

Regulation



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Ethical regulations

1. Purpose and introduction

As an employee of the Riksbank, you work for Sweden's public administration, with the country's citizens as your principal. It is important to have insight into the fundamental values applicable for government employees, for example that our activities are funded by tax revenues and that these activities must be supported by legislation. These ethical regulations provide guidance in some issues that you as employee are expected to be aware of, and complement legislation in this area. The regulations cover all employees and in some cases also consultants¹.

As an employee of the Riksbank, you are expected to exercise your role with the integrity of yourself and others in mind and to be able to manage situations requiring good judgement, common sense and a strong 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 are offered meals, study trips, discounts and other benefits or gifts. You must exercise caution with reference to the regulations on bribery.

¹ It should be noted that the ethical regulations also cover some consultants. Determining who are covered by them is partly regulated by law and partly a question of judgement regarding the purpose of the regulations. As a main rule, consultants who have access to the Riksbank's systems **and** who take part in the day-to-day work of the Riksbank should be covered. It is the responsibility of every head of department to assess which consultants are covered, partly on the basis of legislation, and partly on the basis of the purpose of these regulations. It is also the responsibility of the head of department to ensure that relevant consultants are kept informed of the regulations and observe them. If there is uncertainty over which consultants are affected and by which specific regulations, the head of department should consult with the compliance function.

2. 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 or inappropriate. When you are facing an ethical dilemma, it may therefore be useful to ask yourself 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.

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. Consequently, if you have any doubts about what is appropriate, you should take up the issue with your line manager or the compliance function. If you are in any doubt as to how to act on social media, or if you see something that perhaps should be addressed, consult with the Communication Division. Further information can also be found in the Regulations for communication, which you can find on Banconätet.

3. Insider trading

As an employee of the Riksbank you may have access to insider information. This refers to information that has not been published and is of a specific nature, which directly or indirectly affects an issuer or a financial instrument that could probably have an effect on these financial instruments or on the price of related financial derivatives.

The insider trading penalty act for market abuse in the securities market (SFS 2016:1307) states that it is forbidden to trade in a financial instrument on your own behalf or on behalf of another when you have access to so-called insider information. It is also forbidden for you who have access to insider information to give advice or encourage someone else to do trade in financial instruments. In these cases, both you and the person trading may be penalised. Nor may you reveal insider information to anyone else.

Any party violating these prohibitions may be penalised by a court of law. This means that you must be extremely cautious both when buying and selling financial instruments of all kinds and in discussing with outsiders information you have obtained through your work. Disclosure of information may also entail a breach of confidentiality.

3.1 Recommended holding period

To maintain confidence in the Riksbank, your holdings of financial instruments should be long-term, just as it is for other employees and contractors in the financial sector. This



means that you should not normally trade in financial instruments with the intention of holding them for less than one month. This also applies if you take negative (short) positions, for instance through shortselling. This means that profits from holdings or transactions in financial instruments should not be realised or otherwise settled within a shorter period of time than one month from acquisition or equivalent. The only exceptions are if the financial instrument is sold at a lower price than upon purchase and the transaction thus involves an economic loss or if the transaction has been prompted by external circumstances over which you have no control.

3.2 Investment limits

As stated above, it is forbidden to conduct transactions in financial instruments using inside information concerning these instruments. You are recommended to refrain completely from making transactions in financial instruments during periods when your employment at the Riksbank gives you special advantages in assessing price developments. Taking this approach will let you help maintain confidence in the Riksbank and reduce the risk of you being suspected of illegal insider trading.

If you gain insight into a future decision on, for instance, the policy rate or the contents of a Monetary Policy Report, for the reasons mentioned, you should refrain entirely from transactions in financial instruments and from taking out, renegotiating or cancelling loans prior to publication. If such transactions cannot be avoided, you should be particularly careful to avoid damaging confidence. You can also confer with the compliance function.

For the same reasons, you are also recommended to refrain completely from acquiring equities in credit institutions active in Sweden or in companies included in the same corporate group as such institutions. This also applies to other companies into which the Riksbank may have particular insight.

Foreign exchange transactions connected with travel, owning property or other assets abroad or having family living abroad are not covered by these recommendations. However, when making transactions in foreign exchange, you should observe the same caution that applies to transactions and credits ahead of 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 trading in financial instruments, investing in fixed income and foreign exchange or raising loans. For instance, it may often be difficult to know exactly when you could 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 should also remember not to conduct transactions in financial instruments to such an extent or in such a manner that there is a risk that it could be seen as damaging to public confidence.

You are always welcome to consult with the compliance function, but the ultimate responsibility lies with each individual employee.

4. 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 primary purpose of the obligation to report is to help maintain public confidence in the Riksbank and its employees. The obligation to report also makes it easier to check compliance with the prohibitions on insider trading and behaviour likely to damage confidence. 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.

4.1 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 applies to Heads of Department and other employees and contractors as determined by the Heads of Department. Special grounds are needed for employees and contractors to be included. These special grounds could be that the member of staff has access to insider information to a greater extent and with a certain regularity or access to particularly sensitive information. Special grounds may also arise if confidence in the member of staff's integrity and impartiality is particularly important or if the member of staff is in a decision-making position. If there are special grounds for an obligation to report, the head of department may decide that a member of staff must report their financial instruments if the aim of the obligation to report is considered to outweigh the intrusion into the individual's privacy and the administrative burden for the individual and the Riksbank. Heads of department must justify such decisions. When in doubt, the head of department is to consult with the compliance function.

The heads of department shall regularly report new employees to be included, and report when an employee is no longer covered by the obligation to report, to the compliance function. Heads of department shall also keep a list of which employees in their department are assessed as having an obligation to report. The list should be reviewed regularly to ensure that the information is up-to-date and correct, and to determine whether the persons on the list still meet the requisites for the obligation to report.

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

4.2 What shall be reported?

If you are covered by this obligation, you must report all holdings of financial instruments. Financial instruments means transferable securities that can be traded on the capital market.

The following securities must be reported:

- equities,
- bonds,

- securities linked to equities or bonds,
- money market instruments in the form of treasury bills, certificates of deposit, commercial papers and other instruments normally sold on the money market,
- shares in companies for collective investment (e.g. alternative investment funds) which are not exempted pursuant to 4.2.1 below,
- shares in funds and UCITS traded on stock exchanges or other marketplaces (e.g. so-called ETF)
- financial derivatives such as options, forward contracts, swaps, other derivative contracts referring to securities, foreign currencies, interest rates or yields and derivative instruments regarding commodities, and
- endowment insurances if you can affect their investment.

4.2.1 Exemptions from the obligation to report

The obligation to report does not cover the following:

- shares in securities funds and other corresponding funds within the EEA if you cannot affect their investment in individual financial instruments,
- shares in Swedish special funds,
- pension savings in the form of premium pensions or contractual pensions or any private pension savings through traditional pension insurance, and
- pension savings where the investments are in securities funds that do not entail an obligation to report.

4.3 Immediate family

Holdings by other family members need not be reported. However, you must be aware that you risk being 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 or your own company when you have access to insider information. Trade in securities on behalf of your own company may also be considered secondary employment subject to the obligation to report.

4.4 Procedure for reporting

The report should be made electronically, using the PIA system. The compliance function will then examine your report. Every four months, each head of department receives a summary of transactions by members of staff, including details of type of transaction and type of security (but not number or economic value).

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, sales, inheritances, gifts and division of joint property) within 14

days. In April and no later than 1 May every year, you must confirm that the holdings you have reported are correct.

If you do not know whether you are covered by the obligation to report, you should ask the Head of your Department. Other questions, for instance, what should be reported or how, can be answered by the compliance function.

5. Objectivity – protecting confidence

Like other citizens, every government employee has a constitutionally protected right to freedom of opinion and the right to express any opinion they choose in political, religious, moral or ethical matters. However, as representative of an authority, the employee is obliged to act with objectivity and impartiality and to set personal opinions aside. It may feel difficult to make this kind of mental split, but it is necessary if state administration is to be able to fulfil its democratic task under the constitution. One basic condition is that the government employee, in their professional life, never acts in such a way as to shake confidence in the individual employee or to call the authority's objectivity and impartiality into question.

Similar cases are to be treated in the same way. Professional activities are to be characterised by fairness and consistency. Decisions are to be based on facts and not on your own perceptions or opinions.

The provisions on secondary employment, conflicts of interest and bribery regulate matters of impartiality and professional behaviour.

6. Secondary occupation

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.

6.1 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, or with tangible or concrete points of contact to them, 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, for instance, if it is possible that it will directly or indirectly affect your capacity to carry out your work tasks at the Riksbank. 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 in matters concerning your tenant-owner association's loans.

6.2 Reporting secondary occupations

You should report your secondary occupation in the payroll system, Primula, at the start of your employment. 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. After this, you should report any new secondary occupations in Primula by no later than 14 days after you have accepted them.

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 could also contact the compliance function.

6.3 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:

7. Conflicts of interest

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 hire as a preferred supplier. The recruitment process should also be objective. You should also be aware that you may find yourself in a conflict of interests if you have applied for work with another organisation. If you are uncertain whether you have a conflict of interests, the compliance function can advise you.

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.

8. Gifts and bribes

8.1 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.

8.2 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 compliance function, 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.

8.3 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 compliance function.

9. Infringements of the regulations

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 compliance function or the HR manager. Your report can be made by e-mail (compliance@riksbank.se), post or personal contact. You have the possibility of remaining anonymous.

Further information on this reporting channel and what happens to your report can be found on the intranet, Banconätet, which also has information on freedom of communication.



11. Education

To ensure that all employees at the Riksbank are familiar with these regulations, regular information and education will be provided in this field. It is the compliance function that is responsible for ensuring that the training supply is updated and kept relevant.

In the event of new recruitment, the line manager will ensure that the employee receives access to the information and education needed and that the employee is familiar with the regulations. In cases where there is no available education in this field in English, it is the responsibility of each line manager to ensure that the English version of these regulations is communicated and mediated to ensure that the employee understands the regulations.