

Financial transactions carried out in a private capacity by insiders

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General principles

In accordance with the BCL Code of Conduct, financial transactions carried out in a private capacity¹ by insiders are subject to the rules of this internal circular.

The terms of this internal circular and the related procedure shall be brought to the attention of each new staff member recruited who is to have an insider function, prior to signing the employment contract.

1. Categories of financial transactions carried out in a private capacity

Financial transactions carried out by insiders fall into three categories:

- prohibited financial transactions;
- authorised financial transactions subject to ex-post declaration;
- authorised financial transactions.

1.1. Prohibited financial transactions

Insiders shall refrain from carrying out:

- a) transactions involving (i) individual transferable bonds or shares issued by financial corporations established in the European Union; (ii) derivatives relating to such bonds or shares; (iii) combined instruments if one of the components is governed by point (i) or (ii);
- b) short-term transactions, namely the sale or purchase of assets with the same ISIN code or the same identifier, or transactions relating to the same financial asset, purchased and sold within a period of thirty calendar days.

These latter transactions may in principle be exempted from the prohibition to the extent that they are justified by unforeseen circumstances, such as (i) an unexpected need for liquidity and (ii) new and exceptional information that is outside the scope of reasonable assumptions. They shall be the subject of an *ex-post notification*, in accordance with the procedures set out in Article 1.5, directed to the Compliance function, explaining the circumstances justifying these transactions.

¹ These are financial transactions in a private capacity as defined in the Code of Conduct

1.2. Authorised financial transactions subject to ex-post declaration

Insiders shall declare the following transactions to the Compliance function within thirty (30) calendar days of their execution:

- a) loans intended for the acquisition of financial instruments with a value greater than ten thousand euros (EUR 10,000);
- b) derivatives linked to interest rates and derivatives based on interest rate indices;
- c) transactions with an aggregate value of more than ten thousand euros (EUR 10,000) in any calendar month in (i) government securities issued by eurozone Member States; (ii) derivatives related to such government securities²; (iii) combined instruments if any of the components are governed by subparagraph (i) or (ii); (iv) other securities forming part of a Eurosystem monetary policy purchase programme, as published by the ECB, and instruments linked to such securities; and (v) units of collective investment undertakings whose main purpose is to invest in such securities and instruments;
- d) transactions with a cumulative value of more than ten thousand euros (EUR 10,000) during any calendar month, involving (i) gold and gold-related derivatives (including gold-linked securities); (ii) shares, bonds or related derivative instruments issued by companies whose principal activity is the extraction or production of gold; (iii) combined instruments if one of the components is governed by point (i) or (ii); and (iv) units of undertakings for collective investment whose main purpose is to invest in such securities and instruments;
- e) foreign exchange transactions whose cumulative value exceeds ten thousand euros (EUR 10,000) during any calendar month and which are not covered by Article 1.3(c);
- f) units of undertakings for collective investment whose main purpose is to invest in the categories mentioned in Article 1.1(a).

The Compliance function defines the information to be declared, the format and the declaration procedure.

² Consideration of the value of the underlying.

1.3. Authorised financial transactions

Insiders may carry out financial transactions in a private capacity, other than those referred to in Articles 1.1 and 1.2, without being subject to restrictions or declaration obligations. The non-exhaustive list of these financial transactions is as follows:

- a) purchase or sale of units in an undertaking for collective investment in which the insider has no influence on the investment policy (with the exception of undertakings whose main purpose is to invest in assets governed by Articles 1.1(a), 1.2(c) and 1.2(d), as well as fund transfers and foreign exchange transactions directly related to the purchase or sale in question);
- b) purchase or redemption of insurance or annuity policies;
- c) purchase or sale of currency for the occasional acquisition of investments or non-financial assets, for travel in a private capacity or to cover current or future personal expenses in a currency other than the euro;
- d) expenses, including the purchase or sale of investments or non-financial assets, including real estate;
- e) home loans;
- f) loans not intended for the purchase of financial assets (e.g. car loan);
- g) transfers of funds from the current or savings account of an insider to another current or savings account denominated in the same currency held by the same insider or a third party;
- h) other financial transactions carried out in a private capacity that are neither prohibited nor subject to ex-post notification. Insiders may not split financial transactions carried out in a private capacity in order to circumvent the threshold defined in Article 1.2;
- i) subsequent assignment in execution of a stop-loss order that the insider has given to his/her broker;
- j) a deferred transaction in execution of a limit order that the relevant insider has previously given to his/her broker, including buy and sell limit orders as well as stop-buy and stop-loss orders.

1.4. Legacy assets

Insiders may retain assets resulting from transactions within the meaning of Article 1.1:

- a) that they held before the entry into force of this circular or before their appointment as insider;
- b) that they have acquired subsequently, notably by inheritance, as a gift, following a



change in marital status or a change in the capital structure, or a change in the control exercised over the entity in which the insiders hold assets or rights;

- c) that they previously held under discretionary management and which they have decided to terminate.

Insiders are not required to declare to the Compliance function any assets they hold pursuant to Articles 1.4(a), (b), and (c) above.

Insiders may assign or exercise all rights attached to these assets, subject to *ex-post* notifications to the Compliance function, once the transactions exceed a cumulative monthly amount of ten thousand euros (EUR 10,000).

Insiders shall seek the advice of the Compliance function if retention of these assets is likely to create a conflict of interests. In this case, the Compliance function may ask the insider concerned to sell the assets within a reasonable period of time if this measure makes it possible to avoid a conflict of interest.

1.5. Ex-post declaration procedures

Any *ex-post* declaration under Articles 1.1(b) and 1.2 must be submitted to the Compliance function within thirty (30) days of the financial transaction, in the format provided for this purpose. The declaration must, in any case, indicate the following elements:

- a) the professional obligations of the insider and his/her possible access to privileged information related to the notified transaction;
- b) the reason for the transaction;
- c) the sums involved;
- d) the calendar.

1.6. Third-party discretionary asset management

Financial transactions resulting from discretionary management are not subject to the restrictions set out in Articles 1.1 to 1.5. This exception is subject to the condition of providing the Compliance function with the following elements:

- a) a declaration by the insider that his/her assets are managed under a discretionary management mandate (specifying the name and address of the manager); and
- b) a declaration by the manager that the assets of the insider are managed in complete independence and that the insider cannot directly or indirectly influence any decision that the



manager has to take in terms of management;

In the event that the insider puts an end to the discretionary management of an asset portfolio, he/she shall declare this fact to the Compliance function.

2. Monitoring compliance

2.1. Possibility of controls

Insiders may be subject to controls.

The Compliance function may ask the external auditor to carry out the following controls:

- a) regular compliance controls targeting a certain percentage of insiders, set by the Compliance function; and
- b) ad hoc compliance controls, targeting a specific group of insiders or specific categories of operations set by the Compliance function.

For the purposes of these controls, the Compliance function may ask the insiders in question to provide, for a determined period, the documents listed in Article 2.2 in a sealed envelope, so that they can be sent to the auditor. It should be mentioned on the envelope that the correspondence concerns a control on the insiders and the name of the staff member. Insiders shall provide these documents within the deadlines set by the Compliance function, either to the latter or directly to the auditor.

2.2. Controls procedure

The Compliance function may request the following documents for the current and previous calendar years for the attention of the auditor:

- 1) the list of securities accounts opened with credit institutions or financial sector professionals and those for which they have power of attorney or decision-making power. Insiders can only accept powers of attorney for third-party securities accounts for which they can provide the information required by the BCL;
- 2) statements of securities held in these accounts;
- 3) the sale or purchase orders of financial assets or rights bought or sold through these accounts;
- 4) in the case of discretionary management, the conditions of the agreement concluded in



writing, as defined in Article 1.6, and the amendments made to this agreement.

2.3. Detection of breaches

If the auditor identifies elements suggesting that a staff member has breached his/her professional obligations, or that an external person working for the BCL, who is subject to the restrictions defined in this circular by virtue of his/her contract, has breached his/her contractual obligations, he/she shall inform the Compliance function, which shall inform the Executive Board, which may launch an investigation. In the event that this investigation reveals elements relating to a breach of the provisions of the Code of Conduct, the Executive Board shall take the appropriate disciplinary measures under the applicable rules.