Code of Ethics

for

Members of the Central Bank Commission

1 June 2016
Code of Ethics for Members of the Central Bank Commission

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1. Introduction

The Central Bank Commission (Commission) has adopted this Code\(^1\) to apply to the members of the Central Bank Commission (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 May 2016 to apply from 1 June 2016. It will be reviewed on an annual basis and updated as required.

The objectives of the Code are:

- to set out standards of ethical conduct; and,
- to promote confidence and trust in the Commission.

The Code has been prepared to assist the 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 ensure that they read and understand this Code and all updates, additions or amendments introduced from time to time.

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 of the Commission should consult the Secretary of the Bank (Secretary) or the Bank’s Ethics Officer.

This Code is effective from 1 June 2016.

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\(^1\) This Code is an update of the Code of Conduct that was adopted by the Commission in October 2012 (an earlier Code applying to the then Board of the Central Bank and dating from 2002 was originally adopted by the Commission at its inception on 1 October 2010). This June 2016 update is to ensure the Code reflects current good practice, is consistent where appropriate with the Staff Code of Ethics and is in line with 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.
2. 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 (as amended), 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, and the terms of reference of Commission sub-committees.

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

Members should use reasonable endeavours to attend all Commission and relevant sub-committee meetings.

3. 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 misuse of confidential information in all its forms and to protect the personal data held by the Central Bank. In general terms, misuse entails deliberately exploiting confidential Central 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 Central 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 the Data Protection Acts and under section 33AK of the Central Bank Act 1942 (as amended from time to time).

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 Central Bank information is fundamental to the functioning of the Central Bank.
Bank’s and other non-public information continues indefinitely after a member’s term on the Commission ends. Members must return to the Central Bank, on termination of their role, any property of the Central Bank which they may have in their control or possession.

4. Conflicts of Interests and Disclosure of Interests

The Central Bank aims to safeguard its impartiality at all times by actively avoiding conflicts of interest. Members should be seen 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 real, but also potential or perceived, conflicts.

In addition to the statutory obligations of members summarised below, this Code also sets out certain additional requirements (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 of the Commission should be disclosed to the Secretary as soon as possible.*

c) If applicable, members should provide annual statements of interest² to the Standards in Public Office Commission and the Governor of the Central 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.

² Section 18 of the Ethics in Public Office Act 1995
d) In accordance with the Central Bank Act 1942\(^3\) 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.\(^4\)

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.\(^5\) 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 Central Bank Act 1942, shall make that record available for inspection at all reasonable hours by any person who asks to see it. The register is 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.

5. **Gifts and Business Hospitality**

In the normal course of their external dealings members may interact with stakeholders of the Central Bank. However, members should avoid any situation that would result in a conflict

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\(^3\) 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

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\(^5\) 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
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: i) engages or is seeking to engage in business activities with the Central Bank; or ii) is regulated or is seeking to be regulated by the Central Bank. There may be some limited circumstances where a gift or hospitality cannot be refused, for example, where it is given as part of a protocol and is of limited value. Members are expected to follow the same policy around Business Gifts and Hospitality that apply to staff of the Central Bank. In such situations members should consult with the Secretary or the Bank’s Ethics Officer with regard to the reporting and handling of the hospitality or gift.

6. Market Abuse and Trading

Inside information means any market-sensitive information which may confer unfair insights into the performance of financial markets and instruments and which has not been made available to the public or is not accessible to the public. Such information may pertain to any of the tasks of the Central Bank, including but not limited to, the performance of Eurosystem tasks or supervisory tasks.

(a) Commission 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, 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

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6 The Business Gifts and Hospitality Policy is contained in the Handbook for Commission Members
7 ‘Market sensitive information’ means information of a precise nature the publication of which is likely to have a significant effect on the prices of assets or prices in the financial markets.
8 As defined under section 1365(1) of the Companies Act 2014.
apply to staff of the Central Bank and which are contained in the Staff Trading Rules. 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).

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 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.

7. **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.

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.

8. **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 Central Bank and its functions. If doing

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9 The Staff Trading Rules are contained in the Handbook for Commission Members
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 Central 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 Central Bank\textsuperscript{10}.

\textbf{9. Compliance and Monitoring}

This Code will be reviewed and, where necessary, amended as required, but at least on an annual basis. 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 case of any doubt, members should seek advice from the Secretary or the Bank’s Ethics Officer.

\textbf{10. Acknowledgement}

Signed by relevant members

\textsuperscript{10} Further to the provisions of the Central Bank Act, a person is not eligible for appointment to the Commission if he or she is a member of or is nominated as a candidate for election as such a member to the either houses of the Oireachtas, Seanad Éireann, the European Parliament, or a local authority.