secretary of the Bank can facilitate this.

## **6. Conflicts of Interests and Disclosure of Interests**

The Bank aims to safeguard its impartiality at all times by actively avoiding conflicts of interest. Members should be viewed at all times to be beyond reproach in the area of actual, potential or perceived conflict of interest situations. Members must never use, or attempt to use, their position in the Bank to obtain any improper benefit for themselves, their family, or others connected to them, and must always seek to avoid not only actual, but also potential or perceived conflicts.

In addition to the statutory obligations of Members summarised below, this Code also sets out certain additional obligations (marked below with an asterisk).

In summary, these obligations are set out as follows:

- a) On appointment to the Commission, and thereafter on an annual basis, a Member should furnish to the Secretary written notice of all his or her business interests including, but not limited to, his or her employment, shareholdings (the total amount not quantified, but above €13,000 in value or more than 5% of the issued share capital of a company), professional relationships, etc.;
- b) Any changes in such interests of which a Member becomes aware during the course of the year which could give rise to a conflict of interest, or which could materially influence him or her in relation to his or her functions as a Member should be disclosed to the Secretary as soon as possible;

- c) If applicable, Members should provide annual statements of interest<sup>4</sup> to the Standards in Public Office Commission and the Governor of the Bank via the Secretary in accordance with the Ethics in Public Office Act, 1995. The statement of interests should provide information for the preceding calendar year or relevant part thereof;
- d) In accordance with the 1942 Act<sup>5</sup>, Members should disclose in writing to a meeting of the Commission details relating to any direct or indirect pecuniary interests of his or hers relating to any matter being considered or about to be considered at a meeting of the Commission, where such interest could give rise to a conflict with the proper performance of a Member's duties in relation to the consideration of that matter. Such disclosure includes, but is not limited to, directorships or partnerships in a specified company or body; partnerships, or employment by, a specified person; other interests relating to a specified company or other body, or to a specified person.<sup>6</sup>

Once such a disclosure has been made, the Member may not be present during any deliberation of the Commission with respect to that matter, or take part in any decision of the Commission with respect to the matter, unless the Commission otherwise determines in the absence of the Member concerned.<sup>7</sup> A disclosure is not required merely because a Member is a contributor to a retirement benefits scheme. Nor would a disclosure normally be required in relation to a Member's non-preferential banking relationships, insurance or managed investment funds scheme in respect of which the Member has no operational involvement. The Secretary shall make and keep a record of particulars of such disclosures and, subject to section 33AK of the 1942 Act, shall make that record available for inspection by any person who seeks them. The register will be updated as and when any such interests are disclosed;

- e) Members are also expected to declare at the start of each Commission meeting any interests they may have in any items on that meeting's agenda that could give rise to any actual, potential or perceived conflict of interest; \*
- f) Where a matter relating to the interests of the Chairperson arises, the other Members attending the meeting shall choose one of the Members present at the meeting to chair

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<sup>4</sup> Section 17 of the Ethics in Public Office Act 1995.

<sup>5</sup> Section 32 of the Central Bank Act 1942, which provides that Schedule 1 of that Act has effect with respect to meetings and procedure of the Commission.

<sup>6</sup> Section 32 of the Central Bank Act 1942, which provides that Schedule 1 of that Act has effect with respect to meetings and procedure of the Commission.

<sup>7</sup> Section 32 of the Central Bank Act 1942, which provides that Schedule 1 of that Act has effect with respect to meetings and procedure of the Commission.

the meeting. The Chairperson should absent himself/herself when the Commission is deliberating or deciding on a matter which the Chairperson or his/her connected person has an interest;\*and

- g) As it is recognised that the interests of a Member and persons connected with him/her can change at short notice, a Member should, in cases where he/she receives documents relating to his/her interests or of those connected with him/her, return the documents to the Secretary at the earliest opportunity.\*

## **7. Report wrongdoing**

The Bank is committed to encouraging and protecting Members who raise concerns about breaches of this Code. All Members have an obligation to report suspected or confirmed wrongdoing whether these have already occurred, continue to occur, or may occur in the future. The Confidential Disclosures ('Whistleblowing') Policy outlines a confidential process for Members to raise concerns.

## **8. Gifts and Business Hospitality**

In the normal course of their external dealings, Members may interact with stakeholders of the Bank. However, Members should avoid any situation that would result in a conflict of interest or the appearance of a conflict in connection to their membership of the Commission, particularly in the context of the receipt of gifts or business hospitality.

Members should not accept, seek or solicit hospitality or gifts from any person or organisation that:

- Engages or is seeking to engage in business activities with the Bank; and
- Is regulated or is seeking to be regulated by the Bank.

In order to assist Members and staff manage this issue, the Bank has implemented a specific Policy on Receipt of Business Hospitality and Gifts (the Policy) (Policy appended).<sup>8</sup>

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<sup>8</sup> The Business Gifts and Hospitality Policy is contained in the Handbook for Commission Members.



Members who are offered gifts or hospitality should review the Policy or consult with the Secretary or the Bank's Ethics Officer with regard to the reporting and handling of the hospitality or gift.

In addition, Members shall be confident that any award, honour or decoration bestowed upon them is compatible with their role as Members of the Commission and does not compromise their independence or raise conflict of interest concerns. Members who are offered awards, decorations or honours are encouraged to consult with the Secretary before accepting such items.

## **9. Personal Financial Transactions**

Members are subject to restrictions on their personal transactions involving certain shares and other financial instruments.

(a) Members may have access from time to time to 'inside' or confidential information regarding financial instruments and the issuers of such instruments. Members should be aware of the obligations, which apply to persons who are in possession of inside information under Irish market abuse law,<sup>9</sup> and which may give rise to criminal sanction.

(b) In addition to complying with all obligations arising under Irish market abuse law, Members should not engage in personal account dealing which might adversely affect the business or reputation of the Bank, or which might result in a conflict or perceived conflict of interest. In that respect, Members are expected to follow the same rules that apply to staff of the Bank and which are contained in the Staff Trading Rules.<sup>10</sup> Members should be aware that the scope of the Staff Trading Rules extends beyond trading in financial instruments to cover other financial transactions (as outlined in Section 2 of the Staff Trading Rules (Staff Trading Rules appended)). Members are also reminded that the Staff Trading Rules are in addition to any obligations they may have concerning the use of insider information under market abuse legislation<sup>11</sup>.

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<sup>9</sup> As defined under section 1365(1) of the Companies Act 2014.

<sup>10</sup> The Staff Trading Rules are contained in the Handbook for Members.

<sup>11</sup> The Market Abuse Regulation (EU 596/2014 - 'MAR') and the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU or 'CSMAD') became applicable in Ireland and across the European Union on 3 July 2016. MAR and CSMAD were implemented in Ireland by the European Union (Market Abuse) Regulations 2016 (S.I. No. 349 of 2016)

Members should make the disclosures required under Section 6 of the Staff Trading Rules to the Secretary (rather than to the Bank's Compliance Officer) and the Secretary will decide whether or not to grant the authorisation to trade required under Section 6. The Secretary may, where appropriate to do so, consult with the Bank's Staff Trading Rules Compliance Officer.

From time to time, due to specific matters being discussed by, or specific information being disseminated to Members, the Secretary may explicitly advise Members not to trade for a particular period, where there is a heightened risk that potential conflicts of interest or reputational damage to the Bank may arise from such trading.

#### **10. Disposal of Assets to Members, Employees or their Families**

Disposal of assets to Members, employees or their families or connected persons should, as with all disposals, be at a fair market-related price. Where the Commission is considering a proposal for any such disposal, the Member connected to the potential purchase will absent himself or herself from the Commission deliberations on the issue. A record of all such disposals to such persons (to include details of the asset disposed of, price paid and name of buyer) will be noted in a register kept for this purpose (minor disposals below €5,000 may be omitted from the register). This register will be available for inspection, if requested, by the Commission or by any Member. The Commission may specify that any disposal above the approved threshold should be formally endorsed by the Commission who may impose specific restrictions with regard to any such disposal.

#### **11. Taking up of External Appointments**

Members should give due consideration before taking up any position or role as to whether it might give rise to a conflict of interest in respect of their membership of the Commission. The Secretary should be consulted if a serving Member wishes to take up a role which may give rise to such a conflict of interest, or impact on the reputation of the Bank. In line with the provisions of the "One Person One Salary" guidance issued by the Government, the Bank recommends that Members should not hold more than two State Board memberships, at the same time.

Members should also be aware that as a result of the application of a revised Government Policy in 2011 concerning 'One Person One Salary' principle, public servants who sit on State Boards in an ex officio capacity or on behalf of their parent department/organisation or who may be

nominated to such board positions independently of their public service employment should not be paid remuneration in the form of board fees when serving in such a representational capacity.

Former members should give consideration before taking up any position or role as to whether a sufficient amount of time has elapsed as to remove any perception of a conflict of interest, or impact on the reputation of the Bank.

## **12. Public Engagement**

Members may speak publicly, or publish items, in a personal (or other non-Commission) capacity on matters other than those relating to the Bank and its functions. If doing so, a Member should make clear that they do so in that particular (personal or other non-Commission) capacity and take care to avoid any adverse consequences or perceptions of the Commission or the Bank arising from any such public engagements.

In addition, Members should only engage in public debate on politics in a personal capacity and in such a manner that does not purport to represent the views of the Bank<sup>12</sup>.

## **13. Compliance and Monitoring**

This Code will be reviewed at a minimum, on an annual basis, and, where necessary, updated. In order to ensure on-going adherence to the Code, each Member is required to confirm on an annual basis that they are familiar with the contents of the Code, understand their obligations under the Code and that they comply with them. In the event of doubt, Members should seek advice from the Secretary or the Bank's Ethics Officer.

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<sup>12</sup> Further to the provisions of the Central Bank Act 1942, a person is not eligible for appointment to the Commission if he or she is a member of either House of the Oireachtas or is nominated as a candidate for election as such a member or is a member or is nominated as a member of, Seanad Éireann, the European Parliament, or a local authority.

#### **14. Confirmation**

I hereby confirm that I am familiar with the contents of this Code and I understand and comply with my obligations under same.

Signed by relevant Members

## List of Policies referenced in this document

- Staff Code of Ethics
- Confidential Disclosures
- The Business Gifts and Hospitality Policy
- Dignity at Work Policy