

Internal code of conduct on the execution of financial transactions by CSSF agents

This Code of Conduct is intended for agents, trainee agents, employees assimilated to State employees, workers assimilated to State workers and members of the Executive Board of the CSSF, hereinafter referred to as the “CSSF staff”.

It shall lay down the principles and rules to which the CSSF staff shall abide when executing financial transactions referred to below. These principles and rules shall help the staff to comply with legal provisions and contribute to avoid any breach thereof due to negligence, erroneous interpretation of texts or misjudgment of situations. Moreover, they shall protect against unjustified reproaches of abuse of insider information or reproaches that the action of the CSSF might be influenced by the personal interests of its staff members.

This Code neither deals with the principles of loyalty, general integrity, diligence and responsibility which shall be observed by staff members nor with general issues of confidentiality, independence, external influence, ancillary activities and use of internal resources which are governed by the provisions on the duties of civil servants and the status of CSSF staff as well as by the memoranda and other internal instructions.

1. Preamble

- a) The CSSF staff shall comply with the requirements in force for civil servants and set out in Chapter 5 “Duties of civil servants” of the Law of 16 April 1979 laying down the general status of civil servants, as amended¹, and in particular
- in the first sentence of Article 10(1) and in Article 10(3);
 - in Article 11;
 - in Article 14;
 - in Article 15;

thereof, as well as with the secrecy requirements imposed by the CSSF's Organic Law and the regulations governing the subjects and areas covered by the missions of the CSSF².

b) Through the tasks of which they are in charge, CSSF staff members are particularly likely to have non-public information on certain financial market agents or products.

This information shall be subject to a twofold restriction:

1. The staff shall ensure to preserve the confidentiality of such information both outside and inside the CSSF.
2. Taking advantage of such information during financial transactions would constitute a breach of the regulations on insider dealing and would be incompatible with the provisions on duties of civil servants. Further, the sole fact that the CSSF has the supervisory authority over financial markets may create the perception that particular transactions carried out by a staff member would be biased and would prove his/her lack of integrity causing, in addition, a negative impact on the institution's reputation.

Thus, this Code of Conduct aims to specify and detail the application of the general duties of civil servants and the arrangements regarding inside information, particularly in the context of transactions carried out by CSSF staff members.

2. Scope

This Code of Conduct shall apply to transactions executed by:

- CSSF staff members in their name and on their own behalf as well as by their spouses and children insofar as they do not have their own financial resources. Where the spouses and children do not have own financial resources at their disposal, it shall be deemed that they act indirectly for staff members;
- staff members acting on behalf of third parties, estates, associations or companies;
- third parties (individuals or companies) acting on behalf of staff members;

whether they act individually or collectively.

The above shall include transactions carried out by third parties on their own account based on investment advice or wealth management services provided by the above-mentioned persons. In that spirit, staff members cannot give investment advice or recommendations in the framework of an investment club, if such advice or recommendations are influenced by/originate from confidential information received by the staff member through his/her professional activity.

The executed transactions shall not cover transactions executed on behalf of one of the persons referred to in this point by a professional of the financial sector in the framework of a discretionary management mandate not allowing any intervention by the principal.

3. General principles

The persons referred to in this Code of Conduct shall be prohibited from carrying out any transaction involving financial assets of companies of which these persons know that they are subject to a file submitted to the CSSF for examination in relation to a transaction likely to influence their value and not yet public or of which these persons know that the CSSF received information about them likely to influence their value and not yet public. The CSSF may have received these files or this information in the framework of the prudential supervision of undertakings falling within its remit, in the framework of the supervision of securities markets and stock exchanges or in the framework of investigations and interventions which are part of its mission or for which it was specifically mandated. In case of doubt, staff members shall refrain from executing the transaction.

The persons referred to in point 2 shall refrain from carrying out or recommending to third parties transfers of financial assets or from carrying out withdrawals of funds where, in the framework of their professional activity, information comes to their knowledge which is likely to have an (upward or downward) impact on the value of these assets, for instance due to financial difficulties of the issuer or debtor or in case of other changes fundamentally affecting the company concerned.

It shall be prohibited to process personal financial transactions other than bank transfers using the tools made available for the execution of professional tasks.

4. Insider dealing

The persons referred to in point 2 shall be subject to the provisions of the Law of 23 December 2016 on market abuse and Regulation (EU) No 596/2014 on market abuse. In the interest of the role played by the CSSF in the application of this Law and this Regulation, special attention shall be paid by CSSF staff to the compliance with these requirements. Staff members shall ensure that they do not communicate inside information to anybody except for professional purposes in the exercise of their function at the CSSF and where the recipient is subject to secrecy provisions which are equivalent to those applicable to the CSSF staff. The principle of confidentiality shall also be applied inside the CSSF; even if all agents are subject to professional secrecy, sensitive information not yet made public shall only be transmitted to the agents in charge of the files.

5. Conduct in the market

When transactions are likely to undermine their financial integrity or their probity or to damage the reputation of the CSSF, the persons referred to in point 2 shall refrain from processing these types of transactions such as, for example, speculative and day-trading transactions. In all circumstances, staff members shall ensure to avoid a conduct or statements which could jeopardise the perception of their independence and impartiality in the discharge of their professional functions.

6. Preferential terms

Except for preferential terms formally approved by the Executive Board of the CSSF, no person referred to in point 2 may, by invoking its position at the CSSF, seek or accept from an undertaking concerned by the supervisory missions of the CSSF preferential terms for transactions in financial assets, be it at the level of investment and credit or at the level of provided services. Any other services, whether financial or in kind, directly provided or promised are also concerned if they are likely to undermine the principles of this Code of Conduct.

This prohibition shall not apply to spouses or children of CSSF staff members, (under the conditions referred to in point 2) who obtain these preferential terms due to their employment at one of the undertakings concerned and provided that the terms are usually granted to employees of this undertaking in similar situations.

7. Reporting and consultation obligations

In case of uncertainty as to the scope of these rules and in case of doubt whether the asset situation conflicts or is likely to conflict with these rules, staff members shall report this situation to the Executive Board of the CSSF. This obligation concerns the whole situation as well as individual transactions.

8. Sanctions

The sanctions for failure to comply with the duties of civil servants (Chapter 5 of the Law of 16 April 1979) shall apply to failures to comply with the provisions of this Code of Conduct.

9. Transitional provisions

The persons concerned shall regularise their situation, in case of opposition between their financial interest and this Code of Conduct, within 3 months as from its entry into force. CSSF staff members shall inform the Executive Board of the CSSF if this regularisation proves to be impossible; the Executive Board may extend the regularisation period.

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These requirements shall also be applicable by analogy to CSSF staff members who have not the status of civil servants.

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The applicable texts are an integral part of this Code. The powers and responsibilities entrusted by the texts to the Government or to one of its members shall be assumed by the Executive Board of the CSSF.

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