

# Regulation



DECISION DATE: 8 February 2017  
DECISION BY: The Executive Board  
RESPONSIBLE DEPARTMENT: General Secretariat  
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REF. NO. 2017-00139

## Ethical regulations

As a member of staff at the Riksbank you are expected to be able to manage situations that require good judgement, common sense and a good sense of what is right and wrong. Carefully thought-out and consistent management of ethical issues is not only important in itself, it is essential to ensure that the general public has confidence in the work of the Riksbank.

You should be particularly vigilant in your actions if:

- You have access to insider information.
- You own financial instruments. You may be required to report your holdings.
- If you have secondary occupations. Some secondary occupations can damage confidence in the bank or prevent you from doing your job properly.
- If you risk being in a conflict of interests. You must yourself report any circumstances which could be assumed to cause a conflict of interests for you.
- If you have access to information that is classified as confidential. You must be aware of the provisions regarding public access and confidentiality in the Riksbank.
- If you are offered meals, study trips, discounts and other benefits or gifts. You must exercise caution with reference to the regulations on bribery.
- If you offer guests meals or similar on behalf of the Riksbank.

### 1. Basic principles

The existing provisions do not always provide simple and clear answers to the question of what is a suitable course of action in a particular situation. We often face problems that need to be resolved using our own judgement and common sense and our sense of what is right and wrong, what is appropriate and inappropriate. When one is faced with an ethical problem, it may therefore be useful to ask oneself the following questions:

- Would I consider it embarrassing or be concerned if my colleagues found out about this?
- Is this something that could be perceived as an unfair benefit that I am receiving because of my position?

- Could this in any way damage the Riksbank if it were to come out in the media?

Each individual employee must take personal responsibility, on the basis of his or her own good judgement and common sense, to act in an ethically correct manner in every situation. This applies regardless of the context and thus also to social media. With regard to using social media, you must make it clear on the Internet that you are commenting in a private capacity and ensure it does not appear as though you are representing the Riksbank. It is important to maintain a comfortable distance from the unlawful and ethically unacceptable, that is, to be aware that some things are not appropriate even if they are not expressly forbidden. However, it may often be difficult to take a stance on your own. If you have any doubts about what is ethical, you should take up the issue with your line manager, the Chief Compliance Officer or the legal advisers in the General Secretariat.

## 2. Insider trading

As an employee of the Riksbank you may have access to insider information. This refers to information regarding circumstances that have not been made public or are not generally known and which can significantly affect prices of financial instruments.

The insider trading penalty act for market abuse in financial instrument trading (SFS 2005:377) states that it is forbidden to trade in a security on your own behalf or on behalf of another when you have access to so-called insider information. Nor may you reveal insider information to anyone else.

This means that you must be extremely cautious both when buying and selling securities of all kinds and in discussing with outsiders information you have obtained through your work.

## 3. Obligation to report holdings of financial instruments

The Sveriges Riksbank Act states that certain employees and consultants at the Riksbank must report their holdings of financial instruments to the Riksbank. The fundamental principle behind the obligation to report is that it facilitates internal control of the ban on insider trading. Moreover, it can be assumed that the obligation to report reduces interest in unlawful trading and also reduces the risk of insider trading by accident. It can also be assumed that a person who claims they have not had access to non-public information can more easily be believed in the change has been reported correctly than if no report has been made.

### Who is obliged to report?

According to the Sveriges Riksbank Act, employees and consultants at the Riksbank determined by the Riksbank, as well as members of the General Council, shall report in writing their holdings of financial instruments. The same applies to changes in these holdings.

The obligation to report shall apply to all employees and consultants at the Riksbank with insight into developments in the money and foreign exchange markets. The same applies to employees or consultants who take part in the preparation of monetary policy and foreign exchange policy matters and those who have insight into the operations of financial companies. It is the heads of department who decide which employees and consultants in their respective departments will be obliged to report.

The heads of department shall regularly report new employees to be included on the list as appropriate as well as employees that can be removed from the list.

The obligation to report also applies when you are on leave of absence, unless your head of department decides otherwise.

## **What shall be reported?**

If you are covered by this obligation, you must report all holdings of financial instruments. Financial instruments refers to transferable securities that can be traded on the capital market (shares, bonds, securities linked to shares or bonds), money market instruments (treasury bills, certificates of deposit, commercial papers and other instruments normally trade on the money market), mutual fund units (shares in investment funds, unit trust companies and other companies for collective investment: however, some unit fund shares are exempted, see next paragraph) and financial derivatives (options, forward contracts, swaps, other derivative contracts referring to securities, foreign currencies, interest rates or yields and derivative instruments regarding commodities.

## **Special note on pension savings and funds**

Pension savings are not covered by the obligation to report, with some exceptions as stated in the next paragraph. This means that the main rule is that neither premium or contract pension savings nor any private pension savings (through traditional pension insurance, fund insurance or individual pension savings) need to be reported. Nor do endowment insurances need to be reported over and above what is stated in the next paragraph.

However, if you have savings in pension and insurance products where you can influence the investments in individual financial instruments, you must report these holdings in the same way as direct holdings. You do not need to report saving where the investments are in securities funds that do not entail an obligation to report.

Other exemptions from the obligation to report are shares in securities funds and in other corresponding funds within the EEU and shares in Swedish special funds. However, this exemption does not apply to shares in funds or mutual funds traded on stock exchanges or other markets.

## **Immediate family**

Holdings by other family members need not be reported. However, you must be aware that you will be guilty of insider trading if you provide advice to another person, for instance a member of your family or close friend, by using non-public information



relevant to the price of financial instruments. The same applies if you trade in a security on behalf of someone else when you have access to insider information.

## **When should you report your holdings?**

You should report your holdings no later than 14 days after you have been appointed or employed. If you have no instruments that need to be reported, you should inform your head of department of this. After that you should report any changes in the holdings (such as purchases, inheritances, gifts and division of joint property) within 14 days. You should confirm, no later than 1 May every year, that the holdings you have reported are correct.

## **How should you report your holdings?**

The report should be made electronically, using the PIA system. The Chief Compliance Officer will then examine your report.

If you do not know whether you are covered by the obligation to report, you should ask your department head. Other questions, for instance, what should be reported, can be answered by the Chief Compliance Officer.

## **Period of holding**

Holdings of financial instruments should be long term. This means that you should not trade in financial instruments if the aim is to hold them for less than three months. This also applies if you take negative (short) positions, for instance through shortselling. This means that profits from holdings or transactions in financial instruments may not be realised or otherwise settled within a shorter period of time than three months from the acquisition or equivalent. The exception is if the financial instrument is sold at a lower price than the purchase price and the transaction thus entails a financial loss. If you have strong reasons, due to circumstances beyond your control, for selling financial instruments earlier than three months after their acquisition, you should discuss this with the Chief Compliance Officer before selling them.

## **Investment regulations**

During the periods when your work at the Riksbank gives you special conditions to assess price developments, you should generally avoid transactions in financial instruments. Nor should you own shares in Swedish credit institutions.

It should also be pointed out that all employees with particular insight into credit institutions' operations are recommended to refrain from transactions in other shares that may be affected by the credit institutions' position and results. This might, for example, be shares in investment firms that can be affected due to large holdings in credit institutions. Nor should you own other financial instruments with such shares as underlying assets, such as options, convertibles or futures. However, you may interest-bearing securities or mutual fund units issued by Swedish credit institutions.

If you gain insight into future decisions on, for instance, the policy rate or the contents of a Monetary Policy Report, you should refrain from investments in the fixed income

market and from taking out or cancelling loans prior to publication of the decisions/reports. If such transactions cannot be avoided, you should invest or take out loans at a variable interest rate.

Foreign exchange transactions connected with making trips abroad, owning property or other assets abroad or your family living abroad are not covered by these regulations. In other cases, you should observe the same regulations for investment in foreign currency as apply to other fixed-income investment prior to the publication of a Monetary Policy Report.

It is not possible, or even appropriate, to try to regulate in detail all possible situations and questions that may arise when investing in fixed-income and foreign-exchange instruments, taking out loans and trading in financial instruments. For instance, it may often be difficult to know exactly when one can be said to have insight into a coming monetary-policy decision and what information can be considered to affect prices. In some situations, greater caution may be needed than is specified in these regulations. You are expected to always use good judgement and trade in an ethical manner and to take responsibility for observing the aims of the regulations. You are always welcome to consult with the Chief Compliance Officer, but the ultimate responsibility lies with each individual employee.

## 4. Secondary employment

Secondary occupation means in principle any occupation, whether temporary or permanent, carried out alongside your employment and not attributable to private life. It is not important whether the occupation is carried out in the form of employment elsewhere, or an assignment or self-employment, and nor is it important whether or not you receive financial remuneration.

Special requirements of objectivity and integrity are made of those working in public service. The Swedish Act on Public Employment (1994:260) contains a general ban on secondary occupations that could be harmful to public confidence. This provision entails that an employee may not have any occupation or work or exercise other business that could damage confidence in his/her or another employee's impartiality in state service or that could damage the reputation of the Riksbank.

Another type of prohibited secondary occupation is that which the employer considers to prevent you from completing your regular work in a satisfactory manner. There are regulations in the collective wage agreements regarding prohibited secondary occupations that hinder regular work and they are therefore not discussed here.

### **Secondary occupations that damage confidence**

A secondary occupation does not need to entail improper action or intentions of improper action on your behalf in order to be prohibited. It is sufficient reason if there is a risk that the general public might question the objectivity of the Riksbank's operations or your own impartiality.

It is not possible to specify exactly which occupations are prohibited. An assessment must be made for each case. In general, a low risk level can be accepted, and the more

qualified, extensive and well-paid a secondary occupation, the greater the reason to question it.

If the secondary occupation contains work tasks similar to those you carry out at the Riksbank, there is a greater risk of damaging confidence than if there was no such connection. Similarly, there is a greater risk when the company for which you carry out the secondary occupation has interests that are in some way connected with the Riksbank's operations. The scope of the secondary occupation is also significant. Employment and assignments, including seats on boards of directors, within private companies are in the risk zone. The same applies to self-employment, for instance as a consultant.

An assignment on behalf of another public authority, on the other hand, often has a low risk level, as public authorities rarely compete or have differing interests. Holding posts of a trade union, ideological or political nature is usually permissible. If an assignment in a non-profit organisation involves your being responsible for management of funds or any commercial part of the operations, you should show caution, however. If, for instance, you are on the board of your tenant-owner association, you should not provide advice or take part in decisions regarding the investment of loans.

## Reporting secondary occupations

You should report your secondary occupation to your line manager at the start of your employment. After that you should report your current secondary occupations by 1 May every year. You shall report all of your secondary occupations, apart from those of an entirely private nature or that evidently lack significance for confidence in the Riksbank.

If you do not want to provide more detailed information about the assignment, you have the right to only report what type of occupation is involved.

Before you undertake a secondary occupation and if you are unsure whether it is compatible with your employment at the Riksbank, you should discuss the matter with your line manager. You can also talk to the Chief Compliance Officer or one of the legal counsellors at the General Secretariat.

## Reimbursements for lectures

As an employee of the Riksbank you may sometimes receive offers to participate for a fee as speaker/lecturer at seminars providing information about the Riksbank's operations. Normally, this type of activity can be seen as utilising your professional competence and being carried out in the line of duty, without any special fee being received. However, it may be in the interest of the Riksbank that more extensive tasks, occasionally even those with a commercial element, are carried out while on duty. If reimbursement is made, it will fall to the Riksbank. As a lecturer from the Riksbank you should not normally receive compensation for travel and hotels from the organiser; the Riksbank pays for these.

It may also be the case that it is not considered in the interests of the Riksbank for an employee to give such a lecture. In this case, the lecture should be held during the employee's free time (holidays or leave of absence). Any remuneration or compensation of costs would in that case fall to the employee, but the assignment should be regarded

as a secondary occupation and examined according to the guidelines applying to the assessment of whether a secondary occupation could hinder regular work or damage confidence.

You should therefore discuss any lecture assignments with your line manager before accepting them and if a fee is paid for your participation:

## 5. Conflict of interest (disqualification)

The Swedish Administrative Procedures Act contains regulations about disqualification. The provisions regarding disqualification mean that if a matter or question concerns you in a way other than as representative of the Riksbank, you should refrain from becoming involved in the matter. The same implies if anyone might suspect that you wish to pursue a matter in a particular way for personal reasons or if there is some special reason that may damage confidence in your impartiality and objectivity. This could apply, for instance, if you have participated in a drafting committee that results in a report that the Riksbank is to discuss as a consultation document. It may also apply if you participate in the procurement of goods or services and have a personal relationship to the company or person that the Riksbank may engage as a preferred supplier.

You are responsible for informing your line manager if there is any circumstance that might disqualify you. If you have a conflict of interests, this disqualifies you from working on this matter. This applies both to preparation for a potential decision and the actual decision-making process.

## 6. Public access to official documents and secrecy

The Public Access and Secrecy Act regulations apply to all employees of the Riksbank. With regard to assignments covered by professional secrecy, you are obliged to observe the secrecy regulation not only during your period of employment at the bank, but also after your employment has ceased. A person who reveals or unlawfully makes use of confidential information can be convicted of breach of professional secrecy.

There are a number of confidentiality provisions that are applicable to different areas of the Riksbank's work. You must be familiar with the provisions applying to the information at the Riksbank to which you personally have access. If you are uncertain, you should speak with your line manager or contact one of the legal counsellors at the General Secretariat. It is important to be aware of these confidentiality provisions, because questions regarding matters concerning giving out public documents held by the Riksbank should be determined by the official responsible for the document. If a document is not made public, the person who has requested a copy has the right to receive a written refusal. It is the General Counsel or a legal adviser appointed by the General Counsel who takes such a decision. There is more detailed information in a memorandum on information on public access and confidentiality in the Riksbank which is (in Swedish) on the intranet under the headings Regelverk, Handbok, Dokumenthantering.

The principle of freedom of communication means that it is possible to some extent to orally communicate and make public information that is normally subject to a secrecy requirement. The decisive factor is that the information is given for publication. However, you can never hand over an official document that has been classified as confidential for the purpose of publication and then claim freedom of communication. Qualified professional secrecy applies to most of the information classified as confidential at the Riksbank, which means that professional secrecy takes priority over freedom of communication. This applies, for instance, to information regarding monetary policy, confidential statistics, information on the Riksbank's lending and deposits and information on security and surveillance measures.

## 7. Gifts and benefits

### Receiving and giving bribes

Sweden has stringent legislation in this field. It is particularly important to exercise caution in the public sector. The Riksbank has been considered in the preliminary works to the provisions on bribery as "one of society's most central decision-making functions", where employees' tasks require a very strong integrity protection. You must therefore act with integrity. We should never even arouse a suspicion that we could be influenced by irrelevant interests or considerations in our work. You must therefore be very careful if your external contacts offer you fringe benefits and gifts. Otherwise, you can be convicted of receiving bribes.

A person who is an employee or carries out assignments and receives, approves a promise of, or requests unlawful benefits for doing his or her job or assignment, either for him/herself or for another person, can be convicted of receiving bribes. A person who gives, promises or offers an unlawful benefit can be convicted of giving bribes, according to the Swedish Penal Code.

Some information at the Riksbank requires a very strong integrity protection. If you hold a particularly responsible position at the Riksbank, abusing this position could mean you are convicted of gross receipt or giving of bribes. The same applies if you abuse your position during large-scale public procurement procedures.

Whether or not a benefit or gift is unlawful shall be determined on the basis of an overall assessment of all of the relevant circumstances in the individual case. Consideration is given to, for instance, the strength of the connection between the benefit and the exercise of duties, the nature and value of the benefit and the relationship between the parties concerned. The financial value is often a decisive factor. Benefits of little financial value cannot be regarded as unlawful. It is not possible to state any particular minimum value. The decisive factor is what the recipient would have to pay for the gift or benefit at market price. A bribe may consist of, for instance, cash, gift tokens, discounts, meals, informal meetings (with food and/or drink), accommodation, trips, loans under conditions better than market terms or tickets to a show or sporting event.



## Gifts

A gift is unlawful if it is not a natural part of, or does not have an immediate relation to, the recipient's exercise of his/her duties, or is not an expression of a generally accepted form of social intercourse. Even benefits given to immediate family can be unlawful.

You should never accept a gift if it could be thought to influence the exercise of your duties. If the value of the gift is more than negligible, you should not accept it. The most common presents given in working life are of little financial value, such as Christmas presents in the form of flowers, chocolate, books and ornaments. Public sector employees should not accept gifts to a value exceeding SEK 400. When celebrating 50th birthdays and similar, it may be possible to accept a higher value.

During public procurement procedures, ongoing negotiations or similar situations where your integrity is particularly important, you should not accept any gifts at all. Even if there is little risk that you would be affected by the gift, such an action could be considered unlawful. It is often better to refuse rather than to accept a gift if you have any doubts at all, even if the value of the gift is considerably lower than SEK 400.

However, there is still a possibility that you may at some point receive a gift or complimentary benefit that is actually too expensive to accept, but that you cannot refuse for reasons of politeness. This can apply, for instance, to gifts between central banks. You can then accept the gift, but you must then report it to your line manager and to the Chief Compliance Officer, who will ensure that the gift is dealt with on behalf of the Riksbank and added to the inventory of property belonging to the Riksbank.

Ordinary lunches and dinners in connection with work can normally be accepted, on assumption that the meal is not more costly than usual. Sometimes it is possible to accept a higher price for a meal than a normal business lunch; for instance, on the occasion of a trade association's AGM or an institute's anniversary dinner.

However, meals should never be accepted in connection with a public procurement procedure where the host could be a potential supplier or has just been chosen as supplier.

## Complimentary benefits

You should be very restrictive in accepting complimentary benefits, for instance, if you take part in a seminar that includes additional events of a leisure nature paid for by the organiser. If it is an event in which it is important for the Riksbank to participate, the bank should pay the employees' costs, including travel expenses, hotel and any additional events. If it is not possible to ascertain the direct costs of the benefits, then the Riksbank should pay a standard cost calculated on the market value.

However, there may be exceptions, for instance concerning events organised within the central bank sphere, when it might be difficult to insist that the Riksbank pay its employees' costs. In certain cases, when you actively participate in an event arranged by an international organisation, such as the IMF, the BIS, the World Bank, the EU/ECB, or by governmental or non-commercial organisations, there may be reason to allow the organisation to stand for greater costs than would be accepted with regard to, for instance, institutes that have a counterparty relationship with the Riksbank.



If you have any doubts about gifts and complimentary benefits, you should always discuss them with your line manager or the Chief Compliance Officer.

## Entertaining

The Riksbank should be restrictive with regard to entertainment, particularly where alcohol is concerned. The Riksbank's regulations regarding entertainment can be found on the intranet, Banconätet.

## 8. Use of the Riksbank's equipment

The Riksbank decides on the use of its equipment and thus determines whether and to what extent the equipment may be used for private purposes. The Riksbank's property, such as telephones and PCs, may only be used for private purposes with the exercise of good judgement and very sparingly, or paid for. You can find more information on the use of IT in the Regulations for the use of the Riksbank's IT resources and the Regulations for the management of the Riksbank's information on the intranet, Banconätet, under the headings Regelverk, Interna regler.

## 9. Infringements of the regulations

Infringements of these regulations or other regulations referred to here can lead to various forms of sanctions. Some infringements may lead to the employee being convicted of a crime in a general court of law, for instance, official misconduct or breach of professional secrecy. He or she may also be dismissed or given notice. Even if an infringement is not regarded as a crime in accordance with general penal provisions, your actions may be examined by the Riksbank's Staff Disciplinary Board in accordance with the regulations on disciplinary responsibility in the Swedish Act on Public Employment (1994:260). There might in this case be disciplinary consequences for official misconduct, such as a warning and a salary deduction.

## 10. Alternative reporting channel

Every employee has the possibility to report suspicions of irregularities, incongruities and deviations from the ethical regulations. Such matters should first and foremost be reported to your line manager. You can also report them to the Chief Compliance Officer or the HR manager. Your report can be made by e-mail ([compliance@riksbank.se](mailto:compliance@riksbank.se)), post or personal contact.

Further information on this reporting channel and what happens to your report can be found on the intranet, Banconätet.