

PERSONAL FINANCIAL TRANSACTIONS POLICY

Many of us in the Bank have access to secret and price sensitive information which might be perceived to have influenced our saving and borrowing decisions, giving us an unfair or even unlawful advantage.

We regulate a number of listed companies and because of the unique role of the central bank, many of us are involved in making or advising on policy decisions that could influence the value of certain assets – for example, securities issued by financial institutions, or foreign exchange.

It is essential that proper arrangements are in place to allow both the Bank and you to show that individual investment and borrowing decisions have not been influenced by information made available to you confidentially in the course of your work, and to show that work decisions could not be, or were not influenced by personal factors. This policy and the rules it contains sets out how these risks are managed for the Bank and for us all.

This policy covers specific transactions you may want to make – please see the financial relationships policy for declarations you may need to make about your ongoing relationships with financial firms.

1. GENERAL PRINCIPLES

1.1 You should not seek to make a profit or avoid a loss by making use of information acquired in the course of your duties at the Bank. You should exercise caution in the management of your finances.

1.2 Dealing in securities on the basis of inside – i.e. unpublished, price sensitive – information is a criminal offence. In particular, staff should be aware of the prohibitions on insider dealing and market manipulation under the UK's market abuse legislation, and should comply with best practice to avoid committing a market abuse offence.

1.3 There are some transactions – set out in section 2 – that are not permitted. There are other transactions that require advance approval – set out in Section 3. You are reminded that even though it may be possible for you to carry out a transaction very quickly, you may not do so before you have received the necessary approval.

2. TRANSACTIONS THAT ARE NOT PERMITTED

2.3 You should not carry out transactions that might embarrass the Bank or harm its reputation.

2.4 You should not carry out transactions whose main purpose is speculative (e.g. to make a profit or avoid a loss in the short term), including transactions in cryptocurrencies.

2.5 You should not bet on financial variables or indices. You are not permitted to take out a contract for differences¹, which includes ‘spread betting’, in relation to securities, UK indices / sectors or economic variables of direct interest to the Bank and its forecasting processes (e.g. commodity, currency markets) or the UK equity market as a whole.

2.6 You are not permitted to acquire marketable debt or equity interest (e.g. shares) in any entity regulated by the Bank, including PRA-regulated firms², or their financial holding companies.

2.7 If you joined the Bank with holdings in an entity regulated by the Bank you may retain them, exercise rights arising from them or sell them. You may not acquire more or actively manage them. You must declare your holdings under the financial relationships section of the Our Code Compliance system (see the Financial Relationships Policy). If you exercise your rights in relation to your prior holding or sell these securities, you should obtain approval in advance via the transaction request form in the Our Code Compliance system.

2.8 A balanced portfolio may contain some financial securities. You are not permitted to invest in collective investment schemes that are unduly weighted towards investments in the financial services industry – funds that are more than 35% invested in financial services securities are unlikely to be approved.

3. TRANSACTIONS THAT REQUIRE ADVANCE APPROVAL

3.1 You are required to obtain advance approval for the transactions listed below. You must give at least one working day’s notice via the personal financial transaction request form in the Our Code Compliance system. You must not carry out the transaction before approval has been granted, or if approval has been refused.

3.2 The transactions for which advance approval must be sought include:

- I. Arranging a mortgage on a property, whether for your own use or for investment purposes.

‘Arranging’ in this context means entering into a new or revised agreement to borrow, or an agreement in principle, on stated terms and conditions.

- II. Dealings in exchange-listed securities and related investments, dealings in collective investment schemes (e.g. unit and investment trusts) and commodities such as precious metals (e.g. gold).

Transactions through crowdfunding and peer-to-peer lending platforms are covered where they are substantially the same as an investment, rather than a donation. You do not need to seek approval for dealings in investments in the [core funds](#) permitted

¹ The definition of this and other terms used in the policy can be found on page 6.

² For a list of PRA regulated firms please follow this link: <https://register.fca.org.uk/> to The Financial Services Register.

within the Bank's Supplementary Pension Plan, or funds of a similar composition offered by alternative providers.

- III. Setting up or transferring a personal pension plan, and taking or approving decisions relating to the investments within such a plan.

Switching between the [core funds](#) within the Bank's Supplementary Pension Plan, or funds of a similar composition offered by alternative providers, does not require approval.

- IV. Transferring more than £5,000 from a bank or building society where you have a balance greater than the FSCS limit (currently £85K per person per firm) to an account at another institution (including National Savings and Investments).

You should not split up financial transactions in order to circumvent this requirement. You do not need to seek approval for transfers made within the same institution, or for payments made to others for goods and services.

- V. Transactions in foreign exchange that seek to hedge or take a position.

You do not need approval for transactions in foreign exchange relating to the purchase of goods or services, or to an investment that has been separately approved under this policy.

- VI. Any financial transaction not specified above but which, in the nature and spirit of these rules, could reasonably be seen as sensitive.

This would include, for example, withdrawing deposits from a firm where you know of contingency planning being carried out for that firm, or are aware of adverse stress testing results or a breach of regulatory requirements by the firm, or where you are involved in any intervention by the Bank with respect to that firm.

3.3 If you are unsure about whether to seek approval for a personal financial transaction, please seek guidance from Secretary's Department.

4. PERSONAL PORTFOLIO MANAGERS – EXEMPTION FROM ADVANCE APPROVAL

4.1. The approval procedures do not apply where your investment assets are managed by a personal portfolio manager who has full discretion over investment decisions on terms that have been specifically approved in advance by the Secretary. You will be required to send the Secretary/Deputy Secretaries a copy of your mandate, and to send your investment manager a copy of this policy. Where you are selecting specific investments or collective investment funds yourself, even where these are index-tracking funds, or your investment manager seeks your permission for setting or changing your investment strategy, you must refer to Section 3 to assess whether approval is required.

5. CARRYING OUT TRANSACTIONS FOR, OR BY OTHERS

5.1 These rules cover transactions you carry out on your own account, and where you are directing and advising on the investment decisions of another individual or organisation, including where you are acting as executor of a will, trustee, director or shareholder. Transactions undertaken independently by others on their own initiative do not need approval.

5.2 You must not give advice to another person on transactions in regulated institutions and must not divulge, take advantage or encourage others to take advantage of, information that may be considered as inside information. You should refer to your Reporting Officer in any case of doubt about giving advice to another person.

6. TRUSTEESHIPS OF CHARITABLE ORGANISATIONS

6.1 If you are invited to become a trustee of a charitable organisation, you must advise your Reporting Officer, explain what the role as trustee involves and agree on the degree of involvement in and reporting of investment decisions in specified circumstances (which will depend upon the particular information which may become available to you as a result of your Bank work). You need to obtain advance approval for an appointment as a Trustee via the Our Code Compliance system.

6.2 In the case of a charity, if you were to sit on a trust's investment committee you would be assumed to be acting in an advisory capacity. This would bring the trust's relevant transactions within the rules for advance approval. Merely being a member of the general body of trustees (absent indications to the contrary) would not require transaction reporting. Trustees in the latter case must be particularly careful not to offer investment advice at Trust meetings and to make it clear (and have it minuted by the Trust) that they cannot.

7. HOW WILL MY REQUEST FOR APPROVAL BE TREATED?

7.1 Personal financial transaction requests are screened centrally for errors or omissions and for Bank-wide sensitivity by the Deputy Secretaries before being forwarded to your local Reporting Officer. Reporting Officers will usually be in your management line, as they are most likely to know what specific information you may have access to in your work.

7.2 Reporting Officers will not approve transactions where you have – or might be perceived to have – relevant information that is not in the public domain, for example, about decisions, publications or announcements made by any of the Bank's senior policy committees (including the FPC, MPC and PRC). Reporting Officers will also consider whether the proposed transaction gives rise to any sensitivity about work you are currently involved in.

7.3 Generally your Reporting Officer will not approve dealings that appear to be short-term and speculative and will question and may not approve the reversal of a transaction within three months – depending on the circumstances this may be treated as a breach of the

Code. This is for the protection of both you and the Bank, as such transactions could result in a perception of an abuse of information much more easily than for other transactions.

7.4 Once approved, you should execute a transaction promptly, having regard to the nature of the transaction itself. (E.g., it is recognised that a mortgage may take time to complete after approval.) If, once your transaction request has been approved, you execute or complete it on a different timescale or basis from that indicated in your original notification, you must provide an explanation to the Reporting Officer via the Our Code Compliance system and you may have to re-apply for approval.

8. CAN I APPEAL A DECISION?

8.1 Appeals may be made to the Secretary or Deputy Secretaries in relation to local rulings on specific transactions. The Bank will review all cases carefully but must, necessarily, retain the final decision to approve or decline a transaction based on its assessment of all of the factors.

8.2 The Bank will not be liable for any claims for losses sustained, or profit not achieved, as a consequence of constraints it places on an individual's ability to undertake personal financial transactions.

9. ANNUAL CONFIRMATION AND MONITORING

9.1 All notifications will be treated as strictly confidential and retained in accordance with the Bank's record-keeping policies.

9.2 Internal Audit Division, Compliance Division and Secretary's Department have a remit to consider the adequacy of the Bank's safeguards in respect of personal financial transactions and may inspect local records and procedures. Under certain circumstances, for example, in connection with a disciplinary investigation, it may also be necessary for information to be made available to HR, Legal Directorate and relevant senior management.

9.2 From time to time, further information may be requested from individuals³ in relation to their reportable financial decisions, for example relevant bank statements or appropriate tax returns.

9.3 Reporting Officers who have any suspicions or doubts about transactions being carried out by a member of staff should raise this with the Secretary or the Deputy Secretaries or with the Compliance Division.

9.4 You will be asked to attest annually as part of Our Code that you have read, understood and complied with the rules.

9.5 Any questions about the content and application of this policy should be referred to the Secretary or [Deputy Secretaries](#).

³ by Secretary's Department or by the Compliance Division.

DEFINITIONS

For the purposes of the financial reporting sections of this policy, the words and expressions set out below have the following meanings:

Contract for differences: A contract between an investor and an investment bank or other counterparty. At the end of the contract, the parties exchange the difference between the opening and closing price of a specified financial instrument, including shares or commodities.

Dealings: Include purchases, sales, subscriptions, transfers or other dealings in, securities and related investments. This includes taking up rights issues (including any decision to elect for scrip dividends⁴) or acquiring any rights or interests in securities and related investments;

Securities and related investments: Include shares (as well as individual company shares held in ISAs or other wrappers), bonds, debentures, other forms of securitised debt, commodities (such as precious metals) and any other financial investments, including debt instruments, futures, forwards, options, swaps, and other financial derivatives⁵.

Collective investment schemes: Sometimes known as a 'pooled investment'. A fund that a number of people contribute to. A fund manager invests the pooled money in one or more types of asset. Include unit and investment trusts, OEICs (Open Ended Investment Companies) and exchange traded funds, including any held in a SIPP, ISA or other wrapper.

⁴ Once an election to receive scrip dividends is made, it is treated as a single investment decision.

⁵ If you are in doubt about whether a financial or investment product is covered by the policy, please consult the Secretary or Deputy Secretaries or the Compliance Division.

10. ADDITIONAL REQUIREMENTS FOR COURT MEMBERS, EDCO, FPC, MPC AND PRC MEMBERS

10.1 In addition to the requirements set out above, Court members, PRC, EDCo, FPC and MPC members, along with members of some other Bank committees, must report their stock of financial assets and liabilities annually. This group reports on paper to the Secretary's Department rather than via the Our Code Compliance system.

10.2 It is highly undesirable for members of this group to be actively involved in managing an investment portfolio, even within the transaction approval arrangements. Accordingly, those who hold a substantial portfolio are strongly advised to place it under full discretionary management on terms approved in advance by the Secretary.

10.3 The reporting lines for this group in relation to any disclosures and proposed transactions are as follows:

- The Governor refers, via the Secretary, to the Chair of Court
- Other members of Court, the Executive Directors, External Members of Monetary Policy Committee and of the Financial Policy Committee, PRC and Advisers to the Governor refer to the Secretary.