Regulation on the independence of DNB employees (conflicts of interest, secondary positions, benefits and invitations)

1. Introduction
The Regulation on the independence of DNB employees (the Regulation) is based on the principle of independence as laid down in DNB’s Code of Conduct: “We take an independent position. We base our performance on objectivity and professionalism. We take the utmost care to avoid conflicts of interest.”

It is essential to DNB’s reputation and the effectiveness and credibility of its operations that DNB employees act independently. Employees must be aware at all times of the inherent risks in this area and discuss potentially problematic situations with their senior officer and/or one of the compliance officers. Examples include transactions with or by personal or business relations and employee activities that could involve conflicts of interests. Employees are also expected to exercise caution when accepting benefits and invitations from, for instance, supervised institutions and DNB’s business relations.

The terms used in this Regulation are defined in Article 6 below.

If you have any questions concerning this Regulation, please contact the compliance officers at 3838 or at compliance.officer@dnb.nl or via C&i-direct.

2. Conflicts of interests
Principles
2.1 Employees must avoid any situation that gives or could give rise to a conflict of interests or the semblance of a conflict of interests.

Explanatory notes: Employees must prevent their personal interests from potentially conflicting with the objective and independent performance of their duties or with DNB’s interests. Conflicts of interests may arise from advisory work on policy matters or internal decision-making processes, for instance a dossier relating to former employers in the recent past or organisations at which a personal contact holds a policy-making position or shares. Another example is that of an employee who holds a substantial deposit in an account with a supervised institution and who is asked to make recommendations concerning proposed far-reaching measures at that institution. Employees must also be aware that their private dealings may give rise to a conflict of interests or the semblance of a conflict of interests. Examples include a situation in which employees who are engaged in tendering for construction work at DNB have refurbishment work on their private homes done by the same building contractor.

2.2 No employee may be involved in a transaction of material significance to DNB with any of the following counterparties:
   a. a related third party of the employee;
   b. a legal entity in which the employee or any of his/her related third parties has a financial interest;
   c. a legal entity of which a board member is a related third party of the employee;
   d. a legal entity at which the employee holds a policymaking or co-policymaking position.
Explanatory notes: This prohibition implies that employees must be alert when becoming involved in transactions of or by DNB with related third parties, including their parents, children, siblings or close friends. If DNB intends to enter into a transaction with a party involving a relative or friend of a DNB employee, the latter must refrain from acting for or on behalf of DNB in that transaction. This prohibition does not apply to transactions of minor importance and of limited value.

2.3 No employee may conduct a transaction for himself/herself or any third party on the basis of non-public information of which he/she has knowledge by virtue of his/her work or position.

Notification requirement
2.4 Employees must notify their senior officer and the compliance officer without delay of any actual or potential conflict of interests, stating the circumstances of the situation.

Decision
2.5 The compliance officer decides, in consultation with the employee’s senior officer, whether a conflict of interests or the semblance of a conflict of interests is involved and may impose conditions to avoid conflicts of interests. The compliance officer notifies the employee and the employee’s senior officer of the decision and the conditions, if any.

Explanatory notes: Taking specific measures may sometimes serve to prevent an actual or potential conflict of interests from occurring. Examples include adapting the work of an employee who has a personal interest in an institution under his/her supervision. In consultation with the employee’s senior officer, the compliance officer may impose conditions in specific cases to prevent a conflict of interests from occurring.

2.6 The compliance officer may grant dispensation from the provisions of Articles 2.1 and 2.2. The compliance officer notifies the Governing Board of such dispensation.

3. Incompatible activities
Principles
3.1 No employee may perform incompatible activities.

3.2 An incompatible activity is defined as an activity that – given DNB’s objectives, interests, tasks and operations – causes or may cause:
   a. damage to DNB’s reputation or interests;
   b. any conflict of interests or the semblance of a conflict of interests;
   c. excessive strain on the employee;
   d. any interference with the policies or operations of any supervised institution.

Explanatory notes: The compatibility of an activity is assessed on the basis of aspects including the following:
- Has the employee’s work for DNB been a consideration in his/her decision to conduct certain activities?
- Is there concurrence between the activities and the employee’s work for DNB, for instance as regards the field or nature of the operations?
- Will the employee have dealings with DNB when performing the activities, for instance using DNB data or having contact with other DNB employees?
- Is the organisation for which the employee performs the activities less than reputable?
- Can the employee’s performance of the activities lead to negative publicity or reputational damage for DNB?
- Do the activities have a negative impact on the employee’s performance at DNB, for instance because they take up too much time or energy?

3.3 If, prior to his/her work for DNB, an employee conducted activities that are incompatible with his/her work for DNB, the compliance officer may impose conditions on the commencement and nature of the employee’s work for DNB, in consultation with the employee’s senior officer.

Explanatory notes: If a new employee worked at, for instance, a supervised institution or one of DNB’s business relations prior to his/her work for DNB, further arrangements may need to be put in place (whether or not temporarily) regarding the nature of the employee’s work for DNB. Someone who previously held a position at a supervised institution and who will be supervising that same institution in the context of his/her position at DNB must, if these two positions are incompatible, undergo a ‘cooling off’ period in another position first. The imposed conditions depend on the circumstances of the case.

Notification requirement

3.4 Employees must notify their senior officer and the compliance officer in advance of all their activities, unless these activities may be regarded as manifestly irrelevant.

Explanatory notes: An activity is manifestly irrelevant when it has no actual or potential bearing whatsoever on DNB’s objectives, interests, tasks or operations, for instance training/coaching a sports club or volunteer work at a nursing home.

3.5 Employees who intend to terminate their work for DNB and, directly after termination, perform an activity that is potentially incompatible must notify their senior officer and the compliance officer of their intentions in writing two months in advance, or at any rate as soon as possible. As a departure from the foregoing, the notification period is six months if the employee is a divisional director.

Explanatory notes: An employee who will be working at a supervised institution that he/she supervised must, in principle, discontinue his/her supervisory work with immediate effect. In consultation with the employee’s senior officer, the compliance officer may direct the employee to perform other work for a period of two or, if the employee is a divisional director, six months prior to the employee’s departure to allow the knowledge the employee has about his/her future employer to ‘cool off’.

Decision
3.6 In consultation with the employee’s senior officer, the compliance officer decides whether an activity is compatible, possibly on certain conditions.

3.7 The compliance officer advises the employee’s senior officer whether and, if so, what conditions must be imposed on the work that the employee will perform in the period prior to the termination of his/her work for DNB as referred to in Article 3.5.

3.8 In special cases and with a view to the interests that this Regulation seeks to protect, the compliance officer may determine, whether or not on request and, if necessary, on conditions to be specified, that a shorter or a longer period than the period referred to in Article 3.5 applies.

4. Benefits and invitations

Principles

4.1 No employee may request or accept, for himself/herself or for a third party, benefits offered by any supervised institution or any of DNB’s current or prospective business relations.

Explanatory notes: Benefits are gifts and hospitality such as lunches, dinners, travel reimbursements and hotel accommodation. No employee may accept benefits offered by supervised institutions or DNB’s current and prospective business relations. This is because DNB seeks to avoid conflicts of interests or the semblance of conflicts of interests. The relationships between DNB employees on the one hand and supervised institutions and DNB’s current and prospective business relations on the other are particularly vulnerable in this context. Limited and customary hospitality, for instance a modest lunch during a supervisory visit, is not regarded as a benefit.

4.2 No employee may accept, for himself/herself or for a third party, benefits offered by any third party not being a supervised institution or one of DNB’s current or prospective business relations if the value of these benefits exceeds EUR 50.

Explanatory notes: The standard amount of EUR 50 is used throughout the Dutch financial sector as well as by the ECB and hence generally accepted. Study materials received in the context of a training programme do not constitute benefits. If these materials are provided together with, for instance, a tablet computer whose value exceeds EUR 50, they constitute benefits that employees are prohibited from accepting.

4.3 As a departure from the provisions of Article 4.2, employees may accept benefits offered by other central banks and national and international government organisations on condition that the benefits are appropriate and customary given the circumstances of the situation.

Explanatory notes: Accepting benefits from these kinds of organisations carries less risk of a conflict of interests or the semblance of a conflict of interests than accepting benefits from supervised institutions, DNB’s current or prospective business relations or other third parties.

4.4 No employee may accept benefits within the meaning of this Regulation at his/her home address; employees must return any benefits delivered at their home address and report them to their senior officer and the compliance officer.
Regulation on the independence of DNB employees

February 2016

4.5 Employees may accept invitations from supervised institutions, DNB’s current and prospective business relations and other third parties to conferences, receptions and events on condition that:
- the meeting is predominantly of a business nature;
- the employee’s attendance is in DNB’s interest;
- the employee’s participation cannot lead to a conflict of interests or the semblance of a conflict of interests;
- the employee’s participation does not conflict with the independent fulfilment of the tasks and duties assigned to him/her; and
- the related hospitality is not contrary to the provisions of Article 4.1, 4.2 or 4.3.

Explanatory notes: The basic principle is that every semblance of inducement or acceptance of lavish entertainment must be avoided. Invitations to events must not in any way frustrate the independent and objective performance of the employee’s duties or create the semblance of such frustration. The employee’s attendance at an event at the invitation of any of DNB’s current or prospective business relations or any supervised institution must contribute to the employee’s duties and activities for DNB. In principle, no employee may accept invitations that are also extended to non-employees (for instance the employee’s spouse or partner) because such invitations are regarded as lacking a predominantly business nature.

4.6 The provisions governing the acceptance of benefits and invitations by employees apply vice versa to the offering of benefits by DNB or its employees.

4.7 Employees must refuse or return without delay, possibly through the intervention of the compliance officer, any benefits and invitations that they are prohibited from accepting.

Notification requirement

4.8 Employees must notify their senior officer in writing of all benefits and invitations received and offered.

4.9 In addition, employees must notify the compliance officer in writing of all benefits and invitations received and offered that they are prohibited from accepting under this Regulation or whose acceptability is doubtful.

Decision

4.10 In the event of doubt, the compliance officer decides whether a benefit or invitation may be accepted and notifies the employee and the employee’s senior officer of this decision in writing.

5. Final provisions

5.1 If necessary, DNB provides for reasonable transitional measures in cases involving conflict with this Regulation and the regulation applicable prior to the entry into force of this Regulation.

5.2 The Governing Board decides on all cases not covered by this Regulation.
5.3 The compliance officer may monitor compliance with this Regulation. To this end, the compliance officer may retrieve information from the employee, who is obliged to provide the requested information.

5.4 Decisions under this Regulation are taken as soon as possible but in any event no later than ten working days after the employee’s notification requiring a decision.

5.5 Objections to decisions under this Regulation may be made to the Governing Board. Notices of objection must be lodged within four weeks after the relevant decision was communicated to the employee.

5.6 This Regulation replaces the Regulation on the independence of DNB employees of December 2010 and enters into force on 1 February 2016.

6. Definitions
In this Regulation, the following terms are defined as stated below.

a. **activity**: a secondary position or ancillary activity that an employee performs, has performed or intends to perform in the course of or after termination of his/her work for DNB.

   **Explanatory notes**: The definition of activity does not cover activities ensuing from DNB’s tasks or operations, in which context the employee performs the activity by virtue of his/her position and would not perform that activity if he/she did not hold that position at DNB. An employee’s membership of a particular consultative or other committee on which he/she represents DNB does not constitute a secondary position. An employee’s membership of a football club committee is a secondary position.

b. **related third party**:
   - the employee’s spouse or partner;
   - any of the employee’s underage children or foster children;
   - any of the employee’s relatives by blood or by marriage up to the second degree;
   - any person with whom the employee maintains close personal ties.

c. **employee**: any person who works for DNB, with the exception of the members of the Governing Board and the members of the Supervisory Board.

   **Explanatory notes**: ‘Employee’ refers to anyone who performs work for DNB, irrespective of the type of relationship between the person and DNB. In any event, the definition of employee covers staff members holding a permanent or temporary position, insourced staff, temporary workers, interns and secondees. The only condition is the existence of some relationship of authority between DNB and the employee. Consequently, independent external consultants and service providers such as window cleaners do not fall within the scope of this Regulation.
d. **supervised institution**: an institution such as a bank or insurance company that conducts financial activities in or from the Netherlands and that is subject to DNB’s supervision (including the Dutch significant institutions under the SSM such as ABN AMRO and ING)\(^1\).

e. **conflict of interests**: a situation in which an employee has personal interests that could affect the impartial and objective performance of his/her duties or could create the semblance of doing so.

f. **transaction**: an agreement involving an exchange of property or rights and to which DNB is a party.

g. **benefits**: gifts, discounts, vouchers, hospitality and other favours.

\(^1\) See also DNB’s public register (http://www.dnb.nl/toezichtprofessioneel/de-consument-en-toezicht/registers/dnh290002.jsp, Dutch only)